WESTON

GEORGE WESTON LIMITED

ANNUAL INFORMATION FORM
(for the year ended December 31, 2021)

March 1, 2022

GEORGE WESTON LIMITED
ANNUAL INFORMATION FORM
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I. FORWARD-LOOKING STATEMENTS

This Annual Information Form ("AIF") for George Weston Limited ("GWL") and its subsidiaries (collectively, the "Company") contains 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 in this AIF include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of information technology ("IT") systems implementation. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions, 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 estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the COVID-19 pandemic 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, including those described in the "Operating and Financial Risks and Risk Management" section of this AIF. Such risks and uncertainties include:

- duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the Company, as well as on vendor operations, consumer behaviour and the economy in general;
- inability of the Company's 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 maintain an effective supply chain and consequently an appropriate assortment of available product at the store and digital retail level;
- failure to attract and retain talent for key roles that may impact the Company's ability to effectively operate and achieve financial performance goals;
- failure to execute the Company's e-commerce initiatives or to adapt its business model to shifts in the retail landscape caused by digital advances;
- failure to realize benefits from investments in the Company's new IT systems and related processes;
- changes to the regulation of generic prescription drug prices, the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- public health events including those related to food and drug safety;
- errors made through medication dispensing or errors related to patient services or consultation;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- adverse outcomes of legal and regulatory proceedings and related matters;
- failure by Choice Properties Real Estate Investment Trust ("Choice Properties") to realize the anticipated benefits associated with its strategic priorities and major initiatives, including failure to develop quality assets and effectively manage development, redevelopment, and renovation initiatives and the timelines and costs related to such initiatives;
- failure to adapt to environmental and social risks, including failure to execute against the Company's climate change and social equity initiatives;
- 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;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- reliance on the performance and retention of third party service providers, including those associated with the Company's supply chain and apparel business and located in both advanced and developing markets;
- 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 organizational changes that may impact the relationships with franchisees and Associates (as defined below);
- the inability of the Company to effectively develop and execute its strategy; and
- changes to any of the laws, rules, regulations or policies applicable to the Company's business.

This is not an exhaustive list of the factors that may affect the Company's 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. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this AIF. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All information regarding Loblaw Companies Limited ("LCL", and together with its subsidiaries, "Loblaw") and Choice Properties contained herein has been derived from the public disclosure record of Loblaw and Choice Properties. All amounts are in Canadian dollars.

II. CORPORATE STRUCTURE

Incorporation

GWL was incorporated by letters patent under the laws of Canada on January 27, 1928. It was continued under the *Canada Business Corporations Act* on April 29, 1980, amalgamated with Weston Food Processing Ltd. pursuant to Articles of Amalgamation effective January 1, 1989, amalgamated with Weston Foods Distribution Inc. pursuant to Articles of Amalgamation effective November 1, 2018, and amalgamated with Weston Foods (Canada) Inc. pursuant to Articles of Amalgamation effective July 18, 2021. The registered head office is located at 22 St. Clair Avenue East, Suite 700, Toronto, Ontario, Canada M4T 2S5.

Intercorporate Relationships

GWL operates through its two reportable operating segments: Loblaw and Choice Properties. The Loblaw segment is operated by LCL through its subsidiaries. LCL is a public company in which GWL held an approximate 52.6% interest as at December 31, 2021. LCL's year end is on the Saturday closest to December 31. The Choice Properties segment is operated by Choice Properties, an unincorporated, open-ended real estate investment trust in which GWL held an approximate 61.7% interest as at December 31, 2021, through its ownership of 50,661,415 trust units ("Units") and all Class B LP units of Choice Properties Limited Partnership ("Class B LP Units"), a class of units which are economically equivalent to, and exchangeable for, Units.

A list of companies that carry on GWL's principal businesses is set out below. As at December 31, 2021. LCL owned, either directly or indirectly, 100% of the voting and non-voting securities of its principal subsidiaries noted below. Choice Properties owned, either directly or indirectly, 100% of the voting and non-voting securities of its principal subsidiaries noted below.

Loblaw Subsidiaries	**Jurisdiction of Incorporation/Formation**
Loblaws Inc.	Ontario
Shoppers Drug Mart Inc.	Canada
President's Choice Bank	Canada
Choice Subsidiaries	**Jurisdiction of Incorporation/Formation**
Choice Properties Limited Partnership	Ontario
CPH Master Limited Partnership	Ontario

GWL, Loblaw, and Choice Properties are part of a common control group (the "Weston Group"). Although the entities making up the Weston Group each have their own strategies and, for the most part, focus on different businesses, the entities acknowledge that from time to time new corporate opportunities will arise that potentially could be of interest to more than one entity of the Weston Group. Accordingly, the entities making up the Weston Group have adopted a framework that facilitates the decision making process to allocate opportunities to the entity best suited to pursue the opportunity based on its existing businesses and other considerations.

III. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

GWL is a Canadian public company, founded in 1882. The Company operates through its two reportable operating segments: Loblaw and Choice Properties, and it also holds cash and short-term investments. The Loblaw operating segment is Canada's food and pharmacy leader, and the nation's largest retailer. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, financial services and wireless mobile products and services. The Choice Properties operating segment owns, manages and develops a high quality portfolio of commercial, retail, industrial, office and residential properties across Canada. Loblaw's revenue in 2021 and 2020 was $53,170 million and $52,714 million, respectively. Choice Properties' revenue in 2021 and 2020 was $1,292 million and $1,271 million, respectively.

