FOLLI FOLLIE COMMERCIAL MANUFACTURING AND TECHNICAL SOCIETE ANONYME

UPDATE ON FINANCIAL RESTRUCTURING ADRESSED TO ALL STAKEHOLDERS

15 July 2019

The Board of Directors (the "**Board**") of Folli Follie Commercial Manufacturing and Technical Societe Anonyme, under the distinctive title "FF Group" (hereinafter the "**Company**" or "**FF SA**", and together with its subsidiaries, the "**Group**") today announces the launch of a revised proposal for the financial restructuring of the Group (the "**Restructuring**").

As noted in previous announcements, the Company has been engaged in lengthy discussions with advisers of an ad hoc group of unsecured creditors (the "**AHG**") as well as all the Schuldschein noteholders (as defined below). The Group understands that the AHG represents approximately 27% of the outstanding 2019 Notes (as defined below). The Company reached an agreement in principle for the financial restructuring of the Group with the AHG in February 2019. Unfortunately, that agreement was not capable of effective implementation and was therefore withdrawn. The Company, in consultation with its advisers, has therefore developed an alternative restructuring proposal and its respective term sheet (the "**Restructuring Proposal**"). The Restructuring Proposal is available on the Company's website (http://www.ffgroup.com/investors/) and is addressed to all of the Company's creditors/stakeholders. At the same time, a copy of the Restructuring Proposal has been delivered to the advisers of the AHG.

The Company, together with

The Company, together with its advisers, is working on the full form documents that are required to implement the Restructuring Proposal. The Company intends to launch a consent solicitation in respect of the 2019 Notes and 2021 Notes (as defined below) so that, provided the following approval levels are reached, the company will have the necessary consents to support the filing of a Rehabilitation Plan:

- in respect of the 2019 Notes, 66 2/3% of those attending any meeting to vote on the Restructuring Proposal (providing that the vote shall only be valid if a quorum of 66 2/3% of outstanding principal notes is present and voting, while, in the case of an adjourned meeting, the required quorum shall be at least 33 1/3% of outstanding principal notes); and
- in respect of the 2021 Notes, 66% of those attending any meeting to vote on the Restructuring Proposal (providing that the vote shall only be valid if a quorum of 66% of outstanding principal notes is present and voting),

the Company will also seek the consent of the lenders under the Schuldschein loans.

The Restructuring Proposal takes into account the interests of all stakeholders, and aims to deliver the required operational turnaround and a sustainable capital structure to ensure its ongoing viability of the Company. The Board believes that, if successful, the Restructuring will provide the Group with a stable and sustainable capital structure, greater liquidity and an improved corporate structure. In supporting the Restructuring, stakeholders will be supporting the Group to deliver its strategic objectives and improve its financial performance.

Specifically, the Restructuring concerns the following debt instruments guaranteed by FF SA:

- €249,500,000 Guaranteed Exchangeable Notes due 2019 issued by FF Group Finance Luxembourg S.A. (the "**2019 Notes**");

- CHF 150,000,000 Guaranteed Notes due 2021 issued by FF Group Finance Luxembourg II S.A. (the "**2021 Notes**");

- €31,000,000 Schuldschein due 21 December 2021 entered into by FF Group Finance Luxembourg II S.A.; and

- €20,000,000 Schuldschein due 21 December 2021 entered into by FF Group Finance Luxembourg II S.A. (together with the €31,000,000 Schuldschein, the "**Schuldschein**"),

(collectively, the "**Existing Senior Unsecured Debt Instruments**").

The Group's previous liabilities under various credit facilities with a number of Greek banks have been repaid following the auction of shares in Attica Department Stores on 12 December 2018, which were pledged by way of security for these facilities. The auction was conducted by the National Bank of Greece, to whom the claims of all other Greek banks were transferred. Following the satisfaction of these liabilities, the Existing Senior Unsecured Debt Instruments represent the only significant obligations of the Group.

Transaction highlights

Today's announcement and the Restructuring Proposal do not provide a final and comprehensive description of the terms of the Restructuring. Creditors under the Existing Senior Unsecured Debt Instruments will need to conduct their own due diligence before deciding to participate in the Restructuring Proposal and the Company intends to develop the Restructuring Proposal further following discussions with such creditors.

