



city chic collective

LEADING A WORLD OF CURVES

Capital Raising and Business Update

24 July 2020

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- a placement of new fully paid ordinary shares in City Chic (**New Shares**) to certain institutional and sophisticated investors in accordance with section 708A of the Corporations Act 2001 (Cth) as modified by ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (**Corporations Act**) (**Placement**); and
- an offer of New Shares to eligible City Chic shareholders in Australian and New Zealand under a share purchase plan in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**SPP**) (the Placement and SPP together, the **Offer**).

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CONTENTS

- 1 Executive Summary
- 2 Acquisition and Strategy Execution
- 3 Trading Update
- 4 Equity Raising

Phil Ryan, CEO

Munraj Dhaliwal, CFO





EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

Trading Update

- City Chic's trading has continued to improve since its trading update on 25 May 2020, with sales in Australia and New Zealand further strengthening as the majority of the store network re-opened and sales through the Avenue website continued to be resilient
- City Chic recorded FY20 sales revenue of \$194.5m (unaudited), which represents 31.0% total sales growth and 0.4% comparative sales growth on FY19¹
- Unaudited Underlying EBITDA for FY20 is \$26.5m (pre-AASB16, includes share-based payments expense of \$2.8m)²

Potential Acquisition of Catherines eCommerce Assets

- Nominated as the Stalking Horse Bidder for the eCommerce assets of Catherines, a US plus-size brand owned by Ascena Retail Group, which has filed for Chapter 11 Bankruptcy (Information regarding Stalking Horse Bidder status is provided on page 11)
- As Stalking Horse Bidder, City Chic has entered into a binding asset purchase agreement that is subject to conditions precedent, including City Chic being the highest bidder at the conclusion of a formal auction process and approval by a US Bankruptcy Court. As Stalking Horse Bidder, City Chic's offer for the eCommerce assets of Catherines is superior to any other bid received
- The Stalking Horse Bid includes an upfront cash consideration offer of US\$16.0m, subject to an inventory adjustment
- If City Chic is the successful acquirer, the transaction is expected to complete late in the third quarter or early fourth quarter of 2020

Strategy Execution

- The potential acquisition of Catherines is consistent with City Chic's stated strategy of scaling its business across geographies and plus-size segments
- Catherines adds a significant and loyal customer base and the brand services a complementary segment within women's plus-size apparel
- This is City Chic's third strategic acquisition of digital assets in the A\$50bn+³ global plus-size apparel market, following the acquisition of Avenue in October 2019 and Hips & Curves in April 2019, which are now fully integrated and trading profitably
- City Chic intends to continue to assess opportunities to further expand its customer base in key product streams, drive further digital presence and continue to expand across geographies

Equity Raising

- City Chic is raising \$80.0m through an underwritten Placement to fund the potential acquisition of Catherines eCommerce assets, as well as to further strengthen the balance sheet and provide financial flexibility to accelerate growth globally
- A follow-on non-underwritten Share Purchase Plan ("SPP") will also be offered to eligible shareholders in Australia and NZ to raise up to approximately \$10.0m

1. Represents no adjustment for store closures due to COVID-19. Under City Chic's Comparable Sales Policy, the period stores were closed or partially closed due to COVID-19 restrictions (April and May 2020) are excluded, resulting in comparable sales growth of 6.4% for FY20. In both calculations, comparable sales exclude Wholesale and Online Marketplaces and exclude recent acquisitions of Avenue and Hips & Curves

2. Underlying EBITDA excludes transaction costs and US logistics consolidation costs and adjusts for accounting changes relating to AASB16 Leases which were effective from 1 July 2019, in order to present Underlying EBITDA on a like-for-like basis to the prior period. Underlying EBITDA includes the non-cash long term incentive share-based expense

3. Based on IBISWorld Industry Report, The NPD Group, PwC, Verdict and City Chic estimates



— 2 —

ACQUISITION AND STRATEGY EXECUTION

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MARKET UPDATE AND OPPORTUNITY FOR CITY CHIC

GLOBAL PLUS-SIZE MARKET OVERVIEW



Australia and New Zealand women's plus-size apparel market of approximately ~A\$1bn¹



Global market opportunity estimated at A\$50bn+¹



Global plus-size market growth estimated at ~4.4%² p.a, but share of eCommerce sales expected to rise at a greater rate



Underserved by mainstream retail with limited product range

CITY CHIC POSITION

Leadership position with significant share in Fashion/Youth. Opportunity in Conservative

Substantial market opportunity for City Chic to continue global expansion

Omni-channel model with growing presence in global eCommerce

Emotional connection and deep understanding of the customer with broad product range

CURRENT MARKET CONDITIONS

- Current economic uncertainty and challenging retail environment provides opportunities for City Chic to explore expanding its collective of brands to meet its strategic priorities of growing its customer base and presence across geographies
- City Chic is well positioned to leverage its lean, customer-centric operating model to drive scale as it continues to grow its global footprint
- The acquisition and successful integration of the eCommerce assets of Avenue in October 2019 provides City Chic a blueprint for such future opportunities that may arise
- City Chic continues to progress the rollout of its existing brand portfolio across key global markets

