



TM Capital Gift and Home Report

Industry Spotlight Winter 2018 / 2019

tmcapital.com



TM CAPITAL
SUCCESS. REALIZED.

Introduction: Adjusting the Sails

As we enter the 10th year of the current economic expansion, which began in June 2009, it seems appropriate to paraphrase a well-worn quote: “a pessimist will feel the wind front on, an optimist will feel it at their back and the realist will simply adjust the sail.” Indeed, there is considerable debate regarding where the winds of change will lead the economy in general, and the Gift and Home Accessory (GHA) sector more specifically, in 2019 and beyond. While broad economic indicators - from GDP growth to consumer confidence - continue to paint a picture of robust economic momentum, the GHA industry merits a more careful examination. Across the industry, the rising economic tide has generally lifted industry players. Going forward, we believe that market participants most adept at navigating industry changes will disproportionately benefit. In this edition of the *TM Capital Gift and Home Accessory Industry Spotlight* we examine:

The State of the Economy – A host of macroeconomic indicators suggest continued momentum in the economy, and yet, the stock and housing markets are increasingly volatile. We dive into current market statistics, examine demographic trends and consult our crystal ball for a market forecast.

Institutional Investment / M&A – Private equity investors are increasingly tapping the GHA space with a steady stream of high profile investments. Capital deployments create liquidity for owners and promote continued expansion and operational innovation – while also serving as validation of the attractiveness/growth prospects of the industry more broadly. In the following pages, we’ll examine the market landscape and further discuss how these investments, coupled with strategic M&A consolidation, are spawning an environment of dynamic growth.

The Amazon Effect – Industry players without a compelling strategy to compete in a world where over 51% of U.S. consumers are Amazon Prime subscribers are, without question, falling behind. Vendors and retailers must find ways to work with online marketplaces and leverage technological tools to fill gaps that online players like Amazon can’t, while also providing unique value to consumers via the “consultative sale.”

Independent Retailer Resiliency – This channel is critical within the GHA market and important indicators (i.e. show attendance data) point to vigor within this important constituency. However, the independent landscape is not without challenges – especially from online encroachment. That said, independent retailers that are able to marry the consultative selling dynamic inherent in the GHA sector with tech-based marketing tools to stay in front of their consumer demographic stand to benefit.

The Rise of Brands – While consumer recognized brands have long been a key path to success in consumer markets more broadly, independent retailers forestalled their arrival in GHA – preferring to create a “found treasure” dynamic in their stores. Today, the more successful independent retailers are finding ways to leverage brand stories to creatively integrate these brands into their own unique store environments.

Sourcing and Tariffs – China has been at the center of the GHA manufacturing universe for decades – bolstered by its enormous, cost effective labor force and well-oiled logistics infrastructure. With a tariff situation that remains quite fluid, it is becoming more important than ever for vendors to reprioritize the importance of a meaningful “China Plus” strategy.

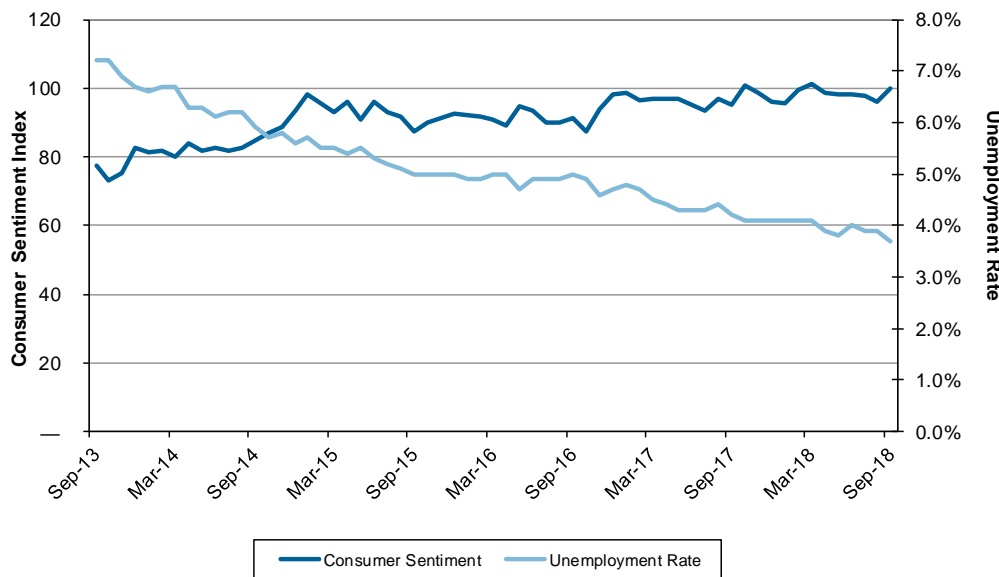


Economic Optimism – The Music Continues

Before delving into GHA-specific market trends, let us first examine the health of the macroeconomic environment.

Consumer Confidence – A host of macroeconomic indicators suggest continued strong momentum in the economy. For example, the nation’s GDP grew at a healthy 4.1 percent annual rate in the second quarter of 2018. Currently, consumer sentiment registers above 100, significantly outpacing its long-term average of 86.4. In fact, the Consumer Sentiment Index, as of early Fall 2018 is at its highest level in nearly 15 years, while unemployment sits at its lowest level in nearly three decades. Spending in the upcoming holiday season is also forecasted to be strong. The National Retail Federation predicts holiday sales will increase by 4.8 percent over last year’s healthy 4.3 percent increase.

Consumer Sentiment Index and Unemployment Rate



CSI is at the highest level in nearly 15 years

Unemployment is at the lowest level since 1989

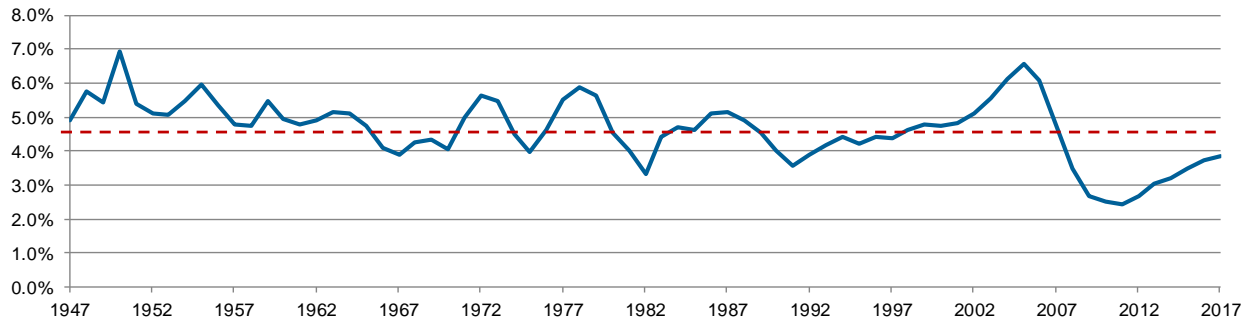
Source: University of Michigan, Bureau of Labor Statistics

It All Starts At Home – Historically, GHA spending levels have been correlated with the health of the housing sector. Growth in household formation fuels activity in the GHA sector as new household formations drive demand for furnishings and accent pieces. When it comes to new home building activity, last year was the best year for permits, starts and completions in a decade. While 2017 was the best year for homebuilding in a decade, much of the inventory crunch confronting homebuyers over the past two years is reflective of the dearth of homebuilding since the recession. To put the past year into perspective, completions of new home housing relative to the U.S. population was just 57.9% of the 50-year average.



Moreover, 2017 was the tenth consecutive year that homeowner outlays exceeded spending on single-family construction. This increase reflects the ongoing strength of home improvement and repair spending, estimated at \$315 billion last year. Despite over a decade of increases in Residential Fixed Investment, the following chart demonstrates that we are still below historical averages and, thus, have room for continued growth.

US Private Residential Fixed Investment (% of GDP)

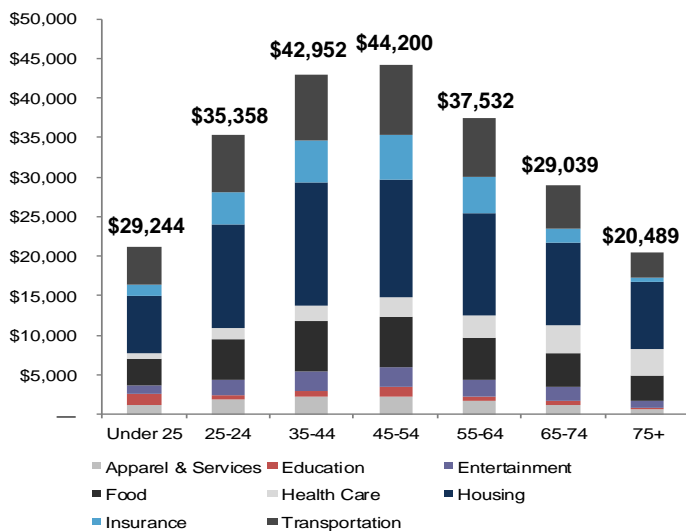


Source: Federal Reserve Bank of St. Louis

Strong Demographic Trends & A Coming Consumption Wave – Personal consumption is the largest pillar of U.S. GDP, accounting for 70% of the economy. Since the 1980s, the Baby Boomer generation, those born between 1946 and 1964, has been an enormous engine of that spending, and we believe that this has been particularly true in the GHA category. As Millennials enter their peak consumption years and Baby Boomers live longer, the two groups will provide a **double-barreled boost** to consumption that we believe will broadly benefit the GHA industry – and is a “mega trend” we believe remains widely underappreciated.

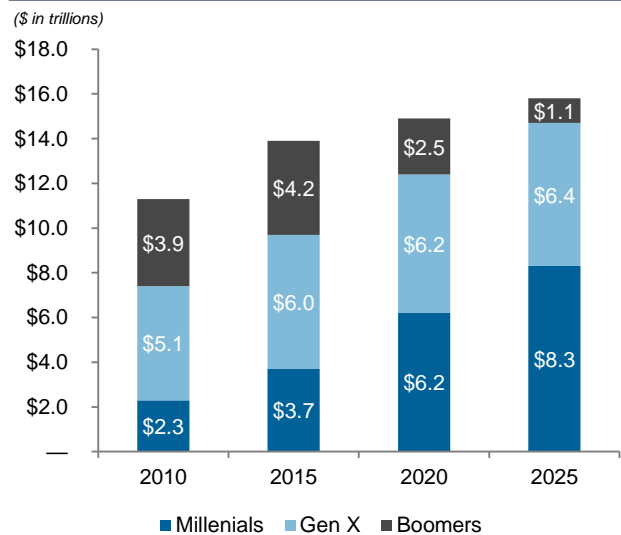
As context, in 2016, Millennials, those born between 1980 and 1996, eclipsed Boomers as America’s largest generation, numbering 83 million. Over the next six years alone, there will be nearly one million more 30-34 year-olds in comparison to the prior six year period. Spending increases as consumers age, with ages 35-55 reflecting peak earning/spending years. Notably, the first Millennials turned 35 in 2016 and, as more Millennials enter their peak spending years, the cohort’s aggregate spending is projected to increase 25%.

