Case No: CR-2026-002241
CR-2026-002874

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES LIST (ChD)

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

Date: 1 July 2026

Before:

Mr Justice Hildyard

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In the matter of TG Jones High Street Limited

And in the matter of TG Jones Retail Holdings Limited

And in the matter of the Companies Act 2006

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Tom Smith KC, Ryan Perkins and Jon Colclough (instructed by **Slaughter and May LLP**) for the **Plan Companies**
Benjamin Shaw KC (instructed by **Hogan and Lovells LLP**) for the **BL Landlords**
David Adams for the St Albans City and District Council

Hearing date: 29 June and 1 July 2026

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Summary of Reasons

Mr Justice Hildyard:

1. This application for the Court to sanction (pursuant to Part 26A of the Companies Act 2006, "Part 26A") two inter-conditional restructuring plans (the "Plans") caused me sufficient concern to require further time for consideration before determining them notwithstanding what has been described by Mr Tom Smith KC as their enormous urgency.

2. The two companies in respect of which the restructuring plans are proposed are TG Jones High Street Limited ("HSL") and TG Jones Retail Holdings Limited ("RHL"), which operate what used to be the UK high street business of WH Smith, until the business was sold in 2025 and rebranded as "TG Jones".

3. The business presently consists of 451 stores (the vast majority of which are located in the UK) and, like many companies in the retail sector, is in serious financial distress.

4. The avowed purpose of the Plans is to save the Plan Companies from collapsing into insolvent administration (which the directors of the Plan Companies consider is the "relevant alternative" to the Plans) by enabling them to access liquidity that is essential to turning the business around, rationalising the leasehold estate and compromising certain other liabilities.

5. The Plans are complex in their terms and far-reaching in their effect. They have been substantially amended since first presentation in light of trenchant criticisms of them advanced by, in particular, a number of landlords led by British Land plc ("the BL Landlords") who until very recently objected to the proposals.

6. A manifestation of their complexity is the 61-page skeleton argument on behalf of the Plan Companies and nearly 1,000 pages of supporting evidence provided to me last Friday.

7. That evidence includes, in addition to the Plan Companies' explanation and justification for the Plans, detailed expert reports addressing and assessing (a) what would be likely to happen if the Plans are not sanctioned ("the Relevant Alternative Report"), (b) the terms on which new money is to be provided by way of loan by the ultimate shareholder, Modella Capital Limited ("Modella"), ("the Debt Report"), (c) the contributions made by, and the benefits to result to, the various Plan Creditors so as to assist the Court in determining the overall fairness of what is proposed ("the Allocation of Benefits Report"), and (d) what would be the enterprise value and the equity value of the TG Group if the Plans are sanctioned, and how that would compare with their value in the Relevant Alternative (i.e. of the Plans were to fail) ("the Valuation Report"). I have been concerned to consider these expert reports in some detail, with a view to assessing their consistency and cogency.

8. The further particular issues I have needed time to consider more carefully include:

   (1) The propriety and fairness of approving Plans which reached their final form and were not notified to the Plan Creditors (by way of a Second Supplement to the original Explanatory Statement) until 23rd June 2026, the day before the first day of the 16 class meetings which the Court had directed to consider the Plans. I have had to consider especially the fact that the Convening Order dated 3 June

2026 had specified that any changes should be notified no later than 16 June 2026.

(2) Another concern I have had to assess is the propriety and fairness of exercising cross-class cramdown powers to impose the Plans on dissenting creditors in circumstances where the interests of the assenting creditors differ so radically from those of the dissenting creditors. The concern is the greater where (a) only one (being obviously the least adversely affected) class of the landlord creditors whose leases are to be modified have approved the Plans by the requisite majority, and other much more adversely affected landlord classes are to be crammed down and (b) unsecured creditors (including what have been called "Non-Core" suppliers and Business Rates creditors) are to have the amounts owed to them sliced in half.

(3) I have also had to weigh in the balance certain matters that have inevitably (as it seems to me) invited sceptical scrutiny, including the curiosity that for the purpose of assessing the fairness of enabling Modella to retain its equity interest the Valuation Report ascribes a post-restructuring equity value within the range of nil to £3 million, whereas in June 2025 (when Modella acquired its equity interest), it had agreed to pay up to £42 million (though it is to be noted that of this amount, £10 million was paid and £32 million was deferred consideration only payable subject to performance targets which in the event have not been fulfilled). Other matters which have also prompted critical, and perhaps sceptical, review include the licence fee which Modella had sought to charge in respect of the trading name of TG Jones, which had no apparent value at all (though again it is fair to note that Modella has since agreed to forego that charge).