OUR VISION IS TO LEAD A WORLD OF CURVES

Strategic priorities: scaling globally

Leverage product across expanded online customer base

Customer acquisition and driving brand awareness

Segment expansion within plus-size, extend product offering

Take advantage of current market conditions to accelerate global strategy

The potential acquisition of Catherines: meets strategic objectives

✓ The US plus-size market represents the largest global revenue opportunity for the City Chic Collective

✓ Accelerates the growth of customer base and traffic

✓ Further expands and leverages offering in the conservative product segment

✓ Acquisition of an attractive digital business to fast-track digital growth

✓ Increase the profitability of Catherines by applying City Chic's lean, customer-centric operating model, similar to what was achieved with Avenue

POTENTIAL ACQUISITION OF CATHERINES



Acquisition Overview	<ul style="list-style-type: none"> On 23 July 2020, City Chic was selected as the Stalking Horse Bidder and signed an asset purchase agreement for the eCommerce assets of Catherines (a part of US-listed Ascena Retail Group Inc NASDAQ:ASNA) which are to be sold via auction as part of a Chapter 11 bankruptcy process These assets include a well-established brand with loyal customer following and inventory
Business Details	<ul style="list-style-type: none"> Founded in 1960, Catherines is a well recognised US specialty retailer of plus-size apparel, targeting mature value-conscious women In the last 12 months to April 2020, Catherines generated online sales of ~US\$67m, which represents approximately one-third of Catherines total sales; City Chic does expect a material reduction in eCommerce sales from the closure of Catherines store network (300 stores) as well as from the bankruptcy process, as experienced with the Avenue acquisition in 2019
Transaction Process and Timing	<ul style="list-style-type: none"> The Stalking Horse bid for the eCommerce assets includes an upfront cash consideration offer of US\$16.0m, subject to an inventory adjustment. If City Chic is the successful acquirer, the expected date of completion would be late in the third quarter or early fourth quarter of 2020 City Chic has entered into an asset purchase agreement that is subject to conditions precedent, including City Chic being the highest bidder at the conclusion of the auction and approval by a US Bankruptcy Court. This means the purchase price ultimately paid by City Chic may be more than US\$16.0m There is therefore no guarantee City Chic will be successful in its bid to acquire the Catherines eCommerce assets and will keep the market updated as the transaction progresses
Key Benefits of Stalking Horse Bidder	<ul style="list-style-type: none"> The Stalking Horse Bidder is selected by a distressed company to make the first bid in a court-approved auction type process. If no other approved potential bidders submit a superior offer, there is no auction and the Stalking Horse wins the assets at the Stalking Horse Bid price A competitive process has already been run to determine City Chic as the Stalking Horse Bidder Key benefits of being a Stalking Horse include: <ul style="list-style-type: none"> Ability to work with Catherines to develop a transition plan, minimising risk of execution versus other parties Access to “break fee” in the event a higher bidder engages and is successful in winning the auction Asset purchase agreement already agreed, increasing deal certainty and speed post-auction

CATHERINES®

- Catherines is a women's apparel, intimates, footwear and accessories retail brand targeting the value-conscious, mature plus-size customer
- Founded in 1960 in Memphis, Tennessee, with higher customer penetration in the South and Mid-West of the United States
- c.300 stores across 44 states in the US (all stores will be closed through the Chapter 11 process)
- Online sales revenue of ~US\$67m, which represents approximately one-third of Catherines total sales, and annual online traffic of 22m (for the 12 months to April 2020)
- Strong online sales growth during COVID-19 restrictions



AVENUE PROVIDES A BLUEPRINT FOR SUCCESSFUL EXECUTION

avenue The potential acquisition of Catherines shares similarities to Avenue

- Large loyal customer base across the US; strong emotional connection to the brand
- Conservative plus-size women's apparel
- Bankruptcy with 250-300 stores closed, and eCommerce business sold
- Strong online sales penetration of c. 1/3 of total sales
- Material scale with eCommerce sales of US\$65-70m pre-bankruptcy
- Cross selling opportunities across City Chic Collective portfolio of brands

Similar execution and integration to that required on the Avenue acquisition

- Restructure into leaner operating model – **done**
- Stabilise brand as eCommerce only business – **done**
- Integrate supply chain, logistics and eCommerce platform – **done**
- Introduce better buying disciplines – **done**
- Improve engagement with digital customer – *ongoing*
- Improve customer experience – *ongoing*
- Migrate store customers to online – *ongoing*



The successful integration of Avenue demonstrates City Chic's expertise in the US market and ability to apply its leaner operating and customer-centric model

A GLOBAL COLLECTIVE OF PLUS-SIZE BRANDS

	city chic	CCX	<i>Hips & Curves</i> FOX&ROYAL	avenue®	CATHERINES
Segment	Fashion Forward	Youth Casual	Playwear & Intimates Lifestyle	Conservative	Conservative
Age	18-35	18-25	18-39	35-55	40-60
Price Point	Mid/High	Mid/High	Mid-market	Mid-market	Mid-market
Channel	Stores Online Marketplace Partnerships	Stores Online	Online	Online	Online
Region	ANZ, USA, EU, UK	ANZ, USA	ANZ, USA	USA	USA

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3

TRADING UPDATE

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FY20 TRADING UPDATE

Financial highlights



FY20 sales revenue (unaudited) of \$194.5m, representing 31.0% YoY total sales growth and 0.4% comparable sales growth¹



