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Case No: CR-2025-004514



IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES COURT (ChD)

Royal Courts of Justice
The Rolls Building
Fetter Lane
London, EC4A 1NL

Date: 24 October 2025

Before :

SIR ALASTAIR NORRIS

In the Matter of
POUNDLAND LIMITED

And

In the Matter of the COMPANIES ACT 2006

Tom Smith KC, Georgina Peters and Madeleine Jones (of Counsel) instructed
by **DLA Piper UK LLP** for the Applicant

Ryan Perkins (of Counsel) instructed by Slaughter and May for PEU(Tre)
Limited (a supporting creditor)

Hearing date: 26 August 2025

Approved Judgment

Background

1. On 26th August 2025 I approved a restructuring plan under Part 26A of the Companies Act 2006 (“the 2006 Act”) upon the application of Poundland Limited (“Poundland”). These are my reasons for doing so.
2. The “Poundland” name is a feature of many High Streets, shopping centres and retail parks in the United Kingdom. The same business also trades in the Republic of Ireland under the brand name “Dealz”. There are about 800 operating stores employing 13,100 people. In addition, there are another 22 stores not in current operation and another 1500 administrative and supply chain staff. Poundland operates a discount and value retail business. It originally concentrated on fast moving consumer goods, general merchandise and clothing sold within a narrow price-band; but latterly it broadened its price-points and expanded into chilled and frozen foods, and it opened an e-commerce channel. This diversification was not a success. The additional operating costs eroded profits, an impact recently compounded by increases to NIC and “the living wage”. By 2024 Poundland had encountered financial distress.
3. Poundland was incorporated in 1990 and by 2020 was a wholly owned subsidiary of PEU (Tre) Ltd (“PEU”) an English company that was itself a subsidiary of Pepco NV, a Dutch company (“Pepco”). For simplicity I will generally refer to Poundland’s immediate and ultimate owners as “Pepco”.

The events of Spring 2025

4. To assist with post-COVID funding requirements and the diversification programme Pepco had, between May 2021 and February 2022, made a series of unsecured loans to Poundland, repayable between September 2025 and May 2026 (“the Unsecured

Loans”). The advances totalled some £237 million. But then came a sharp decline in profits. The EBITDA for FY22 had been a positive £87 million: but for FY24 it was only £25 million (leading to a total comprehensive loss of £94.875 million). For FY25 EBITDA is projected to be a negative £117 million. In the Spring of 2024 Pepco ran a limited M&A process following an approach from a trade purchaser. Only two interested parties emerged, but neither proceeded because of the sharply declining profitability of the business. This sale process ended in November 2024.

5. As continuing owner of the Poundland business Pepco immediately began a strategic review of the business against a background of a poorly performing Christmas quarter. Part of this included a review of the leasehold estate undertaken by CBRE. This made clear that a significant part of the leasehold portfolio was over-rented. Poundland entered into negotiation with some of its landlords in an attempt to achieve a consensual reconfiguration of the leasehold portfolio through amendment, surrender or assignment. Where this was successful the resulting leases are excluded from the present plan. But in many cases the negotiations did not succeed. The vast size of the portfolio and the number of landlords, and the constraints imposed by the need not to scare the market, meant that this process could not achieve a leasehold restructuring within the timeframe dictated by cash flow pressures. In the light of that in March 2025 Pepco and Poundland instructed Teneo Financial Advisory Limited (“Teneo”) to formulate a leasehold restructuring plan to enable the survival of the business.
6. As continuing owner Pepco also made further injections of liquidity (but for which Poundland would have become insolvent), but it was only prepared to do so on a short-term basis. After facilitating some very short-term arrangements, in March 2025 Pepco entered into a Secured Term Loan Agreement (“the Secured Loan”)

providing for committed facilities of £30 million and an uncommitted facility of £10 million repayable on 6 July 2025 and at an interest rate of 6.5%. The “Dealz” brand was disposed of to another group company for full consideration determined by independent valuation. What was required was a financial restructuring of the remaining business alongside the leasehold restructuring plan, and Teneo was instructed in that regard as well.

7. Having made these preparations on 7 April 2025 Pepco launched a competitive sales process for Poundland. It proceeded by way of an information memorandum which contained management forecasts based on a proposed turnaround plan involving a leasehold restructuring. This launch itself imposed further funding pressures on Poundland because of the withdrawal of trade credit insurance and demands for shorter payment terms from suppliers. The announcement of the process also limited the degree to which information could be shared with landlords and others if stock market listing rules were not to be breached. A broad range of 29 potential bidders was canvassed (together with 9 debt funds and asset-backed lenders who might assist potential purchasers to fund a transaction). This resulted in seven indicative non-binding offers. Each of these indicative offers attributed no value to the equity in Poundland, proceeded on the footing that the sale would be followed by a leasehold restructuring, and offered to inject around £50 million of post-transaction funding. What the continuing sales process explored was whether any potential purchaser was willing to increase the amount of post-transaction funding. Negotiations continued with four interested parties, all of whom maintained the structure of their bids, but increased their offers of post-transaction financing to about £72.5 million.

8. After further negotiation the successful bidder proved to be Peach Bidco (“Peach”) (a special purpose vehicle of Gordon Brothers Holdings LLC) and associated Gordon Brothers entities (which for simplicity I will refer to together as “Peach”). The essential structure of the deal was:-
- (a) That no value was attributed to the equity in Poundland;
 - (b) That Pepco would extend the full Secured Loan until 1 September 2025 and subordinate it to funding provided by Peach;
 - (c) That Pepco would leave the Unsecured Loans (then amounting to some £245 million) outstanding according to their terms;
 - (d) That Pepco would provide a further overdraft facility of £30 million at an interest rate of 2% *per annum* if a restructuring plan was approved (also on a subordinated basis);
 - (e) That Peach would provide a Working Capital Facility (“WCF”) of £80 million repayable on 1 September 2025 (of which only £60 million could be drawn before approval of a restructuring plan);
 - (f) That Peach would provide an additional £15 million to the WCF if a restructuring plan was approved;
 - (g) That Peach would receive 50% of recoveries under the Secured Loan subject to an incrementally increasing cap;
 - (h) That Peach, Pepco and Poundland would enter into restructuring support arrangement.
9. A sale on these terms was agreed on 12 June 2025. Counsel submitted that it was the outcome of a robust and carefully managed competitive sale process. I agree with

that characterisation. On the evidence it was a thorough probing of the open market. The terms of the sale were heavily dependent upon Pepco subordinating its own interests and continuing its exposure to Poundland (although it could probably have recovered the Secured Loan in full at the time when the sale process started if it had then placed Poundland into liquidation). Poundland's evidence says that Pepco was committed as a responsible owner and seller to supporting the business in transitioning it to new ownership and in seeking to implement the turnaround plan. I also agree with that characterisation. A Practice Statement Letter was circulated immediately upon completion of the sale setting out the proposed financial and leasehold restructuring.

