

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the “Prospectus Supplement”), together with the accompanying short form base shelf prospectus dated March 19, 2015 to which it relates, as amended or supplemented (the “Base Prospectus”), and each document incorporated or deemed to be incorporated by reference into this Prospectus Supplement and the Base Prospectus, constitutes a public offering of securities offered hereby only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws. Accordingly, these securities may not be offered or sold in the United States or to U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this Prospectus Supplement and accompanying Base Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference herein and therein may be obtained on request without charge from the Secretary of Loblaw Companies Limited at 22 St. Clair Avenue East, Suite 801, Toronto, Ontario M4T 2S5 (telephone (416) 922-8500), and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

To the Short Form Base Shelf Prospectus dated March 19, 2015



New Issue

June 2, 2015

LOBLAW COMPANIES LIMITED

\$225,000,000

9,000,000 Second Preferred Shares, Series B

The Base Prospectus, as supplemented by this Prospectus Supplement, qualifies the distribution (the “Offering”) of 9,000,000 Second Preferred Shares, Series B (the “Series B Shares”) of Loblaw Companies Limited (the “Company”) at a price of \$25.00 per Series B Share (the “Offering Price”). The holders of Series B Shares will be entitled to receive fixed cumulative preferential cash dividends of \$1.325 per Series B Share per annum, as and when declared by the board of directors of the Company, which will accrue from the date of issue and will be payable quarterly on the last day of March, June, September and December in each year. The initial dividend, if declared, will be payable on September 30, 2015 in the amount of \$0.41021 per Series B Share, based on an anticipated closing date of June 9, 2015. See “Details of the Offering”.

On and after June 30, 2020, the Company may, at its option, on not less than 30 days’ and not more than 60 days’ prior notice, redeem for cash the Series B Shares, in whole or in part, at \$26.00 per Series B Share if redeemed on or after June 30, 2020 and prior to June 30, 2021, \$25.75 per Series B Share if redeemed on or after June 30, 2021 and prior to June 30, 2022, \$25.50 per Series B Share if redeemed on or after June 30, 2022 and prior to June 30, 2023, \$25.25 per Series B Share if redeemed on or after June 30, 2023 and prior to June 30, 2024, and \$25.00 per Series B Share if redeemed on or after June 30, 2024, in each case together with all accrued and unpaid dividends to but not including the redemption date.

The Series B Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series B Shares. See “Risk Factors”.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series B Shares. The Series B Shares will be listed under the symbol “L.PR.B”. Listing is subject to the Company fulfilling all the requirements of the TSX on or before August 24, 2015. There can be no assurance that the Series B Shares will be accepted for listing on the TSX.

DBRS Limited (“DBRS”) has assigned a rating of Pfd-3 with a Stable trend for the Series B Shares. Standard & Poor’s Rating Services (“S&P”) has assigned a rating of P-3 (high) for the Series B Shares.

Price: \$25.00 per Series B Second Preferred Share to yield 5.30% per annum

	Price to the Public	Underwriters’ Fee ⁽¹⁾	Net Proceeds to the Company ⁽²⁾
Per Series B Second Preferred Share	\$ 25.00	\$ 0.75	\$ 24.25
Total.....	\$ 225,000,000	\$ 6,750,000	\$ 218,250,000

Notes:

- (1) The Underwriters' fee is \$0.25 for each Series B Share sold to certain institutions and \$0.75 for each of the other Series B Shares purchased by the Underwriters. The total represents the Underwriters' fee assuming no Series B Shares are sold to such institutions. See "Plan of Distribution".
- (2) Before deduction of the Company's expenses of issue which are estimated to be approximately \$700,000. See "Use of Proceeds".

RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Desjardins Securities Inc., GMP Securities L.P. and Raymond James Ltd. (collectively, the "**Underwriters**"), as principals, conditionally offer the Series B Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters, in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Borden Ladner Gervais LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

The terms of the Offering were determined by negotiation between the Company and RBC Dominion Securities Inc. on behalf of the Underwriters.

Each of the Underwriters, other than GMP Securities L.P. and Raymond James Ltd., is, directly or indirectly, an affiliate of a Canadian chartered bank or a Canadian financial services cooperative. Such Canadian chartered banks and Canadian financial services cooperatives have made credit facilities available to the Company. Accordingly, the Company may be considered a connected issuer of each such Underwriter under applicable securities laws in certain Canadian provinces. See "Plan of Distribution".

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series B Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Series B Shares initially at the Offering Price specified above. After a reasonable effort has been made to sell all of the Series B Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series B Shares remaining unsold. Any such reduction will not affect the proceeds received by the Company. See "Plan of Distribution".

There is currently no market through which the Series B Shares may be sold and purchasers may not be able to resell securities purchased pursuant to the Offering. This may affect the pricing of the Series B Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series B Shares, and the extent of issuer regulation. See "Risk Factors". Investing in the Series B Shares involves risks that should be considered by prospective purchasers, certain of which are described at pages S-14 to S-15 of this Prospectus Supplement, at pages 12 to 13 of the Base Prospectus, and at pages 14 to 22 of the Company's annual information form dated February 26, 2015.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about June 9, 2015 or on such later date as may be agreed upon with the Underwriters, but in any event not later than June 30, 2015.

A "book-entry only" certificate representing the Series B Shares will be issued in registered form to CDS Clearing and Depository Services Inc. or a successor (collectively, "**CDS**") or its nominee and will be deposited with CDS on the closing of the Offering. Physical certificates representing the Series B Shares will not be issued to purchasers, except in limited circumstances, and registration will be made through the depository service of CDS. A purchaser of Series B Shares will receive only a customer confirmation from a registered dealer who is a CDS participant and from or through whom the Series B Shares are purchased. See "Details of the Offering – Depository Services".

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE BASE PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities the Company is offering and also adds to and updates certain information contained in the Base Prospectus and the documents incorporated by reference therein. The second part, the Base Prospectus, gives more general information, some of which may not apply to the Series B Shares offered hereunder. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Base Prospectus.

An investor should rely only on the information contained in this Prospectus Supplement and the Base Prospectus and the documents incorporated by reference herein and therein. The Company has not, and the Underwriters have not, authorized anyone to provide investors with different or additional information. The Company is not, and the Underwriters are not, making an offer to sell the Series B Shares in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information appearing in this Prospectus Supplement or the Base Prospectus, or any documents incorporated by reference herein or therein, is accurate as of any date other than the date on the front of those documents as the Company's business, operating results, financial condition and prospects may have changed since that date.

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "\$" are to lawful currency of Canada.

