In accordance with Rule 3 35 of the Insolvency (England & Wales) Rules 2016 & Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986

AM03

Notice of administrator's proposals

Companies House

TUESDAY

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A10 20/06/2017 #188
COMPANIES HOUSE

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1 Company details

Company number	0 1 0 7 5 7 5 2
Company name in full	Style Group Brands Limited

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	William James
Surname	Wright

3 Administrator's address

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

4 Administrator's name ❶

Full forename(s)	Robert Andrew
Surname	Croxen

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM03
Notice of Administrator's Proposals

6 **Statement of proposals**

☑ I attach a copy of the statement of proposals

7 **Sign and date**

Administrator's Signature	Signature ✕ ✕
Signature date	d1 d6 m0 m6 y2 y0 y1 y7

AM03
Notice of Administrator's Proposals

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Nicola Kennedy
Company name	KPMG LLP
Address	15 Canada Square
	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	
DX	
Telephone	Tel +44 (0) 20 7311 1000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

KPMG

Joint Administrators' proposals

Style Group Brands Limited - in Administration

15 June 2017

Document Classification - KPMG Confidential

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 8).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, http://www.insolvency-kpmg.co.uk/case+KPMG+JH525B4301.html. We hope this is helpful to you.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 9).

Contents

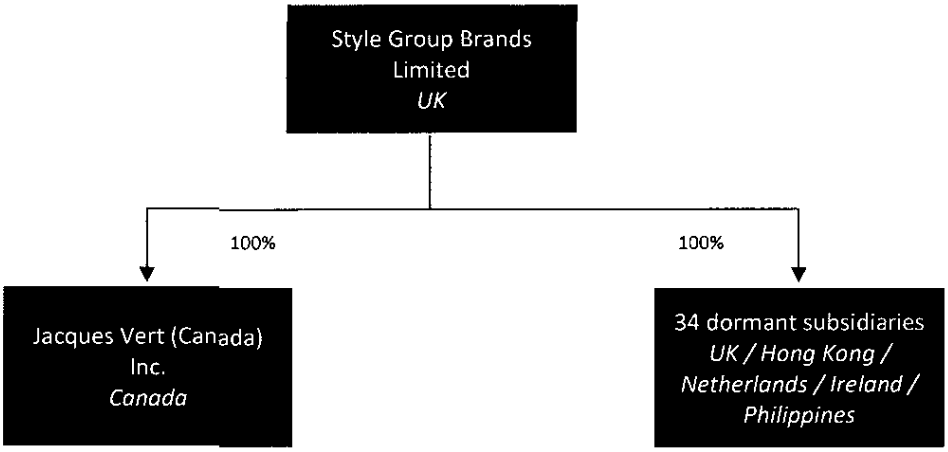
1 Executive summary

- The Company experienced significant cash flow pressure and reported negative EBITDA of £4.6 million in the year ending 31 January 2017 due to poor trading. This lack of liquidity as well as increasing creditor pressure meant that it became progressively difficult for the Company to continue to trade.
- Will Wright and Rob Croxen were appointed as Joint Administrators of the Company by the Directors on 2 June 2017 (Section 3 – Background and events leading to the administration).
- Immediately following our appointment we successfully completed a pre-packaged sale of the Company's trade and certain assets to Styx Consulting Limited. The sale secured the employment of 1,719 employees who were transferred to the Purchaser under TUPE provisions. The remaining 272 employees were made redundant with immediate effect on 2 June 2017 (Section 4 – Strategy and progress of the administration to date).
- The first ranking Secured Creditor will still have a shortfall of between £11 - £12 million, after taking into account all the net realisations from the administration, on their lending to the Company (Section 5.1 – Dividend prospects).
- The Preferential Creditors will be paid in full (Section 5.2 – Dividend prospects).
- Due to the substantial shortfall to the secured creditor, there will not be sufficient funds to enable a distribution to unsecured creditors (Section 5.3 – Dividend prospects).
- On completion of the administration, we envisage that it will be appropriate to file for the Company's dissolution (Section 6 – Ending the administration).
- We intend to seek approval for our proposals through the deemed approval procedure (Section 7 – Approval of proposals).
- We propose that our remuneration will be drawn down on the basis of the time properly given by us and our staff. Accordingly, we attach an estimate of our fees and expenses. We will seek approval for our remuneration from the Secured and Preferential creditors (Section 8 – Joint Administrators' remuneration, disbursements and pre-administration costs).
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.

Will Wright
Joint Administrator

2 Group structure

The group comprises the following companies:



The ultimate parent undertaking and controlling party of the Company is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

Style Group Brands Limited and Jacques Vert (Canada) Inc are the trading entities of the Group. Style Group Brands Limited was placed into administration on 2 June 2017, while the shares in Jacques Vert (Canada) Inc were transferred to the Purchaser as part of the sale of the Company's trade and assets.

Jacques Vert (Canada) Inc. is a wholly-owned subsidiary of the Company and trades through concessions at a chain of department stores in Canada.

There are also 34 non-trading subsidiaries in the Group, including 26 in the UK, two in Hong Kong, two in the Netherlands, two in the Philippines, one in Germany and one in Ireland.

3 Background and events leading to the administration

3.1 Background information

The Company was founded in 1972 under the name Jacques Vert and by December 2002 the Company had expanded into a multi-branded fashion-retailing group following the acquisition of William Baird PLC adding the Planet, Precis Petite and Windsmoor brands to the Group.

In 2012 Jacques Vert and the Irisa Group (trading as Alexon with brands including Dash, Eastex and Ann Harvey) merged to become Jacques Vert Group Limited. In June 2016 the Company changed its name to Style Group Brands Limited.

The trading brands in the Company's portfolio were: Jacques Vert, Precis Petite, Dash and Eastex. The Group operated in the UK, Canada, Belgium, Germany, Ireland and the Middle East predominantly via concessions stores however the Group also leased 25 properties across the UK.

The Company operated out of its head office in Shoreditch, London with two warehouses in Seaham and Bowburn in County Durham.

The Company had a total of 1,991 staff. Of these, 106 employees were based at head office, 122 at the warehouses with the remaining 1,763 in the stores (concessions and leased stores).

3.2 Funding and financial position of the Company

The Company had one principal secured lender, HSBC. Shortly prior to our appointment, HSBC's lending was approximately £23.0 million.

The Group's turnover in the 12 months to 31 January 2017 was £130.6 million. The Group reported a negative EBITDA of £4.6 million in the same year.

