



Homebase announces Company Voluntary Arrangement proposal

Milton Keynes, 14 August 2018: HHGL Limited (“Homebase”) today announces the next phase of its restructuring plan. The company is to launch a Company Voluntary Arrangement (CVA) and is seeking approval from creditors on a proposed plan to reduce its cost base in the UK and the Republic of Ireland.

Homebase’s sales performance and profitability declined significantly under the previous ownership over the last two years. In addition, the company has faced an extremely challenging retail trading environment reflecting weak consumer confidence and reduced consumer spending. These factors have had a significant adverse impact on Homebase’s trading position.

After a comprehensive review, Homebase has concluded that its current store portfolio mix is no longer viable. Rental costs associated with stores are unsustainable and many stores are loss making.

The CVA enables Homebase to make essential changes to its store portfolio, reducing its cost base and providing a stable platform on which to continue its turnaround.

Under the terms of the CVA proposal, all creditors receive a better outcome than any other likely alternative.

It is anticipated that 42 stores will close during late 2018 and early 2019.

The proposed changes to the store portfolio will regrettably mean redundancies from those stores earmarked for closure. The process is expected to lead to a reduction of up to 1,500 roles, although every effort will be made to redeploy team members within the business where possible.

All stores in the UK and the Republic of Ireland will remain open for business as usual and this process will have no impact on customer purchases, outstanding orders or any product or service guarantees.

The creditors will vote on the CVA on 31 August 2018.

Damian McGloughlin, CEO of Homebase, said: *“Launching a CVA has been a difficult decision and one that we have not taken lightly. Homebase has been one of the most recognisable retail brands for almost 40 years, but the reality is we need to continue to take decisive action to address the underperformance of the business and deal with the burden of our cost base, as well as to protect thousands of jobs. The CVA is therefore an essential measure for the business to take and will enable us to refocus our operations and rebuild our offer for the years ahead.”*

Stephanie Pollitt, Assistant Director of Real Estate Policy, British Property Federation (BPF), said: *“These situations are never easy as property owners need to take into consideration the impact on their investors, including those protecting their investors’ pensioners’ savings, as they vote on the CVA proposal. Homebase and Alvarez & Marsal have, however, demonstrated best practice, engaging with the BPF in the process and therefore ensuring property owners’ interests have been properly taken into account. Ultimately, it will be for individual property owners to decide how they will vote on the CVA, but the proposal has sought to find a solution that provides a sustainable future for Homebase.”*

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Notes to editors:

Homebase stores identified for potential closure under the CVA proposal

1. Aberdeen Bridge of Don
2. Aberdeen Portlethen
3. Aylesbury
4. Bedford St Johns
5. Bradford
6. Brentford
7. Bristol
8. Canterbury
9. Cardiff Newport Road
10. Croydon Purley Way
11. Droitwich
12. Dublin Fonthill
13. Dublin Naas Road
14. Dundee

15. East Kilbride
16. Exeter
17. Gateshead
18. Grantham
19. Greenock
20. Hawick
21. Inverness
22. Ipswich
23. Limerick
24. London Merton
25. London New Southgate
26. London Wimbledon
27. Macclesfield
28. Oxford Botley Road

29. Peterborough
30. Pollokshaws
31. Poole Tower Park
32. Robroyston
33. Salisbury
34. Seven Kings
35. Solihull
36. Southampton Hedge End
37. Southend
38. Stirling
39. Swindon Drakes Way
40. Swindon Orbital
41. Warrington
42. Whitby

About Homebase

Founded in 1979, Homebase is one of the UK’s leading home improvement and garden retailers. The company operates 241 stores across the UK and the Republic of Ireland, employing 11,000 people throughout its store estate, distribution centre and support offices.

Its product range includes painting and decorating, plants, garden tools and accessories, and kitchens – all available in-store or online at www.homebase.co.uk.