Peak Spending Occurs Between Ages 35-55



Source: Haver Analytics, Bureau of Labor Statistics

Millennials’ Total Net Income Growing over Next Decade

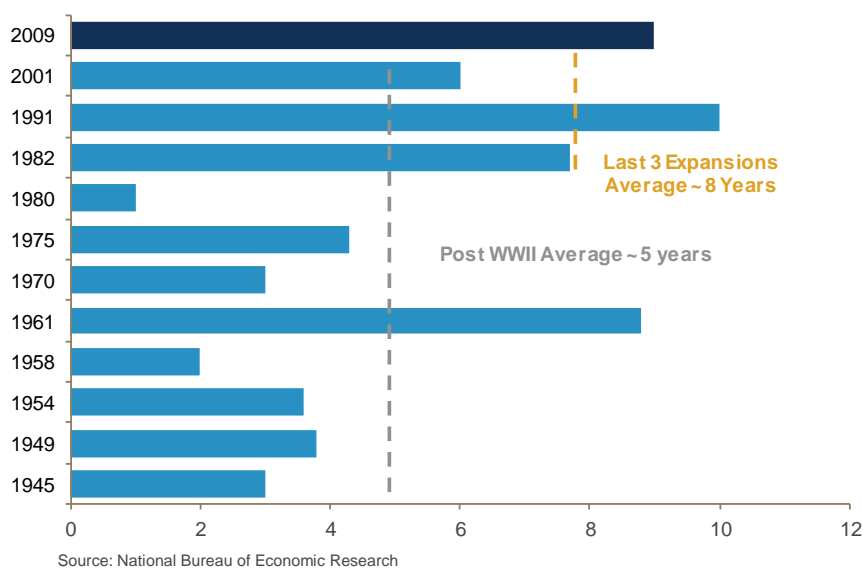


Surprisingly, Millennials conduct fewer transactions online annually than their Generation X counterparts and spend less per online transaction (\$173) than members of Generation X (\$190) and Baby Boomers (\$203). As Millennials continue to cross the threshold into >35 territory, we expect them to surpass Generation X and Baby Boomers dramatically in both of these measurements. We think this tells an interesting story in conjunction with the fact that furnishings and home goods are two of the lesser penetrated retail categories in terms of e-commerce. As Millennials move deeper into the “household formation” phase, we expect that the need for a strong online strategy for both vendors and retailers will further accelerate in importance.

It is also interesting to note that the last secular bull market in U.S. stocks began in 1982 - just when the first Boomers turned 35. But as Boomers pass the torch of “largest generation” to Millennials, several questions arise: Will the younger generation provide the same engine for GDP growth that the Boomer generation has? Will they have similar spending patterns? Closer to the subject at hand, will Millennials chose to purchase GHA products at historical levels and in traditional channels? Also relevant, are the product choices between a Boomer and Millennial decidedly different or can a GHA vendor target both at the same time?

Great, but for How Long? – As shown below, by the end of the summer of 2019, the current economic expansion will be the longest modern-day expansion on record. History dictates that our current long run of economic growth will end in at least a pullback or perhaps a deeper downturn.

Economic Expansions in the U.S. (Years)



Current expansion will be a decade long in June 2019

This prospect may seem rather remote following the countless number of positive indicators – several of which are cited above. However, economic conditions tend to follow cycles and can change rapidly. As Evan Horowitz, an economic prognosticator notes, “myopia has become one of the hallmarks of modern recessions, cousin to the ‘irrational exuberance’ that takes hold at the peak when people start to feel that nothing can go wrong.” Statistics like the consumer sentiment index have historically tended to peak 12-18 months in advance of economic corrections. In this context, it is worth noting that the consumer sentiment index currently stands well above 100 – meaningfully higher than its 96.9 peak just prior to the 2008 recession. Additionally, the Shiller PE Ratio which compares current stock prices with corporate earnings over the last decade (developed by Nobel laureate Robert Shiller) indicates that stock prices have reached the second most expensive level in history, second only to the dot-com spike of the late 1990s.

The reality is that economies go through cyclical patterns of heating and cooling. Notwithstanding the concerns mentioned above, we believe that 2019 will be another expansion year for both the economy in general (making it the longest in modern history) and for the GHA category more specifically. This assumption is further bolstered in examining the overall frothiness of the M&A and investment market, which we discuss next.



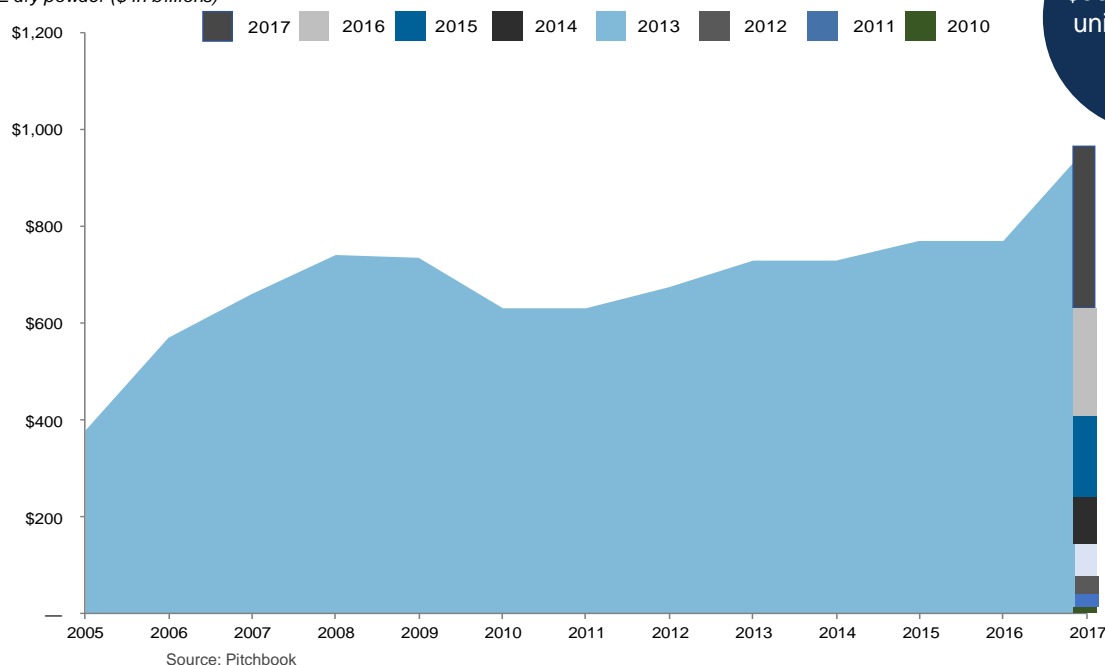
Institutional Investment and Industry Consolidation

As we close out 2018, the investment and M&A market remains vibrant – with private equity funds having raised enormous amounts of capital that needs to be deployed and strategic buyers enjoying the tailwinds of a growing economy coupled with a favorable tax climate which is fueling acquisition initiatives. In other words, the pace of activity remains frothy, valuations are robust and high-quality assets remain scarce. Ultimately, this translates to a “seller’s market.”

Where to put a trillion dollars? – As of last summer, \$961.5 billion, or nearly one trillion dollars, had been raised by private equity firms that must be invested. This level of “dry powder” is unprecedented, and, in the views of many observers, has led to “too much cash chasing too few quality deals.” The sheer volume of dollars looking for deployment, along with a favorable lending environment, has led to significant activity in the private equity community - and these investors are increasingly eyeing the GHA sector.

Dry Powder Held by Private Equity Firms

PE dry powder (\$ in billions)



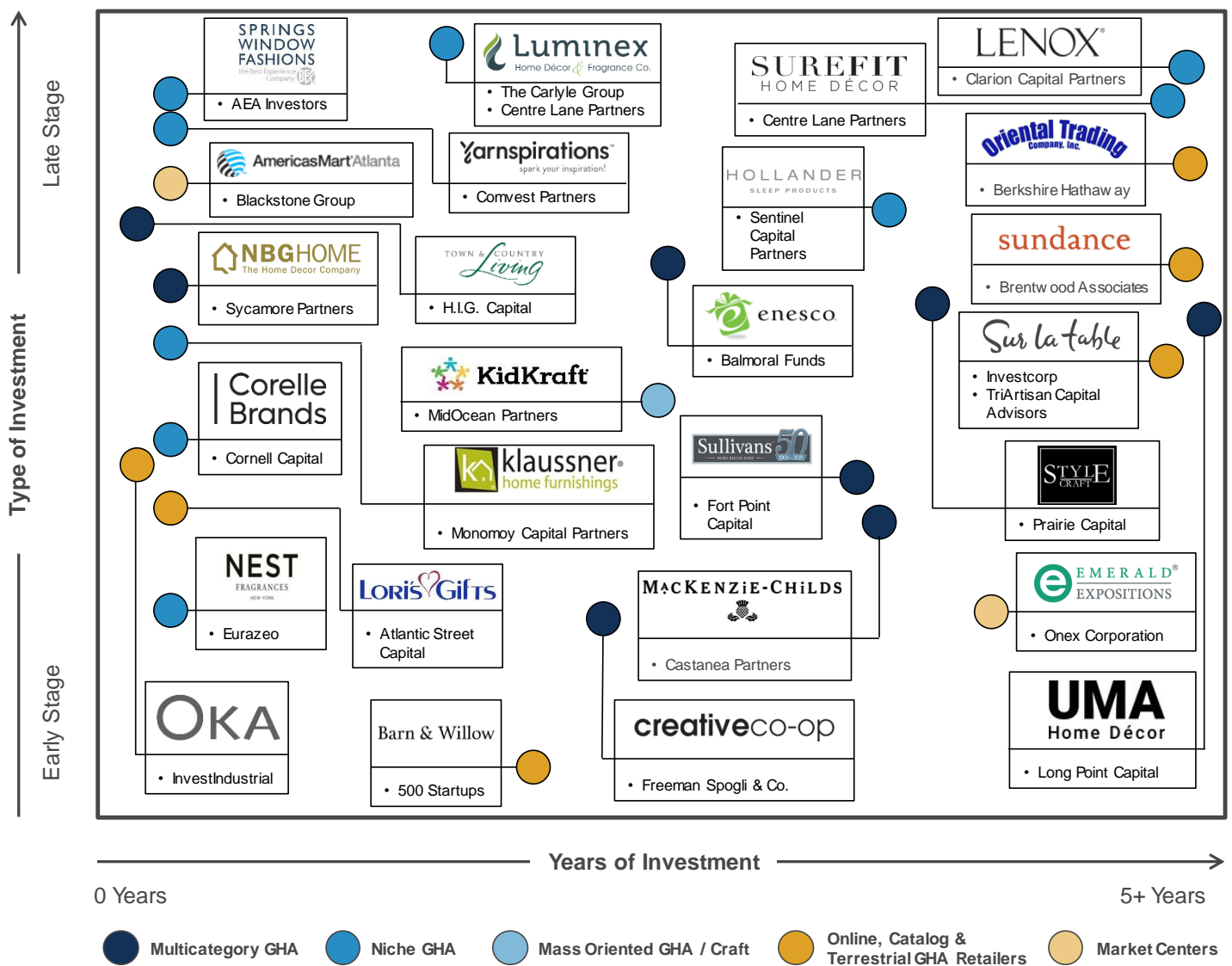
\$961.5 billion of uninvested PE funds

Intuitional Investment – In the GHA world, both large PE (multi-billion-dollar funds) and smaller, middle market firms (several-hundred-million-dollar funds) have been active. For example, in the large fund universe **Sycamore Partners** acquired **NBG Home** from investor **Kohlberg & Company**. NBG’s brands include Patton wall art, Thro blankets, Jimco lighting, Plantation Patterns window coverings and Nielsen Bainbridge frames (the company’s original namesake), among others. Meanwhile, **The Carlyle Group (NASDAQ: CG)** acquired **Blyth** for \$98 million (or about 13x EBITDA) and then combined Blyth’s PartyLite business with **Centre Lane Partners’** Candle-lite Company to form **Luminex**, a home décor and fragrance company. **Cornell Capital** bought housewares company **World Kitchen**, which owns brand names such as Pyrex and CorningWare, in a deal valued over \$500 million. Last year, **Art Van Furniture** was sold to **Thomas H. Lee** and then in 2018 **Golden Gate Capital** sold **Spring Window Fashions** to PE investor **AEA**. In July of 2018 **International Market Centers**, which is owned by **Blackstone**, announced the acquisition **AmericasMart**, becoming the world’s largest owner and operator of furniture and GHA showroom space.



