LOBLAW TO SPIN OUT ITS INTEREST IN CHOICE PROPERTIES REIT
GEORGE WESTON TO BECOME 65% UNITHOLDER OF CHOICE PROPERTIES REIT

Key Investment Highlights

- Loblaw to spin out its interest in Choice Properties, becoming a pure-play retailer
- Loblaw Minority Shareholders to receive GWL shares in exchange for their interest in Choice Properties; GWL becomes 65% unitholder of Choice Properties
- Spin-out to be completed on a tax-free basis for Loblaw and its Canadian shareholders
- Provides Loblaw shareholders with a focused investment thesis as well as an opportunity for value creation and a 24% dividend increase
- Positions Choice Properties, Canada's largest REIT, for strong future growth and diversification
- Stronger, more compelling investment thesis for GWL

TORONTO, ON, September 4, 2018 – Today, Loblaw Companies Limited (TSX:L, "Loblaw") and George Weston Limited (TSX:WN, "GWL") announced a reorganization under which Loblaw will spin out its 61.6% interest in Choice Properties Real Estate Investment Trust (TSX:CHP.UN, "Choice Properties"). Under the spin-out, Loblaw common shareholders other than GWL ("Loblaw Minority Shareholders"), will receive 0.135 of a GWL common share per Loblaw share, which is equivalent to the market value of their pro rata interest in Choice Properties, and GWL will receive Loblaw's 61.6% interest in Choice Properties. After the spin-out, Loblaw will not retain any equity interest in Choice Properties and will be a pure-play Canadian food and drug retailer.

"The reorganization will result in a more efficient group structure, that strategically benefits both Loblaw and Choice Properties, which in turn strengthens GWL," said Galen G. Weston, Chairman and CEO, Loblaw Companies Limited and George Weston Limited. "Loblaw, Choice Properties and GWL investors will all benefit from the strategic and investment clarity this transaction brings."

"Over the past few years, the strategies of Loblaw and Choice Properties have diverged. Loblaw is focused on strengthening its core retail business and growing in areas such as digital, healthcare, payments and rewards, while Choice Properties is focused on mixed-use development and investments in diversified real estate asset classes," said Sarah Davis, President of Loblaw Companies Limited. "Our retail store network continues to be a key competitive advantage for us, but we don't see *ownership* of real estate as core to our strategy going forward."

"The transaction will make GWL financially stronger, give it more investment flexibility and, as a result, provide it with a much stronger and more compelling investment thesis," said Richard Dufresne, President and CFO of George Weston Limited. "GWL is well positioned to provide long term support and capital for Choice Properties' growth and diversification plans. The reorganization will better position Choice Properties with GWL as an aligned majority unitholder, while preserving the important, ongoing relationship between Choice Properties and Loblaw."

Loblaw Minority Shareholders will receive GWL common shares equivalent to the market value of their pro rata interest in Choice Properties because the distribution of those shares can be made to them on a basis that is tax-free both for them and for Loblaw under Canadian tax law. The structure proposed under this transaction is the most practical and tax efficient method of enabling this spin-out to take place.

Loblaw plans to maintain its current quarterly common share dividend after the spin-out. GWL plans to raise its quarterly common share dividend by 5% to $0.515 per share (or $2.06 per share annualized), contingent on the closing of this transaction. Therefore, aggregating dividends from the two companies, Loblaw shareholders who hold their distributed GWL common shares post-closing of the transaction will receive a 24% increase in their current dividend as a result of the spin-out.

The transaction will have no impact on the important, ongoing operating relationship between Loblaw and Choice Properties and all current agreements and arrangements, including the Strategic Alliance Agreement and leases, will remain in place after the spin-out. In addition, Loblaw will continue to be Choice Properties' largest tenant.

Loblaw and GWL do not expect any change to the credit ratings of Loblaw, Choice Properties or GWL by Standard and Poor's or DBRS as a result of the spin-out.

Key Terms

Loblaw and GWL have signed a definitive agreement, which their respective Boards of Directors have approved, to implement the proposed reorganization by way of a plan of arrangement. Loblaw Minority Shareholders will receive 0.135 common shares of GWL for each common share of Loblaw held, and GWL will receive Loblaw's 61.6% interest in Choice Properties. This will provide Loblaw Minority Shareholders with GWL shares in exchange for their pro rata interest in Choice Properties based on the 5-day Volume Weighted Average Price ("VWAP") of Choice Properties on the TSX at Friday August 31, 2018 close and the 5-day VWAP of GWL on the TSX at Friday August 31, 2018 close.