10. A brief summary of the funding position as at the date of the hearing is as follows:
 - (a) the Secured Loan and the WCF were due for repayment on 1 September 2025, as also were two tranches of the Unsecured Loan (a total of £276.5 million);
 - (b) a short-term cash flow forecast prepared by FTI Consulting showed that Poundland would have an immediate funding requirement of £27.9 million in the week ending 7 September 2025 and a peak funding requirement of £58.6 million in the week ending 5 October 2025, requirements in excess of the sums available under the WCF (absent an approved restructuring plan).
11. At the date of the hearing Poundland was therefore facing imminent insolvency.
12. If a restructuring plan were approved it would immediately make available an additional £35 million under the WCF (thereby increasing the senior debt to which Pepco's lending is subordinated) and an overdraft facility of £30 million provided by Pepco, sufficient to cover that peak funding requirement. The terms of the sale were

calibrated to bring about that position. At the hearing on 26 August 2025 I indicated that, notwithstanding impending insolvency on 1 September 2025, if I considered that the restructuring plan required reconsideration and resubmission to creditors meetings then I would so order, leaving it to Peach and Pepco to decide whether to “pull the plug” or to wait a short while to see the outcome of any reconvened meetings. Mr Smith KC said that this was well understood.

What is most likely to happen if the proposed plan is not approved?

13. Having identified Poundland’s imminent insolvency and the necessary refinancing it is appropriate to address what was most likely to happen if a restructuring plan was not approved (“the relevant alternative”).
14. The boards of Poundland and Pepco consider that if a restructuring plan were not available then Poundland would enter an administration directed to asset realisation. The Court is necessarily reliant upon the evidence of those to whom the management of Poundland has been entrusted as to what the relevant alternative is. But the Court does not simply accept that evidence on its face. It weighs it in the light of what the Court perceives to be the commercial realities and in the light of any expert evidence.
15. As to the commercial realities, the evidence is clear that but for the implementation of some sort of restructuring plan or refinancing Poundland was due to become cash-flow insolvent within days of the sanction hearing. In compliance with their statutory duties the directors would be bound to enter into an insolvency process, and administration would tend to offer a better realisation than immediate liquidation. The question is: what sort of administration?

16. In the instant case there is in evidence the expert report of Lindsay Hallam, Senior Managing Director of the London office of FTI Consulting LLP (“the FTI RA report”) which addresses this question. Although prospective administrators might consider a pre-pack sale or an accelerated M & A process the FTI RA report considers a successful outcome to either process to be unlikely. The feedback from those who did not progress bids in the April 2025 sales process was that the proposition was unattractive because of the size of the investment required, the scale of the turnaround needed, the existing level of distress, the very compressed timeline and the non-availability of credit. These reasons have added force if a sale were to be offered in August 2025. The focus of the administration would therefore be on an orderly realisation of assets. Specialist stock valuers (SIA, whose work is incorporated into the FTI RA report) suggest a six-week trade-out for performing stores, a three-week trade-out for mid-ranking stores, and a two-week trade-out for non-performing stores. The stores would continue to be occupied for this “trade-out” period and the rent, other property costs and business rates would be paid as an expense of the administration. This process should achieve stock realisations of £62.7 million. A subsequent sale of the remaining assets including IP, fixtures and fittings, leases with a premium and a freehold building should (together with stock realisations) provide total realisations of £85.9-£91.4 million. The entire process of realisation, adjudication of claims, distribution and ending the administration would take 12-18 months. I accept this evidence. It provided the basis for an estimated outcome statement included in a further report from FTI Consulting LLP (“the FTI Comparator Report”) to which I will come. At the conclusion of this process Poundland would be left with the residue of over-rented stores with no premium value in respect of which it was not paying any rent, property costs or business rates (which would become

claims in the administration). The choice facing landlords would then be whether (i) to accept a surrender at the time offered by Poundland or (ii) to forfeit the leases at a time of the landlord's choosing for non-payment of rental and other obligations (and in consequence of either course bearing the financial burdens of ownership during any ensuing void period) or (iii) to await Poundland's exit from administration into liquidation and the disclaimer of the leases by the liquidator at a time of the liquidator's choosing.

17. Against that background the restructuring plan can be assessed.

The restructuring plan in outline: financial arrangements

18. The proposed financial restructuring is (in summary) the following:-
- (a) The WCF provided by Peach will be increased to £95 million, its term extended to 1 September 2028, and it will have first-ranking priority;
 - (b) Pepco will consent to the present limit on utilisation of £60 million being lifted (thereby increasing the amount of senior debt);
 - (c) The £40 million Secured Loan provided by Pepco will have its maturity date extended to 1 September 2030 and it will have second-ranking priority;
 - (d) Pepco will provide a £30 million overdraft facility which will rank *pai passu* with the WCF;
 - (e) The Unsecured Loans provided by Pepco (standing at £244 million) will be discharged and released entirely in exchange for a maximum of 30% of the shares in Peach (but subject to dilution to 25.5% if shares in Peach are issued under a management incentive plan).

