ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR
ENDED FEBRUARY 2, 2019

May 3, 2019

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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form (the "Annual Information Form") is stated as at February 2, 2019, and "HBC", the "Company", "we", "us" and "our" refer to Hudson's Bay Company ("HBC"), its direct and indirect subsidiary entities and predecessors.

Forward-Looking Statements

Certain statements made in this Annual Information Form are forward-looking within the meaning of applicable securities laws, including the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Often, but not always, forward-looking statements can be identified by the forward-looking terminology such as the words "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "anticipate", "foresee", "continue", "intends", "trends", "indications", "anticipates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward- looking statements.

Forward-looking statements are based on current estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that it believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct.

Many factors could cause the Company's actual results, level of activity, performance, achievements, future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors" section of this Annual Information Form: ability to execute our retail strategies, changing consumer preferences, demand and fashion trends, marketing and advertising program success, damage to brands and dependence on vendors, ability to make successful acquisitions, investments, expansions and divestitures, ability to successfully manage inventory levels, loss of or disruption in centralized distribution centers, ability to upgrade, maintain and secure the Company's information systems to support the needs of the Company and protect against cyber security threats, risks related to privacy issues and cyber and other security breaches, ability to attract and retain quality employees, risks related to labor costs and other challenges from a large workforce, deterioration in labor relations, ability to maintain pension plan surplus, funding requirements of Saks' (as defined herein) pension plan, limits on insurance policies, loss of intellectual property rights, insolvency risk of parties with whom we do business or their unwillingness to perform their obligations, exposure to changes in the real estate market, loss of flexibility with respect to properties in the real estate joint ventures, ability to realize the expected benefits from the real estate joint ventures or to effect a future monetization transaction with each of the real estate joint ventures, exposure to potential environmental liabilities relating to owned and leased real property, liabilities associated with lease guarantees and with third parties who have assumed leases from the Company, ability to successfully complete the remaining components of the strategic partnership transactions with SIGNA (as defined herein), ability to realize the expected benefits from the strategic partnership transactions with SIGNA, the risks related to not running day-to-day management and operations of the combined European retail business, ability of the combined European retail business to successfully maintain certain key relationships following the closing of the strategic partnership transactions with SIGNA, risks related to accounting for the combined European retail business using the equity method of accounting, increased or new competition, change in spending of consumers and lower demand, extreme or unseasonable weather conditions or natural disasters, international operational risks, fluctuations in the U.S. dollar, Canadian dollar, Euro and other foreign currencies, increase in raw material costs, seasonality of business, ability to manage indebtedness and cash flow, risks related to increasing indebtedness, restrictions of existing credit facilities reducing flexibility, loss of flexibility due to restrictive debt covenants, future availability of financing, limitations related to changes in the Company's credit ratings, ability to maintain adequate financial and management processes and controls, ability to maintain dividends, ability of a small number of shareholders to influence the business, future sales of the Company's Common Shares (as defined herein) by significant shareholders could affect share price, constating documents could delay and discourage favorable takeover attempts, effect of existence and creation of Convertible Preferred Shares (as defined herein) on holders of Common Shares, effect of actions by activist shareholders, risks related to regulatory liability, risks of product liability claims and product recalls, inability to comply with laws and regulations that impact the Company's business could lead to litigation or regulatory actions against the Company, non-compliance with changing privacy regulatory environment, exposure to significant additional costs and expenses relating to losing foreign private issuer status in the future, risks related to tax matters, changes in accounting standards and other risks inherent to the Company's business and/or factors beyond the Company's control which could have a material adverse effect on us. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time. These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully.

The purpose of the forward-looking statements is to provide the reader with a description of management's current expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

Trademarks, Service Marks and Business and Trade Names

Our trademarks, service marks and business and trade names (the "Company Marks") including, but not limited to HBC®, Hudson's Bay Company®, Hudson's Bay®, Lord & Taylor®, Saks Fifth Avenue®, Saks Fifth Avenue OFF 5TH® and Saks & Company® may be used within this Annual Information Form or other materials filed with the Canadian securities regulatory authorities from time to time, and are protected under applicable intellectual property laws and are the either owned or licensed by HBC or its affiliates. Solely for convenience, our Company Marks referred to in this Annual Information Form or other materials filed with the Canadian securities regulatory authorities may appear without the ® symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these Company Marks. See "Business of the Company — Intellectual Property".

Presentation of Financial Information

All references in this Annual Information Form to to "Fiscal 2019" are to the Company's fiscal year ending February 1, 2020, references to "Fiscal 2018" are to the Company's fiscal year ended February 2, 2019 and references to "Fiscal 2017" are to the Company's fiscal year ended February 3, 2018.

The Company presents its consolidated financial statements in Canadian dollars. In this Annual Information Form, all references to "$" or "dollars" are to Canadian dollars and references to "U.S.$" are references to United States dollars. Amounts are stated in Canadian dollars unless otherwise indicated. All of the financial data contained in this Annual Information Form relating to the Company has been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Effective for the first quarter of Fiscal 2019, the Company will prepare its financial statements in accordance with United States generally accepted accounting principles ("U.S. GAAP") in place of IFRS.

BACKGROUND AND CORPORATE STRUCTURE

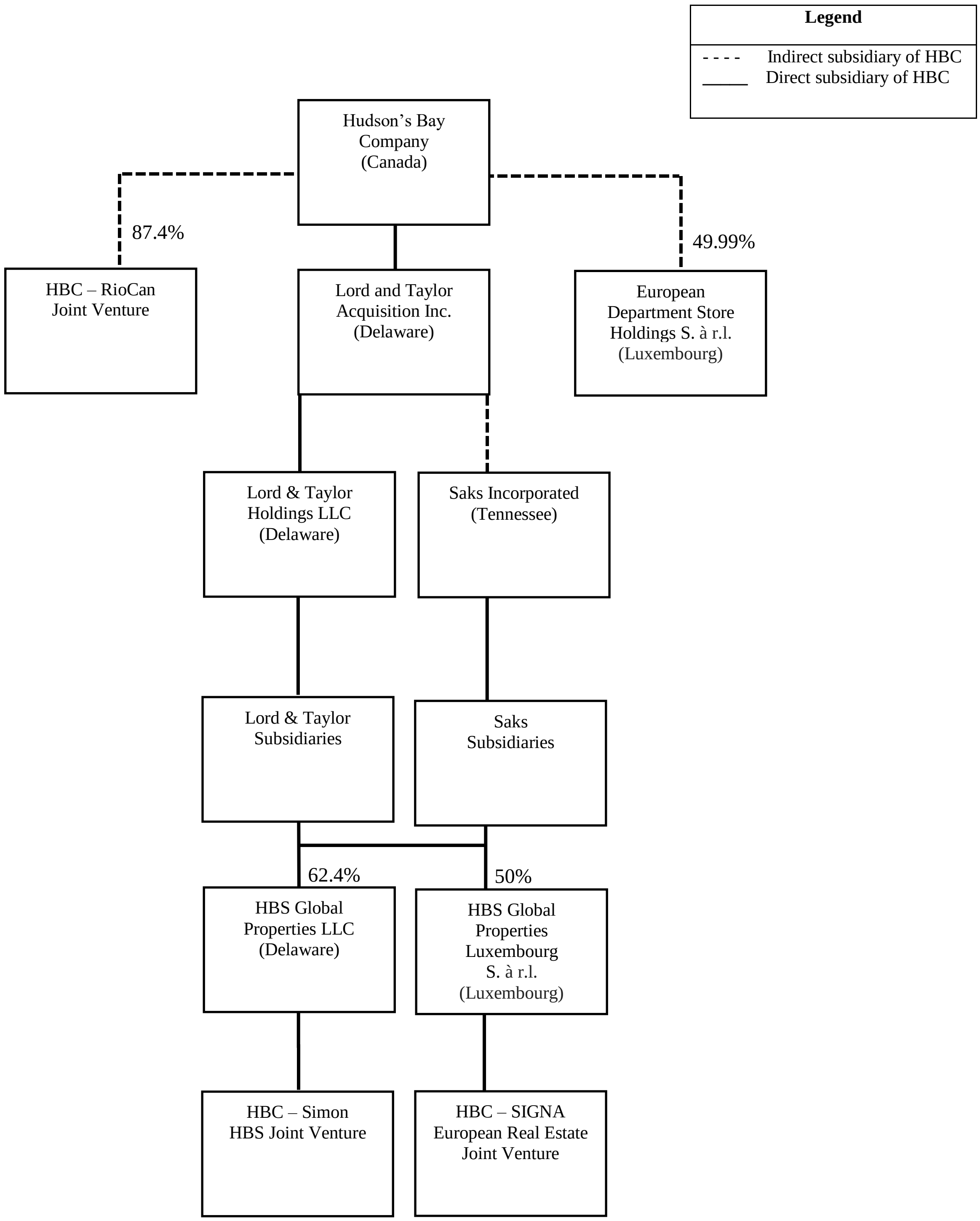
Name, Address and Incorporation

Hudson's Bay Company is a Canadian corporation amalgamated under the *Canada Business Corporations Act*.

Our head office and registered office is located at 401 Bay Street, Suite 500, Toronto, Ontario, M5H 2Y4. The Company currently maintains a New York office at 225 Liberty Street. The Company's common shares ("Common Shares") are posted and listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "HBC". On December 6, 2017, the Company issued series "A" 8-year mandatory convertible preferred shares ("Convertible Preferred Shares") to an affiliate of Rhône Capital L.L.C. ("Rhône") for an aggregate purchase price of U.S.$500 million. The Convertible Preferred Shares are convertible into the Company's Common Shares. The Convertible Preferred Shares are not listed on any stock exchange. See "Description of Capital Structure".

Intercorporate Relationships

The following diagram illustrates the material operating subsidiaries and joint venture interests of the Company as of the date hereof, and excludes the Company's holding companies and non-material subsidiaries. Unless otherwise noted, all ownership percentages are 100%.



Overview

HBC is a diversified retailer focused on driving the performance of high quality stores and its omnichannel platforms, and unlocking the value of real estate holdings. The Company's retail operations comprise some of the world's most iconic businesses, including Saks Fifth Avenue, Hudson's Bay, Saks OFF 5TH and Lord & Taylor. HBC serves customers in prime urban and suburban markets across North America with over 300 stores and its businesses' digital platforms.

HBC also has investments in joint ventures. It has partnered with Simon Property Group Inc. ("Simon") in the HBS Joint Venture (as defined herein), which owns properties in the United States. In Canada, it has partnered with RioCan Real Estate Investment Trust ("RioCan") in the RioCan-HBC JV (as defined herein). It has also partnered with SIGNA Retail Holdings GmbH's ("SIGNA") for real estate and retail joint ventures in Europe. Underlying the Company's retail operations is a portfolio of real estate in the United States, Canada and Germany concentrated in top metropolitan regions characterized by greater population density and higher-than-average household income.

Retail

Founded in 1670, HBC is the oldest company in North America. Originally incorporated by Royal Charter granted by King Charles II of England, the Company is strongly identified with Canadian history and played an instrumental role in the formative years of Canada. Primarily a fur trading business in its early years, by the end of the 19th century the Company began to move into retail by transforming its trading posts into retail stores, with the first Hudson's Bay store opening in Winnipeg, Canada in 1881. In 1913, HBC opened its first two large urban department stores in Calgary and Edmonton. These stores, together with new stores constructed in Victoria, Vancouver, Saskatoon and Winnipeg, constituted the "original six" Hudson's Bay department stores. Over the ensuing decades, the Company continued to expand its department store network across Canada with new store construction, particularly in suburban areas, and a series of acquisitions, including its acquisition of Henry Morgan & Co. Ltd. in 1960 which provided it with flagship locations in Toronto, Ottawa and Montreal. The Company subsequently played a significant role in the consolidation of department store operators in Canada by acquiring Simpsons, Zellers Inc. and Fields in the 1970s and Towers/Bonimart, Woodward's and K-Mart Canada, all in the 1990s.

In January 2012, through an internal reorganization, Lord & Taylor LLC ("Lord & Taylor") became a wholly owned subsidiary of HBC. Founded in 1826 by Samuel Lord and George Washington Taylor, Lord & Taylor is one of the oldest department store chains in the United States.

On November 4, 2013, the Company completed its acquisition of all of the outstanding shares of Saks Incorporated ("Saks"), for U.S.$16 per share, in an all-cash transaction valued at U.S.$2,973 million, including assumed debt. Horace Saks and Bernard Gimbel opened the first Saks Fifth Avenue store in 1924 in what was then a primarily residential district of Manhattan, along a stretch of upper Fifth Avenue between 49th and 50th Streets. When Adam Gimbel became President of Saks Fifth Avenue in 1926, he brought with him the imaginative foresight that carried Saks Fifth Avenue to extraordinary success. As Saks Fifth Avenue expanded, new and innovative brands were introduced, cementing Saks Fifth Avenue status as a key American icon in luxury retailing. Saks Fifth Avenue's first outlet store opened in 1990 in Franklin Mills, Pennsylvania, under the name of Clearinghouse, which was renamed Saks Fifth Avenue OFF 5TH. In 2016, the first Saks Fifth Avenue and Saks Fifth Avenue OFF 5TH ("Saks OFF 5TH") stores were opened in Canada.

On September 30, 2015, the Company completed the acquisition of GALERIA Holding GmbH ("Kaufhof"), the parent company of Germany's leading department store Galeria Kaufhof and Belgium's only department store Galeria INNO, with an enterprise value of €2.5 billion and a cash purchase price of €2.3 billion (the "Kaufhof Acquisition"). On November 30, 2018, the Company announced the completion of the combination of the retail operations of HBC Europe S.à r.l. ("HBC Europe") and SIGNA's Karstadt Warenhaus GmbH ("Karstadt"). SIGNA has a 50.01% interest and HBC has a 49.99% interest in the newly formed retail joint venture, European Department Store Holdings S.à r.l. (the "EDS Group").

On February 1, 2016, the Company completed the acquisition of Gilt Groupe Holdings Inc. and its subsidiaries ("Gilt"), which was subsequently divested on July 27, 2018.

Real Estate

On July 9, 2015, the Company and RioCan closed the first tranche of their joint venture, RioCan-HBC Limited Partnership (the "RioCan-HBC JV"), which focuses on real estate growth opportunities in Canada. The second tranche of the RioCan-HBC JV closed on November 25, 2015. As of April 3, 2019, HBC had an 87.4% ownership interest in the RioCan-HBC JV.

On July 22, 2015, the Company and Simon closed their joint venture, Simon HBC Opportunities LLC, which became a wholly-owned subsidiary of HBS Global Properties LLC (the "HBS Joint Venture") as of September 30, 2015. As of April 3, 2019, HBC had a 62.4% ownership interest in the HBS Joint Venture. The HBS Joint Venture focuses on credit tenant, net-leased and multi-tenant retail buildings in the United States. In conjunction with the Kaufhof Acquisition, the HBS Joint Venture acquired 41 properties from Kaufhof in September 2015.

On October 7, 2018, the HBS Joint Venture distributed to its limited partners the net assets of the 41 German properties to form a new real estate joint venture (the "European Real Estate JV"). On November 30, 2018, a subsidiary of SIGNA acquired a 12.4% equity interest from HBC and a 37.6% equity interest from other limited partners in the European Real Estate JV, resulting in a 50-50 joint venture between HBC and SIGNA. On January 31, 2019, HBC completed the sale of a 50% interest in 18 German properties to a subsidiary of SIGNA. These properties are included in the European Real Estate JV.

On February 8, 2019, HBC sold the Lord & Taylor Fifth Avenue building to WeWork Property Investors ("WPI") in a transaction valued at $1.1 billion (U.S.$850 million). WPI exercised its option to convert $163 million (U.S.$125 million) of the transaction value into an equity interest in the building held by HBC through a joint venture structure.

BUSINESS OF THE COMPANY

Our Company

Our Business

HBC is a premier North American retailer with a global portfolio of real estate assets in the United States, Canada and Germany. Founded in 1670, HBC is the oldest company in North America. The Company's portfolio includes formats ranging from luxury to premium department stores to off price fashion shopping destinations. Its leading businesses include Saks Fifth Avenue, Hudson's Bay, Saks OFF 5TH and Lord & Taylor.

During Fiscal 2018, the Company appointed a new CEO, Helena Foulkes. Under Ms. Foulkes' leadership, the Company set out to simplify its real estate and retail strategies to create a financially stronger company. As a result of its intensive review of businesses, systems, and operations, HBC took decisive actions including the divestiture of Gilt, rightsizing of Lord & Taylor, and the merger of its European retail operations in Germany. The Company also announced the planned closure of its Home Outfitters business in Canada (which is expected to be completed at the end of the second quarter of Fiscal 2019) and the review of its Saks OFF 5TH portfolio of 129 stores with an estimate of closing 20 locations in the United States. Such decisions allow the Company to focus on its North America businesses, which represent its greatest opportunities for growth.

HBC is committed to focusing on the fundamentals and improving the productivity of its retail businesses, enhancing the customer experience across all channels, reducing complexity and operating costs, and capitalizing on the value of its real estate. The Company's strengths and key components of its strategy are:

- *Focus on the Company's best opportunities for growth*. HBC is committed to evaluating all opportunities while focusing its resources on the retail businesses that provide best opportunity for growth – Saks Fifth Avenue and Hudson's Bay. In both Saks Fifth Avenue and Hudson's Bay, the Company benefits from scale and unique positions within their respective markets. Saks Fifth Avenue is synonymous with luxury in the

U.S. Saks continues to build upon its long-term strategy to elevate the brand through a fashion-forward offering, which returned the business unit to consistent growth in 2018. Hudson's Bay has a rich Canadian heritage, which affords the business unit strong top of mind awareness within its markets and in key merchandise categories.

- *Deeply connect with our customers*. HBC is relentlessly focused on understanding its customers to provide a level of service that anticipates needs and exceeds expectations. During Fiscal 2018, HBC adopted a net promoter score framework across North America, which utilizes direct customer feedback to understand customer challenges and enhance the customer experience. The Company believes these insights will allow it to deepen the customer connection to HBC's businesses and allow the Company to acquire new customers and increase its share of existing customers' relevant spending.

- *Deliver an exceptional omnichannel experience*. HBC is committed to making key investments in its stores, digital applications, technology and marketing to simplify our customers' omnichannel experience. Each channel has inherent advantages. In store, experience and associates connecting with customers on a one-to-one basis, while online provides convenience, merchandise breadth, and expansive market opportunity. HBC believes each channel is more powerful when considered holistically, exactly the way customers interact with our business units. To make its services seamless, relevant, differentiated and personalized in-store and online, the Company is leveraging data-driven insights, growing its capabilities in marketing and digital, and advancing tools connecting our store teams with an enhanced client view that allows for direct connection.

- *Improve profitability, inventory efficiency and free cash flow*. Management believes HBC has significant opportunity to simplify its cost structure and improve profitability without sacrificing the customer experience. Because HBC grew opportunistically through acquisition, the Company added inefficiencies and redundancies for our customers and employees. By reducing complexity, the Company believes fundamental improvements can lead to a lower cost structure, better inventory management, and improved free cash flow.

- *Increasing the productivity of HBC's real estate*. Management is actively strengthening its retail businesses and re-purposing existing floor space for use by partners such as WeWork, Topshop, Sephora and Pusateri's to maximize productivity and drive additional traffic in key customer segments to HBC's stores. These efforts provide opportunities to better utilize existing space and improve the financial profile of a given building. Management will continue to explore opportunities with other partners for similar arrangements, which adds to the predictability of the Company's cash flows.

- *Pursuing accretive asset sales*. The management team has a demonstrated track record of success in realizing the underlying value through sale, sale-leaseback, and other value enhancing transactions. HBC's strategy includes exiting owned and leased stores when the economic incentives are accretive to its shareholders and it makes sense for the business. This could include the sale of existing leases or the sale or leasing of owned real estate. The sale of the Lord & Taylor Fifth Avenue building is the most recent example of this strategy.

- *Diversifying the assets in HBC's Real Estate Joint Ventures*. Management continues to seek accretive real estate acquisition and sublease opportunities for its real estate joint ventures, HBS Joint Venture, European Real Estate JV and the RioCan-HBC JV, to diversify the asset base and overall credit profile of each joint venture portfolio. HBC has deliberately structured its real estate joint ventures to facilitate the future public listing of these entities and management believes that further diversification would improve the opportunity to undertake an initial public offering, subject to favorable market conditions.

Mergers, Acquisitions and Strategic Partnerships

The Company has a successful track record of completing accretive mergers and acquisitions of retail businesses and undervalued retail real estate assets. Pursuing mergers, acquisitions and strategic partnerships continues to be a core component of HBC's overall strategy, and future opportunities could include retail businesses, retail businesses that include a real estate component, or stand-alone retail real estate assets. Our activities have included the acquisitions of Saks Incorporated and Galeria Kaufhof. In addition, the Company has completed a series of strategic transactions with WeWork and Rhône, including the sale of the Lord & Taylor Fifth Avenue building. Further, the Company has formed a strategic partnership with SIGNA encompassing certain of SIGNA's retail assets and HBC's European retail and German real estate assets.

Our Retail Joint Venture

On November 30, 2018, the Company completed the combination of the retail operations of HBC Europe and Karstadt to form the EDS Group, in which SIGNA holds a 50.01% interest and HBC holds the remaining 49.99% interest. The EDS Group operates Galleria Kaufhof and Karstadt department stores. The EDS Group has an advisory board consisting of six members. SIGNA is entitled to designate three members including the chairman. HBC is entitled to designate the remaining three members. Resolutions of the advisory board are generally passed with simple majority, provided that resolutions regarding major decisions require an unanimous vote. The chairman of the advisory board has a casting vote for all matters other than major decisions.

Our Real Estate Joint Ventures

The Company's real estate joint ventures highlight the value of HBC's real estate and act as additional growth platforms for the Company. HBC's three real estate joint ventures consist of premier retail real estate assets in Canada, the United States, and Germany.

Canada

HBC has partnered with RioCan REIT in Canada in the RioCan-HBC JV. The RioCan-HBC JV holds ten properties contributed by HBC, and a 50% interest in two mall assets contributed by RioCan REIT. As of April 3, 2019, HBC had an 87.4% ownership of this joint venture. The RioCan-HBC JV's board of directors is comprised of four directors, two of whom have been appointed by each of HBC and RioCan. Unanimous board consent of HBC and RioCan is required for all major operating decisions.

United States

HBC has partnered with Simon and third-party investors including Ivanhoé Cambridge, Madison International, and a large U.S. pension fund, in the HBS Joint Venture. The HBS Joint Venture holds 42 properties in the United States, and, as of April 3, 2019, HBC had a 62.4% ownership of this joint venture. The HBS Joint Venture's board of directors is comprised of five directors, two of whom have been appointed by each of HBC and Simon and one of whom has been appointed by Ivanhoé Cambridge. Unanimous board consent of HBC, Simon and Ivanhoé Cambridge is required for all major operating decisions.

Germany

HBC has partnered with SIGNA in the European Real Estate JV. The European Real Estate JV is held 50-50 by HBC and SIGNA, and it holds 59 properties in high street locations throughout Germany. The advisory board of the European Real Estate JV is comprised of six members, three of whom have been appointed by each of HBC and SIGNA. Unanimous affirmative approval of all shareholders of the European Real Estate JV is required for all major operating decisions.

Our Industry

The Company participates in the North American retail industry through the Company's department store business units and digital offerings in the United States and Canada. In addition, the Company participates in the European retail industry through its stake in the EDS Group. The retail industry is a large segment of both the North American and European economies. Retail sales are generally driven by a combination of macroeconomic factors, including disposable income, unemployment rates, consumer confidence and savings rates. The U.S. retail industry is well-developed with numerous department store business units, specialty stores and online only retailers that compete with one another, as well as with other retailers, including conventional and specialty department stores, boutiques, mass merchants, value retailers, discounters, digital retailers and mail-order retailers. There are fewer department store business units and digital offerings in the Canadian retail industry compared to the United States, especially following the closure of Sears Canada.

The primary product categories offered by department store business units typically include apparel and accessories, cosmetics and fragrances, footwear and home goods. Department stores differentiate themselves versus other retail formats by offering consumers a broad assortment of product categories, a mix of national brands and private label products, a convenient and pleasant omnichannel shopping experience and a high level of customer service.

Department stores can be segmented into the following categories based on price, offering assortment and shopping environment:

- *Moderate*: Value focused consumers are targeted by offering “good” merchandise, consisting of lower priced merchandise, a larger proportion of private label brands and a high level of promotions;

- *Better*: Appeal to a broad consumer demographic by offering “better” merchandise consisting of a mix of lower priced items and higher-end brands and utilizing targeted promotions; and

- *Luxury*: A more affluent consumer demographic is targeted by offering “best” merchandise, consisting of higher-end, more fashionable brands and offerings, with less frequent promotions.

Competition

The retail industry is intensely competitive. The Company’s robust store network and well-developed digital offerings compete with many retailing formats in the geographic areas in which they operate, including department stores, online only retailers, specialty stores, general merchandise stores, off price and discount stores, new and established forms of home shopping and manufacturers’ outlets. We seek to attract customers with a select offering of brands in an appealing shopping environment both in store and online while offering a high level of customer service. Other retailers may compete for customers on some or all of these bases, or on other bases, and may be perceived by some potential customers as being better aligned with their particular preferences.

Retailers with which each business unit competes include:

Business Unit	**Competitors**
Hudson’s Bay	Harry Rosen, H&M, Zara, Holt Renfrew, Nordstrom, Simon, Amazon and other specialty apparel, cosmetics, footwear and home chains
Saks Fifth Avenue	Neiman Marcus, Bloomingdale’s, Nordstrom, Net-a-Porter and other luxury specialty apparel, cosmetics, footwear and home chains
Saks OFF 5TH...	Nordstrom Rack, T.J Maxx, Marshalls, Last Call by Neiman Marcus, HauteLook, Rue La La and other outlet and off-price retailers
Lord & Taylor...	Belk, Bloomingdale’s, Dillard’s, J.C. Penney, Macy’s, Nordstrom, Zappos, Amazon and other specialty apparel, cosmetics, footwear and home chains

Real Estate Portfolio

As of February 2, 2019, we own or control ground leases, either entirely or with joint venture partners, on 132 retail properties located throughout the United States, Canada and Europe comprising more than 33 million square feet of gross leasable area (“GLA”). Our owned and ground leased portfolio is characterized by a significant concentration in top metropolitan regions with population density and higher than average household income.

