Financial Reporting in a Post-REIT World

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Forward Looking Statements & Pro Forma Assumptions

This presentation for Loblaw Companies Limited and its subsidiaries (collectively, the "Company" or "Loblaw") contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, prospects and opportunities. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to:

- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies from the Company's major initiatives, including those from restructuring;
- failure to realize benefits from investments in the Company's information technology ("IT") systems, including the Company's IT systems implementation, or unanticipated results from these initiatives;
- the inability of the Company's IT infrastructure to support the requirements of the Company's business;
- heightened competition, whether from current competitors or new entrants to the marketplace;
- changes in economic conditions including the rate of inflation or deflation, changes in interest and currency exchange rates and derivative and commodity prices;
- public health events including those related to food safety;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements, which could lead to work stoppages;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink;
- the impact of potential environmental liabilities; failure to respond to changes in consumer tastes and buying patterns;
- reliance on the performance and retention of third party service providers including those associated with the Company's supply chain and apparel business;
- supply and quality control issues with vendors;
- changes to the regulation of generic prescription drug prices and the reduction of reimbursement under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- changes in the Company's income, commodity, other tax and regulatory liabilities including changes in tax laws, regulations or future assessments;
- any requirement of the Company to make contributions to its registered funded defined benefit pension plans or the multi-employer pension plans in which it participates in excess of those currently contemplated;
- the risk that the Company would experience a financial loss if its counterparties fail to meet their obligations in accordance with the terms and conditions of their contracts with the Company;
- the inability of the Company to collect on its credit card receivables; and
- failure to execute the Initial Public Offering ("IPO") of the Company's proposed Real Estate Investment Trust ("REIT") could adversely affect the reputation, operations and financial performance of the Company.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Enterprise Risks and Risk Management section of the Management's Discussion and Analysis ("MD&A") on pages 23 to 31 of the 2012 Annual Report – Financial Review ("Annual Report"). Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this presentation. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PRO FORMA ASSUMPTIONS

The figures referenced in this presentation are primarily drawn from:

- The 2012 Annual Report Financial Review – Loblaw Companies Limited
- The preliminary prospectuses of Choice Properties REIT – each dated May 24, 2013 – as filed on SEDAR

Pro forma figures in this presentation represent estimates of the impact that Choice Properties REIT might have had on Loblaw's 2012 financials had it been a public vehicle for the duration of fiscal 2012

REIT Rationale

- Unlocks value for Loblaw's shareholders – large, diversified real estate portfolio
  - Value of property portfolio not reflected in the share price pre-announcement
  - One of the largest commercial property portfolios in Canada
  - Geographically diverse
- Enables Loblaw to optimize its return on store development projects
  - Lower cost of capital at the REIT
  - Enhances Loblaw's ability to execute store development and site intensification
  - More focused capital allocation within the retail business as well as lower capex on a long-term basis for the retail business
- Will be a long-term source of capital for Loblaw
  - 12 million sq. ft. property portfolio retained by Loblaw with the intention to vend the significant majority into the REIT over the next 10 years
  - As the holder of transferor notes as well as through ownership of Class C units, Loblaw will receive proceeds as these instruments are refinanced and redeemed
  - Loblaw will receive payments from the REIT as it intensifies the Initial Properties vended in

REIT Rationale (continued)

- Establishes a public real estate entity to pursue new avenues for growth
  - Mandate to pursue, among other things, acquisitions outside of Loblaw
    Lower cost of capital will enable the REIT to compete for third-party assets
  - Potential to pursue new development opportunities
- Long term leases provide stability for the retail business
  - 14 year weighted average remaining term to maturity on Loblaw leases (ranging from 10 to 18 years)
  - Steady-state weighted average annual rent escalation of approximately 1.5%
  - Series of five-year renewal options – total remaining term, including all extension terms, varies but can be up to a maximum of 100 years, depending on province
- Strong alignment of interests between Loblaw and the REIT
  - Over 80% Loblaw retained interest
  - Strategic alliance agreement – initial 10 year term

Indicative REIT Capital Structure

Debt

$600M Public Senior Unsecured Notes	**Public senior unsecured notes** • Issued currently with IPO but under a separate prospectus • US style covenant package – more relevant to financing strategy and circumstances • Indicative: 3.5% weighted average coupon rate and 7.5 years weighted average term
$2,000M Transferor Senior Unsecured Notes	**Transferor senior unsecured notes** • Pari-passu with public notes with identical covenant package • 3.2% weighted average coupon rate and 5.0 years weighted average term

