

Delivering shareholder change - on time, in full



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January 2019

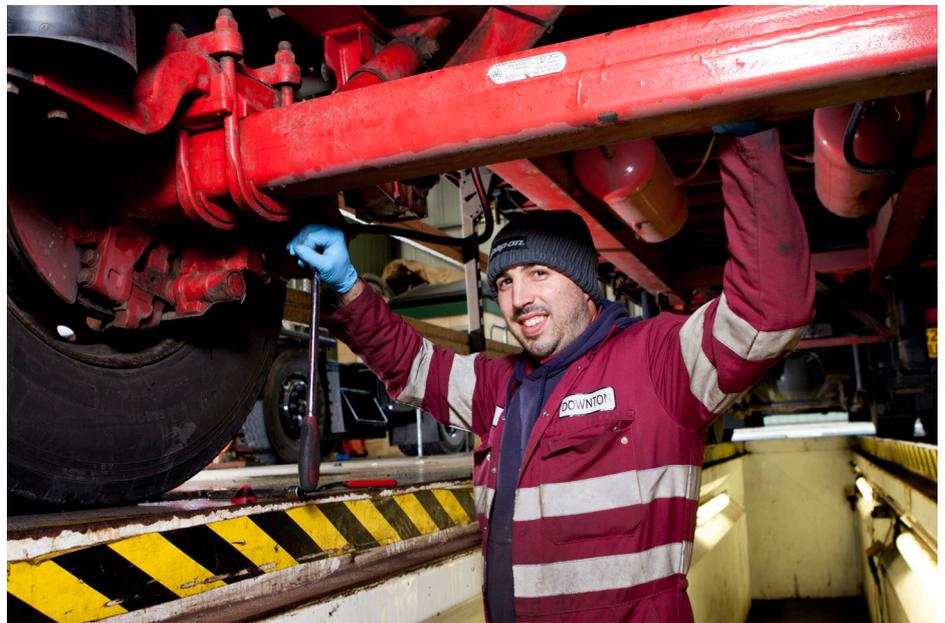
Summary Downton

2019

Investec funded Downton

600

The size of Downton's fleet



The Downton family wanted to realise the value in their family business while ensuring it continued to invest in their legacy. Investec offered a logical solution.

About Downton

Downton is one of the UK's leading privately owned logistics firms, with a strong reputation for quality and delivery – providing the flexibility of a local business but with national reach. The Downton family successfully built and developed the business from a single truck to now over 600 trucks and 1,000 trailers over the course of several decades. The majority of customers are blue-chip leading brands across a variety of sectors and include Dyson, Pets at Home, Fever-Tree and AB InBev UK.

What happens when the owners of a family business want to exit? More than 30 years after taking over and successfully building up the business their father had set up in 1955, the siblings who owned and ran Downton, one of the UK's leading private logistics firms, decided they wanted to move on.

Andrew, Richard, John and Kate Downton wanted to sell to someone they could trust – who could handle day-to-day management, but who would also be a good custodian of the family name emblazoned on a 600-strong fleet of vehicles. And a key concern was the people employed in the business.

Preserving family values

Through contacts in the sector, the family met EmergeVest, a private equity firm set up in 2013 that is best known in the UK for

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its logistics investments. “We are business-builders with a good reputation for service and quality,” says managing director Heath Zarin. “Downton was attractive to us as it is a unique, strongly diversified logistics business of a scale that does not often come up as an investment opportunity.”

A vital factor was the shared values between the Downton and EmergeVest teams. They agreed on a gradual transition, with Zarin becoming chairman and the Downtons staying in their executive roles until a new senior management team had been recruited and settled in.