Metropolitan Regions[1]	Number of Properties	GLA	% of GLA	Median 10-Mile Population[2]	Median 10-Mile Household Income[2]
Top 10	91	25,763,970	77%	1,311,924	$93,717
Top 11 - 25	12	2,153,075	6%	804,499	$77,164
Top 26 - 50	9	913,849	3%	651,880	$66,340
Top 51 - 388	7	777,699	2%	401,911	$97,084
Not ranked	13	3,810,211	11%		
Total	132	33,418,803	100%	927,899	$89,580

Notes:

(1) Metropolitan regions are ranked by population and include 382 metropolitan statistical areas in the United States, 35 census metropolitan areas in Canada, and 11 metropolitan regions in Germany. Sources: U.S. Census Bureau, Statistics Canada, and deutsche-metropolregionen.org.

(2) Median 10-mile population and household income were only available in the United States and Canada.

According to Cushman and Wakefield's 2018 "Main Streets Across the World" report, nine of our owned or ground leased properties, either entirely or with joint venture partners, are ranked in the top 20 retail streets by rental value in the Americas or Europe, the Middle East and Africa (EMEA). The Company's marquee properties on Cushman and Wakefield's top ranked streets include:

- The top retail street in the Americas and the second-ranked street globally is Upper Fifth Avenue in New York City. Since 1924, Saks Fifth Avenue's flagship store has been occupying the same block of Fifth Avenue located between 49th and 50th Streets.

- Fourth-ranked in the Americas is North Michigan Avenue in Chicago, Illinois, where our HBS Joint Venture controls a ground lease at the corner of N. Michigan Avenue and Superior Street. Known as the Magnificent Mile, Saks Fifth Avenue has been serving customers in Chicago since 1929.

- Sainte-Catherine Street is Montreal's most densely occupied and most visited retail corridor. It is the top-ranked retail street in Montreal, the third-ranked retail street in Canada, and the tenth-ranked retail street in the Americas, according to Cushman and Wakefield. The Hudson's Bay department store is situated on a 1.96-acre site that constitutes an entire city block bounded by Sainte-Catherine Street West to the south, Boulevard de Maisonneuve to the north, Rue Aylmer to the east and Avenue Union to the west.

- The top-ranked district in Germany and tenth-ranked district in EMEA is Munich's Kaufingerstrasse/Neuhauser Strasse, the prime retail location within the city with the highest footfall. The European Real Estate JV's property is centrally and directly located on the Marienplatz at Kaufingerstraße 1. Munich is Germany's largest and best-performing shopping destination with a vast catchment area and a tourist hot spot.

- 'The Zeil,' Frankfurt's premier pedestrian promenade, ranks amongst Germany's most profitable shopping streets and is ranked 13th by Cushman & Wakefield in its EMEA region. The fully remodeled property dominates the entry to 'The Zeil' and is usually the starting point of shopping journeys.

- The European Real Estate JV's primary Duesseldorf property is located in the heart of the city center. The landmark building is situated at the intersection of the city's prime retail streets - including Duesseldorf's most luxury shopping boulevard 'Koeningsallee,' which is ranked as the 16th most valuable district in EMEA.

- Our European Real Estate JV owns two properties in Stuttgart's Koengistrasse, which is the 19th ranked street in EMEA and a prime retail spot. Stuttgart is the sixth largest city in Germany and an extraordinary shopping location with a total catchment area of approximately 2.6 million inhabitants.

In addition to our own, joint venture-owned and ground lease-controlled portfolio, we lease properties from third-parties for our North American retail brands:

- In the United States, we operate 39 Saks Fifth Avenue stores, 111 Saks Off 5TH stores, and 45 Lord & Taylor stores at the end of Fiscal 2018.
- In Canada, we operate 89 Hudson's Bay stores, three full-line Saks Fifth Avenue stores, 18 Saks Off 5TH stores, and 37 Home Outfitters stores.

We carefully manage our real estate portfolio to maximize long-term productivity of our real estate to produce predictable cash flow, which includes operating our core assets, redeveloping assets for additional uses, and diversifying our tenant base. We maintain a disciplined, cost-sensitive approach to real estate investments, commitments, and redevelopments.

The following table provides information on our real estate and store portfolios. The portfolios are listed in the following order by metropolitan region rank - owned, ground lease, joint venture and leased properties.

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
U.S.	1	New York, NY	Fifth Avenue (Freestanding)(1)	Fee-owned	655,235	Saks Fifth Avenue
U.S.	1	New York, NY	Fifth Avenue (Freestanding)	Fee-owned	676,000	Lord & Taylor
U.S.	1	Woodbridge, NJ	Woodbridge Center	Fee-owned	122,704	Lord & Taylor
CAN	1	North York, ON	Centerpoint Mall	Ground Lease	122,502	Hudson's Bay
U.S.	1	Scarsdale, NY	Scarsdale (Freestanding)	HBS JV	198,523	Lord & Taylor
U.S.	1	Livingston, NJ	Livingston Mall	HBS JV	169,088	Lord & Taylor
U.S.	1	Manhasset, NY	Manhasset (Freestanding)	HBS JV	161,570	Lord & Taylor
U.S.	1	Paramus, NJ	Fashion Center (Ridgewood)	HBS JV	155,480	Lord & Taylor
U.S.	1	Garden City, NY	Garden City (Freestanding)	HBS JV	154,042	Lord & Taylor
U.S.	1	Rockaway, NJ	Rockaway Town Square Mall	HBS JV	150,238	Lord & Taylor
U.S.	1	Westfield, NJ	Westfield (Freestanding)	HBS JV	142,301	Lord & Taylor
U.S.	1	Bridgewater, NJ	Bridgewater Commons	HBS JV	139,581	Lord & Taylor
U.S.	1	Paramus, NJ	Garden State Plaza	HBS JV	129,737	Lord & Taylor
U.S.	1	Freehold, NJ	Freehold Raceway Mall	HBS JV	122,820	Lord & Taylor
U.S.	1	Wayne, NJ	Willowbrook Mall	HBS JV	120,872	Lord & Taylor
U.S.	1	West Nyack, NY	Palisades Center	HBS JV	120,721	Lord & Taylor
U.S.	1	Bay Shore, NY	South Shore Mall	HBS JV	119,962	Lord & Taylor
U.S.	1	Huntington Station, NY	Walt Whitman Mall	HBS JV	119,874	Lord & Taylor
U.S.	1	Huntington Station, NY	Walt Whitman Mall	HBS JV	96,821	Saks Fifth Avenue
CAN	1	North York, ON	Yorkdale Shopping Centre	RioCan-HBC JV	303,438	Hudson's Bay
CAN	1	Scarborough, ON	Scarborough Town Centre	RioCan-HBC JV	231,759	Hudson's Bay
CAN	1	Mississauga, ON	Square One	RioCan-HBC JV	204,174	Hudson's Bay

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
GER	1	Köln, DE	Hohe Strasse	European RE JV	1,217,663	Kaufhof
GER	1	Düsseldorf, DE	Am Wehrhahn	European RE JV	700,808	Kaufhof
GER	1	Dortmund, DE	Westenhellweg	European RE JV	616,064	Kaufhof
GER	1	Düsseldorf, DE	Königsallee	European RE JV	604,036	Kaufhof
GER	1	Aachen, DE	Adalbertstraße 20-30	European RE JV	574,799	Kaufhof
GER	1	Duisburg, DE	Düsseldorfer Straße 32	European RE JV	476,131	Kaufhof
GER	1	Krefeld, DE	Hochstr. 57-59, 53	European RE JV	446,433	Kaufhof
GER	1	Siegburg, DE	Kaiserstraße	European RE JV	431,848	Kaufhof
GER	1	Wuppertal, DE	Neumarkt	European RE JV	395,720	Kaufhof
GER	1	Düsseldorf, DE	Heinrich-Heine-Platz (Carsch-Haus)	European RE JV	366,085	Kaufhof, Saks OFF 5TH
GER	1	Gelsenkirchen, DE	Bahnhofstr. 56	European RE JV	322,831	Kaufhof
GER	1	Bonn, DE	Münsterplatz	European RE JV	313,454	Kaufhof
GER	1	Mönchengladbach, DE	Hindenburgstraße	European RE JV	176,216	Kaufhof
GER	1	Bonn, DE	Remigiusstraße 6 - 8	European RE JV	95,722	Saks OFF 5TH
CAN	2	Laval, QC	Centre Laval	Ground Lease	134,377	Hudson’s Bay
U.S.	2	Beverly Hills, CA	Beverly Hills (Freestanding)	HBS JV	156,267	Saks Fifth Avenue
U.S.	2	Costa Mesa, CA	South Coast Plaza	HBS JV	102,813	Saks Fifth Avenue
CAN	2	Montreal, QC	Downtown	RioCan-HBC JV	655,396	Hudson’s Bay
CAN	2	Laval, QC	Carrefour Laval	RioCan-HBC JV	177,022	Hudson’s Bay
CAN	2	St-Bruno, QC	Les Promenades St Bruno	RioCan-HBC JV	131,808	Hudson’s Bay
GER	2	Frankfurt am Main, DE	An der Hauptwache	European RE JV	463,344	Saks OFF 5TH
GER	2	Wiesbaden, DE	Kirchgasse	European RE JV	323,422	Kaufhof
GER	2	Darmstadt, DE	Rheinstraße	European RE JV	288,579	Kaufhof
GER	2	Mainz, DE	Schusterstraße 41-49	European RE JV	282,260	Kaufhof
GER	2	Hanau, DE	Marktplatz	European RE JV	172,347	Kaufhof
GER	2	Aschaffenburg, DE	Fabrikstraße	European RE JV	152,271	Kaufhof
GER	2	Offenbach, DE	Frankfurter Straße	European RE JV	149,162	Kaufhof
GER	2	Frankfurt am Main, DE	Zeil	European RE JV	105,032	Kaufhof
GER	2	Wiesbaden, DE	Langgasse	European RE JV	62,805	Saks OFF 5TH
U.S.	3	Chicago, IL	Chicago Place	HBS JV	168,100	Saks Fifth Avenue
U.S.	3	Schaumburg, IL	Woodfield Mall	HBS JV	130,872	Lord & Taylor

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
U.S.	3	Northbrook, IL	Northbrook Court	HBS JV	125,950	Lord & Taylor
CAN	3	Vancouver, BC	Downtown	RioCan-HBC JV	636,828	Hudson's Bay
GER	3	Berlin, DE	Alexanderplatz 8 + 9	European RE JV	762,527	Kaufhof
CAN	4	Calgary, AB	Downtown	RioCan-HBC JV	448,834	Hudson's Bay
GER	4	Stuttgart, DE	Königstraße 6	European RE JV	619,122	Kaufhof
GER	4	Stuttgart, DE	Eberhardstraße	European RE JV	440,254	Kaufhof
GER	4	Heilbronn, DE	Fleinerstraße	European RE JV	393,652	Kaufhof
GER	4	Reutlingen, DE	Karlstraße	European RE JV	373,022	Kaufhof
GER	4	Pforzheim, DE	Westliche Karl-Friedrich-Straße	European RE JV	316,301	Kaufhof
GER	4	Stuttgart, DE	Stuttgart-Bad Cannstadt	European RE JV	174,091	Kaufhof
GER	4	Stuttgart, DE	Königstraße 23-25	European RE JV	89,738	Saks OFF 5TH
CAN	5	Ottawa, ON	Rideau Center	RioCan-HBC JV	340,192	Hudson's Bay, Saks OFF 5TH
GER	5	München, DE	Rotkreuzplatz	European RE JV	461,000	Kaufhof
GER	5	München, DE	Marienplatz	European RE JV	307,523	Kaufhof
U.S.	6	Gaithersburg, MD	Lakeforest Mall	Fee-owned	149,867	Lord & Taylor
U.S.	6	Sterling, VA	Dulles Town Center	Fee-owned	120,478	Lord & Taylor
U.S.	6	Washington, DC	Chevy Chase (Freestanding)	Ground Lease	147,917	Lord & Taylor
U.S.	6	Kensington, MD	White Flint Mall	Ground Lease	118,200	Lord & Taylor
U.S.	6	Fairfax, VA	Fair Oaks Mall	HBS JV	159,860	Lord & Taylor
U.S.	6	Mclean, VA	Tyson's Corner Center	HBS JV	119,735	Lord & Taylor
U.S.	6	Mclean, VA	Tysons Galleria	HBS JV	116,795	Saks Fifth Avenue
U.S.	6	Chevy Chase, MD	Chevy Chase (Freestanding)	HBS JV	108,036	Saks Fifth Avenue
GER	6	Leipzig, DE	Neumarkt 1	European RE JV	380,697	Kaufhof
GER	6	Halle, DE	Markt	European RE JV	204,508	Kaufhof
U.S.	7	Palm Beach Gardens, FL	Gardens Mall	Ground Lease	109,675	Saks Fifth Avenue
U.S.	7	Miami, FL	Dadeland Mall	HBS JV	76,338	Saks Fifth Avenue
CAN	8	Winnipeg, MB	Downtown	Fee-owned	655,755	Hudson's Bay
U.S.	8	King of Prussia, PA	King of Prussia Plaza	HBS JV	119,345	Lord & Taylor
GER	8	Hannover, DE	Ernst-August-Platz	European RE JV	572,713	Kaufhof
GER	8	Hannover, DE	Seilwinderstraße	European RE JV	465,564	Kaufhof
GER	8	Hildesheim, DE	Almstraße	European RE JV	462,987	Kaufhof
U.S.	9	Atlanta, GA	Phipps Plaza	HBS JV	151,372	Saks Fifth Avenue
GER	9	Nürnberg, DE	Königstraße	European RE JV	339,803	Kaufhof
GER	9	Erlangen, DE	Nürnberger Straße	European	218,471	Kaufhof

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
				RE JV		
U.S.	10	Braintree, MA	South Shore Plaza	HBS JV	125,741	Lord & Taylor
U.S.	10	Burlington, MA	Burlington Mall	HBS JV	118,000	Lord & Taylor
U.S.	10	Natick, MA	Natick Mall	HBS JV	114,823	Lord & Taylor
GER	10	Oldenburg, DE	Ritterstraße 17	European RE JV	342,013	Kaufhof
GER	11	Heidelberg, DE	Hauptstraße 24-26	European RE JV	389,107	Kaufhof
GER	11	Mannheim, DE	Kurpfalzstraße/Paradeplatz	European RE JV	363,976	Kaufhof
GER	11	Heidelberg, DE	Bergheimer Straße	European RE JV	239,426	Kaufhof
GER	11	Ingolstadt, DE	Ludwigstraße	European RE JV	167,609	Kaufhof
GER	11	Heidelberg, DE	Hauptstraße 9-13	European RE JV	69,123	Saks OFF 5TH
U.S.	14	Sterling Heights, MI	Lakeside Mall	Fee-owned	162,891	Lord & Taylor
U.S.	14	Troy, MI	Somerset Mall	HBS JV	152,025	Saks Fifth Avenue
U.S.	14	Novi, MI	Twelve Oaks Mall	HBS JV	121,800	Lord & Taylor
CAN	16	Windsor, ON	Devonshire Mall	RioCan-HBC JV	165,584	Hudson’s Bay
U.S.	20	Columbia, MD	The Mall in Columbia	HBS JV	120,003	Lord & Taylor
U.S.	21	St. Louis, MO	Plaza Frontenac	Ground Lease	122,021	Saks Fifth Avenue
U.S.	24	San Antonio, TX	North Star Mall	HBS JV	79,510	Saks Fifth Avenue
U.S.	28	Las Vegas, NV	Fashion Show Mall	HBS JV	159,190	Saks Fifth Avenue
U.S.	29	Cincinnati, OH	Cincinnati (Freestanding)	Ground Lease	74,142	Saks Fifth Avenue
U.S.	32	Columbus, OH	Polaris Fashion Mall	Fee-owned	98,544	Saks Fifth Avenue
U.S.	33	Beachwood, OH	Beachwood Place	HBS JV	100,897	Saks Fifth Avenue
U.S.	43	Raleigh, NC	Triangle Town Center	Fee-owned	81,308	Saks Fifth Avenue
U.S.	44	Richmond, VA	Stony Point Fashion Park	Fee-owned	82,360	Saks Fifth Avenue
U.S.	47	Farmington, CT	Westfarms Mall	HBS JV	120,283	Lord & Taylor
U.S.	49	Birmingham, AL	The Summit	Fee-owned	97,591	Saks Fifth Avenue
U.S.	50	Buffalo, NY	Walden Galleria	HBS JV	99,534	Lord & Taylor
U.S.	51	Rochester (Victor), NY	Eastview Mall	Fee-owned	90,479	Lord & Taylor
U.S.	54	Tulsa, OK	Utica Square	Ground Lease	62,470	Saks Fifth Avenue
U.S.	57	Trumbull, CT	Trumbull	Ground Lease	116,588	Lord & Taylor
U.S.	57	Stamford, CT	Stamford (Freestanding)	HBS JV	158,466	Lord & Taylor
U.S.	57	Danbury, CT	Danbury Fair Mall	HBS JV	79,420	Lord & Taylor
U.S.	85	Syracuse, NY	Carousel Center	HBS JV	117,627	Lord & Taylor
U.S.	142	Lawrenceville, NJ	Quakerbridge Mall	HBS JV	152,649	Lord & Taylor
GER	Not Ranked	Saarbrücken, DE	Bahnhofstraße 82-100	European RE JV	618,328	Kaufhof
GER	Not Ranked	Kassel, DE	Obere Königstraße 29-31	European RE JV	404,945	Kaufhof
GER	Not Ranked	Rostock, DE	Lange Straße	European RE JV	324,138	Kaufhof
GER	Not Ranked	Regensburg, DE	Neupfarrplatz	European RE JV	310,189	Kaufhof
GER	Not Ranked	Kempten, DE	Residenzplatz	European	295,580	Kaufhof

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
				RE JV		
GER	Not Ranked	Münster, DE	Ludgeristraße	European RE JV	276,878	Kaufhof
GER	Not Ranked	Trier, DE	Fleischstraße	European RE JV	276,691	Kaufhof
GER	Not Ranked	Schweinfurt, DE	Jägersbrunnen	European RE JV	274,815	Kaufhof
GER	Not Ranked	Freiburg, DE	Kaiser-Joseph-Straße	European RE JV	264,436	Kaufhof
GER	Not Ranked	Ulm, DE	Bahnhofstraße	European RE JV	260,849	Kaufhof
GER	Not Ranked	Bad Kreuznach, DE	Klostergasse	European RE JV	247,433	Kaufhof
GER	Not Ranked	Würzburg, DE	Schönbornstraße	European RE JV	188,826	Kaufhof
GER	Not Ranked	Kassel, DE	Obere Königstraße 43 (SPA)	European RE JV	67,104	Vacant
CAN	1	Toronto, ON	Eaton Centre	Leased	175,000	Saks Fifth Avenue
CAN	1	Toronto, ON	Sherway Gardens	Leased	132,256	Saks Fifth Avenue
U.S.	1	New York, NY	Brookfield Place Men's Store	Leased	16,895	Saks Fifth Avenue
U.S.	2	Beverly Hills, CA	Beverly Hills Men's Store (Freestanding)(2)	Leased	100,648	Saks Fifth Avenue
CAN	4	Calgary, AB	Chinook Centre	Leased	115,586	Saks Fifth Avenue
U.S.	5	Houston, TX	The Galleria	Leased	201,063	Saks Fifth Avenue
U.S.	6	Chevy Chase, MD	Mazza Gallerie Men's Store(2)	Leased	22,055	Saks Fifth Avenue
U.S.	7	Boca Raton, FL	Town Center Mall	Leased	151,828	Saks Fifth Avenue
U.S.	7	Bal Harbour, FL	Bal Harbour Shops	Leased	142,277	Saks Fifth Avenue
U.S.	7	Miami, FL	Brickell City Centre	Leased	107,651	Saks Fifth Avenue
U.S.	7	Palm Beach, FL	The Esplanade Palm Beach	Leased	49,901	Saks Fifth Avenue
U.S.	8	Bala Cynwyd, PA	Bala Plaza	Leased	95,344	Saks Fifth Avenue
U.S.	10	Boston, MA	Prudential Center	Leased	116,467	Saks Fifth Avenue
U.S.	11	Phoenix, AZ	Biltmore Fashion Park	Leased	90,412	Saks Fifth Avenue
U.S.	12	San Francisco, CA	San Francisco (Freestanding)	Leased	126,275	Saks Fifth Avenue
U.S.	13	Palm Desert, CA	The Gardens	Leased	49,034	Saks Fifth Avenue
U.S.	24	San Antonio, TX	North Star Mall Men's Store(2)	Leased	34,013	Saks Fifth Avenue
U.S.	34	Indianapolis, IN	Fashion Mall at Keystone	Leased	116,511	Saks Fifth Avenue
U.S.	46	New Orleans, LA	The Shops at Canal Place	Leased	119,732	Saks Fifth Avenue
U.S.	56	Honolulu, HI	International Market Place	Leased	80,000	Saks Fifth Avenue
U.S.	57	Greenwich, CT	Greenwich (Freestanding)(3)	Leased	70,025	Saks Fifth Avenue
U.S.	72	Sarasota, FL	University Town Center	Leased	84,500	Saks Fifth Avenue
U.S.	144	Naples, FL	Waterside Shops	Leased	67,016	Saks Fifth Avenue
PR	Not Ranked	San Juan, PR	Mall of San Juan(4)	Leased	100,000	Saks Fifth Avenue
CAN	1	Toronto, ON	Eaton Centre	Leased	675,722	Hudson’s Bay
CAN	1	Toronto, ON	Hudson's Bay Centre	Leased	342,017	Hudson’s Bay
CAN	1	Etobicoke, ON	Sherway Gardens	Leased	223,477	Hudson’s Bay
CAN	1	Toronto, ON	Fairview Mall	Leased	152,420	Hudson’s Bay
CAN	1	Newmarket, ON	Upper Canada Mall	Leased	142,780	Hudson’s Bay

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
CAN	1	Mississauga, ON	Erin Mills Town Centre	Leased	140,526	Hudson's Bay
CAN	1	Markham, ON	Markville Shopping Centre	Leased	140,094	Hudson's Bay
CAN	1	Etobicoke, ON	Woodbine Centre	Leased	139,953	Hudson's Bay
CAN	1	Richmond Hill, ON	Hillcrest Mall	Leased	136,915	Hudson's Bay
CAN	1	Brampton, ON	Bramalea City Centre	Leased	131,438	Hudson's Bay
CAN	1	Pickering, ON	Pickering Town Centre	Leased	121,730	Hudson's Bay
CAN	1	Oakville, ON	Oakville Place	Leased	119,428	Hudson's Bay
CAN	1	Scarborough, ON	Eglinton Square	Leased	115,205	Hudson's Bay
CAN	2	Pointe Claire, QC	Fairview Pointe Claire	Leased	179,578	Hudson's Bay
CAN	2	Anjou, QC	Les Galeries D'Anjou	Leased	176,474	Hudson's Bay
CAN	2	Montreal, QC	Centre Commercial Rockland	Leased	147,594	Hudson's Bay
CAN	2	Brossard, QC	Champlain Mall	Leased	143,786	Hudson's Bay
CAN	2	Rosemere, QC	Place Rosemere Shopping Centre	Leased	132,483	Hudson's Bay
CAN	2	LaSalle, QC	Carrefour Angrignon	Leased	128,888	Hudson's Bay
CAN	2	Dorval, QC	Dorval Gardens	Leased	103,316	Hudson's Bay
CAN	3	Vancouver, BC	Oakridge Centre	Leased	182,485	Hudson's Bay
CAN	3	Surrey, BC	Guildford Shopping Centre	Leased	174,462	Hudson's Bay
CAN	3	Vancouver, BC	Park Royal Shopping Centre	Leased	171,924	Hudson's Bay
CAN	3	Richmond, BC	Richmond Centre	Leased	169,692	Hudson's Bay
CAN	3	Burnaby, BC	Metropolis At Metrotown	Leased	140,545	Hudson's Bay
CAN	3	Langley, BC	Willowbrook Shopping Centre	Leased	131,146	Hudson's Bay
CAN	3	Burnaby, BC	Lougheed Mall	Leased	125,400	Hudson's Bay
CAN	3	Coquitlam, BC	Coquitlam Centre	Leased	120,086	Hudson's Bay
CAN	4	Calgary, AB	Chinook Centre	Leased	206,514	Hudson's Bay
CAN	4	Calgary, AB	Market Mall	Leased	200,000	Hudson's Bay
CAN	4	Calgary, AB	Southcentre Mall	Leased	164,514	Hudson's Bay
CAN	4	Calgary, AB	Sunridge Mall	Leased	161,330	Hudson's Bay
CAN	5	Ottawa, ON	Bayshore Shopping Centre	Leased	180,696	Hudson's Bay
CAN	5	Ottawa, ON	St. Laurent Shopping Centre	Leased	145,074	Hudson's Bay
CAN	5	Gatineau, QC	Les Promenades De L'Outaouais	Leased	140,364	Hudson's Bay
CAN	5	Orleans, ON	Place D'Orleans Shopping Centre	Leased	115,501	Hudson's Bay
CAN	6	Edmonton, AB	Southgate Shopping Centre	Leased	236,551	Hudson's Bay
CAN	6	Edmonton, AB	Edmonton City Centre	Leased	167,946	Hudson's Bay
CAN	6	Edmonton, AB	West Edmonton Mall	Leased	164,250	Hudson's Bay
CAN	6	Edmonton, AB	Kingsway Garden Mall	Leased	153,264	Hudson's Bay
CAN	6	Edmonton, AB	Londonderry Mall	Leased	119,058	Hudson's Bay
CAN	6	St. Albert, AB	St. Albert Centre	Leased	93,313	Hudson's Bay
CAN	7	Quebec City, QC	Les Galeries De La Capitale	Leased	163,034	Hudson's Bay
CAN	7	Ste-Foy, QC	Place Laurier	Leased	149,974	Hudson's Bay