All financial statements and financial data regarding the Company contained or incorporated by reference herein have been prepared in accordance with Canadian generally accepted accounting principles applicable to publicly accountable enterprises, which comply with International Financial Reporting Standards ("GAAP"). This Prospectus Supplement and the Base Prospectus and the documents incorporated by reference herein and therein contain references to certain financial measures that are not recognized under GAAP. These non-GAAP financial measures do not have standardized meanings prescribed by GAAP and, therefore, may not be comparable to similarly titled measures presented by other reporting issuers, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference, as of the date hereof, into the Base Prospectus, solely for the purposes of the distribution of Series B Shares under this Prospectus Supplement. Other documents are also incorporated or deemed to be incorporated by reference into the Base Prospectus. See "Documents Incorporated by Reference" in the Base Prospectus.

The following documents, which have been filed by the Company with the securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, the Base Prospectus and this Prospectus Supplement:

- (a) Annual Information Form of the Company for the year ended January 3, 2015, dated February 26, 2015 (the “**Annual Information Form**”);
- (b) Management’s Discussion and Analysis on pages 2 through 54 of the 2014 Annual Report – Financial Review of the Company (the “**Annual MD&A**”);
- (c) Annual audited consolidated financial statements (including notes) of the Company which comprise the consolidated balance sheets as at January 3, 2015 and December 28, 2013, the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the 53-week and 52-week years ended January 3, 2015 and December 28, 2013, and the Independent Auditors’ Report thereon on pages 57 through 117 of the 2014 Annual Report – Financial Review of the Company (the “**Annual Financial Statements**”);
- (d) Management’s Discussion and Analysis on pages 2 through 27 of the Company’s 2015 First Quarter Report to Shareholders (the “**Interim MD&A**”);
- (e) Unaudited interim period condensed consolidated financial statements (including notes) of the Company which comprise the condensed consolidated balance sheets as at March 28, 2015, January 3, 2015 and March 22, 2014, and the condensed consolidated statements of earnings, comprehensive income, changes in equity and cash flows for each of the 12-week periods ended March 28, 2015 and March 22, 2014 (the “**Interim Unaudited Consolidated Financial Statements**”) on pages 28 through 49 of the Company’s 2015 First Quarter Report to Shareholders;
- (f) Management Proxy Circular of the Company dated March 27, 2015 prepared in connection with the Company’s annual meeting of shareholders held on May 7, 2015;
- (g) Template version (as defined in National Instrument 41-101 – *General Prospectus Requirements*) of the initial term sheet dated June 1, 2015 in respect of the Series B Shares prepared for potential investors in connection with the Offering (the “**Initial Term Sheet**”); and
- (h) Template version of the revised term sheet dated June 1, 2015 in respect of the Series B Shares prepared for potential investors in connection with the Offering (the “**Revised Term Sheet**”, and together with the Initial Term Sheet, the “**Marketing Materials**”).

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Company with the securities commission or similar authority in each of the provinces of Canada after the date of this Prospectus Supplement and prior to the termination of the distribution of the Series B Shares shall be deemed to be incorporated by reference in the Base Prospectus and this Prospectus Supplement.

Any statement contained in the Base Prospectus, in this Prospectus Supplement or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus for the purpose of the Offering will be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in the Base Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not constitute a part of this Prospectus Supplement, except as so modified or superseded.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus Supplement to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement.

The Initial Term Sheet has been modified by the Revised Term Sheet to reflect the Company’s agreement with the Underwriters to increase the size of the Offering from \$150,000,000 (6,000,000 Series B Shares) to \$225,000,000 (9,000,000 Series B Shares) and to delete an option in favour of the Underwriters to purchase additional Series B Shares. Pursuant to subsection 9A.3(7) of National Instrument 44-102 – *Shelf Distributions*, the Company prepared the Revised Term Sheet reflecting the modifications discussed above, and a blackline has been prepared to show the modified statements. A copy of the Revised Term Sheet and blackline can be found under the Company’s profile on www.sedar.com.

Any “template version” of “marketing materials” (as those terms are defined in applicable securities legislation) pertaining to the distribution of the Series B Shares and filed by the Company after the date of this Prospectus Supplement and before termination of the distribution of the Series B Shares, will be deemed to be incorporated by reference into this Prospectus Supplement for the purposes of the distribution of Series B Shares to which this Prospectus Supplement pertains.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Each of Stephen Bachand, Warren Bryant and Beth Pritchard are directors of the Company and reside outside of Canada. Each of these directors has appointed the following agent for service of process in Canada:

<u>Name of Director</u>	<u>Name and Address of Agent</u>
Stephen Bachand	Loblaw Companies Limited
Warren Bryant	22 St. Clair Avenue East
Beth Pritchard	Toronto, Ontario M4T 2S7

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if that person has appointed an agent for service of process.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement and the Base Prospectus, and the documents incorporated herein and therein by reference, contain forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, synergies and other benefits associated with the acquisition of Shoppers Drug Mart Corporation ("**Shoppers Drug Mart**"), future liquidity and debt reduction targets, planned capital investments, and status and impact of information technology ("**IT**") systems implementation. Words such as "anticipate", "expect", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "on track" and "should" and similar expressions, as they relate to the Company and its management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect the Company's current expectations concerning future results and events.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance is based on certain assumptions, including assumptions about anticipated cost savings, operating efficiencies and continued growth from current initiatives. The Company'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. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- failure to realize the anticipated strategic benefits or operational, competitive and cost synergies following the acquisition of Shoppers Drug Mart;
- failure to reduce indebtedness associated with the acquisition of Shoppers Drug Mart to bring leverage ratios to a level consistent with investment grade ratings;
- failure to realize benefits from investments in the Company's IT systems, including the Company's IT systems implementation, or unanticipated results from these initiatives;
- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies from the Company's major initiatives, including those from restructuring;
- the inability of the Company's IT infrastructure to support the requirements of the Company's business;
- changes in the Company's estimate of inventory cost as a result of its IT system upgrade;
- changes to the regulation of generic prescription drug prices and the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements, which could lead to work stoppages;
- heightened competition, whether from current competitors or new entrants to the marketplace;
- changes in economic conditions, including the rate of inflation or deflation, changes in interest and currency exchange rates and derivative and commodity prices;
- changes in the Company's income, capital, commodity, property and other tax and regulatory liabilities, including changes in tax laws, regulations or future assessments;
- the risk that the Company will be unsuccessful in any material litigation, class action or regulatory proceeding;

- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink;
- the risk that the Company would experience a financial loss if its counterparties fail to meet their obligations in accordance with the terms and conditions of their contracts with the Company; and
- the inability of the Company to collect on and fund its credit card receivables.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. These and other risks and uncertainties are included in this Prospectus Supplement and Base Prospectus and the documents incorporated by reference herein and therein and are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Annual Information Form and the Enterprise Risks and Risk Management section of the Annual MD&A found on pages 33 to 40 of the 2014 Annual Report – Financial Review.