COVID-19

Since the onset of the COVID-19 pandemic in the first quarter of 2020, the Company and its operating segments have made significant investments to protect and support colleagues, customers, tenants and communities, including (i) enhancing customer convenience with increased store staff and expanded *PC Express* services and temporarily eliminated fees and reduced prices associated with such services; (ii) supporting colleagues in stores and distribution centres with temporary pay premiums and pay protection safeguards; (iii) securing operations by increasing cleaning, hiring security to manage social distancing, introducing new customer safety protocols, and installing equipment like plexiglass barriers at checkouts and counters, (iv) providing financial support to communities across the country through large-scale donations to food and wellness programs, and to PC® Mastercard® customers through financial hardship programs, and (v) playing an important role in COVID-19 testing and vaccinations across Canada. The Company continues to adjust its operations as necessary in order to support customers, colleagues, tenants and other stakeholders as the pandemic evolves.

Loblaw

Loblaw has two reportable operating segments: Retail and Financial Services.

Retail Segment

Loblaw's Retail segment represents the Company's national network of grocery, pharmacy and health and beauty retailers. Underpinned by a purpose-driven strategy to *Help Canadians Live Life Well*®, Loblaw meets the everyday essential needs of its customers through a differentiated portfolio of industry-leading assets. Focused on retail excellence and investing for the future, Loblaw has advanced a number of significant initiatives over the past three years, including those described below.

Retail Excellence

Loblaw is continuously improving its retail operations to differentiate its customer offerings and deliver scale through its national logistics infrastructure. Retail operations benefit from more than one billion customer touchpoints annually and deliver a unique customer experience driven by industry leading control brands, healthy alternatives, international foods, and a choice of in-store shopping, pick-up and delivery. Loblaw's customer proposition is further strengthened by an ongoing emphasis on fresh product quality and assortment, customer service and competitive value. Loblaw's *PC Optimum* loyalty program is leveraged across Loblaw's business segments to further improve customer loyalty by rewarding shoppers with further savings and delivering personalized offers based on data driven insights.

Through a connected network of 25 distribution centres across the country, Loblaw delivers reliability, selection and economies of scale to support its grocery and pharmacy network. Loblaw is making ongoing investments to modernize its distribution network including increasing the use of automation.

Loblaw continues to invest to bring innovative private brand products to consumers, including *President's Choice* Plant-Based animal protein alternatives, *President's Choice* Gluten-free, and *President's Choice* Lactose-Free. Additionally, the Company is expanding and enhancing its multicultural control brand product lines, including Rooster Brand™, Suraj®, Sufra® and *T&T*, which have been expanded from its flagship T&T Asian-focused food stores into many of its other grocery banners. Loblaw is a recognized global leader in private brand development and performance, with over a third of its grocery sales being comprising private label products.

Over the past three years, Loblaw has made significant investments in implementing a national omni-channel offering, allowing customers to shop in-store or on-line with pick-up or delivery through *PC Express* services and Shoppersdrugmart.ca. Throughout the COVID-19 pandemic, *PC Express* services offered Canadians over 800 pick-up locations and partnered with delivery service providers to deliver groceries and front-shop and beauty products directly to Canadians' homes. Starting in November 2021, beer and wine became available for pickup through *PC Express* services across 152 stores in Ontario. In 2021, Loblaw's digital sales grew to approximately $3.1 billion.

Loblaw also continues to improve the customer experience at its retail stores. Over the past three years, Loblaw has added three Inspire stores, providing customers with an elevated shopping experience focused on innovative fresh food concepts, a breadth of assortment and food-focused customer service, bringing the total number of Inspire stores to 44. Discount focused stores have been refreshed by bringing a wider selection of organics and healthier alternatives to value focused shoppers. Expanded multicultural offerings and the expansion of the T&T

banner to a total of 29 stores has greatly increased Loblaw's multicultural offerings. In addition, Loblaw has increased the number of Shoppers Drug Mart stores with a *BeautyBOUTIQUE by Shoppers Drug Mart* department to 445, which includes 26 enhanced-format *BeautyBOUTIQUE by Shoppers Drug Mart* locations, a market-leading destination for cosmetics and beauty products in Canada.

Investing in Growth

Loblaw continues to invest in targeted areas under its internal capital allocation model to further differentiate its portfolio of assets, generate competitive advantages in products, services and price, improve its operational efficiencies, and to create new areas of growth.

Process and Efficiencies Loblaw's expenditures on cost of goods sold, operating expenses and capital investments have totaled more than $47 billion annually in each of the last three years. Loblaw employs a robust targets-based approach to identifying and implementing processes to improve its operational efficiencies. The Company has pursued a number of multi-year initiatives to reduce complexity and cost using technology and automation-focused initiatives, almost 400 of which are ongoing. For example, in 2018, Loblaw expanded self-checkout options which are now available at 615 of its grocery stores and across 985 pharmacies. Similarly, electronic shelf labels are currently being deployed to improve pricing accuracy and reallocate labour to more customer focused activities, and have been introduced in over 500 stores.