The restructuring plan in outline: adjustment of liabilities

19. Having outlined the proposed funding, I can turn to adjustment of liabilities. Certain liabilities are not to be compromised and are to be excluded from the scope of the restructuring plan. These are listed and a justification provided in the Explanatory Statement. Briefly they are (i) certain leases (whose preservation is central to the turnaround strategy); (ii) the supply chain financiers (whose contract is being wound down but where performance of remaining obligations is necessary to avoid the entire obligation being immediately due); (iii) some trade creditors (where continued loyalty is needed both to maintain supplies and to preserve current credit terms); (iv) payroll, pension and redundancy obligations to employees (which would be discharged in the relevant alternative); and (v) obligations to HMRC (which are small in monetary value and would be discharged in full in the relevant alternative).
20. Liabilities relating to the leasehold estate are the subject of considerable adjustment. As I have mentioned, Poundland has 822 leasehold stores (800 in operation). Of these, 581 are held under documented leases under English, Scots or Northern Irish law; and of these 471 are within the scope of the leasehold restructuring. 19 leases are vested in other group companies (and so cannot be within the scope of a leasehold restructuring by Poundland). The remaining 222 stores are (i) subject to leases due to expire imminently; or (ii) the subject of “hold-over” and therefore could be vacated speedily or are held on terms that otherwise provide for quick termination (so that there is no point in bringing them within scope); or (iii) subject to Irish law and outside an English plan; or (iv) subject to a lease whose terms have recently been negotiated and therefore reflect the current market.

21. Leasehold units potentially within the scope of the plan were analysed. The methodology used is familiar and has been adopted in other retail rescues. The EBITDA level for each site was assessed, taking the gross margin, and deducting site costs (rent, rates, other property costs, payroll etc) to reach an earnings figure before deduction of central costs. This established the current viability of the operation at each site. 379 were loss making at that level *i.e.* even before attribution of central costs. This exercise enabled Poundland identify those stores at which it needed to cease operations and to rank the remaining stores according to the degree of adjustment that would be required to make them sustainable.
22. The Class A Landlords own the most profitable and cash-generative Poundland sites where no significant amendment is required to maintain sustained viability of store operation. The restructuring plan generally contemplates amendments to leases for the period of 36 months from the Effective Date (“the Rent Concession Period”). But for Class A leases all rent, and all service charges, insurance charges, utility payments and like charges (“property costs”) will be paid in full during the Rent Concession Period. The one amendment is that the base rent (*i.e.* the rent other than any turnover rent) will be paid monthly in advance instead of on the dates provided for in the lease. Any turnover rent and the property costs will continue to be paid on the dates provided for in the lease. Rent arrears are not to be compromised. Rent reviews remain effective. If a Class A landlord takes action to determine the lease, then that might give rise to dilapidation claims which could destabilise recovery: under the restructuring plan these dilapidation claims are to be compromised in full.
23. The Class B landlords own critically important sites where profitability is marginal but where Poundland wishes to continue to trade during the remainder of the lease

term. Differing adjustments are required to achieve sustained viability. Rents are reduced during the Rent Concession Period though property costs continue to be paid in full in accordance with lease terms. During the Rent Concession Period a class B1 landlord will receive the contractual rent reduced by 15%; a Class B2 landlord the contractual rent reduced by 30%; a Class B3 landlord the contractual rent reduced by 45%; a Class B4 landlord the contractual rent reduced by 60%; and a class B5 landlord the contractual rent reduced by 75%. At the end of the Rent Concession Period the full contractual rent is again due. For all Class B leases rent becomes payable monthly in advance, rent reviews are suspended during the Rent Concession Period, and rent arrears are compromised in full. Dilapidation claims arising during or at the end of the Rent Concession Period are also compromised in full. At the end of the Rent Concession Period Poundland is to have the right to give a 120 day-exit notice.

24. No Class B landlord is to be compelled to accept the amendments proposed in respect of their lease. Each landlord is to have a period of 90 days following the Effective Date in which to serve a 30-day notice to vacate the relevant premises, thereby enabling that landlord to offer the premises on the open market.
25. Class C consists of premises whose performance or location mean that they are probably not sustainable: they are underperforming sites that absorb cash. Leases in Class C1 will have their rents reduced to zero, reverting to the contractual rent at the end of the Rent Concession Period if the lease is then continuing. But property costs will be paid in accordance with lease terms. Rent reviews do not operate and all rent arrears and dilapidations claims are released and discharged in full. Because of this drastic adjustment each landlord is to have a rolling right commencing on the

Restructuring Effective Date to break the lease on 60 days' notice. Poundland is also to have the like break right.

26. Leases in Class C2 will be terminated after the Restructuring Effective Date. All liabilities (save property costs) are compromised in full. The mutual rolling break right embodies a 30-day notice period.
27. Leases in the DC Class are leases of two Distribution Centres that, with the intended exit from chilled and frozen foods and from e-commerce, will no longer be required. The Rent Concession Period does not apply to them. The full contractual rent will be paid (but monthly in advance in place of the payment terms in the lease). Property costs will be paid in full in accordance with lease terms. Any rent arrears will be paid in full. The landlord and Poundland will have mutual break rights commencing 30 days after the Restructuring Effective Date and embodying a 120-day notice period. When the lease is so terminated all liabilities (other than outstanding property costs) will be compromised in full.
28. In the case of all Landlord Classes, in addition to the break rights conferred on landlords by the restructuring plan every landlord retains any right of forfeiture reserved in the lease of the Poundland premises.
29. Having noted the treatment of liabilities in relation to the leasehold estate I can turn to how the restructuring plan addresses other liabilities. The Business Rate creditors are required, under the restructuring plan, to release all arrears and to compromise in full any business rates arising during the Rent Concession Period. They will, however, receive rates in respect of the notional "trade-out" period to which reference was made in the account of the relevant alternative.

30. The class of General Creditors consists (in essence) of creditors with property related accrued or contingent claims arising from (for example) terminated Poundland leases, expired “hold-over” arrangements or guarantees. But they include an IT supplier and a provider of refrigeration services. General Creditors are required under the restructuring plan to release all their claims in full.