Potential investors and other readers are cautioned not to place undue reliance on these forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. The Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events contained in these forward-looking statements may or may not occur. The Company cannot assure that expected results or events will be achieved.

SUMMARY OF THE OFFERING

This summary is qualified by the detailed information appearing elsewhere in this Prospectus Supplement.

- Issuer:** Loblaw Companies Limited
- Issue:** 9,000,000 Second Preferred Shares, Series B.
- Amount:** \$225,000,000. The Underwriters' fee is \$0.25 for each Series B Share sold to certain institutions and \$0.75 for each of the other Series B Shares purchased by the Underwriters.
- Price:** \$25.00 per share.
- Dividends:** Fixed cumulative preferential cash dividends of \$1.325 per annum per Series B Share will, if declared, be payable quarterly on the last day of March, June, September and December in each year. The initial dividend, if declared, of \$0.41021 per Series B Share will be payable on September 30, 2015, based on an anticipated closing date of June 9, 2015.
- Redemption:** On and after June 30, 2020, the Company may, at its option, on not less than 30 days' and not more than 60 days' prior notice, redeem for cash the Series B Shares, in whole or in part, at \$26.00 per Series B Share if redeemed on or after June 30, 2020 and prior to June 30, 2021, \$25.75 per Series B Share if redeemed on or after June 30, 2021 and prior to June 30, 2022, \$25.50 per Series B Share if redeemed on or after June 30, 2022 and prior to June 30, 2023, \$25.25 per Series B Share if redeemed on or after June 30, 2023 and prior to June 30, 2024 and \$25.00 per Series B Share if redeemed on or after June 30, 2024, in each case together with all accrued and unpaid dividends to but not including the redemption date.
- Purchase for Cancellation:** The Company may purchase for cancellation at any time all, or from time to time any, of the outstanding Series B Shares in the open market, by private agreement or otherwise, at the lowest price or prices at which, in the opinion of the Company, such Series B Shares are obtainable.
- Voting Rights:** The holders of Series B Shares will not (except as otherwise provided by law and except for meetings of the holders of Second Preferred Shares of the Company (the "**Second Preferred Shares**") as a class and meetings of holders of Series B Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Company, unless and until the Company shall have failed to pay eight quarterly dividends on the Series B Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of the Company properly applicable to the payment of such dividends. In the event of such non-payment, and only for so long as any such dividends remain in arrears, the holders of the Series B Shares will be entitled to receive notice of and to attend each meeting of the Company's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Company on the basis of one vote in respect of each Series B Share held by such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease.
- As regards to any matter upon which the holders of the Second Preferred Shares as a class have voting rights, on any poll taken at any meeting of the holders of the Second Preferred Shares as a class, or any joint meeting of the holders of two or more series of the Second Preferred Shares, each holder of Second Preferred Shares entitled to vote thereat shall have 1/100 of a vote in respect of each \$1.00 attributable to the Second Preferred Shares held by such holder in the stated capital account maintained by the Company in respect of the Second Preferred Shares.
- Priority:** The Series B Shares rank on a parity with every other series of Second Preferred Shares, and in priority to the Common Shares and any other shares of the Company ranking junior to the Series B Shares with respect to priority in the payment of dividends and with respect to priority in the distribution of assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.
- Rights on Liquidation:** In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series B Shares will be entitled to receive \$25.00 per Series B Share together with all dividends accrued and unpaid up to but excluding the date of payment (or, if such liquidation, dissolution, winding-up

or distribution be voluntary, a sum equal to the redemption price per share applicable at the date of payment), before any amount will be paid or any assets of the Company distributed to the holders of any Common Shares or any other shares ranking junior to the Series B Shares. The holders of the Series B Shares will not be entitled to share in any further distribution of the property or assets of the Company.

Tax Status: The Company will elect to pay tax under Part VI.1 of the *Income Tax Act* (Canada) (the “**Tax Act**”) such that holders of Series B Shares will not be required to pay tax on dividends received on such shares under Part IV.1 of the Tax Act.

Use of Proceeds: The Company intends to use the net proceeds of the Offering to fund, in part, the redemption of its 9,000,000 Second Preferred Shares, Series A (the “**Series A Shares**”) effective July 31, 2015 and for general corporate purposes.

Ratings: The Series B Shares are rated Pfd-3 with a Stable trend by DBRS and P-3(high) by S&P.

Listing: The TSX has conditionally approved the listing of the Series B Shares.

RECENT DEVELOPMENTS

On June 1, 2015, the Company announced that it will redeem its outstanding Series A Shares in the amount of \$225,000,000 (plus all accrued and unpaid dividends to the redemption date) effective on July 31, 2015.

RATINGS

The Series B Shares are rated Pfd-3 with a Stable trend by DBRS and P-3(high) by S&P. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The rating organizations base the ratings on quantitative and qualitative considerations which are relevant for the Company. These ratings are intended to give an indication of the risk that the Company will not fulfill its obligations in a timely manner. Credit ratings may not reflect the potential impact of all risks on the value of the securities. These ratings are not recommendations to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

A definition of the categories of each rating has been obtained from the respective rating organization's website and is outlined below:

DBRS

DBRS' credit ratings for preferred shares range from Pfd-1 to D. The Pfd-3 rating is ranked third of six rating categories. The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category. Preferred shares rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-3 ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category.

DBRS uses "rating trends" for its ratings in the corporate sector. Rating trends provide guidance in respect of DBRS's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, the DBRS view is based primarily on an evaluation of the issuing entity, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates.

A Positive or Negative Trend is not an indication that a rating change is imminent. Rather, a Positive or Negative Trend represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a Stable Trend were assigned to the security.

DBRS assigns a rating trend for each security of an issuing entity and it is not unusual for securities of the same entity to have different trends. DBRS has assigned a Stable rating trend to the rating for the Series B Shares.

Standard & Poor's

S&P's Canadian scale preferred share ratings range from P-1 to D. The P-3(high) rating is ranked tenth of twenty ratings used by S&P in its Canadian preferred share rating scale. An obligation rated P-3(high) is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

The Company has paid customary rating fees to DBRS and S&P in connection with the above mentioned ratings and has paid fees to each of DBRS and S&P for credit ratings provided on other outstanding securities of the Company. Additional information relating to such other ratings is included under the heading "Capital Structure and Market for Securities – Credit Ratings" in the Annual Information Form. Other than those payments made in respect of credit ratings, no additional payments have been made to either DBRS or S&P for any other services provided to the Company during the past two years.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at March 28, 2015, the date of the Interim Unaudited Consolidated Financial Statements, and as adjusted giving effect to the Offering (net of estimated Offering expenses) and the redemption of the Series A Shares. This table should be read in conjunction with the Interim Unaudited Consolidated Financial Statements and the Interim MD&A.

