

JCPenney news release

JCPenney's Retail and Operating Assets to Exit Chapter 11

Will Continue to Serve Customers under the JCPenney Banner

PLANO, Texas (Dec. 7, 2020) – JCPenney today announced that it has completed its previously announced sale, under which Simon Property Group (“Simon”) and Brookfield Asset Management, Inc. (“Brookfield”) have acquired substantially all of JCPenney’s retail and operating assets (“OpCo”). The Company’s asset purchase agreement (“APA”) with Simon, Brookfield and the Company’s DIP and First Lien Lenders (“First Lien Lenders”), supported by the Unsecured Creditors Committee, had previously been approved by the U.S. Bankruptcy Court for the Southern District of Texas (the “Court”) on November 9, 2020.

“Today is an exciting day for our company, as we have accomplished our goal of putting JCPenney on a secure path for the future as a private company so that we can continue to serve our loyal customers,” said Jill Soltau, Chief Executive Officer of JCPenney. “With this closing, our operating company has exited Chapter 11 and is continuing under new ownership and the JCPenney banner. This milestone would not be possible without the commitment and hard work of our associates and the support of our vendor partners. Throughout the 2020 holiday season and beyond, we remain focused on implementing our Plan for Renewal to Offer Compelling Merchandise, Drive Traffic, Deliver an Engaging Experience, Fuel Growth and Build a Results-Minded Culture.”

“We have always been firm believers in JCPenney, and are very pleased to help preserve this iconic institution and save tens of thousands of jobs,” said David Simon, Chairman, Chief Executive Officer and President of Simon Property Group. “JCPenney is now poised for a future focused on innovation and consumers, while continuing to navigate through the pandemic. We are excited about JCPenney’s future growth and look forward to collaborating with the JCPenney team to serve its customers and communities.”

“We are excited to help lead the turnaround of a storied institution while saving tens of thousands of jobs and continuing to serve over 35 million customers,” said Brian Kingston, CEO of Real Estate at Brookfield Asset Management. “This is exactly the type of investment our Retail Revitalization Program was designed to make and along with our partner Simon we have a successful blueprint in place to deploy our collective operational expertise and industry relationships to transform JCPenney through new innovations and offerings.”

In addition, on November 24, 2020, the Court approved the Company’s Plan of Reorganization to create separate property holding companies (“PropCos”) comprising 160 of the Company’s real estate assets and all of its owned distribution centers, which will be owned by the Company’s DIP and First Lien Lenders. The OpCo will enter into master leases with the PropCos and JCPenney will continue to operate the properties and distribution centers moved into the PropCos. The PropCos are expected to complete the Court-supervised restructuring process and emerge from Chapter 11 bankruptcy protection in the first half of 2021.

OpCo Financing Update

With the completion of the sale, JCPenney has access to approximately \$1.5 billion of new financing. This includes a new ABL Facility, which was led by Wells Fargo, and the recently funded FILO Facility, on which Pathlight Capital (“Pathlight”) is serving as the FILO Agent.

“We are pleased to lead such an important financing for this iconic American retailer, to not only support our long-term client through their reorganization, but also provide Simon Property Group and Brookfield Asset Management the financial flexibility they need as they transition JCPenney into its next phase,” said David Marks, head of Wells Fargo Commercial Capital.

“Pathlight is pleased to support JCPenney through their emergence and future growth,” said Dan Platt, CEO at Pathlight Capital. “We are looking forward to working with the management team and new equity partners as they continue to implement their transformation strategy and focus on enhancing the shopping experience of their loyal customer base.”

Additional Information

Additional information regarding JCPenney’s financial restructuring is available at jcprestructuring.com. Court filings and information about the claims process are available at cases.primeclerk.com/JCPenney, by calling the Company’s claims agent, Prime Clerk, toll-free at 877-720-6576, or by sending an email to JCPenneyinfo@primeclerk.com.

Advisers

Kirkland & Ellis LLP is serving as legal adviser, Lazard is serving as financial adviser, and AlixPartners LLP is serving as restructuring adviser to the Company.

Paul, Weiss, Rifkind, Wharton & Garrison LLP is serving as legal counsel and BRG Capital Advisors, LLC is serving as financial adviser to Simon and Brookfield.

Cautionary Statement Regarding Forward-Looking Information

The Company has included statements in this press release that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expect” and similar expressions identify forward-looking statements. Forward-looking statements are based only on the Company’s current assumptions and views of future events and financial performance. They are subject to known and unknown risks and uncertainties, many of which are outside of the Company’s control that may cause the Company’s actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to, risks attendant to the bankruptcy process, including the Company’s ability to obtain court approval from the Bankruptcy Court with respect to motions or other requests made to the Bankruptcy Court throughout the course of the Chapter 11 Cases; the ability of the Company to negotiate, develop, confirm and consummate a plan of reorganization; the effects of the Chapter 11 Cases, including increased legal and other professional costs necessary to execute the Company’s reorganization, on the Company’s liquidity; the effects of the Chapter 11 Cases on the interests of various constituents; the length of time that the Company will operate under Chapter 11 protection; risks associated with third-party motions in the Chapter 11 Cases; Bankruptcy Court rulings in the Chapter 11 Cases and the outcome of the Chapter 11 Cases in general; conditions to which any debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside the Company’s control; the ability of the parties to the Asset Purchase Agreement to consummate the remaining transactions contemplated therein; and legal and regulatory proceedings. Please refer to the Company’s Annual Report on Form 10-K for the year ended February 1, 2020, and Quarterly Reports on Form 10-Q filed subsequently thereto, for a further discussion of risks and uncertainties. Investors should take such risks into account and should not rely on forward-looking statements when making investment decisions. Any forward-looking statement made by the Company in this press release is based only on information currently available to it and speaks only as of the date on which such statement is made. The Company does not undertake to update these forward-looking statements as of any future date.

About JCPenney

JCPenney, one of the nation’s largest apparel and home retailers, combines an expansive footprint of stores across the United States and Puerto Rico with a powerful eCommerce site, jcp.com, to deliver style and value for all hard-working American families. At every touchpoint, customers will discover stylish merchandise at incredible value from an extensive portfolio of private, exclusive and national brands. Reinforcing this shopping experience is the customer service and warrior spirit of JCPenney associates across the globe, all driving toward the Company’s mission to help customers find what they love for less

time, money, and effort. For additional information, please visit jcp.com.

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