(4) A further matter that I have needed time to consider concerns the differential treatment within the landlord classes (and especially between Class A and B1-B4 landlords) and also amongst unsecured creditors. The differential treatment amongst landlord classes is put into higher relief by the differential treatment afforded to Class A and Class B Landlords relative to other impaired creditors under the modified Plans.

(5) Lastly, I have had to stand back, and ultimately subjectively assess, whether the Plans have a realistic prospect of achieving their purpose, or whether in reality they are flawed, or more generally, whether the writing is on the wall for retail operations of this kind. The Court should not act in vain, still less impose aggressive discounts on dissenting creditors in pursuit of an objective which seems to it likely to fail.

9. These are complex, multi-factorial assessments and I hope they explain why I felt unable to give an instant decision when the hearing concluded on Monday notwithstanding what was presented to me as the extreme urgency of the matter and some consternation on the part of those involved. These "Landlord Plans" seems to me to explore the outer reaches of a potentially draconian jurisdiction which must be kept within bounds. These plans require particular and anxious scrutiny.

10. In the end, however, and not without equivocation, I have concluded that the Court should sanction both Plans. In summary, the principal factors that have led to my conclusion are as follows:

    (1) I have been persuaded that notwithstanding non-compliance with the timetable established by the Convening Order in providing such late notification of the final versions of the Plans, and notwithstanding the consequent fact that creditors will have had what would by any usual standards be very little time to assimilate the effect of important modifications, the Court has jurisdiction to approve the Plans as modified and in its discretion should do so. Put shortly, this is because I accept the argument advanced by Mr Smith KC that the changes negotiated by the BL Landlords adversely affect Modella but not any Plan Creditors. In summary, the changes comprise: (a) an increase in the Excess Cumulative EBITDA Entitlement to 50% and a reduction in the trigger to £40m cumulative EBITDA; (b) the retention of dilapidations claims for non-terminating Class C1 Landlord Creditors; and (c) the reduction of licence fees payable to the Licensor during the Rent Concession Period to nil. The ABL Creditor and the Core and Non-Core Supply Creditors (each as expressly defined) are not affected; whereas the modifications plainly improve the terms for the other Creditors. In those circumstances, to quote the Plan Companies' skeleton argument:

        "There can be no serious suggestion that a Plan Creditor who previously supported the Plans (prior to 23 June 2026) would have been persuaded to vote against the Plans because they did not like the fact that certain Plan Creditors were to receive more at the expense of Modella qua shareholder."

    (2) The exercise of Part 26A cross-class cramdown powers to impose on Landlords reductions in rent and other modifications against their will and (in effect) at the instance of substantially more favoured creditors is the matter that has caused me most concern. However, I have been persuaded that this is, objectively, the lesser of two evils resulting from the Plan Companies' trading failures and financial predicaments. Again put shortly, I accept that:

        (a) the Relevant Alternative is a value-destructive administration involving piece-meal and accelerated/distressed sales of stock which would result in considerably less return to the dissenting creditors than that offered under the Plans; in particular:

        (b) the treatment of the Core Supply Creditors (who will be paid in full across 12 equal monthly instalments, the first instalment falling due six months after the Restructuring Effective Date) together with options to terminate is plainly better than would result from the Relevant Alternative.

        (c) the treatment of Non-Core Supply Creditors (who will be paid 50% of what is due to them across 36 equal monthly instalments, the first instalment falling due six months after the Restructuring Effective Date, with the balance of 50% to be released and discharged) is harsh, but also materially better than what they would receive in the Relevant Alternative;

(d) the structure of the Plans which provides for other creditors (including the Business Rate Creditors) whose debts will be released and discharged but will receive in exchange (i) 170% of their estimated Relevant Alternative Return; and (ii) if the relevant conditions are triggered, the Excess Cumulative EBITDA Entitlement (which is a profit-sharing arrangement if the turnaround is successful and is modelled on similar but less generous arrangements approved in previous Landlord Plans) will be better off under the Plans than in the Relevant Alternative;

(e) the fact that Landlords are given a right to terminate if in any particular case the Landlord, considers that the terms imposed are less beneficial than would be available by re-leasing on the open market does provide an answer to prejudice (even if, in current conditions, it may smack of cold comfort);

(f) the modifications secured by the BL Landlords do constitute a significant improvement for Landlord Creditors and demonstrate the value of constructive negotiation (even if late in the day).