<i>(in millions of Canadian dollars)</i>	Notes	As at March 28, 2015	Adjustments resulting from the Offering and the redemption of the Series A Shares	As at March 28, 2015 after giving effect to the Offering and the redemption of the Series A Shares
Cash and Cash Equivalents		1,013	(7)	1,006
Debt of the Company				
Bank indebtedness		299	-	299
Short-term debt		505	-	505
Long-term debt due within one year		445	-	445
Long-term debt		10,922	-	10,922
Debt included in other liabilities		28	-	28
Trust Unit Liability	(a)	784	-	784
Total Debt		12,983	-	12,983
Series A Shares	(b)	225	(225)	-
Series B Shares	(c)	-	218	218
Total Equity Attributable to Shareholders of the Company, excluding Series B Shares		12,803	-	12,803
Total Capitalization		26,011	(7)	26,004

Notes:

- (a) The Units of Choice Properties held by non-controlling interests are presented as a liability on the Company's consolidated balance sheet as the Units are redeemable for cash at the option of the holder. The liability is recorded at fair value each reporting period based on the market price of the Units with changes recorded in net interest expense and other financing charges. As of March 28, 2015, Units held by non-controlling interest equaled approximately 68 million Units valued at \$784 million (or \$11.50 per Unit).
- (b) Series A Shares are classified as liabilities and are included on the consolidated balance sheet of the Company as capital securities.
- (c) Series B Shares will be classified as equity and will be included on the consolidated balance sheet of the Company as preferred shares.

EARNINGS COVERAGE

The following earnings coverage ratios (a) are presented (i) without giving effect to the issuance of the Series B Shares under this Prospectus Supplement or the redemption of the Series A Shares, and (ii) to give effect to the issuance of the Series B Shares under this Prospectus Supplement as if the Series B Shares had been issued at the beginning of the applicable period and to the redemption of the Series A Shares, and (b) do not purport to be indicative of earnings coverage ratios for any future periods.

For the 53-week year ended January 3, 2015 and the 53-week period ended March 28, 2015, the Company's aggregate interest and dividend requirements on short-term and long-term debt and preferred shares, adjusted to a before-tax equivalent using an effective income tax rate of 32.1% for the 53-week year ended January 3, 2015 and 43.2% for the 53-week period ended March 28, 2015, would have been \$607 million and \$632 million, respectively. Included in interest and dividend requirements on short-term and long-term debt and preferred shares for the 53-week year ended January 3, 2015 and the 53-week period ended March 28, 2015, are capitalized interest amounts of \$4 million and \$5 million, respectively. The Company's consolidated earnings before interest expense on short-term and long-term debt, dividends on preferred shares and income taxes for the 53-week year ended January 3, 2015 was \$685 million, which was 1.13 times the Company's aggregate interest and dividend requirements for both short-term and long-term debt and preferred shares for the period. The Company's consolidated earnings before interest expense on short-term and long-term debt, dividends on preferred shares and income taxes for the 53-week period ended March 28, 2015, was \$771 million which was 1.22

times the Company's aggregate interest and dividend requirements for both short-term and long-term debt and preferred shares for the period.

After giving effect to the Offering and the redemption of the Series A Shares, the Company's aggregate interest and dividend requirements on short-term and long-term debt and preferred shares, adjusted to a before-tax equivalent using an effective income tax rate of 32.1% for the 53-week year ended January 3, 2015 and 43.2% for the 53-week period ended March 28, 2015, would have been \$604 million and \$631 million, respectively. Included in interest and dividend requirements on short-term and long-term debt and preferred shares for the 53-week year ended January 3, 2015 and the 53-week period ended March 28, 2015, are capitalized interest amounts of \$4 million and \$5 million, respectively. After giving effect to the Offering and the redemption of the Series A Shares, the Company's consolidated earnings before interest expense on short-term and long-term debt, dividends on preferred shares and income taxes for the 53-week year ended January 3, 2015 was \$682 million, which was 1.13 times the Company's aggregate interest and dividend requirements for both short-term and long-term debt and preferred shares for the period. After giving effect to the Offering and the redemption of the Series A Shares, the Company's consolidated earnings before interest expense on short-term and long-term debt, dividends on preferred shares and income taxes for the 53-week period ended March 28, 2015, was \$770 million, which was 1.22 times the Company's aggregate interest and dividend requirements for both short-term and long-term debt and preferred shares for the period.

The following consolidated earnings coverage ratios are derived from audited earnings information and other unaudited financial information contained in or otherwise incorporated by reference into this Prospectus Supplement, in the case of the 53-week year ended January 3, 2015 both with and without giving effect to the Offering and the redemption of the Series A Shares, and from unaudited financial information in the case of the 53-week period ended March 28, 2015, both with and without giving effect to the Offering and the redemption of the Series A Shares.

	53-week year ended January 3, 2015 without giving effect to the Offering or the redemption of the Series A Shares	53-week period ended March 28, 2015 without giving effect to the Offering or the redemption of the Series A Shares	53-week year ended January 3, 2015 giving effect to the Offering, the redemption of the Series A Shares	53-week period ended March 28, 2015 giving effect to the Offering and the redemption of the Series A Shares
Consolidated Earnings Coverage Ratio ^{(a)(b)(c)}	1.13 times	1.22 times	1.13 times	1.22 times

Notes:

- (a) Consolidated earnings coverage ratio is equal to consolidated net earnings (before interest on short-term and long-term debt, dividends on preferred shares and income taxes) divided by consolidated interest and dividend requirements on short-term and long-term debt and preferred shares adjusted as described above. For purposes of calculating the consolidated earnings coverage ratios set forth above, long-term debt includes the current portion of long-term debt.
- (b) Series A Shares are classified as liabilities and are included on the consolidated balance sheet of the Company as capital securities.
- (c) Series B Shares will be classified as equity and will be included on the consolidated balance sheet of the Company as preferred shares.

USE OF PROCEEDS

The net proceeds to be derived from the issue of the Series B Shares, after payment of the Underwriters' fee and payment of the expenses of the Offering, estimated at approximately \$700,000, and assuming the Underwriters' fee is \$0.75 for each Series B Shares sold, will be approximately \$217,550,000. The Company intends to use the net proceeds to fund, in part, the redemption, effective July 31, 2015, of its 9,000,000 issued and outstanding Series A Shares in the amount of \$225,000,000 (plus accrued and unpaid dividends to the date of redemption) and for general corporate purposes.