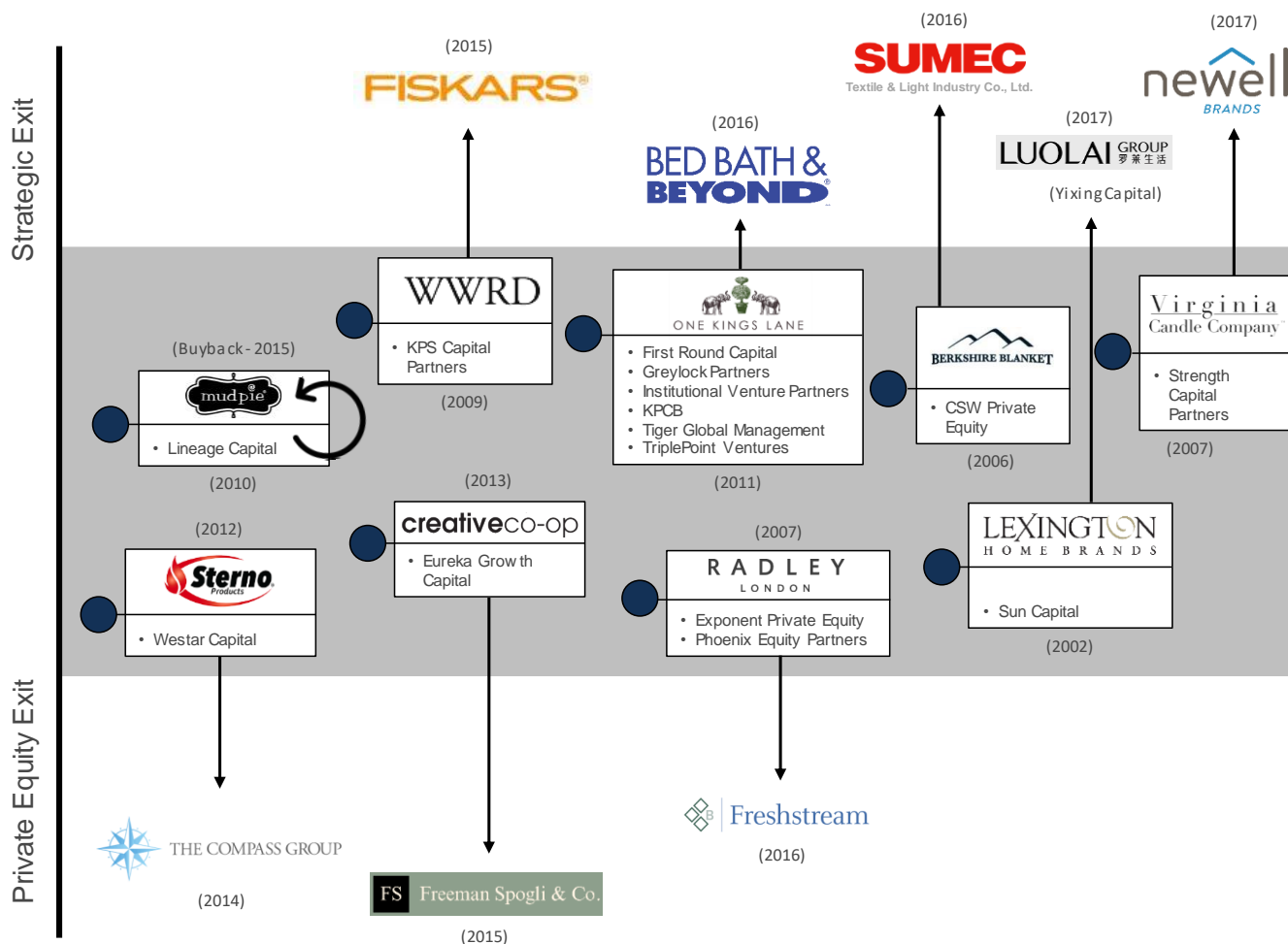
The middle market PE universe has also seen a number of high profile transactions. Earlier this year **InvestIndustrial** acquired the U.K. based high-end interiors lifestyle brand **OKA**, soon thereafter “bolting-on” Texas-based **Wisteria**. **Monomoy Capital Partners** acquired **Klaussner Home Furnishings** and **Town and Country Living** was acquired by **H.I.G.** One particularly noteworthy transaction in 2018 involved Enesco which is owned by **Balmoral Funds**. Balmoral first purchased Enesco from **Tinicum Capital** and then in April of this year sold its **Gund** plush brand division to toy company **Spin Master**. Gund, the oldest soft toy brand in the U.S., was acquired for \$79 million.

Private Equity Investments in the GHA Category



Private Equity Exits in the GHA Category – There has also been a flurry of private equity exits, and as shown below, companies are being acquired by other private equity firms (bottom) or strategic acquirers (top). We are encouraged to see a diversity of buyers at the table, including **international strategics**, such as Fiskars (Finland) and SUMEC (China); **large domestic acquirers**, such as Newell and Lifetime Brands; **private equity backed strategics**, such as Rauch and Creative Co-op; and **independent strategics**, such as Evergreen.

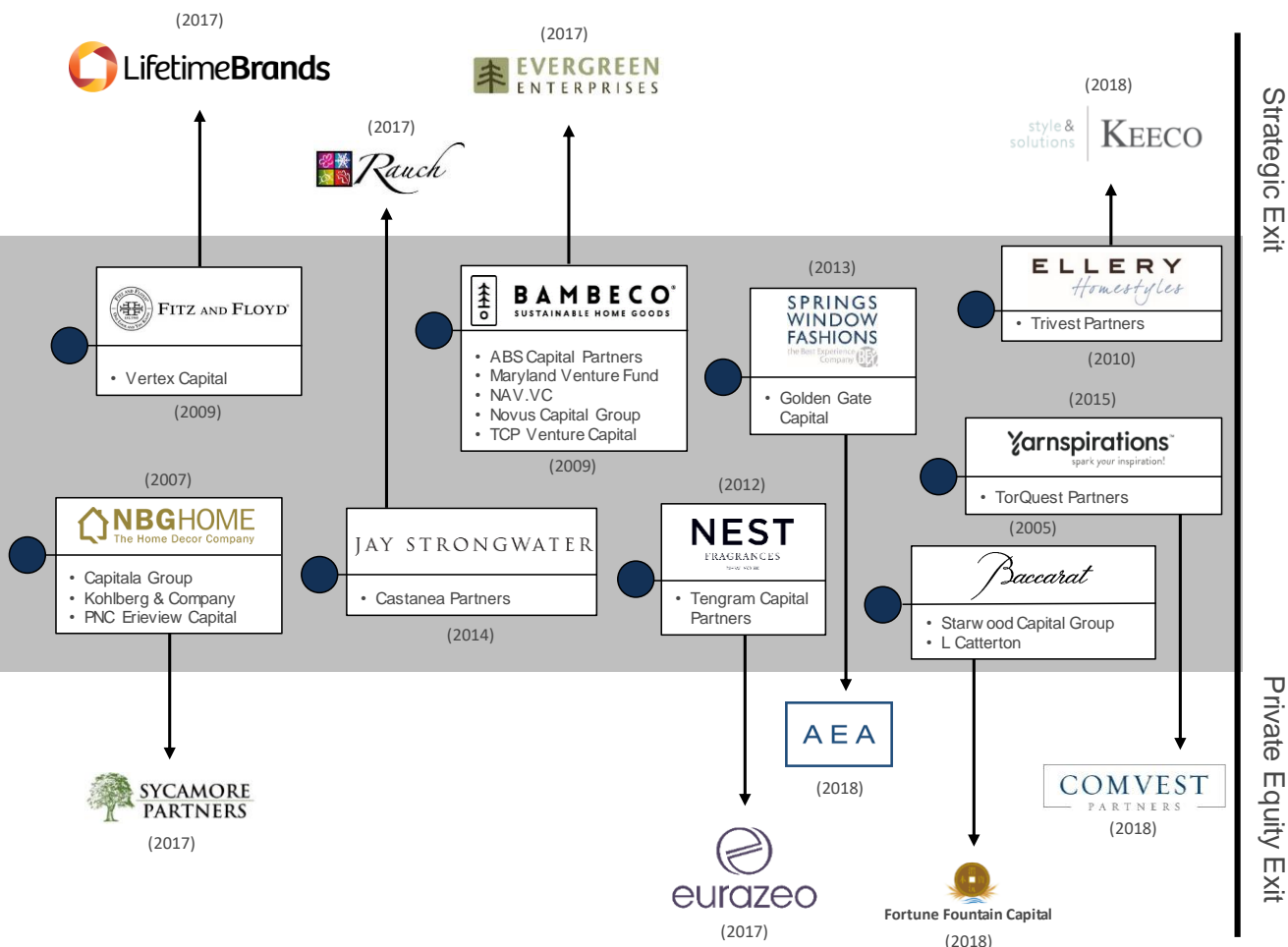
Private Equity Exits in the GHA Category



Strategic M&A – Not to be outdone by private equity investors, strategic acquirers have remained very active. GHA vendors, attempting to broaden their product portfolios and bolster market presence, continue to accelerate the steady stream of M&A activity. **Rauch Industries**, a holiday giftware vendor and parent company of **Christopher Radko**, acquired **Jay Strongwater** to further diversify outside of its seasonal assortment. **Evergreen Enterprises** acquired **Bambeco** - known for its eco-friendly furniture, rugs, dinnerware and other home decor products. Evergreen is a serial acquirer in the space having acquired **Plow and Hearth**, **VivaTerra** and **Team Sports America**.



Large scale acquirers continue to make further inroads into the GHA category. For example, **Newell Brands (NYSE: NWL)** first acquired **Jarden**, which owns **Yankee Candle**, and then bought **Chesapeake Bay Candle** for \$75 million and **Smith Mountain Industries**, a provider of premium home fragrance products, sold primarily under the WoodWick Candle brand, for \$100 million. **Lifetime Brands (NASDAQ: LCUT)** acquired **Fitz and Floyd**, which makes branded tabletop products and decorative ceramic collections. In February 2018, **Sterno**, a subsidiary of **Compass Diversified Holdings (NYSE: CODI)**, bought **Rimports** for \$145 million, which offers a variety of scented wax cubes and other home fragrance systems. Previously, Sterno bought **Northern International**, known for its Candle Impressions brand of flameless candles, for \$50 million.



The retail landscape for GHA products continues to evolve due to industry consolidation. In late 2017, **The Home Depot (NYSE: HD)** announced the acquisition of **The Company Store**, a leading online retailer of textiles and home décor products. In early 2018, **Liberty Interactive Corp**, parent of cable and online shopping service **QVC**, completed its acquisition of **HSN** for nearly \$3.4 billion. The acquisition creates the third-largest e-commerce company in the U.S., behind Amazon and Walmart. Previously, **Bed Bath and Beyond** acquired **One Kings Lane** for \$12 million and **PersonalizationMall** for \$190 million.

As we've long anticipated, cross-border M&A in the GHA sector is also on the rise. **The SUMEC Group**, based in Nanjing, China, acquired **Berkshire Blanket**, which had been backed by **CSW Private Equity**. Berkshire is the leading designer, importer and marketer of blankets, throws and soft home goods domestically and provides SUMEC direct GHA customer relationships in the U.S. French crystal maker **Baccarat** was acquired by Chinese investment group **Fortune Fountain Capital** for approximately \$216 million. Baccarat was owned by U.S. investment groups **Starwood Capital** and **L Catterton**. **Sun Capital Partners** sold its portfolio company, **Lexington Home Brands**, to Chinese home furnishings retailer **Luolai Lifestyle Technology** and private equity firm **Yixing Capital**.



