

**SMITH
COOPER**



Deal DISPATCH

ISSUE 23



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WELCOME TO ISSUE 23

WELCOME

I write this just over 2 months into 2016, and am delighted to confirm a continuation of the buoyant activity levels that we experienced in 2015.

The firm had a stellar 2015 across all departments, not least in Corporate Finance where we completed a record 25 transactions, gained 2 Partners, scooped an Insider award, and entered the top 10 Adviser ranking for the Midlands. More of that inside this issue.

We remain optimistic about the outturn for 2016 despite some fairly savage falls in stock markets and other global issues. More locally, the EU Brexit debate seems not to be affecting the market and indeed, on a macro basis, most in-depth economists' analyses tend to indicate that the economic/fiscal pluses and minuses will net out to nil whether we stay or go.

Following the Chancellor's budget, we are relieved to see no changes to Entrepreneurs Relief and pleased to learn of the continued reduction in the rates of both Corporation Tax and, surprisingly, Capital Gains Tax.

Our 2 newest Partners, Darren Hodson and Dan Bowtell (Birmingham and Nottingham based, respectively) have both delivered rapid deal completions since joining. In Derby, we also welcome Logan Mantle as a Senior Executive and look forward to announcing an addition in Birmingham soon.

Wishing you a great Spring!



John Farnsworth,
Corporate Finance Partner

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MEET OUR NEWEST TEAM MEMBERS

Smith Cooper has appointed experienced M&A advisor Dan Bowtell as a Corporate Finance Partner in its Midlands based advisory team.

Dan joins the Nottingham office of Smith Cooper with over 15 years of experience as a Corporate Finance advisor in the Midlands and in London.

Dan has worked on a number of successful deals including the recent cross-border sale of Crossbridge Services Limited, a financial services consultancy based in London, to Synechron Inc. in the US. Earlier this year he also advised the shareholders of property consultancy GL Hearn on its sale to Capita plc for £30m. He has specialist sector knowledge in Business Services, Technology & Media and Consulting.

Dan commented: "Having spent the past 2 years in London, I am delighted to be back working in Nottingham. It is a great time to join Smith Cooper who have achieved so much over the past few years, and there's a definite momentum behind the next phase of our growth."

"We will continue to expand the Corporate Finance team over the coming months and years as it's crucial that we continue to deliver the best service and advice to our clients. I am looking forward to being an integral part of the continued success at Smith Cooper."



Dan Bowtell,
Corporate Finance Partner

Dan Bowtell started his career at Smith Cooper on a high with the completion of two transactions on the same day having been at the firm less than two months.

Dan commented: "I am very pleased to have made such a successful start at Smith Cooper. It is always challenging to build momentum at a new company and usually these kinds of transactions can take a long time to develop, but our excellent relationship with clients has meant both were completed on the same day.

We are confident of deal volumes continuing in the upcoming year."



Shepherd Direct Ltd

Advised Shepherd Direct on the fundraising and acquisition of CP Bigwood Group



Central Shopfitters

Advised the management team of Central Shopfitters on the buy-out of the Company

We have also recently expanded our team with the appointment of Logan Mantle.

Logan joins our Derby office as a Corporate Finance Senior Executive.

Commenting on his appointment, Logan said: Apart from the reputation of the firm, what attracted me to Smith Cooper was the fact that their offering is different to that of many others in

the market; whilst having a dedicated Corporate Finance team, the rest of the firm offers seamless multidisciplinary support throughout transactions which means our clients get an unrivalled service.

I am excited to join such a highly regarded team of professionals and look forward to working on my first deals."



Logan Mantle,
Corporate Finance Senior Executive

SHEPHERD DIRECT LIMITED ACQUIRES CP BIGWOOD



Shepherd Direct Limited (“SDL”), the national property services group with interests in surveying, valuations, lettings, mortgages and estate agency, has acquired CPBigwood, the Birmingham-based property and auctions business, for an undisclosed sum.

The acquisition followed a £20m fundraising by SDL, advised on by Smith Cooper’s newest Corporate Finance Partner, Dan Bowtell.

Dan commented “It was very satisfying to complete the fundraising and acquisition in my first two months at Smith Cooper. The acquisition of CP Bigwood is a significant step in the company’s continued evolution and the first in a number of deals anticipated by

SDL. SDL has quadrupled its turnover in the last five years and we intend to continue to work closely with the team to assist in the on-going inorganic growth strategy”

CPBigwood, ranked 27th largest agent in the country by Estates Gazette, is an established top ten UK auction house, and the largest in the UK north of London. The firm’s residential service charge property management operation is also in the top ten in the UK.

Rory Daly, CPBigwood Senior Partner, who will remain with the business as CPBigwood Chief Executive Officer, said: “This marks the next step in the evolution of CPBigwood and will further enhance our position as a major player in the auctions and residential

service charge management sectors.”