As noted above, the current transaction structure is the most practical and tax-effective method of effecting the spin-out. Loblaw primarily holds its Choice Properties interest in Limited Partnership units ("LP Units"), which carry a significant deferred tax liability that would be triggered on sale/disposal of the LP Units or conversion into common trust units. The proposed spin-out structure enables the spin-out to occur on a tax-free basis. If Loblaw were to hypothetically spin out or directly distribute its interest in Choice Properties to Loblaw's shareholders, it would trigger approximately $640 million of tax payable by Loblaw, which is equivalent to approximately $1.70 per Loblaw share.

Under the transaction, GWL will issue approximately 26.7 million common shares to Loblaw Minority Shareholders. Following the transaction, GWL will own 65.4% of Choice Properties directly (which includes the 3.8% interest in Choice Properties directly owned by GWL prior to the transaction), and GWL will continue to be controlled by W. Galen Weston who, directly and indirectly through entities which he controls, will own 52.7% of the outstanding GWL common shares. The Loblaw Minority Shareholders will own 16.8% of the GWL common shares outstanding on closing of the transaction and Loblaw will have no ownership in Choice Properties.

After the spin-out, Loblaw common shareholders will retain the same number of Loblaw common shares, which are expected to trade as a "pure-play" food and pharmacy retail stock, *excluding* the value of the distributed Choice Properties interest.

In accordance with Canadian tax law, the transaction will be implemented in a way that does not result in any tax payable by the Canadian Loblaw Minority Shareholders, unless they sell the GWL shares they receive, in which case normal capital gains tax would apply. The aggregate cost basis of the current Loblaw shares held by Canadian Loblaw Minority Shareholders before the distribution will be allocated among the Loblaw shares and the GWL shares held after the distribution in proportion to the relative fair market values of such shares following the distribution.

For U.S. Loblaw Minority Shareholders, Loblaw believes the receipt of GWL common shares pursuant to the arrangement should be treated for U.S. federal income tax purposes as a taxable distribution, although the matter is not entirely free from doubt. Those shareholders are urged to consult their tax or financial advisors in this regard.

GWL will receive Loblaw's current interest in Choice Properties on a tax deferred basis. The transaction will result in no tax consequences for GWL shareholders under Canadian tax law or U.S. tax law.

Approvals and Closing Conditions

The plan of arrangement will require the approval of at least 66 2/3% of the votes cast by all the common shareholders of Loblaw, as well as a majority of the votes cast by Loblaw Minority Shareholders. The vote will be conducted at a special meeting of Loblaw shareholders expected to take place in October 2018.

In addition to Loblaw shareholder and court approvals, the transaction is subject to customary conditions, including approval by the TSX and receipt of an advance tax ruling from the Canada Revenue Agency to ensure the favourable tax treatment of the distribution to Loblaw and to Loblaw shareholders. Loblaw and GWL have applied for that tax ruling and expect to receive it on a timely basis.

Loblaw and GWL anticipate that the transaction will be completed in the fourth quarter of 2018.

Further information regarding the transaction will be included in the management proxy circular to be mailed to Loblaw shareholders for the special meeting. GWL also intends to file an information statement containing further information regarding the transaction. Copies of the arrangement agreement, management proxy circular and information statement will be available on SEDAR at www.sedar.com.

Financial Impacts

Following the transaction Loblaw will no longer consolidate Choice Properties for financial reporting purposes. Based on pro forma year ended December 30, 2017 financial results adjusted to reflect the impact of the transaction, Loblaw will no longer eliminate its rent paid to Choice Properties or consolidate Choice Properties' rent received from 3rd parties, reducing Total Adjusted EBITDA by $576M. Adjusted Diluted EPS of $4.53 will be $3.93 on a pro forma basis, primarily driven by the impact of rent and loss of income from third party tenants, offset by lower depreciation and interest expenses.

Choice Properties will also be deconsolidated from Loblaw's balance sheet, which will result in a $5,192M reduction in total assets to $29,955M and a reduction of $4,516M in total liabilities to $17,497M on a pro forma basis, as of December 30, 2017.

Full pro forma financial statements will be included in the management proxy circular to be mailed to Loblaw shareholders for the special meeting.

