

LANDandBUILDINGS

Land & Buildings Issues Letter to Hudson's Bay Shareholders

- *Asset Monetizations Slated to Close Shortly Will Yield More than C\$8.90 per Share – Higher than the Current Stock Price and Demonstrating Company's Shares Continue to Trade at Fraction of Estimated Real Estate Value –*
- *Sees Pathway to Significant HBC Stock Price Appreciation by Pursuing Value-Enhancing Steps, Including Sale of Saks Fifth Avenue Brand and Flagship Location –*
- *Intends to Engage in Discussions with Other HBC Shareholders around Calling a Special Meeting of Shareholders to Effect Change at the Board Level, Including Nominating a Former HBC Executive –*

Stamford, CT, November 28, 2018 – 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,

Land & Buildings, as a long-term significant shareholder of Hudson's Bay, continues to believe that the Company's stock is egregiously undervalued. In our view, there are numerous pathways that Hudson's Bay should be pursuing to unlock shareholder value. Unfortunately, the Company has failed to take the decisive actions necessary to achieve this goal.

Currently, Hudson's Bay shares are trading at a fraction of the Company's estimated real estate value of C\$31 per share, based on the Company's disclosed third-party valuations of its vast real estate portfolio¹ – despite the CEO's statement that Saks Fifth Avenue's performance is "tremendous" on HBC's second quarter conference call, with same store sales up over 6%.

In fact, HBC now trades below the value of the C\$8.90 in expected proceeds the Company is set to receive solely from asset monetizations that have closed this quarter or are expected to close in the coming months, including:

- C\$4.85 from the sale of the Lord & Taylor flagship location in Manhattan, scheduled to close in January (HBC has already received a US\$125 million at risk deposit from the buyer).
- C\$3.40 from the partial sale of HBC's European business, which transactions HBC announced have received all necessary lender and regulatory approvals and are expected to have their first closing this month, with follow on real estate transactions expected to close through early 2019.
- C\$0.65 from a lease modification on a store in Vancouver that closed last month.

Clearly, investors' displeasure with HBC's long-tenured Board and Governor Richard Baker continues to weigh on the Company's share price.

Over the coming weeks, we intend to speak with shareholders about adding fresh perspectives to the Board and calling a Special Meeting of Shareholders to effect immediate and decisive change on the Board. Importantly, a former HBC executive who has a clear strategy to unlock value would likely be a part of any slate of director candidates Land & Buildings would propose.

We believe Hudson's Bay could see its share price double or triple if the Company takes the necessary steps to maximize long-term shareholder value, which include the following:

- 1) **Saks Fifth Avenue:** Sell the Saks Fifth Avenue brand to a leading luxury department store company that can leverage the combined operations, and work with the buyer to determine which stores to keep, allowing HBC to liquidate inventory and monetize the remaining Saks real estate. Sell the Saks Fifth Avenue flagship store on 5th Avenue in Manhattan.
- 2) **GALERIA Kaufhof:** Sell the remaining 50% interest in the European business to Signa/Karstadt.
- 3) **Lord & Taylor:** Sell the Lord & Taylor brand to a mass merchant and liquidate its inventory and real estate.
- 4) **Hudson's Bay:** Elect to pursue REIT status for the Canadian real estate and sublease excess space at the Bay department stores in Canada.

HBC's Board has an appalling track record, overseeing more than C\$2 billion of shareholder value destruction with a 60% share price decline over the last three years² – all while the Company's department store peers have risen 25% in 2018.³ Meanwhile, the Board granted its Chairman stock and option grants with respect to more than seven million shares in the past year. We believe that change on the Board is urgently needed to ensure that the Board listens to its shareholders and takes the steps needed to truly maximize value for all shareholders.

We look forward to speaking with our fellow shareholders regarding the strategic changes and Board refreshment that are much-needed at Hudson's Bay.

Sincerely,

Jonathan Litt

Founder & CIO

Land & Buildings Investment Management, LLC

###

Media Contact:

Dan Zacchei / Joe Germani

Sloane & Company

212-486-9500

Dzacchei@sloanepr.com

JGermani@sloanepr.com

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 Represents total shareholder return of HBC calculated from November 26, 2015 through November 26, 2018.

³ Represents total shareholder return of the Standard and Poor's Department Stores Index calculated from December 31, 2017 through November 26, 2018.