

A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purposes of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.

This short form prospectus is a base shelf prospectus that has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. 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 short form prospectus 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 short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Loblaw Companies Limited at 22 St. Clair Avenue East, Suite 800, Toronto, Ontario M4T 2S5 (telephone (416) 922-8500), and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS



New Issue

August 30, 2019

LOBLAW COMPANIES LIMITED

\$2,000,000,000

**Debentures (unsecured)
Second Preferred Shares
Common Shares**

Loblaw Companies Limited (the "Company" or "Loblaw") may offer to the public from time to time debentures ("Debentures"), common shares ("Common Shares") and Second Preferred Shares (sometimes referred to herein as "Preferred Shares", and collectively with the Debentures and Common Shares, the "Securities") up to a total initial offering price of \$2,000,000,000 (or its equivalent in U.S. dollars or any other currency or currency unit used to denominate the Securities) during the 25-month period commencing September 9, 2019 that this short form base shelf prospectus, including any amendments hereto (the "Prospectus"), remains valid.

The specific variable terms of any offering of Securities will be set forth in a prospectus supplement (a "Prospectus Supplement") including, where applicable: (i) in the case of Debentures, the title of the Debentures, any limit on the aggregate principal amount of the Debentures, the currency or currency unit for which the Debentures may be purchased, authorized denominations, the issue and delivery date, the maturity date, the offering price (at par, at a discount or at a premium), whether the Debentures will bear interest, the interest rate or method of determining the interest rate, the interest payment date(s), any redemption provisions, any repayment provisions, any terms entitling the holder to exchange or convert the Debentures, and any other specific terms; and (ii) in the case of Preferred Shares or Common Shares, where applicable, the number of shares offered, the offering price, any voting rights, any rights to receive dividends, the dividend rate, the dividend payment date, any redemption provisions, any terms entitling the holder to exchange or convert the Preferred Shares, the designation of the particular series of Preferred Shares, and any other specific terms. The Company reserves the right to include in a Prospectus Supplement specific variable terms pertaining to the Securities that are not within the options and parameters set forth in this Prospectus.

There is no market through which the Preferred Shares or Debentures which may be offered under this Prospectus may be sold and purchasers may not be able to resell Securities purchased under this Prospectus. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. See the section entitled "Risk Factors" on page 14 of this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The Company may offer and sell the Securities to or through underwriters or dealers purchasing as principals pursuant to applicable statutory exemptions, and may also sell the Securities to one or more purchasers directly or through agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of Securities, and will set forth the method of distribution of such Securities, including the proceeds to the Company and any fees, discounts or any other compensation payable to underwriters, dealers or agents, and any other material terms of the plan of distribution.

The Company's registered office is at 22 St. Clair Avenue East, Toronto, Ontario M4T 2S5 and its head office is at 1 President's Choice Circle, Brampton, Ontario L6Y 5S5.

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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this Prospectus and in the documents incorporated by reference herein and is not entitled to rely on parts of the information contained in this Prospectus or documents incorporated by reference herein to the exclusion of others. The Company has not authorized anyone to provide investors with additional or different information. The Company is not offering to sell the Securities in any jurisdictions where the offer or sale of such Securities is not permitted. The information contained in this Prospectus or in the documents incorporated by reference herein is accurate only as of the date of this Prospectus or the respective date of the applicable document incorporated by reference herein, regardless of the time of delivery of this Prospectus or of any sale of the Securities.

For investors outside Canada, the Company has not done anything that would permit the offering of the Securities or possession or distribution of this Prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the offering of the Securities and the possession or distribution of this Prospectus.

All dollar amounts herein are stated in Canadian dollars except where otherwise indicated.

All financial statements and financial data regarding the Company has 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 and the documents incorporated by reference herein 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

The following documents, filed with the securities commission or other similar authority in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) Annual Information Form of the Company for the year ended December 29, 2018, dated February 21, 2019 (the “**Annual Information Form**”);
- (b) Management’s Discussion and Analysis on pages 3 through 64 of the 2018 Annual Report – Financial Review of the Company (the “**Annual MD&A**”);
- (c) Annual audited consolidated financial statements of the Company including the notes thereto for the years ended December 29, 2018 and December 30, 2017, together with the report of the independent auditor thereon (the “**Annual Financial Statements**”);
- (d) Management’s Discussion and Analysis on pages 1 through 36 of the Company’s 2019 Second Quarter Report to Shareholders for the 12- and 24-week periods ended June 15, 2019 (the “**Quarterly Report**”);
- (e) Unaudited interim period condensed consolidated financial statements of the Company including the notes thereto for the 12- and 24-week periods ended June 15, 2019, on pages 37 through 69 of the Quarterly Report (the “**Interim Financial Statements**”);
- (f) Management Proxy Circular of the Company dated March 22, 2019 prepared in connection with the Company’s annual meeting of shareholders held on May 2, 2019; and
- (g) Management Proxy Circular of the Company dated September 19, 2018 prepared in connection with the Company’s special meeting of shareholders held on October 18, 2018.

