



LE BHV / MARAIS



PRESS RELEASE

Galeries Lafayette begins exclusive negotiations with a view to selling BHV Marais to Groupe SGM

Paris, February 16, 2023

Galeries Lafayette announces that it has started exclusive talks with Groupe SGM (Société des Grands Magasins), a family-run specialist in large city-center retail, with a view to selling BHV Marais (real estate and business assets), a century-old department store in the heart of the Marais in Paris, which Galeries Lafayette has owned since 1991.

Over the past three decades, Galeries Lafayette has supported BHV Marais' development and widely invested to impose its unique positioning in the Parisian commercial landscape. BHV Marais is now extensively recognized as one of the city's standard-setters in the home and decoration universe, and popular among people living in and around Paris as well as foreign visitors attracted by the quality of its products and services in these high-potential markets. Since 2014, Galeries Lafayette has further reinforced this department store's appeal by significantly revamping its main floors and by bringing to life a full gastronomic, cultural and retail ecosystem, setting up several exclusive fashion and lifestyle boutiques, the Lafayette Anticipations foundation and Eataty Paris Marais next door to it.

Galeries Lafayette and Groupe SGM know each other well, share the same vision of the role that department stores should play in city centers, and have built a trusting relationship since seven stores in Galeries Lafayette's French network were affiliated to Groupe SGM in 2021 (in Angers, Dijon, Grenoble, Le Mans, Limoges, Orléans and Reims).

Galeries Lafayette is now ready to consider entrusting BHV Marais to a family-run business that firmly believes in the potential of the Rue de Rivoli department store and wishes to take it to the next stage in its development alongside its teams, while protecting jobs.

While Galeries Lafayette has been engaged for several years in a profound transformation of its business model, the plan under consideration today would enable the company to focus its efforts and available resources on its eponymous brand, rebuild its cash flow in the wake of the fierce blow from the Covid crisis, and speed up work on its priorities, around three main objectives:

- Continue to reinvent its flagship on Boulevard Haussmann and its honed-down network of 17 flagships in French provinces, to turn them into true experiential venues in city centers;
- Become fully omnichannel and data-oriented to serve and retain its customers more efficiently and effectively;
- Grow selectively outside France, to put the brand in the limelight in high-potential geographies including China, India and the Middle East.

The plan under consideration today, which includes the Parly 2 store, is contingent upon the usual information and consultation procedures and the green light from competition authorities. The goal is to finalize the sale during 2023. Galeries Lafayette will continue to operate Eataty Paris Marais and the Lafayette Anticipations foundation.

Since its inception, Groupe SGM has shown that it is able to significantly transform the premises it takes over to boost their appeal and attract new customers while catering to its loyal patrons' wants and needs. It has also built its ability to harness the full potential of downtown buildings. If the plan comes to fruition, Groupe SGM will apply the expertise and know-how it has built in the 17 shopping malls and stores it operates in France, while leveraging the skills of BHV's employees and the brand's strength, to fuel the department store's long-term growth. It will also roll out an ambitious plan for the various buildings around the department store, which constitute an extraordinary portfolio of real estate.

Commenting on the announcement, Galeries Lafayette and BHV Marais Chief Executive Officer Nicolas Houzé stated, *"For almost 10 years now, we have been investing all our energy in lastingly transforming our business, trying out novel concepts, affiliating part of our portfolio, sometimes closing outlets, investing massively in digital technology, and more. All of these initiatives revolve around one goal: to gain agility in order to become the leading fully-omnichannel downtown retailer, with roots in France and international reach. The step we are considering today, with the plan to sell BHV Marais, should enable us to fast-track our strategy, focus all our efforts on realizing our ambitions and free up additional resources to do so sooner, while finally putting an end to Covid's impact on our business. SGM and we are certain that BHV Marais will be in good hands to write a new chapter of its story in the heart of France's capital."*