Loyalty Since the creation of the *PC Optimum* loyalty program in 2018, Loblaw continues to invest in developing insights into consumer trends and personalizing promotional offers and product recommendations to increase loyalty and drive profitable sales growth. With approximately 16 million members, Loblaw continues to enhance the *PC Optimum* program's value to further improve customer engagement and loyalty, while using consumer data to improve its promotional effectiveness.

Data Leveraging more than one billion consumer touchpoints annually, Loblaw is strengthening its customer relationships and insights to deliver more meaningful, personalized customer offers, improving its promotional and operational effectiveness. Incorporating data, the Company is improving decision making to optimize the supply chain process, reduce waste and improve product availability.

PC Financial® Loblaw's retail operations and customer engagement continue to be strengthened by initiatives within its *PC Financial* business. In 2020, the *PC Money* Account was introduced to complement the PC®Mastercard® and both are supported by investments to develop and roll-out a new, on-line interface and app.

Loblaw Media™ Over the past three years, Loblaw has been developing the infrastructure and tools to unlock value from digital advertising opportunities.

Connected Healthcare Loblaw's pharmacies provide convenience and pharmacy services, and serve as trusted healthcare partners to millions of Canadians every day. Loblaw is developing infrastructure and making targeted strategic investments to expand its unique combination of assets to provide families with better access to health services. In 2020, Loblaw invested $75 million in Maple Corporation, a telemedicine firm, and worked with other vendors to expand its healthcare network. In 2021, Loblaw introduced its *PC Health* app nationally, providing Canadians with a personalized front-door to health and wellness products and services. in addition, the Company also entered into a partnership with Lifemark to provide Canadians with easier access to physiotherapy, massage, and other rehabilitation services. In support of its Connected Healthcare initiative, Loblaw has been implementing new tools and technology in its pharmacies to allow pharmacists to play an elevated role in the delivery of care.

Information Technology Systems Implementation

Loblaw is building and deploying a new pharmacy dispensing and management system for the Loblaw Pharmacy and Shoppers Drug Mart pharmacy businesses and maintains e-Health compliance in three provinces. Loblaw continues to harmonize technology assets across the Shoppers Drug Mart divisions, including retail call centre technologies, business intelligence systems, and human resource technologies.

Over the past three years, Loblaw has been rolling out a new pharmacy dispensing and management system for the Loblaw Pharmacy and Shoppers Drug Mart pharmacy businesses that moves the operation to a paperless workflow. The system is now in 954 Shoppers Drug Mart pharmacies across Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia, and in 248 Loblaw Pharmacy locations across Saskatchewan, Manitoba, Ontario and New Brunswick. Additionally, in 2020, the Company completed its initiative to promote patient adherence to medication via refill reminders and digital refills.

Preventing cyber crime continues to be a focus for Loblaw. Over the past three years, the Company has been executing an extensive, revised and improved multi-year IT Security roadmap and has effectively been mitigating threats against the *PC Optimum* loyalty program and its other web and mobile properties including the *PC Express* program and the *PC Health* platform.

Loblaw continues to assess new cybersecurity threats and to deploy compensating controls as required to minimize risk as part of this ongoing program.

Financial Services Segment

President's Choice Financial

Over the past three years, President's Choice Bank ("PC Bank") has focused on expanding its PC®Mastercard® portfolio. As at January 1, 2022, there were over two million active PC®Mastercard® accounts.

Since 2019, PC Bank has continued to deliver a best in class customer experience by consistently improving its digital and mobile products, increasing access to electronic documentation and automating customer-facing processes, as well as leveraging its nationwide network of pavilions to engage and advise customers in-store.

Since the 2020 launch of the *PC Money* Account, an innovative banking product that works like a bank account and enables customers to save or send money, to spend money in person or online and to earn *PC Optimum* points on their purchases, PC Bank has focused on delivering more value to Canadians by creating deeper integration and connection with the store network and the *PC Optimum* program.

Mobile Phone Services

Through *The Mobile Shop* kiosk offerings, customers are able to purchase a range of mobile services from a full range of wireless carriers in convenient locations across Loblaw's grocery store network. As at January 1, 2022, there were 195 *The Mobile Shop* kiosk locations across Loblaws' grocery store network.

Additional information on Loblaw can be found in the Annual Information Form of Loblaw dated February 24, 2022, which is available at www.sedar.com or www.loblaw.ca.

Choice Properties

Acquisition, Disposition and Development Activity

Acquisitions

Choice Properties continues to expand its asset base though accretive acquisitions, including those from Loblaw and desirable assets from other vendors that offers geographic and tenant diversification or potential development opportunities.

The following tables summarize Choice Properties' acquisitions from related parties and third-parties from January 1, 2019 to December 31, 2021.