3.3 Events leading to the administration

The Company was loss making and was forecasting a substantial working capital requirement beyond existing facilities available.

KPMG's initial involvement with the Company was to provide pensions advisory support in relation to the Company's pensions schemes as well as to provide pensions advisory work in the context of a possible restructuring. KPMG Pensions involvement with the Company has been recurring periodically from April 2013 and total fees charged to date are £158,000.

KPMG Restructuring was introduced to the Company by HSBC on 24 February 2017. On 3 March 2017 KPMG was engaged by HSBC and the Company to perform a limited scope review of the options available. On 27 March 2017, we were engaged to run a process to consider the sale, investment and refinancing options available. On 21 April 2017 we were further jointly engaged by the Company and HSBC to develop a contingency plan in the event that no sale, investment or refinancing was possible.

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time.

We are satisfied that the work carried out by KPMG before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.4 Pre-administration work

The following work was carried out prior to our appointment with a view to placing the Company in administration:

- Negotiating the SPA with the Purchaser as part of the options process as detailed in our SIP 16 memorandum circulated to creditors on 6 June 2017 and presented in Appendix 7.

- Liaising with key stakeholders throughout the sales negotiation.
- Advising the Company in relation to the administration appointment.
- Preparing for the insolvency of the Company by identifying and planning in respect of assets, leasehold properties, employees, books and records and discussions with key creditors.
- JLL and SIA Group, professional valuers, provided independent valuations of the Company's tangible assets in order to compare and contrast asset recovery scenarios.
- Pinsents, our legal advisors, assisted the Joint Administrators in the preparation of the SPA.
- Stephenson Harwood assisted with the preparation and filing of the appointment documents and provided independent legal advice to the Directors in respect of their individual fiduciary duties in the lead up to insolvency. All fees due to Stephenson Harwood were settled by the directors prior to our appointment.

This work was necessarily undertaken before the Company entered into administration as an immediate administration appointment and trading-on in administration would have incurred significantly higher costs than a pre-packaged sale and adversely impacted the outcome for creditors.

We have carried out this work with the objective of achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in administration) in accordance with Paragraph 3(1)(b).

We are satisfied that the pre-packaged sale has enabled us to achieve this purpose as the winding up of the Company would have led to an immediate shut down of the business with minimal realisations for creditors.

3.5 Appointment of Joint Administrators

The directors resolved on 26 May 2017 to appoint us as Joint Administrators, when a notice of intention to appoint administrators was filed at the High Court of Justice Chancery Division Companies Court.

The notice of appointment was lodged at the High Court of Justice Chancery Division Companies Court on 2 June 2017 and we were duly appointed.

4 Strategy and progress of the administration to date

4.1 Strategy to date

Strategy

In the circumstances, we considered that a pre-packaged sale provided the best return for the Companies' creditors as a whole.

Trading-on in administration was considered to be the most likely alternative to the pre-packed offer from the Purchaser however we identified a number of operational complexities with this approach, including:

- The requirement for new trading contractual agreements with concession hosts in order for trading to have been viable, as well as ensuring that sums due from concession hosts were paid without set-off or counterclaim. Failing to reach such *agreements would have been a major barrier to a successful trading strategy.*

- The significant funding requirement to fund critical payments in the early stages of the administration. There was no certainty as to the availability of such funding and the robustness of a trading forecast that would have supported it.

In a complete cessation of trade, the expected level of realisations would have been significantly less. This would have had a detrimental effect on the return for all creditors including the employees.

Sale of business

We were formally engaged on 27 March 2017 to explore the sale and restructuring options available for the business.

Prior to our engagement, the Company had engaged a consultant to market the brands. This process had commenced prior to our involvement, and as part of the sale, investment and refinancing process we continued the dialogue with parties already approached and invited them to make offers.

A total of 33 financial investors and 32 trade parties were contacted. Non-Disclosure Agreements were signed by 29 parties who were provided with a detailed teaser covering extensive information on the brands, financial highlights, the management team, etc. Management held 12 meetings with interested parties and access to a data room containing relevant financial and other information on the Company was given to those parties who expressed an interest in the business. The Joint Administrators are satisfied the marketing process was extremely robust in the timescales available.

In the circumstances, we considered that a pre-packaged sale to the Purchaser provides the best return for the Companies' creditors as a whole. In a trading-on in administration, the expected level of realisations would likely have been lower. This would have had a detrimental effect on the return for all creditors including the employees.

Upon our appointment we completed a pre-packaged sale of the Companies' business and assets and the share capital of Jacques Vert (Canada) Inc to Styx Consulting Limited for a total consideration of £11.1 million. As part of the sale 1,719 employees were transferred to the Purchaser under TUPE provisions.

Seven concessions in Belgium and 17 standalone stores in the UK were not part of the sale and were closed immediately upon appointment which resulted in 272 employees being made redundant including 98 staff at the head office and two warehouses.

No Company staff have been retained by the Joint Administrators.

Further details of the marketing and sale of the business and assets are presented in our SIP 16 memorandum in Appendix 7 which was made available to creditors on 6 June 2017.

4.2 Asset realisations

Realisations from the date of our appointment to 9 June 2017 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

Sale of business

Goodwill and Intellectual Property	£1 each
Plant, equipment, fixtures and fitting	£225,000
Stock	£9,000,000
Trade debts	£1,774,991
Cash in tills and in transit	£100,000
Retained leasehold property	£1
The Company's records	£1
The benefit, subject to the burden of the contracts (customers, concessions and suppliers)	£1 each
The Company's shares in Jacques Vert (Canada) Inc.	£1

The transaction consideration (as set out above) paid by the Purchaser was held on account by Pinsents and was transferred to the Joint Administrators' bank account on 6 June 2017.

Goodwill and intellectual property

All intangible assets including the trading names, trademarks, domain names and intellectual property were sold to the Purchaser for a consideration of £1 as part of the pre-packaged sale.

Licence to occupy

The Joint Administrators have granted the Purchaser a licence to occupy five leasehold retail properties, the two warehouses and head office, whilst the Purchaser enters into discussions around lease assignments or new leases with the landlords or fully exits these properties. The Purchaser will pay the Company a licence fee equivalent to the rent and associated liabilities for the period of occupation.

To date, we have received £125,656 plus VAT from the Purchaser in respect of the licence to occupy until 30 June 2017.

Encumbered assets

Encumbered assets including assets subject to ROT were excluded from the sale of business.

To date ROT claims in the amount of £2.4 million have been received from creditors. The Joint Administrators are working together with the Company to address all ROT claims promptly.

