



QUICK TAKE

Weekly Store Openings and Closures Tracker #12: Amazon to Acquire Whole Foods

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Fung Global Retail & Technology tracks store openings and closures for a select group of US retailers.

- 1) This week, **Amazon** announced it reached a definitive agreement to acquire Whole Foods for \$13.7 billion.
- 2) Private equity firm Sycamore Partners is close to a deal to acquire US office supplies retailer Staples, according to a Reuters report.
- 3) **Bebe** will reemerge from bankruptcy and sell through its e-commerce channel and international physical stores, under the management of Global Brands Group.
- 4) UK retailer Sports Direct has completed the acquisition of **Eastern Outfitters**, leaving it with around 50 physical stores in the US.
- 5) Year-to-date 2017, the number of store closure announcements has increased 218% year over year, bringing the total number of stores to be closed to 5,321, with more to surely follow.



2017 Store Openings and Closures

What is happening this week?

It surely has been a busy week for e-commerce giant Amazon. The company announced it has reached a definitive agreement to acquire Whole Foods in a \$13.7 billion cash deal, which has sent shock waves through the market and the retail industry. Private equity firm Sycamore Partners, which specializes in retail and consumer investments, is close to a deal to acquire US office supplies retailer Staples. Meanwhile, Bebe and Eastern Outfitters have both reemerged from their respective Chapter 11 proceedings: Bebe will continue to operate online through its e-commerce platform, while Eastern Outfitters will have around 50 physical stores in the US under the Bob's Stores brand and Eastern Mountain Sports brand.

Amazon to Acquire Whole Foods

Amazon announced it has reached a definitive agreement to acquire Whole Foods Market, a high-end grocery-store chain, for \$13.7 billion in cash. The acquisition comes at a difficult time for physical retailers, however, many see the current environment as an opportunity for e-commerce players to move offline. Assuming that no changes are made to Whole Foods' store fleet, Amazon will add over 460 Whole Foods grocery stores to its list of physical stores. According to our estimates, the combined Amazon-Whole Foods entity would account for around 3% of the US grocery market. The transaction is expected to close in the second half of 2017, pending approval by Whole Foods' shareholders and regulatory bodies.

Private Equity Firm Sycamore Partners Close to Acquiring Staples

Private equity firm Sycamore Partners is in advance stages of discussions with US office supplies retailer Staples for a deal that will see the retailer go private. The deal could be worth as much as \$6 billion, according to reports from Reuters. Staples has over 1,200 stores in the US and around 300 in Canada. No official comment has been made by either party, as the deal negotiations are still under way privately.