2019
The following table summarizes the investment properties acquired in the year ended December 31, 2019:

Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA[1] (square feet)	Purchase Price incl. Related Costs (in $ thousands)
Acquisitions from related parties					
Kingston, ON	Mar 7	Retail	100%	37,863	6,813
Toronto, ON	Mar 7	Retail	100%	114,864	30,386
Langford, BC	Sep 25	Retail	100%	127,549	23,462
Toronto, ON	Dec 13	Retail	100%	120,000	13,786
Total acquisitions from related parties				**400,276**	**74,447**
Acquisitions from third-parties					
Toronto, ON	Mar 29	Land	50%	—	18,862
Calgary, AB	May 6	Industrial	50%	138,772	20,126
Toronto, ON	Oct 7	Retail	100%	16,840	10,918
Milton, ON	Nov 1	Industrial	15%[2]	95,249	14,034
Milton, ON	Nov 1	Industrial	15%[2]	99,746	14,727
Total acquisitions from third-parties				**350,607**	**78,667**
Total acquisitions				**750,883**	**153,114**

(1) "GLA" means gross leasable area.
(2) Represents additional ownership interest acquired increasing the ownership interest in this property to 100%.

2020

The following table summarizes the investment properties acquired in the year ended December 31, 2020:

Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA (square feet)	Purchase Price incl. Related Costs (in $ thousands)
Acquisitions from related parties					
Toronto, ON	Jun 10	Land	100%	—	8,190
Toronto, ON(1)	Jul 31	Office	100%	328,260	130,754
Toronto, ON(1)	Jul 31	Office	60%	262,000	65,350
Portfolio of 5 assets across Canada	Nov 24	Retail	100%	146,000	46,712
Portfolio of 6 assets across Canada	Dec 18	Industrial	100%	835,500	82,357
Total acquisitions from related parties				**1,571,760**	**333,363**
Acquisitions from third-parties					
Coquitlam, BC	Feb 11	Retail	100%	9,400	21,840
Toronto, ON	Apr 9	Land	100%	3,200	8,354
Barrie, ON	Sep 23	Retail	100%	156,460	51,899
Portfolio of 4 assets across Canada	Oct 16	Industrial	100%	180,632	87,330
Calgary, AB	Dec 22	Retail	—	—	2,885
Total acquisitions from third-parties				**349,692**	**172,308**
Total acquisitions				**1,921,452**	**505,671**

(1) Choice Properties acquired (i) the remaining 60% interest in West Block, a mixed-use development site in Toronto, and (ii) the Weston Centre, a multi-tenant office and retail site in Toronto from Wittington Properties Limited ("WPL") for an aggregate purchase price of approximately $209 million, which was paid in Units. WPL's parent company is Wittington Investments, Limited, the majority shareholder of GWL.

2021

The following table summarizes the investment properties acquired in the year ended December 31, 2021:

Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA (square feet)	Purchase Price incl. Related Costs (in $ thousands)
Acquisitions from related parties					
Guelph, ON(1)	Dec 10	Retail	100%	96,983	15,134
Total acquisitions from related parties				**96,983**	**15,134**
Acquisitions from third-parties					
Calgary, AB	Feb 1	Industrial	50%(1)	277,676	25,375
Caledon, ON	Mar 30	Land(2)	85%	—	138,000
Toronto, ON	Sep 2	Retail	100%	12,099	31,574
Toronto, ON	Nov 12	Retail	100%	12,330	23,365
Caledon, ON	Nov 22	Land(2)	85	—	7,945
Total acquisitions from third-parties				**302,105**	**226,259**
Total acquisitions				**399,088**	**241,393**

(1) Represents additional ownership interest acquired increasing the ownership interest in this property to 100%.
(2) Land was acquired for future industrial development.

For additional information regarding Choice Properties' acquisitions, refer to the "Investment Properties" section of the Management's Discussion and Analysis ("MD&A") in Choice Properties' 2021 Annual Report.

Dispositions

The following tables summarize Choice Properties' dispositions from January 1, 2019 to December 31, 2021.

2019

The following table summarizes the investment properties disposed in the year ended December 31, 2019:

Location	Date of Disposition	Segment	Ownership Interest	Sale Price excl. Selling Costs (in $ thousands)
Olds, AB (parcel)	Jan 7	Retail	50%	600
Brampton, ON	Apr 15	Development	50%	15,229
Cowansville, QC[1]	Aug 7	Retail	100%	1,475
Portfolio of 30 assets across Canada[2]	Sep 30	Retail/Industrial	100%	426,318
Strathcona County, AB	Nov 22	Development	50%	15,786
Red Deer, AB[1]	Dec 22	Retail	100%	8500
Total dispositions				467,908

(1) Property dispositions included a Loblaw lease.
(2) On September 30, 2019, Choice Properties sold a 30 property portfolio for an aggregate sale price of $426.3 million to an affiliate of Oak Street Real Estate Capital LLC. The unencumbered portfolio consisted of 27 stand-alone retail properties and 3 distribution centres with a then average remaining lease term of approximately twelve years with Loblaw.

