Global, All-channel, Multi segment Retailer of the Future
Spring 2016
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Certain statements made in this presentation, including, but not limited to, the benefits that are expected to result from the acquisition of GALERIA, the benefits that are expected to result from the acquisition of GILT, the Company's Fiscal 2016 Outlook and planned capital investment programs, including the opening of new stores, and other statements that are not historical facts, are forward-looking. 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.

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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 fourth quarter Management Discussion & Analysis dated April 4, 2016 (the "MD&A"), 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 presentation describe HBC's expectations at the date of this presentation 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 presentation, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

### Pro Forma and Non-IFRS Measures

The pro forma information set forth in this presentation should not be considered to be what the actual financial position or other results of operations would have necessarily been had, the Saks acquisition, the GALERIA acquisition and sale of the GALERIA properties to HBS Global Properties been completed, respectively, as at or for the periods stated. For a reconciliation of non-IFRS measures to the corresponding reported measure, please see the MD&A as well HBC’s other public filings.

We have included non-IFRS measures, such as Adjusted EBITDA, to provide investors and others with supplemental measures of our operating performance pro forma the proposed acquisition. As other companies may calculate Adjusted EBITDA and Adjusted EBITDAR differently than we do, these metrics are not comparable to similarly titled measures reported by other companies.

**EBITDA** is defined as net earnings (loss) before finance costs, income tax, share of net earnings (loss) in joint ventures, the gain on the Queen Street property sale, non-cash share based compensation expense, depreciation and amortization expense, impairment and other non-cash expenses and non-cash pension expense. The Company's Canadian defined benefit pension plan is currently in a surplus position and as a result, pension expense is adjusted as management does not expect to make any payments in the foreseeable future.

**EBITDAR** is defined as EBITDA before rent expenses to third-parties and the real estate joint ventures. Adjusted EBITDAR is defined as EBITDAR adjusted to exclude: (i) business and organization restructuring/realignment charges; (ii) merger/acquisition costs and expenses; and (iii) normalizing adjustments, if any, related to transactions that are not associated with day-to-day operations.

Adjusted EBITDA is defined as Adjusted EBITDAR less rent to third-parties, less cash rent to the real estate joint ventures plus cash distributions from the real estate joint ventures.

All amounts are expressed in Canadian dollars unless otherwise stated.
THE FUTURE OF RETAIL

1. Operator
   - Retailer with diverse retail banners across geographies and consumer segments
   - Top Tier Management Team with proven operational success

2. Consolidator
   - Track record of successful acquisitions based on disciplined criteria
   - Large North American and European platform for growth

3. Real Estate Proprietor
   - World class real estate assets with ~$11 billion of assets and ~$6.5 billion of equity
   - Real estate that enhances financial flexibility and provides optionality

4. Innovator
   - Creating exciting environments to deliver unique customer experiences
   - Pioneer in real estate value creation, including through Joint Ventures

(1) See slide 14 for additional information
1 Operator: Diverse Retail Banners

Strategically Diverse in Geography and Consumer Segment

2012 Revenue: $4.1B

- United States: 64%
- Canada: 36%
- Europe: 21%
- United States: 64%
- Canada: 21%
- Europe: 30%

2015 Pro Forma Revenue: $14.3B

- United States: 49%
- Canada: 21%
- Europe: 30%

2012: One Consumer Segment

Better Department Stores

Hudson's Bay Co.