The combined group will now generate over £60 million turnover per annum with 400 staff across offices in Birmingham, Glasgow, London, Loughborough, Southampton, Stratford-upon-Avon and the group headquarters in Nottingham.

As part of its ambitious growth strategy, in 2015 SDL also acquired a significant stake in the national mortgage broker network Stonebridge, which now has more than 400 mortgage advisers and arranges in excess of £4 billion of mortgage lending annually.

ZIP TEXTILES SOLD TO JOHNSON SERVICE GROUP PLC

Smith Cooper recently advised the shareholders of Zip Textiles (Services) Limited in the sale of the company to leading textile services group, Johnson.

Johnson Service Group PLC has acquired the entire share capital of Zip Textiles for consideration of £15 million and assumed debt of £2.7 million, relating to the financing of recently installed processing equipment.

Zip, which serves the high volume hotel and leisure sectors from its processing plant in Birmingham, complements JSG’s existing Bourne business in providing geographical reach, operational efficiencies and additional production capacity for central England, with the potential to expand this further.

Whilst expected to be immediately earnings enhancing, the main focus of this acquisition is to improve operational capacity and extend the acquiror’s reach in hotel customers. It follows the recent successful acquisitions of Ashbon and London Linen in 2015.

Zip reported revenue of £7 million for the year to 31 January 2015. The business operates from a freehold property which was extended and fitted out with modern equipment at a cost of some £2.7 million during 2015.

Tariq Mahmood, Managing Director of Zip Textiles, said:

“I appointed Darren Hodson to support on the transaction and he more than delivered for me. Selling

a company is not like selling a house it is far more intense and pressurised. Smith Cooper eased the burden, were always available to provide professional support and guided me through the process. Darren provided exceptional technical input and clear advice when I most needed it. Without Smith Cooper it would have been difficult to complete the transaction and I would absolutely recommend Darren and his team to other entrepreneurs that are looking to sell. They helped me achieve a fantastic price for my business”

CAFFEINE FIX FOR PURPLE WORLD

Purple World Limited, the operator of 10 Costa Coffee outlets in Cumbria and North Lancashire, has recently been sold to Red and Rac Limited, a new company set up by private investors with existing businesses in food retail brands such as Domino’s and Nando’s.

The multi million pound deal was initiated, and full deal management services were provided to the Seller, by Smith Cooper.

The Seller, Kay Berry, was one of the first few pioneering Costa franchisees globally, opening the first store in October 2005 in Fleetwood, having left a promising career in local government. Kay commented “the decision to become a Costa franchisee was not easy; I had been offered a significant promotion by my employer and the Costa opportunity was, at that time, just a fledgling concept that was largely unproven. The decision was right however and I have thoroughly enjoyed building Purple World into a leading business in the, now iconic, Costa brand”.

Red and Rac Limited was set up to make the acquisition by Mike Rac and Arvi Salariya, both of whom operate very successful, fast growth Domino’s franchises in the UK. Mike also has property, fitness and social media management businesses whilst Arvi has a majority stake in 3 Nando’s stores in Delhi, and operates an IT/technology equipment and video games businesses.

Smith Cooper’s John Farnsworth, commented: “I am delighted to have secured an exit for Kay and have no doubt Mike and Arvi will be very good for both Purple World and the Costa brand”.

Commenting on the deal, Kay said “I had really no idea about the process nor indeed how emotional, stressful, tiring and frustrating it could be and I have huge admiration for the team at Smith Cooper who do this day in and day out! I absolutely could not have got the deal I did without Smith Cooper on the team. I have the utmost respect and appreciation for their tireless, relentless and dogged determination to get the deal done. They showed consummate professionalism, utter dedication and, above all, good humour in achieving our goal. I have no hesitation in recommending their services.”

Costa Coffee is a global business operating in around 30 countries and is owned by Whitbread PLC. It dominates the UK coffee shop market with approximately 1,900 stores, about 40% of which are franchised, and operates around 4,000 Costa Express machines. Whitbread plans to grow worldwide store numbers by 200 in 2016 and is targeting £2bn of global sales by 2018.

FROZEN FOOD DEAL DELIVERED

Smith Cooper recently advised the shareholders on the sale of independent frozen meal delivery business, Links Food, which has been sold to private investors in a deal initiated and project managed by Smith Cooper.

The Sellers, Robert and Shaena Miller, started the business in 1991 and built it into a multi-million pound sales business delivering 750,000 frozen meals per year to the homes of, mainly elderly, householders throughout Lincolnshire. Links operates a Wiltshire Farm Foods franchise, the UK's leading frozen food home delivery business, under licence from apetito Limited.

Apetito is a €500m turnover business employing over 8,000 in Germany, UK, France, Netherlands and Canada;

it manufactures and supplies the high quality, carefully nutritiously balanced meals to care homes, local authorities and hospitals, and operates the franchised WFF business serving the elderly community by assisting them to maintain their independence living in their own homes.