$500M committed revolving credit facility
- Undrawn at closing
- Unsecured

Equity

$925M Class C Units	**Class C units** • Priority distribution to Trust units and Class B units • Fixed cumulative distribution of 5% per annum (distributed monthly) and holder has redemption rights beginning 14 years following the IPO closing
$815M Trust Units	**Trust units** • To be held by Loblaw • To be sold to public and GWL • Indicative: 6.0% to 6.5% yield
$2,768M Class B Units	**Class B units** • Held by Loblaw • Exchangeable at the option of the holder for one Trust unit of the REIT • Special voting rights in the Trust

Total EV

$7,108M * Total Enterprise Value

***Assumptions:**
- Target of 50% Debt + Class C to Enterprise Value (at a 6.0% IPO yield, debt + Class C equals 48%).
- Cash NOI: $481 million
- AFFO: $259 million
- At 90% payout and a 6.5% yield, IPO EV valuation of $7,108 million

Loblaw – Potential Use of Proceeds

All proceeds from the IPO and debenture offering will flow to Loblaw

IPO Proceeds[1]
(gross proceeds)

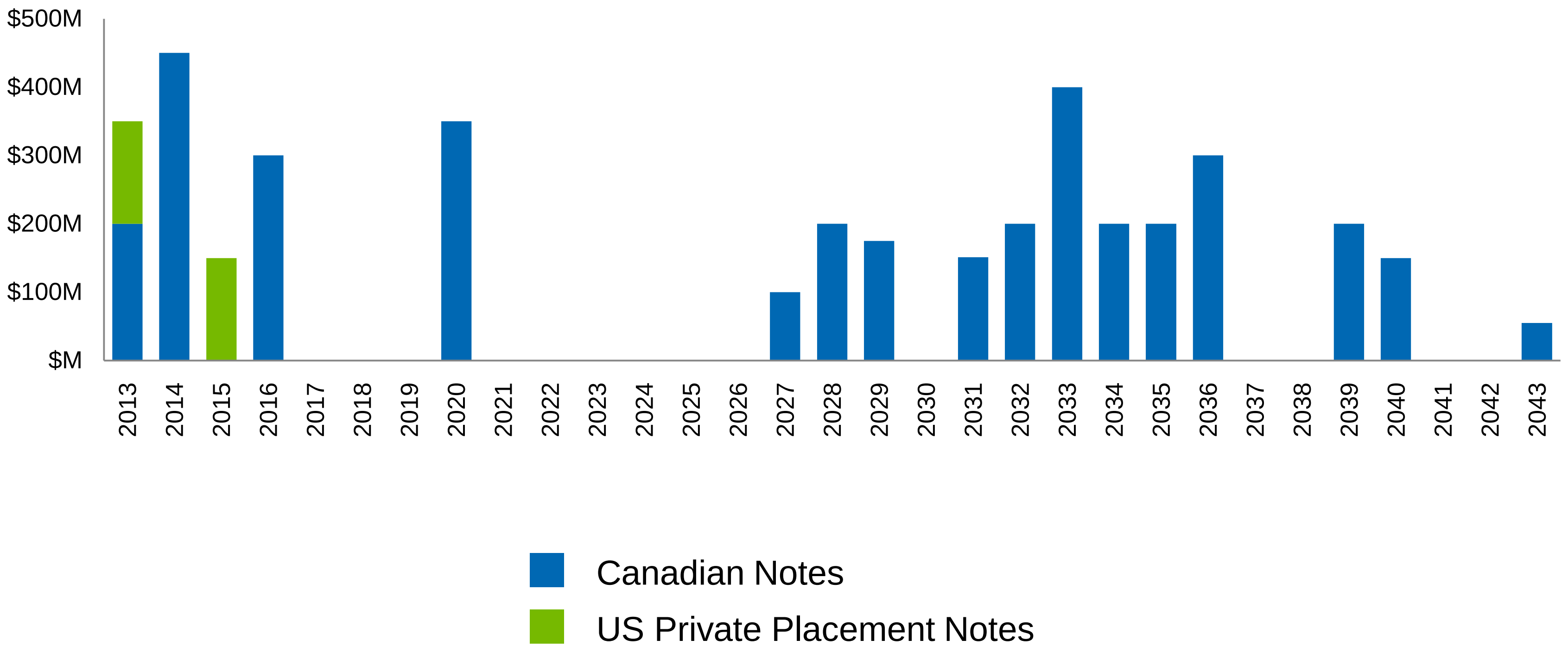
~$**600** million → Debt repayment
→ Invest in growth
→ Share repurchases

