Growing VALUE
Beacon Securities September 2001
Today’s Presentation

• Corporate Profile
• Fiscal 2001 Achievements
• Review of Fiscal 2001 Financial Performance
• How We Create Value
• Segment Highlights
  – Real Estate
  – Investments
  – Food Distribution
• First Quarter 2002 Results
• Share Price & Valuation
• Outlook

Growing VALUE
<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Capitalization</td>
<td>$1.2B</td>
</tr>
<tr>
<td>Current Price (Sept. 7 close)</td>
<td>$35.78</td>
</tr>
<tr>
<td>Trailing EBITDA</td>
<td>$468 million</td>
</tr>
<tr>
<td>EV/Trailing EBITDA</td>
<td>5.5 times</td>
</tr>
<tr>
<td>Price / BV</td>
<td>1.0 times</td>
</tr>
<tr>
<td>Book Value</td>
<td>$35.14</td>
</tr>
<tr>
<td>Shares Outstanding</td>
<td>32.8 million</td>
</tr>
</tbody>
</table>
Empire’s Three Core Businesses

<table>
<thead>
<tr>
<th>Food Distribution</th>
<th>Real Estate</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sobeys Inc.</td>
<td>Atlantic Shopping Centres</td>
<td>Delhaize</td>
</tr>
<tr>
<td>one of largest food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>distributors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ 402 corporate stores</td>
<td>Sobeys Leased Properties</td>
<td>Wajax</td>
</tr>
<tr>
<td>→ 949 franchisee stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ 20 food distribution</td>
<td></td>
<td>Liquid Portfolio</td>
</tr>
<tr>
<td>centres</td>
<td></td>
<td></td>
</tr>
<tr>
<td>only national foodservice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>operation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ 27 foodservice operations</td>
<td></td>
<td>Empire Theatres</td>
</tr>
</tbody>
</table>

Growing VALUE
Growing Value

Growth in Shareholder Value since going Public in July, 1982

• Focus on enhancing value has produced an annual compound growth in the value of shareholder capital of more than 19%
Share Performance

Empire Company Share Performance

Share price at fiscal quarter end dates.

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Empire Company
Net Asset Value Per Share

($ per share)

29.00  39.75  35.25  48.00  48.87

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Total Revenue

($ in millions)


3,150     3,320     6,378     11,164    11,538

Growing VALUE
Operating Earnings per Share

($ per share)


1.19 1.65 1.07 1.43 1.50

Growing VALUE
Growing VALUE

Growth in Fundamentals

Book Value Per Share
($ per share)

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>11.86</td>
<td>14.12</td>
<td>18.06</td>
<td>17.45</td>
<td>33.63</td>
</tr>
</tbody>
</table>

Operating Cash Flow Per Share
($ per share)

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.54</td>
<td>2.97</td>
<td>4.31</td>
<td>7.86</td>
<td>8.82</td>
</tr>
</tbody>
</table>
A Record Performance in Real Estate

Growing VALUE
Real Estate

Occupancy Rate
(% of gross leasable area leased)


89.8 90.5 91.9 91.8 93.4

Gross Leasable Area
(millions of square feet)


10.4 11.3 11.5 12.0 12.0

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Real Estate

Revenue
($ in millions)

141.0 139.0 148.0 157.1 165.8

Operating Income
($ in millions)

62.0 60.5 65.1 70.1 82.3

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Major Projects

- Development and expansion of our commercial property
  - Construction of new 5-plex cinemas for Empire Theatres at Summerside, PEI, and Douglas town, NB
  - Re-development of Aberdeen Mall in New Glasgow, NS into a Business Centre

- Purchased a 40% interest in Genstar Development Partnership, a residential land development company, for $29 million
Real Estate Outlook

- Continue to grow in support of both Sobeys and other related tenants
- Occupancy rate expected to improve during fiscal 2002
- Continue to reinvest cash flow to strengthen property portfolio
Capital Appreciation in our Investments

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Investments

Market Value and Book Value of Investments ($ in million)

- Annualized total return on Investments of 29% in fiscal 2001
Empire Theatres

- Largest film exhibitor in Atlantic Canada
- 126 screens in 20 locations
- Record revenues and operating income in fiscal 2001
- Opened two new Studio 5 complexes during fiscal 2001
Building Sustainable Worth in Food Distribution

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Sobeys Inc.
Operating Earnings

Operating Earnings
($ in millions)

Operating Earnings per Share
($ per share)

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Sobeys Inc.
Company-wide Spending

- 51 new or replacement stores
- 92 stores expanded or modernized

($) in millions

1999 2000 2001

266 386 505
Sobeys Inc.
First Quarter 2002 Performance

• Revenues of $3.04, a 6.3% increase
• Net Earnings of $33.3 million, $5.6 m or 20% increase

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Empire Company Limited
First Quarter Results

• Revenue of $3.08 billion
• Operating income of $110.7 million
• Earnings before capital gains of $30.3 million or 92¢ per share - a 19% increase on a per share basis
Empire Company Limited
First Quarter Results

• Net capital gains and other items of $18.3 million or 56¢ per share
• Year to date annualized total return on investment of 27%
• Portfolio value of $600 million, consisting of:
  – $210 million Delhaize Group
  – $100 million Preferred shares
  – $290 million in Common Equities

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Empire Company Limited
Dividend Increase

($ per share)

- 33% increase in Empire’s Common Dividends to 12 cents per quarter
- Effective October 31\textsuperscript{st} to shareholders of record October 15, 2001

Prior Annual DPS 0.36
New Annual DPS 0.48

Growing VALUE
A Positive Outlook

• Management is comfortable with analyst consensus FY 2002 EPS Estimate of $X.XX per share
  – implies a 12.8x forward P/E
  – implies a 0.5x PEG ratio

• Net asset value of $52 per share is 50% above the current share price and has favorable growth profile
A Positive Outlook

• Each Empire Division has positive growth outlook

• Growth in our Food Distribution Division (Sobeys) will continue primarily as a result of margin enhancing and cost reduction initiatives in the areas of:
  – distribution and logistics;
  – national merchandising and procurement; and
  – in streamlining selling, general and administrative expenses
A Positive Outlook

• Growth in our Real Estate Division will continue primarily as a result of:
  – development projects with support related tenants such as Sobeys
  – attractive opportunities associated with the modernization and expansion of Sobeys retail store network across Canada
  – continued strict controls and aggressive pursuit of leasing opportunities
A Positive Outlook

• Growth in our Investments Division will continue primarily as a result of:
  – annual investment income (cash) of over $20 million
  – capital appreciation of liquid investments
  – continues focus of Wajax management to enhance shareholder value
  – continued screen development at Empire Theatres - launch of the new “Studio 5” concept
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