The Joint Administrators have asked creditors who intend to claim any form of security (including ROT) to immediately submit their claim by email to stylegroupbrands@kpmg.co.uk with details of their claim.

Store closures

Seven concessions in Belgium and 17 standalone stores in the UK were not part of the sale and were closed immediately upon appointment. The Joint Administrators have been assisting the Company with the closure of these stores – facilitating the removal of stock, liaising with the landlords to surrender the property leases and making the respective employees redundant.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Nicola Kennedy at KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom.

4.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Receipts and payments from the date of our appointment to 9 June 2017 are set out in the attached receipts and payments account (Appendix 2).

No payments have been made since the date of our appointment.

5 Dividend prospects

5.1 Secured creditor

HSBC has a fixed and floating charge security in relation to three debentures (dated 26 August 1993, 9 December 2009 and 31 August 2012).

The Company also has a debenture granted to Jacques Vert Holdings S.A.R.L dated 24 April 2015. Due to the substantial shortfall to HSBC, there will not be sufficient funds to make a distribution under this debenture.

The 1993 Debenture pre-dates the coming into force of the Enterprise Act on 15 September 2003. Therefore, there will be no prescribed part payable by the Joint Administrators to unsecured creditors pursuant to s176A of the Insolvency Act 1986 (Act) in respect of assets secured by this Debenture.

Shortly prior to the Joint Administrators' appointment, HSBC's lending was approximately £23.0 million. This facility consisted of:

- Overdraft totalling £4.3 million;
- Trade lines (letters of credit and import loans) totalling £17.7 million; and
- Guarantee (duty deferment loan) totalling £1.0 million.

We do not expect HSBC to be repaid in full.

An independent security review was provided by Bond Dickinson confirming the validity of the security.

5.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

As part of the sale of business, 1,719 employees transferred to the Purchaser and no preferential claims will arise from these transferring employees.

272 employees were made redundant immediately on our appointment. The amount of preferential claims for arrears of wages and holiday pay is currently unknown but is expected to be in the region of £0.3 million.

Preferential creditors should receive a dividend of 100p in the £.

5.3 Unsecured creditors

A number of creditors have submitted ROT claims totalling £2.4 million. The Joint Administrators are currently dealing with this claims and have asked creditors who intend to claim any form of security (including ROT) to immediately submit their claim by email to stylegroupbrands@kpmg.co.uk with details of their claim.

There will not be a dividend to unsecured creditors.

6 Ending the administration

6.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course. However, at this stage we anticipate that the most likely exit route will be dissolution.

6.2 Discharge from liability

We propose to seek approval from the Secured and Preferential creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability.

7 Approval of proposals

7.1 Deemed approval of proposals

The administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable us to make a distribution to the unsecured creditors.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

7.2 Creditors' right to request a decision

We will use a decision making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor's claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form which is available to view at http:// www.kpmg.co.uk/stylegroupbrands.

8 Joint Administrators' remuneration, disbursements and pre-administration costs

8.1 Approval of the basis of remuneration and disbursements

We propose to seek approval from the Secured and Preferential creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in SIP 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements.

Time costs

From the date of our appointment to 9 June 2017, we have incurred time costs of £235,720. *These represent 631 hours at an average rate of £374 per hour.*

Disbursements

We have incurred disbursements of £501.99 during the period. None of these have yet been paid.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 9 June 2017. We have also attached our charging and disbursements recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

Pre-administration costs	Paid (£)	Unpaid (£)	Total (£)
KPMG fees	-	92,900.25	**92,900.25**
KPMG disbursements	-	41.4	**41.4**
Legal fees – Pinsents	-	44,486.50	**44,486.50**
Legal disbursements – Pinsents	-	354.58	**354.58**

Foreign legal counsel (Canada and Belgium)	-	12,107 35	**12,107.35**
Valuers fees – JLT	-	2,700 00	**2,700.00**
Valuers fees – SIA Group	-	7,827.50	**7,827.50**
Total	**-**	**160,417.58**	**160,417.58**

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

9 Summary of proposals

Despite the extensive marketing process, given the Company's debt levels and funding requirements, no parties came forward to purchase the Company's shares consequently rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following.

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the Secured and Preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Will Wright and Rob Croxen, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Will Wright and Rob Croxen, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in SIP 9) *will be charged in accordance with KPMG's policy as set out in Appendix 5;*
- unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 1 Statutory information

Company information	
Company and Trading name	Style Group Brands Limited
Date of incorporation	9 October 1972
Company registration number	01075752
Trading address	32-38 Scrutton Street, London, EC2A 4RQ
Previous registered office	32-38 Scrutton Street, London, EC2A 4RQ
Present registered office	15 Canada Square, London, E14 5GL
Company Directors	Shaun Wills Julia Carole Durbin Sarah Joanne Morgan
Company Secretary	Amanda Claire Fogg

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice Chancery Division Companies Court, 3802 of 2017
Appointor	The Directors
Date of appointment	2 June 2017
Joint Administrators	Will Wright and Rob Croxen
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	1 June 2018
Prescribed Part	The Prescribed Part is not applicable on this case as the Bank's security pre dates the Enterprise Act 2003
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

Appendix 2 Joint Administrators' receipts and payments account

Style Group Brands Limited – In Administration Abstract of receipts & payments			
Statement of affairs (£)*		From 02/06/2017 To 09/06/2017 (£)	From 02/06/2017 To 09/06/2017 (£)
	FIXED CHARGE ASSETS		
	JV (Canada) Inc shares	1.00	1 00
	Property rights/Patents	0.83	0.83
		1.83	1.83
	ASSET REALISATIONS		
	Leasehold - LTO	125,656 11	125,656 11
	Plant & machinery	150,000 00	150,000 00
	Fixtures & Fittings	75,000 00	75,000.00
	Stock	9,000,000.00	9,000,000 00
	Cash (in tills and transit)	100,000 00	100,000 00
	Trade debts	1,774,991 00	1,774,991.00
	Goodwill, records & contracts	6.83	6 83
		11,225,653.94	11,225,653 94
		11,225,655.77	**11,225,655.77**
	REPRESENTED BY		
	Floating charge current		11,250,787.33
	Fixed charge VAT payable		(0.17)
	Floating ch VAT payable		(25,131 39)
			11,225,655.77

Note – a Statement of Affairs has not been provided. The Directors are due to provide a Statement of the Affairs of the Company by 26 June 2017.

