LANDandBUILDINGS

Land & Buildings Issues Letter to Hudson's Bay Shareholders

– Reiterates that Hudson's Bay's world class real estate is valued at C$31 per share, substantially more than its current share price C$10 per share –

– Pleased Board is evaluating sale of European business –

– A go-private transaction, as reportedly being contemplated over the summer, appears more likely following the capital infusion from Rhône and marketing of assets, as prior attempt this fall was thwarted following tightening credit conditions after Toys "R" Us bankruptcy –

– Unibail-Rodamco's purchase announced today of high quality US/Europe retail landlord Westfield for $25 billion, or a ~4% cap rate, highlights value of high quality retail real estate –

Stamford, CT, December 12, 2017 – Land & Buildings Investment Management, LLC (together with its affiliates, "Land & Buildings") today issued the following letter to shareholders of Hudson's Bay Company (TSX: HBC) ("Hudson's Bay", "HBC" or the "Company").

The full text of the letter follows:

Dear Hudson's Bay Shareholders

As you are likely aware, Land & Buildings reached an agreement with Hudson's Bay last month in furtherance of our continued collaboration with the Board to ensure that shareholder value is maximized. In that regard, we are writing to update shareholders on our current views and expectations for unlocking the value of our respective investments in the Company. We note that Hudson's Bay world class real estate is valued at C$31 per share[1] – as the Company disclosed in April – yet it is trading at C$10 per share. HBC's third quarter earnings disappointment, which management admitted, "did not meet our expectations," gives us more reason to view and value HBC as a real estate company.

High quality retail real estate is in high demand, most recently evidenced by Unibail-Rodamco's purchase announced today of Class A US/Europe mall landlord Westfield Corporation for $25 billion, or a ~4% cap rate. Hudson's Bay's real estate value disclosed by management, which is triple the current share price, is based on a 5% blended cap rate.

Hudson's Bay could be poised to generate nearly C$13 of net cash proceeds from completed and marketed real estate and capital transactions, giving HBC a cash hoard of over C$3 billion, which would facilitate a go-private transaction. Specifically, we would note that:

- The Company sold the Lord & Taylor flagship store for $850 million, net C$2.40 per share in cash, or 30% more than its appraised value.
- HBC repurposed the Lord and Taylor flagship store to its highest and best use with WeWork Companies ("WeWork") slated to occupy a majority of the building.
- The Company has listed for sale the Vancouver store for C$900 million, which if sold could net C$2.50 per share[2] in cash.
- The Hudson's Bay non-management Board members we believe are evaluating a sale of the European business, which could net C$5.20 per share in cash.
- The Rhone convertible preferred issuance generated C$2.70 per share in cash.
- Hudson's Bay has eliminated shareholder voting agreements as part of the Rhône Capital transactions.
- Management's potential plans with respect to a go-private, as reported over the summer, were likely thwarted just months ago by the tightening of the credit markets after Toys "R" Us announced its bankruptcy.

- Rhône Capital's Steven Langman and WeWork's Eric Gross are now on the Board of HBC. What we see as the value opportunity deal they made with HBC, given their track records as value buyers, suggests they see a clear path to maximizing the value of HBC.

We look forward to working collaboratively with the Board and management of HBC and will closely monitor developments at the Company with our respective best interests as shareholders as paramount.

Sincerely,

Jonathan Litt

Founder & CIO

Land & Buildings Investment Management, LLC

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[1] Hudson's Bay's April 2017 estimate of C$35 per share adjusted for equity issuance to Rhône Capital and sale of Lord & Taylor flagship. All per share figures in letter reflect diluted shares outstanding.
[2] Assumes approximately one-quarter of HBC's 88% share of proceeds used to pay down debt, which is consistent leverage ratio disclosed on RioCan-HBC JV.