



November 2, 2017

Hudson's Bay Company Responds to Land & Buildings Press Release

Corrects Inaccurate Statements by Land & Buildings

TORONTO & NEW YORK--(BUSINESS WIRE)-- HBC (TSX:HBC) today responded to the inaccurate public statements made by Land & Buildings in its press release issued November 1, 2017 regarding the Company's previously announced strategic transactions involving the sale of the Lord & Taylor Fifth Avenue building and the sale of a minority equity stake to Rhone Capital LLC.

Land & Buildings has made allegations regarding the Rhone investment that are incorrect on their face. The Company has not sold a controlling interest to Rhone. Initially, the Company expects that Rhone will hold a 21.8% voting and equity interest in the Company on a partially diluted basis (and an approximately 30.0% voting and equity interest if the preferred shares are held to their eight year maturity). The other terms of Rhone's equity investment are customary for transactions of this nature, and were, contrary to Land & Buildings' assertion, negotiated at arm's length.

We urge Land & Buildings to stop misleading our shareholders. The Company is complying with all applicable regulatory requirements in respect of the transactions. Land & Buildings has suggested that the transactions disenfranchise shareholders, and that the Company should obtain minority shareholder approval for the equity investment. In fact, it is exactly the opposite -- more than a majority of the Company's current shareholders have already provided their informed consent to the transactions. None of them stand to gain any special benefit from the transactions. It is therefore Land & Buildings that is seeking to disenfranchise shareholders in order to try to impose its will on the Company's shareholders.

The series of strategic transactions with HBC, WeWork Companies and Rhone Capital was carefully considered by HBC's board of directors, who unanimously determined that these transactions were in the best interests of the Company and its stakeholders and who, after receiving advice from its financial and legal advisors, unanimously approved these transactions. These transactions include:

- | a U.S.\$500 million equity investment, in the form of mandatorily convertible preferred shares, initially convertible into common shares at U.S.\$9.82 (C\$12.42) per share;
- | the sale of the Lord & Taylor Fifth Avenue building in a transaction valued at U.S.\$850 million; and
- | agreements to lease space to WeWork within select HBC department stores.

These transactions are interconnected and further the Company's strategic objectives, including the continued leveraging of its real estate assets, help to strengthen the Company's balance sheet and liquidity, and further position the Company as a leader in experiential retailing.

Finally, Mr. Litt has asserted that the board should "seriously consider" the incomplete offer made by Signa for HBC's German business. The HBC board will review the conditional, non-binding, preliminary proposal by Signa in accordance with its fiduciary duties. Mr. Litt expressly states that the conditional, non-binding, preliminary proposal by Signa is "fully financed." HBC has seen no evidence of financing of the Signa proposal. If Mr. Litt has evidence that Signa proposal is "fully financed," he is encouraged to forward that evidence as soon as possible.

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.

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HBC

Investor Relations:

Elliot Grundmanis, 646-802-2469

Elliot.grundmanis@hbc.com

or

Media:

Andrew Blecher, 646-802-4030

Andrew.blecher@hbc.com

Source: Hudson's Bay Company

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