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F21 OpCo, LLC Initiates Voluntary Chapter 11 Process With Support of Its Lenders

Share

U.S. Stores and Website are Open and Serving Customers as Orderly Wind Down Commences

International Stores Unaffected

LOS ANGELES--(BUSINESS WIRE)--F21 OpCo, LLC ("F21 OpCo" or the "Company"), operator of Forever 21 stores and licensee of the Forever 21 brand in the United States, today announced that it and certain of its U.S. subsidiaries have entered into a Plan Support Agreement ("PSA") with the Company's secured lenders and commenced voluntary chapter 11 cases in the United States Bankruptcy Court for the District of Delaware (the "Court"). Through their chapter 11 cases, the Company will implement an orderly wind down of its U.S. business while continuing to conduct a marketing process to solicit interest in a going concern transaction or a sale of some or all of its assets.

The PSA is designed to enable the Company to move through the chapter 11 process as quickly and efficiently as possible. Through the PSA and the chapter 11 proceedings, the Company will conduct liquidation sales at its stores while simultaneously conducting a court-supervised sale and marketing process for some or all of its assets. The Company also will file a motion with the Court seeking authority to market F21 OpCo's assets through an auction pursuant to section 363 of the Bankruptcy Code. In the event of a successful sale, the Company may pivot away from a full wind down of operations to facilitate a going-concern transaction. The Company believes this dual-path process will best maximize optionality and value.

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The Company's Forever 21 stores and website in the United States will remain open and continue serving customers as the Company begins its process of winding down operations. The Company has filed customary motions with the Court seeking a variety of "first-day" relief, including approval of the consensual use of cash collateral to pay employee wages and benefits in the ordinary course of business and otherwise fund operations through the chapter 11 process.

Brad Sell, Chief Financial Officer of F21 OpCo said, "Following the conclusion of our strategic review and after careful deliberation, we made the decision to file for chapter 11 to implement a court-supervised marketing process to solicit a going concern transaction, and, in the absence of such an arrangement, an orderly wind down of operations. While we have evaluated all options to best position the Company for the future, we have been unable to find a sustainable path forward, given competition from foreign fast fashion companies, which have been able to take advantage of the de minimis exemption to undercut our brand on pricing and margin, as well as rising costs, economic challenges impacting our core customers, and evolving consumer trends. As we move through the process, we will work diligently to minimize the impact on our employees, customers, vendors and other stakeholders."

Mr. Sell continued, "On behalf of the Company, I'd like to express our deep appreciation for the hard work of our dedicated employees and their commitment to our customers. We are also grateful for the many years of support from our partners and our loyal customers, who have allowed us to serve as a fashion industry leader and go-to retailer for generations."

Forever 21's locations outside of the United States are operated by other licensees and are not included in the chapter 11 filings. Authentic Brands Group continues to own the intellectual property associated with the Forever 21 brand and may license the brand to other operators. The non-US Forever 21 locations and its international ecommerce sites will continue operating in the ordinary course.

Additional information regarding F21 OpCo's chapter 11 proceedings, including court filings and information about the claims process are available at www.veritaglobal.net/forever21. Questions should be submitted to the Company's claims agent Verita Global at www.veritaglobal.net/forever21/inquiry or by phone at 866-480-0830 (USA or Canada) or +1 781-575-2040 (International).

Paul, Weiss, Rifkind, Wharton & Garrison LLP and Young Conaway Stargatt & Taylor, LLP are serving as the Company's proposed legal counsel, BRG is serving as

the Company's proposed financial advisor, and RCS Real Estate Advisors is serving as the Company's proposed real estate advisor. SSG Capital Advisors, LLC is serving as the Company's investment banker, and Reevemark is serving as communications advisor to the Company.

About F21 OpCo

F21 OpCo, LLC is the operator of Forever 21 stores and licensee of the Forever 21 brand in the United States. For more information, including online shopping and a list of stores, visit forever21.com.

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F21 OPCO, LLC

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