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
CAN	8	Winnipeg, MB	Polo Park Shopping Centre	Leased	212,086	Hudson’s Bay
CAN	8	Winnipeg, MB	St. Vital Shopping Centre	Leased	122,002	Hudson’s Bay
CAN	9	Burlington, ON	Burlington Mall	Leased	171,327	Hudson’s Bay
CAN	9	Hamilton, ON	Limeridge Mall	Leased	146,801	Hudson’s Bay
CAN	9	Burlington, ON	Mapleview Centre	Leased	129,066	Hudson’s Bay
CAN	10	Kitchener, ON	Fairview Park	Leased	184,714	Hudson’s Bay
CAN	10	Cambridge, ON	Cambridge Centre	Leased	131,453	Hudson’s Bay
CAN	10	Waterloo, ON	Conestoga Mall	Leased	130,580	Hudson’s Bay
CAN	11	London, ON	Whiteoaks Mall	Leased	165,759	Hudson’s Bay
CAN	11	London, ON	Masonville	Leased	84,928	Hudson’s Bay
CAN	12	St. Catharines, ON	Pen Centre	Leased	150,110	Hudson’s Bay
CAN	13	Dartmouth, NS	Mic Mac Mall	Leased	151,303	Hudson’s Bay
CAN	14	Oshawa, ON	Oshawa Centre	Leased	122,624	Hudson’s Bay
CAN	15	Victoria, BC	Hudson's Bay Centre	Leased	229,275	Hudson’s Bay
CAN	15	Victoria, BC	Mayfair Shopping Centre	Leased	166,073	Hudson’s Bay
CAN	17	Saskatoon, SK	Midtown Plaza	Leased	174,306	Hudson’s Bay
CAN	18	Regina, SK	Cornwall Centre	Leased	182,355	Hudson’s Bay
CAN	19	Sherbrooke, QC	Carrefour De L'Estrie	Leased	116,265	Hudson’s Bay
CAN	21	Barrie, ON	Georgian Mall	Leased	90,748	Hudson’s Bay
CAN	22	Kelowna, BC	Orchard Park Shopping Centre	Leased	127,290	Hudson’s Bay
CAN	23	Abbotsford, BC	Sevenoaks Shopping Centre	Leased	128,739	Hudson’s Bay
CAN	25	Kingston, ON	Cataraqui Town Centre	Leased	113,054	Hudson’s Bay
CAN	34	Lethbridge, AB	Lethbridge Centre	Leased	133,243	Hudson’s Bay
CAN	Not Ranked	Nanaimo, BC	Woodgrove Centre	Leased	146,452	Hudson’s Bay
CAN	Not Ranked	Kamloops, BC	Aberdeen Mall	Leased	123,289	Hudson’s Bay
CAN	Not Ranked	Prince George, BC	Parkwood Mall	Leased	111,500	Hudson’s Bay
CAN	Not Ranked	Red Deer, AB	Bower Place	Leased	110,672	Hudson’s Bay
CAN	Not Ranked	Penticton, BC	Cherry Lane Shopping Centre	Leased	94,643	Hudson’s Bay
CAN	Not Ranked	Medicine Hat, AB	Medicine Hat Mall	Leased	93,217	Hudson’s Bay
CAN	Not Ranked	Vernon, BC	Village Green Mall	Leased	83,036	Hudson’s Bay
CAN	Not Ranked	Sydney, NS	Mayflower Mall	Leased	82,944	Hudson’s Bay
CAN	Not Ranked	Banff, AB	Banff National Park	Leased	16,975	Hudson’s Bay
U.S.	1	New York, NY	East 57th Street (Freestanding)	Leased	50,000	Saks OFF 5TH
U.S.	1	Elizabeth, NJ	Jersey Gardens Mall	Leased	40,443	Saks OFF 5TH
CAN	1	Vaughan, ON	Vaughan Mills Shopping Centre	Leased	34,992	Saks OFF 5TH
U.S.	1	Bridgewater, NJ	Chimney Rock Crossing	Leased	34,078	Saks OFF 5TH
U.S.	1	Central Valley, NY	Woodbury Commons Premium Outlets	Leased	32,570	Saks OFF 5TH
U.S.	1	Paramus, NJ	Bergen Town Center	Leased	32,035	Saks OFF 5TH
U.S.	1	Garden City, NY	Gallery @ Westbury Plaza	Leased	31,655	Saks OFF 5TH
U.S.	1	Brooklyn, NY	Liberty View Plaza	Leased	31,470	Saks OFF 5TH
U.S.	1	Shrewsbury, NJ	Shrewsbury Plaza	Leased	31,392	Saks OFF 5TH
U.S.	1	Deer Park, NY	The Arches at Deer Park	Leased	30,893	Saks OFF 5TH

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
CAN	1	Pickering, ON	Pickering Town Centre	Leased	30,033	Saks OFF 5TH
CAN	1	Brampton, ON	Bramalea City Centre	Leased	28,030	Saks OFF 5TH
CAN	1	Markham, ON	Markville Shopping Centre	Leased	27,165	Saks OFF 5TH
U.S.	1	East Hanover, NJ	Hanover Commons	Leased	27,108	Saks OFF 5TH
CAN	1	Etobicoke, ON	The Queensway	Leased	27,042	Saks OFF 5TH
U.S.	1	Bronx, NY	Bay Plaza	Leased	25,281	Saks OFF 5TH
CAN	1	Halton Hills, ON	Toronto Premium Outlets	Leased	24,887	Saks OFF 5TH
U.S.	1	White Plains, NY	White Plains Shopping Center	Leased	24,883	Saks OFF 5TH
U.S.	1	Riverhead, NY	Riverhead Tanger Outlets	Leased	24,679	Saks OFF 5TH
U.S.	2	Costa Mesa, CA	Metro Pointe	Leased	39,566	Saks OFF 5TH
U.S.	2	Orange, CA	The Outlets at Orange	Leased	30,800	Saks OFF 5TH
CAN	2	Montreal, QC	CF Galeries D'Anjou	Leased	30,423	Saks OFF 5TH
U.S.	2	Cerritos, CA	Cerritos Best Plaza	Leased	30,000	Saks OFF 5TH
U.S.	2	Woodland Hills, CA	Woodland Hills	Leased	29,825	Saks OFF 5TH
U.S.	2	Los Angeles, CA	Beverly Connection	Leased	27,024	Saks OFF 5TH
U.S.	3	Chicago, IL	Lincoln Park (New City)	Leased	40,817	Saks OFF 5TH
CAN	3	West Vancouver, BC	Park Royal North S/C	Leased	33,300	Saks OFF 5TH
CAN	3	Tsawwassen, BC	Tsawwassen Mills	Leased	32,733	Saks OFF 5TH
U.S.	3	Gurnee, IL	Gurnee Mills	Leased	28,614	Saks OFF 5TH
U.S.	3	Aurora, IL	Chicago Premium Outlets	Leased	28,094	Saks OFF 5TH
U.S.	3	Rosemont, IL	Fashion Outlets of Chicago	Leased	27,649	Saks OFF 5TH
U.S.	3	Northbrook, IL	Village Square	Leased	25,900	Saks OFF 5TH
U.S.	3	Chicago, IL	State Street	Leased	23,527	Saks OFF 5TH
U.S.	4	Grapevine, TX	Grapevine Mills	Leased	34,821	Saks OFF 5TH
CAN	4	Rockyview, AB	CrossIron Mills	Leased	30,009	Saks OFF 5TH
U.S.	4	Dallas, TX	Park Lane S/C	Leased	29,581	Saks OFF 5TH
U.S.	4	Frisco, TX	Preston Ridge S/C	Leased	28,996	Saks OFF 5TH
U.S.	4	Grand Prairie, TX	Grand Prairie Premium Outlets	Leased	27,548	Saks OFF 5TH
CAN	4	Calgary, AB	Market Mall	Leased	26,079	Saks OFF 5TH
CAN	5	Ottawa, ON	Tanger Outlet Ottawa	Leased	28,357	Saks OFF 5TH
U.S.	5	Cypress, TX	Houston Premium Outlets	Leased	28,047	Saks OFF 5TH
U.S.	5	Katy, TX	Katy Mills	Leased	28,000	Saks OFF 5TH
U.S.	5	Sugarland, TX	Market at Town Center	Leased	25,130	Saks OFF 5TH
U.S.	6	Rockville, MD	Congressional Plaza	Leased	38,856	Saks OFF 5TH
U.S.	6	Washington, DC	Downtown Washington DC	Leased	35,480	Saks OFF 5TH
CAN	6	Edmonton, AB	South Edmonton Commons	Leased	31,953	Saks OFF 5TH
CAN	6	Edmonton, AB	Skyview Power Centre	Leased	30,026	Saks OFF 5TH
U.S.	6	Springfield, VA	Springfield Town Center	Leased	29,438	Saks OFF 5TH
U.S.	6	Woodbridge, VA	Potomac Mills	Leased	28,000	Saks OFF 5TH
U.S.	6	Clarksburg, MD	Clarksburg Premium	Leased	27,990	Saks OFF 5TH

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
			Outlets			
U.S.	6	Fairfax, VA	Fair Lakes Center	Leased	21,825	Saks OFF 5TH
U.S.	7	Sunrise, FL	Sawgrass Mills	Leased	45,485	Saks OFF 5TH
U.S.	7	Aventura, FL	Town Center Aventura	Leased	34,627	Saks OFF 5TH
CAN	7	Ste. Foy, QC	Place Ste. Foy	Leased	33,254	Saks OFF 5TH
U.S.	7	West Palm Beach, FL	Palm Beach Outlets	Leased	25,047	Saks OFF 5TH
U.S.	7	Miami, FL	Dolphin Mall	Leased	24,426	Saks OFF 5TH
U.S.	7	Boca Raton, FL	Somerset Shoppes	Leased	23,343	Saks OFF 5TH
U.S.	8	Philadelphia, PA	Franklin Mills	Leased	46,406	Saks OFF 5TH
U.S.	8	King of Prussia, PA	Overlook at King of Prussia	Leased	41,589	Saks OFF 5TH
CAN	8	Winnipeg, MB	Outlet Collection Winnipeg	Leased	32,204	Saks OFF 5TH
U.S.	8	Newark, DE	Christiana Fashion Center	Leased	31,893	Saks OFF 5TH
U.S.	8	Plymouth Meeting, PA	Metroplex S/C	Leased	24,680	Saks OFF 5TH
U.S.	9	Lawrenceville, GA	Sugarloaf Mills	Leased	28,000	Saks OFF 5TH
U.S.	9	Atlanta, GA	Buckhead Station	Leased	26,700	Saks OFF 5TH
U.S.	9	Woodstock, GA	Outlet Shoppes of Atlanta at Woodstock	Leased	24,807	Saks OFF 5TH
U.S.	9	Dawsonville, GA	North Georgia Premium Outlets	Leased	24,234	Saks OFF 5TH
U.S.	10	Braintree, MA	Marketplace at Braintree	Leased	33,139	Saks OFF 5TH
U.S.	10	Somerville, MA	Assembly Row	Leased	26,085	Saks OFF 5TH
U.S.	10	Wrentham, MA	Wrentham Village Premium Outlets	Leased	21,416	Saks OFF 5TH
U.S.	11	Chandler, AZ	Phoenix Premium Outlets	Leased	28,000	Saks OFF 5TH
U.S.	11	Glendale, AZ	Tanger Outlet Center Westgate	Leased	28,000	Saks OFF 5TH
U.S.	11	Scottsdale, AZ	Scottsdale Promenade	Leased	25,200	Saks OFF 5TH
U.S.	12	San Francisco, CA	San Francisco (Freestanding)	Leased	40,558	Saks OFF 5TH
CAN	12	Niagara-on-the-Lake, ON	Outlet Collection at Niagara	Leased	32,387	Saks OFF 5TH
U.S.	12	Livermore, CA	Livermore Premium Outlets	Leased	28,132	Saks OFF 5TH
U.S.	13	Ontario, CA	Ontario Mills	Leased	28,445	Saks OFF 5TH
U.S.	13	Cabazon, CA	Desert Hills Premium Outlets	Leased	25,910	Saks OFF 5TH
U.S.	13	Palm Desert, CA	El Paseo Square	Leased	22,738	Saks OFF 5TH
U.S.	14	Farmington Hills, MI	Hunter's Square	Leased	33,966	Saks OFF 5TH
U.S.	15	Seattle, WA	Westlake Center	Leased	35,964	Saks OFF 5TH
U.S.	16	Minneapolis, MN	City Center	Leased	40,321	Saks OFF 5TH
U.S.	16	Eagan, MN	Twin Cities Premium Outlets	Leased	28,000	Saks OFF 5TH
U.S.	17	San Diego North, CA	Carmel Mountain Plaza	Leased	41,953	Saks OFF 5TH
U.S.	17	San Diego, CA	Park in the Valley	Leased	29,989	Saks OFF 5TH
U.S.	18	Lutz, FL	Tampa Premium Outlets	Leased	27,376	Saks OFF 5TH
U.S.	19	Lakewood, CO	Colorado Mills	Leased	28,000	Saks OFF 5TH
U.S.	20	Hanover, MD	Arundel Mills	Leased	28,000	Saks OFF 5TH

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
U.S.	21	St. Louis, MO	St. Louis Premium Outlets	Leased	28,000	Saks OFF 5TH
U.S.	22	Charlotte, NC	Charlotte Premium Outlets	Leased	25,353	Saks OFF 5TH
U.S.	23	Orlando, FL	Orlando Premium Outlets - Vineland	Leased	28,462	Saks OFF 5TH
U.S.	23	Orlando, FL	Orlando Premium Outlets	Leased	26,380	Saks OFF 5TH
U.S.	24	San Antonio, TX	The Rim	Leased	28,063	Saks OFF 5TH
U.S.	25	Tigard, OR	Bridgeport Village	Leased	28,008	Saks OFF 5TH
U.S.	26	Pittsburgh, PA	Northway Collection	Leased	36,151	Saks OFF 5TH
U.S.	26	Washington, PA	Tanger Outlets (Washington/Pittsburgh)	Leased	25,440	Saks OFF 5TH
U.S.	27	Roseville, CA	Creekside Town Centre	Leased	34,456	Saks OFF 5TH
U.S.	28	Las Vegas, NV	Las Vegas Town Square	Leased	40,736	Saks OFF 5TH
U.S.	28	Las Vegas, NV	Las Vegas Premium Outlets	Leased	28,000	Saks OFF 5TH
U.S.	29	Cincinnati, OH	Cincinnati Premium Outlets	Leased	27,272	Saks OFF 5TH
U.S.	31	Austin, TX	Gateway Shopping Center	Leased	49,662	Saks OFF 5TH
U.S.	31	San Marcos, TX	San Marcos Premium Outlets	Leased	22,176	Saks OFF 5TH
U.S.	32	Columbus, OH	Easton Town Center	Leased	29,477	Saks OFF 5TH
U.S.	35	Gilroy, CA	Gilroy Premium Outlets	Leased	25,664	Saks OFF 5TH
U.S.	35	Milpitas, CA	The Great Mall	Leased	25,250	Saks OFF 5TH
U.S.	36	Nashville, TN	Opry Mills	Leased	27,500	Saks OFF 5TH
U.S.	39	Wauwatosa, WI	Mayfair Collection	Leased	23,890	Saks OFF 5TH
U.S.	40	St. Augustine, FL	St. Augustine Prime Outlets	Leased	28,230	Saks OFF 5TH
U.S.	45	Simpsonville, KY	The Outlet Shoppes of Bluegrass	Leased	24,665	Saks OFF 5TH
U.S.	47	West Hartford, CT	The Corbin Collection	Leased	25,879	Saks OFF 5TH
U.S.	47	Clinton, CT	Clinton Crossings Premium Outlets	Leased	18,040	Saks OFF 5TH
U.S.	50	Niagara Falls, NY	Niagara Fashion Outlets	Leased	29,445	Saks OFF 5TH
U.S.	53	Tucson, AZ	Tucson Premium Outlets	Leased	25,655	Saks OFF 5TH
U.S.	56	Honolulu, HI	Ala Moana Center	Leased	41,661	Saks OFF 5TH
U.S.	56	Waipahu, HI	Waikele Premium Outlets	Leased	30,056	Saks OFF 5TH
U.S.	57	Stamford, CT	Stamford Town Center	Leased	78,229	Saks OFF 5TH
U.S.	67	Camarillo, CA	Camarillo Premium Outlets	Leased	25,400	Saks OFF 5TH
U.S.	72	Ellenton (Tampa), FL	Ellenton Premium Outlets	Leased	19,791	Saks OFF 5TH
U.S.	74	Charleston, SC	Tanger Outlets (Charleston)	Leased	27,877	Saks OFF 5TH
U.S.	77	Estero, FL	Miromar Outlets	Leased	25,000	Saks OFF 5TH
U.S.	81	Aurora, OH	Aurora Farms Premium Outlets	Leased	15,000	Saks OFF 5TH
U.S.	85	Syracuse, NY	Destiny USA	Leased	24,440	Saks OFF 5TH
U.S.	97	Mebane, NC	Mebane Tanger	Leased	29,816	Saks OFF 5TH

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
			Outlets			
U.S.	107	Petaluma, CA	Petaluma Village Premium Outlets	Leased	15,617	Saks OFF 5TH
U.S.	121	Vacaville, CA	The Nut Tree Shopping Center	Leased	28,661	Saks OFF 5TH
U.S.	131	Merrimack, NH	Merrimack Premium Outlets	Leased	28,000	Saks OFF 5TH
U.S.	144	Naples, FL	Park Shore S/C	Leased	27,100	Saks OFF 5TH
U.S.	177	Destin, FL	Silver Sands Premium Outlets	Leased	29,500	Saks OFF 5TH
U.S.	207	Hilton Head, SC	Tanger Outlets (Bluffton)	Leased	28,000	Saks OFF 5TH
U.S.	1	Moorestown, NJ	Moorestown Mall	Leased	120,667	Lord & Taylor
U.S.	1	Yonkers, NY	Ridge Hill Shopping Center	Leased	88,704	Lord & Taylor
U.S.	7	Boca Raton, FL	Mizner Park	Leased	79,822	Lord & Taylor
U.S.	8	Bala Cynwyd, PA	Bala Cynwyd Shopping Center	Leased	121,124	Lord & Taylor
U.S.	10	Salem, NH	Rockingham Mall	Leased	121,341	Lord & Taylor
U.S.	10	Boston, MA	Prudential Center	Leased	117,907	Lord & Taylor
U.S.	63	Albany, NY	Crossgates Mall	Leased	100,000	Lord & Taylor
CAN	1	Mississauga, ON	3050 Vega Blvd -Erin Mills Power Centre	Leased	35,071	Home Outfitters
CAN	1	Oakville, ON	Riocan Centre Burloak	Leased	34,431	Home Outfitters
CAN	1	Scarborough, ON	Eglinton Town Centre	Leased	34,006	Home Outfitters
CAN	1	Toronto, ON	Yorkdale Shopping Centre	Leased	33,680	Home Outfitters
CAN	1	Etobicoke, ON	Sherway Gardens	Leased	29,162	Home Outfitters
CAN	2	Pointe Claire, QC	Fairview Pointe Claire	Leased	40,851	Home Outfitters
CAN	2	Mascouche, QC	Mega Centre Mascouche	Leased	39,912	Home Outfitters
CAN	2	Brossard, QC	Quartier Dix30	Leased	33,931	Home Outfitters
CAN	2	Boucherville, QC	Carrefour De La Rive Sud	Leased	32,195	Home Outfitters
CAN	2	Boisbriand, QC	Faubourg Boisbriand	Leased	31,768	Home Outfitters
CAN	3	Coquitlam, BC	Linens Building Coquitlam B.C.	Leased	37,768	Home Outfitters
CAN	3	Langley, BC	66th Avenue	Leased	34,221	Home Outfitters
CAN	4	Calgary, AB	Richmond Square	Leased	40,673	Home Outfitters
CAN	4	Calgary, AB	Heritage Towne Centre	Leased	34,284	Home Outfitters
CAN	4	Calgary, AB	Shepard Regional Centre	Leased	33,659	Home Outfitters
CAN	4	Calgary, AB	Royal Oak	Leased	32,356	Home Outfitters
CAN	5	Orleans, ON	2020 Mer Bleu Road	Leased	32,192	Home Outfitters
CAN	6	Edmonton, AB	West Point Centre North	Leased	40,711	Home Outfitters
CAN	6	Edmonton, AB	South Edmonton Common	Leased	40,539	Home Outfitters
CAN	8	Winnipeg, MB	Crossroads Station Shopping Centre	Leased	39,999	Home Outfitters
CAN	8	Winnipeg, MB	1665 Kenaston Blvd.	Leased	39,429	Home Outfitters
CAN	8	Winnipeg, MB	St. James Station	Leased	34,286	Home Outfitters
CAN	9	Hamilton, ON	Limeridge Mall	Leased	37,506	Home Outfitters
CAN	9	Burlington, ON	Burlington Home Decor Centre	Leased	32,332	Home Outfitters

Country	Metropolitan Region Rank	Location	Shopping Center	Type	GLA	Store or Tenant
CAN	11	London, ON	Wellington Commons	Leased	30,006	Home Outfitters
CAN	12	St. Catharines, ON	First Pro Garden City	Leased	31,890	Home Outfitters
CAN	13	Darthmouth, NS	Dartmouth Crossing	Leased	34,154	Home Outfitters
CAN	14	Oshawa, ON	Taunton Rd. East	Leased	34,001	Home Outfitters
CAN	15	Victoria, BC	Tillicum Centre	Leased	30,511	Home Outfitters
CAN	16	Windsor, ON	Walker Square	Leased	27,483	Home Outfitters
CAN	17	Saskatoon, SK	University Common/Preston Crossing	Leased	33,809	Home Outfitters
CAN	21	Barrie, ON	Byrne Drive	Leased	40,776	Home Outfitters
CAN	22	Kelowna, BC	Kelowna Central Park Power Centre	Leased	34,405	Home Outfitters
CAN	25	Kingston, ON	Taylor Kidd Marketplace	Leased	31,907	Home Outfitters
CAN	32	Peterborough, ON	Peterborough	Leased	32,927	Home Outfitters
CAN	33	Thunder Bay, ON	Thunder Centre	Leased	31,568	Home Outfitters
CAN	Not Ranked	Nanaimo, BC	Dover Pointe Centre	Leased	32,039	Home Outfitters

Notes:

(1) See "Material Contracts – Saks Mortgage".
(2) Saks Fifth Avenue men's stores are not included in our store count, except if a mainline store is nearby.
(3) Three freestanding locations in Greenwich are combined and presented as one store.
(4) Not currently in operation.

HBC also operates one Hudson's Bay outlet, two Zellers clearance centers and two Lord & Taylor outlets that are excluded from the above table.

Office Buildings

The Company owns and occupies a 210,000 square foot office building in Brampton, Ontario and leases office buildings at 698 Lawrence Avenue West and 401 Bay Street in Toronto, Ontario.

In the United States, the Company maintains offices within its leased 400,000 square feet of office space at Brookfield Place in New York City. This space serves as the home office for the Company's New York City based corporate associates. The Company also maintains leases for office space at 16 West 39th Street and 2 Park Avenue in New York. The Company also owns an office building in Jackson, Mississippi, leases office space in St. Louis, Missouri and leases office space in Dublin.

Distribution Centers and Warehouses

In Canada, our facilities consist of one owned warehouses and distribution facilities in Toronto, Ontario and four leased warehouses in Scarborough, Ontario, Toronto, Ontario and Vancouver, British Columbia under long-term lease control.

In the United States, our warehouse and distribution facilities consist of two owned distribution and warehouse facilities located in Wilkes Barre, Pennsylvania and Chicago, Illinois, six leased warehouses in Aberdeen, Maryland, LaVergne, Tennessee, Watertown, Massachusetts, Portchester, New York, Woodside, New York and Pottsville, Pennsylvania. The Company also maintains various small storage spaces for seasonal use.

Robotics fulfillment technology is maintained at Scarborough, Ontario, Pottsville, Pennsylvania and LaVergne, Tennessee locations.

Merchandise

We plan our merchandise purchases and receipts to coincide with expected sales trends. We pay for our merchandise under the terms agreed to with our vendors. We carry merchandise from both core vendors and new and emerging designers, including products and brands that are exclusively offered at our stores. In addition, we source private label products and directly import certain branded products.

Certain of the brands in our stores are offered under licensing arrangements with third parties. The licensed departments are designed to complement our owned merchandising departments and are carefully curated according to business unit and location. The terms of the license agreements are typically between three and five years and may include provisions allocating build-out costs and provide for licensee owned employees. The Company regularly evaluates the performance of the licensed departments and requires their compliance with established customer service guidelines.

Employees

As of February 2, 2019, we have approximately 40,000 employees around the world.

At each of our business units we hire a mix of full-time and part-time associates. We also hire seasonal associates during peak seasons, such as the holiday shopping season, which provides us with greater flexibility in our workforce and allows us to better address busier periods.

The Company maintains a positive relationship with both its unionized and its non-unionized associates. Associate surveys are conducted annually and employee relations committees at our business units meet regularly to discuss issues arising from the workplace and to ensure that staff concerns are being addressed.

Seasonality

The retail business is seasonal in nature with a high proportion of sales and operating income generated in our fourth fiscal quarter. Working capital requirements fluctuate during the year, increasing in mid-summer in anticipation of the fall merchandising season and increasing substantially prior to the holiday season when the Company carries significantly higher levels of inventory.

The quarterly sales and earnings of the Company and other retail companies are significantly impacted by customer sales patterns. As a result, sales in our fourth fiscal quarter, due to the holiday shopping season, represent a much greater portion of our annual sales volume and a substantial portion of our annual earnings. We generate approximately one-third of our sales during the fourth fiscal quarter of each fiscal year due to the holiday shopping season.

Intellectual Property

We own some of the most recognized retail outlets, brands and trademarks in the retail industry and we rely on trademark and unfair competition laws to protect certain aspects of our business. Our owned registered Company Marks include, but are not limited to, the following: HBC®, Hudson's Bay Company®, Hudson's Bay®, Lord & Taylor®, Saks Fifth Avenue®, Saks Fifth Avenue OFF 5TH® and Saks & Company®. In addition, we license marks in the ordinary course of our business. Many of the Company Marks are registered with the applicable intellectual property offices in various jurisdictions and we have a number of applications pending to register other trademarks. We also have exclusive franchise rights to certain marks.

Monitoring the unauthorized use of our intellectual property is difficult, and the steps we have taken, including sending demand letters and taking actions against third parties, may not prevent unauthorized use by others. The failure to adequately build, maintain and enforce our intellectual property portfolio could impair the strength of our brands.

Technology

HBC's information technology is an enterprise-wide function that supports the organization and our retail business units through the operation of stores, websites and mobile applications. Though our omnichannel approach has enabled us to serve customers in multiple ways, we continue to make investments necessary to be consistent with our customers' expectations of a seamless shopping experience regardless of channel or business and to target a lower cost of future innovation.

The Company continues to monitor and analyze the Company's needs and technology performance to determine the effectiveness of its investments and its investment priorities. In May 2018, a review of our processes and systems led by Stephen Gold as Chief Technology and Digital Operations Officer, prioritized the following critical pillars:

(i) *Cost rationalization.* Retiring and consolidating the most expensive and problematic systems to avoid unnecessary complexity and a high cost of change;

(ii) *Stabilization.* Providing more predictability for the business units, more reliability for our customers, and faster adaptability and development to improve the customer experience and implement future innovation; and

(iii) *Portfolio and project management*. Better managing information technology investments across business units and establishing objective business expectations with the goal of making bolder investments to drive revenue growth.