Unaudited Underlying EBITDA for FY20 is \$26.5m (pre-AASB16, includes share-based payments expense of \$2.8m)²



Clean inventory position
Strong balance sheet with cash of \$21.4m and debt of \$17.5m³

Operational highlights

Acquisition and integration of **Avenue**

Expanded online offering, including launch of **Fox & Royal**

Launched **new global ecommerce platform** and new CRM

663K active customers globally⁴; 148K added in last 6 months

65% Online sales penetration⁵

42% of sales in Northern Hemisphere

1. Represents no adjustment for store closures due to COVID-19. Under City Chic's Comparable Sales Policy, the period stores were closed or partially closed due to COVID-19 restrictions (April and May 2020) are excluded, resulting in comparable sales growth of 6.4% for FY20. In both calculations, comparable sales exclude Wholesale and Online Marketplaces and exclude recent acquisitions of Avenue and Hips & Curves
2. Underlying EBITDA excludes transaction costs and US logistics consolidation costs and adjusts for accounting changes relating to AASB16 Leases which were effective from 1 July 2019, in order to present Underlying EBITDA on a like-for-like basis to the prior period. Underlying EBITDA includes the non-cash long term incentive share-based expense
3. Deferment of \$4.7m of tax payments agreed with the respective tax authorities, to be paid 1H FY21
4. Defined as transacted in last 12 months. Includes Avenue and Hips & Curves customers who have transacted since acquisition
5. Includes Online Websites and Online Marketplace. Only includes part year sales from Avenue since acquisition in October 2019

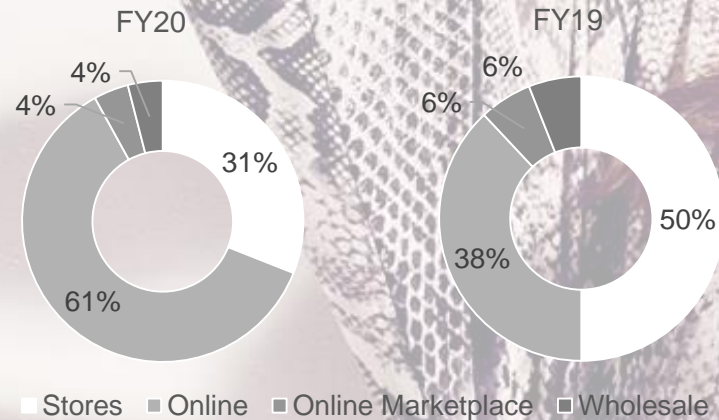


SALES PERFORMANCE BY CHANNEL & REGION

REVENUE BY CHANNEL

\$m	FY18	FY19	FY20
Stores	78.1	74.6	60.2
Online Website	41.2	55.6	118.7
Online Marketplace	6.4	9.2	8.0
Wholesale	6.2	9.1	7.6
Total Revenue	131.9	148.4	194.5

CHANNEL: CONTRIBUTION

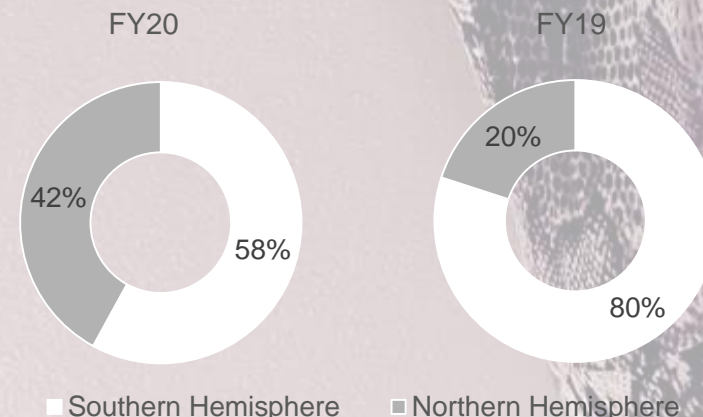


- Online represents 65% of total sales¹
 - Active customer base and online sales growth globally
 - Avenue contribution represents 37 weeks post acquisition
- Store revenue flat in 1H, and impacted heavily by COVID-19 restrictions in 2H
- Marketplace and wholesale down in 2H due to COVID-19 impact on key US partners

REVENUE BY REGION

\$m	FY18	FY19	FY20
SH	111.0	119.5	113.7
NH	20.9	29.0	80.8
Total Revenue	131.9	148.4	194.5

REGION: CONTRIBUTION



- Southern Hemisphere sales decline of 4.8% for full year
 - Growth of 9.9% in 1H, decline of 21.5% in 2H
- Northern Hemisphere growth of 166% in 2H and 179% for full year, driven by expanded US customer base from Avenue acquisition
- Northern Hemisphere contribution increased to 42% of total sales, up from 20% in FY19