2020

The following table summarizes the investment properties disposed in the year ended December 31, 2020:

Location	Date of Disposition	Segment	Ownership Interest	Sale Price excl. Selling Costs (in $ thousands)
Chiacgo, USA	Jan 24	Retail	100%	97,800
Edmonton, AB	Jan 29	Residential	50%	9,750
Creston, BC	Feb 3	Retail (parcel)	100%	375
Halifax, NS	Feb 13	Office	100%	26,700
Ottawa, ON	Jul 1	Land	100%	9,734
Milton, ON	Sep 28	Industrial	100%	22,613
Portfolio of 11 assets across Canada	Oct 28	Retail	50%	169,040
Quebec City, QC	Nov 23	Retail (parcel)	50%	5,000
Portfolio of 3 assets across Canada	Nov 27	Retail	100%	64,000
Portfolio of 5 assets across Canada	Dec 1	Retail	100%	43,400
Windsor, ON	Dec 23	Retail	100%	51,000
Total dispositions				499,412

2021

The following table summarizes the investment properties disposed in the year ended December 31, 2021:

Location	Date of Disposition	Segment	Ownership Interest	Sale Price excl. Selling Costs (in $ thousands)
Brampton, ON	Jan 19	Land[1]	70%	25,000
Richmond Hill, ON	Feb 1	Land	50%	66,375
Brampton, ON	Mar 31	Land	50%	5,000
Kanata, ON	Aug 19	Land	50%	4,147
St-Hyacinthe, QC	Oct 4	Land	100%	3,800
Calgary, AB	Nov 1	Retail	100%	36,000
Portfolio of 2 assets across Canada	Dec 6	Retail	100%	52,250
Magog, QC[ii]	Dec 15	Retail	100%	22,000
Oshawa, ON	Dec 15	Retail	50%	3,025
Quebec, QC	Dec 20	Retail	50%	49,625
Portfolio of 5 assets in Calgary, AB	Dec 20	Industrial	100%	45,000
Drummondville, QC[ii]	Dec 22	Retail	100%	11,500
Waterloo, ON	Dec 22	Land	50%	5,250
Total dispositions				328,972

(1) On January 19, 2021, Choice Properties sold its 70% interest which resulted in a disposition of the property under development for $25.0 million and a distribution to the subsidiary's 30% non-controlling interest for $7.8 million.

For additional information regarding Choice Properties' dispositions, refer to the "Investment Properties" section of the MD&A in Choice Properties' 2021 Annual Report.

Development Activity

Completed Developments

Development initiatives are a key component of Choice Properties' business model, providing it with an opportunity to add high quality real estate at a reasonable cost. Choice Properties continues to drive long-term growth and value creation through the development of commercial and residential projects and has a significant long-term pipeline of potential mixed-use projects. Choice Properties categorizes its development activities through the stages of the development lifecycle, including the process of potential site identification, planning and rezoning, construction, and finally to development completion.

The following is a summary of Choice Properties' development activity from January 1, 2019 to December 31, 2021.

2019

In 2019, Choice Properties constructed 1,063,622 square feet of new GLA. The table below sets out the top five development projects by total GLA completed by Choice Properties in 2019:

Location	Developed GLA (square feet)	Type of Developed GLA	Key Tenants	Development Type
Peddie Road, Milton, ON	565,425	Industrial	Kimberly Clark, Loxcreen	Greenfield
Great Plains Business Park, Calgary, AB	60,305	Industrial	Arpac	Greenfield
Chemin du Fer-Cheval, St. Julie, QC	54,977	Retail	Maxie & Cie, Dollarama, SAQ, National Bank	Greenfield
Centre in the Park, Sherwood Park, AB	53,000	Residential	N/A	Residential
Upper Sherman, Hamilton, ON	50,299	Retail	No Frills, Little Caesars, Chicken Shawarma, Sherman Dental, Sherman Medical	Greenfield
Total	**784,006**			

2020

In 2020, Choice Properties constructed 438,180 square feet of new GLA. The table below sets out the top five development projects by total GLA completed by Choice Properties in 2020:

Location	Developed GLA (square feet)	Segment	Key Tenants	Development Type
Bathurst and Lake Shore, Toronto, ON	237,043	Mixed-Use	Loblaw Digital, PC Bank, Joe Fresh, LCBO	Greenfield
Great Plains Business Park, Calgary, AB	78,534	Industrial	Amazon	Greenfield
Pioneer Park, Kitchener, ON	28,138	Retail	9 Units	Intensification
Erin Ridge Retail Lands, St Albert, AB	24,636	Retail	Old Navy, Loblaws (YIG banner)	Greenfield
Mayor McGrath Drive, Lethbridge, AB	16,058	Retail	Canadian Brewhouse, Kal-Tire, Starbucks, Bone & Biscuit	Intensification
Total	**384,409**			

2021
In 2021, Choice Properties constructed 449,497 square feet of new GLA. The table below sets out the top five development projects by total GLA completed by Choice Properties in 2021:

Location	Developed GLA (square feet)	Segment	Key Tenants	Development Type
The Brixton, Toronto, ON	179,975	Residential	N/A	Greenfield
Liberty House, Toronto, ON	124,641	Residential	N/A	Greenfield
Harvest Hills Market, Edmonton, AB	52,012	Retail	Loblaws (Real Canadian Superstore banner)	Greenfield
West Block, Toronto, ON	22,806	Retail	TD Bank	Greenfield
Mavis Rd. and Elmcreek Rd., Mississauga, ON	20,413	Retail	Shoppers Drug Mart, Sherwin Williams, Pinky Patel Dentistry, Great Clips	Intensification
Total	**399,847**			

Projects Under Active Development
Projects under active development are sites under construction or sites with appropriate approvals in place which are expected to commence construction in the next six to twelve months. Currently, Choice Properties has 17 active commercial projects and two active residential projects. Upon completion, the projects under active development are expected to deliver a total of approximately 743,000 square feet of commercial space and 348 residential units at Choice Properties' ownership share.