Appendix 3 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Estimated Total hours	Estimated Time cost (£)	Estimated Average hourly rate (£)
Administration & planning				
Transitional arrangements – cash sweeps, processing receipts and payments, contract notations	**Note 1**	370 00	147,600.00	398 92
General - books & records, fees & work in progress	**Note 2**	245.00	87,970.00	359.06
Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	**Note 3**	472 00	186,470 00	395.06
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	**Note 4**	43.00	20,610 00	479 30
Creditors				
Creditors and claims - general correspondence, notification of appointment, statutory reports	**Note 5**	697 00	287,295 00	412 19
Employees - correspondence	**Note 6**	482 00	196,250.00	407.16
Investigation				
Directors - correspondence, statement of affairs, questionnaires	**Note 7**	98 00	41,090 00	419 29
Investigations - director conduct and affairs of the Company	**Note 8**	151 00	54,460.00	360 66
Realisation of assets				
Asset Realisation - including insurance of assets	**Note 9**	385.00	178,950.00	464.81
Total		**2,943.00**	**1,200,695.00**	**407.98**

Note 1 – Transitional arrangements

Our work involves all arrangements to assist the Company with transferring the business to the Purchaser. This includes novation of contracts with concession hosts; regular sweeps of funds from trade to the Purchaser's bank accounts; store closures; closing the existing bank accounts; opening a separate administration account; carrying out monthly bank reconciliations; and processing a number of transactions during the administration.

Note 2 – General

Our work includes collection of the Company's books and records not included in the SPA, arranging mapping of the Company's accounting records and other electronic records and seeking approval for our fees and expenses as detailed in the Proposals.

Note 3 – Statutory & Compliance

Our work will include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring compliance with all statutory obligations. Further details are included in the Proposals.

Note 4 – Tax

We have instructed our internal VAT and Tax specialists to review the Company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required.

Note 5 – Creditors & Claims

There will be considerable time spent dealing with creditors' ROT claims. To date we have received a number of ROT claims and we have been assisting and will continue to assist the Company with the assessment of these claims.

Work in this area will also include dealing with general creditors' queries as well as statutory reporting to creditors.

Note 6 – Employees

As reported, 1,719 employees were transferred to the Purchaser immediately following our appointment. A further 272 were made redundant shortly after our appointment. Our work includes making announcements to the employees on our appointment, assisting the former employees to complete their claim forms and dealing with any subsequent queries.

Note 7 – Directors

Our anticipated work will involve correspondence with the statutory director, requesting the completion of the Statement of Affairs and questionnaire.

Note 8 – Investigations

This work will involve reviewing the Company's and Group's affairs, directorships searches, compliance with our statutory duties and submitting our report to the Secretary of State.

Note 9 – Asset realisation / lease assignments

Whilst all assets were sold to the Purchaser, the Company remains the tenants of eight leaseholds until the leases can be assigned to the Purchaser. Our work will involve monitoring and facilitating the lease assignments, and updating our insurer as this process is completed.

In the event that additional work is necessary due to a change in the circumstances of the administration we may need to increase our fees estimate and request approval to draw additional remuneration.

Appendix 4 Joint Administrators' expenses estimate

Summary of expenses

		Total for Administration			
Expenses	**Narrative**	**Initial Estimate (£)**	**Paid to date (£)**	**Future costs (£)**	**Total (£)**
Administrators' pre-administration fees	**Note 1**	92,941.65	-	92,941.65	92,941 65
Pre-administration legal costs and expenses	**Note 2**	56,948 43	-	56,948 43	56,948 43
Pre-administration valuers costs	**Note 3**	10,527 50	-	10,527.50	10,527 50
Legal fees	**Note 4**	150,000 00	-	150,000.00	150,000.00
Other costs	**Note 5**	100,000 00	-	100,000 00	100,000 00
TOTAL		**410,417.58**	-	**410,417.58**	**410,417.58**

Note 1 – Administrators' pre-administration fees

Relates to work that was carried out prior to our appointment with a view to placing the Company in administration as detailed in Section 3.4.

Note 2 – Pre-administration legal fees and expenses

Relates to legal work carried out prior to our appointment by Pinsents and foreign counsels (Belgium and Canada) including: legal advice in relation to the preparation and drafting of the SPA; legal advice in respect of property, concession contracts and employees (UK and overseas) issues; agreeing of an implementation of completion; review of appointment documents and preparation of validity advice, etc.

Note 3 – Pre-administration valuers costs

Relates to the preparation of independent valuations of the Company's stock, plant, equipment, fixtures and fittings assets as well as independent valuations of potential premiums on the leasehold property portfolio upon successful assignments to a third party.

Note 4 – Legal fees

Relates to legal advice in relation to validity of HSBC's security, ROT issue, employees' issues (including employees in Belgium), property matters specifically regarding the licences to occupy and potential assignment of the leases subsequent to the expiration of these licences; dealing with SPA issues and interpretations; etc.

Note 5 – Other costs

Insurance costs, books and records storage, specialists advice regarding other asset realisation and contingency for miscellaneous costs. Any rental costs incurred in the administration will be covered in full by the Purchaser.

No payroll payments will be made during the administration as all employees were either transferred or made redundant on appointment.

Appendix 5 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from SIP 9 produced by the Association of Business Recovery Professionals is available at:

https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees

If you are unable to access this guide and would like a copy, please contact Nicola Kennedy on 02076945854.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements during the period 2 June 2017 to 9 June 2017

SIP 9 - Disbursements	Category 1		Category 2		
Disbursements	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	Totals (£)
Meals	-	87.75	-	-	**87.75**
Mileage	-	-	-	315 95	**315.95**
Travel	-	98 29	-	-	**98.29**
Total	-	**186.04**	-	**315.95**	**501.99**

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 2 June 2017 to 9 June 2017

The key areas of work have been:

Statutory and compliance	■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences, ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment, ■ issuing regular press releases and posting information on a dedicated web page,

