



PRESS RELEASE

Galeries Lafayette announces plan to subsidiarise 22 department stores in its French network with Financière Immobilière Bordelaise

Paris, 6 February 2018

Galeries Lafayette announces its intention to subsidiarise 22 of the department stores in its French network, principally located in small and medium-sized cities, to Financière Immobilière Bordelaise. These stores are in Agen, Amiens, Angoulême, Bayonne, Beauvais, Belfort, Besançon, Caen, Cannes, Chalon-sur-Saône, Chambéry, Dax, La Roche-sur-Yon, La Rochelle, Libourne, Lorient, Montauban, Niort, Rouen, Saintes, Tarbes and Toulon.

This transaction is aimed at advancing the transformation in the company's business model while reinventing its department store network in France. The company has taken several measures over the past three years to achieve this strategic objective, which included enhancing the network's digital capabilities, kicking off an extensive remodelling programme, rolling-out "Galeries Lafayette Outlet" formats, closing the two largest loss-making stores or relocating stores in places where potential was declining.

The plan announced today would bring the company one step closer to its objective, as the resulting arrangement would step up operational agility and involve teaming up with a partner that is committed to boosting local sales momentum in the subsidiarised stores and has the skills to do so, leveraging its longstanding expertise in business property and redevelopment in French city centres. Galeries Lafayette is already familiar with this operating arrangement: it operates five subsidiarised department stores – in Béziers, Langon, Menton, Perpignan and Rennes – today. This project would also enable the company to keep its extensive national coverage, which is one of its hallmarks and a differentiating factor in the omni-channel strategy it is deploying.

By the end of this transaction, which would involve transferring the 22 department stores' businesses and buildings, Galeries Lafayette would operate 28 department stores of its own and 27 subsidiarised ones. Galeries Lafayette would continue to work side by side with these stores and to provide support across purchasing, visual branding and sales promotion.

This plan, which should be completed in the second half of 2018, will notably be submitted to Galeries Lafayette's employee representatives for consultation. The transaction will have no impact on the jobs of the 900 employees concerned, and they will retain most of the conditions and benefits they enjoy today.

Commenting on this announcement, Galeries Lafayette and BHV Marais Chief Executive Officer Nicolas Houzé said, "Since 2014, we have made a number of important strategic moves based on our three key levers - digitalisation, internationalisation and network reinvention - to embark our model

on a deep-reaching transformation and thereby adapt to our customers' new expectations while realising our vision, i.e. building a responsible omni-channel retail leader with French roots and international outreach.

We are beginning the last phase of our *Ambitions 2020* plan and the structural transaction we are announcing today is geared to serving this vision. It is an exciting opportunity for these 22 department stores to tap into fresh momentum, they can count on Financière Immobilière Bordelaise's experience and expertise for this new stage in their development, and they can continue to rely on the Galeries Lafayette brand's strength. As a committed employer, we are standing by our teams throughout the project, and working closely alongside our employee representatives."

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About Galeries Lafayette

The French market leader in department stores and famous all around the world, for the past 120 years Galeries Lafayette has been the undisputed expert in fashion and event shopping, designing each visit to be a unique experience, offering French and international clients a constantly renewed selection of the best brands, from the affordable to premium. Present in the fashion, accessory, beauty, interior decoration, gourmet food, catering and outlet segments, Galeries Lafayette is celebrated for its network of 62 stores in France and abroad, including the flagship store on the Boulevard Haussmann in Paris and its online shopping site, galerieslafayette.com. More information on Galerieslafayette.com. Follow us on Facebook (Galeries Lafayette) and Instagram (@galerieslafayette)

About Financière Immobilière Bordelaise

The FIB (Financière Immobilière Bordelaise) group, owned by Michel Ohayon, specializes in retail property investment and development. It has grown beyond its roots in distribution and retail, and now invests in urban development with a focus on heritage, creating hearts in cities and areas brimming with life, for example by developing public amenities, offices, government buildings, hotels, cinemas, theatres, museums, auditoriums, exhibition venues and other facilities.

FIB has spent the past 30 years reinventing itself non-stop, working in France and beyond to develop its expertise steeped in its home country's distinctive lifestyle. It has honed this savoir-faire in upscale hotels and restaurants through its exclusive partnership with starred chef Gordon Ramsay, in winegrowing with Château Trianon, and in retail property. The FIB Group cemented its position as a key player at the high end of international markets in 2017 when it created the Collection Grand Trianon Palaces & Wine. Its focus is on premium locations and it intends to leverage its know-how and expertise to continue making acquisitions. FIB is a non-listed, people-friendly company that moves fast to tap into the potential it sees when and as opportunities arise in its exciting economic environment.