Development in Planning
Beyond the projects under active development, Choice Properties continues to grow and create value through its pipeline of potential commercial developments. As of December 31, 2021, it has identified 12 sites with potential for future commercial development. This includes 11 opportunities at existing retail sites and 1 at existing industrial sites.

Mixed-use development represents a key component of Choice Properties' long-term development strategy. Choice Properties endeavours to create enduring value through high-quality mixed-use assets with a significant rental residential component. Leveraging its sizable portfolio in key urban markets, Choice Properties believes there are considerable value creation opportunities through rezoning existing grocery anchored assets into mixed-use sites. Once zoning and entitlement is obtained, Choice Properties can further create value by pursuing ground up development, repositioning existing retail and maximizing available density for residential and mixed-use development. Choice Properties is working through the zoning and entitlement process for several of its future projects.

Future Pipeline
Choice Properties' long-term development strategy is to create value through residential and mixed-use development. Beyond the projects that are currently in planning, it has identified more than 70 sites encompassing over 500 acres in its existing portfolio that provide potential for incremental residential and mixed-use density through the intensification of an existing asset. Over 90% of the identified sites are in the greater Toronto, Montreal and Vancouver areas, providing the opportunity to grow the residential platform in Canada's largest cities. Choice Properties is actively reviewing and prioritizing these sites to proceed with the rezoning and entitlement process.

For additional information regarding Choice Properties' development activity, refer to the "Development Activities" section of the MD&A in Choice Properties' 2021 Annual Report.

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 16, 2022, which is available at www.sedar.com or www.choicereit.ca.

Sale of Weston Foods

On March 23, 2021, the Company announced its intention to launch a process to sell the Weston Foods business, comprised of the fresh, frozen and ambient bakery businesses. On December 10, 2021, the Company announced the completion of the sale of Weston Foods' fresh and frozen bakery business to affiliated entities of FGF Brands Inc. ("FGF") for a purchase price of $1,100 million and on December 29, 2021, the Company announced the completion of the sale of Weston Foods' ambient business to affiliated entities of Hearthside Foods Solutions, LLC ("Hearthside") for consideration of $370 million. Following completion of the sale transactions, Weston Foods is no longer an operating segment or a reportable segment of the Company and the Company has no remaining interest in the bakery business.

IV. DESCRIPTION OF THE BUSINESS

Loblaw

Loblaw 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. Loblaw's Financial Services segment provides credit card services, insurance brokerage services, guaranteed investment certificates and wireless mobile products and services, and operates the PC Optimum™ loyalty program.

Retail Segment

Loblaw is one of Canada's largest grocery, pharmacy and health and beauty retailers. It is also a leading provider of apparel and general merchandise. Loblaw offers one of Canada's strongest control label programs, including the President's Choice®, PC®, Life Brand™, no name®, Farmer's Market™ and Joe Fresh® brands. In addition, through the *PC Optimum* loyalty program, Loblaw rewards Canadian consumers for shopping in store or online, including through personalized offers on customers' online accounts.

The Retail segment includes the following divisions, each operating as a distinct, but complementary, business.

Discount

Loblaw's Discount format stores, including No Frills and Maxi, are focused on delivering a fresh-led food shop with an offering of products and services aimed at keeping costs low to continuously invest in price. The Real Canadian Superstore is a Discount format store that prioritizes total value and offers a one-stop-shop with a broad assortment of food, health and beauty, apparel and general merchandise products. Many of Loblaw's Discount format stores also include in-store pharmacies. Loblaw's Discount format stores operate across Canada and include franchised and corporate stores.

Market

Loblaw's full-service or Market format stores, including Loblaws, Zehrs, Your Independent Grocer, Real Atlantic Superstore, *Dominion* (trademark used under license), Provigo, City Market and Valu-Mart, support Loblaw's vision by delivering a leading fresh offering, breadth of assortment, innovative and quality products, and customer-centric service with strong ties to the communities they operate in. The Market division consists of two primary formats: the Neighbour stores that provide a trusted and familiar full-service shopping experience, and the growing network of renovated and new Inspire stores that specialize in food discovery. Most of Loblaw's Market format stores also include in-store pharmacies. Loblaw's Market format stores operate across Canada and include franchised and corporate stores.

Shoppers Drug Mart

Shoppers Drug Mart operates stand-alone drug stores under the banners Shoppers Drug Mart and Pharmaprix. The majority of Shoppers Drug Mart stores are owned and operated by Associates. An "Associate" is a pharmacist-owner of a corporation that is licensed to operate a retail drug store at a specific location using Loblaw's trademarks. Many Shoppers Drug Mart stores also include a BeautyBOUTIQUE by Shoppers Drug Mart™ kiosk, a store-within-a-store concept with open-sell displays focused on prestige cosmetics.