Board Recommendations

Loblaw's Board of Directors appointed a special committee of independent directors to review the proposed transaction. The special committee retained BMO Capital Markets as its independent financial advisor and McCarthy Tétrault LLP as its independent legal advisor. The special committee received an opinion from BMO Capital Markets to the effect that as of the date thereof and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by the Loblaw Minority Shareholders pursuant to the plan of arrangement is fair, from a financial point of view, to such shareholders. The Loblaw Board of Directors, on the unanimous recommendation of the special committee, has determined that the transaction is in the best interests of Loblaw and the Loblaw Minority Shareholders, and is unanimously recommending that shareholders vote in favour of the transaction. Details regarding the review and approval process carried out by the special committee, together with a copy of the fairness opinion prepared by BMO Capital Markets, will be contained in the management proxy circular to be mailed to Loblaw shareholders.

GWL's Board of Directors has unanimously determined that the transaction is in the best interests of GWL. GWL's Board of Directors has received an opinion from GWL's financial advisor, TD Securities

Inc., that as of the date thereof and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by GWL to Loblaw Minority Shareholders pursuant to the arrangement agreement is fair, from a financial point of view, to GWL.

Although no approval is required from the Choice Board of Trustees or the Choice unitholders for the proposed spin-out, the Board of Trustees and management of Choice Properties are supportive of the transaction and will be issuing a separate press release supporting the transaction.

GWL Normal Course Issuer Bid

In the next five trading days, GWL may purchase up to 1.9 million GWL common shares under its existing normal course issuer bid, up to a daily maximum limit of 25% of the actual aggregate trading volume of GWL common shares across all Canadian published markets on each such day. The TSX has provided GWL with an exemption pursuant to Section 603 of the TSX Company Manual from the daily purchase limit contained in the definition of “normal course issuer bid” in Section 628 (a)(ix)(a) of the TSX Company Manual to permit purchases up to such amounts.

Conference Call

Loblaw and GWL will host an investor conference call and webcast on September 4, 2018 at 5:00 p.m. EDT, 1 (888) 231-8191 or (647) 427-7450. Senior management of Loblaw and GWL will be available to discuss the details of the spin-out. A playback will be made available two hours after the event at 1 (855) 859-2056 or (416) 849-0833; access code: 5371117. To access the conference call via webcast, a link is available at www.loblaw.ca and www.weston.ca in the “Investor” section. An investor presentation will be made available on the Loblaw and GWL websites immediately prior to the call (please visit: www.loblaw.ca and www.weston.ca).

Advisors

BMO Capital Markets is acting as financial advisor to the special committee of Loblaw and TD Securities Inc. is acting as financial advisor to GWL. McCarthy Tétrault LLP is acting as legal counsel to the special committee of Loblaw and Torys LLP is acting as legal counsel to Loblaw and GWL.

About Loblaw Companies Limited

Loblaw is Canada's food and pharmacy leader, the nation's largest retailer, and the majority unit holder of Choice Properties. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, financial services, and wireless mobile products and services. With more than 2,400 corporate, franchised and Associate-owned locations, Loblaw, its franchisees, and Associate-owners employ approximately 200,000 full- and part-time employees, making it one of Canada's largest private sector employers.

Loblaw's purpose – Live Life Well® – puts first the needs and well-being of Canadians who make one billion transactions annually in the company’s stores. Loblaw is positioned to meet and exceed those needs in many ways: convenient locations; more than 1,050 grocery stores that span the value spectrum from discount to specialty; full-service pharmacies at nearly 1,400 Shoppers Drug Mart® and Pharmaprix® locations and close to 500 Loblaw locations; PC Financial® services; affordable Joe Fresh® fashion and family apparel; and three of Canada's top consumer brands in Life Brand®, no name® and President's Choice.

About George Weston Limited

GWL is a Canadian public company founded in 1882 and through its operating subsidiaries constitutes one of North America's largest food processing and distribution groups. GWL has two reportable operating segments: Weston Foods and Loblaw, which is operated by Loblaw. The Weston Foods operating segment is primarily engaged in the baking industry within North America. Loblaw is Canada's largest food distributor and a leading provider of general merchandise, drugstore and financial products and services.

Non-GAAP Measures

This press release uses the following non-GAAP measures: Total Adjusted Earnings Before Income Taxes, Net Interest Expense and Other Financing Charges and Depreciation and Amortization (Total Adjusted EBITDA) and Adjusted Diluted Earnings Per Common Share (Adjusted Diluted EPS). Loblaw and GWL believe these non-GAAP financial measures provide useful information to both management and investors in measuring financial performance.

