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News

Landlords back Focus CVA (Company Voluntary Arrangement) - 26/08/2009

Creditors have approved a company voluntary arrangement (CVA) for Focus DIY, saving almost 5,000 jobs at the troubled retailer.



The outcome was overwhelmingly decided by landlords, who made up the majority of the creditor pool. They agreed by a majority of 93 per cent to the CVA, which involved surrender of the leases on 38 empty stores in return for two lump sums, equivalent to six months' rent.

The terms of the leases on the 180 trading Focus stores remain unchanged, save moving to monthly payments. Trade creditors and other suppliers continue to be paid on a normal basis.

Bill Grimsey, Focus chief executive, said: "Throughout this process we have engaged on a transparent basis with all our suppliers and landlords. With this CVA now firmly behind us we can concentrate on managing our existing open stores and building on this stable platform."

Landlords also praised the transparency of the process. Chris McCormick, assistant fund manager at landlord Aviva Investors, said: "Our support for Focus is based on them having been frank and honest with us, but also having a solid business model which guarantees a return for our investors."

Liz Peace, chief executive of the British Property Federation, added: "As we saw with JJB Sports, the key to a successful CVA is putting all the cards on the table and being upfront with all parties. Landlords will do everything they can to be flexible, and this is a prime example of how the industry has changed massively in recent years."

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