An Active GHA Market



Enterprise Value



Revenue Multiple



EBITDA Multiple

OCT 2018

style & solutions | **KEECO**

ACQUIRED

ELLERY
Homestyles

Ellery Homestyles provides home window treatments, bedding and throws

SEP 2018

OKA
Invest industrial

ACQUIRED

WISTERIA

Wisteria provides furniture, décor, art and home accessories

AUG 2018

慕容控股有限公司
MORRIS HOLDINGS LIMITED

\$35

0.9x

ACQUIRED

JENNIFER
FURNITURE

Jennifer Convertibles owns sofa bed, home furniture and specialty retail stores

AUG 2018

FORT POINT **Sullivans**
CAPITAL

ACQUIRED

Darren Gygi
HOME COLLECTION

Darren Gygi Home Collection provides home artwork and décor

APR 2018

CLAYTON
DUBILIER
& RICE

ACQUIRED

american greetings

American Greetings provides greeting cards, party goods, stationery and other gift products

APR 2018

\$79

SPIN
MASTER

ACQUIRED

GUND

GUND is the oldest plush toy brand in the U.S.

FEB 2018

Sterno
Products

THE COMPASS GROUP

\$145

0.9x

4.3x

ACQUIRED

RIMPORTS

Rimports provides scented wax, essential oils and home fragrance systems

JAN 2018

H. I. G.
CAPITAL

ACQUIRED

TOWN & COUNTRY
Living

Town & Country Linen Corp. provides kitchen and bath linens, rugs, mats and other textiles

OCT 2017

EVERGREEN
ENTERPRISES

ACQUIRED

BAMBECO
SUSTAINABLE HOME GOODS

Bambeco provides eco-friendly home furnishings, decorations and gift products

SEP 2017

\$75

newell
BRANDS

1.4x

ACQUIRED

CHESAPEAKE BAY CANDLE

Chesapeake Bay Candle Company provides candles and home décor products

AUG 2017

Lifetime Brands

ACQUIRED

FITZ AND FLOYD

Fitz and Floyd provides branded tabletop products and decorative ceramic collections

JUL 2017

SUREFIT
HOME DÉCOR

CENTRE LANE PARTNERS

ACQUIRED

Spencer Enterprises

Spencer Enterprises provides fashion-forward decorative pillows and window coverings



JUL 2018



INTERNATIONAL MARKET CENTERS

Blackstone

ACQUIRED



AmericasMart Atlanta

AmericasMart operates the world's largest premier showroom space for GHA tradeshows and events

JUL 2018

nectar

ACQUIRED

level sleep

Level Sleep is a D2C retailer of mattresses

JUL 2018


COMVEST
PARTNERS

ACQUIRED

Yarnspirations
spark your inspiration!

Spinrite provides craft knitting yarn and related products

JUN 2018



Fortune Fountain Capital

ACQUIRED

Baccarat

\$216

1.3x

14.0x

Baccarat provides fine crystal tableware and accessories

JAN 2018

\$54



InvestIndustrial

1.4x

ACQUIRED

OKA

OKA is a UK-based luxury interiors lifestyle brand

DEC 2017

\$3,398

qurate
RETAIL, INC.

1.0x

ACQUIRED

13.9x

HSN

HSN provides interactive retail services through TV, online and other media

DEC 2017



Atlantic Street Capital

ACQUIRED

LORI'S Gifts

Lori's Gifts operates hospital gift shops across the U.S.

DEC 2017



ACQUIRED

The Company Store
EST. 1911

The Company Store provides bedding, home décor and gift products

APR 2017



SYCAMORE PARTNERS


ACQUIRED



NBGHOME
The Home Decor Company


NBGHome provides home décor, lighting and soft goods products

FEB 2017



MONOMOY CAPITAL PARTNERS

ACQUIRED



klaussner
home furnishings

Klaussner Home Furnishings provides furniture and furniture components

Nov 2016

\$190

BED BATH & BEYOND

ACQUIRED

PersonalizationMALL.COM

PersonalizationMall is an online retailer of personalized gift products

SEP 2016

SUMEC
Textile & Light Industry Co., Ltd.

ACQUIRED



BERKSHIRE BLANKET

Berkshire Blanket provides branded blankets, throws and soft home goods

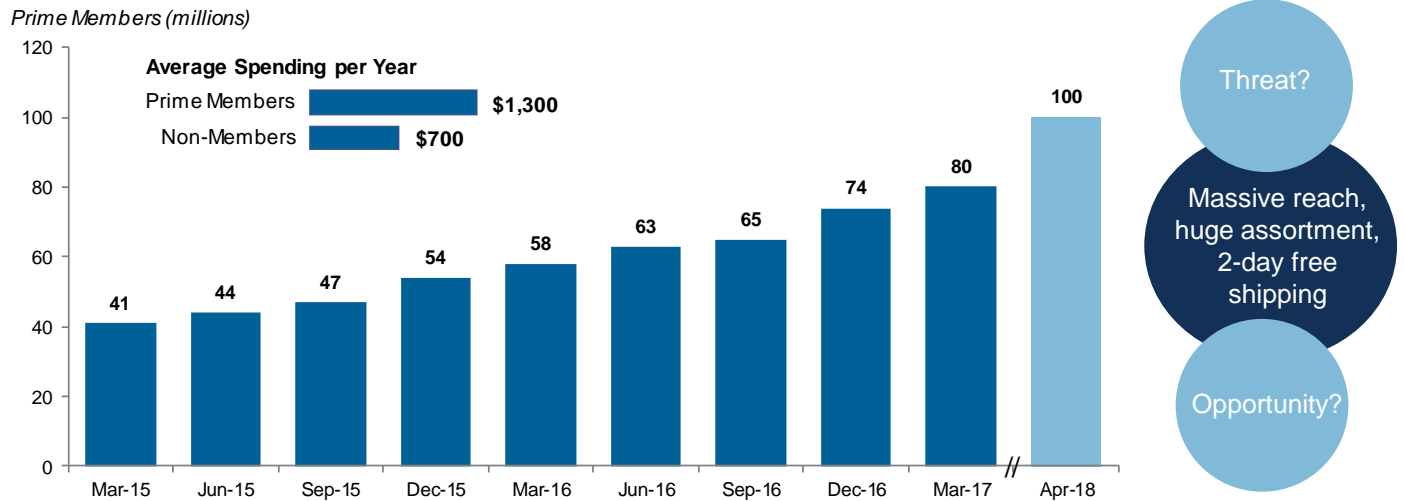


The Amazon (and Wayfair) Effect

The most important seismic shift in the world of retailing has been the rise of Amazon. The question of online selling via D2C models and online marketplaces (i.e. Amazon / Wayfair) has been a topic of conversation for the last decade in the GHA world. Today, however, the debate is over and an online action plan is absolutely paramount.

Amazon Prime – 51% of U.S. households will be Amazon Prime subscribers in 2018, up from 45% in 2017. For upper middle-income families, Prime penetration is even higher - 70% of Americans with incomes of \$150,000 or more who shop online have Amazon Prime memberships. Having begun as a membership program with one and two-day shipping, Amazon now provides doorstep delivery in select geographies in as little as one hour with Prime Now. Amazon powers its delivery times through a growing network of massive fulfillment centers in addition to its splashy entrance into brick-and-mortar retail via its August 2017 acquisition of Whole Foods. These major strategic moves both speak to the sustained demand for a terrestrial footprint and the need to reduce online friction in an increasingly omni-channel world.

Amazon Prime Members in the U.S.

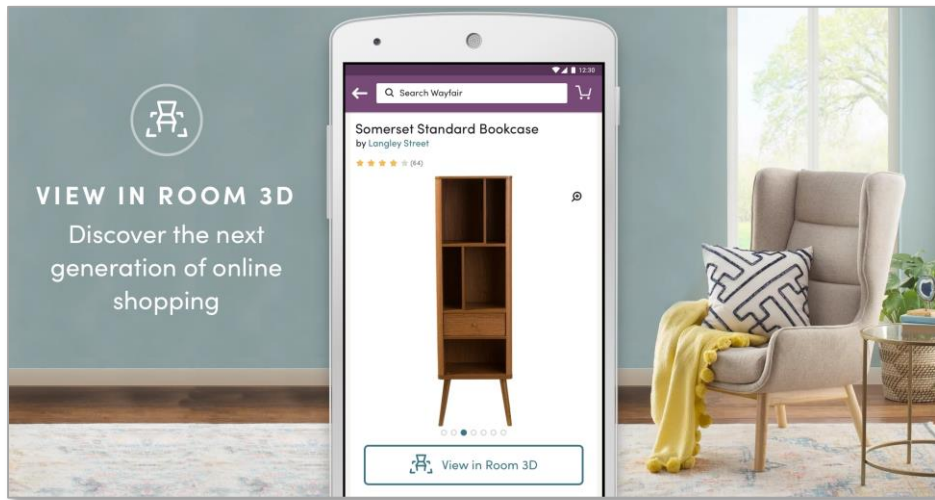


Source: Consumer Intelligence Research Partners, Amazon Public Disclosure

Big Data and Augmented Reality are Digitizing Consultative Selling – Without a specific brand and/or product in mind, consumers can get lost wandering through the high volume of results yielded by a product search. To simplify the search and make results more relevant, e-commerce sites like Wayfair are leveraging big data to create a more tailored and personalized online shopping experience. Tracking key site visitor metrics including search history, products viewed and shopping cart items, online retailers are tailoring site content to the individual shopper. For example, an individual who recently purchased a living room sofa on Wayfair is likely to be shown a promotion for coordinating pillows at a corresponding price point.



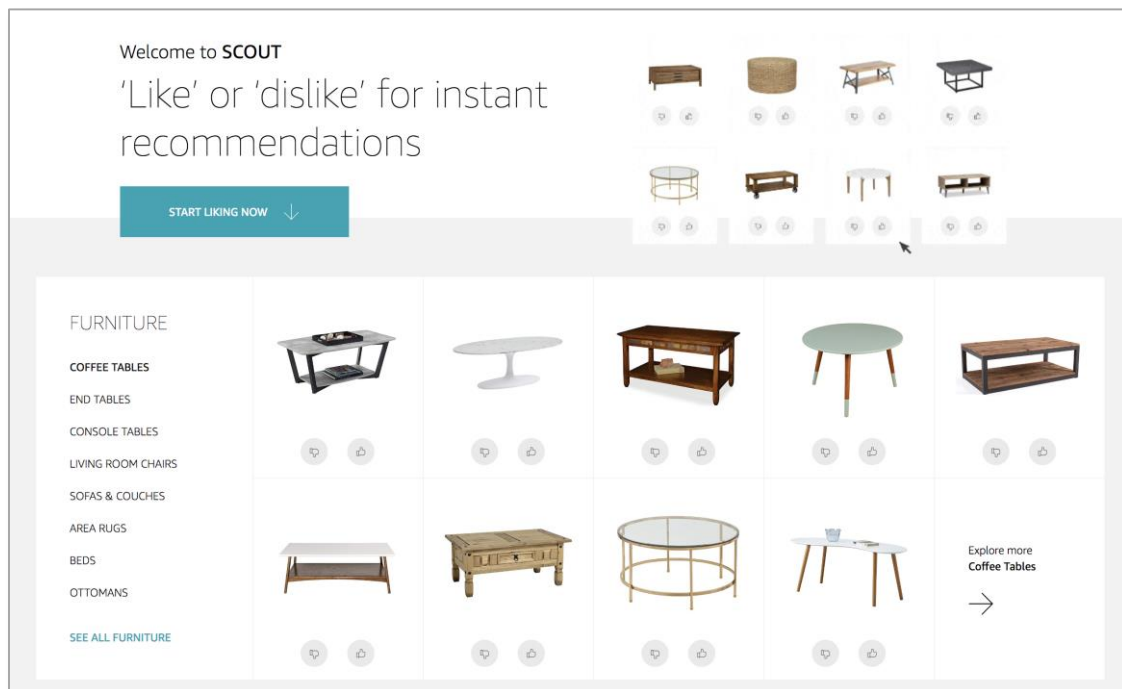
Wayfair's View in Room 3D



Wayfair is also experimenting with new ways to improve the experience of buying home décor items online. For example, the company's *View in Room 3D* mobile app features augmented reality tools to help shoppers visualize furnishings and décor in their home. Also now offering access to live Design Services professionals, Wayfair is pushing hard to add differentiated consultative capabilities to its sales model. Other furnishings retailers like Williams Sonoma and Bed Bath & Beyond are developing similar tools.

