

Palamon sells dress-for-less to strategic buyer, Privalia

Palamon Capital Partners (“Palamon”), one of Europe’s leading mid market private equity firms, has agreed the sale of dress-for-less (“the Company” or “dfll”) to strategic buyer, Privalia Venta Directa, a leading online sales club for fashion brands headquartered in Barcelona, Spain. The terms of the transaction were not disclosed.

dress-for-less is one of Europe’s largest on-line designer fashion retailers, headquartered in Kelsterbach near Frankfurt. Palamon acquired the Company in 2007, having recognised the strong trends driving growth in the value segment of on-line retail. dress-for-less sells end-of-season designer clothing on-line through an efficient delivery and return system, providing convenience and value to consumers. Following Palamon’s investment, the Company embarked on a substantial growth strategy which was underpinned by the development of a new state-of-the-art logistics facility and IT infrastructure.

During Palamon’s ownership, the Company achieved compound annual growth rates of more than 35% in revenue and profitability through significant expansion across Europe, entering the full-price fashion segment and the acquisition of a specialised online retailer, Kolibri. Today, dress-for-less offers a range of over 13,000 items of end-of-season clothing and footwear from 450 designer labels to consumers in over 50 countries. It carries leading brand name designer lines.

The Company’s Joint Managing Directors, Mirco Schultis and Holger Hengstler, will continue to lead the business and take on executive positions in Privalia.

Dan Mytnik, Partner at Palamon, said: “This has been a tremendously successful investment for Palamon. During our partnership with management, dress-for-less has nearly tripled turnover and profitability. The Company operates in a rapidly growing market, driven by consumers wanting easy access to high quality designer brands at affordable prices. We expect the Company to continue to be highly successful as part of a leading global on-line retail group.”

Holger Kleingarn, Partner at Palamon, commented: “The success of dress-for-less underscores Palamon’s ability to identify and build in partnership with management fast-growing European companies which are highly attractive to strategic market players. This realisation, which generated a 40% IRR, adds to Palamon’s strong pan-European investment track record and is a testament to the power of our growth investment model.”

Mirco Schultis, Founder and Managing Director of dress-for-less, said: “Palamon has been the perfect partner during this stage in our development. Its support and strategic vision have been instrumental to our success. We now look forward to further expanding our business, together with Privalia, into Europe and globally.”

This is Palamon’s seventh realisation in the past year, the most recent being the €500 million sale of Loyalty Partner to American Express in December 2010, which generated a 3x return on Palamon’s invested capital. The Firm has a strong track record in investing in niche service sector businesses across Europe, generating strong returns through growth. In 2010 the Palamon portfolio companies as a whole achieved EBITDA growth of over 35%.

For further information

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Notes to the editors

Palamon Capital Partners

Palamon Capital Partners is an independent private equity partnership founded in 1999 and focused on providing equity for European growth services companies. Palamon originates, executes and manages investments across Europe. The Firm targets investments in companies where the partnership's experienced investment professionals can provide strategic direction and help build equity value.

The Firm manages Palamon European Equity and Palamon European Equity II, capitalised at €1.1 billion. This makes one of the largest pools of private equity capital dedicated to growth investment opportunities in Europe's mid market arena.

For more information on Palamon refer to www.palamon.com.

About dress-for-less

dress-for-less is one of Germany's leading on-line retailers. It was founded in 1999 and sells end-of-season apparel for men, women and children from over 450 designer labels to consumers in over 50 countries. The company also owns full price designer fashion outlet Kolibri.

For more information on dress-for-less refer to www.dress-for-less.com

Advisers to the vendors

Investment banks:	Altium Capital and Morgan Stanley
Lawyers for the vendors:	Willkie Farr & Gallagher
Lawyers for management:	Greenfort
Financial VDD:	PriceWaterhouseCoopers
Commercial VDD:	OC&C Strategy Consultants
IT VDD:	Intuitus
Legal VDD:	Willkie Farr & Gallagher
Tax and structuring advice:	PriceWaterhouseCoopers