December 6, 2017

HBC Closes U.S. $500 Million Equity Investment by Rhône Capital

Proceeds Used to Reduce Outstanding Borrowings and Strengthen Balance Sheet

HBC appoints Steven Langman and Eric Gross as Directors

TORONTO & NEW YORK--(BUSINESS WIRE)-- HBC (TSX: HBC) and Rhône Capital today announced the closing of the previously announced U.S.$500 million equity investment by an affiliate of Rhône Capital (together with Rhône Group and affiliates, "Rhône") as part of a global, multi-faceted strategic relationship with Rhône and WeWork Companies ("WeWork"). The net proceeds from the transaction will be used to repay outstanding borrowings on the Company's asset-based revolving facility, which will reduce interest expense and strengthen HBC's balance sheet.

HBC issued a total of 50,919,608 series "A" 8-year mandatory convertible preferred shares ("Preferred Shares") for an aggregate purchase price of U.S.$500 million (C$632 million). The Preferred Shares are convertible into the Company's common shares ("Common Shares") at U.S.$9.82 (C$12.42) per share, which conversion price is subject to adjustment from time to time in accordance with the terms of the Preferred Shares.

In connection with the closing of the transaction, HBC has appointed M. Steven Langman, Managing Director of Rhône, and Eric Gross, Managing Partner of WeWork Property Investors, to the board of directors (the "Board") of HBC.

Sale of Lord & Taylor Fifth Avenue Building

HBC also announced the receipt of a deposit in the amount of U.S.$75 million (C$95 million) in connection with the previously announced sale of the Lord & Taylor Fifth Avenue building to an affiliate of WeWork Property Advisors in a transaction valued at U.S.$850 million (C$1.075 billion), subject to customary adjustments. The deposit is non-refundable subject to certain limited exceptions.

It is currently expected that the sale of the Lord & Taylor Fifth Avenue building will close no later than August 10, 2018, subject to the satisfaction of applicable conditions.

Quarterly Dividend

HBC also announced today that its Board has approved HBC's regular quarterly dividend to be paid on January 15, 2018, to shareholders of record at the close of business on December 29, 2017. The dividend is in the amount of $0.0125 per Common Share and is designated as an "eligible dividend" for Canadian tax purposes. The declaration of dividends is at the discretion of HBC's Board.

About HBC

HBC is a diversified global retailer focused on driving the performance of high quality stores and their all-channel offerings, growing through acquisitions, and unlocking the value of real estate holdings. Founded in 1670, HBC is the oldest company in North America. HBC's portfolio today includes formats ranging from luxury to premium department stores to off price fashion shopping destinations, with more than 480 stores and over 66,000 employees around the world.

HBC's leading banners across North America and Europe include Hudson's Bay, Lord & Taylor, Saks Fifth Avenue, Gilt, Saks OFF 5TH, Galeria Kaufhof, the largest department store group in Germany, and Belgium's only department store group Galeria INNO.

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.

About Rhône

With over 20 years of investing experience, Rhône is a global alternative investment management firm with approximately $5.5 billion in assets under management. In addition to its real estate joint venture with WeWork, the firm focuses its private equity investments in market leading businesses with a pan-European or transatlantic presence and global growth opportunities. Rhône, which is currently investing capital from its fifth private equity fund, has invested in a diversified portfolio of companies including those in the chemical, consumer product, food, packaging, specialty material, business services and transportation sectors.

About WeWork

WeWork is a community for creators, providing more than 150,000 members around the world with space, community, and services through both physical and virtual offerings. WeWork's mission is to help create a world where people work to make a life, not just a living. WeWork currently has more than 170 physical locations in over 56 cities and 18 countries around the world. WeWork was founded in New York City in 2010 by Adam Neumann and Miguel McKelvey. Follow us @WeWork on Twitter, Instagram, and Facebook or visit www.wework.com to find out more.