Home Outfitters

2016: Multiple Consumer Segments

Luxury

Off Price

Gilt

Better Department Stores

Hudson's Bay

Lord + Taylor

(1) 2015 Actuals pro Forma for the acquisition of GALERIA and Gilt Groupe
1. **Operator: Top Tier Management Team**

**Leadership Team with Extensive Retail and Real Estate Experience**

- **Richard Baker**
  - Governor & Executive Chairman

- **Gerald Storch**
  - Chief Executive Officer

- **Paul Beesley**
  - Chief Financial Officer

- **Brian Pall**
  - President, Real Estate

- **Donald Watros**
  - President, HBC International

**Long Tenured Banner Presidents Focused on Execution**

- **Marc Metrick**
  - Saks Fifth Avenue
  - 20 years at HBC/Saks

- **Jonathan Greller**
  - HBC Off-Price
  - 20 years at HBC/L&T

- **Elizabeth Rodbell**
  - HBC DSG
  - 31 years at HBC/L&T

- **Olivier Van den Bossche**
  - GALERIA Kaufhof
  - 12 years at Kaufhof

**Key Strategic Hires to Drive Efficiencies and Enable Growth**

- **Ian Putnam**
  - Chief Corporate Development Officer

- **Dan Caspersen**
  - EVP, Human Resources

- **Janet Schalk**
  - Chief Information Officer

- **Dion Rooney**
  - EVP, HBC Digital

- **Tracy Margolies**
  - Chief Merchant
  - Saks Fifth Avenue

- **Mark Murphy**
  - SVP, Owned Brands

- **Rob Barnhard**
  - SVP, Credit & Loyalty

- **Erik Caldwell**
  - SVP, Logistics and Supply Chain
**Operator: Key Areas of All Channel Growth**

### Digital
- Driving outpaced growth across banners
- Huge opportunity for growth in European digital sales due to low penetration and small base
- Gilt expertise in mobile and personalization provides opportunity to implement best practices across banners
- Implementation of new robotic automation in distribution center will leapfrog support for digital growth

### New Store Openings
- Saks OFF 5TH opportunity to grow globally
  - Up to 200 locations in North America
  - Similar opportunity for growth across Europe
- Geographic expansion into underserved markets
  - Saks opening in Canada
- Attractive opportunistic additions in targeted markets
  - Utilize established GALERIA platform for European expansion

### Leverage Scale
- Grow Private Brand labels and collaborate across banners to identify cross-sell initiatives
- Leverage vendor relationships to maximize current exclusive brands and secure new brands
- Back office consolidation to improve efficiencies and reduce costs
- Economies of scale = lower procurement and shipping costs

### Same Store Sales
- Increased utilization of square footage
- Leverage unique multi-segment purchasing power to win exclusive merchandise offerings
- Increasing sales per visitor through targeted, personalized marketing of local customers
- Service model focused on surprising and delighting our customers
- Utilizing auto locate vs relying on in-store stock
**Operator: Successful Track Record**

### Comparable Store Sales Driving Growth

<table>
<thead>
<tr>
<th>CSS(1)</th>
<th>6.4%</th>
<th>6.5%</th>
<th>3.7%</th>
<th>2.8%</th>
<th>2.7%</th>
<th>2.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>C$3.7</td>
<td>C$3.8</td>
<td>C$4.1</td>
<td>C$5.2</td>
<td>C$8.2</td>
<td>C$11.2</td>
<td></td>
</tr>
</tbody>
</table>

(1) Constant currency basis and excluding Vancouver Olympic sales.

### Total Stores

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Hudson's Bay</td>
<td>69</td>
<td>69</td>
<td>41</td>
<td>38</td>
<td>131</td>
</tr>
<tr>
<td>Lord &amp; Taylor</td>
<td>46</td>
<td>48</td>
<td>49</td>
<td>50</td>
<td>38</td>
</tr>
<tr>
<td>Saks Fifth Avenue</td>
<td>91</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Home Outfitters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>90</td>
</tr>
<tr>
<td>OFF 5TH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38</td>
</tr>
<tr>
<td>HBC Europe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>90</td>
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</table>

(2) Pro forma for the Saks acquisition

(3) Pro forma for the GALERIA acquisition

### Stable Gross Margin

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<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>40.6%</td>
<td>40.1%</td>
<td>39.0%</td>
<td>38.4%</td>
<td>40.1%</td>
<td>40.5%</td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$265</td>
<td>$313</td>
<td>$310</td>
<td>$405</td>
<td>$612</td>
<td>$781</td>
</tr>
</tbody>
</table>

(1) Constant currency basis and excluding Vancouver Olympic sales.