Customer Service

In each store, the Company seeks to provide its customers with both accessible and high-end fashion in a warm, welcoming environment, guided by knowledgeable sales associates. Sales associates undergo extensive service, selling, and product-knowledge training and are encouraged to maintain frequent, personal contact with their customers. The Company believes that it offers a high level of service to its customers shopping online through easy-to-use site navigation and functionality and many customer-friendly features such as product reviews, detailed product descriptions, sizing information, interviews with designers and multiple angle shots of merchandise. The Company places a high importance on an efficient check-out process, quick and accurate product delivery, and an efficient and customer-friendly call center. During Fiscal 2018, HBC adopted a net promoter score framework across North America, which utilizes direct customer feedback to understand customer challenges and enhance the customer experience.

Credit Card and Loyalty Program

The Company entered into a co-branded and private label credit card agreement with Capital One Financial Corporation ("Capital One"), resulting in Capital One becoming the exclusive issuer for both private label and co-branded credit cards at all Company business units, including Hudson's Bay, Lord & Taylor, Saks Fifth Avenue, Saks OFF 5TH and Home Outfitters. The agreement has an effective date of January 1, 2015 with an initial term of seven years, followed by automatic successive options to renew, each for a term of one year, unless either the Company or Capital One provides written notice to terminate.

The Company's proprietary credit card programs are important marketing tools. Historically, proprietary credit card holders have shopped more frequently with the Company and purchased more merchandise than customers who pay with cash or third-party credit cards. Customers using the proprietary credit cards have been eligible for loyalty programs which rewards customers for purchases made in stores, online and, if they have a co-branded MasterCard, at unaffiliated locations. Our credit card programs have different spending tiers and as customers increase their level of spending, they will receive more points for each purchase as well as other rewards and privileges, such as advance notice of sales and invitations to exclusive shopping events. The Company has attempted to expand the number and use of the proprietary credit cards by, among other things, providing special discounts to customers and monetary incentives to sales associates to open new credit accounts, which generally can be opened while a customer is visiting a store.

Regulatory Matters

We are subject to federal, provincial and state laws in Canada, the United States and the European Union ("EU"), and have adopted policies and procedures to comply with all applicable regulatory matters. These laws and regulations include, among others, securities laws, labor and employment laws, product safety laws, privacy laws and workplace safety regulations. We are continuously monitoring the changing regulatory environment to comply with all applicable laws. Litigation and regulatory developments could adversely affect our business and financial position. See "Risk Factors — Legal and Regulatory Risks".

Environmental Matters

The Company maintains a large portfolio of real estate and other facilities and is subject to environmental risks associated with the contamination of such properties and facilities, whether by previous owners or occupants, neighboring properties or by the Company itself.

The Company has established procedures aimed at ensuring compliance with applicable environmental legislative requirements. Environmental requirements related to the business of the Company do not, and are not currently expected to, have a significant financial or operational effect on the capital expenditures, earnings or competitive position of the Company. See "Risk Factors — Real Estate and Joint Venture Risks — There are potential environmental liabilities relating to our owned and leased real property."

Corporate Social Responsibility

HBC's social responsibility initiatives work to foster and enhance sustainable business practices throughout the organization. To do so, the Company has identified four key areas that shape its overall corporate social responsibility ("CSR") program: (i) contributing to a sustainable environment, (ii) investing in its people, (iii) ethical sourcing and (iv) giving back to communities. The Company is committed to promoting and enhancing sustainable business practices that meet or exceed ethical and legal regulations, with a focus on making a difference in the communities where its customers and associates live and work.

The Company's most recent CSR report was issued in 2018 (representing the 2017 calendar year), and is available on the Company's corporate website: www.hbc.com.

DIVIDENDS AND DIVIDEND POLICY

Subject to financial results, capital requirements, available cash flow and any other factors that the Company's board of directors (the "Board") may consider relevant, it is the intention of the Board to declare a quarterly dividend on an ongoing basis. It is expected that future dividend payments will be made to shareholders of record as of the close of business on the last business day of each calendar quarter of each year and that the related payment date will be the 15th day of the month following the record date, or if such day is not a business day, the immediately preceding business day. All dividends to be paid by the Company, unless otherwise indicated, are designated as eligible dividends in accordance with subsection 89(14) of the Income Tax Act (Canada) and any applicable corresponding provincial or territorial provisions. See also "Risk Factors". In June 2017, the Board set the quarterly dividend to $0.0125 per share (previously $0.05 per Common Share) as part of the Company's ongoing initiatives to improve operations and cash flow to capitalize on future opportunities.

The Company's credit facilities restrict its ability to declare dividends in certain circumstances. The amount and timing of the payment of any dividends are not guaranteed and are subject to the discretion of the Board. See also "Risk Factors — Financial Risks – Dividends are dependent on cash flows of our businesses. The declaration of dividends is at the discretion of the Board."

The following table sets out the cash dividends declared and paid for the Company's three most recently completed financial years:

Date of Announcement	Record Date	Date of Payment	Amount per Common Share
March 21, 2016	March 31, 2016	April 15, 2016	$0.05000
June 9, 2016	June 30, 2016	July 15, 2016	$0.05000
September 6, 2016	September 30, 2016	October 17, 2016	$0.05000
December 5, 2016	December 30, 2016	January 13, 2016	$0.05000
February 23, 2017	March 31, 2017	April 14, 2017	$0.05000
June 8, 2017	June 30, 2017	July 14, 2017	$0.01250
September 5, 2017	September 29, 2017	October 13, 2017	$0.01250
December 6, 2017	December 29, 2017	January 15, 2018	$0.01250
March 1, 2018	March 30, 2018	April 13, 2018	$0.01250
June 6, 2018	June 29, 2018	July 13, 2018	$0.01250

Date of Announcement	Record Date	Date of Payment	Amount per Common Share
September 13, 2018	September 28, 2018	October 15, 2018	$0.01250
December 6, 2018	December 31, 2018	January 15, 2019	$0.01250
March 18, 2019	March 29, 2019	April 15, 2019	$0.01250

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares ("Preferred Shares") issuable in series. As of May 2, 2019, there were 184,056,463 Common Shares issued and outstanding, each of which has the right to one vote, and 50,919,608 Preferred Shares issued and outstanding. As of May 2, 2019, these Preferred Shares were convertible into an aggregate of 55,052,539 whole Common Shares and for purposes of voting, are deemed to hold 55,052,539 Preferred Shares, each carrying one vote, or 55,052,539 votes in total.

Common Shares

The holders of the Common Shares are entitled to one vote in respect of each Common Share held at all shareholder meetings, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The holders of the Common Shares are entitled to receive any dividend declared by the Company in respect of the Common Shares, subject to the rights of the holders of other classes of shares. The holders of the Common Shares will be entitled to receive, subject to the rights of the holders of other classes of shares, the remaining property and assets of the Company available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary. For a description of the Company's dividend policy, see "Dividends and Dividend Policy".

Convertible Preferred Shares

Conversion

Conversion of the Convertible Preferred Shares into Common Shares is based on an initial liquidation preference and a conversion price of approximately $12.42 (U.S.$9.82) per share, which conversion price is subject to customary anti-dilution adjustments and adjustments for ordinary and extraordinary dividends, in each case in accordance with the terms of the Convertible Preferred Shares. The liquidation preference of the Convertible Preferred Shares will accrete on a daily basis at a rate of 5% per annum, compounded quarterly, increasing the number of Common Shares that each Preferred Share is convertible therefor.

On and after the three (3) year anniversary of the original issuance date, the Company may require the conversion of the Convertible Preferred Shares if the closing price per Common Share has been equal to or greater than 125% of the then-applicable conversion price for forty-five (45) trading days during any period of sixty (60) consecutive trading days ending not more than five (5) business days before the date on which the Company delivers the conversion notice.

On and after the six (6) year anniversary of the original issuance date, the Company may require the conversion of the Convertible Preferred Shares if the closing price per Common Share has been equal to or greater than 100% of the then-applicable conversion price for forty-five (45) trading days during any period of sixty (60) consecutive trading days ending not more than five (5) business days before the date on which the Company delivers the conversion notice.

On the eight (8) year anniversary of the original issuance date, all Convertible Preferred Shares then remaining outstanding shall be converted automatically into Common Shares based on the per share liquidation preference at such time.

Adjustments to Conversion Price

In accordance with the terms of the Convertible Preferred Shares, certain adjustments shall be made to the conversion price to account for, among other things, (i) changes in share capital; (ii) certain rights, options and warrants; (iii) payment of cash dividends; (iv) certain distributions; and (v) certain issuances of additional Common Shares, or securities convertible, exercisable or exchangeable for Common Shares.

In addition to customary anti-dilution adjustments, the Convertible Preferred Share conversion price may potentially be adjusted if, prior to the first anniversary of the original issuance date, the Company issues certain Common Shares or certain other equity securities at a price below the initial Preferred Share conversion price. The Company has no current intention of triggering the price protection features of Rhône's investment, which are only applicable through to the first anniversary of the original issuance date of the Convertible Preferred Shares, and with the liquidity provided by the Private Placement (as defined herein) and sale of the Lord & Taylor Fifth Avenue building, has no current expectation that it will need to do so.

Voting Rights

The holders of the Convertible Preferred Shares are entitled to receive notice of, attend and vote (in person or by proxy) at all meetings of the shareholders of the Company. Each Convertible Preferred Share will be entitled to a single vote. Each holder of Convertible Preferred Shares shall be deemed to hold, for the sole purpose of voting at any meeting of shareholders of the Company at which such holder is entitled to vote, the number of Convertible Preferred Shares equal to the number of whole Common Shares into which such holder's registered Convertible Preferred Shares are convertible as of the record date for the determination of shareholders entitled to vote at such shareholders meeting.

Redemption in Connection with a Change of Control Transaction

Subject to certain limited exceptions, the Company may not redeem any of the Convertible Preferred Shares.

Prior to an event constituting a change of control, holders may convert the Convertible Preferred Shares in accordance with the terms thereof. Following the effective date of a change of control, the Company shall have the right to redeem for cash all (but not less than all) of the then outstanding Convertible Preferred Shares at a price per Preferred Share equal to the greater of (i) the liquidation preference, and (ii) the fair market value of the consideration such holder would have received had such holder converted its Convertible Preferred Shares in accordance with the terms of the Convertible Preferred Shares immediately prior to such change of control (provided that if the Redemption Date (as defined below) occurs prior to the third anniversary of the original issuance date then the liquidation preference shall be calculated as at the third anniversary of the original issuance date with respect to the application of both the accretion rate and quarterly compounding per such Preferred Share) on the date that is twenty (20) business days following the date of the change of control.

Preferred Shares

The Preferred Shares are issuable at any time and from time to time in one or more series. The Board are authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the Preferred Shares of each series, which may include voting rights and other provisions attaching to the Preferred Shares or shares of the series. The Preferred Shares of each series will rank on parity with the Preferred Shares of every other series and will be entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares with respect to payment of dividends and distribution of any property or assets in the event of the Company's liquidation, dissolution or winding-up, whether voluntary or involuntary. If any cumulative dividends (whether or not declared), non-cumulative dividends declared or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series will participate rateably in accordance with the amounts that would be payable on such Preferred Shares if all such dividends were declared and paid in full or the sums that would be payable on such shares on the return of capital were paid in full, as the case may be.

Shareholder Approval Required for Certain Matters

Pursuant to the Company's governing documents, at least 75% of the voting power of all then outstanding shares entitled to vote generally at the election of directors will be required for (i) the approval of extraordinary business, and (ii) the amendment, alteration or repeal of certain provisions of the Company's articles and by-laws.

Advance Notice Requirements for Director Nominations

In November 2012, the Company adopted an advance notice by-law (the "Advance Notice By-law") for the purpose of providing shareholders, directors and management of the Company with a clear framework for nominating directors of the Company in connection with any annual or special meeting of shareholders.

The purpose of the Advance Notice By-law is to (i) ensure that all shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or special meetings of shareholders of the Company. The Advance Notice By-law fixes the deadlines by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in a timely written notice to the Company for any director nominee to be eligible for election at such annual or special meeting of shareholders.

A shareholder's notice must be received at the Company's head office (i) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day before the first anniversary date of the Company's immediately preceding annual meeting of shareholders; provided, however, that for any annual meeting that is called for a date that is not within 30 days before or 65 days after such anniversary date, notice by the shareholder must be so received not earlier than the opening of business on the 65th day before the meeting date and not later than the close of business on the 30th day before the meeting date or, if the first public announcement of the date of such meeting that is not within 30 days before or 65 days after such anniversary date is less than 50 days prior to the meeting date, the close of business on the 10th day following the day on which public announcement of the date of such annual meeting was first made by the Company; and (ii) in the case of a special meeting of shareholders called for the purpose of electing directors, not later than the close of business on the 15th day following the day on which public announcement of the date of the special meeting is first made by the Company. The Company's by-laws also prescribe the proper written form for a shareholder's notice. These provisions may preclude shareholders from making nominations for directors at an annual or special meeting of shareholders.

For the purposes of the Advance Notice By-law, "public announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on SEDAR at www.sedar.com. The Advance Notice By-law will be subject to annual review by the Board, and will be updated from time to time to reflect changes required by securities regulatory agencies or stock exchange, or to conform to industry standards.

Credit Ratings

As of December 14, 2018, Standard & Poor's Global Ratings (S&P) revised the Company's credit rating outlook from negative to stable as a result of significant debt paydown by the Company. Overall S&P's issuer credit rating remains at B. Moody's has assigned the Company a credit rating of B3 and SGL-2.

The rating organizations base their ratings on quantitative and qualitative considerations. Ratings are intended to provide an assessment made by a credit rating agency of the risk of a company's ability to fulfill its financial obligations as they become due. Credit ratings are statements of opinion and not statements of fact or recommendations to buy, sell or hold securities or make any investment decisions. Ratings are subject to revision or withdrawal by the rating organization at any time. A definition of the rating scales used by S&P and Moody's has been obtained from the respective rating organization is outlined below:

S&P

S&P's issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness in order to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. Issuer credit ratings can be either long-term or short-term. Short-term issuer credit ratings reflect the obligor's creditworthiness over a short-term time horizon.

S&P's long-term issuer credit ratings range from AAA to D. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. An issuer rated B exhibits more vulnerability than the obligors rated BB, but the issuer currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the issuer's capacity or willingness to meet its financial commitments, adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the issuer to meet its financial commitment on the obligation.

Moody's

Moody's credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic category. In addition, Moody's assigns a speculative-grade liquidity rating to speculative-grade issuers that reflects a company's abilities to generate cash from internal resources and the availability of external sources of committed financing, in relation to their cash obligations over the coming twelve months.

Under the credit rating methodology utilized by Moody's, an issuer rated B is considered speculative and is subject to high credit risk. Issuers rated SGL-2 possess good liquidity and are likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing. The issuer's ability to access committed sources of financing is highly likely based on Moody's evaluation of near-term covenant compliance.

MARKET FOR SECURITIES AND TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "HBC". The following table shows the monthly ranges of high and low closing price prices per Common Share at the close of market, as well as total monthly volumes of the Common Shares traded on the TSX for the periods indicated below:

Period	Price per Common Share High	Price per Common Share Low	Common Shares Total Volume
February 1 – 2, 2019	$8.11	$8.11	231,246
January 2019	$8.52	$7.35	7,616,603
December 2018	$9.49	$7.14	11,426,145
November 2018	$8.91	$7.48	9,290,455
October 2018	$9.62	$8.40	6,714,910
September 2018	$11.40	$9.62	8,302,033
August 2018	$10.69	$9.07	6,400,913
July 2018	$12.00	$10.49	5,348,908
June 2018	$11.88	$9.91	9,730,193
May 2018	$9.88	$8.77	7,621,398
April 2018	$9.49	$8.51	5,511,833
March 2018	$9.76	$8.52	8,283,683
February 4 – 28, 2018	$10.25	$9.72	7,997,208

DIRECTORS AND OFFICERS

Directors

The following table sets out, as at the date hereof, for each of the Company's directors, the person's name, province or state, and country of residence, position(s) with the Company, the date on which he or she became a director, his or her principal occupation and previously held positions for the last five years. The Company's directors are expected to hold office until the next annual meeting of shareholders. The Company's directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name and Province or State and Country of Residence	Position(s)	Director Since	Principal Occupation for Past Five Years
RICHARD BAKER New York, United States	Director, Governor and Executive Chairman	April 2006	Governor and Executive Chairman of HBC; previously CEO of HBC from 2008 to 2015
ROBERT BAKER Connecticut, United States	Director	January 2012	Chairman and CEO of National Realty & Development Corporation
STEPHANIE COYLES Ontario, Canada	Director (Independent)	March 2019	Independent director for Sun Life Financial Inc., Metro Inc. and Postmedia Network Canada Corp.
HELENA FOULKES New York, United States	Director	February 2018	CEO of HBC; Executive Vice President of CVS Health Corporation ("CVS") and President of CVS Pharmacy
ERIC GROSS New York, United States	Director	December 2017	Member of the Management Committee of WeWork Property Investors since 2015; investment management for Citadel Investment Group, Highbridge Capital Management and George Weiss Associates from 2000 to 2015
STEVEN LANGMAN London, United Kingdom	Director	December 2017	Co-founder of Rhône in 1996 and led its day to day management since inception; member of the board of directors of CSM Bakery Solutions, Zodiac Pool Solutions, Vistajet and WeWork.
DAVID LEITH(1)(2) Ontario, Canada	Lead Director (Independent)	November 2012	Chair of the board of directors of the Investment Management Corporation of Ontario (IMCO); Chair of the board of directors of Manitoba Telecom Services Inc. from 2010 to 2017
WILLIAM MACK New York, United States	Director (Independent)	January 2012	Founder and Chairman, Mack Real Estate Group; President and Senior Managing Partner, The Mack Company; Chairman of the board of directors, Mack-Cali Realty Corporation; Director of FCB Financial Holdings

Name and Province or State and Country of Residence	Position(s)	Director Since	Principal Occupation for Past Five Years
LEE NEIBART .... New York, United States	Director	January 2012	CEO of HBS Global Properties; Partner and Chairman of the Real Estate Group of Ares Management LLC
WAYNE POMMEN(2).................. Ontario, Canada	Director (Independent)	March 2012	President and CEO of PayBright / Health Smart Financial Services; Principal at TorQuest Partners; Management Consultant with Bain & Company
EARL ROTMAN(3) .... Ontario, Canada	Director (Independent)	March 2012	Chairman of Venator Capital Management Ltd.; previously Co-founder and Partner at RedBird Capital Partners
MATTHEW RUBEL(1) (2) (3) .... Texas, United States	Director (Independent)	November 2012	CEO of Varsity Brands from 2016 to 2017; previously a senior advisor to TPG Capital and TPG Growth as well as Roark Capital until 2016
ANDREA WONG(1) .... California, United States	Director (Independent)	September 2014	President of International Production, Sony Pictures Television and President, International, Sony Pictures Entertainment from 2010 to 2017

Notes:
(1) Member of the Corporate Governance and Nomination Committee.
(2) Member of the Audit Committee.
(3) Member of the Human Resources and Compensation Committee.

Executive Officers Who Do Not Serve as Directors

The following table sets out, as at the date hereof, for each of the Company's executive officers, the person's name, province or state, and country of residence and position(s) with us the Company.

Name and Province or State and Country of Residence	Position with the Company
STEPHEN GOLD... New Jersey, United States	Chief Technology and Digital Operations Officer
BARI HARLAM .... New York, United States	Chief Marketing Officer
VANESSA LEFEBVRE... New York, United States	President, Lord & Taylor
JANIS LEIGH .... New York, United States	Chief Human Resources Officer
KERRY MADER .... Ontario, Canada	Chief Business Operations Officer
MARC METRICK	President, Saks Fifth Avenue

Name and Province or State and Country of Residence	Position with the Company
New York, United States	
IAN PUTNAM .... New York, United States	President, Real Estate and Chief Corporate Development Officer
EDWARD RECORD .... New York, United States	Chief Financial Officer
DAVID SCHWARTZ .... New Jersey, United States	Executive Vice President, General Counsel and Corporate Secretary
TODD ZATOR.. Ontario, Canada	Chief Accounting Officer

As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, 19,958,905 Common Shares, representing approximately 8.3% of the issued and outstanding voting shares as of the date hereof.

The Company notes that each of Messrs. Lee Neibart, Richard Baker and Robert Baker is a director and direct or indirect principal shareholder of L&T B (Cayman) Inc. ("L&T B Group") and in such capacity, is entitled to participate in investment and voting decisions and therefore may be deemed to share voting and dispositive power with respect to the Common Shares controlled by L&T B Group.

The Common Shares beneficially owned by L&T B Group and its joint actors, are subject to a voting agreement pursuant to which voting decisions for such Common Shares are made as directed by L&T B Group. Each of Messrs. Lee Neibart, Richard Baker and Robert Baker (each a director of HBC) is a director and direct or indirect principal shareholder of L&T B Group entitled to participate in investment and voting decisions and therefore may be deemed to share voting power with respect to such Common Shares and dispositive power with respect to the Common Shares held by L&T B Group.

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Directors

Robert Baker, Director

Robert Baker is the Chief Executive Officer, Chairman of the Board of National Realty & Development Corp. ("NRDC"), a corporation which develops and manages real estate, primarily retail properties, throughout the United States. NRDC manages and controls approximately 22 million square feet of retail space in over 70 centers located in the northeastern United States. Mr. Baker also formerly acted as a Director of City & Suburban Savings Bank, a New York state based bank and formerly acted as a Director of Retail Opportunity Investments Corp.

Mr. Baker is a graduate of Yale University and Yale Law School.

Stephanie Coyles, Director

Stephanie Coyles has more than 25 years of experience as a strategic consultant and advisor, working with a diverse set of North American retail and consumer-facing companies. From 2012 to 2017, Ms. Coyles was an independent senior advisor serving both private equity and business consulting clients on digital and advanced analytics topics. Prior to this, she was Chief Strategic Officer for LoyaltyOne from 2008 to 2012. Ms. Coyles spent most of her career as a management consultant, and eventually as a partner at McKinsey & Company from 1990-2008, where she was one of the leaders of the loyalty and marketing practice. She currently serves on the boards of directors at Sun Life Financial Inc., a Toronto-based life insurance company, and Metro Inc., a Canadian Grocery Chain.

Ms. Coyles holds a Master in Public Policy degree from the Kennedy School of Government at Harvard University and an Honours Bachelor of Commerce degree from Queen’s University.

Eric Gross, Director

Eric Gross was an early investor in WeWork and has been with WeWork full time since early 2015, where he currently serves as a member of the Management Committee of WeWork Property Investors. Prior to joining WeWork, Mr. Gross spent 15 years managing investments in the hedge fund industry for Citadel Investment Group, Highbridge Capital Management and George Weiss Associates. His focus was on long/short global equities in the consumer sector.

Mr. Gross has a Bachelor of Science degree from the School of Hotel Administration at Cornell University and a Master of Business Administration degree from Columbia University.

Steven Langman, Director

Steven Langman co-founded Rhône in 1996 and has led the day to day management of the firm since inception. Rhône is an alternative asset manager in private equity, real estate and venture capital. He serves on all of the Investment Committees of Rhône’s capital pools, including WeWork Property Investors and Rhône’s real estate joint venture with WeWork. Prior to joining Rhône, Mr. Langman was a Managing Director of Lazard Frères, where he specialized in mergers and acquisitions. Before joining Lazard Frères, Mr. Langman worked in the mergers and acquisitions department of Goldman Sachs. He has more than three decades of experience financing, analyzing and investing in public and private companies, as well as serving on the boards of a number of Rhône portfolio companies.

In addition to serving on HBC’s Board, Mr. Langman currently serves on the boards of directors of CSM Bakery Solutions, Fluidra S.A., Vista Global Holding Limited and WeWork (The We Company). He also serves as a director and advisor to a number of philanthropic and educational institutions.

Mr. Langman received a Bachelor of Arts degree with highest honors from the University of North Carolina at Chapel Hill and a M.Sc. from the London School of Economics.

David Leith, Director

David Leith is the Chair of the Board of the Investment Management Corporation of Ontario (IMCO). Mr. Leith served as the Chair of the board of directors of the Manitoba Telecom Services Inc. from 2010 to 2017. Mr. Leith served as Deputy Chairman and Head of Investment, Corporate and Merchant Banking at CIBC World Markets from 2007 to 2009. Previously at CIBC World Markets, Mr. Leith served as Managing Director and Head of Canadian Investment and Corporate Banking from 2004 to 2007, and Managing Director and Head, Debt Origination from 1999 to 2004.

Mr. Leith graduated from the University of Toronto with a Bachelor of Arts degree and holds a Master’s degree from Cambridge University.

William Mack, Director

William Mack has served as a member of the board of directors of Mack-Cali Realty Corporation since 1997 and as its Chairman since 2000. Since 1964, Mr. Mack has served as President and Senior Managing Partner of The Mack Company, where he pioneered the development of large, Class A office properties and helped to increase The Mack Company’s portfolio to approximately 20 million square feet. In addition, Mr. Mack is the founder and chairman of Mack Real Estate Group. Mr. Mack was the founder and chairman of AREA Property Partners and remained with them until 2013. Mr. Mack previously served as a member of the boards of directors of City and Suburban Financial Corporation from 1988 to 2007, The Bear Stearns Companies Inc. from 1997 to 2004, Vail

Resorts, Inc. from 1993 to 2004 and Wyndham International, Inc. from 1999 to 2005. Mr. Mack is a Vice Chairman of the Northwell Health and Chairman of the Board for the Solomon R. Guggenheim Foundation. He is the Chairman Emeritus of the board of overseers of The Wharton School of Business and Finance at the University of Pennsylvania and is also former Vice Chair of the Board of Trustees of the University of Pennsylvania.

Mr. Mack attended The Wharton School and holds a Bachelor of Science degree in business administration, finance and real estate from New York University.

Lee Neibart, Director

Lee Neibart is Chief Executive Officer of HBS Global Properties, the real estate joint venture formed between HBC and Simon. He is also Partner and Chairman of the Real Estate Group of Ares Management LLC. Mr. Neibart serves on the Ares Real Estate Management Committee and is a member of the Ares Real Estate Group's U.S. Equity. Mr. Neibart joined Ares Management LLC in July 2013 from AREA Property Partners, where he was a Global CEO from 1993 to 2013. From 1989 to 1993, Mr. Neibart was with the Robert Martin Company, a real estate development and management firm, most recently serving as Executive Vice President and Chief Operating Officer.

Mr. Neibart graduated from the University of Wisconsin with a Bachelor of Arts degree and holds a Master of Business Administration degree from New York University.

