

## Carta Capital achieves three successful exits

***Carta Capital Limited (“Carta Capital”), the UK lower mid-market mezzanine investor has exited three of its investments, each generating a significant cash multiple return and IRR.***

Carta Capital has exited three investments, each generating a cash multiple of 1.6-1.8x and an IRR of 14-18%. The businesses exited were: Hobbs Holdings No 1 Ltd (“Hobbs”), Refresco Holdings BV (“Refresco”) and KG Group Holdings Ltd (“Kurt Geiger”).

*“We are delighted to announce the exit of another three investments from our portfolio, supporting the attractive risk-return prospects of mezzanine in the lower mid-market. We believe that the lower-mid market is an attractive space for mezzanine lending due to the high levels of deal flow combined with lower competition with more conservative deal structures. In particular, the current environment makes it a particularly interesting time for mezzanine investment where the aftermath of the recent financial crisis has further reduced competition and the willingness and the ability of the banking sector to lend to the lower mid-market.”* says Alison Goold, Managing Partner of Carta Capital.

### **Hobbs**

Hobbs, established in 1981, is a leading UK-based retailer of ladies clothing, shoes and accessories. It is one of the foremost premium ladies clothing names on the UK high street with an established English and contemporary brand.

Carta Capital provided part of the mezzanine financing for the buyout in September 2006. Hobbs has developed strongly since the buyout, increasing the number of stores and concessions which it operates throughout the UK and by strengthening its brand and expanding its product offering.

Carta Capital retains a warrant over part of the equity in Hobbs and therefore expects the return to increase on any future sale of the business.

*“Hobbs is a strong business with an established, high quality brand which management have further successfully developed during the period of our investment. We look forward to continuing to work with the management of Hobbs to achieve a successful equity exit”* says Alison Goold, Managing Partner of Carta Capital.

### **Refresco**

Refresco is the largest European manufacturer of private label juices and still drinks, supplying major retailers and fast growing discount chains such as *Lidl* and *Aldi*. It also undertakes contract manufacturing on behalf of a number of leading brands such as *Coca Cola* and *Unilever*, and has a number of ‘own brand’ labels.

Carta Capital provided part of the mezzanine financing for the buyout in February 2004 and again for the subsequent buyout by a consortium of Icelandic investors in 2006. Since Carta Capital’s original investment, Refresco has successfully implemented a buy-and-build strategy throughout Europe in order to supply their major customers as they expand their retail networks. As a result of this strategy, EBITDA has increased by over 200% since the original buyout.

*“Refresco is a high quality business with a strong management team which has successfully executed an extensive buy-and-build programme whilst continuing to achieve significant organic growth during the period of our investment”* says Johann Magnusson, Managing Partner of Carta Capital.

### **Kurt Geiger**

Kurt Geiger is Europe’s leading multi-channel retailer of luxury branded shoes and accessories with premium retailing locations in London, Paris and Milan, selling over 1.5 million shoes per annum. The company sells both third party and own brands via a number of channels including luxury UK department stores such as Harrods and Selfridges.

Carta Capital provided part of the mezzanine financing for the buyout in March 2008. Kurt Geiger has performed strongly since then by growing its core UK business, expanding further internationally and developing new distribution opportunities. As a result, EBITDA has doubled since the buyout.

*“Kurt Geiger is an extremely strong business with a world class management team which has grown the business significantly since the time of our investment, strengthening its position both in the UK and overseas whilst developing new routes to market”* says Audun Gudmundsson, Managing Partner of Carta Capital.

### **Carta Capital**

Carta Capital is a leading provider of mezzanine finance focusing on the lower mid-market in Europe, with a principal focus on the UK. The team has worked together since the inception of Carta Capital in 2002 and collectively have over six decades of experience within the European leverage buyout, banking and mezzanine industries. The team has executed 26 investments since the formation of Carta Capital and has achieved 21 exits to date.

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