These measures do not have a standard meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measurers presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP. More information regarding these non-GAAP measures is available in Loblaw's or GWL's most recent management's discussion and analysis filed on SEDAR (www.sedar.com), as applicable.

Forward-Looking Statements

This press release for Loblaw and GWL contains forward-looking statements about the proposed spin-out of Loblaw's interest in Choice Properties. 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. Forward-looking statements reflect current estimates, beliefs and assumptions, which are based on Loblaw's and GWL's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Loblaw's and GWL'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. Loblaw and GWL can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

This press release contains forward-looking statements concerning: Loblaw's and GWL's financial positions; growth prospects; certain benefits of the spin-out; the expected impact of the proposed spin-out on Loblaw's and GWL's relationship with Choice Properties going forward; future Loblaw and GWL dividends; Loblaw's, GWL's, and Choice Properties' credit ratings; the timing of Loblaw's shareholder meeting and publication of related shareholder materials; the timing of publication of GWL's information statement; the expected completion date of the proposed spin-out; and the anticipated tax treatment of the proposed spin-out for Loblaw and its shareholders. The pro forma information set forth in this press release should not be considered to be what the actual financial position or other results of operations would have necessarily been had GWL and Loblaw completed the spin-out as, at, or for the periods stated.

Numerous risks and uncertainties could cause Loblaw's and GWL'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 complete the spin-out for any reason; the potential benefits of the spin-out not being realized; adverse changes and volatility in the trading prices or value, as applicable, of the Loblaw shares or GWL shares following the spin-out; substantial tax liabilities that Loblaw and GWL may be exposed to if the tax-related requirements of the spin-out are not met; the failure to obtain any required governmental, regulatory, court or other approvals and/or consents; the failure to obtain an advance tax ruling from the Canada Revenue Agency in form and substance satisfactory to Loblaw and GWL or the withdrawal or modification of the such ruling; risks associated with indemnity obligations arising under the arrangement agreement; the reduced diversity of Loblaw's business following the spin-out; the failure to accurately estimate the costs of the spin-out; future factors that may arise making it inadvisable to proceed with, or advisable to delay, all or part of the spin-out; changes to the regulation of generic prescription drug prices, the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers; failure to effectively manage Loblaw's loyalty programs; the inability of Loblaw's and GWL's IT infrastructure to support the requirements of their businesses, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cybersecurity or data breaches; failure to execute Loblaw's e-commerce initiative or to adapt its business model to the shifts in the retail landscape caused by digital advances; failure to realize benefits from investments in Loblaw's and GWL's new IT systems; failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace; changes to any of the laws, rules, regulations or policies applicable to Loblaw's and GWL's businesses, including increases to minimum wages; public health events including those related to food and drug safety; failure to realize the anticipated benefits, including revenue growth, anticipated cost savings or operating efficiencies, associated with Loblaw's and GWL's investment in major initiatives that support their strategic priorities, including Choice Properties' failure to realize the anticipated benefits from the acquisition of Canadian Real Estate Investment Trust; adverse outcomes of legal and regulatory proceedings and related matters; reliance on the performance and retention of third party service providers, including those associated with Loblaw's and GWL's supply chain and Loblaw's apparel business, including issues with vendors in both advanced and developing markets; failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements; the inability of Loblaw and GWL to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink; changes in economic conditions, including economic recession or changes in the rate of inflation or deflation, employment rates and household debt, political uncertainty, interest rates, currency exchange rates or derivative and commodity prices; the inability of Loblaw and GWL to effectively develop and execute their strategies; and the inability of Loblaw and GWL to anticipate, identify and react to consumer and retail trends.

Readers are cautioned that the foregoing list of factors is not exhaustive. Other risks and uncertainties not presently known to Loblaw and GWL or that Loblaw and GWL presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional information on these and other factors that could affect the operations or financial results of Loblaw or GWL are included in reports filed by Loblaw and GWL with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

There can be no assurance that the proposed spin-out will occur or that the anticipated benefits will be realized. The proposed spin-out is subject to the fulfillment of certain conditions, including approval by the TSX and receipt of an advance tax ruling from the Canada Revenue Agency, and there can be no assurance that any such conditions will be met. The proposed spin-out could be modified, restructured or terminated.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Loblaw's and GWL's expectations only as of the date of this release. Loblaw and GWL disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

All dollar values ($) in this document are stated in Canadian dollars unless otherwise noted.

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