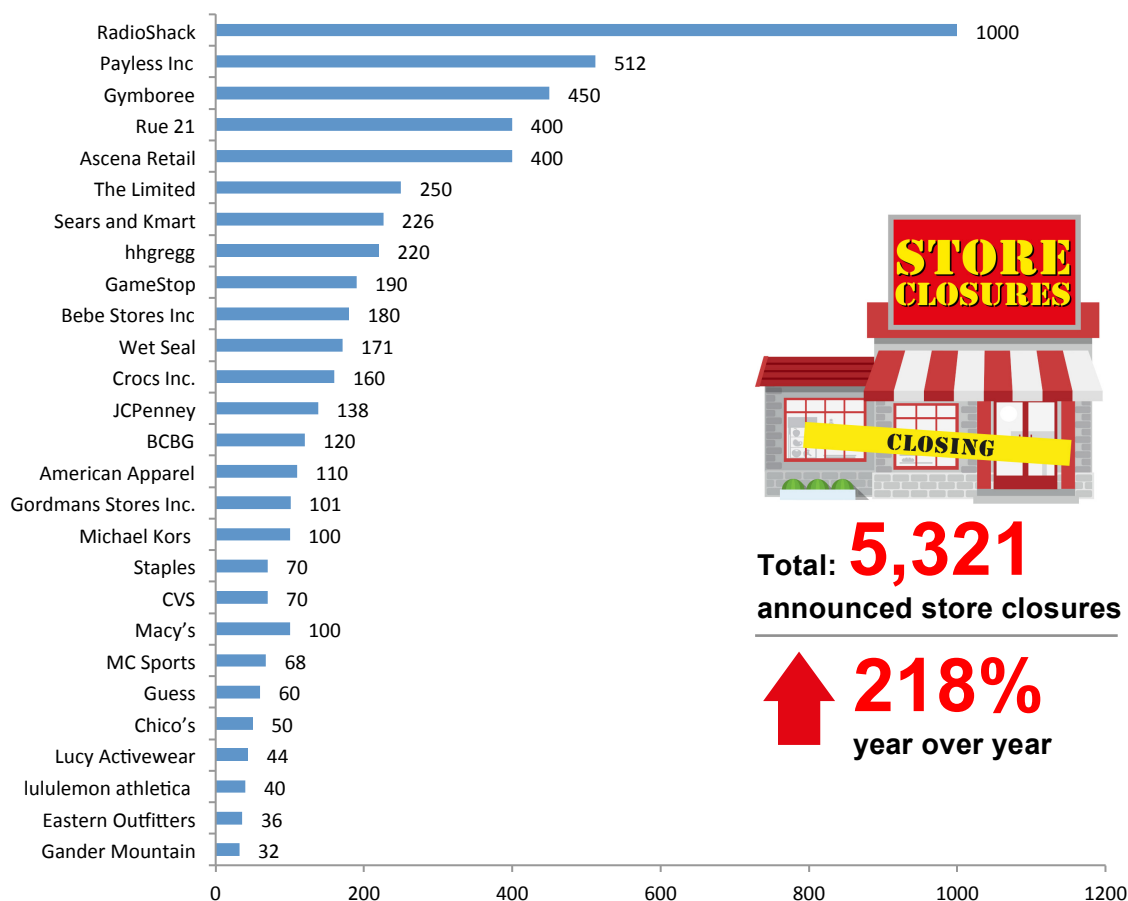
Bebe E-Commerce Platform Reemerges

Bebe will once again be selling on its e-commerce platform just a few months after it declared bankruptcy. The transformed e-commerce platform, with international brick-and-mortar stores, will be operated by Global Brands Group. The reemerged brand will continue to focus on chic women's fashion, which has always been the differentiating factor of the brand.

Sports Direct Completes Acquisition of Eastern Outfitters

Pursuant to our earlier report, UK retailer Sports Direct has now completed the acquisition of Eastern Outfitters, which operates under the Bob's Stores brand and Eastern Mountain Sports brand. 50 physical stores in the Northeastern US, five Eastern Mountain Sports outdoor adventure schools and corresponding websites will be operated by the new owner.

