

## Valco steps in to save Nicole Farhi



Valco Capital Partners rescued international fashion and lifestyle business Nicole Farhi in October. Originally a loss making division of French Connection, the company was sold to a US private equity fund in 2010. However, Nicole Farhi's new owners faced a crisis in September 2011 when the company's asset based lender sought to exit its position, leaving its

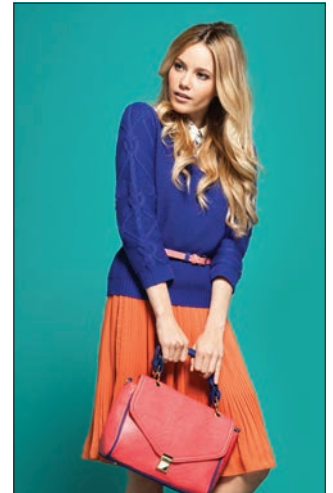
Management struggling to secure alternative funding.

Valco Capital Partners moved quickly to settle the existing loans, enabling Nicole Farhi to continue trading as a going concern. Valco provided significant additional funding to stabilise the business and specialist expertise to restore supplier confidence and unlock the

supply chain.

With the business reporting like-for-like sales up 20% over the Christmas period, Nicole Farhi is back on track and has recently been refinanced by new investors who are injecting significant capital to help grow the business and its profitability.

## Hilco Capital Ireland acquires A-wear



Hilco Capital Ireland completed its first major transaction in October with the acquisition of Dublin-based young fashion retailer A-wear. Established in the early 1960s, A-wear has 39 stores across Ireland and substantial e-commerce and wholesale operations. In addition, Hilco has provided assistance with landlord negotiations including discussions with the Irish National Asset Management Agency (NAMA) and has provided additional working capital facilities to the business whilst Management finalise a turnaround plan.

The chain had proved less successful in England where a lack of brand awareness and critical mass left its three stores, in Bristol, Hanley and Leicester, struggling to gain a foothold in the market. Closure programmes were initiated in the three English stores in December with Hilco's Retail Agents team engaged to manage the process.

## Prince Charles visits Middleport Pottery



Burleigh, part of the Denby Group owned by Valco Capital Partners, welcomed HRH The Prince of Wales to the Middleport Pottery in November. The Prince (pictured, left, trying his hand at producing a piece of Burleighware) visited the site in Stoke-on-Trent to celebrate the launch of The Prince's Regeneration Trust's £7.5 million conservation and regeneration project. The project will see the extensive renovation of the Middleport Pottery site, including the transformation of excess space into new workshops for craft businesses, a cafe and a visitor and education centre.

The pottery, which was built in 1888, will continue to manufacture all Burleigh products using the original techniques and equipment.

His Royal Highness stated: "The project at Middleport Pottery is the perfect example of finding solutions using what is already there. Working together to reuse buildings, refurbishing them in honour of their history and heritage, leads to sustainable regeneration."

## Hilco Iberia makes key appointment



Hilco announced the appointment of Igor de la Sota in November to lead the company's operations in the Iberian Peninsula. Before joining Hilco, Igor held a senior position at ING Barings in Spain. In addition to his background in finance, Igor also has an illustrious sporting history, having been capped for the Spanish national rugby team.

The establishment of the Madrid office, opening in January 2012, follows the launch of offices in Düsseldorf and Dublin in 2011.

Igor commented: "The Iberian market has huge potential, particularly given the current economic conditions. Having an office in Madrid will allow Hilco to get closer to these opportunities and leverage our restructuring experience from other parts of Europe."

Buoyed by the success of the HMV Canada transaction and the resulting insight into the Canadian restructuring market, Hilco UK is now working on expanding its global reach with the establishment of Hilco Canada in Toronto.

## HMV Canada reports record results



HMV Canada, which was acquired by Hilco UK in June, ended the year with its strongest holiday season performance in over five years.

Like-for-like unit sales in the 114 store chain were up 7% in December whilst the retailer's share of the physical audio market surged to a record high of 47%

in the final week of the year. With CDs making up 74% of all albums sold, the physical media market remains far more robust in Canada than in other territories such as the USA or UK, primarily due to Canada's sparse geography and the resulting lack of widespread broadband internet coverage.

HMV Canada continued to significantly outperform the Canadian physical entertainment media market as a whole with its visual market share hitting a record high of 23% in mid-December.

Much of HMV Canada's festive success is attributable to its continued focus on clearly communicated single price points, replacing the company's traditional multi buy promotions.

## Oceans Intro Range hits the mark

Alfresco specialist Oceans Outdoor launched a new 'Intro Range' in the Autumn, offering their classic PE rattan outdoor furniture at entry level price points.

The Haiti Cube set (pictured) couples designs based on Oceans' original – and much imitated – Oceana cube set with a lower price tag.



The Intro Range has clearly struck a chord with cash-strapped consumers, with the Haiti set already shooting to the top of Oceans' best sellers list with surprisingly high sales over the winter months – traditionally a dead

time of year in the outdoor furniture market.

The team at Oceans has also been busy preparing for the launch of a series of pop-up shops throughout the UK for the Spring/Summer

2012 season. The company has already secured short term lets in prime retail units in Kingston, Sutton and

Dorking and is aiming to open up to 30 stores this year.

The pop-ups will augment Oceans' existing sales channels of e-commerce, trade sales and direct sales to the public at leading consumer events including the Ideal Home Show and RHS Chelsea Flower Show.



