

LAND and BUILDINGS

Land and Buildings Comments on Hudson's Bay's Lack of Urgency in Addressing Deep Undervaluation

- Believes Vague Commitments to Creating Value For All Shareholders and Assessing Best use of Real Estate are Insufficient Given the Rapidly Changing Retail Landscape –*
- Land and Buildings Questions Why HBC Has Not Announced its Commitment to Fully Explore All Options to Maximize Value For All Shareholders if Reports are True that the Board is Reviewing Strategic Alternatives, including a Go-Private Transaction –*
- Land and Buildings Understands There May Be Serious Third-Party Interest in HBC's German Assets and Urges the Board to Fully Evaluate any Indications of Interest that May Materialize –*
- Land and Buildings Reiterates that All Options are on the Table If Company Does Not Take Action or Better Communicate a Path Forward to Shareholders – Including Calling a Special Meeting to Remove Directors –*

Stamford, CT, September 6, 2017 – Land & Buildings Investment Management, LLC (together with its affiliates, "Land and Buildings") today issued the following statement commenting on the second quarter earnings report of Hudson's Bay Company (TSX: HBC) ("Hudson's Bay" or the "Company"), a Toronto listed department store operator of various brands in the U.S., Canada, and Europe, including Saks Fifth Avenue, Lord & Taylor, Galeria Kaufhof, and Hudson's Bay:

"Hudson's Bay's vague commitment as part of second quarter results to address its deep undervaluation relative to the Company's stated C\$35 per share estimated value, which utilizes third-party real estate valuations, demonstrates a lack of urgency given the rapidly changing retail landscape. This is why we believe HBC must act boldly and decisively for the good of all shareholders to unlock the substantial value currently trapped in its real estate. While Chairman Richard Baker stated that HBC 'continue[s] to evaluate all opportunities to generate value from HBC's extensive real estate portfolio,' the reality is these words simply amount to another request for shareholders to give the Company more time to turn things around while pursuing its current fundamental strategy – a turnaround which we do not believe is coming given the continued rapid evolution of the department store industry.

What is perhaps even more concerning to us is the continued lack of transparency HBC offers its shareholders. Other concerned parties have informed Land and Buildings that the Company's Board has retained, or is in the process of hiring, J.P. Morgan as financial advisor to an independent committee of the Board. If true, this would further bolster recent reports that the Board is evaluating a potential go-private offer from management, which we understand is being advised by Bank of America. This begs the question, if the Company is truly for sale and a go-private offer is either on the table or forthcoming, then why has the Board not publicly announced its commitment to represent the interests of all shareholders in any such strategic review, and not just those of insiders and management?

Further, we believe there is a highly-qualified third-party buyer with serious interest in the Company's European banner, Galeria Kaufhof, at a value approaching C\$10 per share and at a premium to what Hudson's Bay paid several years ago. If true, and should any indications of interest materialize, we would expect the Board to fully and fairly evaluate any such offers with an eye towards negotiating a transaction that maximizes the value of these substantial assets for all shareholders.

Over the course of more than 20 years Land and Buildings has been involved in countless sensitive transactions in the real estate and retail sectors in our roles as investors, analysts, board members and advisors. We understand the sensitive nature of these discussions and the importance at times for discretion. In light of this lackluster earnings report, which further underscores the urgency for action, the time has come for Hudson's Bay to be more open with shareholders about its plan for delivering value

and to take decisive action in the near-term – otherwise it will be clear that other steps will be needed including potential change at the board level through the calling of a special meeting to remove directors.”

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Media Contact:

Dan Zacchei / Joe Germani

Sloane & Company

212-486-9500

Dzacchei@sloanepr.com

JGermani@sloanepr.com