(2) Pro forma for the Saks acquisition

(3) Pro forma for the GALERIA acquisition
CONSOLIDATOR: TRACK RECORD OF SUCCESSFUL M&A

- **US$1.2 billion:** Upscale fashion retailer; flagship on New York’s Fifth Avenue; 43 properties
- **C$1.3 billion:** Canadian icon; one of Canada’s most recognizable brands; national footprint; 17 properties
- **US$2.9 billion:** 9.9x EV/EBITDA
  World renowned luxury retailer with flagship Saks Fifth Avenue property; 25 properties
- **€2.6 billion:** 9.2x EV/EBITDA
  #1 department store in Germany and Belgium; Network of stores and attractive real estate; Platform for European expansion: 59 properties
- **US$250 million:** 6.3x EV/Forward EBITDA
  Leading and innovative online shopping destination; Proprietary technology, and compelling strategic fit

**2006**
- **C$1.8 billion:** HBC sells Zellers leases to Target

**2011**
- **US$3.7 billion:** Saks Fifth Avenue flagship property independent appraisal by lender

**2013**
- **C$650 million:** HBC sale leaseback Queen street flagship property

**2014**
- **C$4.2 billion:** HBC announces two real estate Joint Ventures

**2015**
- **Real Estate JVs**:
- **HBC sells Zellers leases to Target**
- **HBC announces two real estate Joint Ventures**
- **C$650 million:** HBC sale leaseback Queen street flagship property
- **€2.6 billion:** HBC sells 41 GALERIA Kaufhof properties to HBS Global Properties

**2016**
- **HBC sale leaseback Queen street flagship property**
CONSOLIDATOR: DISCIPLINED TARGETING

HBC POSITIONED TO BE A GLOBAL AGGREGATOR WITHIN THE RETAIL SECTOR

Rigorous process to evaluate prospective targets with selective acquisition criteria:

- Great brands with a leading position in their market in the following segments:
  1) LUXURY
  2) BETTER DEPARTMENT STORE
  3) OFF PRICE

- Fantastic locations / Hidden real estate value
- Undermanaged retail operations
- Opportunities for revenue and cost synergies
- Attractive prudent financing and focus on ROIC
## Consolidator: Improving Balance Sheet

### HBC Credit Group

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>ABL</td>
<td>C$464</td>
</tr>
<tr>
<td>Term Loan B</td>
<td>C$700</td>
</tr>
<tr>
<td>Capital Leases and Other</td>
<td>C$527</td>
</tr>
<tr>
<td>Less: Cash</td>
<td>(C$413)</td>
</tr>
<tr>
<td><strong>Credit Group Net Debt</strong></td>
<td>C$1,278</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Group Adjusted EBITDA</td>
<td>C$690</td>
</tr>
<tr>
<td>Net Debt / Credit Group Adjusted EBITDA</td>
<td>1.9x</td>
</tr>
</tbody>
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### HBC Consolidated

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HBC Credit Group Debt</td>
<td>C$1,278</td>
</tr>
<tr>
<td>L&amp;T Mortgage</td>
<td>C$349</td>
</tr>
<tr>
<td>Saks Mortgage</td>
<td>C$1,760</td>
</tr>
<tr>
<td><strong>Consolidated Net Debt</strong></td>
<td>C$3,387</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>C$781</td>
</tr>
<tr>
<td>Net Debt / Adjusted EBITDA</td>
<td>4.3x</td>
</tr>
</tbody>
</table>

### Credit Group Net Debt (1) / Adjusted EBITDA

- Pre-IPO: 4.2x
- IPO: 2.8x
- 2012: 2.0x
- 2013: 2.2x
- 2014: 1.9x
- Post-Saks Acquisition: 5.5x (2)