4

EQUITY RAISING

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DETAILS OF THE OFFER

Offer Size and Structure	<ul style="list-style-type: none"> Fully underwritten \$80.0m institutional Placement and a non-underwritten SPP to raise up to approximately \$10.0m It is intended that eligible institutional shareholders who bid for up to their 'pro-rata' share of New Shares under the Placement will be allocated their full bid, on a best endeavours basis^{1,2}
Use of Proceeds	<ul style="list-style-type: none"> Proceeds of the capital raising will be used to fund the potential acquisition of Catherines' eCommerce assets, as well as to further strengthen the balance sheet and provide financial flexibility to accelerate growth globally
Institutional Placement	<ul style="list-style-type: none"> The Placement will be conducted at \$3.05 per New Share ("Placement Price") which represents a 4.7% discount to the last closing price of \$3.20 on 23 July 2020 The Placement will result in approximately 26.2 million New Shares being issued, representing approximately 13.1% of City Chic's existing issued capital The Placement is fully underwritten
Non-Underwritten Share Purchase Plan	<ul style="list-style-type: none"> City Chic will offer all eligible shareholders in Australia and New Zealand the opportunity to participate in a non-underwritten SPP. The SPP is capped at \$30,000 per eligible shareholder City Chic is targeting to raise up to approximately \$10.0m under the SPP New Shares under the SPP will be issued at the lower of the Placement Price and a 2% discount to the 5-day volume weighted average price (VWAP) of City Chic shares up to the SPP closing date Further details in relation to the SPP will be provided to eligible shareholders in Australia and New Zealand in due course
Placement Settlement	<ul style="list-style-type: none"> New Shares issued under the Placement are expected to settle on 30 July 2020 and be issued, and commence trading on the following business day, 31 July 2020

- For this purpose, an eligible institutional securityholder's 'pro-rata' share will be estimated by reference to City Chic's beneficial register on 16 July 2020, but without undertaking any reconciliation and ignoring securities that may be issued under the SPP. Accordingly, unlike in a rights issue, this may not truly reflect the participating securityholder's actual pro-rata share. Nothing in this Presentation gives a securityholder a right or entitlement to participate in the Placement and City Chic has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a securityholder's 'pro-rata' share. Institutional securityholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. City Chic and the Underwriters disclaim any duty or liability (including for negligence) in respect of the determination of a securityholder's 'pro-rata' share.
- Eligible institutional securityholders who bid in excess of their 'pro-rata' share as determined by City Chic and the Underwriters are expected to be allocated a minimum of their 'pro-rata' share on a best endeavours basis as set out in footnote 1 above, and any excess may be subject to scale back.

USE OF PROCEEDS

- Proceeds from the offer will be used as follows:
 - to fund the potential acquisition of Catherines' eCommerce assets from the Ascena Retail Group
 - to further strengthen the balance sheet and provide financial flexibility to accelerate growth globally
 - for general corporate purposes and costs associated with the equity raising and the potential acquisition

Sources	\$m
Offer proceeds	80.0 ¹
Total	80.0

Uses	\$m
Acquisition of Catherines assets ²	23.5
Balance sheet and acceleration of growth	53.0
Estimated transaction costs	3.5
Total	80.0

1. Gross proceeds exclude proceeds from the SPP
 2. Acquisition of Catherines assets is based on Stalking Horse Bid of US\$16.0m, converted to AUD at 0.68 USD/AUD, and could ultimately be higher through the auction process



OFFER TIMETABLE

Event	Date¹
SPP record date	7:00pm (Sydney time), Thursday, 23 July 2020
Trading halt and announcement of the Placement and SPP	Friday, 24 July 2020
Placement bookbuild	Friday, 24 July 2020
Announcement of the outcome of the Placement	Monday, 27 July 2020
Trading halt lifted – trading resumes on the ASX	Monday, 27 July 2020
Settlement of New Shares under the Placement	Thursday, 30 July 2020
Issue and normal trading of New Shares issued under the Placement	Friday, 31 July 2020
SPP offer opens and SPP offer booklet is dispatched	Friday, 31 July 2020
SPP closing date	Tuesday, 18 August 2020
Announcement of results of SPP	Friday, 21 August 2020
SPP issue and allotment date	Monday, 24 August 2020
Normal trading of New Shares issued under the SPP	Tuesday, 25 August 2020
Dispatch of holding statements	Tuesday, 25 August 2020



5

APPENDIX

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

KEY BUSINESS RISKS

RISK FACTORS

There are a number of factors, both specific to City Chic and of a general nature, which may affect the future operating and financial performance of City Chic, its products, the industry in which it operates and the outcome of an investment in City Chic. There can be no guarantee that City Chic will achieve its stated objectives or that forward-looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in City Chic. Each risk set out below could, if it eventuates, have a materially adverse impact on City Chic's operating performance, financial performance, financial position, liquidity and the value of its shares.

Before deciding to invest in City Chic, potential investors should read this entire Presentation, the entire SPP booklet and the risk factors that could affect the financial performance of City Chic.

You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. You should also consider publicly available information about City Chic, including information available on the ASX, before making an investment decision.

