

Superdry landlord M&G eyes challenge to rescue plan

The owner of Superdry's flagship store in central London is weighing a challenge to a rescue plan that would impose steep haircuts on the struggling chain's landlords.

Sky News has learnt that M&G, the London-listed asset manager, has engaged lawyers from Hogan Lovells to scrutinise a restructuring plan launched by Superdry earlier this month.

The move by M&G, which owns the fashion retailer's 32,000 square foot Oxford Street store, will not necessarily result in a formal legal challenge.

However, property industry sources said on Friday that such a move was a possibility.

Other Superdry landlords, including Landsec, are understood to be monitoring the situation ahead of the disclosure of detailed proposals next month.

The property groups are believed to have been alarmed by the absence of their participation in a mechanism to allow creditors to benefit from any future recovery in the retailer's performance.

The restructuring plan will not entail immediate shop closures but will impose sizeable rent cuts on landlords of dozens of Superdry outlets.

In a statement, a spokesman for the retailer said: "The Restructuring Plan is a process designed to secure the long-term future of our business.

"We hope our landlords will support us as we embark on putting in place our new target operating model."

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M&G declined to comment.

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Alongside the rent cuts, Superdry plans to raise funding underwritten by founder Julian Dunkerton and delist from the London Stock Exchange.

The Cheltenham-headquartered company's survival bid, which will require the approval of its creditors, has been launched after weeks of talks about a takeover by Julian Dunkerton, its founder, were aborted.

Shares in Superdry have been under relentless pressure in recent months as the scale of its financial challenges has been exposed.

On Friday, they were trading at around 7.4p, giving the indebted company a market capitalisation of less than £8m.

It recently agreed increased borrowing capacity with Hilco Capital, one of its existing lenders, while it also owes tens of millions of pounds to Bantry Bay.

Mr Dunkerton, who in 2019 returned to the company having previously been ousted, owns just under 30% of the shares.

In recent months, Superdry has raised cash by offloading its brand in regions including India and Asia-Pacific.