



## **Bassett Announces Completion of the Sale of the International Home Furnishings Center**

BASSETT, Va., May 3, 2011 (GLOBE NEWSWIRE) -- Bassett Furniture Industries, Inc. (Nasdaq:BSET) announced today the successful completion of the sale of its interest in the International Home Furnishing Center (IHFC) in High Point, N.C. The total value of the deal was \$275 million which includes \$175 million in contemplated cash proceeds for Bassett and its partners, and the assumption of \$100 million of existing IHFC debt by the acquirer. After set-aside escrows for an ongoing tax audit of IHFC and representations and warranties, legal fees and other transaction costs, Bassett realized a pre-tax distribution of approximately \$74 million from the sale.

In the transaction, Bassett invested \$2.4 million in return for a minority stake in the newly formed company, International Market Centers, L. P. (IMC). IMC's initial portfolio of assets consists of a total of 13 buildings encompassing more than 10 million gross square feet, including the IHFC and the Market Square Complex in High Point as well as all of the World Market Center buildings in Las Vegas. This platform constitutes the world's largest network of premium business-to-business home furnishings, gift, and home décor showroom space. IMC is majority owned by funds managed by Bain Capital Partners and a subsidiary of certain investment funds managed by Oaktree Capital Management, L.P. Joining Bassett as investors in IMC are the Related Companies and affiliates of Network World Market Center.

Bassett made an investment in the IHFC, the world's premier wholesale furniture showroom, more than 25 years ago. That investment has paid off handsomely over the years, primarily in the form of IHFC dividends that were paid to its shareholders. Robert H. Spilman Jr., Bassett President and CEO, commented that "this transaction represents a successful conclusion to that investment and is a testimony to the sound management practices employed by the IHFC leadership and its associates, especially in a difficult period for the home furnishings industry. Despite the fact that most of its competitors were in financial disarray, the IHFC has remained profitable throughout the recession. On behalf of Bassett and its partners, I thank current and former IHFC management and associates for a job well done. I feel confident that as part of the newly formed International Market Centers, L.P. that the IHFC will carry on its long standing tradition as the world's most successful home furnishings wholesale showroom entity."

As discussed in the recently released Form 10-Q relating to the quarter ended February 26, 2011, the Company plans to adopt a series of strategies in utilizing the proceeds from the transaction designed to improve financial performance and enhance shareholder value. Management has considered and will continue to evaluate a number of options that can benefit the Company and its shareholders. "The IHFC has provided us with a unique ability to positively impact Bassett's future. Most of all, our Board of Directors and management acknowledge the responsibility we have to be good stewards of these funds and firmly believe that we should be measured in our deliberations in regards to our use of these liquid assets," Mr. Spilman said. In the short term, a portion of the funds will be used to settle selected ongoing obligations pertaining to closed store real estate in cases where these actions will result in substantial cash savings for the Company. Similarly, the Company will seek to reduce or eliminate other various debts that are subject to interest rates that are unfavorable in today's rate environment and can provide additional opportunities to improve ongoing cash flow. In considering potential scenarios for the allocation of this capital, Bassett has engaged financial advisors and also received input from many of its shareholders.

Regarding future investments in operations and growth, the Company plans to invest cautiously in the opening of 2 or 3 new stores over the next several months. Since its inception in late 2007, the Company's new store prototype has performed significantly better than its original store format. "Because of the economic recession and capital restraints, we have been conservative with new store openings. Furthermore, bank financing for most U.S. furniture companies is limited to nonexistent in today's environment. To date, we have opened seven of the new prototype and have converted a similar number of our old ones. Accordingly, we will continue to analyze the return generated by our new store prototype on a location by location basis until we are satisfied that a larger number of openings is justified and can be internally financed. We have learned a lot about operating our stores through these very tough past several years. And we are also very excited by a new smaller version of our store and the increased sales per square foot and the greater returns that it is generating. We know that our updated design center staffed with the right personnel provides a much better presentation of our custom furniture capabilities, thereby offering a shopping experience that is truly unique at our price point anywhere in our industry," stated Spilman.

The past few years at Bassett have been characterized by the recession-related stress that severely compromised many of its licensees' ability to pay Bassett for the furniture shipped to them. As a result, many stores have been either closed or moved into Bassett's corporate network. This has been an expensive but necessary process that is ongoing today. The Company believes, however, that the bulk of these decisions are behind us and that in late 2011 and beyond management can turn its full attention to running a stronger fleet of corporate and licensed stores. Again, a thorough analysis of remaining locations that identifies their performance potential and the capital upgrades that are necessary to reach that potential will be undertaken over the next few months. To date these retro-fits have consumed approximately \$300-\$600 thousand per updated location.

Once again, as a result of the IHFC transaction, Bassett's Board of Directors has discussed the merits of various mechanisms of returning capital to shareholders. One such vehicle, a stock buy back program, has been considered as part of these discussions. Although no short term targeted amounts of stock repurchase have been established to date, the Company's total share repurchase authorization currently stands at \$23.3 million. Bassett plans to purchase shares on the open market in the coming months when the price of the stock provides economic justification in relation to the intrinsic value of the enterprise.

Finally, Bassett's Board of Directors today declared a quarterly dividend of \$0.03 per share for the second quarter of 2011. The dividend will be paid on June 1, 2011 to shareholders of record at May 16, 2011. After paying an uninterrupted dividend for over seven decades, the Company's dividend was suspended in January 2009 at the height of the recession. "It is gratifying to be able to reinstate a quarterly dividend, even at a more modest rate, after the suspension of our long standing dividend over two years ago," said Mr. Spilman. The Company will monitor the pace of progress in the execution of its business plan with hopes of increasing the level of payout as performance merits such consideration.

About Bassett Furniture Industries, Inc.

Bassett Furniture Industries, Inc. (Nasdaq:BSET), is a leading manufacturer and marketer of high quality, mid-priced home furnishings. With 96 licensee- and company- owned stores, Bassett has leveraged its strong brand name in furniture into a network of corporate and licensed stores that focus on providing consumers with a friendly environment for buying furniture and accessories. The most significant growth opportunity for Bassett continues to be the Company's dedicated retail store program. Bassett's retail strategy includes affordable custom-built furniture that is ready for delivery in the home within 30 days. The stores also feature the latest on-trend furniture styles, more than 750 upholstery fabrics, free in-home design visits, and coordinated decorating accessories. For more information, visit the Company's website at [bassettfurniture.com](http://bassettfurniture.com). (BSET-G)

**Certain of the statements in this release, particularly those preceded by, followed by or including the words "believes," "expects," "anticipates," "intends," "should," "estimates," or similar expressions, or those relating to or anticipating financial results for periods beyond the end of the first fiscal quarter of 2011, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended. For those statements, Bassett claims the protection of the safe harbor for forward looking statements contained in the Private Securities Litigation Reform Act of 1995. In many cases, Bassett cannot predict what factors would cause actual results to differ materially from those indicated in the forward looking statements. Expectations included in the forward-looking statements are based on preliminary information as well as certain assumptions which management believes to be reasonable at this time. The following important factors affect Bassett and could cause actual results to differ materially from those indicated in the forward looking statements: the effects of national and global economic or other conditions and future events on the retail demand for home furnishings and the ability of Bassett's customers and consumers to obtain credit; and the economic, competitive, governmental and other factors identified in Bassett's filings with the Securities and Exchange Commission. Any forward-looking statement that Bassett makes speaks only as of the date of such statement, and Bassett undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indication of future performance, unless expressed as such, and should only be viewed as historical data.**

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