The restructuring plan in outline: consideration for adjustment

31. In return for these compromises the unsecured creditors will in general receive (to put it shortly) an uplift on what they would receive in the relevant alternative (with a minimum payment of £500 in any event) plus (except for Class A landlords) the prospect of a profit share (subject to bringing into account any actual receipts under the restructuring plan so as to avoid double-counting).
32. What a creditor would receive in the relevant alternative contains two elements: (i) what would be received in full (being what would be paid as an expense of the hypothetical administration); and (ii) the anticipated return on claims in the hypothetical administration (“the Estimated Return”). An uplift of 170% is to be applied to element (ii).
33. The profit share is calculated in the following way. The target cumulative EBITDA to be achieved over FY 26, FY27 and FY 28 is £126 million. The Explanatory Statement explains that this will be “challenging to achieve”, both because of difficulties facing the implementation of the operational performance improvement plan and because of material uncertainty that the plan will (even if successfully implemented) yield the large target cumulative EBITDA projected, notwithstanding the deployment (at no cost to Poundland) of the experienced turnaround professionals

of Gordon Brothers. I must accept that there is some truth in this and that these statements are not mere exercises in the management of expectations.

34. Of the target cumulative EBITDA it is estimated that £75 million will be required for operational reinvestment. That provides a threshold for the calculation. Any excess cumulative EBITDA over that threshold is to be shared with the compromised creditors (other than Class A landlords whose rents are not compromised and Pepco which is forgoing its entitlements in order to enhance the returns to other creditors). The larger the excess the greater the share of the compromised creditors. Thus, if at 30 September 2028 the cumulative EBITDA is £95 million (i.e. below the target figure) there will be £1 million to be shared pro rata amongst the compromised creditors. In that event the Poundland equity will have a speculative value of £102 million. If at 30 September 2028 the cumulative EBITDA is on target at £126 million then £10.25 million will be shared between the compromised creditors. In that event the Poundland equity will have a speculative value of £198 million; and if the Management Incentive Plan ("MIP") is effective, then the holding of Peach would have a value of about £118 million and that Pepco of £54 million. If at 30 September 2028 the cumulative EBITDA is above target at £150 million then £18.75 million will be shared between the compromised creditors. In that event the Poundland equity would have a speculative value of £271 million (the holding of Peach having a value of about £161 million and that of Pepco of about £74 million - compared with the £245 million Pepco is releasing and discharging at the inception of the plan).
35. Applying those principles to the different classes yields the following (ignoring the double counting provisions relating to plan receipts and the minimum payment):-

- (a) A Class A Landlord will receive all sums due under his lease. Only if he terminates during the Rent Concession Period does he have to compromise his dilapidations claim. In that event he will receive a compensation payment of (i) contractual rent and property costs for six-weeks (the notional trade-out period) plus (ii) 170% of his Estimated Return. He will not participate in the profit-sharing fund because he is not giving up any rental income.
- (b) A Class B landlord will receive a compensation payment of (i) the full rent and property costs receivable in the relevant notional “trade-out” period; plus (ii) 170% of his Estimated Return; plus (iii) a pro rata participation in the profit-sharing fund.
- (c) A Class C landlord will receive a compensation payment of (i) two weeks’ worth of rent and property charges (or a shorter period if the lease terminates within two weeks of the Restructuring Effective Date); plus (ii) 170% of his Estimated Return; plus (iii) a pro rata participation in the profit-sharing fund.
- (d) A DC Class landlord will receive a compensation payment of (i) eight weeks’ worth of rent and property charges (or a shorter period if the lease terminates within eight weeks of the Restructuring Effective Date); plus (ii) 170% of his Estimated Return; plus (iii) a pro rata participation in the profit-sharing fund.
- (e) A Business Rate Creditor will receive a compensation payment of (i) the business rates that would be payable during the relevant notional “trade-out” period; plus (ii) 170% of the Estimated Return; plus (iii) a sum in respect of the business rates that would be payable in the tax year ending 31 March 2026 by a hypothetical incoming new occupier of the premises notionally vacated by Poundland in the relevant alternative (after allowing for an estimated void period until that hypothetical

incoming occupier was found); plus (iv) a pro rata participation in the profit-sharing fund.

- (f) A General Creditor will receive a compensation payment of (i) 170% of his Estimated Return; plus (ii) a pro rata participation in the profit-sharing fund.

- 36. It will be seen that the general compensation pattern is faithfully to replicate entitlements in the relevant alternative, to enhance one part of those entitlements, and to supplement them with a sharing of any upside resulting from a successful implementation of the restructuring plan.

General issues

- 37. Having described the restructuring plan and determined the relevant alternative I can address, by way of review or decision, general jurisdictional and other issues that arise upon sanction.
- 38. Thompsell J on 8 July 2025 considered these in a judgment (“the Convening Judgment” at [2025] EWHC 1822 (Ch)) giving reasons for ordering the convening of plan meetings (“the Convening Order”).
- 39. First, in the course of the Convening Judgment he decided that the restructuring plan was an “arrangement” made between “a company” and some part of its “creditors” for the purpose of section 901A of the 2006 Act; and that Poundland had encountered financial difficulties which affected its ability to carry on business as a going concern and which the restructuring plan was designed to mitigate or resolve. I therefore do not need to address these issues again.

40. Secondly, in the Convening Judgment he considered the constitution of the plan meetings, giving his reasons for convening 14 separate meetings. Nothing that has occurred since makes it necessary to revisit that issue. In particular, none of the compromised landlords has contended that they should have been an excluded creditor or that they have been placed in the wrong class (matters which could have been raised at the convening hearing and under the terms of the Convening Order remained open at the sanction hearing).
41. I can therefore move on to consider whether there has been compliance with the statutory conditions and with the terms of the Convening Order. Having considered the evidence, I am satisfied that all requisite conditions have been complied with.
42. Next, I must record the outcome of the plan meetings. These were held, as directed in the Convening Order, by video link on 20 August 2025. The votes upon the resolution to adopt the restructuring plan were as follows:-

Creditor Class	% in value in favour	Approved/ Not Approved	Number in class	Turnout by number	Turnout by value	
WCF creditor	100%	Approved	1	1	100%	
Secured Loan Creditor	100%	Approved	1	1	100%	
Unsecured Loans Creditor	100%	Approved	1	1	100%	

