

# Newsletter

Q1 2016

## The Food Retailer Group acquires Co-op stores

The Co-operative Group has agreed the sale of a portfolio of properties to The Food Retailer Group, a Hilco Capital company.

The sale of Somerfield Stores Limited, which comprises 36 trading stores and an additional non-core property portfolio, will bolster the Co-op's aim of becoming the best local food retailer in the UK.



Co-op Food is already the country's most frequently visited major retailer, according to Kantar, helping customers shop little and often through its convenience stores.

The Somerfield Stores properties were originally acquired as part of the Co-op's acquisition of Somerfield in 2008. The 36 trading stores acquired

by The Food Retailer Group will continue to trade as food stores and all staff will TUPE transfer, resulting in no planned redundancies.

The Food Retailer Group is working with market leading wholesaler Booker Group to relaunch the acquired stores under Booker's Budgens fascia.

## Strongest first quarter yet at Kraus



Kraus Group achieved a record-breaking start to the year, delivering its strongest first quarter results since the business was acquired by Hilco Capital in 2012. The Kraus team smashed their sales budgets at January's International Surface Event in Las Vegas (pictured) by 60% and grew overall sales in the period by 11.6% over the prior year.

Kraus' results are remarkable as 2016 is the third consecutive year in which the company has delivered strong year-on-year growth in the first quarter. Q1 2015 sales were up 9.4% over the prior year and Q1 2014 sales were up 6.7% compared with the same period in 2013.

CEO Steve Malinowski was quick to praise the "collective hard work and dedication" of the company's employees, commenting: "I don't know of any other company in the flooring industry that has made this kind of turnaround."

## Project Penny completed



Hilco's retail team completed the successful transition of 252 stores from 99p Stores to Poundland in the first quarter. Project Penny kicked off in October and saw Hilco staff deployed across 99p Stores' head office and stores to manage the process for Poundland.

## HMV rises in Kantar chart

Data from Kantar saw HMV move up two percentage points to number two in the research firm's UK Entertainment Retail Barometer. Calculating market share based on consumer interviews, the Barometer for Q1 saw HMV overtake Tesco to finish just behind Amazon. Kantar's data does not include sales of vinyl – a major category for HMV – but does include sales by third party Amazon Marketplace sellers.

Kantar commented: "Such a strong performance from HMV has not been seen since it entered administration in 2013. HMV has really focused on creating an in-store environment that stimulates and excites consumers like it did in its heyday."

## New Denby range draws on heritage



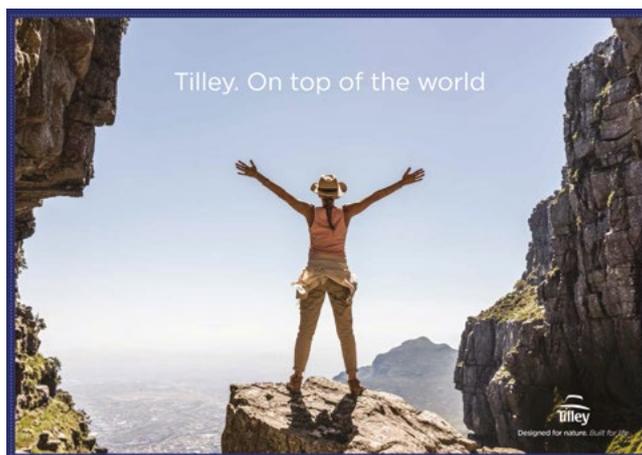
Denby launched a significant new range in February, mixing design cues from the company's archives with contemporary neutral tones. Natural Canvas pays homage to Denby's classic Chevron collection which was created by designer Gill Pemberton in the 1960s, featuring its distinctive patterned texture on key items.

As with all of Denby's stoneware product, Natural Canvas is made in Derbyshire from locally sourced clay and handcrafted by the pottery's skilled artisans.



To coincide with the launch, Denby has produced a series of short videos showcasing both the Natural Canvas range and the company, its heritage and its enduring values. To find out more, visit: [bit.ly/1Y7MsPw](http://bit.ly/1Y7MsPw)

## Tilley prepares brand relaunch



Tilley Endurables is set to launch its first brand campaign since the company's acquisition by Hilco Capital's Canadian arm, Re:Capital Canada, last April. Using the tagline "Designed for nature. Built for life", the campaign, which was shot on location

in South Africa in February, puts the company's quintessential hats front and centre of stunning natural landscapes.

Back at its Toronto base, Tilley's senior team defined a new product strategy for 2017 and beyond, setting a clear direction for the firm. After 30 years of bringing to market variations of the world's best sailing hat, Tilley will specifically target enthusiasts of land-based outdoor

pursuits for the first time. With the simple motivation of producing the absolute best possible hat for each activity, Tilley's new products will major on technical performance with specialised features for each environment and activity.

## Oceans opens first store across the water



Oceans Rattan Furniture opened its first store in Spain in February. Located in Cartagena in the Murcia region, the store serves the Costa Blanca, Costa Del Sol and Costa Almeria areas.

The outdoor furniture specialist also launched a dedicated Spanish ecommerce site offering nationwide delivery and is planning to open further stores throughout the country.

## Clipper Marine sets up shop in Mallorca



Clipper Marine expanded into the Balearic Islands with the opening of an office in Mallorca at the end of the first quarter. Located in Port Alcudiamar, the new office joins the company's four UK locations, offering new and brokerage yacht sales with a personal, high quality service.