## Hilco appointed as FR hits the rocks



FR Retail, the fledgling retail operation of international music and fashion events business Fashion Rocks, collapsed into administration in December following weak trading and escalating costs. Fashion Rocks built its brand by promoting high profile charity concerts but

The liquidation sale, managed by Steve Precious and Andy Garrow, generated £1 million of sales in a short trading period, exceeding sales forecasts. The overall level of discounting for the liquidation was just over 30%, maximising the recovery for the administration.

was unable to translate this into a successful retail business in the current economic climate.

Hilco's Retail Agents team was appointed by administrator Begbies Traynor to liquidate FR Retail's stock of designer brand young fashion through the company's two stores, located in London's Westfield Stratford mall and Sheffield's Meadowhall centre, and the Fashion Rocks website.

## Denby forges ahead with cast iron range



Best known for its famous stoneware, Denby expanded its range with the introduction of cast iron cookware in Autumn 2011. The result of a two year development project by the company's design team, the range includes several sizes of casserole, together with griddle and omelette pans, all available in four of Denby's most popular colourways including the ever popular Jet.

## Park engineers stellar results



Park Precision, the Weymouth-based engineering firm, completed its first year under new ownership in October. In the 12 months since Valco Capital Partners backed a management team led by two former apprentices to acquire the business from its administrators, Park has smashed its sales targets, increased the staff head count,

bought a specialist agricultural machinery business, expanded into new premises and moved into new markets.

Director Ben Edwards puts the company's success down to "the

support and hard graft from our workforce", together with a push into new markets and Valco's financial backing and operational and strategic support.

Park has recently won several major contracts in oil exploration, food processing and optical surveillance.

## Clipper launches new yachts



Clipper Marine ended the year with the launch of two luxurious new Bavaria yachts.

The Zircon 42 (pictured above) is Bavaria's first flybridge yacht, offering a duplicate set of controls on an extra deck – or flying bridge. The flybridge allows a more

spacious saloon below deck and the ultimate 'wind in your hair' experience up top.

For the Vision 46, Bavaria enlisted interior design firm Design Unlimited to create an elegant and vibrant interior to match the graceful curves of the exterior.

# Newsletter

## Twice2much placed on NHS list



Twice2much has been awarded a place on the coveted National Health Service Shared Business

Services procurement framework as one of the preferred suppliers of Audit and Recovery Services.

The SBS works with participating authorities on collaborative procurement exercises to source high quality, value for money products and services.

## Arco in safe hands with MIG

Hilco's database marketing agency, MIG, has been appointed to devise and implement a CRM strategy by Arco, the UK's leading supplier of safety clothing and equipment.

Arco, which sells over 22,000 products online and through a network of 31 regional branches,

has tasked MIG with increasing its market share within key customer groups.

MIG is using its proprietary Customer Farming processes to deploy a combination of data analytics, campaign and contact strategies and campaign delivery.

## NEWS FROM ACROSS THE POND

**Hilco Real Estate** recently completed the sale of Giordano's pizza chain. In its heyday, Giordano's was lauded by NBC's Today Show and the New York Times as serving America's best pizza. However, recent times had been less kind and the chain filed for bankruptcy in February 2011. Hilco Real Estate was engaged to auction the property assets, achieving total sales in excess of \$65 million.

**Hilco Merchant Resources** had a busy end to the year with no less than seven engagements. HMR ran store closing sales for RoomStore furniture, Talbots, Syms and Filene's Basement clothing stores, Andronico's Market grocer in San Francisco, Pacific Sunwear and Fashion Bug. To date, the projects have monetised a quarter of a billion dollars of retail inventory.

Electronics giant Sanyo appointed **HilcoBID**, the online business asset auction platform, to handle

the sale of its Sanyo Solar silicon crystal growth facility in California.

**Hilco Appraisal Services** completed the appraisal of over \$1 billion of inventory for stainless steel producer ThyssenKrup Stainless, the largest appraisal in the group's history. HAS also carried out appraisals for manufacturer and retailer Yankee Candle to help facilitate a new ABL facility.

**Hilco Enterprise Valuation Services** valued intellectual property for cutlery manufacturer Oneida, food producer Chicken of the Sea, clothing manufacturer Haggard, media company TV Guide and retailers Restoration Hardware and Talbots.

**Hilco Streambank**, the intellectual property valuation and disposition specialist, sold the intellectual property of bookseller Borders for \$16 million. Multiple bidders, including Barnes & Noble and Berjaya Books, each

acquired specific assets, which included a global portfolio of trademarks, the Borders, Waldenbooks and Brentano's trade names, internet domain names and the Borders.com website.

The shuttered 2 million square foot Chrysler Corporation stamping plant in Twinsburg, Ohio, was purchased by **Hilco Industrial** for \$45.5 million. Assets, including the real estate, were sold through negotiated sales and webcast auctions. A portion of the plant was demolished as part of Hilco's strategy to add value to the real estate by making it more attractive for future site redevelopment. HI also managed the sale of assets in Chrysler's Detroit axle plant, which generated \$33 million for the machinery, equipment and 1.2 million square feet of real estate. Finally, HI conducted a sale of Chrysler's Kenosha, Wisconsin, engine plant, which included three major engine production lines. The sale generated nearly \$20 million.

## Twice2much Africa on a roll



Twice2much Africa closed the year with significant new contracts for major names Makro and Capital Equipment Group.

Makro, the global cash and carry business, is operated in Africa by Massmart Holdings, the continent's leading wholesaler, which was acquired by US retail giant Walmart in June 2011.

Capital Equipment Group is South Africa's preeminent importer and distributor of agricultural and construction machinery.

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