Class A Landlord	73%	Not approved	131	52	42%
Class B1	45%	Not approved	19	11	70%
Class B2	70%	Not approved	29	9	37%
Class B3	81%	Approved	11	5	39%
Class B4 *	15%	Not approved	21	5	20%
Class B5	37%	Not approved	26	11	52%
Class C1	48%	Not approved	165	63	38%
Class C2	52%	Not approved	67	24	39%
DC Landlords	0%	Not approved	3	1	77%
General Creditors	53%	Not approved	187	16	8%
Business Rates Creditors	79%	Approved	731	102	15%

**Strictly speaking there was no “meeting” of this class in that all 5 attendees did so by proxy and each appointed the Chairman of the meeting as their proxy. There is thus a “deemed dissent”: see Re Listrac Midco [2023] Bus LR 920 at [33]-[40].*

Accordingly, the “assenting classes” were the WCF Creditor (a Peach associate) Pepco as Secured Loan Creditor and Unsecured Loans Creditor, the Class B3 Landlords and the Business Rate Creditors; and the “dissenting classes” were the Class A landlords, the Class B1, B2, B4 and B5 landlords, the Class C1 and C2 landlords, the DC landlords and the General Creditors.

43. Next, I must consider whether the Court can rely upon the outcome of those plan meetings. This involves a consideration of three aspects.

(a) I am satisfied that there was an appropriate communication of the material necessary to enable each creditor to take an informed decision upon the question at issue. The Practice Statement Letter was circulated on 12 and 13 June 2025 affording a proper time for considerations of the principal plan terms. The Convening Judgment contained three recommendations for the clarification of the Explanatory Statement, and these recommendations were acted upon. One non-institutional landlord complained about the length and density of the Explanatory Statement, and I have some sympathy with the view expressed. I do not think that the content could have been cut down: but for the future accessibility for creditors who do not have the financial, commercial and legal sophistication of institutional participants might be improved by flow charts or decision trees referring to the key content. The amended Explanatory Statement was circulated to plan creditors. Of the 866 plan creditors only in 9 cases are there are doubts about receipt (representing 1.28% of the value of claims). A website was established for the plan and that has been accessed by 355 plan creditors.

(b) I am satisfied that the arrangements for each class meeting were satisfactory. Each meeting was held by video link with a 30-minute “waiting room” open before each

scheduled plan meeting. According to the Chairman's report each meeting was informed of the opportunity to ask questions of a representative of Poundland, of a representative of Teneo and of Poundland's legal advisers, and of the opportunity to consult together. Members at various meetings availed themselves of the opportunities to question and comment both orally and in the chat function. There were no private class consultations. There were no technical difficulties.

- (c) There was on the whole fair representation at each class meeting. The exception is the class of General Creditors where the turnout was around 8% by number and by value, which does reduce the significance the Court can attach to its vote against the plan. The low turnout probably reflects the presence of a number of contingent creditors with no immediate exposure.

- 44. Lastly, it is at this point convenient to consider whether there is any defect in the plan as a whole. Only one question arises. Of the leases included in the leasehold restructuring 42 leases are governed by Scots law and 33 lease by Northern Irish law. There is credible evidence from DLA Piper (Scotland) and from Pinsent Mason Belfast LLP that if I were to sanction the plan this Court's order would not be in vain and that there is a real prospect that it would have substantial effect in each jurisdiction. There is therefore no "blot" upon the plan.

Issues in relation to the assenting classes

- 45. It is well settled that where a class of creditors approves a scheme then Court accepts that those creditors are likely to be the best judges of their own commercial interests, but that the Court is not bound by their view and retains a discretion. The court will ask whether the plan is one of which an intelligent and honest class member might, having regard to their class interests, reasonably approve ("the rationality test"). The

application of this test serves to highlight any matters extraneous to class issues that may have influenced the outcome of the meeting and to test whether it is appropriate to compel dissentients to accept the deal. I hold that the Poundland plan passes this rationality test.

46. First, I am satisfied that the restructuring plan is an alternative to an imminent and inevitable insolvency. For Class A and B landlords, an asset realisation administration would mean that they would be left with empty units in respect of which no rent or property costs are being paid; and they would be faced with the choice of either accepting a surrender/forfeiting leases (facing the prospect of a void period, enhanced business rate charges, and security issues) or awaiting the conversion of the administration into a liquidation and the disclaimer of the leases. Having a tenant in place under the plan, albeit at a reduced rent, presents an attractive alternative, particularly when coupled with a “break right” which preserves an ability to recover possession if the market provides better opportunities than the amended lease. For Class C and DC landlords, where exit under the plan is probable, the advantage is an orderly return of possession rather than a disorderly return of an unoccupied property in the course of administration or liquidation.
47. Second, except in the case of Pepco, the restructuring plan provides a greater and quicker return than that which is achievable in the relevant alternative. There is a 170% uplift on the Estimated Return. There is the prospect of participation in future profits. Under the plan payments will be made in 9 or 12 months. The base figures (ignoring prospective profit share) derived from the FTI Comparator Report are shown in the following table:-

Stakeholder	Relevant Alternative (p/£)	Plan return (p/£)
WCF Creditor	100	100
Secured Loan Creditor	100	100
Unsecured Loans Creditor	0.6	0.2
Class A landlord	4.4	100
Class B1	2.4	57.3
Class B2	2.7	53.2
Class B3	2.5	31.3
Class B4	3.0	40.3
Class B5	3.1	23.3
Class C1	2.0	13.4
Class C2	1.9	14.4
DC Class	6.7	7.1
Business Rates	17.6	20.2

General Creditors	0.6	1.0
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48. The votes of Pepco (which approved the plan both as Secured Loan and Unsecured Loans Creditor) are explicable because it chose to sacrifice its own financial interests in favour of acting as a responsible former owner of the business which was seeking to support its transition to new ownership (as it had made clear both by its provision of liquidity support and its agreement to the sale terms). I therefore see no reason to differ from the opinion of the assenting classes.

