

Ch.11 Acquisition Opportunity

Anna's Linens, Inc.

Intellectual Property Assets



Auction Date: September 17th @ 1:00 PM PST

INTRODUCTION

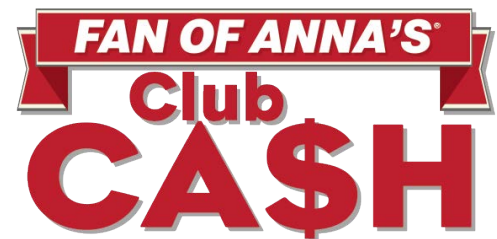
Hilco Streambank has been retained by Anna's Linens, Inc. (the "Company") as its exclusive agent for the purposes of marketing and selling its intellectual property and related assets (the "Assets"). The Company is currently operating as a Debtor under Chapter 11 in the United States Bankruptcy Court for the Central District of California and is currently closing retail locations and liquidating inventory.

BACKGROUND

Founded in 1987, the Company is a leading multi-channel specialty retailer offering high quality and stylish home textiles, furnishings and decor at attractive prices. The Company is headquartered in Costa Mesa, CA and operates a chain of 268 company-owned retail stores throughout 19 U.S. states (including Puerto Rico and Washington D.C.), and an e-commerce site at www.annaslinens.com generating approximately \$400 million in annual revenue. The Company's stores are clustered in key retail markets including Los Angeles, Dallas, Chicago, Miami and Houston. This strategy has allowed the Anna's Linens brand to develop strong regional awareness and a loyal and engaged customer.

The Company maintains engagement with its customer through regular communication to more than 7.5MM members of its Fan of Anna's (the "FOA") customer loyalty program. The Fan of Anna's program was started in 2011 to reward loyal customers, increase engagement, and drive repeat purchases. Benefits to consumers of joining FOA include:

- Special offers and exclusive members-only benefits
- Special savings on Birthdays
- Advance sale notices
- Exciting sweepstakes & giveaways
- Invites to exclusive VIP parties
- Exclusive members-only website
- Benefits extend to both in store and online purchases



SALES

The Company recorded sales of \$416.2MM, \$394.3MM, and \$370.2MM in 2012, 2013, and 2014 respectively from its retail and e-commerce channels.

ASSETS FOR SALE

Trademarks

- Anna's Linens®
- Your Home Your Way®
- Where you get a lot more ...for a lot less®
- I'm a fan of Anna's®
- Fan of Anna's®
- Fan of Anna's Club®
- Fan of Anna's My Home My Way Club®
- My Home My Way Club®
- Ask Anna®
- Anna's Home®
- Everyday Classics®
- Bella®
- Tu Hogar a Tu Manera®
- Su Hogar Su Manera®
- Multistyle®
- The Impossible Deal®
- It's Not Magic. It's Just Anna's® and more...

Domain Names

- annaslinens.com
- annaslinens.net
- linenexpert.com
- linenexperts.com
- and more...

ANNA'S LINENS
YOUR HOME  YOUR WAY



Customer Data

The Fan of Anna's total data file currently holds approximately 7.5MM members, most of whom signed up in store at the POS. Within this data set:

- 5.036MM have provided name and mailing addresses
- 4.885MM have provided name and email addresses to which the Company sends an average of three email messages per week as part of its email marketing campaigns.

Active FOA Members - 30% of FOA members are active, having transacted in the previous year.

FOA Related Sales - Approximately 53% of the Company's sales were made to Fans of Anna's and have transaction data associated to their records.

The average order size for FOA members in fiscal year 2014 was 35% higher than non-FOA members (\$36.92 for FOA vs. \$31.22 for non-FOA customers). The Company employs a third party provider, InteQ®, to manage the database and to design and execute its digital marketing strategy.

Customer Data (continued)

Examples of the data tracked by the Company include:

- SKU level information
- Source (Online/Ecommerce, POS)
- Spend Amount – tracked to customer where applicable (Fan of Anna)
- Discount Employed
- Rewards/Loyalty membership status
- Tender
- Customer Contact Info (customer gender, first and last name, birthday, email address, street address, home and mobile phone)



E-Commerce Platform & Website

In 2003, the Company launched its direct to consumer e-commerce platform, www.AnnasLinens.com, which represented 10MM in revenue by 2014. The Company drives traffic to Annaslinens.com primarily through email marketing to the FOA database, search engine optimization ("SEO") and search engine marketing ("SEM"), and its social media presence on: Twitter, Facebook, Pinterest, Yelp and Instagram.

The e-commerce site generates significant visitor traffic. From January 1st, 2014 to August 5th, 2015 the total number of unique visitors to the website was approximately 11 Million. Organic Search (32.57%), Direct Entry (34.02%) and Paid Search (20.35%) accounted for the majority of unique visits to the Company's website. Women ages 25 – 44 accounted for the majority of visitors to the website, overlapping with what has been documented as their largest customer demographic segment (34.6% of customers) possessing the following attributes: young, single, low income (less than \$50k annually), largely African American and Hispanic, and renters/transient.

www.hilcostreambank.com

SALE PROCESS

Hilco Streambank is currently soliciting interest in these assets from qualified buyers.

Data Room - An online data room has been constructed where parties under confidentiality agreement can review assembled diligence information.

Bid Submission – Interested parties that wish to acquire some or all of the assets must submit bids, per the Bidding Procedures, by the bid deadline.

Bid Deadline: Contact us if you are interested in placing a bid

Auction Date: September 17th, 2015 at 1:00 PM PST

Bidding Instructions will be provided by Hilco Streambank and will be available to parties under confidentiality agreement in advance of the bid deadline.

Auction – An Auction among Qualified Bidders will be held **September 17th, 2015 at 1:00PM Prevailing Pacific Time** in the offices of Levene, Neale, Bender, Yoo & Brill L.L.P. at 10250 Constellation Blvd. Suite 1700, Los Angeles, CA 90067.



For further information about the sale process and access to diligence materials please contact the following Hilco Streambank representatives:

David Peress

Office: 781.471.1239

dperess@hilcoglobal.com

Matt Helming

Office: 781.471.1240

mhelming@hilcoglobal.com

Jack Hazan

Office: 212.610.5663

jhazan@hilcoglobal.com

Dmitriy Chemlin

Office: 212.610.5642

dchemlin@hilcoglobal.com

About Hilco Streambank

Hilco Streambank is a market leading advisory firm specializing in [intellectual property disposition and valuation](#). Over the last three years Hilco Streambank has become a leader in the IP valuation and disposition market. Having completed numerous transactions including sales in publicly reported Chapter 11 bankruptcy cases as well as private transactions, Hilco Streambank has established itself in the [internet and telecom](#) community as a responsible and effective intermediary in the space.