

Key Facts

- › Multi-site flooring retailer formed out of the administration of AC UK Limited and Allied Carpets Properties Limited
- › Hilco Property appointed to manage all property matters and locate new sites in legacy towns

Outcome

- › New store in Worcester delivered on time and within budget
- › All initial CAPEX offset by third parties

Wider Achievements

- › Rental concessions of 20% of the overall rent roll secured
- › Disposal of underperforming stores for substantial premium value
- › Provision of new concession operators to mitigate site overheads

Background

Allied Carpets Retail Limited ('ACRL') was formed in July 2009 as part of a private equity-backed management buy out of certain parts of the collapsed Allied Carpets business from its administrators. Prior to the administration, the flooring retailer had an estate of 217 retail stores, mainly in out-of-town locations throughout the UK, including a successfully trading store in Worcester's Elgar Retail Park. ACRL failed to agree acceptable terms with the landlord to assign the store's lease to the new company and the store was closed.

Hilco Property's Role

Hilco Property was appointed by ACRL's Management to oversee all of the new company's property matters. Following the successful negotiation of the assignment of leases for 51 stores, with rental concessions secured in the region of 20% of the overall rent roll, Hilco Property was instructed to pursue opportunities to grow the estate and reestablish Allied Carpets in towns where the business had traded successfully in the past. Worcester was therefore identified as a location in which ACRL would consider reopening if a suitable new store could be acquired.

The Hilco Property team drew on its detailed knowledge of the out-of-town retail market and extensive contact network of retailers, landlords and agents to identify a suitable unit on Shrub Hill Retail Park, a centrally located scheme with other major tenants including Wickes, Dreams and Majestic Wine. Hilco Property entered into negotiations with the landlord for a 6,000 sq ft store with the result being that the unit was acquired on substantially favourable terms, not only allowing ACRL to open their store CAPEX-free but also giving the reestablishing business a soft lead in rent.

As part of the acquisition process, Hilco Property worked closely with ACRL's legal advisors and planning consultants to ensure that all legal aspects were properly documented. Hilco Property also worked with the Management of ACRL to project manage the fitting out of the unit within budget and to the agreed timescale.

Results

As a result of Hilco Property's involvement, a new store was delivered on time and to budget. Furthermore, the Hilco Property team's extensive market knowledge and understanding of the client's requirements enabled successful negotiations resulting in all initial capital expenditure being covered by third parties.



Shrub Hill Retail Park, Worcester



Shrub Hill store prior to refit



The new Allied Carpets, Shrub Hill Retail Park, Worcester