Issues relating to the dissenting classes

49. Because the restructuring plan has not been approved by all classes of creditor the question arises whether the Court should exercise its power to “cram down” the dissenting creditors. There are two threshold requirements.
50. First, section 901G(3) of the 2006 Act requires that no member of the dissenting class shall be any worse off under the restructuring plan than it would be in the relevant alternative. This is to be analysed primarily, but not exclusively, in terms of the anticipated return on their claim. In the instant case that test is satisfied in relation to each dissenting class. All receive 170% of their Estimated Return: and compromised creditors who receive less than 100% of their claim can participate in a profit-sharing mechanism. All receive that payment earlier than they would in the relevant alternative. Landlords have their rent and property costs in a notional asset realisation fully replicated under the plan and remain able to recover possession if they do not wish to accept the amended lease terms.

51. Second, section 901G(5) of the 2006 Act requires that the restructuring plan be assented to by at least one class of creditor which would receive a payment or have a genuine economic interest in the relevant alternative. This test is also satisfied. The restructuring plan has been approved, in particular, by the Unsecured Loans Creditor (which does worse under the plan than in the relevant alternative), the Class B3 landlords and the Business Rates creditors. The application of this test requires careful scrutiny to see that the statutory condition has not been satisfied by the vote of an artificial class created with the object of it approving the plan and therefore providing the restructuring plan with the requisite anchor for the purposes of the section. There are in the instant case three single member classes; but they derive from the terms of a robustly conducted open market sale (albeit one that had a restructuring plan firmly in view).
52. The satisfaction of those two threshold conditions opens up the exercise of the discretion to approve the restructuring plan notwithstanding its failure to secure the approval of all classes. The purpose of this discretion is to enable the Court to prevent any one class of creditor from exercising an unjustified right of veto: Re Petrofac [2025] EWCA Civ 821 at [131]. But that does not mean that only a single class may be “crammed down”. I shall adopt again the principles which I summarised in Re River Island Holdings [2025] EWHC 2276 (Ch) based upon the guidance provided in the three recent Court of Appeal decisions in Re AGPS Bondco plc [2024] EWCA Civ 24, Re Thames Water Utilities Holdings Ltd [2025] EWCA Civ 475 and Petrofac (*supra*).
53. Those principles are:-

- (1) There must be a fair sharing of the burden of the restructuring plan amongst those whose rights are compromised and a fair allocation of its benefits (the value preserved or generated by the plan) to and between them.
- (2) The assenting classes will have made their own judgment upon that question, and the concern of the Court is to look at it from the perspective of the dissenting classes and to ask why the compromise approved by the assenting classes should be imposed upon them.
- (3) The burden lies upon the plan company to persuade the Court that there is a fair sharing of the burdens and of the benefits even if no objectors appear at the sanction hearing.
- (4) The starting point (but only the starting point) is the treatment of the dissenting class in the relevant alternative.
- (5) Where the relevant alternative is an insolvency process the initial expectation will be *pari passu* treatment of creditors within each insolvency class.
- (6) Differential treatment within an insolvency class is permissible if justified on proper grounds.
- (7) When considering whether the treatment of a class or any differential treatment within a class is “fair” the primary focus of the Court is upon their interests *qua* creditor.
- (8) When considering the sharing of the burdens and the benefits the Court is not confined to a consideration of the restructuring plan itself but is entitled to stand back and consider also the effect of the restructuring plan on those who are not

parties to the compromises (such as creditors outside the scope of the plan or shareholders).

(9) When considering the sharing of the burdens and the benefits the court is entitled to take into account the source of the benefits (how the value is preserved or generated by the plan).

(10) When assessing the burdens and benefits the court is concerned with the substance not the form: the provision of new money on terms more advantageous to the provider than would be required by a lender in the market is in reality a benefit conferred on the provider rather than a contribution to the cost of the plan.

(11) The Court will have regard to the evolution of the restructuring plan and will seek to assess whether it is a genuine attempt to formulate a fair and reasonable solution to a critical problem or an attempt to impose arbitrary compromise terms upon creditors with a view to extracting advantage in a critical situation.

54. In the instant case no dissenting creditor appeared at the sanction hearing to argue which of the foregoing principles is violated by the present restructuring plan or to argue that there is some other fairer and achievable plan: and Poundland, bearing the burden of persuading the Court that the restructuring plan should be approved, cannot be expected to argue the case for the dissenting creditors. I entirely share the view of Richards J expressed in paragraphs [75] - [77] of his judgment in Re Revolution Bars [2024] EWHC 2949 (Ch) that in the absence of adversarial argument a judge can do no more than take a “high level” view of the restructuring plan.

55. The absence of reasoned opposition at the sanction hearing speaks volumes. Poundland has made serious attempts to engage, in particular, with its landlords. I

have already noted the attempts to negotiate consensual adjustments to the leasehold estate and the difficulties it faced. Following the circulation of the Practice Statement Letter Poundland offered meetings with its top 16 landlords (representing about 20% of the leasehold estate). 13 landlords engaged in this process. Since the Convening Order attempts have been made to engage with a further 27 landlords who between them had 220 units spread across each landlord class. None responded. Enquiries were received from a further 41 landlords and were dealt with. Notwithstanding these efforts there has been no collective response from any class of landlord; and no articulated challenge to the plan. (I should add that there has been engagement with the British Property Foundation, but whilst it could comment upon the restructuring plan from a property perspective, highlight where the proposal could generate opposition and make suggestions for improvement, the BPF plainly could not negotiate the terms of that plan on behalf of landlords).