SPECIFIC RISK FACTORS

The Directors believe that there are a number of specific factors that should be taken into account before investors decide whether or not to apply for New Shares. Each of these factors could have a materially adverse impact on City Chic, its growth plans, operating and product strategies and its financial performance and position. These include the following:

COVID-19 overall impact	<p>The ongoing COVID-19 pandemic has had a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, has restricted travel and the ability of individuals to leave their homes and travel to places of work.</p> <p>City Chic has already experienced an adverse impact on its sales and supply chain, borne out of ongoing international and domestic travel restrictions, government lock down measures, and broader global uncertainty around a recovery of business activity.</p> <p>COVID-19 has already increased unemployment in City Chic's key markets Australia, New Zealand and the United States and could reduce further consumer and business discretionary spending and demand for City Chic's products, particularly after the various fiscal stimulus measures are brought to an end by respective governments. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on City Chic's business. COVID-19 forced City Chic to close all its stores during April and May 2020 and its Melbourne metropolitan stores in July 2020 and there is a prospect that store closures on a more significant scale may once again occur if the COVID-19 outbreak cannot be adequately contained.</p> <p>Further, a number of aspects of City Chic's business may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19, including disruption to City Chic's supply chain and workforce, particularly the availability of products and logistics (including shipping of products) and government-imposed shut downs of manufacturing and distribution centres affecting the supply of products to customers.</p> <p>There is a risk that if the duration of events surrounding COVID-19 are protracted, City Chic may need to take additional measures in order to respond appropriately (e.g. by restructuring to reduce further costs from its business). There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of City Chic and may be exacerbated in an economic recession or downturn. These include but are not limited to: (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic conditions which may affect the revenue or costs of City Chic.</p>
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KEY BUSINESS RISKS (CONT'D)

Sales and revenue risk	City Chic's revenue depends on the extent and timing of future product sales. There is a risk that expected revenue levels may not be realized at all, including as a result of COVID-19. There is a risk that the impacts of COVID-19 could extend indefinitely into the future, beyond just FY20 and FY21. Due to the uncertainty in relation to the spread of COVID-19 globally and the impacts on future demand, at this stage City Chic cannot forecast the extent to which COVID-19 will impact the business in FY21.
Supply chain risk	While sufficient levels of inventory are currently in place for the forthcoming season, there remains a risk that the continued spread of COVID-19 has an adverse impact on City Chic's supply chain. This could occur if the ability to transport products between countries or interstate (as the case may be) is disrupted, City Chic's suppliers are negatively affected or if City Chic is otherwise unable to efficiently distribute products to its stores and customers. In the event that City Chic's supply chain is disrupted, this may have a material adverse effect on City Chic's operating performance and earnings. If City Chic is unable to secure key supply inputs in a timely and economically acceptable manner, it could have a materially adverse effect on its ability to meet customer demand and sell products profitably.
Liquidity risk	There is a risk that the ongoing impact of COVID-19 is worse than anticipated by City Chic. For instance, a prolonged fall in sales may result in City Chic having insufficient liquidity to cover payments or meet its own capital requirements.
IT risk, privacy and cybersecurity	<p>City Chic relies heavily on its computer hardware, software and information technology systems, including to drive its online sales channel. City Chic's technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication providers' failure, fire, natural disasters, terrorist acts, war or human error. These events may cause one or more of City Chic's systems to become unavailable. Should these not be adequately maintained, secured or updated or City Chic's disaster recovery processes not be adequate, system failures may negatively impact on its performance. Any interruptions to these operations would impact City Chic's ability to operate and could result in business interruption, the loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect City Chic's operating and financial performance.</p> <p>Through the ordinary course of business, City Chic collects a wide range of confidential information. Cyber-attacks may compromise or breach the systems used by City Chic to protect confidential information. There is a risk that the measures taken by City Chic may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches of City Chic's failure to protect confidential information could result in the loss of information integrity, or breaches of City Chic's obligations under applicable laws or agreements, each of which may materially adversely impact City Chic's financial performance and reputation.</p>
Changes in technology	Technology plays an increasingly important role in the delivery of services to City Chic's customers. City Chic's ability to compete with other retailers may be impacted by its ability to maintain or develop appropriate technology platforms with its technology partners in the efficient delivery of its services. Maintaining or developing appropriate technologies may require significant capital investment by City Chic.
Landlord relationships	City Chic operates many stores under which it is the lessee. The loss of key store sites or leases could materially adversely affect City Chic's business, operating and financial performance.

KEY BUSINESS RISKS (CONT'D)

Competition risk	<p>City Chic operates in a competitive market. The loss of customers (notwithstanding COVID-19) may negatively impact earnings. Additionally, the risk from increased competition may negatively impact on sales and profitability. The actions of an existing competitor or of new competitors may make it difficult for City Chic to grow or maintain its business, which in turn may have a material adverse effect on its profitability.</p> <p>There is a risk that new entrants in the market may disrupt City Chic's business and existing market share. Existing competitors and new competitors may engage in aggressive customer acquisition campaigns. Such competitive pressures may materially erode City Chic's market share and revenue, and may materially adversely impact City Chic's revenue and profitability. A general increase in competition may also require City Chic to increase marketing expenditure, offer discounts to customers or engage in other promotional activity, which would decrease profitability even if City Chic's market share does not decrease.</p>
Warranty risk and product liability exposure	<p>There is an inherent risk of defective workmanship or materials in the manufacture of products sold by City Chic and for exposure to product liability for damages suffered by parties attributable to the use of the product.</p> <p>Defective products may have a materially adverse impact on City Chic's reputation, its ability to achieve sales and commercialise its products and on its financial performance due to warranty obligations. It may also give rise to product liability claims which could impact on City Chic's viability, particularly if its liability exceeds any insurance coverage. City Chic will attempt to mitigate or reduce this risk, including via usual contractual provisions which seek to exclude liability for consequential loss and so on, but it is not possible to protect City Chic against all financial and reputational loss.</p>
Intellectual property and patent risk	<p>The ability of City Chic to maintain protection of its proprietary intellectual property and operate without infringing the proprietary intellectual property rights of third parties is an integral part of City Chic's business. There is a risk that the validity, ownership or authorised use of intellectual property (both owned and licensed) relevant to City Chic's business can or will be challenged.</p>
Maintenance of reputation	<p>City Chic's success is reliant on the maintenance of its reputation and any brand names. Any factors that damage the reputation of City Chic may potentially result in a failure to gain new customers and maintain existing customers, as well as affect its ability to attract key employees. If any of these occur, this could materially adversely affect City Chic's business, operating and financial performance.</p>
Key personnel risk	<p>City Chic relies heavily on the experience and knowledge of its management team. City Chic is also dependent on its ability to recruit and retain suitably qualified personnel. In the event that such key personnel leave City Chic and City Chic is unable to recruit suitable replacements, or there is a delay in their replacement, such loss could have a materially adverse effect on City Chic.</p>
Asset impairment risk	<p>Changes to the carrying amounts of City Chic's assets could have an adverse impact on the reported financial performance of City Chic in the period that any impairment provision is recorded and could increase volatility of reported earnings in cases where there is further impairment or a reversal of impairment provisions that were recorded in previous periods.</p>
Dividends	<p>There is no guarantee as to future earnings of City Chic or that City Chic will be profitable at any time in the future, and there is no guarantee that City Chic will be in a financial position to pay dividends at any time in the future.</p>