Advisors

Stikeman Elliott LLP and Willkie Farr & Gallagher LLP acted as Canadian and U.S. legal counsel, respectively, to HBC.

Gibson, Dunn & Crutcher LLP and McCarthy Tétrault LLP acted as U.S. and Canadian legal counsel, respectively, to WeWork Property Advisors and Rhône.

BofA Merrill Lynch and RBC Capital Markets served as financial advisors to HBC.

Morgan Stanley served as financial advisor to WeWork Property Advisors and Rhône.

FORWARD-LOOKING STATEMENTS

Certain statements made in this news release are forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements with respect to the sale of the Lord & Taylor Fifth Avenue flagship building to WeWork Property Advisors, and the estimated closing date of August 10, 2018, and other statements that are not historical facts. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

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, including, without limitation, the following factors, many of which are beyond HBC's control and the effects of which can be difficult to predict: (a) the failure to obtain or satisfy, in a timely manner or otherwise, conditions of closing necessary to complete the sale of the Lord & Taylor Fifth Avenue flagship building; (b) the possibility that the anticipated benefits from the strategic relationship cannot be realized in a timely manner or otherwise; (c) the possibility that the lease agreements with respect to the noted department store locations may be modified, restructured or terminated; (d) credit, market, currency, operational, real estate, liquidity and funding risks generally, including changes in economic conditions, interest rates or tax rates; (e) risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, competition, seasonality, commodity price and business and (f) other risks inherent to the Company's business and/or factors beyond its 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, 2017, the "Risk Factors" section of HBC's MD&A dated December 6, 2017, as well as HBC's other public filings, including the material change report dated November 3, 2017 in respect of the transactions outlined in this news release, 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.

Unless otherwise indicated, figures in this news release assume U.S$1 = C$1.26 and C$1 = U.S.$0.79, being the exchange rate as of the date of the announcement of the transactions outlined in this news release.

Additional Early Warning Disclosure

The Preferred Shares were acquired by Fabric Luxembourg S.à r.l. (the "Purchaser"), an investment vehicle affiliated with Rhône. The Purchaser's head office is located at 14, rue Edward Steichen, L-2540 Luxembourg. HBC's head office is located at 401 Bay Street, Suite 500, Toronto, Ontario, M5H 2Y4. The shares acquired by the Purchaser represent 100% of the issued and outstanding Preferred Shares. The Purchased Shares are initially convertible on a one-for-one basis into 50,919,608 common shares of HBC ("Common Shares"). The Preferred Shares represent approximately 21.8% of the issued and outstanding Common Shares, on an as-converted and partially diluted basis. The calculation of the foregoing percentage is based on 182,690,190 Common Shares outstanding as of October 23, 2017. The Purchaser acquired the Preferred Shares for investment purposes subject to the following:

The Purchaser intends to review on a continuing basis its investment in HBC. Subject to the restrictions imposed on the Purchaser pursuant to the investor rights agreement between the Purchaser and HBC, the Purchaser may seek to sell or otherwise dispose of some or all of HBC's securities (which may include, but is not limited to, transferring some or all of such securities to its affiliates) from time to time, and/or may seek to acquire additional securities of HBC (which may include rights or securities exercisable or convertible into securities of HBC) from time to time, in each case, in open market or private transactions, block sales or otherwise. Any transaction that the Purchaser may pursue may be made at any time and from time to time without prior notice and will depend on a variety of factors, including, without limitation, the price and availability of HBC's securities, subsequent developments affecting HBC, HBC's business and HBC's prospects, other investment and business opportunities available to the Purchaser, general industry and economic conditions, the securities markets in general, tax considerations, applicable law and other factors deemed relevant by the Purchaser.

An amended early warning report will be filed by the Purchaser with applicable Canadian securities regulatory authorities, which updates certain information provided in the early warning report of the Purchaser filed October 26, 2017. To obtain a copy of the early warning report, please contact Jon Hoffman at the details below.

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