### Consolidated Net Debt (1) / Adjusted EBITDA

- Pre-IPO: 4.2x
- IPO: 3.5x
- 2012: 2.7x
- 2013: 5.9x (2)
- 2014: 5.0x
- 2015: 4.3x

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(1) Excludes restricted cash
(2) Pro forma for the Saks acquisition

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**Track Record of Strong HBC Balance Sheet Management**
WHOLLY OWNED NEW YORK CITY FLAGSHIP LOCATIONS

**SAKS 5TH AVENUE - 611 5th Ave.**
- ~655K Sq. Ft. of retail space
- Appraised at US$3.7 billion by lenders in 2014
- Collateral for US$1.25 billion 20 yr. mortgage
- US$250 million renovation plan

**LORD & TAYLOR – 424 5th Ave.**
- ~676K Sq. Ft. of retail space
- Estimated value above US $500m based on management estimates
- Collateral for US$250 million mortgage
- Opportunity to create additional value
HBS GLOBAL PROPERTIES (INTERNATIONAL JOINT VENTURE)

- Partnership with Simon Property Group; commitment to fund a total of US $100M in tenant allowances
- Recent investments by Madison, Ivanhoe and a large US pension fund for a total of US $583 million
- 42 L&T and Saks properties in North America
- 41 Galeria Kaufhof properties in high street locations throughout Germany
- Approximately 65% HBC ownership; Total HBC Equity Value of ~CDN $1.9 billion\(^{(1)}\), based on a cap rate of 5.90%

\(^{(1)}\) Assumes USDCAD rate of 1.32 and EURUSD rate of 1.50
Partnership with RioCan REIT; commitment to contribute an additional $177 million for building improvements and future acquisitions

- 10 Hudson’s Bay properties in prime Canadian locations
- 50% interest in two RioCan mall properties (Georgian Bay and Oakville)
- Approximately 90% HBC ownership; Total HBC Equity Value of ~CDN $1.3 billion, based on a cap rate of 5.08%
## MANAGEMENT’S ILLUSTRATIVE VALUATION OF HBC
### AS OF APRIL 5, 2016

<table>
<thead>
<tr>
<th>Property</th>
<th>Pro Forma EBITDA / NOI</th>
<th>Multiple / Cap. Rate</th>
<th>Enterprise Value</th>
<th>Net Debt</th>
<th>Equity Value</th>
<th>HBC Retained Interest</th>
<th>Equity Value Attributable to HBC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mid Point of 2016 EBITDAR Guidance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saks Fifth Avenue Flagship</td>
<td>$183</td>
<td>3.75%</td>
<td>$4,884 (1)</td>
<td>($1,980) (2)</td>
<td>$2,904</td>
<td>100%</td>
<td>$2,904</td>
</tr>
<tr>
<td>L&amp;T Flagship and Other Properties</td>
<td>$40 (3)</td>
<td>5.00% (3)</td>
<td>$800</td>
<td>($330)</td>
<td>$470</td>
<td>100%</td>
<td>$470</td>
</tr>
<tr>
<td>RioCan-HBC JV</td>
<td>$100 (4)</td>
<td>5.08% (4)</td>
<td>$1,970</td>
<td>($540)</td>
<td>$1,430</td>
<td>90%</td>
<td>$1,283</td>
</tr>
<tr>
<td>HBS Global Properties</td>
<td>$355</td>
<td>5.90%</td>
<td>$6,020</td>
<td>($3,124)</td>
<td>$2,896</td>
<td>65%</td>
<td>$1,883</td>
</tr>
<tr>
<td><strong>Implied and Cash Rent to HBC Real Estate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Approximate 3rd Party Rents</td>
<td>($663)</td>
<td>13,674</td>
<td>($5,974)</td>
<td>$7,701</td>
<td></td>
<td></td>
<td>$6,540</td>
</tr>
<tr>
<td><strong>2016 HBC Retail Adjusted EBITDA</strong></td>
<td>$447 (5)</td>
<td>6.0x (3)</td>
<td>$2,680</td>
<td>($1,193)</td>
<td>$1,487</td>
<td>100%</td>
<td>$1,487</td>
</tr>
</tbody>
</table>