Wayne Pommen, Director

Wayne Pommen is the President and CEO of PayBright. Mr. Pommen is also a director of IOU Financial Inc. Previously, Mr. Pommen was a Principal at TorQuest Partners, one of Canada's leading private equity firms, and a management consultant with Bain & Company in the United Kingdom, the United States, and Canada. Mr. Pommen also served as a strategy director at BPP Holdings plc, a publicly listed provider of professional education in the United Kingdom and Europe.

Mr. Pommen holds a Ph.D. from the University of Cambridge and a Bachelor of Arts degree from Harvard University. Mr. Pommen has also completed the Directors Education Program of the Institute of Corporate Directors and has received his ICD.D designation.

Earl Rotman, Director

Earl Rotman is Chairman of Venator Capital Management Ltd. Prior to joining Venator Capital Management Ltd., Mr. Rotman was a co-founder and partner at RedBird Capital Partners. Mr. Rotman was also a co-founder of Genuity Capital Markets, and became the Vice Chairman, Investment Banking, at Canaccord Genuity Corp. between 2010 and 2013 after it was acquired by Canaccord. Prior to co-founding Genuity Capital Markets, Mr. Rotman was a Vice Chairman of CIBC World Markets where he was a member of both the Canadian and U.S. Investment Banking Operating Committees and the Merchant Banking Investment Committee. Mr. Rotman is also a Trustee of the Art Gallery of Ontario Foundation, Chairman of Eleventy USA LLC and a director of Champion Petfoods (GP) Ltd.

Mr. Rotman attended the University of Toronto and holds a Juris Doctor degree from Osgoode Hall Law School.

Matthew Rubel, Director

Matthew Rubel is the former President and CEO of Varsity Brands, where he served from 2016 to 2017. Previously, Mr. Rubel was a senior advisor to leading private equity firms, TPG Capital and TPG Growth as well as Roark Capital until 2016. Mr. Rubel was the Chairman, CEO and President of Collective Brands, Inc. where he served from 2005 to June 2011. Prior to joining Collective Brands, Inc., Mr. Rubel was the Chairman, President and CEO of Cole Haan. He has led multiple other retail and trend related consumer brands globally.

He currently serves as Executive Chairman of the board of directors at KidKraft, Inc. and as the Lead Independent Director of The Joint Corp. Mr. Rubel also serves on the board of directors of TreeHouse Foods, Inc.

and as a Presidential Appointee to the White House Advisory Council on Trade Policy Negotiation. In the area of Digital Technology, Mr Rubel is a Senior Advisor to Retail Next, Celect and First Insight. Mr. Rubel is active in several industry and civic organizations, including the Jay H. Baker Initiative at The Wharton School of the University of Pennsylvania, the Young Presidents' Organization, the American Ballet Theatre and President's Council at the University of Miami as well as the Board of the University of Miami Business School.

Mr. Rubel graduated with a Bachelor of Science degree from Ohio University and a Master of Business Administration degree from the University of Miami.

Andrea Wong, Director

Andrea Wong was the President of International Production, Sony Pictures Television, and President, International, Sony Pictures Entertainment from 2011 to 2017. In such roles, she was responsible for the studio's international TV production business, overseeing creative teams outside the United States as well as 18 owned and joint venture international production companies around the world. Ms. Wong is a Henry Crown Fellow at the Aspen Institute, serves as a Governor of the British Film Institute, is on the Advisory Council at the Stanford Graduate School of Business and is a Trustee of the Royal Academy of Arts.

In addition to Hudson's Bay Company, Ms. Wong currently serves on the Board of Directors of Hudson Pacific Properties, Inc., Liberty Media Corporation and Qurate Retail Group. Ms. Wong also currently serves on the advisory board of The RightsXchange.

Ms. Wong holds a Master of Business Administration degree from Stanford University and a Bachelor of Science degree in Electrical Engineering from Massachusetts Institute of Technology.

Executive Officers Who Also Serve as Directors

Richard Baker, Director, Governor and Executive Chairman

Richard Baker has been the Company's Governor since July 2008. Mr. Baker is also the Executive Chairman and was previously the Chief Executive Officer of the Company. Mr. Baker has been the Chairman of Lord & Taylor since July 2006. Mr. Baker owns NRDC, along with his father, Mr. Robert Baker. Mr. Baker is the Chairman of the board of directors for Retail Opportunity Investments Corp., which is a REIT listed on the NASDAQ Exchange that focuses on acquiring retail properties on the east and west coasts of the United States.

Mr. Baker serves or has served on several councils and advisory boards at Cornell University including: the Baker Program in Real Estate Advisory Board, the School of Hotel Administration Advisory Council, the Center for Real Estate and Finance Advisory Board, and the Center for Real Estate and Finance Industry Fellows.

Mr. Baker is a graduate of Cornell University.

Helena Foulkes, Director, Chief Executive Officer

Helena Foulkes was appointed CEO of HBC in February 2018, where she is responsible for HBC's global strategy and operations for all business units, overseeing approximately 40,000 associates. Prior to joining HBC, she spent 25 years at CVS, most recently as Executive Vice President of CVS Health and President of CVS Pharmacy, a position she held since January 2014. Before joining CVS, Ms. Foulkes worked at Goldman, Sachs & Co. and Tiffany & Co.

Ms. Foulkes has received numerous professional honors, including being named to Fortune's list of Most Powerful Women in Business, as well as Fast Company's Most Creative People in Business list. She serves on the boards of The Home Depot and the Harvard University Board of Overseers.

Ms. Foulkes holds an undergraduate degree from Harvard College and a Master of Business Administration degree from Harvard Business School.

Executive Officers Who Do Not Serve as Directors

Stephen Gold, Chief Technology and Digital Operations Officer

Stephen Gold was appointed Chief Technology and Digital Operations Officer in May 2018. Prior to joining HBC, Mr. Gold served as Executive Vice President Technology Operations and Innovation, and Chief Information Officer at CVS, where he was responsible for all aspects of enterprise-wide technology including running CVS's digital business unit as well as Business Operations for CVS's largest business unit. Previously, Mr. Gold served as Senior Vice President and Chief Information Officer at Avaya Inc., a leading global provider of business communications applications, systems and services.

Mr. Gold serves on the board of directors of World Fuel Services, Inc., a Fortune 100 company. He also serves on the Board of Advisors of St. John's University as well as a few early stage technology companies.

Mr. Gold holds a Bachelor of Science degree in Computer Science from St. John's University.

Bari Harlam, Chief Marketing Officer

Bari Harlam was appointed Chief Marketing Officer in April 2018. Prior to joining HBC, Ms. Harlam served as the Executive Vice President of Membership Marketing for BJ's Wholesale Club. Prior to that, she was the Chief Marketing Officer of Swipely (now Upserve). Before Swipely, she served as the Senior Vice President of Marketing for CVS, where she built and launched CVS/Pharmacy's ExtraCare program, the largest retail loyalty program in the world.

Ms. Harlam has an established academic career having served on the Faculty of Marketing at The Wharton School, University of Pennsylvania, Columbia's Graduate School and the University of Rhode Island. She serves as a board director for Eastern Bank.

Ms. Harlam received her Bachelor of Science degree., Master's degree, and Ph.D. from The University of Pennsylvania, The Wharton School.

Vanessa LeFebvre, President, Lord & Taylor

Vanessa LeFebvre was appointed President of Lord & Taylor in May 2018. She joins HBC from Stitch Fix, Inc. where she was Vice President, GMM of women's, the primary business for the company. Ms. LeFebvre has nearly 20 years of experience in the retail industry. She began her career as an Executive Trainee with the May Company (parent of Lord & Taylor at the time) in 1999. Over the course of 10 years with Lord & Taylor, she was moved up through several buying assignments in Ready To Wear to Divisional Merchandise Manager of Modern and Contemporary Sportswear in 2005. After Lord & Taylor, Ms. LeFebvre worked for a number of retailers including, TJX Companies Inc., Macy's Inc. ("Macy's") and Daffy's Inc. ("Daffy's"). At Macy's, Ms. LeFebvre was the principal architect of Macy's Backstage division, where she was responsible for all aspects of the business. She grew the division into a multi-concept operation, including store within store concepts, during her tenure.

Ms. LeFebvre holds a Bachelor of Arts degree in Psychology from the University of Pennsylvania.

Janis Leigh, Chief Human Resources Officer

Janis Leigh was appointed Chief Human Resources Officer in June 2017. Prior to this appointment, Ms. Leigh held the role of Senior Vice President, Human Resources and Organizational Development, HBC from February 2015 to May 2017. Ms. Leigh has 20 years of Human Resources experience gained in progressive roles at HBC; establishing strong trusted relationships and partnering effectively on the integration of organizational structures, the development of strong leadership teams, and the building of bench strength.

Ms. Leigh holds a Bachelor of Social Sciences with a concentration in Political Science from the University of Ottawa.

Kerry Mader, Chief Business Operations Officer

Kerry Mader was appointed Chief Business Operations Officer in November 2017. Previously, Mr. Mader served as Executive Vice President, Store Planning and Operations since June 2017, and prior to that as Executive Vice President of Store Planning, Construction and Design from June 2013. His prior role was as Senior Vice President of HBC Specialty, responsible for Home Outfitters. In his current role, Mr. Mader is responsible for Store Planning, Design, Construction, Facilities, Operations & Visual Merchandising.

A graduate of the UBC Retail Executive Development Program and the Babson College School of Executive Education in Strategic Planning and Management in Retailing, Mr. Mader's accomplishments include a Lifetime Achievement Award from Frontier School Division.

Marc Metrick, President, Saks Fifth Avenue

Marc Metrick was appointed as President, Saks Fifth Avenue in April 2015. Prior to this appointment, Mr. Metrick served as Chief Administrative Officer of Hudson's Bay Company since September 2013 and as Executive Vice President and Chief Marketing Officer, HBC from April 2012 to September 2013. Mr. Metrick has over 15 years of experience in the retail industry, including a tenure at Saks where he was the Executive Vice President and Chief Strategy Officer. His career in retail has covered buying, merchandise planning, finance and strategy.

Mr. Metrick has a Bachelor of Science degree in Business Administration from Boston University.

Ian Putnam, President, Real Estate and Chief Corporate Development Officer

Ian Putnam is President, Real Estate and Chief Corporate Development Officer of Hudson's Bay Company and is Chief Operating Officer of HBC's joint ventures: HBS Global Properties and the RioCan-HBC Joint Venture. In this role, Mr. Putnam is responsible for involvement in all aspects of corporate activities that have strategic significance to the Company and leads the Real Estate Team.

Mr. Putnam commenced his career at Stikeman Elliott LLP in 1996 where he was most recently a partner in the firm's Toronto office. Prior to rejoining Stikeman Elliott in 2005, Mr. Putnam practiced corporate law for five years at the New York based law firm, Paul, Weiss, Rifkind, Wharton & Garrison LLP. Mr. Putnam's practice has focused on significant corporate finance and mergers and acquisition transactions with a particular focus on the retail, real estate, and consumer products sectors.

Mr. Putnam holds a Bachelor of Arts (Honours) degree from Queen's University, a Master's of Science degree from London School of Economics and Political Science, and a law degree from the University of New Brunswick.

Edward Record, Chief Financial Officer

Edward Record was named Chief Financial Officer of HBC in August 2017. Prior to this role, he served as J.C. Penney's ("JCP") Chief Financial Officer and Executive Vice President from March 2014 to July 2017. During his time with JCP, Record helped dramatically improve JCP's capital structure, reduce its debt leverage and significantly improve its credit rating with multiple upgrades. Prior to joining JCP, Record served as the Chief Operating Officer of Stage Stores from 2010 to 2014, and its Chief Financial Officer from 2007 to 2011. While at Stage Stores, Record oversaw store locations and operations, IT, real estate, e-commerce, logistics, construction, legal and risk management aspects of the business in addition to leading its off-price division. Record has also held executive leadership positions at national retailers, including Kohl's, serving as Senior Vice President of Finance from 2005 to 2007, and Belk, where he was the Senior Vice President of Finance and Controller for three years. Record began his extensive career in retail at Kaufmann's, a division of The May Department Store Company, holding various roles across the finance department, ultimately assuming the role of Vice President of Finance and Controller.

Mr. Record holds a Bachelor of Arts degree in Economics from Princeton University and a Master's of Science in Industrial Administration from Carnegie Mellon University.

David Schwartz, Executive Vice President, General Counsel and Corporate Secretary

David Schwartz was appointed Executive Vice President, General Counsel and Corporate Secretary in September 2016. Prior to joining HBC, Mr. Schwartz served as Executive Vice President, General Counsel of Toys "R" Us, Inc. ("Toys") for over a decade. Mr. Schwartz has extensive legal and regulatory affairs experience in international retail, spanning real estate, intellectual property, litigation, regulatory compliance and securities.

Mr. Schwartz holds a Juris Doctor degree from University of Pennsylvania Law School. He also holds a Master of Business Administration degree from Columbia Business School and a Bachelor of Arts degree in economics from Duke University.

Todd Zator, Chief Accounting Officer

Todd Zator was appointed as Chief Accounting Officer in March 2014. Mr. Zator was previously the Senior Vice President, Controller, of HBC. Prior to working with the Company, Mr. Zator held senior roles in finance and accounting, and most recently as Senior Vice President and Corporate Controller of Valeant Pharmaceuticals International Inc.

Mr. Zator holds a Bachelor of Arts degree in Commerce and Economics from the University of Toronto and is a member of the Chartered Professional Accountants Canada.

Cease Trade Orders and Bankruptcies

Corporate Cease Trade Orders

None of the Company's directors or executive officers has, as at the date of this Annual Information Form, or within the 10 years prior to the date of this Annual Information Form, been a director, chief executive officer or chief financial officer of any company (including the Company's) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days.

Corporate Bankruptcies

Other than as disclosed below, none of the Company's directors or executive officers has, as at the date of this Annual Information Form, or within the 10 years prior to the date of this Annual Information Form, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

(1) From 2006 to the date of the company's liquidation, Mr. Neibart was a director at Linens 'n Things, which filed a bankruptcy petition for reorganization on May 2, 2008 under Chapter 11 of the United States Bankruptcy Code in the District of Delaware. In February 2010, the United States Bankruptcy Court approved a motion to change the Linens 'n Things bankruptcy from Chapter 11 bankruptcy to Chapter 7 bankruptcy and the company entered into liquidation that same month.

(2) Daffy's filed for relief under Chapter 11 of the United States Bankruptcy Code on August 1, 2012. Ms. Vanessa LeFebvre was the Chief Merchandising Officer of Daffy's from July 2011 to May 2012.

(3) Mr. Leith was appointed a director of Yellow Media Inc. ("Yellow Media") on February 9, 2012. Yellow Media announced a recapitalization on July 23, 2012, which was implemented and became effective on December 20, 2012. The recapitalization was implemented in accordance with a court approved Plan of Arrangement under the Canada Business Corporations Act pursuant to which the

former securities of Yellow Media and all entitlements relating thereto were exchanged and cancelled for, as applicable, cash and common shares and warrants of Yellow Media Limited, and new senior secured notes and new senior subordinated exchangeable debentures of YPG Financing (fka as Yellow Media). YPG Financing is a wholly-owned subsidiary of Yellow Media Limited. The recapitalization reduced Yellow Media's debt, including preferred shares, series 1 and series 2, by approximately $1.5 billion.

(4) Mr. Langman was a member of the board of directors of Golden Guide Print and Online Information S.A., which entered into a restructuring agreement with its lenders on March 26, 2014, less than one year after Mr. Langman ceased to be a member of its board of directors.

(5) On September 9, 2015, Quiksilver, Inc. ("Quiksilver") and each of its wholly owned U.S. subsidiaries filed for voluntary petition for relief under Chapter 11 under the United States Bankruptcy Code in the District of Delaware. On January 29, 2016, the court entered an order confirming the Third Amended Joint Chapter 11 Plan of Reorganization of Quiksilver and its affiliated debtors and debtors in possession (the "Quiksilver Plan"), and, on February 11, 2016, the Quiksilver Plan became effective pursuant to its terms. Mr. Langman was a director of Quiksilver immediately prior to the restructuring.

(6) From December 10, 2013 to September 9, 2015, Mr. Wayne Pommen was a director of FirstOnSite G.P. Inc. ("FirstOnSite"), a portfolio company of TorQuest Partners and the general partner of FirstOnSite Restoration L.P. ("Restoration"). On April 21, 2016, less than one year after Mr. Pommen ceased to be a member of FirstOnSite's board of directors, FirstOnSite filed for and obtained protection under the Companies' Creditors Arrangement Act ("CCAA"). On May 9, 2016, FirstOnSite was granted an order approving the sale of substantially all of the business, assets and operations of Restoration.

(7) Ms. Coyles was a director of Postmedia Network Canada Corp. while it completed a restructuring following an arrangement plan under the Canada Business Corporation Act in October 2016. Ms. Coyles is no longer a director of Postmedia Network Canada Corp.

(8) Toys filed for relief under Chapter 11 of the United States Bankruptcy Code on September 18, 2017 and filed for protection under the CCAA on September 19, 2017. Mr. Schwartz ceased to be the general counsel of Toys in September 2016.

For the purposes of the paragraphs above, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

Shareholder Cease Trade Orders and Bankruptcies

To the best of the Company's knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company's) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

Other than as described herein, no director or executive officer of the Company or, to the best of the Company's knowledge, shareholder holding sufficient securities of the Company to affect materially the control of the Company has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Other than as set out below or described elsewhere in this Annual Information Form, to the best of the Company's knowledge, there are no known existing or potential material conflicts of interest between the Company, or a subsidiary of the Company, and any director or officer of the Company or of a subsidiary of the Company, except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "Directors and Officers" and "Interest of Management and Others in Material Transactions".

HBC holds an equity interest in the Lord & Taylor Fifth Avenue building through a joint venture structure with WPI. See "Background and Corporate Structure – Overview – Real Estate". Mr. Steven Langman and Mr. Eric Gross, directors of HBC, are representatives of Rhône and WeWork, respectively, on the management committee of WPI. Mr. Gross is also an employee of an affiliate of WPI.

AUDIT COMMITTEE INFORMATION

Composition of the Audit Committee and the Audit Committee Charter

The audit committee of the Company (the "Audit Committee") is composed of three directors, each of whom is financially literate and independent of the Company's management as required by National Instrument 52-110 – *Audit Committees*. The Audit Committee is composed of Wayne Pommen, David Leith and Matthew Rubel. Mr. Pommen is the chair of the Audit Committee. The relevant education and experience of each member of the Audit Committee is described as part of their respective biographies. See "Directors and Officers — Biographies".

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- an effective risk management and financial control framework that has been implemented and tested by management of the Company; and
- external and internal audit processes.

The Board has adopted a written charter for the Audit Committee, which sets out the Audit Committee's duties and responsibilities. The Audit Committee provides broad oversight of the financial, risk and control related activities of the Company and the chairman reports to the Board at each Board of Director meeting on the Audit Committee's activities since the last meeting.

The Audit Committee has unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the committee. The Audit Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Audit Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Audit Committee also has the authority to communicate directly with internal and external auditors.

A copy of the charter of the Audit Committee is attached to this Annual Information Form as Appendix "A".

External Auditor Service Fee

In Fiscal 2018 and Fiscal 2017, the Company was billed the following fees by its external auditor, Deloitte LLP:

	Fiscal year ended February 2, 2019	**Fiscal year ended February 3, 2018**
	(in thousands)	
Audit Fees	$4,094	$4,740
Audit Related Fees	$3,670	$1,373
Tax Fees	$6,063	$2,602
Total Fees Paid	**$13,827**	**$8,716**

Pursuant to the terms of its charter, the Audit Committee oversees the work of the external auditor and, amongst other things, pre-approves all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor. The Audit Committee pre-approved all the services performed by the Company's independent auditors for audit-related and non-audit related services for Fiscal 2018 and Fiscal 2017.

The Audit Committee also reviews and confirms the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, and by reviewing the nature of all non-audit services.

The nature of the services under each category is described below:

Audit Fees

Audit fees consist of fees incurred for professional services rendered in connection with audit services and interim reviews of the Company's consolidated financial statements.

Audit Related Fees

Audit related fees consist of fees incurred that are reasonably related to the performance of the audit. Such services included the audits of our employee benefit plans, statutory and regulatory filings and other accounting advisory services.

Tax Fees

Tax fees consist of tax compliance, tax advisory and tax planning services.

The Audit Committee reviewed and pre-approved all work before it commenced, confirming that the services provided by Deloitte LLP were not restricted services, and following established policies to ensure that the independence of the external auditor was maintained.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form, and all other information contained in this Annual Information Form. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks actually occur or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material become material risks, they may have a material adverse effect on our business and results of operations and consequently the price of the Common Shares.

Business and Strategic Risks

Failure to execute our retail strategies could have a material adverse effect on our businesses and results of operations.

The success of our businesses and results of operations is dependent on our ability to identify, develop and execute our retail strategies. Part of our retail strategies relies on our ability to optimize store performance by closing under-performing stores and enhancing our customer shopping experience across all of our business units by providing a seamless shopping experience to our customers between our physical store locations and our online and mobile environments. Insufficient, untimely or misguided investments in this area could significantly impact our profitability and affect our ability to attract new customers, as well as maintain our existing ones.

Competition in the digital commerce area continues to intensify as customer preferences continue to shift to online shopping through the use of computers, tablets, mobile phones and other devices and as the Internet continues to facilitate competitive entry and comparison shopping. Such changes in consumer shopping habits, and migration of sales from physical stores to digital platforms could lead to future store closures, restructuring and other costs that could adversely impact our results of operations and cash flows. A failure to (a) provide attractive, user-friendly digital commerce platforms that offer a wide assortment of merchandise at competitive prices and with rapid delivery options, and (b) anticipate and adapt to the continually changing expectations of online shoppers and developments in online merchandising and related technology, could place us at a competitive disadvantage, result in the loss of sales, harm our reputation with customers and could have a material adverse effect on our businesses and results of operations. If there are performance issues with our customer-facing technology systems, we may experience a loss of customer confidence and sales, which could also have a material adverse effect on our businesses and results of operations. If we encounter difficulty gathering accurate and relevant data or effectively utilizing such data, we may also be placed at a competitive disadvantage such that our strategic planning, marketing and overall decision-making are negatively impacted.

We continue to implement customer-oriented strategic programs designed to differentiate and strengthen our core merchandise content and service levels and enhance our merchandise offerings. We also seek to improve the effectiveness of our marketing and advertising programs. With the accelerated pace of change to the retail environment, we may not be able to meet our customers' changing expectations regarding how they shop in stores and through digital channels. If we fail to successfully implement some or all of these strategic initiatives, we may be unable to retain or attract customers compared to our wide range of competitors, which could have a material adverse effect on our businesses and results of operations.

The successful implementation of our profit improvement strategies also depends on our ability to effectively plan, source and manage our merchandise mix and inventory levels, leverage our competitive strengths, as well as certain factors which are beyond our control including: general economic conditions and consumer confidence in future economic conditions. Ineffective change management could result in disruptions to our operations or negatively affect our ability to implement and achieve our long-term strategic objectives. If we fail to execute any one or more of these initiatives or fail to fully realize the benefits expected to result from these initiatives, our ability to remain competitive could be materially adversely impacted. Our results to date are not an indication of future results and there can be no assurance that these initiatives will generate increased sales overall, increased sales per square foot or improve operating margins even if we were to successfully implement our profit improvement strategies.

We face risks associated with consumer preferences, demand, and fashion trends.

The fashion and retail merchandising industries are subject to constant shifts in consumer preferences and fashion trends. Our sales and results from operations will continue to depend, in part, on our ability to predict and respond to changes in consumer preferences and fashion trends in a timely manner and we continuously manage our portfolio of brands to respond to such trends. We may continue to develop new retail concepts and adjust our position in certain name brands and private-label brands and merchandise categories in an effort to satisfy our customers. To the extent our predictions differ from our customers' preferences, we may face excess inventories for some products and/or missed opportunities for others. Excess inventories can result in lower gross margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. Conversely, low inventory levels can adversely affect our ability to meet customer demand, which may lead to lost sales and diminished brand loyalty. Any sustained failure to anticipate, identify and respond to emerging trends in lifestyle, consumer preferences and spending patterns and any significant misjudgments of inventory levels could have a material adverse effect on our businesses and results of operations.

We depend on the success of our advertising and marketing programs.

Our businesses depend, in part, on high overall traffic, including in store and online, and effective marketing. There can be no assurance as to our continued ability to effectively execute our advertising and marketing programs, and to maintain top-of-mind awareness of our business units, and any failure to do so could have a negative impact on our brand or reputation, which could adversely impact customers' opinion of and confidence in the Company and could have a material adverse effect on our businesses and results of operations.

We depend on our brands and on our relationships with certain designers, vendors and other sources of merchandise.

Our ability to continue to attract and retain popular brands that are favored by consumers is critical to our strategy to respond to consumer preferences. We do not have long-term contracts with vendors and, therefore, our ability to continue to sell brands that are popular with consumers and, if applicable, to have exclusivity of certain brands, are dependent on ongoing positive relationships with our vendors. Vendors of popular brands ceasing to do business with our business units, or material changes in the terms and conditions with such vendors (including vendor allowances and merchandise cost), including our ability to be an exclusive seller of certain brands, could have a material adverse effect on our businesses and results of operations.

We operate and promote several well-recognized brands that consumers may associate with a high level of customer service and quality merchandise. Failure of these brands to maintain merchandise quality and integrity, or ethical and socially responsible operations, could have a material adverse effect on our businesses and results of operations. Any negative publicity about, or significant damage to our brand or reputation could negatively impact sales, reduce employee morale and productivity and diminish customer trust, any of which could have a material adverse effect on our businesses and results of operations. In those circumstances, it may be difficult and costly for the Company to regain customer confidence.

Furthermore, damage to the reputation of any of the brands promoted by us, including nationally branded, non-proprietary products and private label, proprietary products, or to the reputation of any supplier or manufacturer of these brands, could negatively impact consumer opinion of our business units or the related products, which could have a material adverse effect on our businesses and results of operations.

The Company's relationships with established and emerging designers, especially as it relates to Saks, are a key factor in its position as a retailer of luxury merchandise, and a substantial portion of its revenues are attributable to its sales of designer merchandise. Many of its key vendors limit the number of retail outlets they use to sell their merchandise, and there is intense competition among retailers to obtain and sell these goods. The Company's relationships with its designers have been a significant contributor to its past success. Although there are supply arrangements with some of its merchandising sources, there can be no assurance that such sources will continue to meet the Company's quality, style, and volume requirements. Moreover, nearly all of the top designer brands sold by the Company are also sold by competing retailers, and many of these top designer brands also have their own dedicated retail stores and/or their own digital commerce sites. If one or more of these top designers were to cease providing the Company with adequate supplies of merchandise or, conversely, were to increase sales of merchandise through their own stores or to the stores of other competitors, the Company's business could be adversely affected. Further, some of our top designer brand partners either have converted, or are considering converting, all or a portion of their merchandise made available through our stores from a wholesale arrangement to a concession arrangement, which may adversely affect our revenues. In addition, any decline in the popularity or quality of any of these designer brands could have a material adverse effect on our businesses and results of operations.