Any documents of the type referred to in the preceding paragraph, any material change report (excluding confidential material change reports), any business acquisition report, any Prospectus Supplement disclosing additional or updated information, and any exhibit to financial statements of the Company or Prospectus Supplement containing earnings coverage ratios and the template version of any marketing materials subsequently filed by the Company with the securities commissions and any similar authority in Canada, after the date of this Prospectus and prior to the termination of the distribution of Securities, shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The making of a modifying or a superseding statement shall not be deemed an admission for any purpose 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.

Upon a new annual information form and the related annual audited consolidated financial statements (and the management’s discussion and analysis in respect thereof) being filed by the Company with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual audited consolidated financial statements, all interim unaudited consolidated financial statements (and the management’s discussion and analysis in respect thereof), material change reports and business acquisition reports filed by the Company prior to the commencement of the Company’s fiscal year in which the new annual information form was filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon interim unaudited consolidated financial statements (and the management’s discussion and analysis in respect thereof) being filed by the Company with the applicable securities regulatory authorities during the currency of this Prospectus, all interim unaudited consolidated financial statements (and the management’s discussion and analysis in respect thereof) filed prior to the new interim unaudited consolidated financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder and upon a new management proxy circular relating to an annual meeting of shareholders of the Company being filed by the Company with the applicable securities regulatory authorities during the currency of this Prospectus, the management proxy circular for the preceding annual meeting of

shareholders shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

A Prospectus Supplement containing the specific terms of an offering of Securities, disclosure of earnings coverage ratios, if applicable, and other information relating to the Securities, will be delivered to prospective purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement only for the purpose of the offering of the Securities covered by that Prospectus Supplement.

LOBLAW COMPANIES LIMITED

The Company was incorporated on January 18, 1956, although portions of its business originated before 1900. The Company was continued under the *Canada Business Corporations Act* (“CBCA”) by a certificate of continuance dated May 7, 1980. The registered office of the Company is located at 22 St. Clair Avenue East, Toronto, Ontario M4T 2S5. The National Head Office and store support centre of the Company are located at 1 President’s Choice Circle, Brampton, Ontario L6Y 5S5.

The Company has two reportable operating segments: Retail and Financial Services. The Retail segment consists primarily of corporate and franchise-owned retail food and associate-owned drug stores, and includes in-store pharmacies and other health and beauty products, apparel and other general merchandise. The Company’s Financial Services segment provides credit card services, insurance brokerage services, guaranteed investment certificates and telecommunication services, and operates the *PC Optimum* loyalty program.

On November 1, 2018, the Company and its parent, George Weston Limited (“Weston”), completed a reorganization under which the Company distributed its approximate 61.6% effective interest in Choice Properties Real Estate Investment Trust (“Choice Properties”) to Weston on a tax-free basis to the Company and its Canadian shareholders (the “Reorganization”). Following the completion of the Reorganization, the Company no longer has an interest in Choice Properties and Choice Properties is no longer an operating segment or reportable operating segment of the Company.

The Company’s strategic framework is anchored by a powerful purpose: Live Life Well. The Company is committed to delivering industry leading financial results through data-driven insights and process and efficiency excellence – a model that fuels truly customer-centric investments in Everyday Digital Retail, Payments and Rewards, and a future Connected Healthcare Network.

The Company strives to be the “best in food, health and beauty.” The approach in offering “best in food” is driven by fresh food selection, a desire to offer sustainable and competitive pricing, customized assortments across banners, and several of the country’s top control brands. Achieving “best in health and beauty” requires putting pharmacy customers first, providing high quality health and wellness products and services, and delivering a diverse and differentiated beauty offering.

The Company is a holding company, which carries on its business through its subsidiaries. A list of the subsidiaries of the Company that carry on its principal businesses is set out below. The Company owns, either directly or indirectly, 100% of the voting securities of these subsidiaries.

Subsidiaries	Jurisdiction of Incorporation or Formation
Loblaws Inc.	Ontario
Shoppers Drug Mart Inc.	Canada
President’s Choice Bank	Canada

For further information regarding Loblaw, its subsidiaries and their respective business activities, including Loblaw’s inter-corporate relationships and organizational structure, see the Annual Information Form.

