

# city chic collective

8 October 2019

## **Acquisition of Avenue's e-commerce business approved**

City Chic Collective Limited (ASX: CCX) ("City Chic") is pleased to advise that the US Bankruptcy Court has approved City Chic's acquisition of the e-commerce assets of Avenue Stores, LLC ("Avenue") for US\$16.5m.

Established more than 30 years ago, Avenue is a US-based specialty retailer of plus size apparel, targeting value-conscious women aged 25 to 55. Avenue entered into Chapter 11 bankruptcy in August 2019 and has now closed its store portfolio, which included over 250 stores across 35 states in the US. As part of the bankruptcy process, Avenue's e-commerce business has been offered for sale. City Chic has entered into an asset purchase agreement ("Agreement") with Avenue to acquire the e-commerce assets.

The acquisition provides City Chic with access to a broader cross-section of the US plus size market which is estimated to be US\$25 billion annually. In court filings earlier this year, Avenue disclosed e-commerce sales of US\$27m over the five months from January through May 2019. Whilst City Chic anticipates the closure of Avenue's physical store network and the bankruptcy may have some impact on e-commerce sales, City Chic expects the acquisition to be earnings accretive.

The transaction meets City Chic's strategic objectives to grow its US business through customer acquisition and by expanding into new segments within the plus size market. City Chic expects to increase the profitability of Avenue's e-commerce assets by applying its leaner operating and customer-centric model.

Phil Ryan, Chief Executive Officer and Managing Director of City Chic said:

"Avenue's e-commerce assets represent a unique opportunity to accelerate our US customer growth and expand across plus size segments. Avenue is a well-known plus size brand with a customer following that is larger than our existing US websites.

"This acquisition delivers on our vision of 'leading a world of curves'. It means that City Chic now has a portfolio, or a collective, of online businesses that we can leverage to further build our Northern Hemisphere presence. Our City Chic, Avenue and Hips & Curves brands will allow us to speak to more plus size women and deliver on-trend, well-fitting garments across multiple price points.

"The Avenue website will continue to operate independently but will benefit from our deep understanding of the plus size customer and proven track record in online execution. The business has been in distress and we are navigating through the impact of store closures and the disruption on vendors and customers. Our initial priorities will be around stabilising the brand as an e-commerce only business, building a more customer-centric operating model, introducing better buying disciplines and adopting a more efficient supply chain."

The purchase price of US\$16.5m will be paid in cash on completion of the transaction. The transaction will be financed from existing cash and credit facilities, as well as an additional A\$12.5m 12-month facility.

The assets acquired under the Agreement include the intellectual property, website, a substantial customer database and inventory. City Chic will assume minimal select liabilities limited to gift cards and cure costs for contracts to be novated.

The expected date of completion is 14 October 2019. There are no other material conditions to be satisfied before completion of the transaction.

### **About City Chic Collective Limited**

City Chic Collective is a leading Australian multichannel retailer specialising in the plus-size (size 14+) women's apparel, accessories and footwear market. Its customer-led offer appeals to young, fashion-forward women. Lifestyle driven and accessible, the City Chic brand has a strong following in Australia and New Zealand, with a fast-growing presence in North America and Europe.

City Chic's multichannel model comprises: a network of 104 stores across Australia/New Zealand; two websites operating in Australasia and USA; marketplace and wholesale partnerships with major US retailers such as Macys and Nordstrom; and a wholesale business with European partners such as ASOS and Zalando.

### **Investor enquiries**

Munraj Dhaliwal +61(2) 9059 4343  
Chief Financial Officer

### **Media enquiries**

Matthew Gregorowski +61(2) 8234 0105  
Françoise Dixon +61(2) 8234 0112  
Citadel Magnus