



## HBC Agrees to Sell Remaining European Real Estate and Divest Related Retail Joint Venture for \$1.5 Billion

June 10, 2019

- Solidifies HBC's strategic focus on North American operations and greatest opportunities for growth - Saks Fifth Avenue and Hudson's Bay
- Transaction betters real estate mark established in September 2018 for same assets
- Proceeds to be used to strengthen HBC's balance sheet by fully repaying term loan

TORONTO & NEW YORK--(BUSINESS WIRE)--Jun. 10, 2019-- HBC (TSX: HBC) has entered into definitive agreements to sell the company's remaining stake in its German real estate joint venture, and divest its related retail joint venture to its partner, SIGNA, along with assumption of certain obligations for a total consideration of \$1.5 billion (€1 billion). A portion of the transaction's net proceeds will be used to fortify HBC's balance sheet by fully repaying its outstanding \$436 million term loan. Upon close, HBC will completely exit its German operations.

Helena Foulkes, CEO of HBC said, "This agreement is an exciting milestone for HBC as it will deliver important financial and strategic benefits. Financially, it provides us with the best opportunity to capitalize on our German real estate and allows us to further strengthen our balance sheet. Strategically, we will be able to fully focus our resources on HBC's North American operations, including our best growth opportunities - Saks Fifth Avenue and Hudson's Bay. This transaction is another bold action that unlocks the value of our real estate and demonstrates our resolve to creating a stronger, more capable HBC."

As part of the overall transaction, HBC will assume ownership of the Netherlands retail business, and release SIGNA from its 50.01% back-to-back guarantee of certain obligations of Hudson's Bay/Netherlands. SIGNA will assume German liabilities from HBC. HBC has retained a financial advisor to review options for the Netherlands business, which has not performed to expectations. As HBC pursues options, the company expects to undertake cost savings initiatives including, among others, certain store closures.

The transaction is expected to close in fall 2019, subject to applicable regulatory approvals and other customary closing conditions. At signing, SIGNA delivered a deposit of \$150 million (€100 million).

J.P. Morgan Securities LLC acted as exclusive financial advisor to HBC on the transaction.

### Q1 2019 Financial Results Schedule

HBC will announce financial results for the first quarter 2019 on Thursday, June 13, 2019 before market hours. HBC's Chief Executive Officer Helena Foulkes, and Chief Financial Officer Ed Record will subsequently host a conference call to discuss the company's results at 8:30 a.m. ET.

The conference call will be accessible by calling the operator assisted toll-free dial-in number (800) 535-7056 or international dial-in number (253) 237-1145. A live webcast of the conference call will be accessible on HBC's website at: <http://investor.hbc.com/events.cfm>. The audio replay also will be available via this link.

Figures in this press release assume EUR:CAD = 1:1.5 and USD:CAD = 1:1.31

HBC investors should refer to the company's public filings available at [www.sedar.com](http://www.sedar.com) and at [www.hbc.com](http://www.hbc.com) for additional information and details on the transactions.

### Forward-Looking Statements

Certain statements made in this news release are forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements with respect to: the sale and divestiture of the Company's remaining stakes in its European joint ventures to SIGNA and assumption of liabilities; the anticipated completion of the proposed transactions; the expectation that the European joint venture transactions will deliver important financial and strategic benefits, including further advancing HBC's strategy and growth opportunities for its North American businesses, unlocking the value of real estate and improving and strengthening HBC's balance sheet; the expectation that a portion of the net proceeds from the proposed transactions will repay the Company's outstanding term loan; the Company's options and future plans for the HBC Netherlands retail business and its assets; potential cost savings initiatives with respect to the HBC Netherlands retail business, including store closures; and other statements that are not material facts. 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, including, without limitation, the following factors, many of which are beyond HBC's control and the effects of which can be difficult to predict: (a) the failure to obtain or satisfy, in a timely manner or otherwise, required regulatory approvals and other conditions of closing necessary to complete the proposed transactions; (b) the failure to obtain or satisfy, in a timely manner or otherwise, conditions of closing necessary to complete the sale of the proposed transactions on the contemplated timelines; (c) the possibility that the anticipated benefits from the proposed transactions cannot be realized in a timely manner or otherwise; (d) the possibility that the

anticipated cost savings initiatives, including certain store closures, cannot be realized, and review strategic options related to the Netherlands retail business will not be completed in a timely manner or otherwise; (e) the uncertainty regarding the funding amount or credit support required in respect of the Netherlands business or obligations which are subject to guarantees; (f) credit, market, currency, operational, real estate, liquidity and funding risks generally, including changes in economic conditions, interest rates or tax rates; (g) risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, competition, seasonality, commodity price and business and (h) other risks inherent to the Company's business and/or factors beyond its control which could have a material adverse effect on the Company.

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 May 3, 2019 as well as HBC's other public filings, available at [www.sedar.com](http://www.sedar.com) and at [www.hbc.com](http://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.

#### **About HBC**

HBC is a diversified retailer focused on driving the performance of high quality stores and their omni-channel platforms 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 over 300 stores and about 40,000 employees. 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 SIGNA Retail Holdings for real estate and retail joint ventures in Europe.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20190610005396/en/>

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#### **Investor Relations:**

Jennifer Bewley

Phone: (646) 802-4631

Email: [jennifer.bewley@hbc.com](mailto:jennifer.bewley@hbc.com)

#### **Media:**

Andrew Blecher

Phone: (646) 802-4030

Email: [press@hbc.com](mailto:press@hbc.com)