VIA E-MAIL

House of Commons
c/o Work and Pensions Committee
14 Tothill Street, London SW1H 9NB
Attention: Rt Hon Frank Field MP, Chair

10 June 2016

Dear Mr Field:

Re: Retail Acquisitions Ltd (RAL)

Thank you for your letter of 9 June 2016. We have addressed below each of your questions in the order set out in your letter:

1. **Who was your primary contact at BHS/RAL? How did you come into contact?**

   Gordon Brothers Europe was introduced by Mr Michael Hitchcock to BHS Limited on or about 14 October 2015. At that time Mr Hitchcock was a consultant fulfilling the role of Chief Financial Officer of BHS Limited and tasked with raising finance for BHS Limited. Mr Hitchcock remained our primary contact until he left the business in March 2016 after which we principally dealt with Mr Michael Morris whom we understood to be a consultant employed by RAL with a specific role to support the board of BHS Limited as a quasi-Chief Financial Officer following Mr Hitchcock’s departure. Latterly in April 2016 we principally dealt with Mr Aiden Treacy whom we understood to be the Chief Financial Officer of RAL and also acting Chief Financial Officer of BHS Limited.

2. **What was the status of the negotiations? Were the terms finalised?**

   As disclosed in evidence to the Parliamentary Work and Pensions Committee on 8 June 2016 by Mr Darren Topp and Mr Dominic Chappell, Gordon Brothers Europe was negotiating the terms for the provision of a £60,000,000 asset backed lending facility to provide working capital finance for BHS Limited.

   Owing to the size and complexity of the BHS Limited group of companies, the complex contractual arrangements within that group, the need for the BHS Limited’s CVA to be approved and the fact that BHS Limited’s management were also engaged in completing a number of property sales, the negotiations were protracted and continued for a number of weeks but were at an advanced stage by 21 April 2016. However, at this point we were informed of BHS Limited’s intention to appoint an administrator and negotiations ceased before all the terms of the facility were finalised.

3. **What were the agreed or proposed terms of the facility?**

   The proposal was for Gordon Brothers Europe to provide BHS Limited with an asset backed lending facility to finance working capital and in particular to provide the business with the flexibility to purchase additional stock in the run-up to peak trading periods such as Christmas. The maximum availability under the facility would have been £60,000,000,
although the amount drawn under the facility at any one time would have varied depending on the particular point in time of the trading cycle of BHS Limited and the availability of assets to secure the facility.

The facility would also have been subject to certain financial covenants which were to be based on the financial models and projections that the company had produced.

The facility was to be secured by fixed and floating charges over the assets of BHS Limited, BHS Group Limited and BHS Properties Limited as well as certain of their subsidiaries.

4. **Was it ever taken up by BHS/RAL?**

As stated previously, the facility was never finalised and hence never taken up by BHS Limited due to the intervening administration of BHS Limited.

5. **How would you describe your dealings with Mr Chappell and RAL?**

Gordon Brothers Europe dealt primarily with BHS Limited and its representatives. We only met Mr Chappell in connection with the proposed facility on one occasion, at a board meeting of BHS Limited on 11 April 2016.

We trust that this answers your questions.

Yours sincerely,

Heinz Weber
President
Gordon Brothers Europe