	■ preparing statutory receipts and payments accounts, ■ arranging bonding and complying with statutory requirements, ■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same, ■ briefing of our staff on the administration strategy and matters in relation to various work-streams, ■ regular case management and reviewing of progress, including regular team update meetings and calls, ■ meeting with management to review and update strategy and monitor progress, ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration, ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions
Reports to debenture holders	■ providing written and oral updates to representatives of HSBC regarding the progress of the administration and case strategy
Cashiering	■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts, ■ preparing and processing vouchers for the payment of post-appointment invoices, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	■ gathering initial information from the Company's records in relation to the taxation position of the Company, ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working initially on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions, ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax compliance
Shareholders	■ providing notification of our appointment, ■ responding to enquiries from shareholders regarding the administration, ■ providing copies of statutory reports to the shareholders.
General	■ reviewing time costs data and producing analysis of time incurred which is compliant with SIP 9; ■ locating relevant Company books and records, and make arrangements for the review of these.
Property matters	■ reviewing the Company's leasehold properties, including review of leases, ■ communicating with landlords regarding rent, property occupation and other issues
Sale of business	■ seeking legal advice regarding the drafting of the SPA; ■ dealing with queries from interested parties and managing the information flow to potential purchasers; ■ carrying out sale negotiations with interested parties.
Health and safety	■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with, ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance
Open cover insurance	■ arranging ongoing insurance cover for the Company's business and assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, ■ assessing the level of insurance premiums
Employees	■ dealing with queries from employees regarding various matters relating to the administration and their employment; ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments, ■ holding employee briefing meetings to update employees on progress in the administration and our strategy,

	- communicating and corresponding with HM Revenue and Customs; - dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office, - managing claims from employees, - ensuring security of assets held by employees.
Pensions	- collating information and reviewing the Company's pension schemes; - calculating employee pension contributions and review of pre-appointment unpaid contributions; - ensuring compliance with our duties to issue statutory notices, - liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment, - ensuring death-in-service cover for employees remains in place, - communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries
Creditors and claims	- drafting and circulating our proposals, - creating and updating the list of unsecured creditors; - responding to enquiries from creditors regarding the administration and submission of their claims, - reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; - dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits
Investigations/ directors	- reviewing Company and directorship searches and advising the directors of the effect of the administration, - *liaising with management to produce the Statement of Affairs and filing this document with* the Registrar of Companies

Time costs

SIP 9 – Pre-administration time costs analysis	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Total		
Pre-Administration Sale of business - preparation	33 00	59.05	55 70	147.75	60,185 25	407.35
Advising directors	0 30	-	-	0.30	168 00	560.00
Appointment documents	1 00	4 20	14 50	19 70	6,809 50	345.66
Pre-administration checks	28 00	17 00	3 00	48.00	25,737 50	536.20
TOTAL	**62.30**	**80.25**	**73.20**	**215.75**	**92,900.25**	**430.59**

SIP 9 – Administration time costs analysis (02/06/2017 to 09/06/2017)	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	**0.30**	88.50	295.00
Reconciliations (& IPS accounting reviews)	**1.50**	765 00	510 00
General			
Fees and WIP	**2.00**	850 00	425 00
Statutory and compliance			
Appointment and related formalities	**103.50**	33,236.50	321 13
Budgets & Estimated outcome statements	**9.85**	4,804.75	487 79
Checklist & reviews	**9.25**	3,021 25	326.62
Reports to debenture holders	**3.50**	1,785.00	510 00
Strategy documents	**30.00**	13,147 50	438.25
Tax			
Initial reviews - CT and VAT	**0.50**	255 00	510.00
Post appointment corporation tax	**2.00**	850 00	425 00
Creditors			
Creditors and claims			
General correspondence	**49.45**	16,448.75	332.63
Notification of appointment	**9.60**	2,784.00	290 00
Pre-appointment VAT / PAYE / CT	**1.00**	510.00	510 00
ROT Claims	**46.00**	17,397 00	378 20
Secured creditors	**2.50**	1,275 00	510 00
Statutory reports	**30.50**	14,957 50	490 41
Employees			

SIP 9 – Administration time costs analysis (02/06/2017 to 09/06/2017)	Hours	Time Cost (£)	Average Hourly Rate (£)
Correspondence	**63.25**	20,316.00	321 20
Pension funds	**3.10**	1,736 00	560.00
General analysis			
Other			
Purchaser post-completion liaison	**15.90**	7,412 00	466 16
Store Closures	**150.05**	49,577 75	330 41
Investigation			
Directors			
Correspondence with directors	**2.50**	537.50	215.00
Statement of affairs	**3.50**	1,490.00	425.71
Realisation of assets			
Asset Realisation			
Cash and investments	**15.50**	6,672 50	430.48
Insurance	**1.30**	603 50	464 23
Leasehold property	**16.35**	7,212 25	441 12
Sale of business	**5.60**	3,373 50	602 41
Vehicles	**4.50**	1,955 00	434 44
Trading			
Employee Matters / PAYE	**39.20**	17,911.00	456 91
Negotiations with landlords	**8.70**	4,747 00	545 63
Total in period	**630.90**	**235,719.75**	**373.62**

Brought forward time (appointment date to SIP 9 period start date)	0 00	0 00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	630 90	235,719 75
Carry forward time (appointment date to SIP 9 period end date)	630 90	235,719.75

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 6 Estimated financial position

The Directors are due to provide a Statement of the Affairs of the Company by 26 June 2017.

Once received the Statement of Affairs will be filed with the Registrar of Companies. Please note that disclosure of the contents of the Statement of Affairs may be restricted with the Court's permission if it is considered that disclosure would be adverse to the interests of creditors.

As a Statement of Affairs has not been provided, details of the estimated financial position of the Company at the latest practicable date, are given below.

A schedule of the known creditors' names, addresses, debts and details of any security held is available on the following website: http:// www.kpmg.co.uk/stylegroupbrands.

Creditors should note that as the Company may not have completed updating its ledgers to the date of appointment, the balances stated may be revised.

This information has been extracted from the Company's books and records and we have not carried out anything in the nature of an audit on this information. The figures do not take into account the costs of the administration.

Please note that the actual level of asset recoveries and claims against the Company may differ materially from the amounts included in the statement below.