56. After the Convening Order solicitors for one multiple landlord (British Land (“BL”)) did seek further information and did enter into correspondence which led to a letter dated 20 August 2025 (received after the conclusion of the plan meetings that day and five days before the scheduled sanction hearing) purportedly advancing “an alternative restructuring...that is better and fairer than the one proposed by [Poundland]”. But this letter simply set out proposals for BL to be treated substantially more favourably than other members of the relevant class e.g. that the rents should not be reduced to the same degree or that rent arrears or dilapidations claims were not to be compromised. It did not say whether the additional benefits conferred on BL (which amount to over £300,00 in respect of rent alone) were to be taken from other class members or from other creditor classes or from those providing funding for the plan. It did not set out an alternative plan. It proposed that these

advantages should be conferred by way of a “side deal” that would not be put before other creditors (as an “alternative restructuring” that was better than Poundland’s plan would have to be). BL did not appear at the sanction hearing: it merely required its exchange of correspondence to be placed before me. Unsurprisingly Ms Peters (following Mr Smith KC) reminded me of the observation of Snowden J (as he then was) in Re Smile Telecom Holdings [2022] Bus LR 591 at [53] that dissentients “must stop shouting from the spectators’ seats and step up to the plate”.

57. I appreciate the difficulties faced by creditors. The applicant will generally have had weeks (or perhaps months) to put the restructuring plan together. The Practice Statement Letter often fires the starting gun for the creditors, and they have little time to respond on a collective basis, which is the desirable way forward. It is desirable because at the sanction hearing the task of dissenting creditors arguing that there is a fairer alternative (as opposed to simply identifying some fundamental unfairness in the applicant’s plan) will be to present to the judge a coherent and comprehensive plan which has a real prospect of implementation, a plan which leaves the judge in genuine doubt as to whether the applicant’s plan is fair (and so prevents the applicant company from discharging the persuasive burden upon it). What the judge cannot be presented with is a jumble of incoherent requests for different treatment.

58. Whilst Part 26A exists precisely because it is not possible for a company in financial distress to negotiate with each of its creditors on a bi-lateral basis, and there is no requirement that it should attempt to do so, individual creditors can engage with the plan company directly (both before and after the Practice Statement Letter) so that, if appropriate, consensual arrangements can lead to them being placed within a different class or being treated as an excluded creditor and the plan amended accordingly. After

the convening order, which will have constituted the plan meetings and directed the circulation of an Explanatory Statement setting out the restructuring plan in its then form, subsequent consensual arrangements could lead to amended proposals being put before the plan meetings upon proper notice. After the plan meetings have been held consensual arrangements which depart only in minor ways from the treatment of the class as set out in the plan before the plan meeting might still be placed before the Court at the sanction hearing if suitable for consideration pursuant to any modification provision in the plan itself. Otherwise, fairness to the creditors as a whole requires that any notable change needs reconsideration by reconvened class meetings: and it may not be possible to reconvene such before insolvency intervenes. I restate my view that the judge at the sanction hearing cannot be presented with a jumble of incoherent requests for different treatment.

59. BL had all of these opportunities. Poundland engaged with BL before the circulation of the Practice Statement Letter on 12 June 2025. It then had a series of informal contacts with BL ending in a formal meeting on 17 June 2025. The Convening Order was only made on 8 July 20025. The plan meetings were not held until 20 August 2025. The course taken by BL was most unwelcome in this respect: it was also unwelcome and unhelpful in not engaging properly with the Court.
60. The exercise of the discretion must therefore be undertaken by way of a high-level review of the plan according to the principles I have summarised.
61. The essential benefit of this plan is that it allows Poundland to continue trading whilst it seeks to deliver a turnaround enabling it to meet its obligations to creditors from operational cashflows during the restructuring period *and thereafter*.

62. The outstanding feature of this plan is that this benefit is primarily generated by Pepco which has subordinated its financial interests to its desire to preserve the business and to transfer it to new owners rather than to liquidate it. It has thus extended the maturity of its secured loan, extended a substantial overdraft facility at a preferential rate and written off unsecured loans standing at some £245 million in return for a 30% stake in the surviving business (whose entire equity has a Day 1 valuation of £0-£4 million according to an Equity Valuation Report by Alexis Anaman of FTI Consulting). Pepco has, in effect, at the outset contributed by way of write-off and new or confirmed lending about £327 million (twice the contribution of all other creditors combined) to underpin the survival of Poundland: and one day might recover £124 million (its Secured Loan and overdraft and the speculative value of its equity holding) if the target EBITDA is reached. Pepco therefore has a strong voice in the allocation of any benefit. The eventual allocation results not from some arbitrary choice by Pepco but from a robust and competitive sale process focussed upon the purchaser willing to provide the most post-sale finance to support the business in its attempted preservation.
63. The secondary source of the benefit of preservation is Peach which has contributed £95 million. Although strictly only £35 million results from the approval of the plan, the balance was originally advanced to provide a liquidity runway whilst the plan was promoted, and it is in reality a direct contribution to the preservation of the business. Once again, if (and it is a real “if”) the target EBITDA is reached Peach will obtain repayment of its lending and also have an equity holding worth a speculative £118 million, the result of the application of the skills of Gordon Brothers’ specialist turnaround team made available to Poundland at no cost, and the generosity of Pepco. No-one has appeared to argue and no-one has adduced evidence to suggest that this is

a disproportionate return upon the risks run. In the 2025 sales process no other prospective purchaser of Poundland was prepared to advance more or to accept less: and that seems to me to indicate that the return to Peach is in line with market expectations.

64. Accordingly, I see no basis for holding that either the priority accorded to funds injected into Poundland to preserve the company or the allocation of equity is unfair vis-à-vis the landlords and other creditors.
65. The dissenting classes are all unsecured creditors. In an asset-realising administration they would rank *pari passu*. Under the restructuring plan within the category of unsecured creditors there is differential treatment. All do better than in the relevant alternative, but the degree of adjustment of their rights varies as does the compensation for that adjustment (because that compensation reflects their respective returns in the relevant alternative).
66. The differential treatment within the landlord class has an established and rational basis; those who have in the past made and will in the future make the greatest contribution to the preservation and success of the ongoing Poundland business benefit more than those whose properties are over-rented and have contributed to the present crisis. Nor is this differential treatment imposed upon an unwilling landlord: each has a “break right” enabling market opportunities to be exploited.
67. Nevertheless, all but one of the landlord classes voted (or is treated as voting) against the plan (notwithstanding that it satisfies the rationality test). That volume of class opposition must obviously give pause for thought. Is it right to “cram down” almost an entire category of creditor (landlords) to impose a plan favoured by another category (financial creditors)?