DETAILS OF THE OFFERING

General

On May 29, 2015, the board of directors of the Company authorized the creation of the Series B Shares in accordance with the Articles of the Company. The Series B Shares offered hereby will have attached thereto the series provisions summarized below. The Company will furnish upon request a copy of the text of the provisions attaching to the Series B Shares. A summary of the general terms and provisions of the Second Preferred Shares as a class is set out in the Base Prospectus.

Details of the Series B Shares

Dividends

The holders of the Series B Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the board of directors of the Company, of \$1.325 per annum per Series B Share, which will accrue from the date of issue and will be payable quarterly on the last day of March, June, September and December in each year (each, a “**Dividend Payment Date**”). The initial dividend, if declared, will be payable on September 30, 2015 and will amount to \$0.41021 per Series B Share, based on an anticipated closing date of June 9, 2015.

Redemption

On and after June 30, 2020, the Company may, at its option, on not less than 30 days’ and not more than 60 days’ prior notice, redeem for cash the Series B Shares, in whole or in part, at \$26.00 per Series B Share if redeemed on or after June 30, 2020 and prior to June 30, 2021, \$25.75 per Series B Share if redeemed on or after June 30, 2021 and prior to June 30, 2022, \$25.50 per Series B Share if redeemed on or after June 30, 2022 and prior to June 30, 2023, \$25.25 per Series B Share if redeemed on or after June 30, 2023 and prior to June 30, 2024 and \$25.00 per Series B Share if redeemed on or after June 30, 2024, in each case together with all accrued and unpaid dividends to but not including the redemption date.

Purchase for Cancellation

Subject to applicable law and to the provisions described below under “Restrictions on Dividends and Retirement of Shares”, the Company may purchase for cancellation at any time all, or from time to time any part, of the Series B Shares in the open market, by private agreement or otherwise at the lowest price or prices at which, in the opinion of the Company, such Series B Shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series B Shares are outstanding, the Company will not, without the approval of the holders of outstanding Series B Shares given as specified below:

- (a) declare, pay or set apart for payment any dividends on the common shares of the Company (the “**Common Shares**”) or any other shares ranking junior to the Series B Shares (collectively, the “**Junior Shares**”) (other than stock dividends payable in shares ranking junior to the Series B Shares); or
- (b) redeem, purchase or otherwise retire any Junior Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series B Shares); or
- (c) redeem, purchase or otherwise retire less than all the Series B Shares; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Second Preferred Shares, redeem, purchase or otherwise retire any other Second Preferred Shares ranking on a parity with the Series B Shares,

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends were payable will have been declared and paid or set apart for payment in respect of each series of Second Preferred Shares, and all other shares ranking as to dividends in priority to the Second Preferred Shares, then issued and outstanding.

Voting Rights

The holders of Series B Shares will not (except as otherwise provided by law and except for meetings of the holders of Second Preferred Shares as a class and meetings of holders of Series B Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Company, unless and until the Company shall have failed to pay eight quarterly dividends on the Series B Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of the Company properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series B Shares will be entitled to receive notice of and to attend each meeting of the Company’s shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Company on the basis of one vote in respect of each Series B Share held by such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease.

As regards any matter upon which the holders of the Second Preferred Shares as a class have voting rights, on any poll taken at any meeting of the holders of the Second Preferred Shares as a class, or at any joint meeting of the holders of two or more series of the Second Preferred Shares, each holder of Second Preferred Shares entitled to vote thereat shall have $\frac{1}{100}$ of a vote in respect of each \$1.00 attributable to the Second Preferred Shares held by such holder in the stated capital account maintained by the Company in respect of the Second Preferred Shares.

The approval or consent of the holders of the Series B Shares with respect to any and all matters relating to the Series B Shares as a series of Second Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series B Shares then outstanding or passed by not less than 66^{2/3}% of the votes cast thereon by the holders of Series B Shares who voted at a meeting of the holders of Series B Shares duly called and held for that purpose. On any poll taken at any such meeting, each holder of Series B Shares shall be entitled to one vote in respect of each such share.

Priority Rights

The Series B Shares (i) shall rank after the First Preferred Shares, of which none are currently outstanding, to the extent that there is a conflict between the preferences, priorities and rights attaching to the two classes of preferred shares, and (ii) shall be entitled to preferences (as set forth in the provisions attaching to such series) over the Common Shares and Junior Shares, (a) with respect to the priority in the payment of dividends and (b) with respect to the priority in the distribution of assets of the Company in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The Series B Shares may be given such other preferences over the Common Shares and the Junior Shares as may be fixed by the board of directors of the Company.

The Series B Shares shall rank on a parity with the Second Preferred Shares of every other series with respect to priority in the payment of dividends and with respect to the priority in the distribution of assets of the Company in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series B Shares will be entitled to receive \$25.00 per Series B Share together with all dividends accrued and unpaid up to but excluding the date of payment (or, if such liquidation, dissolution, winding-up or distribution be voluntary, a sum equal to the redemption price per share applicable at the date of payment), before any amount will be paid or any assets of the Company distributed to the holders of any Common Shares or Junior Shares. The holders of the Series B Shares will not be entitled to share in any further distribution of the property or assets of the Company.

Tax Election

The provisions of the Series B Shares require the Company to elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay tax at a rate such that holders of Series B Shares will not be required to pay tax on dividends received on the Series B Shares under Part IV.1 of the Tax Act. See “Canadian Federal Income Tax Considerations – Dividends”.

Modification

The rights, privileges, restrictions and conditions attached to the Series B Shares may be added to, changed or removed by articles of amendment but only with the prior approval of the holders of the Series B Shares voting as a series (as set out under “Voting Rights”), in addition to any vote or authorization required by law.

Business Days

If any dividend is payable or other action is required to be taken by the Company in respect of the Series B Shares, on a day that is not a Saturday or a Sunday or any other day that is a statutory holiday in Toronto, Canada (a “**Business Day**”), then such dividend shall be payable or action taken on the next succeeding Business Day.

Depository Services

Except as otherwise provided below, the Series B Shares will be issued in a “book-entry only” form and must be purchased or transferred through participants (“**Participants**”) in the depository service of CDS or its nominee, which include securities brokers and dealers, banks and trust companies. On the date of closing, the Company will cause a global certificate representing the Series B Shares to be delivered to, and registered in the name of, CDS or its nominee. Except as otherwise provided below, no purchaser of Series B Shares will be entitled to a certificate or other instrument from the Company or CDS evidencing that purchaser’s ownership, and no purchaser will be shown on the records maintained by CDS except through a book entry account of a Participant acting on behalf of the purchaser. Each purchaser of Series B Shares will receive a customer confirmation of purchase from the registered dealer from which the Series B Shares are purchased in accordance with the practices and procedures of the dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its Participants having interests in the Series B Shares. Physical certificates evidencing the Series B Shares will not be issued to purchasers, except in limited circumstances, and registration will be made through the depository service of CDS.