Our businesses could suffer if we are unsuccessful in identifying, making, integrating, and maintaining acquisitions, investments, expansions and divestitures.

From time to time we pursue strategic acquisitions of, joint venture arrangements with, or investments in, other companies or businesses. Any such acquisition, joint venture arrangement or investment that the Company makes may require the Company to contribute cash or credit support, or incur debt, contingent liabilities, or amortization expenses related to intangible assets, any of which could reduce the Company's profitability and harm its businesses. Acquisitions, joint venture arrangements and investments also increase the complexity of the Company's businesses and place strain on its management, personnel, operations, supply chain, financial resources, and internal financial controls and reporting functions. The Company may not be able to manage acquisitions, joint venture arrangements or investments effectively, which could damage our reputation, limit our growth and could have a material adverse effect on our businesses and results of operations. See "— Real Estate and Joint Venture Risks".

In addition, we may decide from time to time to dispose (in whole or in part) of assets or businesses that are that are no longer aligned with our strategic objectives or our current business portfolio or as opportunities otherwise arise. These transactions may involve challenges and risks. There can be no assurance that future divestitures will occur, or if a transaction does occur, there can be no assurance as to the potential value created by such transaction. The process of exploring strategic alternatives or selling a business could also negatively impact customer decision-making and cause uncertainty and negatively impact our ability to attract, retain and motivate key employees. Any failures or delays in completing divestitures could have an adverse effect on our financial results and on our ability to execute our strategy. Although we have established procedures and processes to mitigate these risks, there is no assurance that these transactions will be successful. In addition, we expend costs and management resources to complete divestitures and joint venture partnerships, and manage post-closing arrangements. Completed divestitures and joint venture partnerships may also result in continued financial involvement in the divested or joint venture business, such as through guarantees, indemnifications, transition services arrangements or other financial arrangements, following the transaction. See also "— Real Estate and Joint Venture Risks".

Operating Risks

Our businesses depend on successful inventory management.

We must maintain sufficient inventory levels to operate our businesses successfully. However, we must also guard against accumulating excess or obsolete inventory as we seek to minimize out-of-stock levels across all product categories and to maintain in-stock levels. A significant portion of the inventory sold by our business units is sourced and obtained from vendors located outside of Canada and the United States. Some of these vendors often require lengthy advance notice of our requirements in order to be able to supply products in the quantities requested. This usually requires that orders, and purchase order contracts are made or entered into well in advance of the time these products will be offered for sale. As a result, we may experience difficulty in responding to a changing retail environment and consumer preferences, which makes us vulnerable to changes in the price of merchandise, raw materials, fuel, labor and the fluctuation of foreign currencies. If we do not accurately anticipate the future demand for a particular product or the time it will take to obtain new inventory, our inventory levels will not be appropriate, which could have a material adverse effect on our businesses and results of operations, including lower gross margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. Failure to successfully manage our inventory levels may also adversely affect our relationships with our vendors, including our ability to source certain national brands and our ability to be an exclusive seller of such brands.

In addition, political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade, each of which affects our ability to access suitable merchandise on acceptable terms, are beyond our control and could have a material adverse effect on our businesses and results of operations.

The loss of, or disruption in, any of the centralized distribution centers could have a material adverse effect on our businesses and results of operations.

We depend on the orderly operation of the receiving and distribution process, which relies on adherence to shipping schedules and effective management of distribution centers. Although we believe that our current receiving and distribution processes are efficient, and that appropriate contingency plans are in place, unforeseen disruptions in operations due to fire, severe weather conditions, natural disasters, or other catastrophic events, labor disagreements, or other shipping problems may result in delays in the delivery of merchandise to our stores and customers. Any delay or disruption in the flow of goods to stores could have a material adverse effect on our businesses and results of operations. Additionally, freight cost is impacted by changes in fuel prices. Fuel prices have been subject to significant volatility. Fuel prices affect freight cost both on inbound freight from vendors to the distribution centers and outbound freight from the distribution centers to our stores and customers. In addition, the Company may not be able to fully realize the anticipated improvements in handling and fulfillment efficiency related to the installment of automated robotic technology at its Scarborough and Pottsville distribution centers.

Although we maintain business interruption and property insurance, management cannot be assured that our insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us, if any of the distribution centers are damaged or shut down for any reason.

If we do not have the ability to successfully upgrade, maintain and secure our information systems to support the needs of the Company, it could have a material adverse effect on our businesses and results of operations.

We rely heavily on information systems to operate our business, including a full range of retail, financial, planning, sourcing and merchandising systems, and regularly make investments to upgrade, enhance or replace these systems. The reliability and capacity of information systems is critical. Despite our maintenance and preventative efforts, these systems are susceptible to obsolescence and vulnerable from time to time to damage or interruption from, among other things, security breaches, cyber-attacks, computer viruses, power outages, natural disasters, acts of terrorism, usage errors by Company employees, computer and telecommunications failures, and other technical malfunctions. In addition, the large size of our operations, which consists of multiple business units across North America, exposes us to the risk that systems and practices will not be implemented uniformly throughout the Company. Although we seek to maintain our systems effectively and to successfully address the risk of compromise of the integrity, security and consistent operations of these systems, such efforts may not be successful. Any disruptions affecting our information systems or the information collected by them, or any delays or difficulties in transitioning to new systems could have a material adverse effect on our businesses and results of operations. A lack of relevant and reliable information that enables management to effectively manage our businesses could preclude us from optimizing our overall performance, and any significant loss of data or failure to maintain reliable data could have a material adverse effect on our businesses and results of operations. In addition, our ability to continue to operate our businesses without significant interruption in the event of a disaster or other disruption depends in part on the ability of our information systems to operate in accordance with our disaster recovery and business continuity plans. Depending on the severity of the failure, our disaster recovery plans may be inadequate or ineffective.

Privacy issues and security breaches could expose us to legal liability and have a material adverse effect on our businesses and results of operations.

We receive, retain, and transmit certain personal information about our customers, employees and the Company and under certain circumstances, entrust that information to third parties. The protection of customer, employee, and company data is critical to the Company. The regulatory environment in Canada, the United States, and the EU surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and evolving requirements on our practices and business environments. Any legislative or regulatory changes could affect our compliance costs, including necessary system changes and the development of new administrative processes.

In addition, customers have a high expectation that we will adequately protect their personal information. A significant breach of customer, employee, or company data could attract a substantial amount of media attention, damage our customer relationships and reputation, result in lost sales, fines, or lawsuits, and have a material adverse effect on our businesses and results of operations. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques, discover them in a timely manner, or implement adequate preventive measures. The ever-evolving nature of privacy and security threats means the Company must continuously evaluate its overall security environment and adapt its systems and processes. There is no guarantee that our security measures will not be undermined due to the actions of outside parties, employee error, malfeasance, or otherwise. As a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Any such breach or unauthorized access could have a material adverse effect on our businesses and results of operations.

In April 2018, the Company announced that it became aware of a data security issue involving customer payment card data at certain Saks Fifth Avenue, Saks OFF 5TH, and Lord & Taylor locations in North America. The Company promptly identified the issue, took steps to contain it, and believes it no longer poses a risk to customers shopping at its stores. However, we are, and expect to be, subject to lawsuits or other proceedings relating to the incident. Proceedings related to theft of credit or debit card information may be brought by payment card providers, banks and credit unions that issue cards, cardholders (either individually or as part of a class action lawsuit) and regulators. Any such proceedings could distract management from running our business and cause us to incur significant unplanned losses and expenses. Consumer perception of our brand could also be negatively affected by these events, which could further adversely affect our business and results of operations.

The Company may continue to be the target of attempted cyber and other security threats such as the one announced in April 2018. This incident may embolden individuals or groups to target the Company’s systems. If the Company experiences additional breaches of security measures, sensitive data may be accessed, stolen, disclosed or lost. Any such access, disclosure or other loss of information could subject the Company to significant additional litigation, regulatory fines, penalties, losses of customers or reputational damage, any of which could have a significant negative impact on the Company’s cash flows, competitive position, financial condition or results of operations.

We depend on our ability to attract and retain quality employees.

Our businesses are dependent upon attracting and retaining a large number of quality employees who reflect our brand images and cultures. Many of these employees are in entry level or part-time positions with historically high rates of turnover. If we are unable to hire, train and retain employees capable of consistently providing educated service and advice to our customers, we may not be able to maintain our competitive strength in offering our customers a favorable shopping experience or to provide quality customer service, which could lead to decreased traffic and sales, as well as to increased costs associated with hiring and training new employees. Our ability to meet our labor needs while controlling the costs associated with hiring and training new employees is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and changing demographics in the jurisdictions in which we operate.

In addition, we are highly dependent upon management personnel to develop and effectively execute successful business strategies and tactics in our large and complex enterprise. Any circumstances that adversely impact our ability to attract, train, develop and retain quality employees throughout the organization could negatively affect our business and results of operations.

Labor costs, including pension and healthcare costs, and other challenges from our large workforce may adversely affect our results and profitability.

We have a large workforce, and our ability to meet our labor needs and control labor costs is subject to various factors such as unemployment levels; prevailing wage rates and benefit levels, minimum wage and other applicable wage laws and benefits requirements and other market pressures on wages and benefits; changing demographics; economic conditions; interest rate changes; economic, demographic and other actuarial assumptions; the costs of providing and managing retirement, health and other employee benefits, including health and insurance costs; and a dynamic regulatory environment, including health care legislation, immigration law and policy, and governmental labor, employment and employee benefits programs and requirements. Changes to one or more of these factors could increase our labor costs, which could impact our results.

Deterioration in labor relations could disrupt our business operations and increase costs. The maintenance of a productive and efficient labor environment and, in the event of unionization of these employees, the successful negotiation of collective bargaining agreements, cannot be assured. Protracted and extensive work stoppages or labor disruptions such as strikes or lockouts, including such disruptions at our vendors or manufacturers, could have a material adverse effect on our businesses and results of operations.

The funding requirements or plan settlement expenses of our defined benefit and contribution plans could impact our financial results and cash flow.

HBC sponsors the Hudson's Bay Company Pension Plan (the "HBC Pension Plan") which has both defined benefit and defined contribution components. The HBC Pension Plan's funded status, which fluctuates with market conditions, affects the amount of cash contributions required from the Company. Currently, the HBC Pension Plan is in a surplus position. As such, no cash payments in respect of past service funding deficits are required. However, it is possible that long-term interest rates and/or lower than expected asset returns could cause the HBC Pension Plan to move into a deficit position. If this occurs, the Company may be required to start remitting amounts necessary to amortize such deficit. Given the relative size of the HBC Pension Plan, a downward swing in the funded status of the Plan could have a significant impact on the Company's future cash funding requirements in respect of the HBC Pension Plan.

The Company also sponsors a funded defined-benefit cash balance pension plan and an unfunded Supplemental Executive Retirement Plan for certain employees. The Company records a liability associated with these plans equal to the excess of the benefit obligation over the fair value of plan assets. If the performance of the assets in these pension plans does not meet our expectations, or if other actuarial assumptions are modified, our future cash payments to the plans could be higher than expected.

The Audit Committee monitors the Company's pension fund assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in line with industry best practices. Nonetheless, pension fund assets are not immune to market fluctuations and the Company may be required to make cash contributions in the future. The Company believes that it currently has sufficient cash flow to fund its operations, investing activities and commitments for the foreseeable future. The Company's cash flows from operations are subject to fluctuation due to various factors, including commodity, foreign exchange and interest rate risks.

Pension related accounting policies include various assumptions that incorporate a high degree of judgment and complexity. These assumptions may change in the future and may have a material impact on the accrued benefit obligations of the Company and the cost of the Company's pension plans, which is reflected in the Company's consolidated statement of earnings.

There are limits to the insurance policies we have in place that may have a material adverse effect on our businesses and results of operations.

We maintain directors' and officers' liability insurance, property insurance, builder's risk insurance, general liability insurance, cyber liability insurance, terrorism insurance, workers' compensation insurance and other types of insurance related to the operation of our business with coverage, deductibles, self-insured retentions, limits of liability and other insurance terms that appropriately reflect the nature and scope of our operations and our risk profile. However, there is no guarantee that our insurance coverage will be sufficient, or that insurance proceeds will be paid to us in a timely manner.

In addition, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure. If we incur these losses, and they are material, this could have a material adverse effect on our businesses and results of operations. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to such market changes.

Loss of our Company Marks and other proprietary rights could have a material adverse effect on our businesses and result of operations.

We own some of the most recognized business units, brands and trademarks in the retail industry. We believe that these trademarks and other intellectual property rights will be important to our success and our competitive position. Accordingly, we will continue to protect our trademarks and other intellectual property rights. However, the actions taken by us may be inadequate to prevent imitation of our trademarks, products and concepts by third parties or to prevent third parties from claiming violations of their trademarks and proprietary rights by us. We cannot assure that any third parties will not assert rights in, infringement of or invalidity of, trademarks and other intellectual property rights of ours or in intellectual property rights that we license and/or market or that we will be able to successfully resolve these types of disputes to our satisfaction. In some cases, there may be trademark owners who have prior rights to our marks, or prior rights in trademarks similar to our trademarks, because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of Canada and the United States. Furthermore, our intellectual property rights may not have the value that we believe they have. If we are unsuccessful in protecting our intellectual property rights, or if another party prevails in litigation against us relating to our intellectual property rights, the value and adequacy of our brand recognition or brand reputation could be diminished and could have a material adverse effect on our businesses and results of operations.

Parties with whom we do business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us.

The Company is a party to contracts, transactions and business relationships with various third parties, including vendors, suppliers, service providers, lenders and participants in joint ventures, strategic alliances and other joint commercial relationships, pursuant to which such third parties have performance, payment and other obligations to the Company. In some cases, the Company depends upon such third parties to provide essential products, services or other benefits, including with respect to store and distribution center locations, merchandise, advertising, software development and support, logistics, extensions of credit, credit card accounts and related receivables, and other agreements for goods and services in order to operate the Company’s businesses in the ordinary course. Current economic, industry and market conditions could result in increased risks to the Company associated with the potential financial distress or insolvency of such third parties. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, the rights and benefits of the Company in relation to its contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to the Company, or otherwise impaired. The Company cannot make any assurances that it would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as the Company’s existing contracts, transactions or business relationships, if at all. Any inability on our part to do so could have a material adverse effect on our businesses and results of operations.

Real Estate and Joint Venture Risks

Ownership and leasing of real estate expose us to possible liabilities and losses.

Some of our stores are owned, ground leased or store leased. Accordingly, we are, and will continue to be subject to all of the risks associated with owning real estate and having ground leases and store leases. In particular, the value of the assets could decrease, and their costs to operate could increase, because of changes in the investment climate for real estate, operating costs and age of the real estate, and supply or demand for the use of the store, which may result from competition from similar stores in the area, as well as liability for environmental conditions.

Store leases, including those leased back to the Company from our real estate joint ventures, generally require us to pay a fixed minimum rent, operating costs, real estate taxes, and, in some cases, a variable amount based on a percentage of annual sales at that location. Ground leases generally require us to pay operating costs, real estate taxes, and, in some cases, a fixed minimum rent. Generally, we will not be able to terminate these leases, prior to the expiry of the committed term. If a store is not profitable, and we decide to close it, we may be committed to perform certain obligations under the applicable lease including, among other things, paying rent for the balance of the applicable lease terms. In addition, as the leases expire, we may be unable to negotiate renewals, on commercially acceptable terms, which could cause us to close stores.

For our owned stores, we may have agreements, such as reciprocal easement agreements, which may contain residual obligations that limit our operational flexibility or contain ongoing financial obligations. Further, if an existing owned store is not profitable, and we decide to close the store, we may be required to record an impairment charge and be subject to continued tax liabilities. In addition, we may not be able to close an unprofitable owned or stores under ground leases and store leases due to an existing operating covenant or other lease considerations which may cause us to operate the location at a loss which could result in an impairment charge.

Failure to manage effectively these and other factors may have a material adverse effect on our businesses and results of operations.

Although we manage the operations, we do not have sole control over the properties that we hold with our real estate joint venture partners or over the revenues and certain decisions associated with those properties, which may limit our flexibility with respect to these properties.

We are partnered in a real estate joint venture with RioCan in Canada, a joint venture with Simon and other third-party investors in the United States, and a joint venture with SIGNA in Europe. Each of the properties contributed to our real estate joint ventures has been leased back to the Company pursuant to long-term leases. Despite having an approximate 87.4% equity stake in the RioCan-HBC JV, an approximate 62.4% equity stake in the HBS Joint Venture and a 50% equity stake in the European Real Estate JV, a joint venture involves risks, including, among others, a risk that our partners:

- may have economic or business interests or goals that are inconsistent with our economic or business interests or goals;

- may take actions contrary to our policies or objectives with respect to our real estate investments;

- may become bankrupt, limiting their ability to meet calls for capital contributions and potentially making it more difficult to refinance or sell the property;

- may become engaged in a dispute with us that might affect our ability to develop or operate a property; or

- may have competing interests in our markets that could create conflict of interest issues.

Further, we do not have sole control of major decisions relating to the properties that are owned directly by the real estate joint ventures, including, among others, decisions relating to:

- making any loans or providing financial assistance to any person;

- making additional capital contributions and investments;

- distributing cash;

- refinancing or selling a property;

- issuing new units or other interests in our real estate joint ventures; or

- dissolving or terminating our real estate joint ventures.

Finally, the leases of the properties owned by each joint venture, as landlord, in favor of the Company, as tenant, are long-term leases which require payment of fixed minimum rent and generally include annual rent increases during each year of the term. These leases generally expose the Company, as tenant, to the same or similar risks as other leases held by the Company from arm's length third parties.

We may not realize the expected benefits from the real estate joint ventures and we may not be able to effect a future monetization transaction with respect to each of the real estate joint ventures.

There can be no assurance that our real estate joint ventures with RioCan, Simon and SIGNA will provide the expected benefits, including enabling us to diversify the tenant and asset base, improve the overall credit rating of each portfolio, identify new real estate growth opportunities such as future property acquisitions, or that we will be able to monetize our real estate joint ventures at a future date.

There are potential environmental liabilities relating to our owned and leased real property.

As a direct and indirect owner and operator of leasehold real property, we are subject to various federal, state and provincial laws relating to environmental matters. Such laws provide that we could be liable for the costs of removal and remediation of certain hazardous toxic substances released on or in our properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect an owner's ability to sell such real property or to borrow using such real property as collateral and could potentially also result in claims against the owner or operator.

We are subject to certain lease guarantees and obligations under our agreement with third parties that have assumed leases that could result in potential liabilities.

As part of the sale of the Northern Department Store Group to The Bon-Ton Stores, Inc. ("Bon-Ton") in 2006, the Company guarantees the remaining obligations on six leases (the "Bon-Ton Lease Guarantees"). The terms of the Bon-Ton Lease Guarantees can extend up to the year 2024. On February 5, 2018, Bon-Ton filed voluntary petitions for a court-supervised financial restructuring under Chapter 11 of the United States Bankruptcy Code. While the ultimate treatment of the underlying leases to which the Bon-Ton Lease Guarantees may apply has not yet been determined, an amount of $34 million (February 3, 2018: $32 million) has been accrued in the consolidated financial statements which at this time represents the Company's best estimate of potential future obligation with respect to these guarantees. This amount is included within provisions in the consolidated balance sheet of the Company.

In 2008, the Company assigned nine leases to Les Ailes de la Mode, Inc. ("Les Ailes") and obtained a full, unconditional and continuing guarantee and indemnity for the obligations thereunder from its related company, International Clothiers Inc. ("ICI"). In December 2015, Les Ailes filed a notice of intention to make a proposal under section 50.4 of the Bankruptcy and Insolvency Act. The Quebec Superior Court has approved a Debtors Proposal with respect to the Les Ailes bankruptcy proceeding. As at February 2, 2019, the Company had a legal provision of $9 million (February 3, 2018: $10 million) recorded in provisions in the consolidated balance sheet.

On November 30, 2018, the Company entered into an agreement with a counterparty of the European Real Estate JV pursuant to which the Company, together with SIGNA, provides a guarantee of certain related party lease obligations of the EDS Group. Under the terms of the agreement, the Company guarantees 49.99% of these lease obligations to the European Real Estate JV, in the event that the EDS Group defaults on its lease commitments. In addition, the Company has provided guarantees of 100% of the EDS Group's lease obligations related to Hudson's Bay Netherlands (the "Netherlands Leases"). SIGNA in turn has provided the Company with a guarantee of 50.01% of the Netherlands Leases.

Any requirement by the Company to fulfill the foregoing lease guarantees or obligations could have a significant negative impact on the Company's cash flows, financial condition or results of operations.

The Company may not be able to successfully complete the remaining components of the strategic partnership transactions with SIGNA.

There can be no assurance that the sale of two German properties from the European Real Estate JV and receipt of proceeds therefrom will be completed in accordance with the contemplated timeline, on the proposed terms or at all.

The completion of the remaining component of the strategic partnership transactions is subject to customary closing conditions and will depend in part on the ability of SIGNA to fulfill its funding commitments. The failure to consummate the remaining components of the strategic partnership transactions with SIGNA, on the contemplated timeline, on the proposed terms or at all, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

There can be no assurance that the Company will realize the expected benefits from the strategic partnership transactions with SIGNA.

While the Company believes the strategic partnership transactions with SIGNA will enhance its balance sheet and provide a better operating platform for its European retail business, there is risk that some or all of the anticipated benefits associated with these transactions may fail to materialize, or may not occur within the time periods currently anticipated by the Company. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Company. See additional risk factors below.

While each of HBC Europe and SIGNA's Karstadt have been subject to similar risks operating independently in the European retail market, the challenge of integrating previously independent businesses makes evaluating the combined European retail business and future financial prospects difficult. The past financial performance of each of HBC Europe and Karstadt may not be indicative of the future financial performance of the combined European retail business. The anticipated combination synergies, assessed based on operational improvements and cost savings, may not be as substantial as anticipated or realized on the anticipated timeline or at all. If the anticipated benefits are not achieved, or the performance or liquidity of the EDS Group deteriorates, additional contributions, credit support or payment on lease guarantees (see risk factors above) may be required or requested, as applicable, by HBC and SIGNA, subject to the terms and conditions of the joint venture agreements. For example, if and to the extent required in order to prevent or cure an imminent liquidity event of the EDS Group which cannot be obtained from third party financing, any of the shareholders may provide a shareholder loan in such amount as is reasonably necessary to prevent or cure such illiquidity event of the respective company. Under certain circumstances, a shareholder can be entitled to convert a certain amount of its financing into shares in the EDS Group. The failure to realize the anticipated benefits from the strategic partnership transactions with SIGNA, the failure of the EDS Group to perform, maintain sufficient liquidity or obtain third party financing, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

While the Company and SIGNA share joint oversight over all major decisions affecting the combined European retail business, the Company does not run the day-to-day management and operations.

While the Company and SIGNA share joint oversight over all major decisions regarding the combined European retail business, SIGNA is ultimately responsible for its day-to-day management and operations. The Company therefore has a non-controlling interest in the combined European retail business and is not in a position to exercise sole decision-making authority or run its day-to-day management and operations. Consequently, there can be no assurance by the Company that the combined European retail business will be well-managed, properly operated on a regular basis or adequately capitalized. Poor management or even mismanagement of the combined European retail business could, in turn, have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The combined European retail business may not be successful in maintaining certain key relationships following closing of the strategic partnership transactions with SIGNA.

While the Company will not have day-to-day management and operational control over the combined European retail business, the Company currently anticipates that SIGNA or the combined European retail business will maintain certain key relationships. However, SIGNA or the combined European retail business may not be successful in retaining the services of certain key personnel or maintaining relationships with certain key customers, business partners, suppliers, distributors, employee unions or other third parties following completion of the proposed transactions. SIGNA's or the combined European retail business' failure to do so or any changes in its relationship with key stakeholders could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The Company accounts for the combined European retail business using the equity method of accounting as a result of its joint interest

Using the equity method of accounting, the Company recognizes the fair value of its interest in the combined European retail business as an investment at the date of close and then subsequently, at each reporting date, recognizes its proportionate share of the combined European retail business' net earnings (loss) and the value of the investment is adjusted to reflect the change. This method of accounting is applied as the Company does not have a controlling interest in the combined European retail business and does not run the day-to-day management and operations. As described above, the past financial performance of each of HBC Europe and Karstadt may not be indicative of the future financial performance of the combined European retail business, and anticipated benefits of the combination may not materialize, or may not occur within the time periods currently anticipated by the Company.

Economic and External Market Risks

Our businesses are intensely competitive and increased or new competition could have a material adverse effect on our businesses and results of operations.

The Company's leading business units conduct business under highly competitive conditions in the retail merchandising industry. Hudson's Bay, Saks Fifth Avenue Saks OFF 5TH and Lord & Taylor have numerous and varied competitors at international, national, regional and local levels, including conventional and specialty department stores, boutiques, mass merchants, value retailers, discounters, digital retailers, and mail-order retailers. Some of these competitors have greater financial resources, and as a result, may be able to devote greater resources to sourcing, selling, discovering or promoting their merchandise. Competition may intensify as new competitors enter into the markets in which our business units operate. We expect competition in the digital commerce market to continue to intensify as the Internet facilitates competitive entry and comparison shopping. Competition is characterized by many factors, including assortment of brands and merchandise, advertising, marketing, promotional activities, price, quality, service, the shopping experience and environment, location, reputation and credit availability. The Company's business units also compete in markets where a substantial number of retailers specialize in one or more types of products than those offered in our existing business units. A number of different competitive factors could have a material adverse effect on our businesses and results of operations, including: (i) increased operational efficiencies of competitors; (ii) competitive pricing strategies, including deep discount pricing by a broad range of retailers during periods of poor consumer confidence or economic instability; (iii) expansion of product offerings by existing competitors; (iv) entry by new competitors into markets in which our business units operate; and (v) adoption by existing competitors of innovative retail sales methods. Failure to compete effectively could result in, among other things, lower sales, reduced market shares, lower gross margin and/or higher operating expenses.

Economic conditions may negatively impact consumer spending and lower demand.

Deterioration in the economies in which we operate may adversely affect the discretionary spending of consumers, which would likely result in lower sales than expected on a quarterly or annual basis, as well as higher markdowns and increased promotional expenses in response to lower demand. Future economic conditions affecting disposable income, such as employment levels, consumer debt levels, lack of available credit, business conditions, fuel and energy costs, interest rates, foreign exchange rates, tax rates and policies, and consumer confidence in future economic conditions could also have a material adverse effect on our businesses and results of operations by reducing consumer spending or causing customers to shift their spending to other products or other retailers.