MATERIAL CHANGES TO CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company’s share and loan capital, on a consolidated basis, since the date of the Interim Financial Statements.

USE OF PROCEEDS

The Securities will be issued from time to time at the discretion of the Company in an aggregate principal amount of up to \$2,000,000,000 in Canadian currency, or the approximate equivalent thereof if Securities are issued

in foreign currencies or currency units, during the 25-month period commencing September 1, 2019. The net proceeds to be derived from the issue of the Securities offered by this Prospectus will be the issue price thereof less any commission paid in connection therewith. Such net proceeds cannot be estimated at the date hereof as the amount thereof will depend on the extent to which the Securities are issued hereunder and the terms and conditions of such Securities. The specific use of proceeds and the business objectives to be achieved from the issuance of any Securities will be described in the relevant Prospectus Supplement. Proceeds that are not immediately required may be invested in short-term marketable securities.

EARNINGS COVERAGE

Earnings coverage ratios will be provided with respect to the issuance of any Securities, as required, in the Prospectus Supplement pursuant to which such Securities are issued.

DESCRIPTION OF DEBENTURES

The following description of the Debentures sets forth certain general terms and provisions of the Debentures. The particular terms and provisions of the Debentures offered by a Prospectus Supplement will be described in the Prospectus Supplement filed in respect of such Debentures.

The Debentures will be issued under a trust indenture (the “**Indenture**”) dated as of April 10, 1996, as amended and supplemented from time to time, between the Company and Computershare Trust Company of Canada (as successor to Montreal Trust Company of Canada) (the “**Trustee**”). The aggregate principal amount of Debentures which may be certified under the Indenture is unlimited. The following is only a summary of certain terms and provisions of the Indenture and the Debentures and does not purport to be complete and is subject to the detailed provisions of the Indenture to which reference should be made for a full description of such provisions and for other information regarding the Debentures.

General

The Debentures will be direct unsecured obligations of the Company and will rank *pari passu*, except as to sinking funds, if any, with all other unsecured and unsubordinated indebtedness of the Company outstanding from time to time. Debentures may be issued as interest-bearing securities at fixed or floating rates of interest determined by the Company from time to time or as non interest-bearing securities issued at a discount. The Debentures will be issued in registered form and may be represented in the form of fully registered global notes.

The specific variable terms of any offering of Debentures will be set forth in a Prospectus Supplement or a pricing supplement that will accompany this Prospectus, including, where applicable: the title of Debentures, any limit on the aggregate principal amount of the Debentures being offered, the currency or currency unit for which the Debentures may be purchased, authorized denominations, the issue and delivery date, the maturity date, the offering price (at par, at a discount or at a premium), whether the Debentures will bear interest, the interest rate or method of determining the interest rate, the interest payment date(s), any redemption provisions, any repayment provisions, any terms entitling the holder to exchange or convert the Debentures, the names of the dealers, underwriters or agents engaged in connection with the offering of the Debentures, any commission payable, the method of distribution, the actual proceeds to the Company and any other specific terms. The Company reserves the right to include in a Prospectus Supplement or a pricing supplement specific variable terms pertaining to Debentures which are not within the options and parameters set forth in this Prospectus.

Negative Pledge Covenant

The Indenture contains a negative pledge covenant of the Company substantially to the following effect:

So long as any of the Debentures issued under the Indenture remain outstanding, the Company will not create or incur or assume any mortgage, hypothec, charge, pledge or other encumbrance (collectively, “**Security**”) upon the whole or any part of its undertaking or property, real or personal, present or future, to secure any loan or other indebtedness for Money Borrowed (as defined under the heading “Definitions” below) or to secure any

guarantee by the Company of any loan or other indebtedness for Money Borrowed, unless the same security shall have been or shall forthwith be created in favour of and extended equally and rateably to the Debentures then outstanding; provided that such covenant shall not apply to nor operate to prevent:

- (a) the creation of any Security on any property, real or personal, hereafter acquired, constructed or improved by the Company to secure the unpaid portion of the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such property;
- (b) the assumption by the Company of any Security on any property, real or personal, in existence at the time of acquisition thereof;
- (c) the extension, renewal or refunding of any Security permitted under clauses (a) or (b) above;
- (d) the giving of any Security by the Company in the ordinary course of business on any assets (except shares or other securities of Subsidiaries and real or immovable properties) to any bank under the *Bank Act* (Canada) or otherwise, or to any other lender, for present or future debts or liabilities of the Company to such bank or other lender or to secure a guarantee by the Company of present or future debts or liabilities of any other person to such bank or other lender, provided that such debts or liabilities of the Company or such other person do not mature by their terms on, and are not renewable at the option of the obligor to, a date more than 18 months after the date of the original creation thereof; or
- (e) the creation of any Security not excepted by clauses (a) to and including (d) above provided that after giving effect thereto the total aggregate amount of indebtedness of the Company for Money Borrowed secured by Security permitted under this clause shall not exceed \$25,000,000.