Neither the Company nor the Underwriters will assume any liability for (a) any aspect of the records relating to the beneficial ownership of the Series B Shares held by CDS or its nominee or the payments relating thereto, (b) maintaining, supervising or reviewing any records relating to the Series B Shares, or (c) any advice or representation made by or with respect to CDS or its nominee and those contained in this Prospectus Supplement and relating to the rules governing CDS or any action to be taken by CDS or its nominee or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Series B Shares must look solely to Participants for payments made by or on behalf of the Company to CDS or its nominee in respect of the Series B Shares.

If (i) required by applicable law, (ii) the book entry system ceases to exist, (iii) CDS advises the Company that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series B Shares and the Company is unable to locate a qualified successor, or (iv) the Company, at its option, decides to terminate the book entry system, then certificates representing the Series B Shares will be made available.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Series B Shares will be effected through records maintained by CDS or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of Series B Shares who are not Participants, but who wish to purchase, sell or otherwise transfer ownership of or other interests in Series B Shares, may do so only through Participants.

The ability of a purchaser to pledge Series B Shares and otherwise take action with respect to such purchaser's interest in Series B Shares (other than through a Participant) may be limited due to the absence of a physical certificate.

Payment of Dividends and Other Amounts

Payments of dividends and other amounts in respect of the Series B Shares will be made by the Company to CDS or its nominee, as the case may be, as registered holder of the Series B Shares. As long as CDS or its nominee is the registered holder of the Series B Shares, CDS or its nominee, as the case may be, will be considered the sole owner of the Series B Shares for the purposes of receiving payments made in respect of the Series B Shares.

The Company expects that CDS or its nominee, upon the date of receipt of any payment in respect of the Series B Shares, will credit the Participants' accounts with payments in amounts proportionate to their respective beneficial interests in Series B Shares shown on the records of CDS or its nominee. The Company also expects that payments by the Participants to the owners of beneficial interests in Series B Shares will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Participants. The responsibility and liability of the Company in respect of the Series B Shares issued in book entry form is limited to making payment of any amount due on such Series B Shares to CDS or its nominee.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, the following describes the principal Canadian federal income tax considerations generally applicable to a purchaser of Series B Shares acquired as beneficial owner pursuant to this Prospectus Supplement who, within the meaning of the *Income Tax Act* (Canada) and regulations thereunder (collectively, the "**Tax Act**") and at all relevant times, (1) is or is deemed to be resident in Canada, (2) deals at arm's length with the Company, (3) is not affiliated with the Company, and (4) holds the Series B Shares as capital property (each such purchaser a "**Holder**").

Generally, the Series B Shares will be capital property to a purchaser provided the purchaser does not hold such shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure in the nature of a trade. Certain purchasers whose Series B Shares might not otherwise constitute capital property may in certain circumstances be entitled to make (or may have already made) the irrevocable election under subsection 39(4) of the Tax Act to deem such shares and all other "Canadian securities" (as defined in the Tax Act) owned by such purchaser in the year of the election and all subsequent years to be capital property. Purchasers should consult their own tax advisors as to the availability and advisability of such election in their particular circumstances.

This summary is not applicable to a Holder: (1) that is a "financial institution" (as defined in the Tax Act) for purposes of the "mark-to-market rules" in the Tax Act, (2) an interest in which would be a "tax shelter investment" (as defined in the Tax Act), (3) to whom the "functional currency" reporting rules in the Tax Act apply requiring such Holder to determine its Canadian tax results in a currency other than Canadian currency, (4) that has entered or will enter into a "derivative forward agreement" (as defined in the Tax Act) in respect of the Series B Shares, or (5) who receives dividends on the Series B Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act, including the proposed amendments to that definition contained in a Notice of Ways and Means Motion tabled in Parliament on April 21, 2015 (the "**2015 Budget Proposals**")) of the Holder. Furthermore, this summary is

not applicable to a Holder that is a “specified financial institution” (as defined in the Tax Act) that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm’s length, in the aggregate dividends in respect of more than 10% of the Series B Shares outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Series B Shares are listed on a designated stock exchange in Canada (as defined in the Tax Act) at such times as dividends (including deemed dividends) are paid or received on such shares. All such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and counsel’s understanding of the current administrative practices and assessing policies published in writing by the Canada Revenue Agency (“**CRA**”) as at the date hereof. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect Holders and, except for the Tax Proposals, does not take into account or anticipate any changes in law or CRA administrative practices and assessing policies, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which may be different from those discussed herein. No assurance can be given that the Tax Proposals will be enacted as proposed or at all.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. No representations are made with respect to the income tax consequences to any particular Holder of purchasing, holding or disposing of the Series B Shares offered hereby, and prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

Dividends

A Holder will be required to include in computing its income for a taxation year any dividends received or deemed received on Series B Shares. Any such dividends received or deemed received by an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends designated by the Company as “eligible dividends” in accordance with the Tax Act. A dividend received or deemed received by an individual (other than certain trusts) may give rise to a liability for alternative minimum tax depending on the Holder’s circumstances.

Dividends on Series B Shares received or deemed received by a Holder that is a corporation will generally be deductible in computing the corporation’s taxable income. A Holder that is a “private corporation” (as defined in the Tax Act) or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on such dividends to the extent such dividends are deductible in computing its taxable income. Holders that are corporations are urged to consult with their own tax advisors having regard to their own circumstances regarding the tax consequences of the 2015 Budget Proposals with respect to the receipt of dividends. While no formal guidance has yet been issued with respect to the 2015 Budget Proposals, and while their precise wording is subject to change prior to enactment, counsel understands that they generally are not intended to adversely affect the tax treatment of dividends paid by the Company, including dividends paid on the Series B Shares.

The Series B Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series B Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that Holders that are corporations will not be subject to tax under Part IV.1 of the Tax Act on dividends paid or deemed paid by the Company on the Series B Shares. Provided that such election is made, no such tax under Part IV.1 of the Tax Act should arise.