Unfavorable economic and political conditions and other developments and risks may also have an unfavorable impact on our results of operations. For example, unfavorable changes related to interest rates, rates of economic growth, fiscal and monetary policies, inflation, consumer credit availability, consumer debt levels, foreign exchange rates, tax rates and policies, unemployment trends, oil prices, and other matters that influence the availability and cost of merchandise, consumer confidence, spending and tourism could have a material adverse effect on our businesses and results of operations. In addition, unstable political conditions or civil unrests, including terrorist activities and worldwide military and domestic disturbances and conflicts, may disrupt commerce, our supply chain operations, international trade or result in political or economic instability and could have a material adverse effect on our businesses and results of operations.

Our primary focus is on selling branded apparel, cosmetics, shoes and accessories catering to a wide range of consumer demands between mass merchandisers and luxury retailers and which consumers may consider to be discretionary items. During times of unfavorable economic or political conditions, consumers may shop less frequently, limit the amount of their purchases and/or shift their spending to other products or retailers, which would likely result in lower sales, as well as higher markdowns and increased promotional expenses in response to lower demand.

The success of any store depends substantially upon its location. There can be no assurance that current locations will continue to be desirable. Social or economic conditions where stores are located could decline in the future, thus reducing consumer traffic in those stores and resulting in potentially reduced sales in those locations. If we cannot obtain desirable locations at reasonable prices, our cost structure will increase and our revenues will be adversely affected.

Our businesses and operations may be affected by extreme or unseasonable weather conditions or natural disasters.

Extreme weather conditions in the areas in which our stores and customers are located could have a material adverse effect on our businesses and results of operations. Frequent or unusually heavy snowfall, ice storms, rainstorms or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and thereby reduce our sales and profitability as our businesses depend on high customer traffic in our stores, result in staffing shortages in our stores, interruptions in the flow of merchandise to our stores and disruptions in the operations of our suppliers. Extreme weather conditions may also disrupt fulfillment of digital orders to customers. Our businesses are also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions, which could adversely affect our ability to execute our strategy to invest in our stores and right size departments to effectively present seasonal inventory. Reduced sales from extreme or prolonged unseasonable weather conditions could have a material adverse effect on our businesses and results of operations, including lower gross margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels.

In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our stores or warehouses located in the affected areas which could have a material adverse effect on our businesses and results of operations.

We are subject to risks from our international operations, such as foreign exchange, tariffs, taxes, inflation, increased costs, political risks and our ability to expand in certain international markets, which could impair the ability to compete and profitability.

We have operations outside of Canada and the United States. We generate revenue from foreign countries source private label products and direct imports certain branded products from China and other overseas markets, including Asia, such as Bangladesh, India, Indonesia, and Vietnam, and Europe, in addition to exchange rate fluctuations, will continue to be subject to risks generally associated with doing business abroad. We do not have direct influence over how these vendors are managed and thus cannot predict the effect of various factors in the countries in which vendors or manufacturers who supply our business units are located.

Our international operations are, and any future foreign growth will be, subject to a variety of risks, many of which are beyond our control, including, among others:

- foreign currency fluctuations;
- economic trends in international markets;

- legal and regulatory changes, and our cost of compliance with such laws and regulations, including trade restrictions and tariffs;

- legal uncertainties regarding intellectual property rights;

- increases in transportation costs or delays;

- increases and volatility in labor costs;

- recruitment and retention of qualified foreign employees;

- differences in tax regimes and potential adverse tax consequences;

- compliance with ethical and safe business practices and adequate supply of products;

- political unrest, terrorism and economic instability; and

- limitations on repatriation of earnings.

Any of the foregoing or other factors associated with doing business abroad could have a material adverse effect on our businesses and results of operations going forward including our ability to plan, source and manage our merchandise mix and inventory levels, as well as expand in certain international markets. While we do not control the vendors or manufacturers who supply our business units, any violation of applicable local laws or unethical conduct by our vendors or manufacturers, or any negative publicity about their business practices including production methods and labor practices, may also adversely affect the brand image and reputation of our business units and have a material adverse effect on our businesses and results of operations.

In addition, political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade, each of which affects our ability to access suitable merchandise on acceptable terms, are beyond our control and could have a material adverse effect on our businesses and results of operations.

Fluctuations in the U.S. dollar, Canadian dollar, Euro and other foreign currencies could have a material adverse effect on our businesses and results of operations.

There are risks associated with the implications of foreign currency movement on the operations of the Company. The Company currently sources products and imports certain branded products from China and other overseas markets, including Asia, such as Bangladesh, India, Indonesia, and Vietnam, and Europe from vendors and manufacturers whose functional currency is not Canadian dollars, U.S. dollars or Euros. Accordingly, fluctuations in the Canadian dollar, U.S. dollar or Euro relative to the currencies of our vendors and manufacturers may adversely affect our inventory costs, which could result in higher costs and lower operating margins. We are also exposed to general market fluctuations of interest rates.

The Company enters into forward foreign exchange contracts to fix the cost of certain purchases of merchandise for its Canadian and European operations from foreign suppliers in Canadian dollars and Euros, respectively, and utilizes certain derivatives as cash flow hedges of its exposures to foreign currency risk. There is no guarantee that such hedging strategies will be effective. In addition, currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency depreciates against the Canadian dollar, U.S. dollar, or Euro as applicable, the risk of using hedges could result in losses greater than if the hedging had not been used. Also, hedging arrangements may have the effect of limiting or reducing the total returns to the Company if management’s expectations concerning future events or market conditions prove to be incorrect, in which case the costs associated with the hedging strategies may outweigh their benefits.

The Company, whose functional currency is Canadian dollars, has foreign currency risk related to the consolidation of the results from our operations, whose functional currency is U.S. dollars. Exchange rate fluctuations could have a material adverse effect on our businesses and results of operations.

An increase in the cost of raw materials could increase our cost of goods sold.

The fabrics used by many manufacturers who supply our existing business units include synthetic fabrics, the raw materials of which include petroleum-based products. Our suppliers are also affected by the prices of natural fibres, including cotton, which is a raw material in many of our products. Inflationary pressures on commodity prices and other input costs, significant fluctuations or shortages of cotton or other raw materials may increase our cost of goods sold and could impair our ability to meet production or purchasing requirements in a timely manner. An inability to mitigate these cost increases could involve having to pass on such cost increases, including as price increases to our customers or result in a change in our merchandise mix or inventory levels, which could result in a decrease in our profitability, while any related pricing actions could have a material adverse effect on our businesses and results of operations.

Our revenues and cash requirements are affected by the seasonal nature of our businesses.

Our businesses are seasonal, with a high proportion of revenues and operating cash flows generated during the second half of the fiscal year, which includes the fall and holiday selling seasons. A disproportionate amount of revenues is generated in the fourth fiscal quarter, which coincides with the holiday season. In addition, we incur significant additional expenses, including for additional inventory, advertising and employees, in the period leading up to the months of November and December in anticipation of higher sales volume in those periods. This seasonality in revenues, cash flows and expenses could have a material adverse effect on our businesses and results of operations.

Financial Risks

We have a substantial amount of indebtedness which could have a material adverse effect on our businesses and results of operations.

Our degree of leverage could have a material adverse effect on our businesses and results of operations, including: limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; restricting our flexibility and discretion to operate our business; limiting our ability to declare dividends on our Common Shares; having to dedicate a portion of our cash flows from operations to the payment of interest on our existing indebtedness and not having such cash flows available for other purposes; exposing our business to debt capital market risks, including interest rate risk and refinancing risk at maturity; exposing us to increased interest expense on borrowings at variable rates; limiting our ability to adjust to changing market conditions; placing us at a competitive disadvantage compared to our competitors that have less debt; making us vulnerable in a downturn in general economic conditions; and making us unable to make expenditures that are important to our growth and strategies.

Certain tranches of the debt financing at our real estate joint ventures include covenants related to the profitability metrics of the tenants of these assets. Failure to meet these covenants would result in the need to refinance part or all of the borrowings related to these assets. Further, as a result of these financings, our real estate joint ventures have substantially the same financing risks as those of the Company discussed in this section, including restricting financial and other covenants that affect the structure and operations of such joint ventures, as well as future financing, sales and other dealings with the properties held by our real estate joint ventures.

Despite our substantial indebtedness level, we will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We may be able to incur substantial additional indebtedness in the future. Although our credit facilities contain restrictions on the incurrence of additional indebtedness, such restrictions are subject to a number of qualifications and exceptions, and under certain circumstances, incurrence of indebtedness in accordance with such restrictions could be substantial. Under our current credit facilities and debt instruments we have the flexibility to incur indebtedness in the future. The Company's degree of leverage could adversely affect the Company's ability to obtain additional financing for working capital, capital expenditure, debt service requirements, acquisitions and general corporate and other purposes.

Our existing credit facilities contain restrictions that limit our flexibility in operating our businesses.

Our existing credit facilities contain restrictive financial and other covenants which affect, among other things, the manner in which we may structure or operate our businesses. Our ability to comply with such covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A failure by us to comply with our contractual obligations (including restrictive, financial and other covenants) or to pay our indebtedness and fixed costs or to obtain a necessary waiver in connection therewith could result in a variety of material adverse effects, including the acceleration of our indebtedness and the exercise of remedies by our creditors, and such acceleration or the underlying defaults could trigger additional defaults under other indebtedness or agreements. In such a situation, it is unlikely that we would be able to repay the accelerated indebtedness or fulfill our obligations under certain contracts, or otherwise obtain access to sufficient capital or to capital on terms favorable to us to refinance our existing indebtedness and to cover our fixed costs. Also, the lenders under the financing arrangements could realize upon all or substantially all of our assets which secure our obligations.

Constraints in the capital markets or our vendor credit terms may have a material adverse impact on our liquidity.

We need sufficient sources of liquidity to fund our working capital requirements, service our outstanding indebtedness and finance business opportunities. Without sufficient liquidity, we could be forced to curtail our operations or we may not be able to pursue business opportunities. The principal sources of our liquidity are funds generated from operating activities, available cash and liquid investments, credit facilities, other debt arrangements and trade payables. Our liquidity could be materially adversely impacted if our vendors reduce payment terms and/or impose tighter credit limits. If our sources of liquidity do not satisfy our requirements, we may need to seek additional financing. The future availability of financing will depend on a variety of factors, such as economic and market conditions, the regulatory environment for banks and other financial institutions, the availability of credit, our credit ratings and our reputation with potential lenders. These factors could have a material adverse effect on our costs of borrowing and our ability to pursue business opportunities, and threaten our ability to meet our obligations as they become due.

Changes in our credit ratings may limit our access to capital and materially increase our borrowing costs.

Any future downgrades to our credit ratings and outlook could negatively impact the perception of our credit risk and thus our access to capital markets, borrowing costs, vendor terms and lease terms. Our credit ratings are based upon information furnished by us or obtained by a rating agency from its own sources and are subject to revision, suspension or withdrawal by one or more rating agencies at any time. Rating agencies may change the ratings assigned to us due to developments that are beyond our control, including the introduction of new rating practices and methodologies. See "Credit Ratings".

The failure to maintain adequate financial and management processes and controls could have a material adverse effect on our businesses and results of operations.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and, beginning in the first quarter of Fiscal 2019, U.S. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may also result in a decline in our stock price and harm our ability to raise capital.

Dividends are dependent on cash flows of our businesses. The declaration of dividends is at the discretion of the Board.

The declaration and payment of future dividends will be at the discretion of the Board and are subject to restrictions under our credit facilities and may be affected by various other factors, including our earnings, levels of indebtedness, financial condition and legal or contractual restrictions. There can be no assurance that we will have the financial flexibility to pay dividends at the same rate (or at all) in the future. For example, in June 2017, the Board set the quarterly dividend to $0.0125 per share (previously $0.05 per Common Share) as part of the Company's ongoing initiatives to improve operations and cash flow to capitalize future opportunities. See "Dividends and Dividend Policy".

Shareholder Composition

A small number of our shareholders could significantly influence our businesses.

L&T B Group, Hanover Investments (Luxembourg) S.A. ("Hanover"), 2380162 Ontario Limited, a wholly-owned subsidiary of Ontario Teachers' Pension Plan Board and successor in interest to H.S. Investment L.P. ("238 Ontario") and Rhône each have significant ownership positions in the Company and therefore have proportionate voting influence with respect to all matters submitted to our shareholders for approval, including without limitation the election and removal of directors, amendments to our articles, and by-laws, and the approval of any business combination.

The Company is party to a nominating rights agreement with L&T B Group and Hanover, and another with 238 Ontario. L&T B Group has the right to nominate four or two directors, depending on the number of Common Shares it holds, and Hanover has the right to nominate up to four directors, depending on the number of Common Shares it holds. 238 Ontario is entitled to nominate one director. See "Material Contracts – Initial Nominating Rights Agreement" and "Material Contracts – 238 Ontario Nominating Rights Agreement".

The Company is also party to an investor rights agreement with Rhône, which provides for, among other things, customary demand and piggy-back registration rights, general transfer restrictions subject to limited exceptions, and certain negotiated governance and director nomination rights (up to two directors). See "Material Contracts – Investor Rights Agreement".

The nominating rights of our significant shareholders may delay or prevent an acquisition of the Company or cause the market price of our shares to decline. The interests of L&T B Group, Hanover, 238 Ontario and Rhône may not in all cases be aligned with interests of our other shareholders. In addition, L&T B Group, Hanover, 238 Ontario and/or Rhône may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of its management, could enhance its equity investment, even though such transactions might involve risks to our shareholders and may ultimately affect the market price of the Common Shares.

The future sales of Common Shares by our significant shareholders could significantly impact the share price.

Subject to compliance with applicable securities laws, our officers, directors, significant shareholders and their affiliates may sell some or all of their Common Shares in the future. The Convertible Preferred Shares are convertible into Common Shares by the holder at any time or conversion may be required by the Company in certain circumstances. The Common Shares underlying the Convertible Preferred Shares are subject to a minimum hold period and are thereafter transferable, subject to certain restrictions. No prediction can be made as to the effect, if any, such future sales will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by our officers, directors, significant shareholders and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

Our articles and by-laws could delay and discourage favorable takeover attempts.

Certain provisions of the Company's articles and by-laws may make it more difficult or impossible for a third party to acquire control of us or effect a change in our Board and management. These provisions include that at least 75%

of the voting power of all then outstanding shares entitled to vote generally at the election of directors will be required for (i) the approval of extraordinary business, and (ii) the amendment, alteration or repeal of certain provisions of our articles and by-laws.

These provisions could delay, defer or prevent us from experiencing a change of control and management and may adversely affect our shareholders' voting and other rights. Any delay or prevention of a change of control transaction and management could deter potential acquirers or prevent the completion of a transaction in which our shareholders could receive a substantial premium over the then current market price for our Common Shares.

Holders of Preferred Shares have different rights and privileges than holders of Common Shares.

The issuance of Preferred Shares, including Convertible Preferred Shares, dilutes the ownership of holders of Common Shares in the Company and may decrease the amount of cash available for distribution of each Common Share. The Convertible Preferred Shares can be converted by the holder at any time and will automatically convert into Common Shares on the eight-year anniversary of issuance based on the then-accreted value. The Company may also require the conversion of the Convertible Preferred Shares at an earlier date in certain circumstances. The Preferred Shares, including the Convertible Preferred Shares have rights, preferences and privileges that are not held by, and are preferential to the right of, holders of the Common Shares. See "Description of Capital Structure – Preferred Shares".

Our business could be negatively affected as a result of actions of activist shareholders, and such activism could impact the trading value of our securities.

Responding to actions by activist shareholders can be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. Such activities could interfere with our ability to execute our strategic plan. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and the Board. The perceived uncertainties as to our future direction also could affect the market price and volatility of our securities.

Legal and Regulatory Risks

Regulatory requirements including, but not limited to, trade, environmental, health and safety requirements may require costly expenditures and expose us to liability.

We are subject to customs, child labor, environmental, advertising and other laws, including consumer protection regulations and zoning and occupancy ordinances that regulate retailers generally and/or govern the importation, promotion and sale of merchandise and the operation of retail stores and warehouse facilities. Although we have measures designed to ensure material compliance with governing statutes, laws, regulations and regulatory policies in the jurisdictions in which we conduct business, there is no assurance that the Company will be in material compliance at all times. In addition, political and economic factors could lead to unfavorable changes in tax laws, which may increase our tax liabilities and could have a material adverse effect on our businesses and results of operations.

We are subject to the risk of product liability claims and product recalls.

We sell products produced by third-party manufacturers. Some of these products may expose us to product liability claims relating to personal injury, death or property damage caused by such products, and may require us to take action, particularly in the limited circumstances where we own the brand. We may also be susceptible to various claims, including class action claims, relating to merchandise that is subject to a product recall or liability claim. One or more of our suppliers might not adhere to product safety requirements or our quality control standards, and we might not identify the deficiency before merchandise ships to our stores. If suppliers are unable or unwilling to recall products failing to meet our quality standards, we may be required to remove merchandise from our shelves or recall those products at a substantial cost. Although we maintain liability insurance to mitigate potential claims, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all. Product recalls, withdrawals or replacements may harm our reputation and acceptance of our products by customers, which may have a material adverse effect on our businesses and results of operations. Events that give rise to actual, potential or perceived product safety concerns could expose the Company to government enforcement action and/or private litigation. Reputational damage caused by real or perceived product safety concerns could have a material adverse effect on our businesses and results of operations.

We are subject to risks stemming from litigation and regulatory actions based on domestic and international laws and regulations that impact our business that could have a material adverse impact on our businesses and results of operations.

In the normal course of our domestic and international operations, whether directory or indirectly, we may become involved in, named as a party to or the subject of, various law suits and regulatory actions relating to our business operations. Such matters may include disputes relating to contractual arrangements, property, personal injury, land rights, taxes, intellectual property, environmental conditions and employees. Although the Company is currently of the view that the disposition of any such litigation is not expected to have a material adverse effect on our businesses and results of operations, the outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Company and, as a result, could have an impact on our reputation and ultimately, a material adverse effect on our businesses and results of operations. Even if the Company prevails in any such matter, the proceedings could be costly which could have a material adverse effect on our businesses and results of operations.

Changes to statutes, laws or regulations that we are subject to, including changes in the interpretation, implementation or enforcement of statutes, laws or regulations, could adversely affect the Company's businesses and results of operations. In addition, the Company may incur significant costs in the course of complying with any changes to applicable statutes, laws and regulations. The Company's failure to comply with applicable statutes, laws or regulations could result in a judicial or regulatory judgment or sanctions and financial penalties that could adversely impact the Company's reputation, businesses and results of operations. Although the Company believes that it has taken reasonable measures designed to ensure compliance with governing statutes, laws and regulations in the jurisdictions in which it conducts business, there is no assurance that the Company will always be in compliance or deemed to be in compliance.

Further, in foreign countries in which the Company conducts business, a risk exists that our employees, associates or agents could, in contravention of our policies, engage in business practices prohibited by Canadian, and U.S. laws and regulations applicable to us, such as the Foreign Corrupt Practices Act. We maintain a policy that prohibits such practices, which is intended to ensure compliance with these laws and regulations. Nevertheless, we remain subject to the risk that one or more of our employees, associates or agents, including those based in or from countries where practices that violate such laws and regulations or the laws and regulations of other countries may be customary, will engage in business practices that are prohibited by our policy and, by doing so, violate such laws and regulations. Any such violations, even if prohibited by our internal policy, could have a material adverse effect on our businesses and results of operations.

Increasing regulatory focus on privacy issuers and expanding laws could impact our business models and expose us to increased liability.

In addition to Canadian laws, the Company is subject to privacy and data security laws of other jurisdictions such as the United States and the EU. The regulatory environment surrounding information security, cybersecurity and privacy is increasingly demanding, with new and changing requirements, such as the EU's General Data Protection Regulation and the California Consumer Privacy Act. These and other regulations will likely continue to evolve over time, both through regulatory and legislative action and judicial decisions. Some of these laws impose requirements that are inconsistent with one another, yet regulators may claim that both apply. Complying with these varying national requirements could cause us to incur substantial costs by requiring us to change our business practices in a manner adverse to our business. Such developments may also require us to make system changes and develop new administrative processes, further affecting our compliance costs. In addition, compliance with these laws may restrict our ability to provide services to our customers that they may find to be valuable. Violations of privacy-related laws can result in significant penalties. A determination that our practices violate privacy or data security laws could expose us to significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our business. A perception that our practices violate privacy or data security laws may subject us to public criticism, class action lawsuits, reputational harm, or investigations or claims by regulators, industry groups or third parties, all of which could disrupt our business and expose us to increased liability.

Our loss of foreign private issuer status could result in significant additional costs and expenses to us.

Canadian issuers that meet the definition of "foreign private issuer" under the rules of the United States Securities and Exchange Commission (the "SEC") and that are required to file reports with the SEC pursuant to applicable U.S. securities laws are permitted to use Canadian disclosure documents to largely satisfy their reporting requirements with the SEC.

During the third quarter of Fiscal 2018, the Board determined that the Company met the requirements to qualify as a "foreign private issuer" under applicable U.S. securities laws and the rules of the SEC. In the event that the Company does not meet the requirements to qualify as a "foreign private issuer" in the future, the Company's ability to issue unrestricted equity on a public offering basis may be limited. Given other potential available sources of capital and liquidity (including, for example, asset and/or property sales, debt and/or mortgage financing, or equity issuances on a private placement basis), the Company does not currently anticipate that a loss of foreign private issuer status could adversely affect its business or financial condition. As a result of the equity investment by Rhône and the Company's obligation under the Investor Rights Agreement (as defined herein), the Company may register its securities with the SEC (under the multijurisdictional disclosure system) in connection with the expiry of the lock-up period under such agreement.

In the event the Company registered a class of our securities with the SEC, the regulatory and compliance costs to us under securities laws as a U.S. domestic issuer may be significantly more than the costs incurred as a Canadian foreign private issuer.

Tax matters could adversely affect our results of operations and financial condition.

We are subject to income and other taxes in Canada, the United States and other foreign jurisdictions. Our effective income tax rate and future tax liability could be adversely affected by numerous factors including the results of tax audits and examinations, income before taxes being lower than anticipated in countries with lower statutory income tax rates and higher than anticipated in countries with higher statutory income tax rates, changes in income tax rates, changes in transfer pricing, changes in the valuation of deferred tax assets and liabilities, changes in applicable tax legislation, regulations and treaties, exposure to additional tax liabilities, including interest and penalties, and changes in accounting principles and interpretations relating to tax matters, any of which could adversely impact our results of operations and financial condition in future periods. Significant judgment is required in evaluating and estimating our worldwide provision and accruals for taxes, and actual results may differ from our estimations.

In addition, we are subject to the continuous examination of our tax returns and reports by federal, state, provincial and local tax authorities in Canada, the United States and foreign countries, and the examining authorities may challenge positions we take. We are engaged in various proceedings, which are at various stages, with such authorities with respect to assessments, claims, deficiencies and refunds. We regularly assess the likely outcomes of these proceedings to determine the adequacy and appropriateness of our provision for income taxes, and increase and decrease our provision as a result of these assessments. However, the developments in and actual results of proceedings or the result of rulings by or settlements with tax authorities and courts or due to changes in facts, law or legal interpretations, expiration of applicable statutes of limitations or other resolutions of tax positions could differ from the amounts we have accrued for such proceedings in either a positive or a negative manner, which could materially affect our effective income tax rate in a given financial period, the amount of taxes we are required to pay and our results of operations. In addition, we are subject to tax audits and examinations for payroll, value added, sales-based and other taxes relating to our businesses.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could have a material adverse effect on our businesses and results of operations.

IFRS, U.S. GAAP and related accounting pronouncements, implementation guidelines, and interpretations with regard to a wide range of matters that are relevant to our businesses, including, but not limited to, revenue recognition, investments, merchandise inventories, vendor rebates and other vendor consideration, impairment of long-lived assets, self-insurance liabilities, and income taxes are highly complex and involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is from time to time involved in legal proceedings and regulatory actions of a nature considered normal to its business. The Company believes that none of the litigation in which it is currently involved, or has been involved since the beginning of the most recently completed fiscal year, individually or in the aggregate, is material to its consolidated financial condition or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Annual Information Form, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the voting shares of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three most recently completed fiscal years or during the current fiscal year, or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

The Board reviews and approves transactions between the Company on the one hand and a related party, such as our directors, officers, holders of more than 10 percent of our voting securities and their affiliates and associates, the immediate family members of any of the foregoing persons and any other persons whom the Board determines may be considered a related party, on the other hand. Prior to the Board's consideration of a transaction with a related party, the material facts as to the related party's relationship or interest in the transaction are disclosed to the Board, and the transaction is not considered approved by the Board unless a majority of the directors who are not interested in the transaction approve the transaction.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditor is Deloitte LLP and its address is Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9.

The transfer agent and registrar for the Common Shares and Convertible Preferred Shares is TSX Trust Company, which can be contacted at its principal offices at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last fiscal year before the date of this Annual Information Form, entered into prior to such date but which contract is still in effect, or to which the Company is a party to. Each of the summaries below describes certain material provisions of the relevant material contract and is subject to, and qualified in its entirety by reference to, the relevant material contract, a copy of which is available on the SEDAR website at www.sedar.com.

Copies of the material agreements may be inspected during ordinary business hours at the Company's principal executive offices located at 401 Bay Street, Suite 500, Toronto, Ontario, M5H 2Y4 or may be found on SEDAR at www.sedar.com.

Initial Nominating Rights Agreement

Concurrently with the closing of the Company's initial public offering on November 26, 2012, the Company, L&T B Group, and Hanover entered into a nominating rights agreement (as amended from time to time, the "Initial Nominating Rights Agreement"). Pursuant to the Initial Nominating Rights Agreement, for so long as

L&T B Group (which for this purpose includes shareholders L&T B Group to whom Common Shares are transferred) directly or indirectly beneficially owns a specified percentage of the Common Shares, L&T B Group is entitled to nominate for election to the Board of Directors a specified number of directors at each annual meeting of the Shareholders. Specifically, (i) if L&T B Group directly or indirectly beneficially owns greater than or equal to 25% of the outstanding Common Shares, L&T B Group has the right to nominate four directors; (ii) if L&T B Group directly or indirectly beneficially owns less than 25% but not less than 10% of the outstanding Common Shares, L&T B Group has the right to nominate two directors; and (iii) if L&T B Group directly or indirectly beneficially owns less than 10%, the Company will not be obligated to include any L&T B Group nominees among the Board of Director's nominees to be nominated at any further meetings.

