



July 19, 2016

Hudson's Bay Company Announces U.S. \$400 Million Mortgage Refinancing

- | **5 Year Mortgage on Lord & Taylor Flagship in New York City**
- | **Independent Appraisal Valuing Property at U.S. \$655 million**
- | **HBC Continues to Unlock Value from its Real Estate Portfolio**
- | **Net Proceeds Used to Refinance Existing Mortgage and Reduce Outstanding Revolving Credit Facility**

TORONTO & NEW YORK--(BUSINESS WIRE)-- (all values in U.S. Dollars) - Hudson's Bay Company ("HBC" or the "Company") (TSX: [HBC](#)) is pleased to announce the closing of a \$400 million, 5-year mortgage (the "L&T Mortgage"), on the Lord & Taylor flagship property in New York City, located at 424-438 Fifth Avenue to refinance the existing mortgage of \$250 million due September 2017. The additional proceeds will be used to reduce the borrowings on the Company's revolving credit facility. The new loan will mature in August 2021 and has an average interest rate fixed at approximately 4.3%. In connection with this transaction, the lenders independently commissioned a leading international appraiser to provide an appraisal of the property. This appraisal valued the property at \$655 million based on the assumption that the property is net leased by Lord & Taylor at an estimated current fair market rent¹.

"The opportunistic refinancing of the mortgage on the L&T flagship property is yet another example of the successful execution of our strategy as we continue to leverage our significant real estate portfolio. We are pleased to extend our Company's debt maturity profile as well as secure an attractive interest rate of 4.3% through the term of the new mortgage," stated Richard Baker, HBC's Governor and Executive Chairman. Mr. Baker continued, "HBC's two wholly owned flagship properties on 5th Avenue in New York City, which have been valued at a combined \$4.36 billion based on independent appraisals², continue to provide the Company access to secure long term debt at attractive rates. This debt is non-recourse to the operating company and provides HBC with an efficient capital structure from which to continue its global retailing growth initiatives."

About Hudson's Bay Company

Hudson's Bay Company is one of the fastest-growing department store retailers in the world, based on its successful formula of driving the performance of high quality stores and their all-channel offerings, unlocking the value of real estate holdings and growing through acquisitions. Founded in 1670, HBC is the oldest company in North America. HBC's portfolio today includes ten banners, in formats ranging from luxury to premium department stores to off-price fashion shopping destinations, with more than 460 stores and 66,000 employees around the world.

In North America, HBC's leading banners include Hudson's Bay, Lord & Taylor, Saks Fifth Avenue, Gilt, and Saks OFF 5TH, along with Find @ Lord & Taylor and Home Outfitters. In Europe, its banners include GALERIA Kaufhof, the largest department store group in Germany, Belgium's only department store group Galeria INNO, as well as Sportarena.

HBC has significant investments in real estate joint ventures. It has partnered with Simon Property Group Inc. in the HBS Global Properties Joint Venture, which owns properties in the United States and Germany. In Canada, it has partnered with RioCan Real Estate Investment Trust in the RioCan-HBC Joint Venture.

Appraisal Results

Caution should be exercised in the evaluation and use of the independent appraisal results. The appraisals are an estimate of value at a specific date and are not a precise measure of value, being based on a subjective comparison of related activity taking place in the real estate market. The appraisals are based on various assumptions of future expectations, including the assumption that the entire flagship property is net leased by Lord & Taylor at an estimated current fair market rent. While the appraiser's assumptions are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

Forward Looking Statements

Certain statements made in this news release that are not historical facts may constitute forward-looking information. Implicit in such forward-looking statements are certain current assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities, including assumptions underlying the independent appraisal of the Lord & Taylor flagship property. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Although HBC believes that the forward-looking statements in this news release are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements for a variety of reasons. Some of the factors - many of which are beyond HBC's control and the effects of which can be difficult to predict - include, among others: ability to execute retailing growth strategies, ability to continue comparable store sales growth, changing consumer preferences, ability to realize synergies and growth from strategic acquisitions, ability to make successful acquisitions and investments, successful inventory management, ability to upgrade and maintain our information systems to support the organization and protect against cyber-security threats, privacy breach, loss of key personnel, ability to retain key personnel of HBC Europe and Gilt, ability to attract and retain qualified employees, exposure to changes in the real estate market, successful operation of the Joint Ventures to allow the Company to realize the anticipated benefits, loss of flexibility with respect to properties in the Joint Ventures, exposure to environmental liabilities, changes in demand for current real estate assets, increased competition, change in spending of consumers including the impact of unfavourable or unstable political conditions and terrorism, fluctuations in the U.S. dollar, Canadian dollar, Euro and other foreign currencies, increase in raw material costs, extreme weather conditions or natural disasters, ability to manage indebtedness and cash flow, risks related with increasing indebtedness, restrictions of existing credit facilities reducing flexibility, ability to maintain adequate financial processes and controls, ability to maintain dividends, developments in the credit card and financial services industries, and other risks inherent to the Company's business and/or factors beyond the Company's control which could have a material adverse effect on the Company.

HBC cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. For more information on the risks, uncertainties and assumptions that could cause HBC's actual results to differ from current expectations, please refer to the "Risk Factors" section of HBC's Annual Information Form dated April 28, 2016, as well as HBC's other public filings, available at www.sedar.com and at www.hbc.com.

The forward-looking statements contained in this news release describe HBC's expectations at the date of this news release and, accordingly, are subject to change after such date. Except as may be required by applicable Canadian securities laws, HBC does not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

¹ See "Appraisal Results" for cautionary language.

² The \$3.7 billion appraised value of the Saks Fifth Avenue Flagship building assumes the completion of the current \$250 million renovation program.

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