Groupe SGM Chairman Frédéric Merlin added, *"As I see it, acquiring BHV Marais would be a one-of-a-kind opportunity. We have always been involved in developing retail in city centers, so how can we be anything but excited at the prospect of working on a project like this in the heart of the world's most beautiful city? For Groupe SGM, it is an extraordinary opportunity to continue to enhance a time-honored department store for the benefit of Parisians and other people visiting BHV Marais and the Parly 2 store. It would also give us the possibility of extracting value from a unique property portfolio made of up first-class buildings housing a variety of activities in an ideal spot in downtown Paris. We firmly believe that a department store such as BHV Marais has everything to meet customers' new expectations and to keep on livening up the center of Paris. If the project materializes, we will take our time to work extensively on the upgrades to the facilities, which will involve significant investments. By leveraging the expertise that we have built in reinvigorating main-street retail outlets, and the experience and customer insight that BHV's employees have amassed, we want to treat Parisians to a modern, friendly and innovative department store, a living place and an open door to new urban trends. A department store that provides first-class shopping experiences while remaining true to BHV's DNA and the long-standing highlights—DIY, Furniture and Leisure—that have built the brand's reputation. We are thankful to Galeries Lafayette for its trust on this project and would be happy and proud to write a new chapter in BHV's history alongside the teams."*

Emmanuel Grégoire, First Deputy Mayor of Paris, stated, *"BHV Marais is a department store steeped in the spirit of Paris. It is a major economic player on Rue de Rivoli, which is once again an extremely lively retail area in the city. I am thrilled that this store will continue its adventure. Paris City Council will be ready to work with the future buyer to support this project, in keeping with the one-of-a-kind architectural and intangible heritage."*

Press contacts

Galleries Lafayette Group Alexandra van Weddingen

Alva Conseil

+33 6 11 01 17 91

avanweddingen@alvaconseil.com

Société des Grands Magasins

François Cathalifaud

ELABE

+33 6 62 15 50 03

Francois.cathalifaud@elabe.fr

About BHV Marais

A unique place to meet and be inspired, BHV MARAIS positions itself as a “Bazar of Passionate Shoppers” and offers an innovative and sustainable range of home, fashion, beauty, design, DIY, leisure and fine food products. Its 165-year-old flagship, located on the Rue de Rivoli in Paris, contributes to the appeal of Paris's Marais district and offers its French and international clients a personalised and constantly renewed shopping experience, with the opportunity to meet and share ideas with services and expert guidance.

More information on bhv.fr/en, on Facebook, on Twitter (@leBHVmarais) and on Instagram (@le_bhv_marais)

About Galeries Lafayette

A world-famous, leading French department store, Galeries Lafayette has been the undisputed expert in fashion and events for the past 130 years. It strives to make each visit a unique experience by offering French and international clients a constantly renewed selection of the best brands, ranging from the affordable to premium. Present in the fashion, accessory, beauty, interior decoration, fine foods and catering sectors, the brand is celebrated for its 57-store network in France - including 19 of its own and 38 subsidiarised ones - and ten current and upcoming international stores , its e-commerce website galerieslafayette.com and its off-price activity Galeries Lafayette L'Outlet.

More information on galerieslafayette.com, on Facebook and on Instagram (@galerieslafayette)

About Groupe SGM

An independent property developer, Groupe SGM has grown into an essential player in the downtown retail sector in the past few years by acquiring, renovating and reinvigorating existing assets. A family-run group, it takes a creative and daring entrepreneurial approach and intends to build trust-based relationships with its partners, retailers, top brands and local players. Its approach to retail is based on closeness, friendliness, adapting choice to local needs, attractions and innovation, and geared for turning outlets into lively hotspots. The Group currently holds and operates around 10 shopping malls across France and also owns 7 Galeries Lafayette department stores, which it operates under an affiliation agreement with the Group. <https://www.societedesgrandsmagasins.com/>