(g) More generally, I have also derived some (albeit more limited) comfort from the fact that (i) in respect of the HSL Plan, amongst the dissenting classes, 72% of the Business Rates Creditors voted in favour (though this contrasts with only 34% of General Creditors who did so); and (ii) in respect of the RHL Plan, although only the Class A1 Landlords assented (with 81% in favour), among the dissenting classes there was over 50% support from the Class A2 (55%), B2 (57%), B5 (63%) and C1 (65%) Landlord Creditors.

(3) I do not consider I have sufficient grounds to gainsay the conclusions of the experts that the allocation of benefits is broadly fair and not disproportionate. I accept that Modella's retention of equity, though uncertain in value, is sufficiently justified by its loan commitments, especially having regard to the fact that their equity interest is in a sense diluted by the Excess Cumulative EBITDA Entitlement, which is in essence a form of equity participation providing a profit share if the Plans succeed.

(4) I accept that the differential treatment between different categories of creditors, including that between Class A and Class B Landlords, is sufficiently justified by their relative contributions.

(5) I accept Mr Smith KC's submission that the Court does not have to be satisfied that the Plans will achieve their purpose: it is sufficient if the Court accepts that the Plans have a real prospect of doing so. In that regard, Mr Alex Willson, as Chief Executive Officer of both Plan Companies, has provided in his third witness statement an "overview of the Business's forecast performance", explaining the assumptions on which the Business Plan has been based, the rent savings envisaged, and forecasted expenditure (including capex investment to improve the Plan Companies' retail outlets). I note that Mr Willson has expressly recognised *"that turning around a business is not straightforward",* but states that *"the management team considers that the Business Plan is realistic and can be successfully implemented"* in light of (i) the cash to be made

available; (ii) the rationalisation of the leasehold estate to remove uneconomic stores and a programme of in-store improvements in those retained; (iii) a suitably experienced and motivated team, bolstered by what has been described in the Supplemental Allocation of Benefits Report as "*Modella's specialist retail turnaround experience and operational support"*; (iv) savings in logistics costs (such as through relinquishing external storage); (v) investment in IT and other infrastructure to enhance efficiency; (vi) what Mr Willson describes as *"a compelling 'story' to tell consumers with our focus on delivering improved retail experiences through the Post Office, Toys 'R' Us and Hobbycraft concessions"*; and (vii) *"getting the right product to the right stores at the appropriate time an*d *improving customer service".* The sceptic might regard at least some of what the Valuation expert has described as *"turnaround initiatives"* as more in the nature of generic aspirations than concrete grounds for a successful outcome. There is plainly a high level of execution risk, as noted in two of the Expert Reports. However, I am not an economist nor a retail business expert, and I am not in a position to dismiss what is proposed as having no real prospect of success, especially since I think I am entitled to assume that Modella and management must have sufficient faith in success to hazard further money, time and effort on the turnaround Plans.

11. As to other objections, Mr Benjamin Shaw KC for the BL Landlords, who (pursuant to the settlement they reached with the Plan Companies) had agreed not to vote against the Plans), confined his submissions to an argument in further justification of differential treatment (based on the proposition that the reductions in future rents beyond that strictly required to ensure a sustainable EBITDA contribution and below market rents should be equated to "new money" imposed on Class A and Classes B1 to B4 Landlords). It is not strictly necessary for me to determine this now since I am satisfied that there is no disqualifying differential treatment, though I may well address the matter in any fuller judgment. Further, in addition to written objections submitted late on Friday 26th June 2026 on behalf of one of the Business Rates Creditors, St Albans City and District Council ("St Albans"), Mr David Adams made oral representations on St Albans' behalf (without notice but with my permission) as to the unfair repercussions of the Plans on ratepayers and the public purse. I am grateful to Mr Adams and St Albans, but in light of the considerations summarised at paragraph 10(2)(d) above, I do not consider that either the points he made nor any of the written objections submitted on behalf of St Albans should alter my conclusion. No other creditors appeared before me to object to sanction.

12. For these reasons, stated in summary and which, if necessary, I would propose to elabor ate in due course in a fuller judgment which would also describe the context and detail of the Plans and of the expert reports to which I have referred, I propose to sanction the Plans. I will hear from Mr Smith KC as to the details of the proposed form of Order and any specific undertakings to be given (in particular by Modella).