Consolidation, Merger, Conveyance and Transfer

The Indenture provides that so long as any Debentures issued thereunder remain outstanding the Company shall not enter into any transaction, whether by way of merger, consolidation, reconstruction, amalgamation (except an amalgamation pursuant to the CBCA or other amalgamation where the amalgamated corporation is by operation of law the successor to the obligations of the Company including the Debentures), lease or otherwise, whereby all or substantially all of its undertaking or assets would become the property of any other person (other than a conveyance or transfer referred to below) unless:

- (a) such other person is a corporation (“**Successor Company**”);
- (b) the Successor Company executes, prior to or contemporaneously with the consummation of such transaction, such documents as are in the opinion of counsel to the Company (“**Counsel**”) necessary or advisable to evidence the assumption by the Successor Company of the liability for the due and punctual payment of all the Debentures and the interest thereon and the covenant of such Successor Company to pay the same and to observe and perform all the covenants and obligations of the Company under the Indenture;
- (c) immediately after the consummation of such transaction no condition or event shall exist which constitutes or which would, after the lapse of time or giving of notice or both, constitute an event of default under the Indenture, and the Trustee shall have received a certificate of the Company to such effect; and
- (d) the Trustee shall have received an opinion of Counsel that after the consummation of such transaction the Debentures will continue to be valid and binding obligations of the Successor Company entitling the Debenture holders, as against the Successor Company, to all of the rights of Debenture holders under the Debentures.

The Indenture also provides that so long as any Debentures issued thereunder remain outstanding, the Company shall not convey or transfer all or substantially all of its undertaking or assets to another person, unless:

- (a) either (i) that other person guarantees all amounts payable under the Debentures or (ii) that other person agrees to be bound by the terms of the Indenture and the Debentures as principal debtor in place of the Company and the Company guarantees all amounts payable under the Debentures;
- (b) immediately after the consummation of such transaction no condition or event shall exist which constitutes or which would, after the lapse of time or giving of notice or both, constitute an event of default thereunder, and the Trustee shall have received a certificate of the Company to such effect; and
- (c) the Trustee shall have received an opinion of Counsel that any guarantee or other agreement entered into in compliance with paragraph (a) above is a valid and binding obligation of the parties thereto, entitling the Debenture holders, as against the parties thereto, to the rights and benefits provided to the Debenture holders in such guarantee or other agreement.

Events of Default

The Indenture provides that the following constitute events of default (each an “**Event of Default**”) thereunder:

- (a) if default is made in the payment of any principal or premium due on any of the Debentures when the same becomes due under any provision of the Indenture or of the Debentures;
- (b) if default is made in the payment of any interest due on any of the Debentures and such default shall have continued for a period of 15 days after such interest becomes due and payable;
- (c) if default is made in the performance or observance by the Company of any other covenant under the provisions of the Debentures or the Indenture which shall continue for more than 30 days after written notice requiring such default to be remedied shall have been given to the Company by the Trustee;
- (d) if any obligation or obligations of the Company or any Subsidiary (as defined under the heading “Definitions” below) in respect of Money Borrowed in excess of \$25,000,000 in the aggregate or the equivalent thereof in any other currency other than the Debentures (including obligations arising under a guarantee for Money Borrowed) shall not be paid when due or, as the case may be, by the end of any applicable grace period or becomes (or becomes capable of being declared) prematurely repayable by reason of a default unless such default has been remedied or cured, or waived by the appropriate debt holder;
- (e) if the Company or any Principal Subsidiary (as defined under the heading “Definitions” below) shall be unable to pay its debts as they become due or shall file a petition or proposal in bankruptcy or shall be adjudicated or found to be bankrupt or insolvent or shall enter into or propose to enter into a general assignment for the benefit of its creditors;
- (f) if an order is made by any competent court or an effective resolution passed for the winding up or dissolution of the Company or any Principal Subsidiary except in each case for the purpose of giving effect to a merger, consolidation, reconstruction or amalgamation permitted under the Indenture or as may be approved by the Trustee, or the Company or any Principal Subsidiary stops or threatens to stop payment of its debts generally as they become due;
- (g) if an encumbrancer takes possession or a receiver, liquidator, trustee or any other officer with similar powers is appointed of the Company or any Principal Subsidiary or of all or a substantial part of the undertaking or assets of the Company or any Principal Subsidiary;

