

Hudson's Bay Company and RioCan Real Estate Investment Trust Close First Tranche of Previously Announced Real Estate Joint Venture

TORONTO & NEW YORK--(BUSINESS WIRE)--July 9, 2015--Hudson's Bay Company ("HBC") (TSX:HBC) and RioCan Real Estate Investment Trust ("RioCan") (TSX:REI.UN) announced today that they have closed the first tranche of their joint venture focused on real estate growth opportunities in Canada. The joint venture will enable HBC and RioCan to build on the strength of existing real estate assets and identify new real estate growth opportunities. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

At the first tranche closing:

- The joint venture entity (the "RioCan-HBC JV") acquired properties at a purchase price of approximately \$1.6 billion, generating annual cash rent of \$80.8 million. New and assumed debt at the RioCan-HBC JV totals \$493.9 million, made up of \$352.0 million in new debt, and assumed mortgages of \$141.9 million.
- HBC contributed 7 owned or ground-leased properties (including Hudson's Bay flagship properties in downtown Vancouver, Calgary, Ottawa, and Montreal) with approximately 2.6 million square feet. The transaction values the first tranche of the HBC real estate contribution at approximately \$1.3 billion based on a capitalization rate of 5.03%, resulting in an initial equity stake of \$949.7 million or 86.6% in the RioCan-HBC JV.
- HBC received \$352 million in cash proceeds from third-party debt arranged in conjunction with the closing and assumed by the RioCan-HBC JV.
- RioCan contributed a 50% interest in two mall properties in Ontario (Oakville Place and Georgian Mall) at a gross sales price of \$299.0 million based on a capitalization rate of 5.15%, net of existing debt and capital lease obligations aggregating to \$151.9 million, resulting in an initial equity stake of \$147.1 million or 13.4% in the RioCan-HBC JV.

RioCan has committed to contribute a total of \$325 million to the RioCan-HBC JV for an eventual pro forma equity stake of approximately 25% based on the first tranche closing. The balance of RioCan's contributions will consist of \$52.5 million in tenant allowances, and \$125.4 million to be used to fund future property acquisitions to increase the value and diversify the tenant base of the RioCan-HBC JV. These contributions will be made by the third anniversary of the closing date.

The RioCan-HBC JV intends to establish a dedicated management team focused on overseeing the contributed properties and growing the portfolio, with support from HBC and RioCan. The RioCan-HBC JV Board is comprised of four directors, two of whom have been appointed by each partner. Unanimous Board consent is required for all major operating decisions. RioCan will continue to act as manager for the enclosed malls that it has contributed to the RioCan-HBC JV's portfolio.

As part of the second tranche of the closing process, HBC is expected to contribute three additional ground leased properties, being Yorkdale Shopping Centre, Scarborough Town Centre and Square One (collectively, the "YSS Properties"), totaling 735,926 square feet, to an entity related to the RioCan-HBC JV later in 2015. Once completed, RioCan's eventual pro forma equity stake in the RioCan-HBC JV would be approximately 20%. HBC is currently seeking a court determination to allow for the contribution of the YSS properties. There can be no assurances that a favourable court determination will be obtained or that the YSS Properties will be contributed as contemplated within the anticipated timing or at all.

About Hudson's Bay Company

Hudson's Bay Company, founded in 1670, is North America's oldest 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 39 U.S. stores, five international licensed stores and saks.com. OFF 5TH offers value-oriented merchandise through 84 U.S. stores and saksoff5th.com. The Company also operates Home Outfitters, 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 RioCan

RioCan is Canada's largest real estate investment trust with a total enterprise value of approximately \$16.2 billion as at March 31, 2015. It owns and manages Canada's largest portfolio of shopping centres with ownership interests in a portfolio of 353 retail properties containing more than 79 million square feet, including 48 grocery anchored and new format retail centres containing 13 million square feet in the United States as at March 31, 2015. RioCan's portfolio also includes 15 properties under development in Canada. For further information, please refer to RioCan's website at www.riocan.com.

Forward-Looking Statements – Hudson's Bay Company

Certain statements made in this news release, including, but not limited to, statements relating to the strategies, objectives and benefits of the RioCan-HBC joint venture, RioCan's commitment to make future contributions to the RioCan-HBC JV, the anticipated second tranche closing in respect of the YSS properties, 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.

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: (a) the risk that the anticipated benefits from the RioCan-HBC joint venture cannot be realized, (b) the risk that the RioCan-HBC JV is unable to make future acquisitions and diversify its tenant base, (c) the risk that RioCan fails to satisfy its future contribution commitments, (d) the risk that the purchase price paid by the RioCan-HBC JV to acquire the properties is greater than the accounting fair market value of such properties that will be determined by third party appraisals; (d) the risk that HBC is unable to obtain a court determination in its favour and contribute the YSS Properties to an entity related to the RioCan-HBC JV later in 2015; and (e) the risk that the RioCan-HBC JV is unable to complete a future monetization transaction.

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 30, 2015, 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.

Forward-Looking Statements – RioCan Real Estate Investment Trust

This news release contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made in this News Release relating to the strategies, objectives and benefits of the RioCan-HBC joint venture, RioCan's commitment to make future contributions to the RioCan-HBC JV, the anticipated second tranche contribution of properties by HBC, and other statements concerning RioCan's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking statements in this News Release are qualified by these cautionary statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on RioCan's current estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risks and Uncertainties" in RioCan's 2014 Annual Report and in Management's Discussion and Analysis for the period ended March 31, 2015, which could cause actual events or results to differ materially from the forward-looking statements contained in this News Release. Those risks and uncertainties include, but are not limited to, those related to: liquidity and general market conditions; tenant concentrations and related risk of bankruptcy, occupancy levels and defaults; lease renewals and rental increases; retailer competition; access to debt and equity capital; interest rate and financing risk; joint ventures and partnerships; the relative illiquidity of real property; unexpected costs or liabilities related to acquisitions and dispositions; development risk associated with construction commitments, project costs and related approvals; environmental matters; litigation; reliance on key personnel; management information systems; unitholder liability; income and indirect taxes; U.S. investments, property management and foreign currency risk; and credit ratings. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a stable retail environment; relatively low and stable interest costs; a continuing trend toward land use intensification in high growth markets; access to equity and debt capital markets to fund, at acceptable costs, the future growth program to enable the Trust to refinance debts as they mature; and the availability of purchase opportunities for growth in Canada and the U.S. Although the forward-looking information contained in this News Release is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this News Release may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this News Release.

The Income Tax Act (Canada) contains provisions which potentially impose tax on publicly traded trusts (the "SIFT Provisions"). However, the SIFT Provisions do not impose tax on a publicly traded trust which qualifies as a real estate investment trust ("REIT"). RioCan currently qualifies as a REIT and intends to continue to qualify for future years. Should this not occur, certain statements contained in this News Release may need to be modified.

Except as required by applicable law, RioCan under takes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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