FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Issuer

Empire Company Limited
(“Empire” or the “Company”)
115 King Street
Stellarton, Nova Scotia
B0K 1S0

Sobeys Incorporated (“Sobeys”)
115 King Street
Stellarton, Nova Scotia
B0K 1S0

Item 2 Date of Material Change

November 4, 2013

Item 3 News Release

A press release was issued through the facilities of Canada NewsWire on November 4, 2013 and filed on SEDAR.

Item 4 Summary of Material Change

Sobeys has completed the acquisition (the “Acquisition”) of substantially all of the assets of Canada Safeway Limited (“Canada Safeway”) for a cash purchase price of Cdn. $5.8 billion, subject to a working capital adjustment, plus the assumption of certain liabilities substantially in accordance with the asset purchase agreement announced on June 12, 2013 (the “Purchase Agreement”) and the consent agreement with the Competition Bureau announced on October 22, 2013.

Item 5 Full Description of Material Change

Empire and its wholly-owned subsidiary, Sobeys, announced that on November 4, 2013 that Sobeys completed the Acquisition effective as of the beginning of the day on Sunday, November 3, 2013.

Transaction Overview

The assets purchased by Sobeys include:

- 213 full service Safeway banner grocery stores (13 Safeway banner stores will be sold further to the consent agreement with the Competition Bureau that requires Sobeys to divest stores in 23 markets);
- 200 in-store pharmacies;
- 62 co-located fuel stations;
- 10 liquor stores;
- 4 primary distribution centres; and
- 12 manufacturing and food processing facilities.

Financing of the Transaction

Sobeys funded the CDN $5.8 billion purchase price and transaction-related costs through application of proceeds from the following:

- $1.85 billion from Empire primarily from Empire's issue of subscription receipts completed in July, 2013;
- $989 million net proceeds from Sobeys' bond offering completed in August, 2013;
- $991 million from the disposition of 70 Canada Safeway properties to Crombie REIT; and
- the balance in bank credit facilities and cash on hand.

Other Information

Safeway has agreed, subject to certain exceptions, that it will not compete with Sobeys for ten years following the closing in the grocery retail, wholesale, distribution, manufacturing or food preparation, retail liquor or tobacco, pharmacy or retail fuel distribution businesses in Canada for the Canadian market. Safeway Inc. also will provide transitional services to Sobeys following the closing, and will assign or license trademarks in connection with the Canadian business to Sobeys.

As a result of the completion of the Acquisition of Canada Safeway assets, each outstanding subscription receipt of Empire has been automatically exchanged for one Class A Non-Voting share of Empire and a cash dividend-equivalent payment of CDN. $0.26 (being equal to the aggregate amount of dividends declared per Class A Non-Voting share for which record dates have occurred since the issuance of the subscription receipts), less any applicable withholding taxes. The subscription receipts were delisted from the Toronto Stock Exchange after the close of markets on November 4, 2013 and the Class A Non-Voting shares issued in exchange for the subscription receipts immediately commence trading on the Toronto Stock Exchange.

Sale Leaseback Transaction

Immediately upon closing of the Acquisition, Sobeys also completed the sale of 70 properties acquired in the Acquisition representing approximately 3.0 million square feet of gross leasable area to Crombie Real Estate Investment Trust ("Crombie REIT") for an aggregate purchase price of approximately $991.3 million in cash, subject to certain customary adjustments (the "Sale Leaseback Transaction"). As a condition of closing, wholly-owned subsidiaries of Sobeys, as tenant, entered into fully net leases for each of the 70 properties (the "Sobeys Leases") with any third party tenants occupying any portion of any such properties becoming a sub-tenant of Sobeys. The aggregate annual basic rent under all the Sobeys Leases is $57.1 million increasing annually by 1.5 percent per year, with such increases being phased in over time and applied to 20 percent of the properties in each year following closing. The leases are fully net to the landlord, such that Sobeys shall be responsible for all property taxes, insurance, maintenance and structural repairs during the term of the lease, and will otherwise provide for retail food store and any other lawful retail use subject to certain customary limitations, acting reasonably. Each lease will be based on an initial term of three years and thereafter alternate between successive terms of two years and three years until an outside date for each property of between 15 years and 20 years after the date of the Sobeys Leases (the "Outside Date"), which Outside Date may be extended at Sobeys' option by up to ten consecutive further periods of five years each.

In order to partially finance the Sale Leaseback Transaction, Crombie REIT issued on August 14, 2013 approximately $225 million of subscription receipts at a price of $12.70 per subscription receipt which are convertible into Crombie REIT trust units. In satisfaction of its pre-emptive rights under Crombie REIT's offering, a wholly-owned subsidiary of Empire purchased $150 million of Crombie Class B Limited Partnership units at the same $12.70 price per unit as the Crombie REIT subscription receipts on a private placement basis. Each Crombie Class B Limited Partnership unit is convertible into one Crombie REIT trust unit. Empire's additional investment in Crombie REIT was completed upon the closing of the Sale Leaseback Transaction. As a result of Empire's additional investment in Crombie REIT, its ownership interest in Crombie REIT is 41.6 percent (approximately 39.3 percent on a fully diluted basis).

About Empire Company Limited

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses include food retailing and related real estate. With pro forma annual sales of approximately $24 billion and assets of approximately $12.5 billion, Empire and its subsidiaries, including franchisees and affiliates, employ more than 124,000 people.

About Sobeys Inc.

Proudly Canadian, with headquarters in Stellarton, Nova Scotia, Sobeys has been serving the food shopping needs of Canadians for 106 years. A wholly-owned subsidiary of Empire Company Limited (TSX:EMP.A), Sobeys owns or franchises more than 1,500 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, and Lawton's Drug Stores as well as more than 330 retail fuel locations. Sobeys and its franchise affiliates employ more than 124,000 people. The company's goal is to be widely recognized as the best food retailer and workplace environment in Canada. More information on Sobeys Inc. can be found at www.sobeyscorporate.com.

Forward-Looking Information

Certain statements made in this report that are not current or historical factual statements may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. When used in this report, forward-looking information may be qualified by words such as "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "will" and other similar terminology suggesting future outcomes or statements regarding an outlook. The forward-looking information disclosed herein involves numerous assumptions, known and unknown risks, uncertainties and other factors, many of which are beyond the control of Empire or Sobeys which may cause actual events, results, performance or achievements of Empire and/or Sobeys to be materially different from those expressed or implied by such forward-looking information. The forward-looking information contained in this report reflects management's current expectations regarding future events and operating performance, speaks only as of the date of this report and is expressly qualified by this cautionary statement. Neither the Company nor Sobeys undertakes to update any forward-looking statements that may be made from time to time by them or on their behalf other than as required by applicable securities laws.

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 on the basis that it is confidential information.

Item 8 Executive Officer

For further information, please contact:

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Item 9 Date of Report

November 14, 2013