**Net Asset Value** $8,027

**Shares Outstanding** 182 (6)

**Net Asset Value per Share** $44.10

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1. Based on independent appraisal obtained in conjunction with the mortgage on this property, assumes US $250 million capital investment program is completed.
2. Represents mortgage of US $1,250 million and additional US $250 million investment.
4. Includes $15 million of 3rd party rents.
5. Retail EBITDA based on midpoint of fiscal 2016 Adjusted EBITDAR guidance ($1,635) at the following exchange rate: €1 = C$ 1.50 and US$1 = C$1.32, less rents on properties listed in the table, less approximately $525 million in 3rd party rents. Excludes 3rd party rents at the RioCan-HBC JV. Retail Adjusted EBITDA is a non-IFRS measure and may not be comparable to similarly titled measures reported by other companies.
6. Management’s illustrative valuation referred to above incorporates management’s current views and assumptions, are illustrative in nature only, and are based on certain appraised values that were prepared for another purpose, certain prior transaction values that were achieved for specific transactions with one or more third parties, and certain management estimates. The sum of such values may not be indicative of the Company’s current or future market value as there are a number of methodologies that may be used by investors or market participants to value the Company, as well as a number of factors and risks that could influence its trading price. Any reader should contact his, her or its own professional advisors for legal, financial, tax or other advice. The disclosure is fully qualified by the “Forward-Looking Statements” section of this presentation.
Strategically achieved scale of other large retailers
- Through targeted consolidation
- Creating unparalleled diverse retail portfolio in terms of geography and consumer segment

TOPSHOP: Exclusivity in Canada for store within stores
Kleinfeld: Exclusivity in Canada for high end bridal boutique
Saks Fifth Avenue: Flagship store within Queen Street Hudson Bay
  - Creates shopping destination in Toronto as well as utilizes existing space more effectively
OFF 5TH: Saks OFF 5TH within Rideau Hudson’s Bay location
Gilt: Physical Gilt store in stores within OFF 5TH locations; Key component of improved Gilt return policy as well as brings millennial consumer into OFF 5TH
Innovator: Real Estate

Leveraging Value to Provide Attractive Financing

- Long term debt backed by real estate assets allows HBC to obtain investment grade priced debt
  - US $1.25B 25 year mortgage backed by Saks Fifth Avenue flagship property: Interest rate of 4.4%
  - US $250M 5 year mortgage backed by L&T Flagship property: Interest rate of 3.85%

- Credit rating agencies view this debt as separate from that secured by the operating company

Transaction Structuring

- JV structures allow the efficient purchase of potential targets with valuable real estate
- Unique way to make acquisitions without issuing HBC equity and diluting shareholders
  - Simon and other third party investors have valued 42 owned properties acquired as part of the GALERIA transaction at approximately the same value as the entire purchase price

Sale of Leaseholds

- In 2011, HBC sold 140 Zellers leases to Target for more than the total purchase price of Hudson’s Bay Company in 2008
- Additional opportunities for selective leasehold sales
INNOVATOR: HUDSON’S BAY CASE STUDY

HUDSON’S BAY TORONTO QUEEN STREET STORE TRANSFORMED BETWEEN 2013 AND 2016

SITUATION: UNDERINVESTMENT IN PRIME LOCATIONS

- Underinvestment led to store deterioration
- Inefficient product placement
- Not a compelling shopping destination
- Unable to attract the desired brand matrix