- (h) if a distress, execution or other process is levied or enforced upon or against all or a substantial part of the assets of the Company or any Principal Subsidiary and is not removed, discharged or paid within 30 days; or
- (i) if the Company, whether by one or more transactions, shall, otherwise than in the ordinary course of business, sell, transfer, lend or otherwise dispose of, directly or indirectly, all or substantially all of its undertaking or assets, except to a Subsidiary, or for the purpose of giving effect to a merger, consolidation, reconstruction, amalgamation, conveyance or transfer permitted under the Indenture or as may be approved by the Trustee.

Acceleration on and Waiver of Default

If an Event of Default has occurred under the Indenture, the Trustee may in its discretion and shall, upon the requisition in writing of the holders of at least 25% of the principal amount of the Debentures issued and outstanding under the Indenture, subject to any waiver of default under the Indenture, by notice in writing to the Company declare the principal and interest on all Debentures then outstanding under the Indenture and other moneys payable thereunder to be due and payable.

If an Event of Default has occurred under the Indenture (otherwise than by default in payment of principal moneys at maturity), the holders of not less than 75% of the principal amount of the Debentures issued and outstanding under the Indenture shall have the power to instruct the Trustee to waive the default provided that if the Event of Default relates to a covenant applicable only to one or more particular series of Debentures or part thereof, then the holders of not less than 75% of the principal amount of the outstanding Debentures of that series or those series, or part thereof as the case may be, shall be entitled to waive the default. In addition, the Trustee, so long as it has not become bound to institute any proceedings under the Indenture, shall have power to waive the default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor.

Right of Trustee to Enforce Payment

If the Company fails to pay to the Trustee, on demand, and when due, the principal of and premium (if any) and interest on all Debentures then outstanding under the Indenture, the Trustee may, in its discretion, and shall upon the request in writing of the holders of not less than 25% of the principal amount of the Debentures issued and outstanding under the Indenture, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as Trustee to obtain or enforce payment of the said principal, premium (if any) and interest on all outstanding Debentures together with other amounts due under the Indenture by any remedy provided by law either by legal proceedings or otherwise.

Holders of Debentures issued under the Indenture may not institute any action or proceeding or exercise any other remedy authorized by the Indenture, including an action to enforce the Indenture or the Debentures, except as provided in the Indenture.

Definitions

The Indenture contains definitions substantially to the following effect:

- (a) **"Debentures"** means the debentures, notes or other evidences of indebtedness of the Company issued and certified under the Indenture, and for the time being outstanding, whether in definitive or interim form.
- (b) **"Money Borrowed"** means money borrowed and premium and interest in respect thereof and liabilities under any note, bond, debenture, loan stock or other security whether or not issued as consideration for assets or services but excluding such liabilities incurred solely in relation to the acquisition of goods and services in the ordinary course of business.

- (c) **“person”** means any natural person, corporation, firm, joint venture or other unincorporated association, trust, government or governmental authority.
- (d) **“Principal Subsidiary”** means a Subsidiary:
 - (i) whose total assets (consolidated in the case of a corporation which itself has Subsidiaries) or gross revenues (consolidated in the case of a corporation which itself has Subsidiaries), after allowing for minority interests and inter-company balances and transactions, represent not less than 10% of the consolidated total assets or, as the case may be, consolidated gross revenues of the Company and its Subsidiaries taken as a whole, all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest consolidated audited financial statements of the Company and its Subsidiaries; or
 - (ii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary.
- (e) **“Subsidiary”** means any person directly or indirectly controlled by the Company; and for the purposes of this definition, the Company shall be deemed to control a corporation if the Company beneficially owns, directly or indirectly, shares to which are attached more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, and the Company shall be deemed to own beneficially shares beneficially owned by a corporation controlled by it, and so on indefinitely.