Dispositions

A Holder who disposes or is deemed to dispose of Series B Shares (including on redemption or other acquisition of such shares by the Company) will generally realize a capital gain (or sustain a capital loss) to the extent that the Holder’s proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the Holder’s adjusted cost base of such shares. The amount of any deemed dividend arising on the redemption or acquisition of such shares by the Company (see “Redemption” below) will generally be excluded from the Holder’s proceeds of disposition for purposes of computing the Holder’s capital gain or capital loss arising on the disposition of such shares. If the Holder is a corporation, in certain circumstances any capital loss may be reduced by the amount of dividends received or deemed received on such shares in accordance with the rules contained in the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Holders should consult their own tax advisors.

Generally, one-half of a capital gain will be included in the Holder’s income as a taxable capital gain, and one-half of a capital loss will be deducted from the Holder’s taxable capital gains as an allowable capital loss subject to and in accordance with the rules

contained in the Tax Act. Allowable capital losses in excess of taxable capital gains realized by a Holder in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by such Holder in such other taxation years, subject to and in accordance with the rules in the Tax Act. Any such capital gain realized by an individual may give rise to a liability for alternative minimum tax. Taxable capital gains of a “Canadian-controlled private corporation” (as defined in the Tax Act) may be subject to an additional refundable tax at a rate of 6²/3%.

Redemption

If the Company redeems for cash or otherwise acquires a Holder’s Series B Shares (other than by a purchase in the open market in the manner in which such shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Company in excess of the paid-up capital of such shares at such time (as computed for purposes of the Tax Act). See “Dividends” above. The difference between the amount paid by the Company and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the Holder’s capital gain or loss arising on disposition of such Series B Shares (see “Dispositions” above). In the case of a Holder that is a corporation, in certain circumstances all or part of the amount so deemed to be a dividend may instead be treated as proceeds of disposition and not as a dividend.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, if issued on the date hereof the Series B Shares offered hereby would be qualified investments under the Tax Act on such date for trusts governed by a registered retirement savings plan (a “**RRSP**”), a registered retirement income fund (a “**RRIF**”), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan or a tax-free savings account (a “**TFSA**”).

The Series B Shares offered hereby will not be “prohibited investments” for a TFSA, RRSP or RRIF provided that the holder of the TFSA or the annuitant under the RRSP or RRIF (as the case may be) (i) deals at arm’s length with the Company for purposes of the Tax Act and (ii) does not have a “significant interest” in the Company within the meaning of the Tax Act. In addition, the Series B Shares offered hereby will not be “prohibited investments” for a TFSA, RRSP or RRIF if such shares are “excluded property” (as defined in the Tax Act) for such TFSA, RRSP or RRIF. Holders or annuitants who may wish to hold the Series B Shares offered hereby in a trust governed by a TFSA, RRSP or RRIF for which such shares would be “prohibited investments” should consult their own tax advisors as to the potential consequences thereof.

RISK FACTORS

An investment in the Series B Shares involves certain risks. Before making an investment decision, an investor should carefully consider the following risks and the risks described under the heading “Risk Factors” in this Prospectus Supplement and the Base Prospectus and in the documents incorporated herein and therein by reference, including the risk factors in respect of the Company found in the Annual Information Form and the Annual MD&A. See “Documents Incorporated by Reference”. If any of those risks actually occur, the Company’s business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties, including those of which the Company is currently unaware or that are deemed immaterial, may also adversely affect its business, financial condition, results of operations, cash flows and prospects. In addition to such risks identified, an investment in the Series B Shares is subject to the following additional risks:

Market Value

Prevailing yields on similar securities will affect the market value of the Series B Shares. Assuming all other factors remain unchanged, the market value of the Series B Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the government bond yields, treasury bill rates and comparable benchmark rates of interest for similar securities will also affect the market value of the Series B Shares.

Credit Ratings

The credit ratings applied to the Series B Shares are an assessment, by S&P and DBRS, of the Company’s ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Company that may or may not reflect the actual performance or capital structure of the Company. Changes in credit ratings of the Series B Shares may affect the market price or value and the liquidity of the Series B Shares. There is no assurance that any credit rating

assigned to the Series B Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See “Ratings”.

Insolvency

Creditors of the Company rank ahead of holders of Series B Shares in the event of an insolvency or winding-up of the Company and creditors of the Company’s subsidiaries rank ahead of the Company and holders of the Series B Shares in the event of an insolvency or winding-up of such subsidiaries.

The Series B Shares are equity capital of the Company which rank behind the First Preferred Shares, to the extent any are issued and outstanding, and equally with other Second Preferred Shares in the event of an insolvency of the Company. If the Company becomes insolvent, the Company’s assets must be used to pay liabilities and other debt, including subordinated debt before payments may be made on the Series B Shares, if any.

Dividends

Holders of Series B Shares do not have a right to dividends unless declared by the board of directors of the Company. The declaration of dividends is at the discretion of the board of directors of the Company even if the Company has sufficient funds, net of its liabilities, to pay such dividends.

The Company may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Company’s assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of the Company will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by the Company under guarantees in respect of which a demand for payment has been made. See “Consolidated Capitalization”.

No Fixed Maturity or Redemption

The Series B Shares do not have a fixed maturity or redemption date and are not redeemable at the option of the holder of the Series B Shares. The ability of a holder to liquidate its holdings of Series B Shares may be limited.

The Company’s Right to Redeem

The Company may choose to redeem the Series B Shares from time to time, in accordance with its rights described under “Details of the Offering”, including when prevailing interest rates are lower than the yield borne by the Series B Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series B Shares being redeemed. The Company’s redemption right also may adversely impact a purchaser’s ability to sell Series B Shares.

Trading in Securities

The Company has applied to list the Series B Shares issued pursuant to the Offering on the TSX. Listing is subject to the Company fulfilling all of the listing requirements of the TSX. However, there is currently no market through which the Series B Shares may be sold. Accordingly, purchasers may not be able to resell the Series B Shares distributed under this Prospectus Supplement. This may affect the pricing of the Series B Shares in the secondary market, the transparency and the availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Series B Shares after the Offering, or if developed, that such a market will be sustained at the price level of the Offering. If an active or liquid market for the Series B Shares fails to develop or be sustained, the prices at which the Series B Shares trade may be adversely affected.

The pricing of the Offering has been determined by negotiation between the Company and the Underwriters based on several factors and may bear no relationship to the prices at which the Series B Shares will trade in the public market subsequent to the Offering. See “Plan of Distribution”.

No Voting Rights

Holders of Series B Shares will generally not have voting rights at meetings of the shareholders of the Company except under limited circumstances. See “Details of the Offering”.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated June 2, 2015 (the “**Agreement**”) between the Company and the Underwriters, the Company has agreed to sell and the Underwriters have severally agreed to purchase on June 9, 2015, or on such later date as may be agreed upon with the Underwriters, but in any event not later than June 30, 2015, all but not less than all of the 9,000,000 Series B Shares offered to the public hereby at a price of \$25.00 per Series B Share, payable in cash to the Company against delivery of such Series B Shares and subject to compliance with all necessary legal requirements and to the conditions contained in the Underwriting Agreement.