In addition to full-service retail drug stores, the Shoppers Drug Mart banner includes other retail formats such as: *Shoppers Simply Pharmacy®* kiosks (*Pharmaprix Simplement Santé (MD)* kiosks in Quebec), retail pharmacies located in medical buildings or clinics which provide pharmacy products and professional services and advice; and Wellwise by Shoppers™ locations, which sell a wide range of home-care, medical and mobility products and services to retail customers to help Canadians take charge of the way they age.

In addition to its retail store network, Loblaw owns Shoppers Drug Mart Specialty Health Network Inc., a provider of specialty drug distribution, pharmacy and comprehensive patient support services; MediSystem Technologies Inc., a provider of pharmaceutical products and services to long-term care facilities; and QHR Corporation, a leading provider of electronic medical records technology for physicians and other health care providers in Canada. The Company also operates the Health Solutions by Shoppers™ program, which provides wellness solutions to employers; and The Health Clinic by Shoppers™ medical clinic, which provides Canadians the quality, patient-centered healthcare they deserve.

Loblaw offers a broad scope of pharmacy services on-site including vaccinations, point-of-care testing, and other services such as medication reviews and prescribing for minor health issues in selected provinces. In 2021, Loblaw delivered millions of flu and COVID-19 vaccinations and played a key role in COVID-19 testing in Canada.

Loblaw's *PC Health* app, which has been downloaded by over 825,000 Canadians since launching in 2020, is designed to empower Canadians with convenient access to healthcare resources and support when, where and how they want it. In 2021, the app went fully national and added multiple new features to support Canadians with improving their health and wellness. The Company also entered into a partnership with Lifemark Health Group ("Lifemark") to provide Canadians with easier access to physiotherapy, massage, and other rehabilitation services. The Lifemark partnership builds upon Shoppers Drug Mart's existing capability of providing Canadians with access to virtual care through its partnership with Maple Corporation. The *PC Health* app also expanded its library of educational health content, which is integrated with the *PC Optimum* loyalty program, in areas such as diabetes, cardiovascular health, and fitness.

Geographic and Banner Summary

As at January 1, 2022, Loblaw, through its subsidiaries, franchisees, and Associates, operated stores in the following jurisdictions[1]:

Jurisdiction	**Corporate Stores**	**Franchised Stores**	**Associate-Owned Shoppers Drug Mart Stores**
Newfoundland and Labrador	12	7	29
Prince Edward Island	4	5	5
Nova Scotia	31	17	35
New Brunswick	20	20	38
Quebec	140	71	178
Ontario	201	309	631
Manitoba	13	11	42
Saskatchewan	15	14	37
Alberta	52	52	167
Northwest Territories	—	2	1
Yukon	1	1	2
British Columbia	53	43	180
Total	**542**	**552**	**1,345**

[1] Excluding liquor stores, affiliated independent grocery stores and independent accounts.

As at January 1, 2022, Loblaw, through its subsidiaries, franchisees and Associates, operated stores under the following banners[1]:

Banner	Corporate Stores	Franchised Stores	Associate-Owned Shoppers Drug Mart Stores
Market			
Loblaws	46	—	—
Provigo	6	62	—
Provigo Le Marche	8	8	—
Valu-mart	—	38	—
Independent	—	143	—
City Market	—	8	—
Zehrs	42	—	—
Atlantic Superstore	52	—	—
Dominion[2]	11	—	—
T&T Supermarket	29	—	—
Fortinos	—	23	—
Discount			
Maxi	116	—	—
Extra Foods	8	2	—
No Frills	—	268	—
Real Canadian Superstore	119	—	—
Shoppers Drug Mart			
Wellwise by Shoppers	43	—	—
Beauty Boutique by Shoppers Drug Mart	1	—	—
Shoppers Drug Mart/Pharmaprix	—	—	1,308
Shoppers Simply Pharmacy	—	—	37
The Beauty Clinic by Shoppers	2	—	—
The Health Clinic by Shoppers	1	—	—
Wholesale			
Cash & Carry	5	—	—
Club Entrepot	4	—	—
Presto	6	—	—
Real Canadian Wholesale Club	41	—	—
Apparel			
Joe Fresh	2	—	—
Total	**542**	**552**	**1,345**

[1] Excluding liquor stores, affiliated independent grocery stores and independent accounts.
[2] Trademark used under license.

As at January 1, 2022, the total square footage of Loblaw's corporate, franchised and Associate-owned *Shoppers Drug Mart* stores was approximately 35.1 million square feet, 17.2 million square feet and 18.9 million square feet, respectively. Loblaw, directly or indirectly, owned 7% of the real estate on which its grocery stores are located and 4% of the real estate on which franchised grocery stores are located, as well as various properties under development or held for future development.

The majority of Associate-owned *Shoppers Drug Mart* stores are leased from a diverse group of lessors, and most are leased on a long-term basis with staggered maturity dates.

Control Brand Products

Loblaw has developed a line of control brand products and services that are sold or made available throughout its store and digital networks. Loblaw's product development team works closely with third party vendors to develop and manufacture products for its control brands. Loblaw is not dependent on any one source or third party vendor to produce its products.