Defeasance

The Indenture requires the Trustee to release the Company from its obligations under the Indenture if the Company first satisfies the Trustee that it has paid or made provision for the payment of the expenses of the Trustee and for payment of all principal and interest and other amounts due or to become due (collectively, the **“Payments”**) on the Debentures. The Company shall be deemed to have made such due provision for payment in respect of the Debentures if it has deposited or caused to be deposited with the Trustee the following:

- (a) cash;
- (b) securities issued or guaranteed by the Government of Canada; or
- (c) securities issued or guaranteed by a province of Canada which are rated by both DBRS Limited (**“DBRS”**) and Canadian Bond Rating Service Inc. (or their successors or similar recognized rating services) at least AA and A+, respectively, or issued or guaranteed by a partnership, corporation, unincorporated syndicate, unincorporated organization, trust or other entity which are rated by both DBRS and Canadian Bond Rating Service Inc. (or their successors or similar recognized rating services) at least AAA and A+, respectively, at the time the defeasance occurs provided that:
 - (i) if either rating agency ceases to rate such securities and has no successor, a rating of at least the appropriate rating indicated above by the other rating agency will suffice for the purposes hereof; and
 - (ii) if securities issued or guaranteed by a partnership, corporation, unincorporated syndicate, unincorporated organization, trust or other entity have been rated by only one of the rating agencies, a rating of at least the appropriate rating indicated above by such rating agency will suffice for the purposes hereof;

which cash or securities or both will provide for the Payments.

Modification

The Indenture contains provisions by which certain modifications which affect a particular series of Debentures must be authorized by extraordinary resolution of holders of a particular series of Debentures so affected.

The Indenture provides that certain modifications of the Indenture and the Debentures and the rights of the Debenture holders against the Company may be made if authorized by extraordinary resolution.

Under the Indenture, an “extraordinary resolution”, with respect to Debentures outstanding thereunder or Debentures of a particular series outstanding thereunder, means a resolution passed at a duly constituted meeting or serial meeting, as the case may be, of holders of Debentures by the favourable votes of the holders of not less than 75% of the principal amount of Debentures represented at the meeting and voted on such resolution, or by instrument in writing signed by the holders of 75% of the principal amount of all the outstanding Debentures or all the outstanding Debentures of such series.

Payment and Transfer

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal (and premium, if any) on Debentures will be made in the designated currency against surrender of such Debentures at the office of the Trustee in Toronto. Unless otherwise specified in the Prospectus Supplement related thereto, payment of any instalment of interest on Debentures will be made to the person in whose name such Debentures are registered immediately prior to the close of business on the record date for such interest payment by electronic funds transfer.

Holders of fully registered Debentures may transfer or exchange such Debentures at the corporate trust office of the Trustee or at any other office or agency the Company maintains for these purposes, without the payment of any service charge except for any taxes or governmental charges incidental thereto. No transfer of a Debenture will be registered during the fifteen business days immediately preceding any date fixed for payment of interest on such Debenture or the date for payment of the principal amount thereof.

DESCRIPTION OF PREFERRED SHARES AND COMMON SHARES

Authorized and Issued Capital

The Company is authorized under the Articles of the Company to issue the following three classes of shares in the capital of the Company:

- 1,000,000 First Preferred Shares without nominal or par value, issuable in series;
- an unlimited number of Second Preferred Shares without nominal or par value, issuable in series; and
- an unlimited number of Common Shares without nominal or par value.

As at August 27, 2019, the Company had 366,312,954 Common Shares, no First Preferred Shares and 9,000,000 Second Preferred Shares, Series B issued and outstanding.

First Preferred Shares

The First Preferred Shares are limited in aggregate number to 1,000,000 and may be issued in one or more series in such number (subject to the foregoing limit) and with such rights, privileges, restrictions and conditions attaching to each such series as may be determined by the board of directors of the Company. The First Preferred Shares are entitled to preference over the Common Shares or the shares of any other class ranking junior to the First Preferred Shares with respect to the payment of dividends, and may be given such other preferences over the Common Shares or other shares ranking junior to the First Preferred Shares as may be determined as to the respective series authorized to be issued. The First Preferred Shares of each series shall rank on a parity with the

First Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, and the First Preferred Shares of any series may be made subject to redemption. The holders of First Preferred Shares, if any, are not entitled to vote unless and until the Company fails to pay in the aggregate eight quarterly dividends on any series of First Preferred Shares. Thereafter, and only so long as any dividends on the First Preferred Shares remain in arrears, the holders of the First Preferred Shares are entitled to receive notice of all meetings of shareholders and, voting separately as a class, to elect two members of the board of directors of the Company.

Second Preferred Shares

The only shares of the Company to be qualified for issuance under this Prospectus are Second Preferred Shares and Common Shares. The following sets forth certain general terms and provisions of the Second Preferred Shares and does not purport to be complete and is subject to the detailed provisions of the Articles of the Company, to which reference is made for a full description of such provisions and for other information regarding the Second Preferred Shares, and to the CBCA. The particular terms and provisions of any Second Preferred Shares offered by a Prospectus Supplement will be described in such Prospectus Supplement.