Estimated Outcome Statement
Style Group Brands Limited
as at 2 June 2017

	Estimated Realisable Value £
Assets:	
Goodwill and other intangibles	2
Shares in subsidiaries	1
Benefit of contracts (customers, concessions and suppliers)	4
Leasehold Premiums	1
Commercial records	1
Cash in tills/ in transit	100,000
Book debts	1,774,991
Stock	9,000,000
Plant and equipment	150,000
Fixtures and fittings	75,000
Total asset realisations	**11,100,000**
Less: Due to preferential creditors (estimated)	(259,795)
Less: Due to HSBC (estimated debt as at 2 June 2017)	(22,984,557)
Shortfall to secured creditors	**(12,144,352)**
Non-preferential creditors:	
Unsecured creditor claims based on current information	(10,530,752)
Landlord claims (estimated)	(390,139)
Employee claims (estimated)	(968,981)
Total non-preferential creditors	**(11,889,872)**
Shortfall to first ranking secured creditor	(12,144,352)
Issued and called up capital:	
Ordinary £0.10 shares	(19,338,000)

Notes The above figures do not include costs associated with the administration

HSBC's estimated exposure is stated prior to application of set-off of credit balances caught under their security

We have not split the assets into fixed and floating as realisations form fixed charged assets are only £2 for Goodwill and other intangibles We anticipate that the Directors' Statement of Affairs will have these assets split by fixed and floating

Style Group Brands Limited – In Administration

SIP 16 memorandum of sale of business

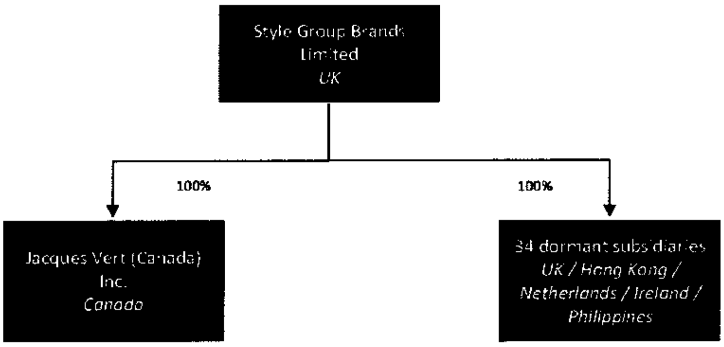
This statement is made in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 1 November 2015. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who effects the sale immediately on, or shortly after, his appointment SIP 16 can be located via this link to the ICAEW website.

http //www icaew com/~/media/corporate/files/technical/insolvency/regulations%20and%20standards/sips/england/sip%2016%20e%20and%20w%20pre%20packaged%20sales%20in%20administrations%202015 ashx

Background

The group comprises the following companies (together 'the Group')



The entity that is subject to this SIP16 memorandum of sale of business is Style Group Brands Limited ('the Company')

The ultimate parent undertaking and controlling party of the Company is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

The Company was founded in 1972 under the name Jacques Vert and by December 2002 the Company had expanded into a multi-branded fashion-retailing group following the acquisition of William Baird PLC adding the Planet, Precis Petite and Windsmoor brands to the Group

In 2012 Jacques Vert and the Irisa Group (trading as Alexon with brands including Dash, Eastex and Ann Harvey) merged to become Jacques Vert Group Limited In June 2016 the Company changed its name to Style Group Brands Limited

1

The trading companies in the Group are Style Group Brands Limited and Jacques Vert (Canada) Inc. and the current trading brands in the Company's portfolio are Jacques Vert, Precis Petite, Dash and Eastex There are also 34 non-trading subsidiaries in the Group, including 26 in the UK, two in Hong Kong, two in the Netherlands, two in the Philippines, one in Germany and one in Ireland

The Group operates in the UK, Canada, Belgium, Germany, Ireland and the Middle East predominantly via concessions stores however the Group also leases 25 properties across the UK

The Group's Head Office is in Shoreditch, London with two warehouses in Seaham and Bowburn in County Durham.

Jacques Vert (Canada) Inc is a wholly-owned subsidiary of the Company and trades through concessions at a chain of department stores in Canada Jacques Vert (Canada) Inc is dependent on the Company for supply of stock which remains owned by the Company The only material asset therefore is the debt due from the Canadian concession host.

At 24 May 2017, the Group had a total of 1,991 staff Of these, 106 employees were based at Head Office, 122 at the warehouses with the remaining 1,763 in the stores (concessions and leased stores)

The Group's turnover in the 12 months to 31 January 2017 was £130.6 million The Group reported a negative EBITDA of £4.6 million in the same year

The Group has one principal secured lender, HSBC Bank plc ('the Bank'), and their lending as at 2 June 2017 was approximately £23.0 million This facility consisted of,

- Overdraft totalling £4.3 million;
- Trade lines (letters of credit and import loans) totalling £17.7 million, and
- Guarantee (duty deferment loan) totalling £1 0 million.

Initial introduction

KPMG Restructuring was introduced to the Company by HSBC Bank plc on 24 February 2017

Pre-appointment considerations

Prior engagements

KPMG LLP's initial involvement with the Company was to provide pensions advisory support in relation to the Company's pensions schemes as well as to provide pensions advisory work in the context of a possible restructuring. KPMG Pensions involvement with the Company has been recurring periodically from April 2013 and total fees charged to date are £158k

On 3 March 2017 KPMG LLP were engaged by HSBC Bank plc and the Company to perform a limited scope review of the options available On 27 March 2017, we were engaged to run a process to consider the sale, investment and refinancing options available On 21 April 2017 we were further jointly engaged by the Company and HSBC Bank plc to develop a contingency plan in the event that no sale, investment or refinancing was possible

Having carefully considered the position, the officeholders concluded that their services and associated fees did not create an ethical barrier to their appointments

Fees charged by KPMG LLP for the non-pensions work performed from 3 March 2017 to date total £526k

Insolvency fees

The pre-administration costs and Administrators' fees for the Company's estate will be approved by the creditors in accordance with the relevant regulation for Insolvency Practitioners

Independent legal advice

The board of directors of the Company were advised to take independent legal advice in the event of an insolvency This advice was provided by Stephenson Harwood LLP.

Other courses of action considered

A review of possible courses of action was undertaken by the Administrators immediately prior to their appointment, comparing the likely outcomes from various options including, but not limited to

1) The Group staying out of an insolvency process, receiving further funding from the secured lenders, shareholders, directors or a third party source

The Group was loss making and was forecasting a substantial working capital requirement beyond existing facilities available. Both the Bank and the shareholders confirmed they were unable to provide further funding or increase facilities No parties willing to provide additional financing were identified during the sale, investment or refinancing process

2) Liquidation or Administration – shut down

A liquidation (or shut down in administration), would result in an immediate cessation of trade

The principal assets of the business are stock in the stores (concessions and owned stores) and the warehouses, concessions debtors and the brands

In a shutdown scenario the concession hosts would have significant termination claims against the Group It is likely they would look to off-set these claims against the stock held by them and also the debtors severely reducing a liquidators' ability to realise value for these assets

We were provided with an independent valuation of the stock by SIA Group of between £2.7m (ex-situ) and £11.2m (in-situ) The consideration received as part of the pre-pack offer of £9 0m is lower than the in situ valuation, however, any realisations possible after concession hosts set-off claims would be subject to costs of realisation and any potential retention of title claims.