Clipper Marine is the UK's fastest-growing yacht broker and the world's third largest distributor of Bavaria motor boats and sailing yachts.

## Denby overhauls South Korea stores



Denby Korea made swift progress in the first quarter, completing a full refit of the brand's entire 43 store estate. The company was formed in December 2015 to take over Denby's operations in the country from a local operator. The move to direct ownership necessitated the re-fixturing and refurbishment of

Plaza outlet centres.

At the time of going to press, the company was preparing to open its largest store yet in South Korea with a 1,244 sq ft unit in the new Hyundai Premium Outlet mall in Songdo (pictured).

the stores and provided the opportunity to greatly improve the brand experience and visual merchandising standards.

Denby Korea trades from 36 concessions in Lotte and Shingsegae department stores and 7 stores in Lotte and AK

## HPR generates profits for Aggreko



Hilco Profit Recovery's new business wins in the first quarter included Aggreko. The generator hire company appointed HPR to conduct an audit recovery review.

Aggreko was founded in the Netherlands in 1962 and has expanded to become the world's leading provider of temporary power systems. The company, which is headquartered in Scotland, provides mission-critical generators to high profile events including the Olympic Games, FIFA World Cup and Glastonbury Festival.

## HMV CA partners with Ticketmaster

HMV Canada inked a deal with Ticketmaster that will see the live event ticketing market leader launch branded areas in 47 HMV stores across Canada.

By joining forces, Ticketmaster and HMV share opportunities to deliver unique and engaging ticketing promotions and bundles to fans of live entertainment across Canada.

## PureHMV hits new member milestone

PureHMV, HMV's customer rewards programme in the UK and Canada, exceeded four million members in March. Over 92,000 new Pure cards were sold in the UK alone during the first quarter as the scheme doubled its membership numbers since relaunching in November 2013.

Pure, which won Best Loyalty Programme in the Loyalty Awards 2015, lets members exchange points earned on purchases at HMV for priority access to HMV events, signed memorabilia, discount vouchers and the chance to win once-in-a-lifetime experiences. Since relaunching, Pure has rewarded members with 425 competitions, 1,500 signed items and 2,000 priority access event tickets.

Highlights in Q1 included a VIP trip to the Newport Beach Film Festival in California which received over 75,000 entries and a guitar signed by The 1975



which garnered over 13,000 entries.

Pure provides consumer insight services to HMV, its suppliers and carefully selected third parties in the UK and Canada. With over 30% of members in the hard-to-reach 16-24 age range, Pure has carved out a valuable niche in the consumer insight landscape where its competitors struggle to compete.

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## Denby adds farm shop to Pottery Village

Adam Henson, presenter of BBC One's Countryfile, was on hand to formally open the new Walter Smith Farm Shop at Denby Pottery Village. Cutting the ribbon on the 2,500 sq ft shop, Henson commented: "Working as a farmer and TV presenter is exciting and rewarding, particularly as the public are now much more engaged with the countryside and are interested to know where their food comes from. I believe that Britain produces the best food in the world and farm shops offer everyone the opportunity to enjoy great quality produce whilst supporting British farmers and producers."



pork pies, Walter Smith has been awarded Great Taste Supreme Champion and is a member of the prestigious Q Guild which recognises Britain's best butchers.

The Farm Shop is operated by craft butchers Walter Smith which has been serving customers across the Midlands since 1885. Renowned for award winning

The Walter Smith Farm Shop at Denby Pottery Village has already proved a resounding success with visitors, locals and Denby staff alike.

## Engine restoration on the boil



The £167,000 restoration of the William Boulton Steam Engine at Burleigh's Middleport Pottery home approached its final stage with the delivery of a new boiler in March.

The engine powered machinery at Middleport until 1976 and its conservation, partly funded by Hilco Capital, is being managed by the Prince's Regeneration Trust.

## Royal editions big in Japan



Burleigh has revealed that by far the largest orders for its limited edition commemoratives to celebrate the 90th Birthday of HM The Queen have gone to customers in Japan.

The run of 1,000 mugs and 500 cups and saucers were made at Burleigh's Middleport Pottery factory in Stoke-on-Trent. The clay was mixed in the same machines that made pieces for Queen Victoria's Diamond Jubilee while design elements were taken from items produced for the Queen's coronation.



**Hilco Real Estate** has acquired one of Chicago's historic landmark towers, One North LaSalle. The 47-storey office block will undergo an extensive redevelopment project to introduce a variety of high end tenant amenities.

**Hilco Real Estate** announced the sale of Cornucopia Gold Mine, a notable gold mine in Halfway, Oregon. The property is located on the site of a former gold rush boomtown and includes nearly 900 acres of land.

**Hilco Industrial** completed the sale of assets for Harbor Isle Plastics, a mid-sized injection moulding company. The company supplied injection-moulded parts across a spectrum of industries.

**Hilco Streambank** was engaged by the Outdoor Direct Corporation to sell its intellectual property including the Stubbs Collection brand. A premium quality western wear brand known for its shirts and hunting apparel, Stubbs Collection was stocked by Nordstrom, Neiman Marcus and Saks Fifth Avenue.

**Hilco Merchant Resources** was appointed to conduct store closing sales for Kitson, a chain of 17 boutiques across California. The Los Angeles based retailer stocks fashion, accessories, gifts and novelty merchandise. During the noughties, Kitson was popular with celebrities such as Paris Hilton, Britney Spears, Lindsey Lohan and Jessica Alba with its blue carrier bags a regular fixture in tabloid paparazzi photos.