

**Written Statement of Lord Grabiner for Joint House of Commons Committees  
re BHS**

1. In my email to Mr Shaw of 9 May 2016 I said that in order to assist the Committees I would prepare a document which would explain my limited involvement with BHS.

2. Green family interests bought a majority stake in BHS in 2000. BHS declared dividends for its shareholders in 2002-4. Since then BHS has never declared any dividend. I have no personal knowledge of BHS pre-dating 2009: I had no involvement of any kind in those early years and I have never been a director of or shareholder in BHS.

3. In 2002, through their acquisition vehicle Taveta Investments Ltd (“TIL”), Green family interests bought Arcadia Group plc, which was subsequently delisted, and I was appointed as non-executive Chairman. I am one of several minority shareholders in TIL. The key feature of my role over the years is that I have chaired the monthly board meetings. Originally I was Chairman of Arcadia Group Limited, the top operational company. In 2009, when Bhs Group Ltd was acquired by TIL’s subsidiary Taveta Investments (No.2) Ltd, I became non-executive Chairman of TIL and that was the board that met monthly as the top UK parent company of both the Arcadia and BHS groups. In 2015 Arcadia Group Ltd became fully regulated by the FCA and, for that reason, the composition of its board changed and directors with financial and accounting expertise went onto that board and I resigned from it. I am a director and non-executive chairman of Taveta Investments (No.2) Limited and its holding company, TIL.

4. In 2009 the decision was taken to put BHS under the Taveta umbrella of companies, in effect as another brand alongside the existing Arcadia brands. My memory is that the reason for this was that BHS was a mature brand operating in an increasingly tough competitive environment and it was hoped that it would benefit from the economies of scale which might be achieved alongside Arcadia, eg in the form of shared overheads. A board meeting of Taveta Investments (No. 2) Ltd, at which I was not present, took place on 25 June 2009 to consider and approve the acquisition of Bhs Group Ltd and its subsidiaries. The minutes of that meeting record that I was unable to attend and that I had sent an email approving the acquisition “on the basis set out in the Board Pack.”

5. In the 6 years between 2009 and 2015, again from memory, BHS's trading position deteriorated. I believe it made losses in every succeeding year and this will be demonstrable from the audited accounts. Sir Philip Green's view, which was supported by the TIL board, was that if possible BHS should be sold as a going concern. The deterioration in the BHS business was such that the only practical alternative was to place the company into administration.

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6. I believe that in 2015 there were discussions with a number of potential buyers. I was not involved in any of those discussions and I have no personal knowledge of the identities of those buyers or any of those negotiations. In the event BHS was sold by its holding company, Taveta Investments (No.2) Limited, on 11 March 2015 to Retail Acquisitions Limited.

7. The negotiations for that sale were conducted by a small team from Arcadia with pensions, property and financial knowledge of BHS. I had no involvement in that negotiation. At some stage I must have heard reference to the name Retail Acquisitions Limited but I never heard the name Dominic Chappell and it was not until the press publicity after the transaction was concluded that I learned of his history as having been made bankrupt, possibly on more than one occasion.

8. I understand there was a board meeting of TIL on 10 March 2015 at which the sale of BHS was considered and approved but I was not present and did not receive any papers for that meeting. The 11 March 2015 sale of BHS was ratified by resolutions passed 5 days later on 16 March by Taveta Investments (No.2) Limited as the vendor. The ratification resolutions were formal and had the practical effect in law of retrospectively authorizing the negotiations and the sale by and on behalf of the vendor.

9. The details of the sale were duly reported to the board of TIL, the holding company of the vendor, a few days later on 25 March 2015. The minutes of that meeting describe in detail the key terms of the deal. Arcadia had (on an interest free basis) lent more than £255 million to BHS since acquiring it in 2009, had agreed to write off about £215 million of that inter-company debt; and had agreed to contribute £15 million over three years to the BHS pension funds. My memory is that BHS was also left with a cash balance of about £55-£60 million. I am sure the full terms of the deal can be made available to the Committees. The minutes of that meeting record me as having

"asked about Bhs's business plan and Sir Philip explained that they had Compass interested in taking over and refitting around 100 in-store restaurants; Metro Bank was interested in concession space; there was opportunity for franchising in India; potential for 60-70 more food stores; and discussions to be held with the supplier base regarding terms."

10. It is a matter of public record that the BHS business continued for about 13 months thereafter but, again, I have no personal knowledge of the story.

11. As I explained in my 9 May email to Mr Shaw I am quite prepared to answer in writing any questions the Committees may wish to ask me arising out of this document or any other questions they may have in mind. That said I do not believe I am in a position to provide the Committees with any facts or matters which would

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improve their knowledge or understanding of the facts. The Committees have access to others with that knowledge, particularly in relation to the pensions issue, matters concerning real estate and the negotiations which led to the sale of BHS in 2015.

AS Graham,

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