68. I do not think that question can be answered in the abstract. It depends upon the reasons underlying the opposition, as to which I have no assistance. Particularly puzzling are the votes of the classes that are not really impaired – the Class A and DC landlords. Why would you vote against the payment in full of your rent during the rent concession period (albeit at a different time) and of your property costs and by that vote risk in consequence the cessation of all payments, the vacation of your property and the disorderly termination of your lease? Of course, 73% of the Class A landlords did not vote in that way. It suggests that there is some factor extraneous to class interest that influenced the vote of some at least of the other 27%. One real possibility is that they were multiple landlords with leases in other classes who decided to “block vote” against the plan irrespective of the merits of the treatment of individual classes. Another possibility is that they did not consider the pending insolvency to be real (whatever the Explanatory Statement said). The sole DC landlord who voted probably objected to the ability of Poundland to exit the DC leases through use of the break clause: but the relevant alternative would seem to offer a worse eventuality.
69. Since I accept the evidence of imminent insolvency and have held an asset-realisation administration to be the relevant alternative I do not consider it unfair to impose upon the Class A and DC landlords a restructuring plan which addresses this reality and leaves them substantially unimpaired and with a right to exit.
70. The dissenting Class B landlords are treated differentially *inter se* and in relation to the Class A and DC landlords. There is a rational basis for this treatment. The differing adjustments under the plan are simply a result of the degree to which the current rent has to be reduced to make the demised premises sustainable as a

Poundland store: and the differing outcomes are simply a reflection of claims in the relevant alternative. No-one appeared at the sanction hearing to argue that the same benefit could be achieved for Poundland by treating Class B landlords differently in relation to other creditor groups or by sharing the burdens or benefits differently amongst the Class B landlords themselves and I do not think it for the Court of its own motion to devise such a plan. One can see that landlords like those in Class B might reject a plan at their meetings in order to call the bluff of shareholders and financial creditors and prompt some better offer. But on the evidence neither Peach nor Pepco is prepared to inject more money: and I accept that evidence. After all, Peach paid nothing for its equity and would recover all its lending in an administration; and Pepco would recover its Secured Loan in the relevant alternative and something (more, in fact, than it gets under the plan) in respect of its Unsecured Loans, which monies it placed at risk since before the restructuring plan was created. Any different treatment of the Class B landlords would therefore seem to involve an impairment of the Class A and DC landlords and a departure from the rational methodology which underpins the present allocation of benefit: and I do not consider that “fairness” requires such an approach.

71. The same applies to the Class C landlords whose leases may well be terminated under the plan: and also to the General Creditors. Their returns in relation to other classes simply reflect the weakness of their bargaining positions given what they would receive in the relevant alternative.
72. Poundland put in evidence an expert “Allocation of Benefits Report” prepared by Lindsay Hallam of FTI Consulting commenting upon the contribution made by various creditor classes and the distribution of plan “benefits to plan creditors”. This

is only the second such report I have seen. Whilst I commend its thoroughness such a report does have its limitations. As the Report itself says it “does not purport to contain all information that may be required to evaluate the proposed restructuring plan”, and of necessity it piles assumption upon hypothesis. It cannot place a figure upon some beneficial aspects of the plan, such as Pepco’s sacrificial approach, Peach’s contribution of turnaround expertise, the avoidance of empty property risk, the ability to recover possession and offer a property to the open market or the value of the continuation of Poundland as a viable rate-paying and job-preserving entity. Its methodology treats the repayment of new money advanced on market terms (or indeed, at below market rates) as a benefit received under the plan. It focusses upon the term of the restructuring, and so, for example, assumes that Pepco’s lending will be repaid by 1 September 2028 (even though the facility extends until 1 September 2030). I do not in these observations make any criticism of Ms Hallam, whose work is impressive. I am simply commenting upon the inherent limitations of the exercise. But the exercise has been undertaken, and its results deserve consideration.

73. The results are set out in a table and detailed commentary. Excluding the potential profit share the figures are these:-

Creditor	% Total Contribution	% Total Benefits	Variance
Peach	18.5%	40.3%	21.8%
Pepco	54.4%	12.8%	(41.6%)

Class A	0%	25%	25%
Class B	4.2%	10.6%	6.4%
Class C	12.5%	9.3%	(3.2%)
DC	1.7%	0.7%	(1.0%)
Business Rates	3.5%	1.2%	(2.2%)
General	5.2%	0.1%	(5.1%)

74. The variance in the table reflects both the treatment of all repayments of restructuring finance as a benefit and the fact that the payments under the plan are linked to the differing “trade-out” periods assumed in the relevant alternative. Any over-statement of the benefit to one creditor class will, I think, lead to an understatement of the proportionate benefit of other credit classes. Nor can one place too much weight on small figures given the margin for error in calculation. So, I do not consider that this table demonstrates any fundamental “unfairness” (other than towards Pepco which supports the plan) such as would indicate that, even in the absence of reasoned opposition, I should refuse to sanction the plan.
75. I have undertaken one further cross-check on my own initiative. Taking a broad overview the value of the votes cast in favour of the plan (rounding to one decimal place) was £358.4 million and that of those cast against the plan was £42.9 million. If

one disregards the votes of Peach and of Pepco those voting favour totalled £50 million (compared the £42.9 against). Plainly one cannot place a great deal of weight on overall voting figures (given that the statutory scheme requires voting by classes and prescribes a 75% threshold). All one can say is that there is more support for the plan than there is opposition to it. As Mr Perkins reminded me in his submissions, no plan will satisfy everyone, no plan is perfect.

76. I have also taken a step back and looked outside the confines of the restructuring plan itself. In my judgment there is no unfair allocation of benefit to those who are not scheme creditors. As to the excluded creditors, there are sound commercial reasons for not including them within the scope of the plan. There are parties with whom for operational reasons an unbroken relationship on existing terms is essential to the implementation of the performance improvement plan (or those with whom terms have been negotiated which reflect the current market).
 77. In the result I was satisfied that the restructuring plan ought to be approved and I so ordered.
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