

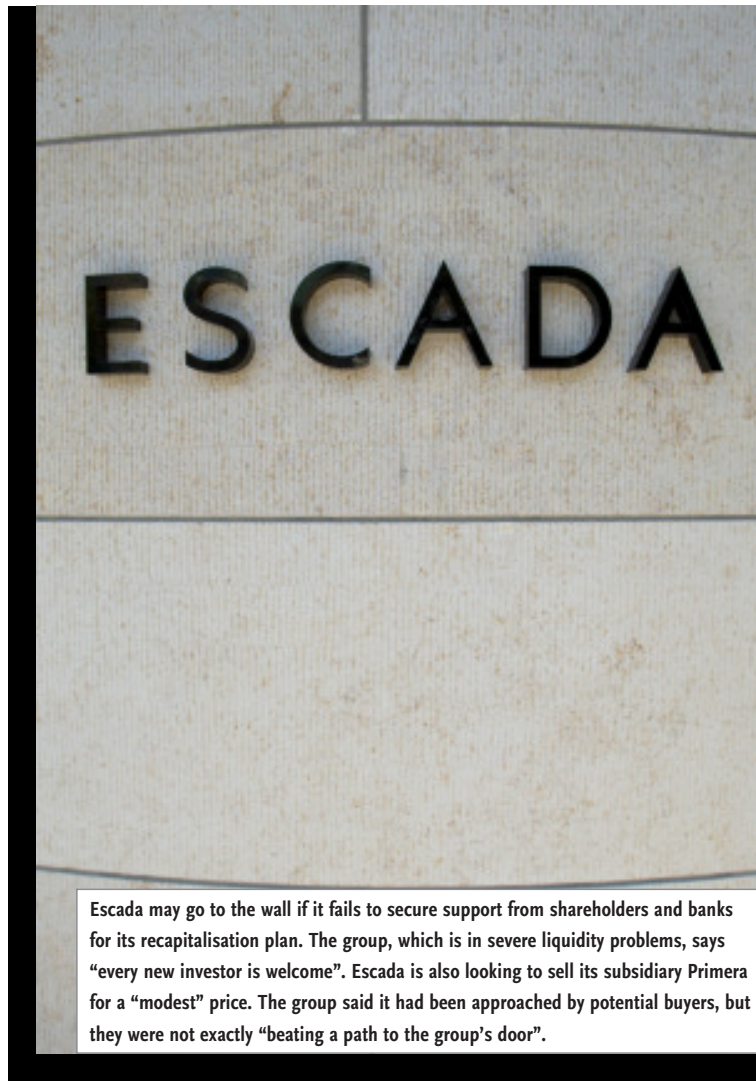
Escada's fight for existence

The German fashion house is close to insolvency. CEO Bruno Sälzer has made clear that the group will be forced to file for bankruptcy if creditors fail to agree to the refinancing plan lined out last week.



Escada's helm faced fierce criticism from shareholders at its general meeting on Tuesday. Investors doubt the group will be able to raise the € 30m needed to keep the company liquid this year. "This may be the last general meeting of this wonderful company," a creditor said. CEO Bruno Sälzer, left, put pressure on investors to agree to a refinancing package including a capital increase. Escada plans to convert a € 200m bond due for repayment in 2012 into a new bond. If creditors accept the recapitalising they agree to take a cut in bond repayment. "The only alternative would be the insolvency of Escada AG," Sälzer said.

Fresh capital is needed desperately and efforts are being made to win new investors. Escada's largest shareholders, Wolfgang and Michael Herz, are willing to invest up to € 20m more if the German financial watchdog allows the brothers to refrain from issuing a mandatory takeover offer for the other shareholders. Sälzer sees no short-term recovery for the luxury market he reckons will shrink 15% this year. Sales in the key US market are currently down 20%. At the same time, global demand for Escada's robes was growing, Sälzer said. The brand had a strong standing, but needed to outlive the crisis first, he concluded.

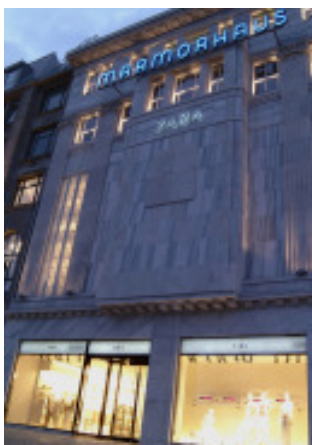


Escada may go to the wall if it fails to secure support from shareholders and banks for its recapitalisation plan. The group, which is in severe liquidity problems, says "every new investor is welcome". Escada is also looking to sell its subsidiary Primera for a "modest" price. The group said it had been approached by potential buyers, but they were not exactly "beating a path to the group's door".

Zara closes unprofitable stores

The Spanish fashion chain is "optimising" its store count in Germany.