KEY BUSINESS RISKS (CONT'D)

Regulatory and compliance risk	<p>City Chic and its operations are subject to a range of regulatory requirements both in Australia and overseas. City Chic is exposed to the risk of changes in regulatory requirements, changes in the interpretation and enforcement of regulatory requirements and the risk of failure to comply with all regulatory requirements applicable to City Chic and its operations (in Australia and overseas). These risks may have an adverse impact on the financial position of City Chic and City Chic's reputation. There is the prospect of the cost of compliance exceeding expectations and having an adverse impact on the financial position of City Chic. This may prevent City Chic from accessing markets in certain jurisdictions. City Chic is currently in the process of having a payroll audit undertaken. There is a risk that this audit will uncover a failure by City Chic to comply with all regulatory requirements imposed upon City Chic as it relates to payroll. The existence of any such failure may well have a materially adverse effect on City Chic.</p>
Sovereign risk	<p>Certain suppliers of City Chic are subject to the risks associated with foreign emerging countries. These risks may include economic, social or political instability or change, hyperinflation, or changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, export duties, capital controls, repatriation of income or return of capital, environmental protection, labour relations and government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. No assurances can be given that the co-operation of such authorities, if sought by City Chic, will be obtained, and if obtained, maintained.</p> <p>It cannot be ruled out that any government in any foreign jurisdiction in which City Chic operates may adopt substantially different laws, policies or conditions which impact on City Chic's business. City Chic may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Any future materially adverse changes in government policies or legislation in any foreign jurisdiction in which City Chic operates may affect the viability and profitability of City Chic.</p>
Exchange rates	<p>City Chic is potentially exposed to movements in exchange rates. City Chic's financial statements are expressed and maintained in Australian dollars. However, a material portion of City Chic's income and costs are earned or incurred in foreign currencies and this proportion, through the recent acquisition of Avenue (and proposed acquisition of Catherines), is likely to increase substantially. Exchange rate movements affecting these currencies (including as a result of the circumstances surrounding COVID-19) may impact the profit and loss account or assets and liabilities of City Chic (to the extent the foreign exchange rate risk is not hedged or not appropriately hedged) and the general competitiveness of City Chic's products in the market.</p>
Catherines acquisition – information risk	<p>City Chic has undertaken a due diligence review in respect of the proposed Catherines acquisition. Despite taking reasonable efforts, City Chic may not have been able to verify the accuracy, reliability or completeness of all the information provided against independent data. There is a risk that information disclosed to City Chic is incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to the Catherines business. There is also a risk that the due diligence conducted has not identified issues that would have been material to the decision to enter into the acquisition agreement. A material adverse issue that has not been identified in the due diligence process could have an adverse impact on the financial performance or operations of City Chic.</p>
Catherines acquisition and completion risk	<p>City Chic is the "Stalking Horse Bidder" for the proposed acquisition of Catherines and has signed a binding acquisition agreement but there is no guarantee that it will remain the highest bidder and therefore no guarantee that it will be the ultimate acquirer of Catherines after the formal auction process for Catherines is conducted. There are other conditions precedent to completion of the Catherines acquisition and if any of these are not satisfied or waived or take longer than anticipated to satisfy, completion of the Catherines acquisition may be deferred or delayed, or may not occur on the current terms or at all. There is also a risk that the auction process results in City Chic remaining the highest bidder but for a greater amount than its Stalking Horse Bid. In these circumstances, it may take longer to generate a return on City Chic's investment (and there is no guarantee that a return will be generated at all).</p>

KEY BUSINESS RISKS (CONT'D)

