

Hilco acquires Habitat Holdings BV



Just in time for Christmas trading, the Hilco UK team headed by Henry Foster acquired the entire issued share capital of Habitat Holdings BV, the holding company for the Europe-wide Habitat Group. Habitat currently trades mainly in the UK, France, Germany and Spain but has trading arrangements in 10 other

European countries and has a total turnover of £250m. Trading since we acquired the business has been exceptionally strong and the team are now working with the existing management to improve cash management activities as well as identifying cost-reduction opportunities throughout the Group.

To the Hilco Team and our Independent Consultant Group



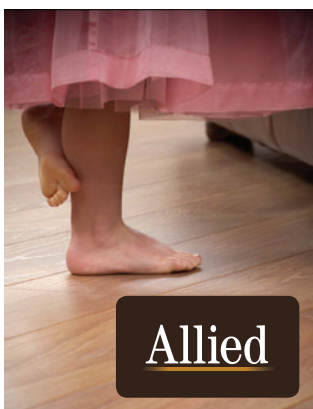
Another busy year for Hilco UK has ended with a flurry of work for both the retail and transactional teams. This seems to have been the pattern at Christmas-time for the last three or four years. A few all-nighters were pulled by the transaction team to complete on the acquisition of Habitat just before Christmas whilst the retail team was fully engaged in closing the Borders UK stores following the appointment of Administrators. Our service businesses have been winning new business throughout the quarter as they continue to expand outside of the Hilco Group and 2010 promises to be even more interesting in our market in both the UK and in Germany, where we opened our new office at Koennigsallee in Duesseldorf during December.

We wish you all a Happy and Prosperous New Year and look forward to working with you on some new projects throughout 2010.

Paul

Paul McGowan
Chief Executive

Valco Capital Partners acquires Allied Carpets retail outlets



Valco Capital Partners, the private equity arm of Hilco UK, has acquired 55 stores from the Administrators of Allied Carpets. Under the leadership of new CEO Gary Favell, the stores have undergone a high-level refit in line

with the new branding scheme which has been developed with Hilco assistance. We have already received excellent feedback from customers on the new store formats and the business has also launched a new interactive website.

Other developments since acquisition include the introduction of an in-house bed offer within 10 of the stores. Branded as Allied Home, this will be rolled out to the remaining stores prior to Easter and will be supplemented in a number of stores by a dining room furniture offer. A number of potential new store locations have also been identified and it is likely that a new store will be opened in Thurrock, Essex before the end of January 2010.

Valco Capital Partners acquires Allied Inspections



Valco Capital Partners acquired the insurance claims fulfilment business of Allied Carpets, which specialises in the replacement of damaged flooring products on behalf of home insurers and their customers. Initially called Allied Inspections, the business is soon to be rebranded as Home Flooring Solutions. Led by CEO Clive Hutchings, the business has been completely re-

p2 >

Newsletter

► **pt** engineered and significant improvements have been made in relation to IT, the supply chain and the call centre.

The business is also trading very well in what is traditionally the peak trading period. Allied Inspections has experienced a significant uplift in claims owing to the widespread flooding across the UK.

Since acquisition, the business has also taken part in tenders to secure new business from home insurance providers. Whilst the outcome of one tender is not yet known, Allied was successful in winning a large proportion of the Aviva tender which is by far the largest contract. This secures significant future revenues for the business.

Clipper sailing into calmer waters in 2010



The Southampton Boat Show which was held in September signalled that market conditions have stabilised. Clipper left Southampton with a strong order book to take into 2010.

Whilst all sales have been hard fought for, it is clear that market sentiment has improved significantly with a number of sales being generated during the fourth quarter of the year. As a result the Clipper team are looking forward to the London Boat Show confident

that, on the back of improved overall consumer confidence, the momentum built up during the last quarter will be carried into 2010.

The London International Boat show takes place between 8 – 17 January at ExCeL London. Anyone interested in attending should contact Tommasina in the London office (Tel 020 7317 2050) for details and tickets (subject to availability) – you never know you may just find a bargain!

Turnaround at Denby Pottery continues



Hilco's private equity arm Valco Capital Partners acquired the secured debt and equity of the Denby Group in February 2009, with a view to holding the asset as a private equity investment.

Since acquisition, the business has acquired 10 new factory outlet stores. During the course of the Autumn a new range of cutlery has been rolled out across the business which has been very well received. In addition, and in time for the important Christmas market, all of Denby's stores were refitted to take a new range of cookshop product. Initial reaction to this range has been very positive and during the course of 2010 this range will be extended and rolled out to Denby's wholesale customers. In the

meantime, Denby's design team has been extremely busy putting together some exciting new pottery designs – these have been very well received by Denby's customer base and we expect these designs to drive the ongoing turnaround of Denby's core business in 2010.

Denby officially returned to profitable trading in 2009, achieving its highest monthly sales for 3 years in December, with more profit growth still to flow through into 2010.