Issuable in Series

The Second Preferred Shares may at any time or from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by the board of directors of the Company. The directors of the Company shall (subject to the Articles of the Company) also fix the designation, rights, privileges, restrictions and conditions, and other provisions attaching to the Second Preferred Shares of each series.

Priority

The Second Preferred Shares of each series, (i) shall rank after the First Preferred Shares 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 any other shares of the Company ranking junior to the Second Preferred Shares (collectively, “**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 Second Preferred Shares of each series may be given such other preferences over the Junior Shares as may be fixed by the board of directors.

The Second Preferred Shares of each series 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.

Voting

Except as required by law, the holders of the Second Preferred Shares as a class shall have no voting rights. 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 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 him in the stated capital account maintained by the Company in respect of the Second Preferred Shares.

Arrangement and Reorganization

Neither any amalgamation, arrangement or reorganization, nor any sale, lease or exchange of all or substantially all of the assets of the Company, shall be deemed to be a liquidation, dissolution or winding up of the Company.

Common Shares

The holders of Common Shares are entitled:

- (a) to vote at all meetings of shareholders, except meetings at which only holders of another specified class of shares are entitled to vote; and
- (b) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, to receive any dividend declared by the Company and to receive the remaining property of the Company upon dissolution.

RISK FACTORS

In the normal course of its business, the Company is exposed to risks that have the potential to negatively affect its operations and financial performance. Prospective purchasers of Securities should consider carefully the risk factors contained in and incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference), which include the risk factors section contained in the Annual Information Form and Annual MD&A, as well as any risk factors discussed in any quarterly or annual management's discussion and analysis or annual information form filed subsequent to the Annual MD&A, and those described in a Prospectus Supplement relating to a specific offering of Securities.

In addition to the other information contained in and incorporated by reference into this Prospectus, the following risk factors pertaining to the Securities which may be offered hereunder should be carefully considered before investing in the Securities.

Reliance on Subsidiaries; Structural Subordination The Debentures are, or when issued will be, obligations exclusively of the Company. The Company is a holding company and conducts substantially all of its operations through its subsidiaries. Cash flow of the Company is dependent upon the earnings of its subsidiaries and on the distribution of earnings, dividends, loans, or other payments by the subsidiaries to the Company. Such subsidiaries have incurred, and may in the future incur, indebtedness. The claims of holders of Debentures against the assets of any particular subsidiary are effectively subordinated to the existing and future liabilities of that particular subsidiary. The Company does not propose to have its subsidiaries guarantee the Company's obligations under the Debentures.

Currency of Securities An investment in Securities offered hereby that are denominated or payable in a currency other than Canadian dollars entails significant risks that are not associated with a similar investment in a security denominated in Canadian dollars. Such risks include, without limitation, the possibility of significant changes in rates of exchange between the Canadian dollar and the applicable foreign currency or currency unit, the possibility of the imposition or modification of foreign exchange controls by either the Canadian or foreign governments, and potential illiquidity in the secondary market. These risks will vary depending upon the currencies or currency units involved. Securities denominated in other than Canadian dollars are not an appropriate investment for investors who are unfamiliar with foreign currency transactions.

Governing Jurisdiction The Securities will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. A judgment by a Canadian court relating to any such security may be awarded only in Canadian currency and such judgment may be based on a rate of exchange in existence on a day other than the day of payment.

Credit Ratings There is no assurance that any credit or other rating assigned to any Securities will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by a rating agency. In the third quarter of 2018, DBRS reaffirmed the Company's credit rating at "BBB", with a "Stable" trend, and credit ratings of "BBB" and "Pfd-3" for the Company's outstanding Debentures and Preferred Shares, respectively. In the third quarter of 2019, Standard & Poor's reaffirmed the Company's credit rating at "BBB", with a "Stable" outlook. In the third quarter of 2018, Standard & Poor's reaffirmed the Company's credit ratings of "BBB" and "P-3 (High)" for the Company's outstanding Debentures and Preferred Shares, respectively. A lowering or withdrawal of such rating may have an adverse effect on the resale price of the Securities. If relevant, see the credit ratings description in the Prospectus Supplement for the Securities.

Trading in Securities There is currently no market through which the Debentures or Preferred Shares to be issued hereunder may be sold. There can be no assurance as to the liquidity of the trading market for such Securities or that a trading market for such Securities will develop or be sustained. If a liquid market for such Securities fails to develop or be sustained, the prices at which such Securities trade may be adversely affected. Whether or not such Securities will trade at lower prices depends on many factors, including the liquidity of such Securities, prevailing interest rates, the markets for similar securities, the market price of the Common Shares, general economic conditions and the Company's financial condition, historic financial performance and future prospects.

