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Qatari-backed bid for Printemps challenged

By Scheherazade Daneshkhu in Paris



The stately Belle Époque department stores, Galeries Lafayette and Printemps stand next to one another on the Boulevard Haussmann in Paris.

But behind the serene cupolas and facades, an increasingly heated battle is under way, involving the growing ambition of Qatari state investors in France.

Printemps, the older of the two buildings, and its nationwide chain, are on the block after Rreef, a property investment arm of [Deutsche Bank](#), decided to sell its 70 per cent stake.

Last month it entered into exclusive talks with its joint venture partner – the Borletti Group of Italy, headed by Maurizio Borletti, the 45-year-old scion of the founding family of Christofle, the upmarket French cutlery group.

Mr Borletti's bid – valuing Printemps at an estimated €1.8bn – is funded principally by Qatari investors. But the offer is being challenged by Galeries Lafayette, which claims its own higher bid was turned down by Rreef.

The identity of the Qatari investors is not known, but the offer is the latest sign of the emirate's growing interest in investing in France.

State-backed Qatari investors own the Paris Saint-Germain football club and stakes in large French companies, including [Lagardère](#), [Vivendi](#), [LVMH](#) and oil group Total, the country's biggest company.

The emirate's wealth funds also own prominent luxury hotels and buildings on the Champs-Élysées and Boulevard Haussmann. Qatar has already show its interest in prestigious department stores with the 2010 acquisition of the UK's Harrods by Qatar Holding, the direct investment arm of the Qatar Investment Authority.

Philippe Houzé, chief executive of Galeries Lafayette and son-in-law of Ginette Moulin, granddaughter of the Galeries Lafayette founder – whose family still owns the chain – is becoming increasingly vocal about the sale process.

In a comment piece published in *Les Echos* financial daily this week, he called for a French solution for Printemps. However, he has also said he would be willing to sell the Printemps

property to Qatar, while retaining management of the retail business.

“We do not understand why our higher offer was not taken into account, especially since it would also offer better security for jobs. We are still ready to negotiate – I am not throwing in the sponge yet,” Mr Houzé told the Financial Times on Tuesday, the day that Printemps’ executive committee presented the offer timetable to unions and employees.

Mr Houzé argues that a Printemps-Galeries Lafayette union is an “industrial project” that would promote a world-class tourism retail area to rival London’s Oxford Street in the heart of Paris.

People close to Rreef say any deal would be based not just on price but on confidence about getting it done.

Mr Houzé believes that competition concerns about a combined group are unfounded. “Galeries Lafayette and Printemps together represent only 6 per cent of the market for clothes in France.”

It is the second time in seven years that Galeries Lafayette has tried to buy Printemps, having lost out in 2006 when PPR – then known as Pinault-Printemps-Redoute, the French luxury and sportswear group – sold Printemps to Rreef and the Borletti Group for €1.1bn.

Mr Borletti took Printemps upmarket, investing €350m in the chain, of which €150m was lavished on the flagship Paris building.

A spokesman for the Borletti Group told the FT: “Since the acquisition, the strategy initiated by Mr Borletti was to take Printemps upmarket, focusing on luxury, fashion, beauty and services. It was a risk – but it has paid off in terms of results and also in differentiating Printemps from competitors by taking the leadership on this segment.”

Fears that Qatari investors may sell off Printemps’ regional stores and convert the Paris flagship into a super-mall of luxury brands are unfounded, according to Georges Das Neves, secretary-general of the Unsa Printemps trade union.

“We are not worried about the Qatari investors because the Qataris own Harrods and continue to deliver service principally through their employees to customers. But we would like to have more information about them.”

Additional reporting by James Wilson in Frankfurt

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