

FALABELLA'S NEW SHAREHOLDERS AGREEMENT

Falabella shareholders revamp corporate governance structure

Rachel Hall

Carey has led seven business groups that control 80 per cent of Chile's second largest retailer Falabella through the negotiation and execution of a new shareholders agreement.

The new agreement, which was agreed on 24 September and will be in force until 2025, sets out Falabella's corporate governance structure, which includes the rules for the purchase and sale of shares by members of the controlling groups, guidelines for voting in shareholders meetings and restrictions on what business may be carried out by the retailer.

While Carey led the deal, the seven shareholders also instructed counsel: Bethia Group was advised by Barros & Errázuriz Abogados; Dersa Group by Barros Letelier & González; Palma Abogados counselled Amalfi Group; Auguri Group turned to Grasty, Quintana, Majls & Cía; HCQ Group relied on Rodríguez Vergara & Cía; and San Vitto Group and Corso Group were advised by its in-house counsel.

The transaction is the result of Falabella's 2003 merger with Sodimac, which outlined a shareholders agreement for the parties involved. As they were under pressure of time, a basic agreement was drafted in order to get the deal through. In 2005, the stakeholders discussed the possibility of finally completing the shareholders agreement, but it was not until 2011 that negotiations began. "The new agreement brings more certainty to the members of the controlling group," notes Carey partner Cristián Eyzaguirre.

The new shareholders agreement also takes into account the fact that at the time of the merger, the market capitalisation of Sodimac was US\$2 billion, whereas now that it has combined with Falabella it has a market cap of US\$25 billion. Additionally, the company is now multinational.

This news alert is provided by Carey y Cía. Ltda. for educational and informational purposes only and is not intended and should not be construed as legal advice.

Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

Counsel to the shareholders

Carey

Partners Jorge Carey and Cristián Eyzaguirre, and associate Francisco Guzmán

Counsel to Bethia Group

Barros & Errázuriz Abogados

Partner Bernardo Simián

Counsel to Dersa Group

Barros Letelier & González

Partner Max Letelier

Counsel to Amalfi Group

Palma Abogados

Partners Juan Eduardo Palma and Daniel Lyon

Counsel to Auguri Group

Grasty, Quintana, Majls & Cía

Partner Alejandro Quintana

Counsel to HCQ Group

Rodríguez Vergara & Cía

Partners Pablo Rodríguez Grez and Pedro Pablo Vargas Varas

Counsel to San Vitto Group

In-house counsel

Jorge Arancibia

Counsel to Corso Group

In-house counsel

Alvaro Bofill