

From our beginnings, Empire and Sobeys have created a legacy of success in commercial real estate development to support the growth of our food retail, drug store and theatre operations. We continue to draw upon this wealth of experience as we expand and improve Sobeys' food retail presence across the country.

Over the past several years, we have assembled some of the best site selection and development people in the business. They have been working closely with our regional retail management teams to support Sobeys as it takes advantage of the most promising opportunities for growth. Last year, this talented group completed the construction and development of eight shopping plazas (six of which were anchored by a Sobeys business) representing over 300,000 square feet of gross leasable area. Empire's real estate team ended the year with another 20 projects in the property development pipeline. Activity for fiscal 2011 is consistent with plans for more than \$100 million in development opportunities, primarily in support of Sobeys' growth. We see attractive opportunities for new retail locations in all regions of the country.

Developing our own real estate assets provides significant long-term benefits including the ability to control the exact location of our stores as well as the quality and mix of the surrounding retail environment. Sobeys' various banners are strong anchors in any shopping plaza development, a fact that allows us to attract and retain

other high quality tenants who can help support mutually beneficial levels of customer traffic. Properly designed and located, food-anchored community shopping plazas represent a reliable sector of the commercial real estate market because they contain merchants whose everyday products and services are always in demand.

The natural buyer for these high quality retail developments is Crombie REIT, in which Empire Company Limited holds a 47.4 percent interest. The unique relationship between Empire, Sobeys and Crombie REIT provides a mutually beneficial and distinct competitive advantage which identifies, develops and delivers access to a steady stream of high-quality property opportunities. Sobeys' food stores are typically the largest tenant in those properties. In fact, Sobeys, an investment grade tenant, accounts for more than 32 percent of annual minimum rent and approximately 3.8 million square feet of gross leasable area in Crombie REIT's portfolio. We intend to continue to grow together as we increase our focus on the development of food-anchored shopping plazas in the years ahead.



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Supporting our growth



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