Dilution risk	<p>If shareholders do not participate in the SPP then their percentage shareholding in City Chic will be diluted as a result of the Placement and the SPP. Even if a shareholder does take up their full allocation under the SPP, their percentage shareholding in City Chic may be diluted by the Placement and possibly also from the SPP because participation is limited to a fixed amount and shareholders are not entitled to participate in the SPP on a pro rata basis relative to their existing shareholdings.</p>
Underwriting risk	<p>City Chic has entered into a placement agreement ("Placement Agreement") under which the Underwriters have agreed to fully underwrite the Placement, subject to the terms and conditions of the Placement Agreement. The Underwriters' obligation to underwrite the Placement is conditional on certain customary matters, including City Chic delivering certain certificates, sign-offs and opinions. Further, if certain events occur, some of which are beyond City Chic's control, the Underwriters may terminate the Placement Agreement.</p> <p>Please refer to the summary of the Placement Agreement annexed to this Presentation, which amongst other things, sets out the key bases for which the Underwriters may terminate the Placement Agreement.</p> <p>Termination of the Placement Agreement would have an adverse impact on the amount of proceeds raised under the Placement and could affect City Chic's ability to pay the purchase price for the acquisition of Catherine's. City Chic would need to find alternative funding, or draw on existing sources of capital, to meet its contractual obligations under the acquisition agreement to pay the purchase price. Termination of the Placement Agreement could materially adversely affect City Chic's business, cash flow, financial performance, financial condition and share price. If the Placement Agreement is terminated and City Chic is unable to source alternate funding, it may be unable to complete the acquisition of Catherine's.</p> <p>The Placement and SPP are not conditional on completion of the Catherine's acquisition. In the event that acquisition does not complete for any reason, City Chic will consider its options in relation to the use of funds raised.</p>

GENERAL RISKS

Share market	<p>On completion of the Placement and SPP, the New Shares may trade on ASX at higher or lower prices than the issue price. Investors who decide to sell their New Shares after the Placement and SPP may not receive the amount of their original investment. The price at which the New Shares trade on ASX may be affected by the financial performance of City Chic and by external factors over which the Directors and City Chic have no control.</p> <p>These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.</p> <p>Investors should consider the historical volatility of Australian and overseas share markets.</p> <p>The Directors make no forecast in regard to the strength of the equity and share markets in Australia and throughout the world.</p>
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KEY BUSINESS RISKS (CONT'D)

Dependence on general economic conditions	<p>The operating and financial performance of City Chic is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets and government fiscal, monetary and regulatory policies.</p> <p>A prolonged deterioration in general economic conditions (whether or not due to COVID-19), including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a materially adverse impact on City Chic's business or financial condition. Changes to laws and regulations or accounting standards which apply to City Chic from time to time could adversely impact City Chic's earnings and financial performance. The Directors make no forecast in regard to the future demand for City Chic's products and services.</p>
Tax risk	<p>Changes to the rate of taxes imposed on City Chic (including in overseas jurisdictions in which City Chic operates now or in the future) or tax legislation generally may affect City Chic and its shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to City Chic's interpretation may lead to an increase in City Chic's tax liabilities and a reduction in shareholder returns. In addition, any change in tax rules could have an adverse impact on the level of dividend imputation and franking. Personal tax liabilities are the responsibility of each individual investor. City Chic is not responsible either for tax or tax penalties incurred by investors.</p>
Litigation risk	<p>City Chic may in the ordinary course of business become involved in litigation, claims and disputes (for example, with landlords, suppliers or customers). Any litigation, claim or dispute could be costly and damaging to City Chic's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.</p>
Legislative and regulatory changes	<p>Legislative or regulatory changes in jurisdictions in which City Chic operates, including property or environmental regulations or regulatory changes in relation to products sold by City Chic, could have an adverse impact on City Chic.</p>
Funding risk	<p>There is no guarantee that the monies raised under the Placement and SPP will be adequate or sufficient to meet the ongoing funding requirements of City Chic under its current business plan, notwithstanding that the Directors presently expect this to be the case. If City Chic requires access to further funding at any stage in the future, there can be no assurance that additional funds will be available either at all or on terms and conditions which are commercially acceptable to City Chic. If City Chic is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.</p>
Speculative investment	<p>The above list of risk factors ought not to be taken as exhaustive of the risks faced by City Chic or by investors in City Chic. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of City Chic and the value of the securities offered under the Placement and SPP. Therefore, the shares to be issued pursuant to the Placement and SPP carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that an investment in City Chic is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to the Placement and SPP.</p>

FOREIGN SELLING RESTRICTIONS

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of City Chic in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold in the Placement, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

FOREIGN SELLING RESTRICTIONS (CONT'D)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of City Chic's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to City Chic.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

SUMMARY OF TERMINATION EVENTS UNDER THE PLACEMENT AGREEMENT

City Chic has entered into a Placement Agreement with the Underwriters in respect of the Placement, pursuant to which the Underwriters were appointed and agreed to act as joint bookrunners, lead managers and underwriters to the Placement.

The Underwriters' obligation to manage and fully underwrite the Placement is conditional on certain customary matters. The Placement Agreement contains representations, warranties and indemnities in favour of the Underwriters.

The Underwriters may terminate the Placement Agreement on the occurrence of certain events (some of which are beyond the control of City Chic) before 4.00pm on the settlement date, which is expected to be 29 July 2020.