Prior to KPMG LLP's engagement, the Company had engaged a consultant to market the brands As part of the sale, investment and refinancing process we continued the dialogue with parties already approached and invited them to make offers. With the exception of one unfunded offer for one of the brands totalling £300k no material offers for the brands were tabled

3) Administration – trading on

Trading on in administration was considered to be the most likely alternative to the pre-packed offer During the sale, investment and refinancing process two stock disposal agents offered to support a trading administration via an agency agreement in a controlled trading and stock disposal process

A trading insolvency would have had a number of operational complexities. The majority of the Company's trade is via concession stores subject to the terms of concession agreements with the host stores New trading and contractual agreements would have been required with concession hosts in order for trading to have been viable and ensure that sums due from concession hosts were paid without set-off or counterclaim. Agreeing such arrangements in the early stages of a trading administration would have been a key challenge and, if not agreed, would have been a major barrier to a successful trading strategy All terms outlined by the stock disposal agents were contingent on such arrangements being in place

In addition, we estimated that in a trading insolvency significant external funding would be required to fund critical payments in the early stages of such a strategy There was no certainty as to the availability of such funding and the robustness of a trading forecast that would have supported it

We carefully considered the range of outcomes in a trading administration working with one of these two parties In a 'best case' scenario, which assumed that all concession hosts agreed to support and trading sales were at the high end of expectations, it may have been possible to have realised more than the offer ultimately received from the purchaser (Styx Consulting Limited, Style Investment IPR Limited, Style Investment Trading Limited, together "the Purchasers")

However, given the apparent lack of alternative buyers for the business, the pursuit of such a strategy with no eventual going concern business sale would have led to a large redundancy programme and increased liabilities to the Company through both landlord claims and termination charges from concession hosts

We were therefore of the view that given the material uncertainty around our ability to successfully trade the business the likelihood was that a recovery from a trading insolvency was unlikely to generate a better recovery that the pre-pack sale

In all scenarios given the level of the debt due to the Bank (estimated at approximately £23 0 million) a recovery for unsecured creditors was not possible The Bank and Management concurred with our view and agreed the pre-pack solution was the best option

4) Administration pre-pack

A pre-packaged sale of the trade and assets of the Company together with the shares in Jacques Vert (Canada) Inc in all of the circumstances is considered to be the best course to maximise the return for creditors This conclusion was reached following consideration of the options available detailed above and for the following reasons

i) A sale of the business and assets of the Company as a going concern resulted in a greater return than our specialist valuers SIA Group advised would have been achieved for the assets of the Company in a trading administration or a shutdown scenario (after costs)

ii) After a 10 week marketing period to 65 financial and trade parties, the best offer for the Company was a sale to the Purchasers The Bank confirmed that the offer was acceptable to them

iii) In order to fully explore the rescue options for the business, a dialogue was held with the majority of concession hosts The concession hosts, who collectively would have represented the largest unsecured creditor group in a shut down insolvency, were supportive of the pre-pack sale

iv) We understand that the Company were in discussions with HMRC regarding their outstanding balance and therefore we did not consider it necessary to communicate with HMRC directly prior to the completion of a transaction

v) The costs associated with a pre-packaged sale are lower than would be incurred in a trading administration or shut down scenario.

vi) The sale resulted in a substantial number of employees being transferred to the buyer, preserving jobs and mitigating against both preferential and unsecured claims

vii) The pre-pack would also provide opportunity for ongoing supply for the creditor base and to some extent mitigate some landlord claims in the insolvency The Purchasers will take forward five sites (including the warehouses and head office) with the aim of securing leasehold assignments for some of these properties

viii) Through the continued trading of the business and delivery of customer orders, charge back claims from customers via the merchant acquirers will be minimised.

Marketing of the business and assets

KPMG LLP were formally engaged on 27 March 2017 to explore the sale and restructuring options available for the business.

Prior to KPMG LLP's engagement, the Company had engaged a consultant to market the brands. This process had commenced prior to our involvement, and as part of the sale, investment and refinancing process we continued the dialogue with parties already approached and invited them to make offers

Interested parties were identified through extensive buyer research, sector knowledge, KPMG LLP contacts and Management's awareness of competitors. In total, 33 financial investors and 32 trade parties were contacted

Management chose not to advertise the business openly on the internet due to the risk this could have a negatively impact on supplier relationships and the ability of the business to continue to trade However, there has been significant press coverage across a number of media channels concerning the Company's search for a buyer.

Non-Disclosure Agreements were signed by 29 parties who were provided with a detailed teaser covering extensive information on the brands, financial highlights, the management team, etc Management held 12 meetings with interested parties and access to a data room containing relevant financial and other information on the Company was given to those parties who expressed an interest in the business. The Administrators are satisfied the marketing process was extremely robust in the timescales available

With the exception of one unfunded offer for one of the brands totalling £300k no material offers for the brands were tabled A number of organisations well known for brand acquisitions were targeted

The Purchasers explored a number of acquisition options including a solvent share acquisition However, following their due diligence the solvent offer was subsequently withdrawn due to the significant working capital funding requirement to maintain the solvency of the Company

Therefore, the only offer on a going concern basis was a pre-pack of the trade and assets of the Company, together with the share capital of Jacques Vert (Canada) Inc for total consideration of £11.1 million

In the circumstances, the Administrators considered that a pre-packaged sale provides the best return for the Company's creditors as a whole In a trade on in administration, the expected level of realisations would likely have been lower This would have had a detrimental effect on the return for all creditors including the employees.

Valuation of the business and assets

Stock

We were provided with independent valuations of the stock by SIA Group on both a going concern ('in situ') and a breakup basis ('ex situ') in insolvency as follows:

- In situ £11 2 million (circa 50% of the stock value)
- Ex situ: £2.7 million (circa 12% of the stock value)

Both of these valuations exclude any costs of realisations and any potential retention of title ('ROT') claims.

