

Hudson's Bay Company and Simon Property Group Inc. Announce Strategic Venture to Unlock Long-Term Value and Capitalize on Future Growth Opportunities

Partners to Create U.S. Joint Venture Valued at US\$1.8 Billion (C\$2.2 Billion)

TORONTO & NEW YORK--(BUSINESS WIRE)--February 25, 2015--Hudson's Bay Company ("HBC") (TSX:HBC) and Simon Property Group Inc. ("Simon") (NYSE:SPG) announced today that they have agreed to form a joint venture focused on credit tenant, net-leased and multi-tenanted retail buildings in the United States and internationally. The joint venture will build on the strength of HBC's existing real estate assets and identify new real estate growth opportunities, with a focus on credit tenant, net-leased and multi-tenanted retail buildings, including department stores. The transaction is structured to facilitate an IPO or other monetization of the joint venture at a future date.

"By partnering with Simon, the leading REIT in the US market, we are taking an important step forward in HBC's next chapter of growth," stated Richard Baker, Governor and Executive Chairman of Hudson's Bay Company. "This joint venture will benefit from a strong foundation of HBC properties, whose tremendous value has been recognized by our best-in-class partner. This structure will also unlock additional long-term value for HBC shareholders by positioning the joint venture to transition to a more valuable and sustainable publicly traded REIT than HBC could create today."

"In HBC, we have found a unique partner with a proven track record of creating value from retail properties, as well as a strong portfolio of banners that serve as attractive tenants for a range of retail opportunities," said David Simon, Chairman and Chief Executive Officer of Simon. "Together, we will leverage our combined expertise to significantly expand and diversify the joint venture assets and increase its value for the benefit of our two companies and our shareholders."

U.S. Joint Venture Structure

Under the agreement with Simon, HBC will contribute forty-two owned or ground-leased properties to a newly established joint venture entity (the "JV Entity") with an estimated 5,417,286 in square footage, including the Saks Fifth Avenue Beverly Hills flagship and the Westchester and Manhasset Lord & Taylor stores. The JV Entity will lease back its properties under triple-net operating leases to HBC. The transaction values the properties contributed by HBC at US\$1.7 billion (C\$2.1 billion). In addition to an eventual pro forma 80% equity stake in the JV Entity, HBC is expected to receive approximately US\$600 million (C\$750 million) in cash proceeds from third-party debt issued by the JV Entity, which HBC will use to reduce existing indebtedness.

Simon has committed to contribute up to US\$278.5 million (C\$348 million) for an eventual pro forma equity stake of 20.0%. Simon will make US\$100 million (C\$125 million) of contributions available for improvements to HBC properties contributed to the JV Entity; US\$50 million (C\$63 million) upon closing and US\$50 million (C\$63 million) on the first anniversary of the closing date. The balance of Simon's contribution will be used to fund future property acquisitions to increase the value and diversify the tenant base of the JV Entity. In addition to pursuing attractive credit tenant, net-leased and multi-tenanted retail buildings in the US, the JV Entity will have a mandate to explore similar international opportunities and will be entitled to exclusivity on select retail property acquisition opportunities identified by HBC, as well as certain select opportunities identified by Simon.

Governance

The JV Entity will establish a dedicated management team focused on overseeing the contributed properties and growing the portfolio, with support from both HBC and Simon. HBC director Lee Neibart, who has extensive real estate experience, will be significantly involved in the joint venture.

Closing

The transaction is currently expected to close in approximately 90 days, subject to securing acceptable debt financing for the JV Entity and other customary closing conditions.

US dollar amounts have been converted to Canadian dollars at a rate of US\$ 1.00 = C\$ 1.25.

Advisors

BofA Merrill Lynch acted as financial advisor to HBC on the transaction.

HBC Conference Call to Discuss Transaction

Richard Baker, HBC's Governor and Executive Chairman, Jerry Storch, Chief Executive Officer, and Paul Beesley, Chief Financial Officer, will discuss the transaction during a conference call on February 25, 2015 at 8:30 am EDT.

The conference call will be accessible by calling the participant operator assisted toll-free dial-in (877) 852-2926 or international dial-in (253) 237-1123. A live webcast of the conference call and presentation will be accessible on HBC's website at <http://investor.hbc.com/events.cfm>. An audio instant replay will be available via this link until March 25, 2015.

