

# Holland & Barrett owner LetterOne proposes £890m debt deal with lenders

The owner of Holland & Barrett, one of Britain's biggest health food retailers, is plotting to buy back nearly £900m of debt as part of a restructuring aimed at restoring it to a stable financial footing.

Sky News has learnt that LetterOne, the Russian-linked investment vehicle, notified Holland & Barrett's lenders on Tuesday that it was offering to reacquire the chain's outstanding borrowings.

The move is designed to avert the prospect of the retailer's lenders seeking to take control if it defaulted on its repayment obligations.

Holland & Barrett, which trades from 800 stores in the UK and employs 8,000 people, has been owned by LetterOne since 2017.

While LetterOne itself has not been subjected to sanctions in the wake of Russia's invasion of Ukraine, some of the investment group's original funders have been sanctioned by the UK and European Union.

That has caused anxiety among some of the lenders to Holland & Barrett, which include HSBC.

The restructuring outlined on Tuesday consists of a tender offer in which the retailer's lenders can opt to participate.

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One banking source familiar with LetterOne's proposal said it was being pitched at between 75% and 80% of the loans' face value.

"In light of the concerns expressed by lenders regarding the performance of H&B, the sanctions landscape, the increasingly challenging consumer retail business environment and, additionally, the significant operational and business changes H&B requires to improve its performance trajectory on a long-

term basis, each lender is being invited to participate in the tender offer to provide them with the option to exit their position in cash today rather than wait until the maturity of the facilities," a letter sent to Holland & Barrett's creditors said.

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LetterOne was established as a multibillion dollar investment firm by Russian-linked businessmen including Mikhail Fridman, one of the former partners of BP in its ill-fated joint venture in the country.

In a statement issued to Sky News, a LetterOne spokesman said: "LetterOne is supportive of the actions being taken by the management of H&B to achieve the group's long-term vision.

"Lenders have expressed significant concerns over the situation.

"L1 is therefore making a fair offer that gives lenders a choice about whether to stay involved.

"It is time to focus on a great business that provides vital jobs and improves communities' health and wellbeing."

In total, Holland & Barrett operates from 1,600 stores in 19 countries.

It was founded as a single store in 1870 in Bishop's Stortford, and has been owned by several different parties, including the buyout firm Carlyle.

Retail insiders say its recent trading performance has been "extremely challenging".