Not to be outdone, Amazon recently launched *Scout* – a feature that enables customers to rank design preferences in furniture and home décor items over time. Using a combination of imagery, “thumbs-up / thumbs-down” voting and machine learning, *Scout* uses consumer input to significantly narrow Amazon’s broad universe of products to a more curated set. To many, Amazon’s latest efforts appear to be a direct assault on Wayfair - indeed, Wayfair’s stock dropped by as much as 7% upon *Scout*’s initial announcement.

Amazon's Scout



Sustainability / Resiliency of the Independent Retail Channel

So what impact does the robust economy, frenzied M&A market and potential “Amazonification” of GHA have on the independent channel? We continue to believe that independent retailers will be a core part of the GHA ecosystem for the foreseeable future. These retailers boast several key attributes that have, over time, proven resilient in the face of rapidly evolving shopping trends – and with the deployment of newly proliferating technological / logistical platforms – will thrive, even in the face of increased online competitive pressure.

Curated Product Offering – As alluded to above, the “endless aisle” of online retail can often have a paralyzing effect on consumers. Unless the shopper has a specific product / brand in mind, sorting through an online marketplace’s offerings – even with the benefit of machine learning influenced curation – can easily become a blind walk for shoppers. Wayfair and Etsy provide a more systematized search process, but finding a coordinating tablescape on either site can still be a frustrating endeavor. While consumers want choices, a more curated set of options and an in-person recommendation can eliminate the friction driven by “online search paralysis.”

Consultative Selling – Independent GHA retailers bring a consultative approach to selling, built on unique style-based value propositions and carefully curated merchandising. We believe the GHA consumer genuinely values the “relationship” he or she builds with their local independent retailer who knows and helps shape the shopper’s tastes while offering valuable, time-saving advice. Not to mention, consumers are more likely to provide their email address to their “friend around the corner” than they are to Pier 1. With an influx of email marketing and online selling tools, independent retailers are successfully able to use this more personal “relationship” to their advantage to add a “push” (“Come see what just arrived in my store. It complements the piece you bought last month!”) to their marketing engine.

Online Selling Tools – Independent retailers cannot ignore that consumers are spending more time online. Despite the rise of e-commerce, however, many consumers using online shopping tools are still making purchases at traditional brick-and-mortar stores. Successful GHA independents are rapidly embracing online and community building tools to engage with customers across multiple touch points to drive foot traffic and compete with online retailers.

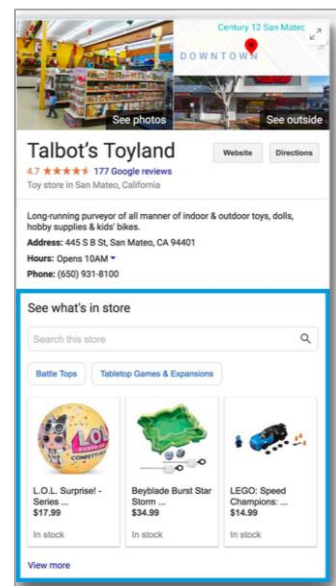
- Social media in particular has become ubiquitous, and visibility on platforms such as Instagram, Facebook and Pinterest is more important for independent retailers than ever. With a following of current and potential customers, independents are able to directly engage with consumers, provide design inspiration and drive purchases. Similarly, independents engage consumers through targeted email campaigns – promoting discounts, new products and store events to further strengthen customer relationships.

Independent Retailer Resiliency



- To satisfy customers that prefer purchasing online, many neighborhood GHA retailers have launched their own D2C websites with certain in-house manufactured or customized products - or leverage third-party marketplace platforms like Etsy and Amazon. With a robust infrastructure already in place, these sites provide vendors with tools to execute and manage the online selling process, enabling independents to dip their toes into e-commerce in an easy and cost-effective manner. Supplementing physical retail locations with an online shop not only helps satisfy and retain existing customers, but dually enables smaller retailers to reach a larger market by capitalizing on the traffic of large e-commerce sites.
- Independents are leveraging new online technology to drive traffic to their brick-and-mortar stores. In June of this year, Google introduced its *See What's In Store* feature, which enables terrestrial retailers to provide their inventory in Google Maps and Knowledge Panels (the standalone box that appears in search results for a business). This feature provides shoppers easy access to local product inventory as well as stock and pricing information, attracting more consumers to physical store locations. While this Google search feature is in its early stages, we believe it will play an increasing role in driving in-store traffic and sell through rates as both adoption of the tool and consumer demand for immediate product availability grow.

Google's See What's in Store



Satisfying the Need for Speed – From travel to communication, the world is getting faster – and retail is no exception. Consumers expect immediacy of product availability and retailers are sprinting to meet supply with demand. Amazon's one- and two-day delivery temporarily satiated this need, but shoppers continue to push expectations as their demand for immediate satisfaction grows. Whether picking up a gift on the way to a party or simply growing impatient to refresh a room, consumers are increasingly demanding the instant product availability that terrestrial storefronts provide.

Terrestrial Retail Dominance and Reverse Showrooming – While online tools are widely used in the early stages of the purchasing cycle, brick-and-mortar stores remain the most popular location for the actual transaction, with fewer than 9% of U.S. retail sales made online in 2017. A survey conducted by The Economist's Intelligence Unit found that "a 'reverse showrooming' phenomenon may be emerging as consumers rely more on new media to research and select products, but prefer a brick-and-mortar outlet for purchasing." The aforementioned rollout of tools like Google's *See What's In Store* help to facilitate this reverse showrooming phenomenon and further propels independents' advantage in satisfying demands spawned by a growing "need it now" consumer attitude. While a powerful supplement, these tools cannot rival the high-touch consumer experience offered by the independent retailer, and we believe that both channels will continue to co-exist. Meanwhile, there are significant opportunities for GHA vendors that can carefully sell through both the independent and online channels.

Amazon, together with other multi-billion-dollar online platforms, such as Wayfair and Etsy (and even Walmart / Jet), represent, simultaneously, both the largest opportunity and potential threat for the current GHA universe at large. For example, as previously important "key accounts" close stores, these online marketplaces are an opportunity to pick up some of that lost volume and more. The manner in which the GHA vendor / retail universe chooses to compete with and / or leverage these online platforms will have a substantial impact on the market's direction over the next 5-10 years.

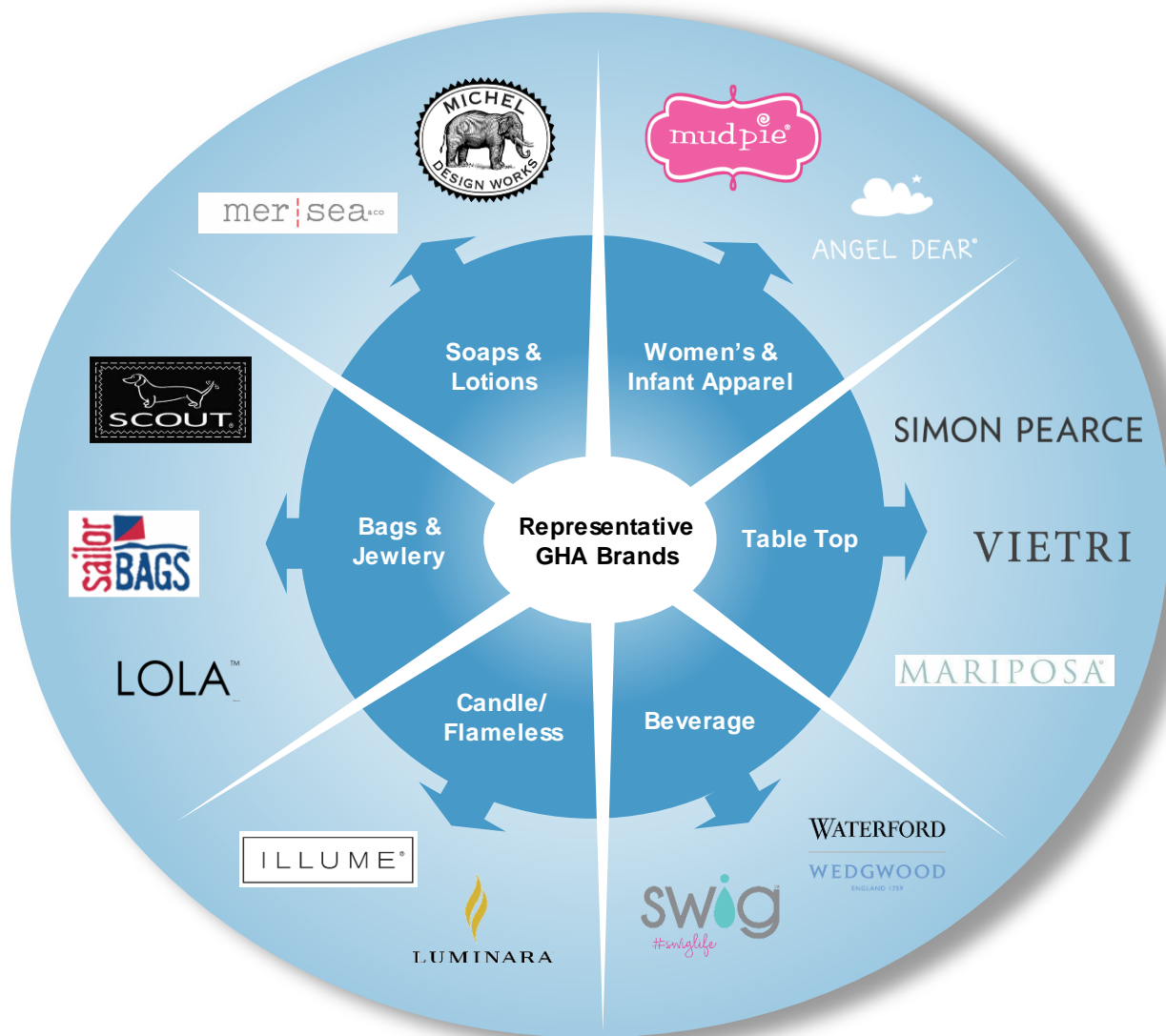
Show Me the Numbers – While publicly available empirical data on the precise number of independent outlets and the amount of annual churn remains scarce, there are proxies for overall market health. For example, attendance at the annual GHA market shows is a useful indicator. As mentioned, AmericasMart Atlanta cited record breaking new buyer registrations and international attendance increases in 2018. Similar up-trends were reported from the 2018 Las Vegas Market. Overall, buyer attendance was up 13% at the January show - with buyers ranging from major chains to independent shops to high-end designers. According to data from IMC, the owner of Market, the furniture category experienced the strongest market-to-market gains, with attendance growth of 17%. Gift category buyers grew by 12%; home décor by 9%; and interior designers, architect and contract / hospitality buyers by 9%.