ACTION: EXTENSIVE STORE RENOVATIONS

- Simple improvements to entice customer eg. Shoe department to full service from self service
- Re-layered and modernized entire selling floor
- Creation of a world class retail experience: largest shoe floor in Canada; sought after brand matrix
- Exclusive store-in-store Kleinfeld and TopShop
- Created 142,000 square feet of space for Saks 5th Avenue store-in-store and high end food hall

RESULTS: BEST-IN-CLASS RETAIL DESTINATION

- Sales CAGR of 7.5% since 2008
- Traffic and sales INCREASED during renovations
- Created shopping destination in downtown Toronto
- Luxury shoppers go to Saks and discover Hudson’s Bay
- Ability to shop “high-low” in one destination = increased share of wallet

SIGNIFICANT OPPORTUNITIES AT GALERIA LOCATIONS FOR SIMILAR TRANSFORMATION
BUILDING THE RETAILER OF THE FUTURE

Proven Operators with Ability to Generate Growth

Global aggregator in the Luxury, Better Department Store and Off Price segments

High quality Real Estate portfolio

Innovation across All Channels
THANK-YOU
**Simplified Organizational Structure**

**Consolidated**

- **Hudson’s Bay Company (Canada)**
  - USD$1,900mm ABL Revolver
  - USD$500mm Term Loan B
- **U.S Operating Co (Lord & Taylor and Saks)**
- **Canadian Operating Co (HBC)**
- **German Operating Co (Galeria Kaufhof Group)**

**Unrestricted Subs**

**Consolidated**

- **Saks Fifth Avenue Flagship**
  - USD$1,250mm Mortgage
  - ~USD$3,700mm RE Value (1)
- **Lord & Taylor 5th Avenue Flagship**
  - USD$250mm Mortgage
- **Other Real Estate incl. remaining GALERIA Properties**

**Not Consolidated**

- **HBS Global Properties**
  - US Properties
    - USD$846mm JV Debt
    - USD$1,714mm RE Value
  - German Properties
    - €1,338mm RE Loan
    - €2,625mm RE Value
- **Simon Properties**
  - 65%
- **Other Investors**
  - 90%
- **RioCan-HBC JV**
  - 100%

**Other Investors**

- **RioCan**
  - 90%

**Notes:**

1. Based on independent 3rd party appraisal of the land and building as of November 2014.
2. Represents sources and uses after all transactions are completed, including the post closing acquisition of certain real estate properties and the minority interest, expected to occur within 6 months.
The Company expects Sales, Adjusted EBITDAR, and Adjusted EBITDA for 2016 to increase significantly based on:

- The addition of GALERIA;
- Benefits of the recently announced North American cost realignment program;
- Continuing strategic investments in HBC’s digital business;
- The opening of new stores in North America, which includes the introduction of Saks and Saks OFF 5TH to Canada; and
- Continued improvement and ongoing growth of our North American operations.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Fiscal 2016</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$14.9 to $15.9 billion</td>
<td>Implies low single digit consolidated same store sales growth, calculated on a constant currency basis</td>
</tr>
<tr>
<td>Adjusted EBITDAR</td>
<td>$1.560 to $1.710 billion</td>
<td>Incorporates the acquisition of GALERIA, as well as HBC’s recently announced cost realignment program with expected annual savings of $75M</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$800 to $950 million</td>
<td>Includes the recent sale of an additional US $50M in HBC Global Properties Equity as well as the acquisition of Gilt Groupe</td>
</tr>
<tr>
<td>CAPEX</td>
<td>$750 to $850 million</td>
<td>Capital expenditure related to growth initiatives is expected to be approximately 70% of the total amount, with the remaining 30% representing maintenance capital expenditures</td>
</tr>
</tbody>
</table>

*For a full outline of the Company’s guidance and risk factors, please see HBC’s Management Discussion & Analysis dated April 4, 2016 available at [www.sedar.com](http://www.sedar.com) and [www.hbc.com](http://www.hbc.com)*