FORM 51-102F3

Material Change Report

Item 1 Name and Address of Company

Empire Company Limited (“Empire”)
115 King Street
Stellarton, NS B0K 1S0

Item 2 Date of Material Change

January 24, 2006

Item 3 News Release

A press release was issued through Canada News Wire on January 24, 2006.

Item 4 Summary of Material Change

Empire announced that it proposes to dispose of a portion of the assets of its real estate division through the creation of a real estate investment trust.

Item 5 Full Description of Material Change

Empire announced that it proposes to dispose of a portion of the assets of its real estate division through the creation of a real estate investment trust, to be known as Crombie Real Estate Investment Trust (“Crombie REIT”). Crombie REIT will be capitalized in part through an initial public offering and will utilize the proceeds, along with planned indebtedness, to acquire a portfolio of 44 commercial properties comprising approximately 7.2 million square feet of gross leasable area, located in all four provinces of Atlantic Canada as well as Ontario and Quebec, from Empire’s wholly-owned ECL Properties Limited (“ECL”) (formerly Crombie Properties Limited) and certain of its affiliates. Crombie REIT filed a preliminary prospectus on February 2, 2006 for its initial public offering.

Empire, through ECL, intends to retain a significant indirect ownership interest in Crombie REIT of approximately 49.5%, without incorporating the effects of a 5% over-allotment option granted to the underwriters. In addition, Empire will continue to retain ownership of wholly-owned Sobey Leased Properties Limited and its 36% ownership of Genstar Residential Development Partnership.

Crombie REIT has been formed to acquire income-producing retail, office and mixed-use properties located in Canada, with a growth strategy focused primarily on the acquisition of retail properties in Ontario and Western Canada. The objectives of Crombie REIT are to: (i) generate stable cash distributions on a tax efficient basis; (ii) enhance the value of Crombie REIT’s assess and maximize long-term unit value through active management; and (iii) expand the asset base of Crombie REIT and increase its distributable income through accretive acquisitions.

Crombie REIT will employ ECL's real estate management team. Since 1964, ECL and its predecessors have developed in excess of 175 properties, including properties for Sobeys Inc. and Empire Theatres Limited, both subsidiaries of Empire. Crombie REIT will have a preferential right to acquire certain retail property developments from ECL through a planned development agreement. While Crombie REIT anticipates also developing and acquiring retail properties that do not include Sobeys or other Empire affiliates as an anchor tenant, this important relationship is expected to provide a stimulus for Crombie REIT's expansion.

Completion of the offering of Crombie REIT units and the purchase of ECL's assets by Crombie REIT will be subject to market conditions. There is no assurance that these transactions will proceed.

Empire (TSX: EMP.NV.A) is a diversified Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses include food distribution, real estate, theatres, and corporate investment activities. With $5.2 billion in assets, Empire employs approximately 37,000 people directly and through its subsidiaries.

ECL, a wholly-owned subsidiary of Empire, is a commercial property landlord with property ownership throughout Atlantic Canada and in Quebec and Ontario. ECL's core business is developing and managing shopping centres, anchored strip centres and office buildings.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

No significant facts remain confidential in, and no information has been omitted from, this report.

Item 8 Executive Officer

For further information please contact:

Paul V. Beesley
Senior Vice President and Chief Financial Officer
Empire Company Limited
115 King Street
Stellarton, Nova Scotia
Telephone: (902) 755-4440

Item 9 Date of Report

February 3, 2006.