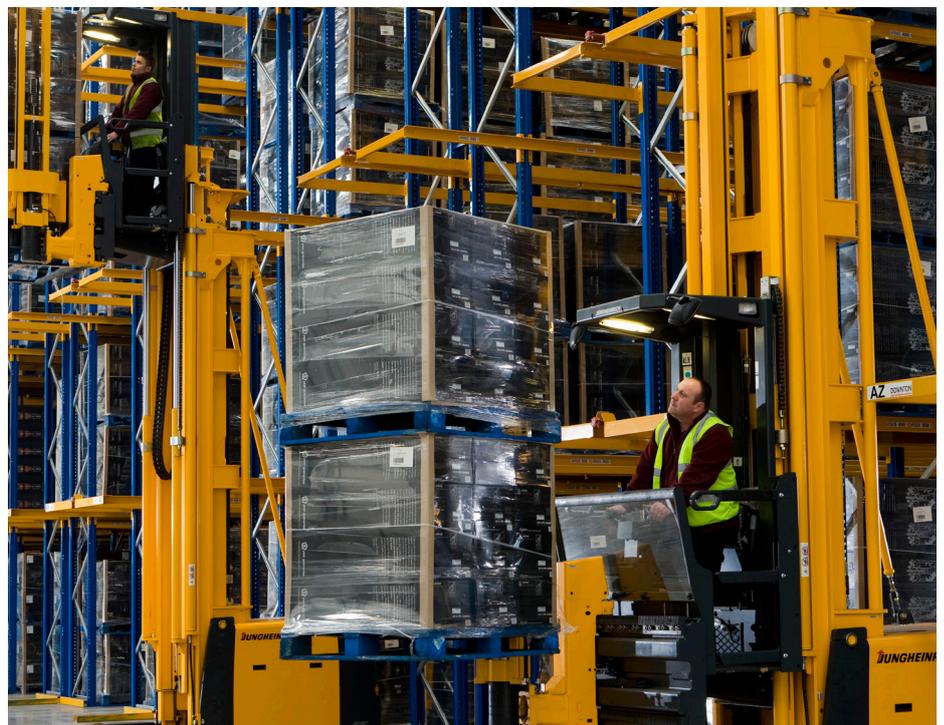
Zarin knew the next step was ensuring he had the right financing to support the growth strategy. For many banks this could have been a problem, given the new management team had not yet been identified, let alone put in place. However, Zarin wasn't worried.

Flexible financing for transition and growth

Investec has worked with EmergeVest on all its UK logistics investments, and the teams have an excellent working relationship. “Investec is our partner, and we have an open and transparent relationship with them, communicating regularly about what is happening,” says Zarin. “This is how both teams naturally work and we have built up a great deal of trust by being open.”

This level of trust meant the Downton family could dispose of much of their stake in the business, releasing the wealth that had been created over the decades for their families.

Investec proposed a combination of a cash flow term loan, property finance, and asset-based revolver. Importantly, the structure was tailored to Downton's specific needs. “The focus is to



build on Downton's success, to grow the business further,” Zarin explains. “We knew the Investec team would come up with a structure and mix of elements that suits Downton well. The flexibility inherent in the finance package caters for working capital need and enables growth, which is crucial.”

The platform for a new generation

The Downton family has worked with Zarin to recruit their successors to top management roles. There is a new board of directors and many of the C-suite are in place. “We have great people lined up or who have joined, and

have worked well with the Downton family to bring in the right people,” says Zarin. “And there were already some great people within the Downton business.”

Now Zarin and his new team are focused on the future. “We will carry on working with the same values that have characterised the business for the past six decades,” he says. “This business is well positioned for future growth – with Investec as our financing partner by our side. They are great people to work with – intelligent, pragmatic and flexible – and we achieve many positive objectives by working with them.”

"Providing flexible funding for family owned businesses such as Downton to make succession happen and realise wealth is part of what we are set up to do, it's part of our DNA," explains Paul Rablen of Investec. "Backing great teams in relevant businesses means we can shape bespoke debt funding around the specific situation rather than offering something 'off the shelf'. Investor EmergeVest is a trusted partner of ours, so we were always going to find a solution to help unlock the opportunity for both them and management."

About Investec

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