

HBC Closes Sale of the Lord & Taylor Fifth Avenue Building

Transaction valued at CAD \$1.1 billion

TORONTO & NEW YORK--(BUSINESS WIRE)--February 11, 2019--HBC (TSX: HBC) has closed the sale of the Lord & Taylor Fifth Avenue building to WeWork Property Investors (WPI) for a total transaction value of CAD \$1.1 billion (\$850 million), consistent with previously disclosed terms.

“This transaction reinforces HBC’s ability to identify undervalued real estate investments with great potential,” said Richard Baker, HBC’s Governor and Executive Chairman. “We continue to strengthen our retail business and unlock the value of our real estate assets.”

With the closing of this transaction, HBC has eliminated the approximately CAD \$520 million (\$400 million) Lord & Taylor mortgage and has reduced borrowings under its asset-based revolving facility.

“We’ve fortified our balance sheet in short order,” Baker continued. “Since the end of fiscal 2017, we’ve paid down approximately CAD \$1 billion in debt, providing us flexibility to support our business goals and advance our strategy.”

As previously announced, WPI exercised its option to convert CAD \$163 million (\$125 million) of the transaction value into a preferred equity interest in the building held by HBC through a joint venture structure.

About HBC

HBC is a diversified 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 350 stores and more than 45,000 employees around the world. HBC's leading businesses across North America include Saks Fifth Avenue, Hudson's Bay, Lord & Taylor, and Saks OFF 5TH.

HBC also has significant investments in joint ventures. It has partnered with Simon Property Group Inc. in the HBS Global Properties Joint Venture, which owns properties in the United States. In Canada, it has partnered with RioCan Real Estate Investment Trust in the RioCan-HBC Joint Venture. HBC has partnered with SIGMA Retail Holdings for real estate and retail joint ventures in Europe.

Figures in this news release assume USD:CAD = 1:1.3.

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