The Buyers, Jeet Sohal and Gurj Kalirai, are cousins; Jeet has an entrepreneurial retail franchise background and Gurj is from the pharmaceuticals giant, Bayer. The deal was funded by HSBC.

Speaking about the deal, which allows Robert and Shaena to concentrate on their other business interests, Robert Miller said "it is gratifying to have built Links into the sizeable, quality business it is today and we wish Jeet and Gurj every success in driving the business forward and developing it

further. Smith Cooper, who have deep expertise in the food retail sector, provided exemplary service to us and we'd have no hesitation whatsoever recommending them to any business owner."

John Farnsworth and David Crump of Smith Cooper ran the deal. David commented "the quality and professionalism of the Links' operation is clear. This transaction breaks new ground for the brand in the UK, being the first arm's length deal between independent buyers and sellers. Wiltshire Farm Food's products and systems are world class, making it the clear UK market leader and Links Foods is an exceptionally well run and profitable business in that brand."



CENTRAL SHOPFITTERS MBO

Central Shopfitters has been acquired by its management team in an MBO advised on by Smith Cooper.

In addition to corporate finance advice, Smith Cooper also provided tax advice to the acquiring management team.

Central was formed in 1993 by two industry experts combining over 60 years of shop fitting knowledge.

Since then the company has grown significantly, particularly in retail and leisure industries, where it delivers solutions to meet the strict market requirements of performance, quality and efficiency.

The deal sees Managing Director Marc Dilks and his team take control of the business which operates throughout the UK, but is headquartered in Nottingham, employing more than 50 people.

Dan Bowtell said "This was a very pleasing transaction to get over the line for a number of reasons, not least its reflection of the commitment and effort the management team had put into growing the business over the years. Central has a great brand and reputation in this sector, built on an ethos of quality and hard work. I wish the team well in developing the business further."

SMITH COOPER ENTERS THE "TOP 10"

Information Services company, Experian, recently published their review of the 2015 Mergers and Acquisitions market.

The review shows Smith Cooper climbing into the Top 10 in the Midlands league of Financial Advisers for the first time, entering at "9th equal" (compared to a 2014 ranking of 22). Notably, Smith Cooper is the highest placed adviser serving solely Owner Managed Businesses.

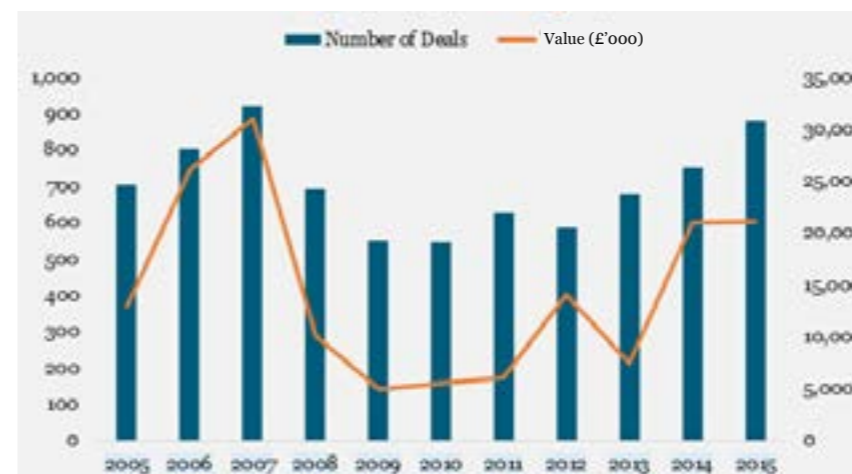
2015	2014	Financial Advisor	Volume
1	11	NUMIS SECURITIES	31
2	2	BDO	28
3	1	GRANT THORNTON	28
4	4	RSM	21
5	3	KPMG	20
6	6	PWC	19
7	5	MAZARS	19
8	7	ROTHSCHILD	16
9	8	EY	14
10	22	SMITH COOPER	14

Deals completed in the Midlands - Source: Experian

Commenting on the review, John Farnsworth said "2015 was a record year for the Corporate Finance division, recording 25 deals, 14 of which were Midlands based, and winning the Midlands business insider 2015 Small Deal of the Year Award. We are delighted to have been recognised in the Experian league table and can report a continuation of the buoyant market for all our locations in the first two months of 2016".

In 2015 the Midlands chalked up 882 transactions showing a 17.6% increase over the 750 recorded in 2014, representing 13.5% of total UK deal volumes.

Midlands transaction values remained fairly static at £21.1bn, representing 4.87% of total UK deal values.



Midlands deals - Source: Experian

Key features of the Midlands market for 2015 included:

- Small deal (£0.5m to £10m) volumes rising by 41.4% to 181, with an aggregate value of £553m;
- Mid-market transactions (£10m to £100m) declining slightly to 117, although their aggregate value increased almost 12% to £4.5bn;
- There being 31 large deals (£100m to £1bn) and 4 "mega" deals (over £1bn).

OUR TEAM



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