The Rise of Brands

Branding has not historically been a central component of the GHA market. However, with the high volume of products represented in the GHA sector (with some vendors offering over 10,000 SKUs), manufacturers in the GHA category are now building brands around their products as a key source of differentiation. With newfound brand equity, manufacturers are able to sell through their own D2C sites and third-party e-commerce platforms, introducing the threat of price comparison shopping. Brands can either be developed in-house or acquired. For example, **Mud Pie** began to strategically develop its consumer brand as it ventured further into select clothing lines. Today, much of Mud Pie's infant clothing and women's apparel / bags feature tasteful and brand appropriate Mud Pie label tags. Conversely, **Creative Co-Op** chose to keep its primary line a wholesale brand but acquired both the **Bloomingville** and **Illume** consumer brands in home décor and candles, respectively.

Select GHA Brands Recognized at the Consumer Level

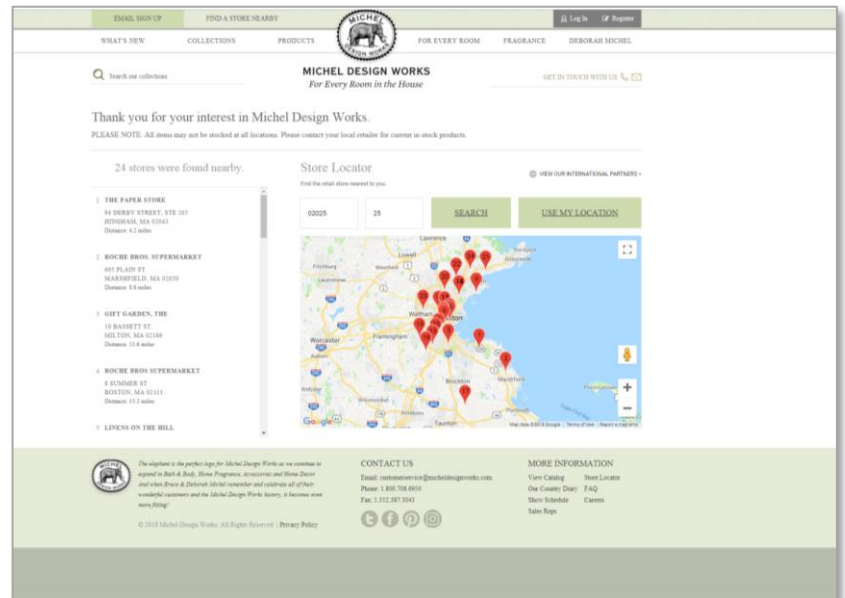


Supplier Shift D2C – Today, many GHA manufacturers are adopting a D2C approach, especially those that have become more consumer brand conscious. Many manufacturers previously shied away from this model for fear of alienating loyal retail customers and cannibalizing their wholesale business. However, with multiple online outlets already offering their products, many vendors are establishing their own D2C presence, having concluded that they would prefer to control the message and branding behind the online merchandising of their products. This benefit of control, combined with the attractive margins afforded by the direct model, have motivated many vendors to create their own consumer focused online storefronts.

As traditionally wholesale vendors develop or acquire brands, launch their own direct to consumer websites and explore selling product through online channels, they generally adhere to a set of rules to help insulate their independent sales channel. Such guidelines include offering only a select number of SKUs online and being careful to protect pricing. Standard MSRP pricing across channels protects margins and entrenches relationships by minimizing “price comparison shopping” risk. Select vendors offer product directly while also pushing consumers to retail outlets. According to a retail survey conducted by ChannelAdvisor, 73% of brands use their websites to provide product information, but only 36% use their sites to direct shoppers to retail stores where their items are stocked. GHA vendors are increasingly eyeing the opportunity to build “where-to-buy” functionality into their sites. As branding continues to permeate in the GHA landscape, better collaboration strategies will be key to the continuing relationship between retailers and their branded suppliers.

Independent retailers have proven to withstand the test of evolving consumer trends and shifting market dynamics. Through a multi-pronged strategy combining a curated in-store environment with online tools, independents continue to insulate themselves from disintermediation. Competing for wallet share, e-commerce giants are leveraging technology and scale in an effort replicate the “secret sauce” that continues driving consumers back to independent retail stores. In order to succeed over the long term, independent GHA retailers must continue to create a unique, valuable experience for consumers and provide compelling reasons to shop at their stores.

Michel Design Works' Find A Store



Sourcing Update: The Need for China PLUS

China is the world’s foremost export-oriented economy and go-to source for consumer product manufacturing. The recipe to dominance lies in the country’s unique combination of relatively low-cost labor and reliable logistics infrastructure. Despite the cost benefits that U.S. companies continue to reap from China-based sourcing, it has become significantly more difficult to profit solely from China’s inexpensive labor. Historically, wage growth in China has been tamed in part by the country’s large population. However, as demand for Chinese labor increases and workers pursue higher levels of education, the price of low-skilled labor continues to rise. The advantages of China-based sourcing may also be further threatened by expanding tariffs favored by the Trump administration.

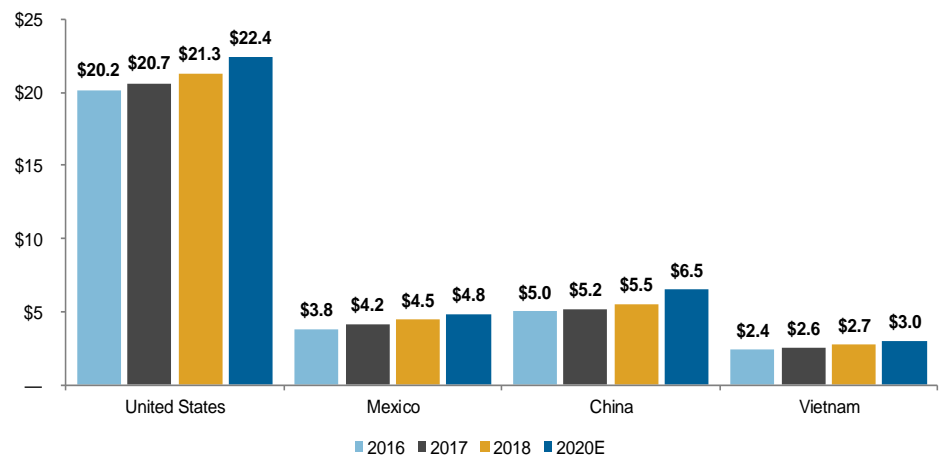
In the Fall of 2018, the U.S. government enacted a tariff on \$200 billion worth of Chinese imports, including a variety of housewares and furnishings products. Initially, the tariff will be 10% and then increase to 25% January 1, 2019. While importers and exporters may split the difference on a 10% tariff, our sense is that a 25% tariff would have more debilitating effects across the economic landscape. As of the time of publication, trade negotiations remain fluid and importers and retailers are hopeful that the U.S. and China will reach a trade agreement in time to avert the planned January 2019 “step-up.”

In any event, the threat of tariffs and the continually rising wage environment in China should give vendors with a high concentration of Chinese manufacturing significant pause. While it takes time to shift a supply chain – and everyone from manufacturers, vendors, retailers and consumers is likely to feel some pain – it is more important now than ever before to begin thinking about alternatives. As we have stated for the past decade, vendors should prioritize the evaluation and adoption of a meaningful “China Plus” strategy.

Overseas Labor Costs and Manufacturing Efficiencies – Average hourly wages in China rose 64% between 2011-2016, a stark contrast to the moderate 6.3% growth in the U.S. Wages in China are projected to continue to grow at a compound annual rate of 8.7% through 2020, in contrast with 5.3% projected wage appreciation in the U.S. Although these projections demonstrate a clear average hourly labor cost discount in China relative to the U.S. in absolute dollar terms, the additional costs associated with doing business overseas contribute to a more difficult full-cost analysis. For example, as this wage pressure pushes Chinese production further inland, rail freight will add to logistics costs and extend delivery timeframes, further driving cost increases.

Despite the growing cost advantages of moving production elsewhere, buying teams remain well aware of the qualitative benefits of Chinese manufacturing. For instance, estimated at 215 million industrial workers, China’s “manufacturing machine” is approximately 58% larger than that of Southeast Asia and India combined. Superior productivity, value-added product design capabilities (from years working with Western buyers) and time-tested infrastructure (highways, railways, power supply, and port cargo capacity) can help mitigate the impact of higher wages.

Average Manufacturing Wages by Country



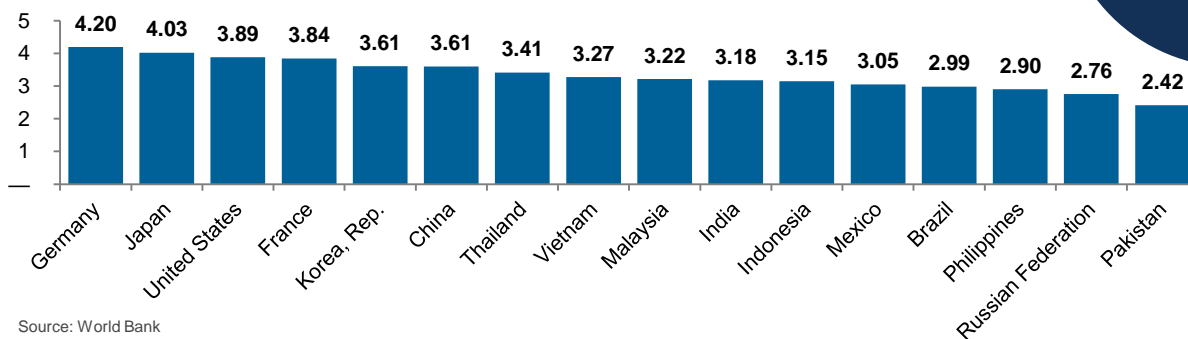
Source: Bureau of Labor Statistics, Statista



GHA product teams in the U.S. still prefer China as they are often able to find on-trend products among factory stock items to complement - or even inspire - their internally developed collections. Moreover, they are all too eager to collaborate with manufacturers offering to “transfer” design trends from their work with other vendors. Most importantly, for vendors coping with tight wholesale calendars and working capital constraints, China’s machine excels in its reliability and is ranked first among the “low cost” Asian nations in World Bank Group’s 2018 Logistics Performance Index. Logistics performance in selected Southeast Asian countries, Thailand and Vietnam, well exceed the performance in traditional Latin American manufacturing hubs like Mexico and Brazil. However, a comparison of 2014 to 2018 shows Southeast Asian countries like Vietnam and Thailand have made gains in performance, while countries like Malaysia were subject to significant downward revisions.

2018 Logistics Performance Index (5=Best, 1=Worst);

China LPI score remains best among low cost Asian countries, but others are catching up while offering meaningful first-cost advantages



Source: World Bank

Sourcing Alternatives – Although we believe China will anchor GHA manufacturing for the foreseeable future, even in the face of increasing tariffs, sourcing managers must begin to build flexibility and diversification into their supplier bases by experimenting beyond China. While unable to replicate China’s one-stop-shop, many other countries in Southern Asia are providing formidable alternatives due to labor cost advantages and recent investments in infrastructure and manufacturing capacity. India, for example, has emerged as the leading challenger to China despite its manufacturing sector’s relatively low contribution to GDP. The subcontinent is renowned for home textiles such as rugs, curtains and throws - which account for more than 80 percent of its GHA production - and has budding woodworking and metalworking industries producing home furnishings. Other Southeast Asian countries such as Indonesia and Vietnam boast strong trade organizations with a deep pool of artistic workers knowledgeable regarding Western aesthetics.

GHA in the USA – In recent years, the U.S. consumer has become increasingly enamored with localized brands and even, to an extent, U.S. manufactured products. According to a Morning Consult poll, 67% of adults in the U.S. would be willing to pay more for products if they knew doing so would support American manufacturing. However, when the question was posed, more specifically contemplating a 50% price increase, the support declined to 38%. As the price to consumers of overseas manufactured goods rises due to tariffs and wage growth, and this price disparity decreases, we are more likely to see an uptick in U.S. manufactured products.

