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ASX Market Announcement
ASX Limited
525 Collins Street
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Lovisa acquires 21 retail stores and more than doubles its footprint in South Africa

Lovisa Holdings Limited is pleased to announce the acquisition of 21 fashion accessory stores in South Africa, the majority of which will be re-branded immediately following handover. The transaction has been agreed with a completion and store hand over date being the 1st April 2015. Completion is subject to approval by the Reserve Bank of South Africa, which is expected to proceed without issue.

These stores are currently retailing a range of fashion accessories and are a similar store size to the Lovisa concept.

The purchase price for this transaction is A\$2.0m with a further deferred payment of A\$250k payable 12 months post transaction. Currently this business has assessed tax losses with a value of approx. A\$850k which Lovisa forecasts to benefit from in future trading periods. The acquisition and refurbishment costs will be funded from loan facilities.

Lovisa CEO, Shane Fallscheer, says “we are very excited by this transaction as it quickly takes us beyond 30 stores in South Africa, positioning us as the largest fashion jewellery retailer in South Africa and giving us a national footprint of stores in what is one of our most successful markets. This places Lovisa well ahead of our growth forecasts and enables us to continue to look for opportunities in South Africa whilst moving our focus to other growth markets, both company owned and franchise”.

The company is working towards a rapid re-fit program to maximize the performance of these stores, with the bulk of the work to be done in three months from handover of stores. Lovisa is budgeting refurbishment costs of approximately A\$57,000 per store, in line with prospectus forecast, and \$50,000 of inventory per store.

Of the 21 stores purchased, there is minimal crossover from the current Lovisa portfolio and management is in the process of evaluating those sites where there is crossover to determine if the company will trade two stores in these centres or surrender the weakest location to the landlord. Lovisa currently estimates closure of 5 of the 21 stores within 6 months of acquisition.

Stores will be re-fitted during FY15 Q4, so are not forecast to enhance FY15 earnings however Lovisa is forecasting that these stores will contribute an EBIT of A\$1.75m in FY16. There will be no tax payable on these earnings due to the accumulated tax losses.

Lovisa's growth strategy as per prospectus forecast is as tabled below. All regions are in line or ahead of the prospectus store number forecasts.

	Stores at 31st October 2014	Prospectus forecast at June 15	Revised forecast at June 15
Australia	157	148	150
New Zealand	14	14	14
Singapore	13	16	16
Malaysia	14	14	15
South Africa	12	21	35
Arabian Gulf	10	12	14
Total stores	220	225	244

For investor enquiries, please contact Shane Fallscheer on 03 9831 1827.



Yours faithfully,

Paul Cave
Interim Chairman