Proceeds from the repayment of Transferor Notes[2]

~$**600** million → Debt repayment

(1) $600 million IPO proceeds not accounting for costs related to the Trust Unit Offering
(2) This assumes that the Debenture Offering closes concurrently with the Trust Unit Offering. Amount shown does not account for issuance costs

Debt Maturities



Consolidated P&L Impact – Pro Forma 2012

	Impact	
Revenue	~ $60M ↑	• Primarily related to rent, property tax recovery and recovery rent on ancillary properties – previously presented on a net basis within SG&A
SG&A (ex-D&A)	~ $80M ↑	• Additional SG&A from the REIT • Gross expenses on ancillary properties previously presented on a net basis
D&A	~ flat	• Additional D&A at the REIT related to IT systems • Vast majority of D&A still sits in the retail business
Interest Expense (Debentures)	Up to $25M ↑	• Interest paid by the REIT to 3rd parties on the debentures • Potential offset from repayment of Loblaw 3rd party debt
Interest Expense (Distributions)	~ $40M ↑	• Distributions on the Trust Units paid to external investors (distributions to non-controlling interest will be presented as interest expense)
Trust Unit Liability (MTM)	varies	• Presented as a liability on the balance sheet • Liability is marked to market based on the unit price of the REIT • A 10% increase in the market price of the Trust Units will result in a ~$60 million loss in Loblaw net earnings
Tax Rate	none expected	• We do not expect the REIT to have a material impact on Loblaw's tax rate

Summary Consolidated Pro Forma Impact

	2012A millions	Margin	2012PF millions	Margin
Revenue	$31,604	-	$31,667	-
EBIT	$1,196	3.8%	$1,176	3.7%
EBITDA	$1,973	6.2%	$1,953	6.2%
Net Earnings(1)	$650	2.1%	$587	1.9%
EPS(1)	$2.31	-	$2.09	-

Leakage due to:

- Additional SG&A from the REIT
- Third party interest payments & distributions

Potential offset:

- Repayment of third party debt at Loblaw will partially offset incremental interest expense from the REIT's third party debt

(1) Effective tax rate: 24.9%; shares outstanding: 281.4M

Segment Reporting – Overview

Loblaw COMPANIES LIMITED

Retail Segment	REIT Segment	Financial Services Segment
REIT properties used by stores reflected at historical cost Profit and loss includes depreciation for REIT properties used by stores Income and costs associated with ancillary properties along with related depreciation now excluded	All owned properties reflected at fair value Profit and loss includes all market rent income Ancillary properties previously included in Retail now included in REIT segment	No change from existing segment reporting

- Selling the properties to the REIT will not significantly change the way that management views the retail business
- The retail segment that we break-out in the MD&A following the REIT IPO will look substantially the same as it does today
- Through consolidation, the fair value of REIT store properties and ancillary properties will be eliminated along with intercompany transactions

Valuation Considerations

Retail Segment

Multiple of Retail EBITDA (reflecting REIT impacts)

Retail EBITDA (reflecting REIT impacts) is calculated as:

Retail EBITDA per segment reporting less cash rent plus Class B distributions

REIT Segment

Will be straightforward as units will be publicly traded

Financial Services Segment

Multiple of EBITDA

Multiple of EBIT

Or another methodology

- Most research analysts are now looking at Loblaw on a "sum of the parts" basis
- Need to classify transferor notes as assets and reverse accounting treatment of Class C LP units as liabilities
- Consider remaining real estate to be vended-in over time

Strong Core Business With Three Distinct Pillars

Loblaw is Canada's largest food retailer with industry-leading scale and a significant presence in all major markets nationally.

Choice Properties REIT will be a public vehicle with an experienced management team that is focused on growing and creating value through real estate investment.

The company's Financial Services segment continues to generate strong revenue and operating income growth while driving differentiation and building loyalty across the business.

Questions & Answers

Company reports are
available online at
www.loblaw.ca