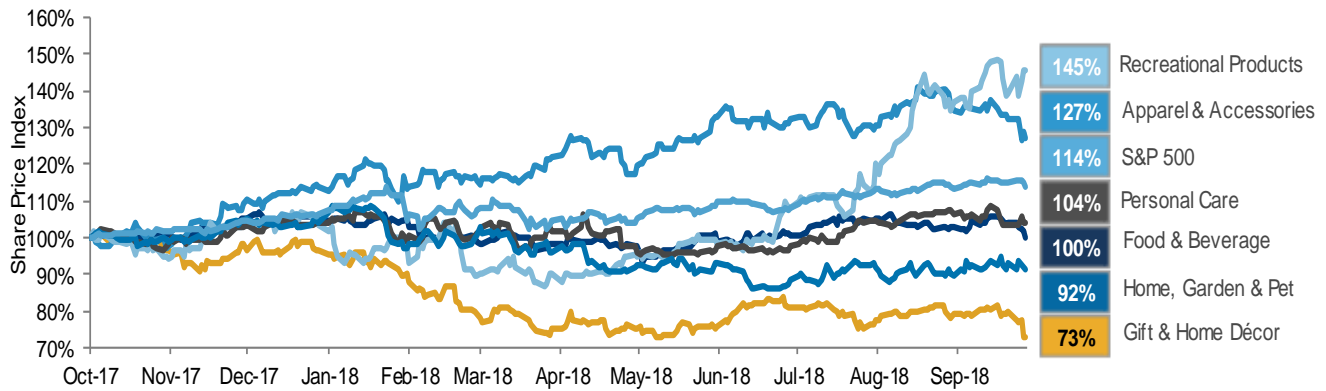
More likely than all consumers transitioning to higher priced U.S. manufactured consumer goods, we believe that markets will become further stratified. Importers may decrease quality in order to maintain price points that are attractive to average income consumers, while higher income, less price sensitive consumers may become more likely to opt for higher priced, potentially higher quality, U.S. manufactured goods. Today, there are certain artisan market niches where “Made in the USA” has become a highly valuable attribute. **Simon Pearce**, for example, has built an impassioned following around its artisan, American-made glassware and related table-top items. We expect others to follow suit.



Public Market Indicators and Valuation Drivers

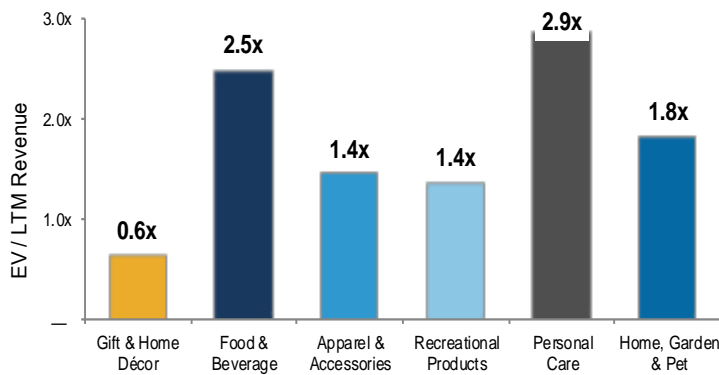
Over the last twelve months and through early Fall 2018, the TM Capital Gift and Home Décor Index has underperformed the S&P 500 and other major consumer sectors. While this underperformance is directionally noteworthy, we do believe this may mischaracterize the health of the overall sector. A number of companies in the index are traditional retailers of GHA products, and many of these are facing significant pressure from Amazon and others and, thus, are experiencing depressed market valuations.

LTM Stock Price Index

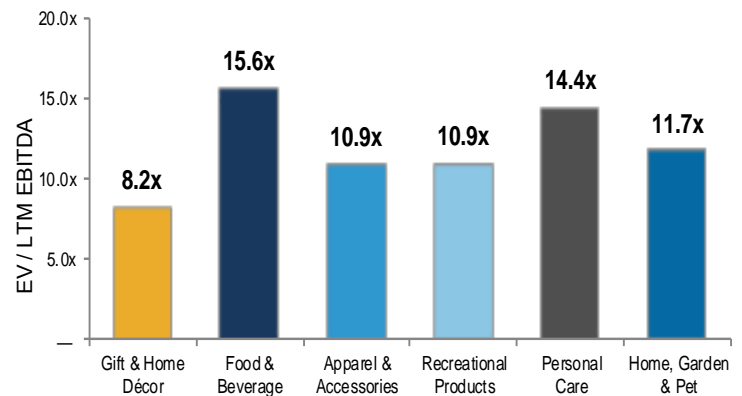


As of October 2018, the TM Capital Gift and Home Décor Index currently trades at 0.6x LTM revenues or just over 8x LTM EBITDA.

Enterprise Value / LTM Revenue



Enterprise Value / LTM EBITDA

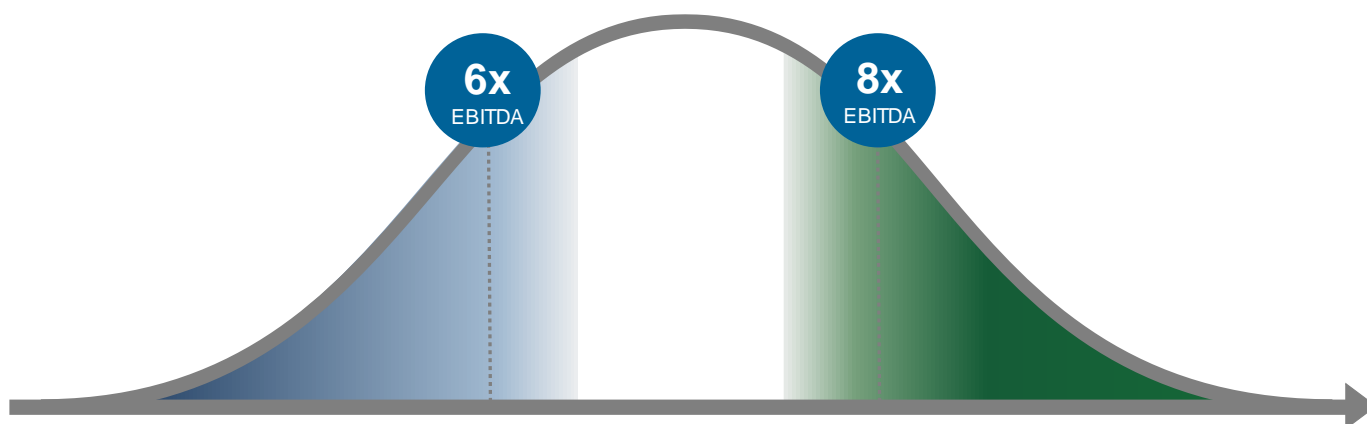


Valuation Drivers – On average, companies in the GHA sector tend to be acquired for between 6x and 8x LTM EBITDA. Premiums to this average are realized by companies that have a well differentiated product assortment or brand, can demonstrate category leadership, have meaningful scale, healthy margins and an outsized growth profile. Other meaningful valuation drivers include having a national vs. a regional sales presence, having diversity in both the customer and supplier base and having the design function institutionalized (as opposed to having it concentrated in a single individual).

Average Valuation Bell Curve in the GHA Industry

- Wholesale vs. brand
- Lack of growth or profitability
- Customer or product concentration
- Lack of product differentiation
- Regional vs. national presence
- High fad risk

- Differentiated product or brand
- Category leadership & scale
- Outsized growth / profitability
- National sales footprint across multiple channels (i.e. independent / online / big box)
- Sourcing sophistication / diversification
- Design institutionalization
- Significant growth opportunities



Investment and Liquidity Options for GHA Vendors

Given the market dynamics in the GHA sector, which point to increased market consolidation and heightened operational sophistication among industry leaders, business owners need to be cognizant of the evolving competitive landscape and various investment and exit alternatives. Building a successful GHA business requires years of tireless effort and personal investment, and business owners have a range of financial and strategic motivations for pursuing a transaction. Each deal is crafted to serve the unique objectives of the client and, contrary to popular misconception, owners do not need to sell their entire business, retire or even cede control.

Owners of GHA businesses typically have a significant portion of their personal wealth tied up in their company's equity and may seek the financial comfort of a degree of liquidity. Heavily-invested, successful business owners may become overly cautious, foregoing important growth opportunities such as category expansion to protect their investment. By selling a portion of their equity to an outside investor, existing owners can “take a few chips off the table” and free the company to pursue a more aggressive growth strategy - effectively reducing downside exposure while improving the potential upside. Committed owners confident in their company's prospects may want to increase their stake by buying out an inactive shareholder. Undercapitalized owners may seek to finance large growth initiatives such as geographic expansion or the development of an internal sales force by bringing external investors to the table. Finally, business owners seeking to either retire or pursue other interests can realize the value they've created through a 100% sale.

TM Capital has a wealth of in-depth, first-hand experience in crafting value-maximizing investment theses and structuring transactions that meet the strategic and financial objectives of leading GHA vendors. We have completed many of the marquee transactions in the sector including intuitional investments (minority and majority recapitalizations), strategic sales and growth capital investments. Described below are three primary paths to liquidity.

 <p>HAS COMPLETED A RECAPITALIZATION WITH</p>  <p>The undersigned served as financial advisor to Mud Pie, LLC in connection with this transaction.</p> 	<p>creativeco-op</p> <p>HAS COMPLETED A RECAPITALIZATION LED BY</p>  <p>The undersigned served as financial advisor to Creative Co-Op Inc. in connection with this transaction.</p> 	<p>*Bloomingleave® ever-changing homes</p> <p>HAS BEEN ACQUIRED BY</p> <p>creativeco-op</p> <p>The undersigned served as financial advisor to Bloomingleave, A/S in connection with this transaction.</p> 	 <p>A PORTFOLIO COMPANY OF</p> <p>21st Century Group, LLC</p> <p>HAS BEEN ACQUIRED BY</p> <p>SUREFIT</p> <p>The undersigned served as financial advisor to Spencer Enterprises in connection with this transaction.</p> 	 <p>A PORTFOLIO COMPANY OF</p>  <p>HAS BEEN ACQUIRED BY</p>  <p>Textile & Light Industry Co., Ltd.</p> <p>The undersigned served as financial advisor to Berkshire Blanket, Inc. in connection with this transaction.</p> 	 <p>HAS COMPLETED A GROWTH EQUITY FINANCING AND ENTERED INTO A STRATEGIC PARTNERSHIP</p> <p>The undersigned served as financial advisor to Nectar Mattress, LLC (fka Nectar Sleep) in connection with this transaction.</p> 
					
<p>Institutional Investments</p>		<p>Strategic Mergers & Acquisitions</p>			<p>Growth Capital</p>

Minority Recapitalization – A minority recapitalization involves the sale of up to 50% of the company's equity to a financial investor (such as an institutional private equity firm). Along with the equity raised, minority recapitalizations typically involve a modest amount of debt to further fund the transaction and limit equity dilution. The financial partner can often be helpful in professionalizing the business and guiding its growth. Although the seller retains ownership control of the business, the investor typically requires approval for major strategic decisions and an opportunity to achieve liquidity from their investment at some point in the future. A minority recapitalization is ideal for the owner looking to “take a few chips off the table” and achieve a degree of liquidity for wealth management purposes. Importantly, this type of transaction affords the seller “a second bite at the apple”: the opportunity to significantly profit from a larger transaction a few years down the line.



