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Francesca's Final Frontier: Default and Store Closures

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In mid-January, Houston-based women's fashion retailer Francesca's announced plans to close all of its stores and liquidate inventory. At the time of the announcement, the company operated approximately 450 locations across 45 U.S. states. KBRA Credit Profile (KCP), a division of KBRA Analytics, reviewed its commercial mortgage-backed securities (CMBS) coverage and identified exposure to Francesca's at 114 properties securing 106 loans—totaling \$21.9 billion by allocated loan amount—across 212 transactions. KCP subscribers can access that list [here](#).

On January 8, Francesca's was formally declared in default by its primary secured lenders—Tiger Finance (a lending affiliate within Tiger Capital Group) and SB360 Capital Partners—after breaching the terms of a credit facility established when the retailer emerged from Chapter 11 bankruptcy in January 2021. The declaration of default led to an immediate cessation of credit extensions, effectively cutting off Francesca's liquidity. Corporate staff and store-level employees were terminated without notice on January 14. That same day, Francesca's filed a Worker Adjustment and Retraining Notification (WARN) Act notice in Texas, confirming the closure of its Houston headquarters. A total of 202 corporate employees are scheduled to be laid off on a rolling basis.

The company had previously sold a majority of its assets in 2020 to Francesca's Acquisition, LLC and Tiger Capital Group, LLC as part of an earlier Chapter 11 filing. Proceeds from the transaction were used to cover Chapter 11 administrative expenses including repayment of a debtor-in-possession (DIP) facility, and the company emerged from bankruptcy in January 2021. By January 2024, vendors indicated that Francesca's was behind on payments, and later in 2024 the company reduced in-store leadership roles to lower operating costs.

KCP will continue to monitor ongoing developments and report on potential consequences for CMBS collateral.



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