As a result of the massive efforts being applied at Denby, Valco was awarded the 'Business Rescue of the Year' Award at the prestigious Insolvency and Recovery Awards held in London in November.



Join us at Clipper Marine's Azimut stand (SC018) at the London International Boat Show. Contact Tommasina Parella for details.



Twice2Much signs partnership deal with Suracle



Twice2Much, Hilco's audit recovery business, has just finalised a joint venture with Suracle (an Oracle reseller) to market the Twice2Much portfolio of services within the Oracle software user database. For more than 20 years Suracle has specialised in selling and delivering Oracle Applications, technology and industry expertise to provide enterprise-class solutions to both large corporate and to small and medium sized enterprises. T2M expects to sign its first contracts under this arrangement with one of the world's largest professional

services firms specialising in insurance and risk management (\$2.5 billion turnover) and one of the world's foremost providers of consulting, technology and outsourcing services (over \$2.0 billion turnover) within the first weeks of 2010.



Twice2Much wins new duplicate reviews for Borders UK and First Quench Retailing

Twice2Much was appointed by the management of Borders in August 2009 to perform an Accounts Payable review. This quickly

developed into T2M generating significant savings for the company by reconciling and interrogating data to recover unclaimed rebates, retrospective discounts and duplicate and overpayments from suppliers. Their appointment was confirmed by the Administrators

and a further duplicate review is ongoing.



Twice2Much has also been

appointed by KPMG to perform a Duplicate Payments and Rebates review at First Quench, the wine merchant and owner of the Threshers off licence chain.

T2M appointed to Waterford Wedgwood property review



Twice2Much are about to embark on a detailed property review for Wedgwood and Royal Doulton on behalf of the Administrators, Deloitte. In addition to this, Deloitte will be assessing T2M's other 'healthcheck' services such as duplicate payment collection, VAT reviews and reviews of rebates and retrospective discounts.

HRPS establishes the new Allied Carpets store portfolio

Hilco's property agency business, HRPS, has been instrumental in the repositioning of the Allied brand, whilst securing the core estate on improved rental terms.

Allied is well on course to achieving its core 55 store estate, with a 'refresh' programme, concession introduction programme, and a series of relocations being completed in record time; not to mention the establishment of a new maintenance regime.

Not a bad start for the first half year of the new company's existence.

HRPS drives further expansion at Denby with 10 new outlet stores

Through 2009, HRPS has negotiated beneficial lease terms, and opened 10 new Denby stores in leading outlet villages, with a further 8 under negotiation for the first quarter of 2010.

HRPS has also managed a challenging programme of fit-outs to the existing Denby estate to accommodate the new cookware ranges, providing a turnkey service.

Together with the proposed expansion of the Denby Visitor Centre in 2010, retail sales are expected to more than double.



MIG expands global reach with Hilco



Marketing Innovation Group
Creating Profitable Customers

During the final quarter of 2009, Hilco acquired a majority stake in Marketing Innovation Group (MIG), a digital, database and eMarketing specialist which currently works with a number of leading consumer facing businesses, such as Debenhams, Nectar and Iceland, to deliver internet-based marketing solutions. MIG also provides B2B solutions for the London Chamber of Commerce and the newly formed Liverpool Boat show amongst others.

The business, headed by Rob Bielby, has already gained additional work creating and implementing internet marketing strategies for group businesses but with Hilco's support has been able to create one of the UK's biggest consumer email databases and to extend its reach overseas.



MIG has developed its own solutions such as iNews and Textfor and has patents granted and pending on others including the Interactive Store Window and iBrochures.

Hilco appointed to close Borders and Books etc. stores



Despite the best efforts of the management team led by Philip Downer and Mark Little, the pressure of internet and other competition, allied with a restriction in the credit terms made available by suppliers, meant that Administrators were appointed to Borders UK in November 2009.

Hilco had provided up to £8.0 million of working capital loans to the company but management felt that they could not trade through the Christmas season without

the protection of an Administration. They appointed MCR as Administrators on 26 November and Hilco's Retail Agents team was appointed to manage retail operations whilst buyers were sought for the business.

In the absence of buyers, Hilco was asked to operate store closing sales in all of the Borders stores and the nine Books etc. stores. The sale, led by Keith Palmen and over 30 consultants, exceeded expectations and the stores were all closed prior to Christmas.

Contact Directory

Allied Carpets	www.alliedcarpets.com	08000 932932
Allied Inspections	Website coming early 2010	01689 895831
Clipper Marine	www.clippermarine.co.uk	020 7054 7880
Denby	www.denby.co.uk	01773 740899
Habitat	www.habitat.co.uk	0844 499 1111
Hilco UK	www.hilco.uk	020 7317 2050
Hilco Deutschland	Website coming early 2010	+49 211 5403 9627
MIG	mig.i-newsletter.co.uk	01565 653 000
Twice2Much	www.twice2much.com	0844 225 2090