Majority Recapitalization – A majority recapitalization involves the sale of more than 50% of the company’s equity to a financial investor. The investor’s valuation in a majority recapitalization reflects a “control premium” that compensates the seller with a higher valuation in exchange for strategic control of the business. The investor typically also raises a substantial level of debt to help fund the transaction while not hampering the company’s operating flexibility. Investors often prefer that key members of the existing management team execute employment agreements and “roll over” a small stake (10% - 20%) in the company to ensure incentives are aligned for a smooth transition, although retirement preferences are certainly taken into consideration. A majority recapitalization is ideal for an owner either looking to fully exit their business or contemplating a full exit within five years.

100% Sale – A 100% sale provides the seller with full liquidity from their business and can be consummated with either a private equity firm or a strategic buyer. Strategic buyers can provide the highest valuations due to the expectation of synergies with their existing businesses. A hybrid strategic buyer is a strategic that is backed by a private equity buyer and thus may be able to apply synergies while also providing roll-over options. Often, the buyer will provide current management the opportunity to remain with the business, should they so desire. A 100% sale is ideal for an owner looking to either relinquish financial exposure to the business or retire.

Additional potential liquidity options include leveraged **Employee Stock Option Plans (ESOPs)** which involves selling shares to an internal employee base or **Family Office** transactions. Family Offices are a different flavor of private equity investor – these firms are backed by some of the wealthiest families in the world and may have longer investment horizons. The following table summarizes some of the considerations for each liquidity option and highlights the relative amount of short term liquidity and the opportunity for long term value creation.

	Opportunities & Considerations	Short Term Liquidity	Long Term Value Creation
Minority Recap	<ul style="list-style-type: none"> ▪ New partner expertise & resources can accelerate growth ▪ Some liquidity, while retaining significant upside opportunity ▪ Shareholder dilution; another voice at the table 		
Majority Recap	<ul style="list-style-type: none"> ▪ New partner expertise & resources can accelerate growth ▪ Greater liquidity, while retaining some upside ▪ Outside parties control Board and decisions on future liquidity 		
Hybrid Strategic Sale	<ul style="list-style-type: none"> ▪ New partner expertise & resources can accelerate growth ▪ Full / near-full liquidity; potential to “rollover” a portion of proceeds and realize upside of the combined platform ▪ Operations can either remain “standalone” or integrate fully into the combined platform 		
Strategic Sale	<ul style="list-style-type: none"> ▪ Immediate and full liquidity ▪ Capitalize on recent growth and market position ▪ Loss of control; possible management changes ▪ Loss of long term value creation potential 		
Leveraged ESOP	<ul style="list-style-type: none"> ▪ Generate moderate liquidity; use warrants to capture upside ▪ Significant tax incentives – shareholders can defer capital gains; Company can deduct ESOP loan principal & interest ▪ Remain in control, even if 100% of the company sold ▪ Increased leverage with no equity partner 		
Family Office	<ul style="list-style-type: none"> ▪ Flexibility on amount of immediate liquidity ▪ Capital can be growth focused or buyout focused ▪ Long-term/ permanent hold perspective eliminates need for another process in short run (unlike typical PE hold of 3-5 years) 		



Conclusions

There is considerable debate regarding where the winds of change will lead the economy in general, and the GHA sector more specifically, in 2019 and beyond. While broad economic indicators from GDP growth to consumer sentiment remain strong, we believe there will be heightened volatility in the financial and housing markets which may have a moderating effect on overall consumer purchasing behavior. Nevertheless, we do believe the current economic expansion will continue, making it the longest in modern history, and 2019 will prove to be another positive year for the GHA industry.

The independent retail community, while remaining somewhat fickle and sensitive to near-term market disruptions, has also demonstrated considerable staying power. While online competitors in other sectors have disintermediated many retailers, the GHA independent retailer remains insulated from generic online infringement. Unique product offerings discourage price comparisons, while personal consumer relationships and one-on-one, consultative sales have entrenched specialty retailers in the market. Today, independents are embracing online selling tools to further heighten their relevancy in the modern shopper mindset. Vendors that continue to cater to the independent base while co-developing alternative channel opportunities are best positioned to advance their market share position.

The overall attractiveness of the GHA vendor, coupled with growing sophistication among vendors, has spurred significant investments from some of the world's leading investors. While these investments serve as a validation of the overall health and growth prospects of the industry, they also foreshadow continued consolidation in the GHA sector. With increased financial firepower, sponsor-backed vendors will further improve systems and efficiencies while seeking to expand category offerings. Strategic M&A initiatives will focus on building a multi-category product assortment to improve top line growth. As positive macroeconomic conditions continue, industry participants will need to position themselves strategically to address changing demographic trends and buyer behavior, while evaluating international expansion and considering alternative sourcing opportunities.

Whereas design leadership used to be the dominant factor for success in the GHA sector, the increasingly sophisticated industry now requires advanced operations, multi-channel reach, dynamic systems and seasoned business acumen. We anticipate the evolution of the industry will accelerate during the coming years, a period which will afford considerable valuation creation opportunities for progressive GHA vendors and their investors. In other words, it is the strongest GHA players that will be best able to adapt to changing conditions and industry trends – in effect, “adjusting their sails” to displace competitors and earn market share.



About TM Capital

Founded in 1989, TM Capital is the client-first investment banking team advising industry leading companies across North America and around the world. In everything we do, our professionals share a relentless commitment to engineering extraordinary outcomes with an unmatched standard of client care. Over the last three decades, we have completed more than 300 transactions with a combined value in excess of \$20 billion. With offices in Atlanta, Boston and New York, our mission critical capabilities include: complex mergers and acquisitions; debt and equity financings; minority and majority recapitalizations; restructurings; and board advisory services. TM Capital is also a founding member firm of Oaklins, the world's most experienced mid-market M&A advisor with 700 M&A professionals in 60 offices operating in the major financial centers around the world. For more information, please visit www.tmcapital.com. To learn more about TM Capital and discuss our work with leading GHA vendors, please contact any of our team members below:

TM Capital's GHA Team



CRAIG GIBSON
Managing Director
(617) 259-2204
cgibson@tmcapital.com

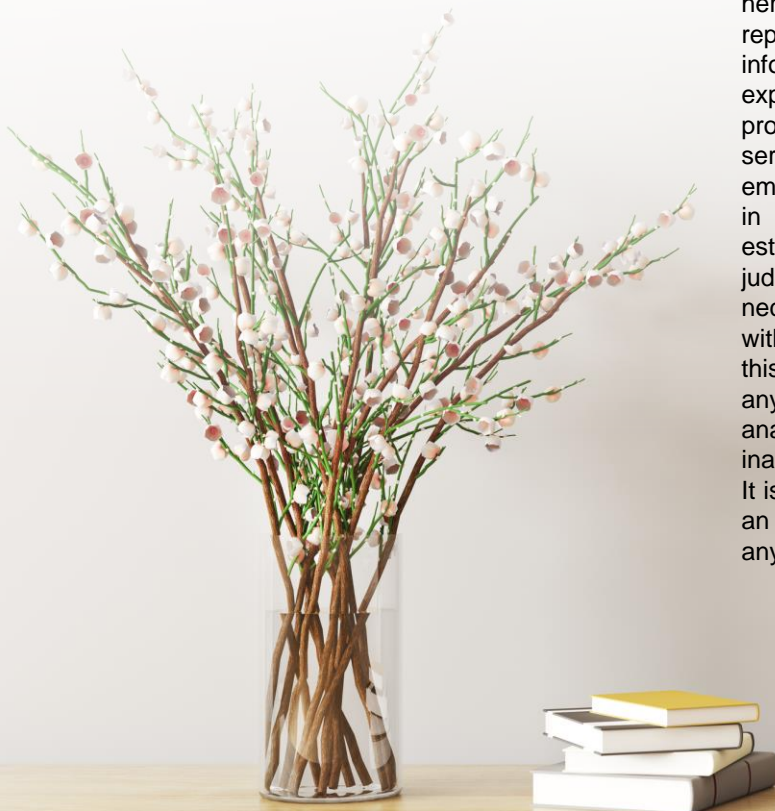


PHILIP KRIEGER
Managing Director
(404) 995-6242
pkrieger@tmcapital.com



JAMES GRIEN
President & CEO
(404) 995-6235
jgrien@tmcapital.com

TM Capital Corp. Disclaimer - The information and opinions in this report were prepared by TM Capital Corp. ("TM"). The information herein is believed by TM to be reliable but TM makes no representation as to the accuracy or completeness of such information. There is no guarantee that the views and opinions expressed in this communication will come to pass. TM may provide, may have provided or may seek to provide advisory services in one or more companies mentioned herein. In addition, employees of TM may have purchased or may purchase securities in one or more companies mentioned in this report. Opinions, estimates and analyses in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of TM and are subject to change without notice. TM has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, estimate, forecast or analysis set forth herein, changes or subsequently becomes inaccurate. This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.



Three Decades of Gift and Home Transaction Excellence




HAS COMPLETED A RECAPITALIZATION WITH



The undersigned served as financial advisor to Mud Pie, LLC in connection with this transaction.



creativeco-op

HAS COMPLETED A RECAPITALIZATION LED BY



The undersigned served as financial advisor to Creative Co-Op Inc. in connection with this transaction.



*Bloomingville®
— ever changing homes

HAS BEEN ACQUIRED BY

creativeco-op

The undersigned served as financial advisor to Bloomingville A/S in connection with this transaction.




HAS BEEN ACQUIRED BY

SUREFIT HOME DÉCOR

A PORTFOLIO COMPANY OF

CENTRE LANE PARTNERS

The undersigned served as financial advisor to Spencer Enterprises in connection with this transaction.




A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY


SUMEC

Textile & Light Industry Co., Ltd.


The undersigned served as financial advisor to Berkshire Blanket, Inc. in connection with this transaction.





FINANCED THE ACQUISITION OF



WITH SENIOR DEBT PROVIDED BY



The undersigned served as financial advisor to West Shore Home in connection with this acquisition and associated financing transaction.





A PORTFOLIO COMPANY OF

Altamont CAPITAL PARTNERS

HAS MERGED WITH



The undersigned served as financial advisor to The Robert Allen Group, Inc. in connection with this transaction.





A PORTFOLIO COMPANY OF

Baird Capital Partners

HAS BEEN ACQUIRED BY




The undersigned served as financial advisor to Backyard Leisure Holdings, LLC in connection with this transaction.

HAS COMPLETED A GROWTH EQUITY FINANCING AND ENTERED INTO A STRATEGIC PARTNERSHIP

The undersigned served as financial advisor to Dreamcloud Holdings, LLC (d/b/a Nectar Sleep) in connection with this transaction.




HAS COMPLETED A MANAGEMENT-LED LEVERAGED RECAPITALIZATION USED TO FUND THE REPURCHASE OF STOCK OWNED BY



A WITH SENIOR SECURED AND SENIOR SUBORDINATED DEBT FACILITIES PROVIDED BY



The undersigned served as financial advisor to Mud Pie, LLC in connection with this transaction.





A PORTFOLIO COMPANY OF

JUPITER PARTNERS LLC

HAS BEEN ACQUIRED BY


ROARK CAPITAL GROUP

The undersigned served as financial advisor to The Home Services Store, Inc. in connection with this transaction.

HAS REORGANIZED AND EMERGED FROM CHAPTER 11 THROUGH A CONFIRMED PLAN OF REORGANIZATION

The undersigned served as financial advisor to Jennifer Convertibles, Inc. in connection with this transaction.




HAS BEEN ACQUIRED BY



The undersigned served as financial advisor to Patton Picture Company in connection with this transaction.



CONSTANTINE

A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY




The undersigned served as financial advisor to Constantine Commercial, LLC in connection with this transaction.





HAS ACQUIRED THROUGH A U.K. PUBLIC CASH OFFER



The undersigned served as financial advisor to Catalina Lighting Inc. in connection with this transaction.

HAS BEEN ACQUIRED BY



The undersigned served as financial advisor to advisor Child Life in connection with this transaction.