PLAN OF DISTRIBUTION

The Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

The Company may sell the Securities to or through underwriters, dealers or agents, and also may sell Securities to one or more other purchasers directly or through agents. In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from the Company in the form of commissions, concessions and discounts. Any such commissions may be out of the general funds of the Company or the proceeds of the sale of the Securities.

The Prospectus Supplement relating to each offering of Securities will identify each underwriter, dealer, or agent, as the case may be, and will also set forth the terms of that offering of Securities, including the purchase price of such Securities, the proceeds to the Company and any underwriters', dealers' or agents' fees, commissions or other such items constituting underwriters', dealers' or agents' compensation. Only underwriters, dealers or agents so named in the applicable Prospectus Supplement are deemed to be underwriters, dealers or agents, as the case may be, in connection with the Securities offered thereby.

Underwriters, dealers or agents who participate in the distribution of Securities may be entitled under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers or agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

In connection with any offering of Securities, the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser that acquires Securities forming part of an over allocation position acquires such Securities under this Prospectus.

PRIOR SALES

Prior sales will be provided as required in a Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME OF THE SECURITIES

Trading prices and volume of the Securities (if applicable) will be provided as required in a Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada will keep at its principal offices in the City of Toronto registers of holders of the Securities and at its principal offices in the cities of Toronto, Montreal, Vancouver, Winnipeg, Calgary, Regina and Halifax registers of transfers of such Securities.

LEGAL MATTERS

Certain legal matters relating to any offering of Securities will be passed upon by Borden Ladner Gervais LLP on behalf of the Company.

As at August 30, 2019, the partners and associates of Borden Ladner Gervais LLP as a group beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares, Preferred Shares or Debentures of the Company. If any underwriters or dealers named in a Prospectus Supplement retain their own counsel to pass upon legal matters relating to the Securities, such counsel will be named in the Prospectus Supplement.

AUDITORS

The auditor of the Company is KPMG LLP, 333 Bay Street, Suite 4600, Bay Adelaide Centre, Toronto, Ontario M5H 2S5.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

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, the 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 the remedies for rescission, revisions 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 advisor.

Original purchasers of Securities which are convertible or exchangeable into other securities of the Company will have a contractual right of rescission against the Company in respect of the conversion or exchange of such convertible or exchangeable Securities. The contractual right of rescission will entitle such original purchasers to receive the amount paid for the applicable convertible or exchangeable Securities upon surrender of the underlying securities issued upon conversion or exchange of such convertible or exchangeable Securities, in the event that this Prospectus, the relevant Prospectus Supplement or an amendment contains a misrepresentation, provided that: (i) the conversion or exchange takes place within 180 days of the date of the purchase of the Securities which are convertible or exchangeable under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the Securities which are convertible or exchangeable under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law. Original purchasers are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible or exchangeable securities that were purchased under a prospectus, and therefore a further payment at the time of conversion or exchange may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights, or consult with a legal advisor.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, and the documents incorporated herein 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. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to the Company and its management. Forward-looking statements reflect the Company's 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 are based on certain assumptions including assumptions about healthcare reform impacts, anticipated cost savings, operating efficiencies and anticipated benefits from strategic 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.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- 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;
- the inability of the Company's information technology ("IT") infrastructure to support the requirements of the Company's business, 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 realize benefits from investments in the Company's new IT systems;
- failure to realize the anticipated benefits associated with the Company's strategic priorities and major initiatives, including revenue growth, anticipated cost savings and operating efficiencies or organization changes that may impact the relationships with franchisees and associates;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- failure to maintain an effective supply chain and consequently an appropriate assortment of available product at store level;
- failure to execute the Company's e-commerce initiative or to adapt its business model to the shifts in the retail landscape caused by digital advances;
- public health events including those related to food and drug safety;
- errors made through medication dispensing or errors related to patient services or consultation;
- adverse outcomes of legal and regulatory proceedings and related matters;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements; and

- 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.

These and other risks and uncertainties are included in this Prospectus and the documents incorporated by reference herein 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 39 to 45 of the 2018 Annual Report – Financial Review. These forward-looking statements reflect management's assumptions regarding these risks and uncertainties and their respective impact on the Company.

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.

CERTIFICATE OF LOBLAW COMPANIES LIMITED

Dated: August 30, 2019

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

(Signed) Galen G. Weston
Executive Chairman

(Signed) Darren Myers
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Christie J.B. Clark
Director

(Signed) William A. Downe
Director