



FOR IMMEDIATE RELEASE

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Paperchase secures £50m refinancing package to boost growth

Paperchase, the design-led stationery, greeting cards and gifts specialist, has secured a £50m refinancing package that will further support and enhance the company's strong growth ambitions in the UK and internationally.

The financing package includes a £32m six-year term loan from direct lending fund Permira Credit Solutions II and £18m of capex, revolving credit and ancillary facilities from Lloyds Banking Group.

Paperchase will remain under the ownership of Primary Capital, a leading provider of private equity to UK-based growth companies, and existing management led by chief executive Timothy Melgund. The debt investors have been attracted by the company's strong trading and prospects for the future.

In July the company announced a 33% increase in profit for the year ended January 2015 with EBITDA up to £9.6m and total sales up 7% to £128.0m. Ecommerce sales jumped 42% in the year. Paperchase is on course for another strong year with the current trading figures being ahead of expectations.

During the last 12 months alone, Paperchase has launched in Canada through major department store chain Hudson's Bay, the USA through stationery giant Staples and added a further 13 new standalone UK stores. It expects to open another five stores before the year end.

Meanwhile, the company has seen its profile among customers grow exponentially since the launch of its Treat Me reward programme, which is on track for one million members in the first six months since the UK launch this summer.

Timothy Melgund, Chief Executive, said: "We are delighted to have agreed this arrangement with two very well known funders. The debt will enable us to further build on the momentum in the business and continue to deliver our ambitious growth plans."

Dan Hatcher, Investment Director at Permira Debt Managers, said: "We have long admired Paperchase's clear leadership in its market and its dedication to innovation and growth year after year. We are delighted to be part of that story with our European direct lending fund providing substantial growth capital to support the company's ambitious plans."

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Notes to Editors

About Paperchase

Paperchase is the UK's number one retail brand for fashionable and innovative design-led stationery. For over 40 years it has inspired with stylish stationery, unique greeting cards, distinctive gifts as well as quality art and craft materials.

Always ahead of the competition with fresh and inventive ideas, Paperchase consistently launches new product ranges throughout the year. The vast majority of these are created in-house by a talented team of designers, ensuring ranges are exclusive. Alongside its seasonal collections, Paperchase maintains a great variety of essentials too, tried and tested by its loyal customers.

Paperchase is a multichannel retailer offering in-store and online shopping in the UK, EU and USA. In the UK, there are a total of 122 standalone Paperchase stores and an additional 31 concessions (in Selfridges and House of Fraser) and outlets in Ireland, the Netherlands, Denmark, France, Germany and the Middle East.

To find out more visit paperchase.co.uk

About Permira Debt Managers

Permira Debt Managers ("PDM") is Permira's independent debt management and advisory business. It is one of Europe's leading specialist debt investors, advising investment funds and products which have provided more than €3bn of debt capital to over 100 European businesses. Wholly owned by Permira, PDM was established in 2007 and aims to partner with businesses to provide the capital they require and generate market-leading risk adjusted returns for investors. To achieve this PDM follows two key investing strategies: Direct Lending and Structured Credit.

PDM also has a distinctive origination platform which benefits from the strength of Permira's extensive network including 6 European investing offices in UK, France, Germany, Sweden, Italy and Spain, and 5 sector teams specialising in Consumer, Financial Services, Healthcare, Industrials and Technology.