The Company has agreed to pay the Underwriters a fee equal to \$0.25 for each Series B Share sold to certain institutions and \$0.75 for each of the other Series B Share purchased by the Underwriters. All fees payable to the Underwriters will be paid on account of services rendered in connection with the Offering and will be paid out of the proceeds of the Offering.

The obligations of the Underwriters under the Agreement may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the 9,000,000 Series B Shares if any Series B Shares are purchased under the Agreement. The Underwriting Agreement also provides that the Company will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or will contribute to payments the Underwriters may be required to make in respect thereof.

The Underwriters propose to offer the Series B Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Series B Shares offered in the Offering at the price specified herein, the Offering Price of the Series B Shares may be decreased, and further changed from time to time, to an amount not greater than the Offering Price and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series B Shares is less than the gross proceeds paid by the Underwriters to the Company. Any such reduction will not affect the proceeds received by the Company.

Pursuant to policy statements of certain securities commissions or regulatory authorities, the Underwriters may not, throughout the period of distribution under the Offering, bid for or purchase Series B Shares. The foregoing restriction is subject to exceptions, including a bid or purchase permitted under the rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for, and on behalf of, a customer where the order was not solicited during the period of distribution, provided that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series B Shares. In connection with the Offering and subject to the foregoing and to applicable law, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series B Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Company has agreed in the Agreement that it will not offer or sell, agree to offer or sell, or announce any intention to offer or sell, any First Preferred Shares or Second Preferred Shares (collectively, the “**Preferred Shares**”) or any securities convertible into or exchangeable for Preferred Shares until 90 days after the closing of the Offering, without the prior written consent of RBC Dominion Securities Inc., such consent not to be unreasonably withheld.

The TSX has conditionally approved the listing of the Series B Shares. The listing is subject to the Company fulfilling all of the requirements of the TSX on or before August 24, 2015.

Each of the Underwriters, other than GMP Securities L.P. and Raymond James Ltd., is, directly or indirectly, an affiliate of a Canadian chartered bank or a Canadian financial services cooperative. Such Canadian chartered banks and Canadian financial services cooperatives (collectively, the “**Lenders**”) have provided to the Company one or more of the following credit facilities: (i) an unsecured credit facility (the “**SDM Credit Facility**”) in the aggregate amount of \$3,500 million, and (ii) a committed credit facility in the amount of \$1,000 million (the “**Committed Credit Facility**”). Accordingly, the Company may be considered a connected issuer of the Lenders under applicable securities laws in certain Canadian provinces. As at June 2, 2015, the Company has drawn approximately \$360 million from the SDM Credit Facility. As at June 2, 2015 no amounts were outstanding under the Committed Credit Facility. The Company is in compliance with the terms of the SDM Credit Facility and the Committed Credit Facility. The decision to distribute the Series B Shares was made by the Company and the terms of distribution will be determined through negotiations between the Company and the Underwriters. The Lenders did not have any involvement in such decision and will not have any involvement in such determination. None of the Underwriters will receive any benefit from the Offering other than its portion of the commission payable by the Company on the amount of the Series B Shares sold through or to such Underwriters.

The Offering is being made in each of the provinces of Canada. The Series B Shares have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities laws, and may not be offered or sold within the United States. This Prospectus Supplement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Series B Shares in the United States or for the account or benefit of a person in the United States.

Certain of the Underwriters and/or their affiliates have performed investment banking and advisory services for the Company and its affiliates from time to time for which they have received customary fees and expenses. The Underwriters and/or their affiliates may, from time to time, engage in transactions with, or perform services for, the Company and its affiliates in the ordinary course of business and receive fees in connection therewith.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. will keep at its principal office in the City of Toronto a register of holders of the Series B Shares and at its principal offices in the cities of Toronto, Montreal, Vancouver, Calgary and Halifax a register of transfers of Series B Shares.

TRADING PRICE AND VOLUME

The Series A Shares are listed and posted for trading on the TSX under the symbol “L.PR.A”. The following table sets out, for the periods indicated, the reported high and low sale prices and the aggregate volume of trading of the Series A Shares on the TSX:

Month	High (\$)	Low (\$)	Volume (in thousands)
June 2014	26.39	26.15	55
July 2014	26.39	25.93	116
August 2014	26.17	25.78	52
September 2014.....	26.00	25.54	124
October 2014.....	26.17	25.60	56
November 2014.....	26.05	25.72	38
December 2014	26.05	25.69	92
January 2015	25.97	25.48	576
February 2015	25.60	25.50	90
March 2015	25.67	25.42	382
April 2015	25.65	25.20	188
May 2015	25.34	25.20	436
June 1, 2015	25.34	25.32	11

LEGAL MATTERS

Certain legal matters relating to the Offering of the Series B Shares will be passed upon by Borden Ladner Gervais LLP on behalf of the Company and by McCarthy Tétrault LLP on behalf of the Underwriters.

As at June 1, 2015, the partners and associates of Borden Ladner Gervais LLP as a group and the partners and associates of McCarthy Tétrault LLP as a group, respectively, each beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares, Preferred Shares, or debt securities of the Company.

AUDITORS

The auditors of the Company are KPMG LLP, 333 Bay Street, Suite 4600, Bay Adelaide Centre, Toronto, Ontario M5H 2S5. KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant bodies in Canada and any applicable legislation or regulation.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF LOBLAW COMPANIES LIMITED

Dated: June 2, 2015

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of all the provinces of Canada.

(Signed) GALEN G. WESTON
Executive Chairman and President

(Signed) RICHARD DUFRESNE
Chief Financial Officer

On behalf of the Board of Directors

(Signed) CHRISTIE J.B. CLARK
Director

(Signed) THOMAS O'NEILL
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 2, 2015

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of all the provinces of Canada.

RBC DOMINION SECURITIES INC.

By: (Signed) Carrie Cook

SCOTIA CAPITAL INC.

By: (Signed) Dany Beauchemin

TD SECURITIES INC.

By: (Signed) Steve Dumanski

BMO NESBITT BURNS INC.

By: (Signed) Jeff Watchorn

CIBC WORLD MARKETS INC.

By: (Signed) Ryan Voegeli

NATIONAL BANK FINANCIAL INC.

By: (Signed) Peter Jelley

DESJARDINS SECURITIES INC.

By: (Signed) A. Thomas Little

GMP SECURITIES L.P.

By: (Signed) Alfred Avanesy

RAYMOND JAMES LTD.

By: (Signed) Lucas Atkins