

RETAIL

## Saks Fifth Avenue owner files legal papers ahead of shareholder approval to go private

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*Not merely window dressing: Saks Fifth Avenue in New York is the crown jewel in Hudson's Bay Company's portfolio. Image credit: Saks Fifth Avenue*

By STAFF REPORTS

Saks owner Hudson's Bay Company has filed papers with the Canadian authorities ahead of a shareholder meeting seeking approval to take the beleaguered company private.

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Toronto-based HBC has filed the management information circular with the Canadian securities regulatory authorities in advance of the special shareholders meeting to be held Dec. 17 in Toronto.

"The purpose of the special meeting is to obtain shareholder approval of a transaction in which Hudson's Bay Company will become a private company, owned by certain continuing shareholders (the "continuing shareholders"), and the company's other shareholders (the "minority shareholders") will receive \$10.30 in cash per share," HBC said in a statement.

Founded in 1670, HBC's portfolio includes nearly 250 stores and around 30,000 employees worldwide. Its retail chains in North America include Saks Fifth Avenue, Saks off 5<sup>th</sup>, Hudson's Bay, Home Outfitters and Lord & Taylor, which it is selling for \$100 million to apparel rental firm Le Tote.

The company also has partnered with Simon Property Group Inc. in the HBS Joint Venture that owns properties in the United States. In Canada, HBC has allied with the RioCan Real Estate Investment Trust in the RioCan-HBC Joint Venture.

Going public with reasons

An HBC special committee of independent directors recommended the transaction to go private. The board of directors, excluding conflicted directors, agreed, saying the deal was fair to all, including minority shareholders.

Citing the dire environment for retail, the HBC board recommends minority shareholders specifically vote in favor of the company going private for these reasons:

- The consideration provides a compelling value proposition for minority shareholders and is within the fair value range determined by TD Securities Inc.

- The retail environment is deteriorating
- The value of HBC's real estate portfolio has declined
- There are challenges in realizing the company's real estate value
- Any potential redevelopment of HBC's real estate portfolio will require significant capital, as well as an extended multi-year time horizon
- The company has significant obligations that constrain its ability to return capital to shareholders
- There are limited alternatives for a sale to third-parties
- The transaction is the result of a process that included robust negotiations and procedural safeguards
- There are a limited number of closing conditions related to the completion of the transaction

HBC HAS FILED a copy of the circular and related proxy materials under the company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on its Web site at <http://investor.hbc.com/investor-relations>. HBC will soon mail the circular to its shareholders.

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