Inditex is known for aggressively opening stores. But the Spanish clothing group is also quietly closing some. In Germany, one of the group's key markets, Inditex will shut five unprofitable Zara stores. Inditex says it is resiting the stores between 2009 and 2012 as part of a wider streamlining. The group plans to open new stores for the ones it will close in Lübeck, Kiel, Wuppertal, Chemnitz and Leipzig, but would not say where and when the replacement stores will open.



Prime locations are key to the group's success, Inditex says. Each store must meet minimal standards like accessibility, customer potential and profitability. "We are where customers expect us to be and respond to our offer," a Zara Germany spokesperson stated. There are currently 65 Zara and eight Massimo Dutti stores in Germany. Another two Zara stores are slated to open this year. The brand saw sales rise 18% to € 292m in Germany last year.

Stores in prime locations like the Zara store on Berlin's Kurfürstendamm are a priority for Inditex in Germany.

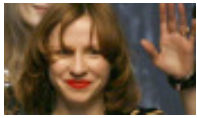
More changes at Hugo Boss helm

The German fashion house has named **Andreas Stockert**, right, as COO with oversight over buying, production and logistics. The 54-year old joins from German logistics specialist Kuehne&Nagel. He succeeds Hans Fluri, who left in March. In the US, CEO Mark Brashear additionally assumed the chairman title from Joachim Beer, who returned to Hugo Boss Germany after seven months in the job.



weekly

Sonia Rykiel designer quits



After less than 18 months, **Gabrielle Greiss**, left, has resigned as creative director of the French fashion house's main line. The former assistant to founder Sonia Rykiel will not be replaced. The decision was made "by mutual agreement", the company said. Fashion direction is now in the hands of president Nathalie Rykiel and her mother Sonia.

Napapijri has new top man

The Italian sportswear company has named **Andrea Cannelloni**, below, as general manager. Until the end of 2008, Cannelloni was creative director of the Boss Orange brand at German fashion house Hugo Boss. Napapijri is



owned by US clothing giant VF Corporation and has annual sales of \$ 170m (€ 128m). There are also 52 Napapijri stores.

O'Neill brings new CEO on board

The Dutch surfwear specialist has named Jan Valdmaa as CEO. The 54-year old ex-boss of Norwegian fashion group Helly Hansen will take over from **Tom Heidman**, below, on 1 June. The chief of O'Neill parent Logo International became interim CEO after the departure of Andreas Adenauer in January. Most recently, Valdmaa was head of Integrix Sports Group.



Samsonite to make Y-3 accessories

German sports giant Adidas has granted a five-year licence for the production and global distribution of Y-3 branded bags, luggage and small leather goods to US luggage specialist Samsonite. The line, which was previously produced in-house, will start selling in spring 2010. Y-3 design chief **Yohji Yamamoto**, above, recently renewed his contract until 2015.



Military mania

The military jacket is back.

After the destroyed jeans, another 70s and 80s glam rock fashion item is making its comeback. The military jacket with its patches, toggle fastenings and often padded shoulders was a rock band favourite, from the Beatles to Michael Jackson. Balmain showed the expressive and theatrical military inspired jacket together with worn jeans, giving it a casual look. In light blue to black denim or heavy cotton, with shiny drawstrings and silver buttons, it looks decorated and sophisticated. Young fashionistas in major international cities wear the jacket with mini skirts and baggies. With high heels or rustic boots. And today's rock stars like Coldplay have also rediscovered the military jacket. Whether celebrity or Joe Bloggs, the military jacket is an eye-catcher.



From left to right: D&G, Balmain, Ackermann.

In depth

Years of strong growth in the **shopping centre** business has come to a grinding halt. Now investors are reining in **spending** for new projects and retailers want lower rents. 2009 will be a bad year and the situation will not stabilise before 2010. That was the message at the International Council of Shopping Centers (ICSC) Europe conference in **Barcelona**. "I will turn 65 this year. I've never seen a decline of its kind," guest speaker Norbert Walter of Deutsche Bank said. The **gloomy mood** was also reflected in attendance at the conference. The number of visitors fell from 1,000 to 650. **Funding** for new centres is becoming increasingly difficult. "No chance. I'm not buying anything now. Prices will continue to drop," ING

Real Estate Investment chief Martin Sabelko says. German developer **ECE** is also feeling the pinch. "Financing in Turkey, Russia and Ukraine



The ICSC Restore distinction went to the 64,000m² Victoria Square shopping centre in Belfast.

is unlikely in the next two to three years," ECE boss Alexander Otto conceded. Sales for instance in Turkey are currently suffering **double-digit declines**. And the crisis is expected to hit other markets soon. Centres are also facing pressure from retailers, which are asking for **lower rents**. Inditex has announced tough negotiations. Mango expansion director Aniko Kostyal says that "sales aren't what they used to be, so we need to talk about rents". This year's main European Shopping Centre **Awards** went to Delta City in Belgrade, Istinye Park in Istanbul, Beaulieu in Nantes and Forum Mersin in Mersin. Victoria Square in Belfast won the Restore distinction. The green Resource distinction went to Meydan in Istanbul.