



## HBC Closes Sale of Lord + Taylor to Le Tote

November 8, 2019

- *Le Tote acquires Lord + Taylor brand and assumes operations of 38 stores and e-commerce presence*
- *HBC maintains ownership of Lord + Taylor real estate*

TORONTO--(BUSINESS WIRE)--Nov. 8, 2019-- Hudson's Bay Company (TSX:HBC) successfully completed the sale of Lord + Taylor to Le Tote, Inc., a leading fashion rental subscription service, for \$99.5 million (USD\$75 million) in cash and a secured promissory note for \$33.2 million (USD\$25 million) payable in cash after two years, subject to customary adjustments.

HBC now holds an equity stake of approximately 25% in Le Tote, and a right to designate two members to Le Tote's Board of Directors.

Le Tote has acquired the Lord + Taylor brand and related intellectual property, as well as assumed operations of 38 stores, Lord + Taylor digital channels and the associated inventory. In addition, Le Tote has hired the vast majority of Lord + Taylor's associates.

HBC will maintain economic responsibility for the rent payments owed by Lord + Taylor at the 38 locations operated by Le Tote for the initial three years post-closing. Net of HBC's distributions from HBS Global Properties, HBC expects to continue to be liable for approximately \$77 million in Lord + Taylor total cash rent on an annual basis. Starting in 2021, HBC and Le Tote will have options to reassess the Lord + Taylor store network, which may include HBC recapturing select locations to determine their highest and best use, including possible redevelopment into mixed-use properties, which is an inherently complex, capital intensive, long-term project. For any recaptured or returned stores, HBC retains long-term rent responsibility, risk and costs for redevelopment.

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), including the company's Material Change Report filed August 28, 2019, for additional information and details on the transaction.

### 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 nearly 250 stores and approximately 30,000 employees around the world. HBC's leading businesses across North America include Saks Fifth Avenue, Hudson's Bay, and Saks OFF 5TH. HBC also has significant investments in real estate joint ventures. It has partnered with Simon Property Group Inc. in the HBS 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.

Figures in this news release assume USD:CAD = 1:1.3272.

### Forward-Looking Statements

Certain statements made in this press release are forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements with respect to: HBC's expectation with respect to its continued liability for Lord + Taylor cash rent on an annual basis; HBC's anticipated plans with respect to the redevelopment of any recaptured or returned stores, including the cost and timing thereof; 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 press 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 possibility that the anticipated benefits from the transaction cannot be realized in a timely manner or otherwise; (b) risks and uncertainties relating to the redevelopment of any recaptured or returned stores by HBC, including rent, cost, timing, operational, real estate, planning and execution risks; (c) risks related to HBC's economic responsibility for the rent payments owed by Lord + Taylor for transferred stores for the applicable period post-closing; (d) credit, market, currency, operational, real estate, liquidity and funding risks generally, including changes in economic conditions, interest rates or tax rates; (e) risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, competition, seasonality, commodity price and business; and (f) 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, HBC's second quarter Management's Discussion & Analysis of Financial Condition and Results of Operation dated September 12, 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 press release describe HBC's expectations at the date of this press 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 press 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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