Creditors under the Existing Senior Unsecured Debt Instruments will receive all relevant details in advance of any relevant meetings at which creditors will be asked to vote on the final proposal.

Implementation considerations

The Company plans to implement its Restructuring under the provisions of articles 106b and 106d of Law 3588/2007. The Company intends to apply to initiate a rehabilitation procedure ("**Rehabilitation Plan**") pursuant to these provisions, by 30 September 2019.

The Company's Rehabilitation Plan application must include the following[1]:

- a signed agreement by creditors representing the necessary majority (40% of secured lenders and 60% of total creditors) (the "**Majority Creditors**");
- demonstration that both OldCo and NewCo (each as defined below) businesses will become viable; and
- demonstration that the Company's existing creditors will be no worse off through the Rehabilitation Plan (i.e. they will receive at least as much as they would receive through bankruptcy liquidation).

Ratification of the Rehabilitation Plan by the Greek courts will, subject to the respective conditions of the Greek bankruptcy law, provide a moratorium for the Company to implement its Rehabilitation Plan, which the Company deems critical to the success of the Restructuring Proposal.

Indicative timetable

[1] this is not an exhaustive list

Once agreed and signed by the Company and the Majority Creditors, the Rehabilitation Plan will be submitted before the competent Multi-member First Instance Court for ratification. A hearing would typically be set within two months of such submissions. The final Court judgment may not be issued until 6 to 8 months after the hearing. As the Company plans to submit its ratification application on or before 30 September 2019, it is possible that ratification of the Rehabilitation Plan may not be received from the Greek Court until June 2020.

THE RESTRUCTURING

Structural aspects of the Restructuring

The Company's Restructuring is intended to deliver a slimmer, more efficient group structure which is capable of attracting new investment. This means that new investment will be made into a "clean" NewCo structure that offers investors comfort that the legacy accounting and control issues which affected part of the Group historically can be ring-fenced.

The key features of the Restructuring Proposal are as follows:

- certain of the Group's assets and liabilities, including its brand, cosmetic and fashion divisions, Links of London, intellectual property, operations, stock and certain other assets, will be transferred and consolidated into a new entity ("**OpsCo**");
- certain of the Group's non-core real estate assets will be transferred to a new entity ("**AssetsCo**" and, together with OpsCo, "**NewCo**"), which will be wholly owned by the holders of the Existing Senior Unsecured Debt Instruments;
- the remainder of the Group's assets and liabilities will remain in the current Group ("**OldCo**");
- OpsCo will issue unsecured notes of an aggregate principal amount of €20m to AssetsCo (the "**New Notes**"), the Company shall provide a corporate guarantee in favour of AssetsCo; and
- the outstanding amounts owed under the Existing Senior Unsecured Debt Instruments will be fully and finally released and discharged.

Implementation

As noted above, the Company plans to implement its Restructuring under the provisions of article**s** 106b and 106d of the Greek Bankruptcy Code. The Company will apply to initiate the Rehabilitation Plan pursuant to these provisions, by 30 September 2019.

The Company's Rehabilitation Plan application must include the following:

- Signed agreement by creditors representing the necessary majority (40% of secured lenders and 60% of total creditors);
- Demonstration that both OldCo and NewCo businesses will become viable; and
- Demonstration that the Group's existing creditors will not be impaired through the Rehabilitation Plan (i.e. they will receive at least as much as they would receive through enforcement proceedings or bankruptcy liquidation).

Ratification of the Rehabilitation Plan by the Greek courts will, subject to the respective conditions of the Greek bankruptcy law, provide a moratorium for the Company to implement its Rehabilitation Plan, which the Company deems critical to the success of the Restructuring and Turnaround Plan.

