

Investment Banking Update

\$18.2 MILLION

March 2, 2018



Has Sold Substantially All Assets To

Churchill Downs LLC

The undersigned served as exclusive financial advisor to Stanley Furniture

Stephens Inc.

Transaction Details

- On March 2, 2018, Stanley Furniture, Inc. completed the sale of substantially all assets to Churchill Downs LLC, a limited liability company headed by Walter Blocker of the Vietnam Trading Alliance Group.
- The purchase price consisted of approximately \$10.8 million in cash, a subordinated promissory note in the principal amount of approximately \$7.4 million, and a 5% equity interest in Buyer's post-closing ultimate parent company. The Buyer also assumed substantially all the Company's liabilities.
 - The Company retained certain assets, including cash of approximately \$0.8 million, net operating loss carryforwards, and any remaining payments under the Continued Dumping and Subsidy Offset Act.
- After the sale, Stanley Furniture is changing its name to HG Holdings, Inc. and will evaluate alternatives for use of its cash, and potentially deriving a benefit from the Company's net operating loss carryforwards.
- The Company's common stock is traded on the NASDAQ stock market under the symbol STLY.
- Stephens Inc. acted as financial advisor to the Company's board of directors.

Information About the Related Parties:

About Stanley Furniture

Founded in 1924, Stanley Furniture Company, Inc. is the designer and manufacturer of premium residential wood furniture products. The Company offers contemporary and traditional design collections across bedroom, dining and living room furniture and include beds, dining chairs and tables, accent chairs, desks, mirrors and more. The Company's products are distributed nationally and internationally through furniture retailers, eCommerce, interior designers and direct-to-consumer.

About Churchill Downs LLC

Churchill Downs LLC is a Delaware limited liability company formed by Walter Blocker, Chairman of Vietnam Trade Alliance in Ho Chi Minh City, Vietnam, to acquire the Stanley assets.

Sources: Company press releases.

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