Year-to-Date 2017 Major US Store Closure Announcements

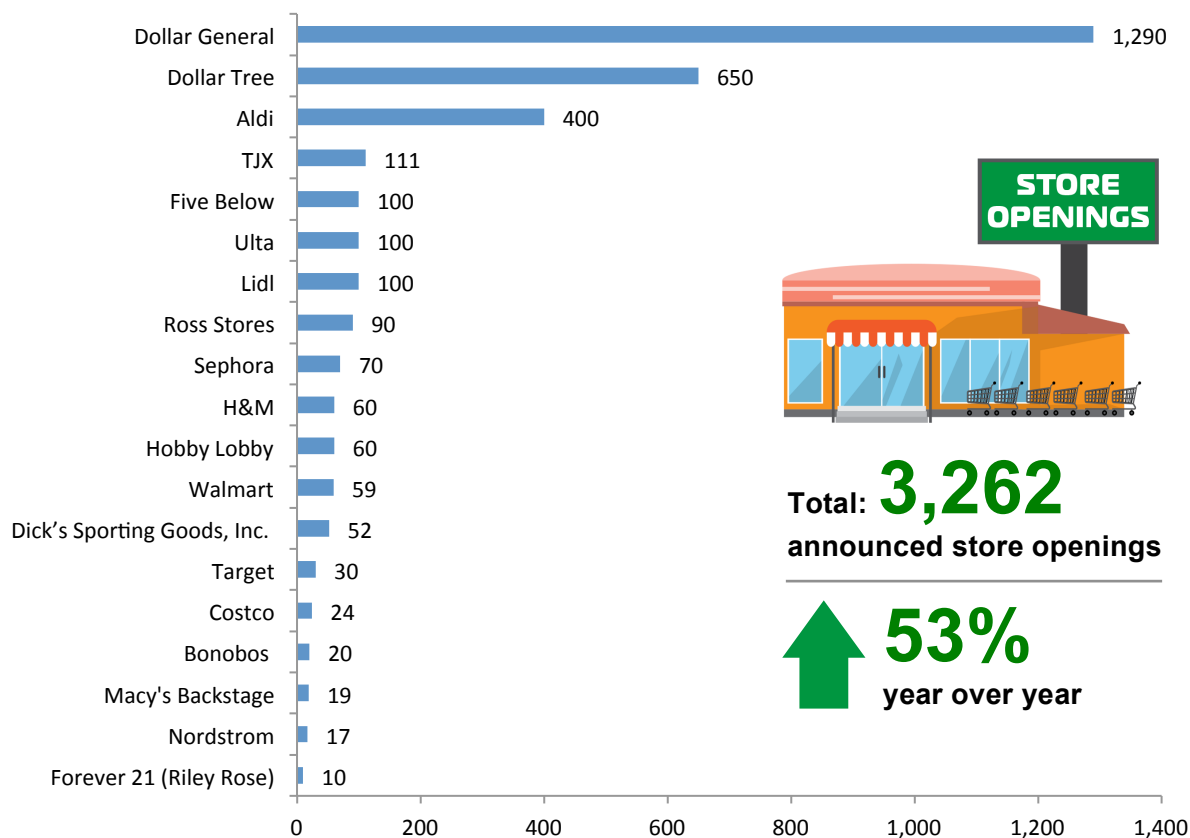


Gymboree announced it would be closing 350-450 stores. **Ralph Lauren's** store closing number was part of the 50-store closure plan announced in June 2016. **Payless** will close an additional 296 stores if negotiations with landlords are unsuccessful. **Ascena** will close between 268 and 667 stores by July 2019, depending on negotiation with landlords.