Indicative treatment of stakeholders through the Restructuring

(to be confirmed following diligence)

Category	Proposed Treatment
Unsecured Creditors	In consideration for the full and final settlement of all liabilities currently owing to them, they will receive: (a) AssetsCo shares; and (b) The indirect benefit of the New Notes.
Trade Creditors	Liabilities to be assumed by OpsCo to the extent the assets/businesses are transferred or assumed by OpsCo.
Other unsecured creditors	For the avoidance of doubt, full and final settlement of employee entitlements, Greek tax authorities and social security institutions liabilities are included in this category
Shareholders	Existing shareholders of the Company will be unaffected by the Restructuring

BOARD OF DIRECTORS' COMMENT

The Board of FF Group note that PwC (as auditors of FF Group) have, in their certificate to the 2017 restated corporate and consolidated financial statements, stated that they disagree with the preparation of the financial statements based on the going-concern principle and further stated that if the financial statements had been prepared based on the liquidation value of the assets and liabilities, this would have had a significant impact on the financial status and results of FF Group. The Board note that figures referred to in this announcement have been calculated with reference to the 2017 restated corporate and consolidated financial statements and, as such, should be read in light of this qualification.

The Board of FF Group is confident that the Group has a future if the Restructuring Proposal is approved and is of the view that the Restructuring Proposal represents a viable alternative and the likely only viable alternative to the Company filing for bankruptcy.

Providing the creditors of the Company support the Restructuring Proposal, the Restructuring Proposal will provide unsecured creditors of the Company ownership of the Group's non-core real estate assets and a significant claim over Group's operating activity, while at the same time its execution and implementation is not contingent upon the Company securing additional funding. The Board estimates that the unsecured creditors of FF Group could realize a recovery of 20%-30%, based on the liquidation value of non-core assets within 12-24 months and repayment of their claims in full as estimated by the Company, while shareholders will maintain their current shareholding. Conversely, the Board estimates that in the event of the Group's insolvency unsecured creditors could expect to recover approximately 7% in approximately 5-7 years, while shareholders will be fully diluted.

Upon acceptance of the Restructuring Proposal, the Group shall implement a dynamic turnaround plan focusing on the rationalization and efficient operation of its core assets and competitive advantages as follows:

- The company will follow a short to medium term retrenchment strategy including the reduction of costs and assets by focusing on cash generating business, while at the same time ring-fencing its operations from the non-performing business. Scaling back its operations will include closure of stores and business lines that have a negative financial impact on the Group's operations. The Company believes that the aforementioned actions will release sufficient resources for consolidating its turnaround strategy.

- In the longer term, the Company will operate under an improved corporate structure with an increased operating performance, designed to maintain its position in the market and recover its market leading status in certain niche industry sectors

IMPORTANT NOTICE.

Stakeholders should seek their own advice on the matters set out above.

If any of the assumptions used in the analysis are incorrect, this may materially impact the indicative outcomes for stakeholders.

The terms set out in this announcement are not exhaustive and do not constitute an offer or an invitation or an inducement to engage in investment activity. This announcement is not intended to be legally binding and remains subject to due diligence, tax input, legal advice, satisfactory documentation and other matters. The content of this announcement is provided for information purposes only and is not investment advice.

This announcement includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this announcement, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things, the Group's future financial condition and performance, results of operations and liquidity, and our strategy, plans, objectives and targets. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that actual outcomes may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the actual outcomes are consistent with the forward-looking statements contained in this announcement, those outcomes may not be indicative of results or developments in subsequent periods. Readers should not place undue reliance on forward-looking statements. Any forward-looking statements are only made as at the date of this announcement and, except as required by law, we undertake no obligation, and do not intend, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This announcement is not an offer of securities for sale in the United States or any other jurisdiction. The securities discussed herein have not been registered, and there is no intention to register them, under the securities laws of any jurisdictions. In particular, the securities discussed herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. This announcement is not a prospectus for the purposes of the EU Prospectus Directive.

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Contacts

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This announcement is released by Folli Follie Commercial Manufacturing and Technical Société Anonyme in compliance with the Market Abuse Regulation (EU) 596/2014 (MAR) and the Rule Book of the Athens Exchange. It contains information that qualifies as inside information for the purposes of Article 7 of MAR. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, the person responsible for arranging the release of this announcement on behalf of the Company is Mantalena Kasidiaropoulou, Head Investor Relations.