

THE AMERICAN LAWYER

An ALM Publication

americanlawyer.com

APRIL 2018

THE 2018 DEALMAKERS OF THE YEAR

The deals that mattered and the attorneys who made them happen.

GORDON CAPLAN

WILLKIE FARR & GALLAGHER

IN THE MIDST OF A DRAMATIC DOWNTURN RAVAGING the retail industry, the Hudson's Bay Co., which owns and operates retail space in North America and Europe, found an innovative way to improve its future outlook. Last fall, Gordon Caplan guided the company through a series of interlocking cross-border transactions that breathed new life into Hudson's Bay by bringing in a capital infusion and repurposing real estate through a joint venture with workspace startup WeWork.

"This was the most innovative and interlocking use of both real estate and retail banners that we've seen to date," Caplan says.

In the deal, Hudson's Bay sold to WeWork its Lord & Taylor flagship building on Fifth Avenue in New York for \$850 million and, at the same time, leased back the first floor to keep the department store as an anchor tenant; struck a joint venture with WeWork for the use of other Hudson's Bay-owned properties in Canada, the United States and Germany; received a \$500 million equity investment from Rhone Capital; and fought off an activist investor, all in one 10-week window.

The deal is "a representation to the business world that if you own your own real estate, you can do really transformative things with it," Caplan says.

It all came together amid the backdrop of another major retailer, Toys R Us, filing for bankruptcy in September 2017, showing that innovative thinking can keep companies such as Hudson's Bay humming.

"What all of these companies need is capital, time and retention of their best assets—both the retail banners and the underlying real estate," Caplan says. "In 10 short weeks, Hudson's Bay was able to pull off all three."

—BEN SEAL



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