Source: Company reports/Fung Global Retail & Technology



Year-to-Date 2017 Major US Store Opening Announcements

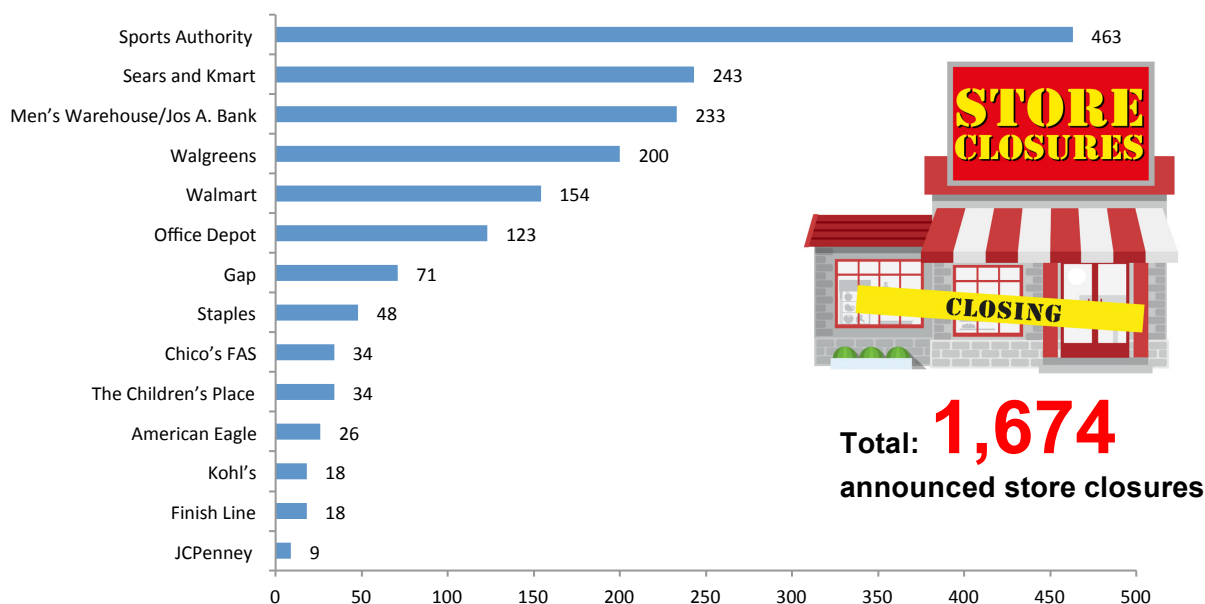


Aldi will complete a 400-store expansion by the end of 2018. **Walmart's** target of 59 stores includes new, expanded and relocated stores. **Target** is only opening stores in small format. **Macy's Backstage** will be opened within existing full-line Macy's stores.

Source: Company reports/Fung Global Retail & Technology

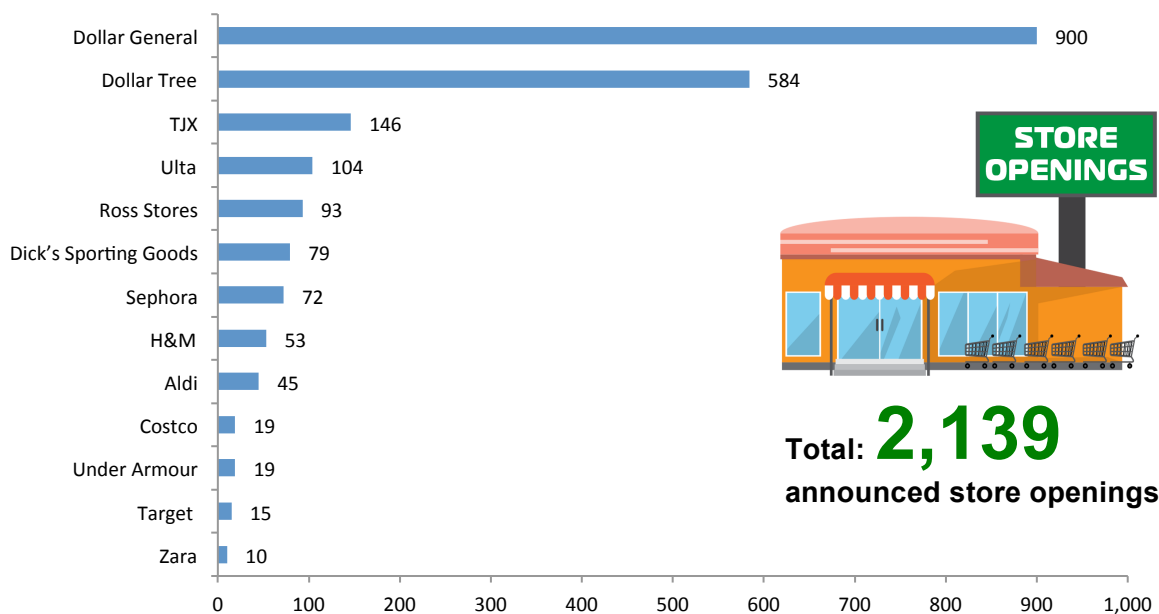
2016 Store Openings and Closures

2016 Major US Store Closures



Source: Company reports/Fung Global Retail & Technology

2016 Major US Store Openings



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