In addition, pursuant to the Initial Nominating Rights Agreement, (i) if Hanover directly or indirectly beneficially owns not less than 35% of the outstanding Common Shares, Hanover has the right to nominate four directors, provided that three of such nominees will be considered independent directors if elected to the Board of Directors; (ii) if Hanover directly or indirectly beneficially owns less than 35% but not less than 30% of the outstanding Common Shares, Hanover has the right to nominate three directors, provided that two of such nominees will be considered independent directors if elected to the Board of Directors; (iii) if Hanover directly or indirectly beneficially owns less than 30% but not less than 20%, Hanover has the right to nominate two nominees, provided that one of such nominees will be considered independent if elected to the Board of Directors; (iv) if Hanover directly or indirectly beneficially owns less than 20% but not less than 10%, Hanover has the right to nominate one nominee; and (v) if Hanover directly or indirectly beneficially owns less than 10%, the Company will not be obligated to include any Hanover nominees among the Board of Director's nominees to be nominated at any further meetings.

Effective on closing of the Private Placement (as defined below), the Company released L&T B Group and Hanover from their existing voting covenants that committed those shareholders to vote for directors put forward for election by HBC.

238 Ontario Nominating Rights Agreement

In connection with a significant equity subscription on November 4, 2013, the Company and 238 Ontario entered into a nominating rights agreement (the "238 Ontario Nominating Rights Agreement"). Pursuant to the 238 Ontario Nominating Rights Agreement, 238 Ontario is entitled to nominate one individual for election to the Board of Directors. 238 Ontario's nomination right expires if 238 Ontario ceases to own at least the lesser of 5% of the issued and outstanding Common Shares or 50% of 238 Ontario's initial Common Shares (including any Common Shares underlying warrants, or other securities exercisable or exchangeable for, or convertible into, Common Shares, held by 238 Ontario).

Amended and Restated Shareholders Agreement

On July 28, 2013 the Company, L&T B Group, Hanover and 238 Ontario, among others, entered into a shareholders agreement (the "Amended and Restated Shareholders Agreement"), pursuant to which the Company granted demand registration rights to L&T B Group, Hanover and 238 Ontario (or their permitted assigns), which enables such shareholders to require the Company to qualify by prospectus all or a portion of their Common Shares for a distribution to the public in Canada (the "Demand Registration"), provided such Demand Registration will result in a minimum offering size of $50.0 million. In accordance with the terms of the Amended and Restated Shareholders Agreement, the Company will not be obliged to effect collectively more than three Demand Registrations in any 12-month period, on behalf of L&T B Group and Hanover or more than three Demand Registrations in any 12-month period on behalf of 238 Ontario. The Company is entitled to defer, for valid business reasons, any such demand for a period of up to 90 days in certain circumstances, provided that the Company may not defer for a period of more than 120 days in any 12 consecutive months.

The Amended and Restated Shareholders Agreement also provides the shareholders party thereto and certain of their associates with incidental, or piggy-back, registration rights. Where the Company proposes to file a preliminary prospectus with respect to a distribution of Common Shares in Canada, the relevant shareholders and their associates will have the right to request that all or a portion of their Common Shares be included as a part of such distribution, subject to certain limitations, including customary underwriters' cutbacks. Where a relevant shareholder exercises one of its Demand Registrations, the other relevant shareholders and their associates will have piggy-back rights to participate in such distribution to the public on a pro rata basis.

The Company will pay all distribution expenses in connection with all Demand Registrations and piggy-back registrations, and all expenses incurred by the relevant shareholders in connection therewith, other than underwriting discounts, commissions and transfer taxes. L&T B Group and Hanover will have Demand Registration rights and piggy-back registration rights until L&T B Group, Hanover and 238 Ontario together hold, directly or indirectly, in the aggregate less than 10% of the issued and outstanding Common Shares for a continuous period of 180 days. 238 Ontario will have Demand Registration rights and piggy-back registration rights until 238 Ontario ceases to hold, directly or indirectly, in the aggregate greater than 1% of the outstanding Common Shares (including any Common Shares underlying warrants, or other securities exercisable or exchangeable for, or convertible into, Common Shares, held by 238 Ontario).

Pursuant to the Amended and Restated Shareholders Agreement, the Company granted 238 Ontario certain pre-emptive rights to purchase additional Common Shares or other securities convertible, exchangeable or exercisable for Common Shares provided that 238 Ontario holds at least 5% of the then outstanding Common Shares (including any Common Shares underlying warrants, or other securities exercisable or exchangeable for, or convertible into, Common Shares, held by 238 Ontario).

The Amended and Restated Shareholders Agreement imposes certain restrictions on transfers of Common Shares (as indicated in the following table) by the relevant shareholders, including to competitors of the Company or, in the case of 238 Ontario, to third parties who own or control more than 10% of the outstanding Common Shares prior to giving effect to the transaction or would own or control more than 15% of the outstanding Common Shares after giving effect to such transaction. Following November 26, 2014, such transfer restrictions ceased to apply to L&T B Group and Hanover. Any transfer restrictions cease to apply to 238 Ontario as of such time that 238 Ontario ceases to directly or indirectly own or control more than 5% of the outstanding Common Shares or as of such time L&T B Group, and its current shareholders to whom it transfers or distributes any Common Shares, collectively cease to directly or indirectly own more than 20% of the outstanding Common Shares.

Designation of class	**Number of securities that are subject to a contractual restriction on transfer**	**Percentage of class**
Common Shares	17,953,536[(1)]	9.8%

Note:
(1) The contractual transfer restrictions are described above. On January 3, 2019, it was publicly announced that Rupert of the Rhine LLC (“Rupert of the Rhine”), an entity controlled directly or indirectly by Richard A. Baker, the Company’s Governor and Executive Chairman entered into an agreement to acquire all of the Common Shares held by 238 Ontario. Rupert of the Rhine may be considered a joint actor with the L&T B Group.

Investor Rights Agreement

In connection with a subscription for 50,919,608 Convertible Preferred Shares for an aggregate purchase price of $638 million (U.S.$500 million) on December 6, 2017 (the “Private Placement”), the Company and Rhône entered into an investor rights agreement (the “Investor Rights Agreement”) which provided for, among other things, certain director nomination rights.

Registration Rights

Subject to the terms of the Investor Rights Agreement, Rhône has the right (the “Demand Registration Right”) to require the Company to use commercially reasonable efforts to file a prospectus, including a base shelf prospectus, with applicable Canadian securities regulatory authorities, qualifying Common Shares held by Rhône and its permitted transferees (a “Demand Distribution”); provided any such offering is expected to result in gross sale proceeds of not less than U.S.$50 million, subject to certain exceptions. Rhône is entitled to request not more than three Demand Distributions per calendar year, subject to certain conditions.

In addition, the Investor Rights Agreement provides Rhône and its permitted transferees with the right (the “Piggy-Back Registration Right”) to require the Company to include Common Shares held by it in any future distribution of Common Shares to the public by way of a prospectus for the Company's own account or for the account of other securityholders of the Company exercising demand registration rights granted to such securityholders (a "Piggy-Back Distribution").

Each of the Demand Registration Right and the Piggy-Back Registration Right is exercisable at any time following the expiration of the Lock-Up Period (as defined below) and expire on the date that Rhône is permitted to freely dispose of all its Common Shares in a public sale, without any volume, manner of sale or other restrictions under applicable securities laws. The Demand Registration Right and the Piggy-Back Registration Right are subject to various conditions and limitations, and the Company is entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Demand Distribution and a Piggy-Back Distribution, subject to certain exceptions, will be borne by the Company, except that any underwriting fee on the sale of any Common Shares by Rhône will be borne by Rhône. Pursuant to the Investor Rights Agreement, the Company will indemnify Rhône for any misrepresentation in a prospectus under which Rhône's Common Shares are distributed (other than in respect of any information provided by Rhône for use in the prospectus) and Rhône will indemnify the Company for any misrepresentation in any information provided by Rhône for use in the prospectus. The "Lock-Up Period" commenced on the date of issuance of the Convertible Preferred Shares and terminates on the 18-month anniversary of the issuance of the Convertible Preferred Shares.

Nomination Rights

If, as of the date that is 60 days prior to the date of any directors election meeting:

(a) Rhône and its permitted transferees have economic ownership of such number of Preferred Shares or Common Shares equal to not less than 50% of the number of Common Shares into which the Convertible Preferred Shares were convertible as of the closing of the Private Placement (the "Original Securities"), Rhône shall have the right to (i) nominate two individuals for election to the Board; and (ii) appoint one such director nominee as a member of any standing committee of the Board; or

(b) Rhône and its permitted transferees have economic ownership of less than 50% but not less than 25% of the Original Securities, Rhône shall have the right to (i) nominate one individual for election to the Board, and (ii) appoint such director nominee to any standing committee of the Board.

If, at any time following closing of the Private Placement, Rhône and its permitted transferees have economic ownership of less than 25% of the Original Securities, Rhône's nomination rights in respect of the Board shall terminate.

Pre-Emptive Rights

Subject to certain exemptions, the Company has granted Rhône customary pre-emptive rights in respect of any future issuance of Common Shares or other securities of the Company which are convertible into, exchangeable or exercisable for or otherwise represent a right to acquire Common Shares. Such rights will continue until such time as Rhône and its permitted transferees cease to own at least 50% of the Original Securities.

Restrictions on Transfers

Rhône has agreed to not transfer any Convertible Preferred Shares held by it, except to a permitted transferee in accordance with the terms of the Investor Rights Agreement.

Additionally, during the Lock-Up Period, Rhône has agreed to not transfer any Common Shares held by it, except to a permitted transferee in accordance with the terms of the Investor Rights Agreement. Following the expiration of the Lock-Up Period, Rhône has agreed to not transfer any Common Shares held by it to (i) any person it knows, after good faith inquiry, to be a competitor of the Company, or (ii) to any person or group of persons that it knows, after good faith inquiry, owns or controls, or would after such transfer own or control, more than 10% of the outstanding Common Shares.

Accordingly, the securities subject to contractual restriction on the transfer pursuant to the Investor Rights Agreement are as follows:

Designation of class	Number of securities that are subject to a contractual restriction on transfer	Percentage of class
Convertible Preferred Shares	50,919,608[1]	100%
Underlying Common Shares	55,052,539[1]	23.0%

Note:
(1) The contractual restrictions on transfer are described above.

Standstill

For so long as Rhône is entitled to have an individual serve as a member of the Board, Rhône has agreed to not, without the prior consent of the Company:

(a) acquire, or propose, offer, seek, negotiate or agree to acquire, directly or indirectly, any securities or loans of the Company or any rights or options to acquire any securities or loans of the Company, or a material portion of the assets of the Company;

(b) propose, offer, seek, negotiate or agree to enter into any merger, public offer, tender offer or exchange offer, arrangement, amalgamation, asset purchase, liquidation, or other business or similar transaction involving the Company;

(c) engage in the solicitation of any proxies with respect to, the voting of any securities of the Company or otherwise interfere or take actions that may interfere with any vote of the securityholders of the Company; or

(d) make any public announcement or disclosure regarding an intention to do any action restricted by any of the foregoing.

Notwithstanding the foregoing, Rhône may acquire that number of Common Shares such that its interest in the Company shall be no greater than 45.0% of the outstanding Common Shares, on a partially-diluted basis, in reliance on exemptions from the takeover bid rules under applicable securities laws and subject to certain limitations.

Covenants of Rhône

Rhône has also agreed to cause all of the Convertible Preferred Shares and/or Common Shares owned by it to be voted in favor of all persons nominated by the Company for election to the Board, other than persons who are nominated for election as directors pursuant to the exercise of nomination rights granted to another shareholder of the Company under an agreement in effect on the date of the Investor Rights Agreement between that shareholder and the Company, and to provide notice to the Company of any intention to vote against any equity compensation or management compensation matter that the Board has recommended that shareholders approve at any applicable shareholders meeting.

Termination

The Investor Rights Agreement may be terminated at any time by mutual consent of the parties, and shall automatically terminate on any date following the date of the agreement on which Rhône no longer owns any Preferred Shares or Common Shares. Certain provisions shall survive the termination of the Investor Rights Agreement.

Global ABL

On February 5, 2016, the Company entered into a senior secured asset-based revolving credit facility (as amended from time to time, the "Global ABL"), with Bank of America, N.A., as the administrative agent and collateral agent replacing both the Company's revolving credit facility with Bank of America, N.A. and the revolving credit facility with Bank of America, N.A. to which Lord & Taylor Acquisition Inc. ("LT Acquisition") was party, each of which existed at January 30, 2016 (the "Prior Credit Facilities"). The Global ABL has a maturity date of February 5, 2021 with key terms that are consistent with the Prior Credit Facilities. The Global ABL was initially divided into three tranches consisting of: (i) a U.S. subfacility, (ii) a Canadian subfacility, and (iii) a German subfacility, and was subject to a borrowing base based predominantly on eligible inventory and accounts receivable of HBC, LT Acquisition, Saks, GALERIA Kaufhof and certain of their respective subsidiaries (other than real estate subsidiaries). On February 6, 2017, the Global ABL was amended to introduce another tranche consisting of a Dutch subfacility and to expand the amount of the facility by U.S.$350 million, increasing the size of the total borrowing line availability to U.S.$2.25 billion. On November 30, 2018, the Global ABL was amended to remove the tranches consisting of the German subfacility and Dutch subfacility, thereby reducing the amount of the facility by U.S.$450 million and decreasing the size of the total borrowing line availability to U.S.$1.94 billion. The Global ABL is available on a revolving basis to, among other things, finance working capital needs, capital expenditures, operating activities and to support the issuance of standby letters of credit. The Global ABL has multiple interest rate charge options that are based on the U.S. prime rate, Federal Funds rate, LIBOR, Canadian prime rate and Canadian Dollar Offered Rate. The Global ABL contains restrictive covenants customary for credit facilities of this nature, including restrictions on the incurrence of indebtedness, financial maintenance covenants, and restrictions on payments to affiliates and shareholders. It also includes events of default and representations and warranties that are customary for credit facilities of this nature. HBC is in compliance with the terms of all covenants contained in the Global ABL.

The Global ABL is secured by a first priority security interest over all inventory and accounts receivable in Canada (HBC) and the United States (LT Acquisition and Saks and certain of their subsidiaries)

U.S. Term Loan B

On September 30, 2015, in connection with the closing of the Kaufhof Acquisition, the Company entered into a U.S.$1.085 billion senior secured term loan facility with Bank of America, N.A., as the administrative agent (as amended from time to time, the "U.S. Term Loan B"). On November 15, 2015, HBC repaid U.S.$585 million of the U.S. Term Loan B using cash on hand and proceeds from the sale of a portion of its equity investment in the HBS Joint Venture (including a related entity). In connection with the repayment, U.S.$32 million of deferred financing costs were written off. A portion of the principal amount outstanding under the U.S. Term Loan B in the amount of U.S. $175 million was repaid on November 30, 2018, using proceeds from the sale to SIGNA of HBC's 12.4% equity interest in the European Real Estate JV. As at February 2, 2019, the principal amount outstanding under the U.S. Term Loan B was U.S.$325 million. The Company is in compliance with the terms of all covenants contained in the U.S. Term Loan B.

The U.S. Term Loan B matures on September 30, 2022 and carries an interest rate of LIBOR (with a LIBOR Floor) plus 3.25% per annum. The U.S. Term Loan B is subject to mandatory prepayments.

The U.S. Term Loan B contains restrictive covenants customary for credit facilities of this nature, including restrictions on the incurrence of indebtedness, financial maintenance covenants, and restrictions on payments to affiliates and shareholders. It also includes events of default and representations and warranties that are customary for credit facilities of this nature.

The U.S. Term Loan B is secured by a second priority security interest over inventory and accounts receivable, a first priority security interest over substantially all other assets of the Company and certain of its subsidiaries (excluding real estate subsidiaries) as well as a pledge of the shares of certain subsidiaries of the Company and certain of their subsidiaries.

Saks Mortgage

On December 3, 2014, the Company announced the closing of a U.S.$1.25 billion, 20-year mortgage loan entered into by Saks Flagship Real Property LLC, an indirect wholly-owned subsidiary of the Company, on the ground portion of the Saks Fifth Avenue flagship property in New York City, located at 611 Fifth Avenue with Bank of America, N.A., as the administrative agent (the "Saks Mortgage"). The Saks Mortgage matures December 3, 2034, carries a fixed interest rate of 4.39% and requires interest only payments. The Saks Mortgage is secured by a first mortgage lien on the fee interest in the property, together with all ground lease rents, profits and revenues. The Saks Mortgage contains positive and negative covenants, reporting requirements, restrictive covenants, events of default and representations and warranties that are customary for credit facilities of this nature.

Saks Flagship Real Property LLC is in compliance with the terms of its indebtedness to the lenders under the Saks Mortgage.

European OpCo Implementation Agreement

On September 11, 2018, the Company entered into the OpCo Implementation Agreement (the "OpCo Implementation Agreement") with, inter alia, SIGNA Holding GmbH, SIGNA Retail Department Store Holding GmbH ("SIGNA Department Store Holding"), and HBC Europe S.à r.l. ("HBC Europe"). The OpCo Implementation Agreement provides for the operation of the joint venture through a newly established entity in the form of a limited liability company under the laws of the Grand Duchy of Luxembourg, the EDS Group. SIGNA Department Store Holding contributed certain companies comprising the Karstadt business and HBC Europe contributed certain companies comprising the HBC Europe business as well as certain receivables to the EDS Group. Both HBC and SIGNA also contributed €100 million ($150 million) each to the retail operating company for an aggregate investment of €200 million ($300 million) to provide additional liquidity. SIGNA has a 50.01% interest and HBC has a 49.99% interest in the EDS Group.

European PropCo Implementation Agreement

On September 11, 2018, the Company entered into the PropCo Implementation Agreement (the "PropCo Implementation Agreement") with, inter alia, HBC Albert LP ("HBC Albert"), LT Propco LLC, Saks & Company LLC ("Saks LLC") and HBC Albert JV I LLC ("HBC Albert JV") (collectively, "HBC Shareholders") and SIGNA Prime 2016 fünf GmbH and SIGNA fünf 2017 Prime GmbH (collectively, "SIGNA Shareholders"). The PropCo Implementation Agreement provides that the joint venture will be operated through an already existing entity in the form of a limited liability company under the laws of the Grand Duchy of Luxembourg, the European Real Estate JV. SIGNA Shareholder and HBC Shareholder each hold shares in the European Real Estate JV equaling 50.00% of the total share capital of the European Real Estate JV.

Under the PropCo Implementation Agreement, HBC Albert JV, HBC Albert and Saks LLC sold approximately 12% of their shares in HBS Global Properties (the "Sold Shares") to SIGNA Prime 2016 fünf GmbH. Certain other partners of HBS Global Properties transfered 38% of their shares such that SIGNA now holds a 50% in the European Real Estate JV. In addition, SIGNA fünf 2017 Prime GmbH acquired a 50% interest in the 18 German properties.

INTERESTS OF EXPERTS

Our current auditors are Deloitte LLP. Deloitte LLP has informed us that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to HBC may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the Company's management information circular to be mailed and filed in connection with its annual meeting of shareholders scheduled to be held on June 19, 2019.

Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of HBC for the year ended February 2, 2019.

APPENDIX "A"
CHARTER OF THE AUDIT COMMITTEE

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Hudson's Bay Company ("**Company**").

Section 1 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- Financial reporting and disclosure requirements;
- Implementation of an effective risk management and financial control framework;
- Administration of the Company's pension plans; and
- External and internal audit processes.

Section 2 Composition and Membership

(a) The Board will appoint the members ("**Members**") of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of the Company or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director. In the event of a vacancy on the Committee, the remaining members may exercise all of the powers of the Committee, so long as a quorum remains.

(b) The Committee will consist of at least three directors. Each Member will meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Company's securities are listed, including National Instrument 52-110 — *Audit Committees.*

(c) The Board will appoint one of the Members to act as the chair of the Committee (the "**Chair**"). The secretary of the Company (the "**Secretary**") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

Section 3 Meetings

(a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year.

(b) Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting.

(c) Members may attend all meetings either in person, by videoconference or by telephone.

(d) At the request of the external auditors of the Company, the Chief Executive Officer or any person acting in such capacity, Head of Internal Audit or the Senior Vice President and Chief Financial Officer of the Company or any Member, the Chair will convene a meeting of the Committee. Any such request shall set out in reasonable detail the business proposed to be conducted at the meeting so requested.

(e) The Chair, if present, will act as the chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their members to act as chair of the meeting. A majority of Members will constitute a quorum for a meeting of the Committee.

(f) Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes.

(g) Powers of the Committee may be exercised by written resolutions signed by all Members.

(h) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee.

(i) The Committee shall meet in camera without members of management in attendance for a portion of each meeting of the Committee.

(j) In advance of every regularly scheduled meeting of the Committee, the Chair, with the assistance of the Secretary, should prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

(k) The Committee may delegate any or all of its functions to any of its members or any sub-set thereof, or other persons, from time to time as it sees fit to the extent permitted by law.

Section 4 Duties and Responsibilities

The Committee shall have the following responsibilities:

(1) Financial Statements and Disclosure

(a) Review and recommend to the Board for approval, having regard to whether they are complete and consistent with information known to the Members, and reflect appropriate accounting principles as applicable:

(i) the annual financial statements and annual Management Discussion and Analysis ("**MD&A**");

(ii) the interim financial reports and interim MD&A; and

(iii) financial information contained in the Company's annual information form, earnings press releases and other financial information disclosed by the Company to any governmental body or the public.

(b) Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from financial statements, other than the public disclosure in financial statements, MD&A and annual and interim earnings press releases and annual information form, and periodically assess the adequacy of those procedures.

(c) Review and assess the manner in which management develops interim financial information, and the nature and extent of internal and external auditor involvement.

(2) Internal Controls

(a) Consider the effectiveness of the company's internal control system, including information technology security and control.

(b) Understand the scope of internal and external auditors' review of internal control over financial reporting, as applicable, and obtain reports on significant findings and recommendations, together with management's responses.

(3) Internal Audit

(a) Oversee the work of the internal audit function, including organization, operations and independence.

(b) Review the performance of the Head of Internal Audit and approve his or her annual compensation and salary adjustment.

(c) Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

(d) On a regular basis, meet separately with the Head of Internal Audit to discuss any matters that the Committee or internal audit believes should be discussed without other members of management present

(4) External Audit

(a) Review the performance and independence of the external auditors, and recommend final approval on the appointment or discharge of the auditors.

(b) Recommend to the Board the appointment and compensation of the Company's external auditor.

(c) Oversee the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(d) Pre-approve all non-audit and audit-related services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Company or its subsidiary entities by the Company's external auditor, in keeping with the Company's Auditor Services Pre-Approval Policy.

(e) On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

(f) Consider and recommend to the Board if appropriate, major changes to accounting principles, policies and practices as suggested by the external auditors and/or management.

(g) Review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A.

(h) Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response.

(i) Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.

(5) Pension

(a) Oversee the implementation, administration and governance of the Company's pension plans (the "**Plans**") through the Company's pension sub-committee (the "**Sub-committee**").

(b) Ensure that the Sub-committee has the adequate authority and resources to carry out its duties.

(c) Review and recommend to the Board for approval any proposals of the Sub-committee concerning amendments to the Plans or the funding and contribution requirements of the Plans.

(d) Oversee the implementation by the Sub-committee of processes and procedures designed to ensure that;

  (i) clear, up-to-date information and appropriate investment options are made available to Plan members with respect to the self-directed defined contribution accounts;

  (ii) plan members have the resources necessary to make informed investment decisions;

  (iii) the interpretation and administration of the Plans, including payment of benefits and other transaction are carrying out in compliance with applicable laws and applicable investment policies and guidelines;

  (iv) investment performance, including that of the investment managers, is monitored and reviewed on a regular basis; and

  (v) all reports, certificates, statements or other documents are filed with the appropriate regulatory authorities as required.

(e) Receive, review and approve reports from the Sub-committee providing reasonable assurances that;

  (i) reasonable investment options are available to Plan members with respect to investment of funds in the Plans' defined contribution accounts; and

  (ii) the pension benefits committed by the Company under the defined terms of the Plans are properly calculated and paid, and that the funds under the Plans are invested and managed prudently.

(6) Risk

(a) Satisfy itself that the Company has implemented an appropriate enterprise risk management ("**ERM**") framework for the management of the Company's risks, and that the ERM framework provides for: (i) the identification of significant risks to the Company or its business, including emerging risks; (ii) ERM governance and organization; (iii) processes to identify, report, measure, assess, control and monitor risk; and (iv) such other related ERM policies, procedures and frameworks as the Committee may determine to be advisable.

(b) Review policies and practices to control significant risks and review changes to the ERM framework recommended by senior executives of the Company.

(7) Related Party Transactions

(a) Review all related party transactions other than those delegated to a special committee or independent committee of the Board against applicable legal and regulatory requirements, discuss with management the business rationale for the transactions, review applicable disclosures and report to the Board on all such transactions, if any, each quarter.

(b) Review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit in connection therewith.

(8) Compliance

(a) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters (the "**Whistleblower Policy**").

(b) Review the effectiveness of the Whistleblower Policy and follow-up (including disciplinary action) of any instances of non-compliance.

(c) Oversee investigations of alleged fraud and illegality relating to the Company's finances and review the findings of any examinations by regulatory agencies, and any external auditor observations.

(d) Oversee the Company's approach to managing conflicts of interest in the hiring of partners, employees and former partners and employees of the Company's present and former external auditors.

(9) Other Responsibilities

(a) Perform other activities related to this Charter as requested by the Board.

(b) Institute and oversee special investigations as needed.

(c) Approve the hiring of the Chief Financial Officer.

(d) Evaluate the Committee's and individual members' performance on a regular basis.

Section 5 Oversight Function

The Committee's responsibilities with respect to financial reporting are as set forth in this Charter. It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with applicable accounting standards, as applicable, and other applicable requirements. These are the responsibilities of management and the external auditors. The Committee, however, will consider whether these annual financial statements are complete, consistent with information known to Members, and reflect appropriate accounting principles.

The role of the Committee is to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

The terms of this Charter are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

Section 6 Reporting

The Chair should report to the Board at each Board meeting on the Committee's activities since the last Board meeting. As required by applicable rules and regulations, the Committee should report annually to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law. The Committee should also review any other report the Company issues that relates to the Committee's responsibilities.

Section 7 Access to Information and Authority

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees of the Company will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

Section 8 Review of Charter

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

The Board may, from time to time, and to the extent permitted by NI 52-110, permit departures from the terms of this Charter, either prospectively or retrospectively.

Dated: December 2015; amended March 2017

Approved by: Audit Committee
Board of Directors