Each Underwriter may, in its sole discretion, terminate the Placement Agreement if any of the following occurs:

- ASX announces that City Chic will be removed from the official list or that any of City Chic's shares will be removed or suspended from quotation for any reason (other than a trading halt arising from the Placement);
- the S&P/ASX 200 Index falls, at any time between entering into the Placement Agreement and 24 hours following the close of the Placement bookbuild, by at least 10% from its level at the close of trading on the trading day before the Placement Agreement was entered into;
- certain documents and publications in respect of the Placement include content that is misleading or deceptive or likely to mislead or deceive in a material respect or omits to state a material fact necessary in order to make the statements therein (in light of the circumstances under which they were made) not misleading or deceptive, or any statement of opinion or belief in any such document or publication is not truly and honestly held or there are no reasonable grounds for making any such statement;
- ASIC, ASX or any government authority takes certain actions in relation to the Placement (or any part of it), including holding an investigation or hearing into it, or there is an application to a government authority (which in the Underwriters' bona fide opinion, is a serious action with reasonable prospects of success and which is likely to have a material adverse effect on City Chic or the Placement or on the market price of the City Chic's shares) in connection with the Placement (or any part of it);
- ASX announces that it will not grant official quotation of all the Placement Shares on an unconditional basis (or on a conditional basis that is acceptable to the Underwriters);
- any of City's Chic's directors or senior managers is charged with an indictable offence or disqualified from managing a corporation under the Corporations Act, or if any regulatory body commences (or announces that it intends to commence) a public action against a City Chic director in his or her capacity as such;
- the timetable set out in the Placement Agreement is delayed by City Chic for more than 1 business day without the prior written consent of the Underwriters (other than where the delay is caused by the Underwriters);
- City Chic alters its capital structure (other than as contemplated by the Placement or the SPP) without the Underwriters' prior written consent, other than where securities are issued based on the exercise of any options currently on issue or pursuant to a non-underwritten dividend or distribution plan or employee incentive scheme;
- the documents issued or published by or on behalf of City Chic in respect of the Placement include any forecast, expression of opinion, belief, intention or expectation which is not based on reasonable grounds, or if any other announced forecast or expectation becomes incapable of being met;
- City Chic or any of its subsidiaries are in breach of any debt covenant;
- City Chic or any of its directors or officers engage in any fraudulent conduct or activity, whether or not in connection with the Placement;
- there is an event, occurrence or non-occurrence (or development of an existing event, occurrence or non-occurrence) which makes it illegal or, in the case of an event, occurrence or non-occurrence, that makes it commercially impracticable for the Underwriters to satisfy a material obligation under the Placement Agreement or to market, promote or settle the offer of New Shares, or that causes the Underwriters to delay satisfying a material obligation under the Placement Agreement;

SUMMARY OF TERMINATION EVENTS UNDER THE PLACEMENT AGREEMENT

- Chic Chic withdraws the Placement or any part of it;
- there is a change to the board of directors, chief executive officer or chief financial officer of City Chic;
- any certificate which is required to be provided by City Chic under the Placement Agreement is not provided when required;
- City Chic (or any of its subsidiaries) is, or becomes, subject to an event of insolvency; or
- a condition precedent in the Placement Agreement is not satisfied or waived by the relevant deadline.

Each Underwriter may also, in its sole discretion, terminate the Placement Agreement if any of the following occurs and it has reasonable grounds to believe that such event, matter or circumstance has or is likely to have a material adverse effect on: (i) the financial position or prospects of City Chic and its subsidiaries; (ii) the outcome or success of the Placement (or any part of it); or (iii) the market price of, or ability to settle the Placement, or could otherwise give rise to a breach by, or liability of, the Underwriter (or its affiliates) under the Corporations Act or other applicable law:

- City Chic breaches the Placement Agreement or any representation or warranty by the City Chic is or becomes incorrect, untrue or misleading;
- there is an omission from or misstatement relating to the materials and information provided by City Chic to the Underwriters;
- any change, or announced proposal to change, in law or government policy in Australia;
- City Chic fails to comply with its obligations under the Corporations Act, its constitution, the ASX Listing Rules or any other applicable law or regulation;
- any aspect of the Placement does not comply with the Corporations Act or the ASX Listing Rules;
- any certificate which is required to be provided by City Chic under the Placement Agreement is untrue or incorrect;
- there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the financial position, results, condition, operations or prospects of City Chic and its subsidiaries (other than as already disclosed to ASX);
- City Chic (or any of its subsidiaries) breaches, or defaults under, a material debt or financing arrangement or any related documentation to which that entity is a party, or an event which gives a lender or financier the right to accelerate or require repayment of the debt or financing occurs under or in respect to any such debt or financing arrangement, in each case which has an adverse effect on City Chic and its subsidiaries;
- trading on the ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited materially for one trading day (or a substantial part thereof);
- there is any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Hong Kong, Singapore, the European Union, Canada, the United States or the United Kingdom or the international financial markets, or any change in national or international political, financial or economic conditions;
- there is a general moratorium on commercial banking activities in Australia, Canada, the United States, the European Union, Hong Kong or Singapore, or a material disruption in commercial banking or security settlement or clearance services in those places;
- the commencement or escalation of hostilities or the declaration of a national emergency in Australia, New Zealand, Canada, the United States, Japan, Hong Kong, China or the United Kingdom, or the perpetration of a significant terrorist act anywhere in the world;
- the information disclosed to the market by City Chic prior to the date of the Placement Agreement includes a statement which is or becomes misleading or deceptive or likely to mislead or deceive; or
- an announcement is made, which, if implemented, may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in City Chic.