Plant, equipment, fixtures and fittings

We were provided with independent valuations of the plant, equipment, fixtures and fittings assets by SIA Group on both a going concern ('in situ') and a breakup basis ('ex situ') in insolvency as follows:

- In situ £1 6 million
- Ex situ: £216k

In a trading administration scenario, it is likely that the ex situ valuations would be more appropriate, given the inability of the stores to continue to trade without the appropriate fixtures and fittings in place

SIA Group are professionally qualified, and hold MRICS qualifications

SIA Group has confirmed to us that they do not have any independence conflicts in acting, and carry adequate professional indemnity insurance

Leasehold premiums

We were provided with independent valuations of potential premiums on the leasehold property portfolio upon successful assignments to a third party. This was conducted by Jones Lang LaSalle ('JLL'), who valued the potential premiums at nil value across 27 leases (including the two warehouses and the head office)

The valuers are professionally qualified, and hold RICS qualifications

JLL has undertaken conflicts checks and no conflicts were highlighted that preclude their advice for being provided

JLL has confirmed it carries adequate professional indemnity insurance

The sale consideration received from the Purchasers of £11 1 million is significantly in excess of the valuations received net of the cost of realisation The Joint Administrators are satisfied that they have acted with due regards to the interests of the general body of creditors

Brands

As part of our sale, investment and refinancing process we completed a 10 week marketing exercise to 65 financial and trade parties – with the exception of one unfunded offer for one of the brands totalling £300k no material offer was received for the brands on a standalone basis

In addition, and as previously stated, the Company had also previously engaged a consultant to market the brands We therefore did not consider that an independent valuation of the brands would be beneficial

The transaction

The transaction to sell the trade and assets of the Company along with the share capital of Jacques Vert (Canada) Inc completed on 3 June 2017

The Purchasers paid £11.1 million on completion plus £126k in respect of property licence fees for one month forward rent on certain properties where a licence to occupy has been granted

Purchasers and related parties

- As part of the transaction the prospective purchaser required the business to be acquired by three different corporate entities, split into three distinct asset categories, namely

  i) The trading operations of the business, goodwill and associated assets (excluding a host concession agreement),

  ii) Intellectual property rights, and

  iii) A host concession agreement

- The Purchasers are·

  – Styx Consulting Limited, company number 07516992 (the acquirer of most of the business and assets),

  Style Investment IPR Limited, company number 10743590 (the acquirer of the intellectual property rights), and

  – Style Investment Trading Limited, company number 10744008 (the acquirer of one of the host concession agreements)

- The Purchasers are an entirely independent and unconnected third party We further understand that the funding for the transaction is not being provided by the existing secured lender

- We understand that following their due diligence, the Purchaser is intending to appoint the Company's existing senior management Shaun Wills and Beverley Kettle as directors to one or more of the purchasing entities. We further understand that, as part of a long term incentive plan (and only after a 12 month period post transaction), Shaun Wills and Beverley Kettle may receive a minority equity stake in one or more of the acquisition entities We understand this equity stake cannot exceed 2.5% and 0 75% after 12 months for Shaun Wills and Beverley Kettle respectively

- Whilst the role of Shaun Wills and Beverley Kettle as directors of the Purchasers and potential minority equity holders (albeit deferred) has only recently arisen, and the buyer was sourced entirely independently of Management, this may technically cause the purchaser to become a connected party to the transaction As a result, we have advised the directors' of the Company of their ability to approach the pre-pack pool
- We understand that the directors and Purchasers have decided not to approach the pre pack pool in this case
- The directors have not given personal guarantees to the lenders

Assets

The assets involved in the transaction are summarised below The trade and assets of the Company including

In the case of Styx Consulting Limited.

- Goodwill,
- Plant and Equipment;
- Tenants' fixtures and fittings at the Retained Property
- Stock,
- Retained Properties,
- Cash in tills and cash in transit;
- The Records;
- The benefit, subject to the burden of the contracts (customers, concessions and suppliers),
- Trade Debts, and
- The Company's shares in Jacques Vert (Canada) Inc

In the case of Style Investment IPR Limited

- Intellectual property

In the case of Style Investment Trading Limited

- The benefit subject to the burden of one of the concession hosts contracts

The Administrators have granted the Purchasers a licence to occupy two leasehold retail properties, the two warehouses and head office, whilst the Purchasers enters into discussions around lease assignments or new leases with the landlords or fully exit these properties The Purchasers will pay the Company a licence fee equivalent to the rent and associated liabilities for the period of occupation

Sale consideration

The total sale consideration of £11 1 million was paid by the Purchasers on completion The breakdown of the significant proportion of the sale consideration is as follows

Ex-situ – In-situ valuation	Asset Class	Consideration
£216,000 – £1,570,500	Plant, equipment, fixtures and fittings	£225,000
£2,690,000 – £11,217,000	Stock	£9,000,000
N/A	Trade debts	£1,774,991
N/A	Cash in tills and in transit	£100,000
	TOTAL	**£11,099,991**

We anticipate that realisations from all assets are all likely to be the subject of the Secured Creditors fixed and floating security The Administrators solicitors are in the process of reviewing the validity of the Secured Creditors security

The Bank's security pre dates the Enterprise Act 2003 and therefore, the prescribed part carve out from floating charge recoveries to unsecured creditors does not apply The allocation of £11 1 million across the asset base was applied following a review of the independent valuation advice and discussions with the Purchasers

The majority of the consideration has been allocated to the floating charge stock and debtors as these were the most significant assets in the business. The allocation of consideration to the fixed charge assets was minimal.

We anticipate that preferential creditors will be repaid in full during the administration but a shortfall will exist on the Bank's secured lending

Conclusion

The Joint Administrators have accepted the appointment over the Company with the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration) in accordance with Paragraph 3(1)(b)

They are satisfied that this pre-packaged sale has enabled them to achieve this purpose because a liquidation would have resulted in the immediate cessation of trade and the significant erosion of value.

The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the sale price achieved was the best available outcome in all the circumstances

The sale has saved 1,719 jobs and mitigated against employee related claims In addition, unsecured claims from some of the landlords and concession hosts have been avoided and trade suppliers will be able to discuss a potential trading relationship with the Purchasers

The Joint Administrators will send out their proposals, providing further information regarding the Company and their appointment, within two weeks of appointment

Appendix 8 Glossary

Bank or HSBC	HSBC Bank Plc
Company	Style Group Brands Limited- in Administration
Group	As described in Section 2 of this report
Joint Administrators/we/our/us	Will Wright and Rob Croxen
JLL	Jones Lang LaSalle
KPMG	KPMG LLP
Pinsents	Pinsent Masons LLP
Purchaser	Styx Consulting Limited
ROT	Retention of tittle
Secured creditor	HSBC Bank Plc
SIP	Statement of Insolvency Practice
SPA	Sale and purchase agreement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 9 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Will Wright and Rob Croxen, the Joint Administrators of Style Group Brands Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 *to lay before creditors a statement of their proposals for achieving the purposes of* the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

William James Wright and Robert Andrew Croxen are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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For full details of our professional regulation please refer to 'Regulatory Information' at www.kpmg com/uk

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.