About Hudson's Bay Company

Hudson's Bay Company, founded in 1670, is North America's longest continually operated company. Today, HBC offers customers a range of retailing categories and shopping experiences primarily in the United States and Canada. Our leading banners - Hudson's Bay, Lord & Taylor, Saks Fifth Avenue and Saks Fifth Avenue OFF 5TH - offer a compelling assortment of apparel, accessories, shoes, beauty and home merchandise. Hudson's Bay is Canada's most prominent department store with 90 full-line locations, two outlet stores and thebay.com. Lord & Taylor operates 50 full-line locations primarily in the northeastern and mid-Atlantic U.S., four Lord & Taylor outlet locations and lordandtaylor.com. Saks Fifth Avenue, one of the world's pre-eminent luxury specialty retailers, comprises 38 U.S. stores, five international licensed stores and saks.com. OFF 5TH offers value-oriented merchandise through 79 U.S. stores and saksoff5th.com. Home Outfitters is Canada's largest kitchen, bed and bath specialty superstore with 67 locations. Hudson's Bay Company trades on the Toronto Stock Exchange under the symbol "HBC".

About Simon Property Group Inc.

Simon is a global leader in retail real estate ownership, management and development and a S&P100 company (Simon Property Group, NYSE:SPG). Our industry-leading retail properties and investments across North America, Europe and Asia provide shopping experiences for millions of consumers every day and generate billions in annual retail sales. For more information, visit simon.com.

Forward-Looking Statements**Hudson's Bay Company**

Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, such as information with respect to the contemplated strategic joint ventures transaction, including its objectives, anticipated benefits, growth opportunities, governance structure, related debt financing and timing for closing. This information is based on certain assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Forward-looking information is subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Company currently expects. These risks, uncertainties and other factors include, but are not limited to: credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates, the timing and market acceptance of future products, competition in the Company's markets, the growth of certain business categories and market segments and the willingness of customers to shop at the Company's stores, the Company's margins and sales and those of the Company's competitors, the Company's reliance on customers, risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, regulations, competition, seasonality, commodity price and business disruption, the Company's relationships with suppliers and manufacturers, changes to existing accounting pronouncements, the ability of the Company to successfully implement its strategic initiatives, changes in consumer spending, managing our portfolio of brands and our merchandising mix, seasonal weather patterns, economic, social, and political instability in jurisdictions where suppliers are located, increased shipping costs, potential transportation delays and interruptions, the risk of damage to the reputation of brands promoted by the Company and the cost of store network expansion and retrofits, compliance costs associated with environmental laws and regulations, fluctuations in currency and exchange rates, commodity prices, the Company's ability to maintain good relations with its employees, changes in the law or regulations regarding the environment or other environmental liabilities, the Company's capital structure, funding strategy, cost management programs and share price, the Company's ability to integrate acquisitions and the Company's ability to protect its intellectual property.

For more information on these risks, uncertainties and other factors the reader should refer to the Company's filings with the securities regulatory authorities, including the Company's annual information form dated May 2, 2014, which is available on SEDAR at www.sedar.com. To the extent any forward-looking information in this press release constitutes future-oriented financial information or financial outlooks, within the meaning of securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on assumptions and subject to risks, uncertainties and other factors. Actual results may differ materially from what the Company currently expects. Other than as required under securities laws, the Company does not undertake to update any forward-looking information at any particular time. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. All forward-looking information contained in this press release is expressly qualified in its entirety by this cautionary statement.

Simon Property Group Inc.

Certain statements made in this press release may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained, and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to: the Company's ability to meet debt service requirements, the availability and terms of financing, changes in the Company's credit rating, changes in market rates of interest and foreign exchange rates for foreign currencies, changes in value of investments in foreign entities, the ability to hedge interest rate and currency risk, risks associated with the acquisition, development, expansion, leasing and management of properties, general risks related to retail real estate, the liquidity of real estate investments, environmental liabilities, international, national, regional and local economic conditions, changes in market rental rates, security breaches that could compromise our information technology or infrastructure or personally identifiable data of customers of our retail properties, trends in the retail industry, relationships with anchor tenants, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks relating to joint venture properties, costs of common area maintenance, and the intensely competitive market environment in the retail industry, risks related to international activities, insurance costs and coverage, terrorist activities, changes in economic and market conditions, the loss of key management personnel and maintenance of our status as a real estate investment trust. The Company discusses these and other risks and uncertainties under the heading "Risk Factors" in our annual and quarterly reports filed with the SEC. The Company undertakes no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise unless required by law.

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