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RETAIL

HBC committee unable to delay deadline for Catalyst's amended share offer

August 15, 2019

Saks Fifth Avenue's parent company may go private. Image credit: Saks

By STAFF REPORTS

Private equity firm Catalyst Capital has declined a request from a special committee of retail group Hudson's Bay Company's board of directors to extend the expiry date of its share purchase offer.

Catalyst Capital shared an amended unsolicited offer for about 11 percent of HBC's common shares in a bid to give the firm the ability to block the retail group's privatization. The special committee has repeatedly cautioned shareholders about the risks of the offer.

Shareholder pressure

The special committee is working towards a privatization transaction for the company, which it feels would enable HBC, the parent company of Saks Fifth Avenue, to better strategize and work towards addressing market challenges.

Catalyst's original proposal covered 14,836,795 common shares, representing about 8 percent of outstanding common shares, or 15 percent of the outstanding shares that are not owned by continuing shareholders (see story).

A proposal to buy shares from Hudson Bay Company is set to expire. Image credit: Saks Fifth Avenue

Catalyst has remained committed to its original price of $10.11 per common share. The updated offer is to acquire up to 19,782,393 HBC common shares, or approximately 10.7 percent of the company's 184,076,650 outstanding common shares.

The amended offer is still set to expire on the original date of Aug. 16, ahead of the September deadline for the HBC-led privatization option. Catalyst denied the special committee's request for an extension.

HBC's special committee has reminded HBC shareholders that the amended offer from Catalyst is a true alternative to privatization, and is outside of legal protections for a formal takeover bid.

Originally, HBC's privatization plan had proposed the sale of 100 percent of the outstanding shares held by minority shareholders at $9.45 per share. However, the special committee has since deemed the price of $9.45 per common share as "inadequate" based on analysis from financial advisors and others.

In July, the group's special committee of the board has issued a letter to shareholders detailing the notion of going private, giving them a chance to share their views (see story).