

HBC Provides Update on Lord & Taylor Fifth Avenue Building Sale

TORONTO & NEW YORK--(BUSINESS WIRE)--August 3, 2018--HBC (TSX:HBC) today announced that it has entered into an amendment to the purchase and sale agreement with an affiliate of WeWork Property Advisors ("WPA") in respect of the Lord & Taylor Fifth Avenue building. Pursuant to the amendment, the closing date of the sale has been extended from August 10, 2018 to November 13, 2018, with an option for WPA to exercise an additional extension to January 31, 2019. HBC may also elect to extend the close to February 11, 2019 by providing notice to WPA.

In addition to the U.S.\$75 million deposit previously delivered by WPA in connection with the signing of the original agreement, HBC has received a second deposit in the amount of U.S.\$25 million. This deposit is non-refundable subject to certain limited exceptions. A third deposit, also in the amount of U.S.\$25 million, becomes due if WPA elects to exercise their option to extend the closing date until January 31, 2019. Additionally, WPA will have the option to convert U.S.\$125 million of the U.S.\$850 million transaction value into an equity interest in the building, to be held by HBC through a joint venture structure. This equity interest is subject to certain return and liquidity rights.

HBC intends to use the net proceeds from the deposit and sale of the Lord & Taylor Fifth Avenue building to reduce indebtedness under its asset-based revolving facility, which currently has CAD\$1.2 billion of borrowing availability, and for general corporate purposes. As previously announced, HBC expects to exit its Lord & Taylor store at this location, and is on track to wind down operations in early 2019, with the process starting in Fall 2018.

About HBC

HBC is a diversified global retailer focused on driving the performance of high quality stores and their omnichannel offerings 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 approximately 65,000 employees around the world.

HBC's leading banners across North America and Europe include Hudson's Bay, Lord & Taylor, Saks Fifth Avenue, 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.

FORWARD-LOOKING STATEMENTS

Certain statements made in this news release, including, but not limited to, the expected timing of the closing of the Lord & Taylor Fifth Avenue building and the application of the net proceeds therefrom, and other statements that are not historical facts, are forward-looking. The sale of the Lord & Taylor Fifth Avenue building is subject to a number of risks factors, including 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 building and risks inherent to the Company's business and/or factors beyond its control and the failure to close the sale of the Lord & Taylor Fifth Avenue building in a timely manner, or at all, may have a material adverse effect on the Company. 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 May 4, 2018, 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.

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