Loblaw markets control brand products in the food, health and beauty and general merchandise categories under a number of brand names, including but not limited to: *President's Choice*, PC® Organics, PC® Blue Menu, PC® Black Label Collection, *no name, Farmer's Market*, Everyday Essentials®, Life at Home™, T&T®, Quo Beauty™ and *Life Brand.*

Loblaw also offers *Joe Fresh* branded apparel, accessories and footwear in many of its grocery stores (including in some stores through the PC Express™ service). In addition, Loblaw offers *Joe Fresh* products in stand-alone *Joe Fresh* stores in Canada, online at joefresh.com and in *Shoppers Drug Mart* stores (a limited assortment). *Joe Fresh* products are also available outside of Canada at certain third-party retailers.

Loyalty Program

Loblaw rewards customers through the *PC Optimum* loyalty program when they shop at its stores or e-commerce sites and through select partners.

The *PC Optimum* program offers a fully digital loyalty experience for its customers, in the form of personalized weekly offers on grocery, health and personal care, convenience and gas. Offers are designed to reward customers for the items they purchase most often while leveraging data to unlock meaningful value for those customers and give them the best possible shopping experience.

Customers can earn *PC Optimum* points by making qualifying purchases or through the use of a PC®Mastercard® or PC Money™ Account. *PC Optimum* points can then be redeemed for groceries and other products at participating stores within Loblaw's network, certain e-commerce sites and at Esso and Mobil gas stations.

The *PC Optimum* loyalty program provides Loblaw with a significant opportunity to employ customer relationship management tools to improve Loblaw's understanding of customer needs and design promotions that can be targeted to specific customers and customer segments, thereby driving increased customer engagement, sales and profitability.

Supply Chain

Loblaw's supply chain is responsible for the flow of goods and information between its vendors and suppliers and Loblaw's distribution centres, and ultimately, to its stores. In some cases, goods flow directly to Loblaw's stores from the vendors. Loblaw continuously evaluates its methods of distribution, including its technology, facilities and modes of transportation, and its relationships with vendors and suppliers. When appropriate, Loblaw implements changes to its supply chain infrastructure to ensure a continued, reliable and cost-efficient system.

Loblaw's supply chain includes 25 distribution centres across Canada. Third party logistics service providers are used at several of these distribution centres. Loblaw uses various modes of transportation, including its own trucking fleet and third party common carriers, railways and ocean carriers. Loblaw is not dependent on any one of these third party providers.

Retail Competitive Environment

The retail industry in Canada is highly competitive. Loblaw competes against a wide variety of retailers, including supermarket and retail drug store operators, as well as mass merchandisers, warehouse clubs, e-commerce retailers and businesses, mail order prescription drug distributors, limited assortment stores, discount stores, convenience stores and specialty stores. Loblaw is subject to competitive pressures from increases in the type and number of businesses that compete with it, including non-traditional competitors, and from the expansion or renovation of existing competitors. The Company faces competition from companies offering financial service products, particularly consumer credit cards and their associated consumer loyalty programs. Additionally, as the Company expands its healthcare service offerings, it faces competition from other healthcare service providers.

Seasonality

Loblaw retail operations as they relate to food, specifically inventory levels, sales, volume and product mix, are impacted to some degree by seasonality, including certain holiday periods in the year. Additionally, certain health care, health-related professional services and general merchandise offerings are subject to seasonal fluctuations.

Financial Services Segment

PC Bank offers financial services to consumers under the *President's Choice Financial* brand, including the PC®Mastercard® and *PC Money* Account. PC Bank also offers guaranteed investment certificates through the broker channel.

In 2020, PC Bank launched the *PC Money* Account, a simple no-fee way to do everyday banking that enables customers to earn *PC Optimum* points on every dollar spent. PC Bank remains committed to growth by offering customers innovative banking and payment products and rewards value through the *PC Optimum* loyalty program.

Through its insurance entities, the Company offers products such as auto and home insurance. The Company also offers wireless products and services under The Mobile Shop™ brand, as well as prepaid cell phones and gift cards, through Loblaw's network of grocery stores located across the country.

Financial Services Competitive Environment

The Canadian financial services market is highly competitive. The products offered by PC Bank compete with comparable products offered by banks and other financial institutions within Canada and are issued on terms and conditions that are competitive with such other products. As competition increases, customer expectations are being redefined, which includes an increasing demand for good value, exceptional service and programs that reward customers for their loyalty. The value proposition of being able to earn free groceries through the *PC Optimum* loyalty program by using a PC®Mastercard® and/or *PC Money* Account is one of the key factors that enables PC Bank to compete with banks and other financial institutions offering comparable products.

Lending

PC Bank has established a risk appetite for credit risk within certain escalation thresholds. PC Bank's Board of Directors has approved PC Bank's risk appetite and established tolerance limits. PC Bank has risk management policies that provide governance and oversight to effectively manage and control existing and potential credit risks involved in extending credit to PC Bank customers as well as other risks. To manage the associated credit risk, PC Bank employs advanced credit scoring tools, stringent credit card portfolio monitoring, and strong tools and processes for effective account management and collections.

Labour and Employment Matters

As at January 1, 2022, Loblaw, through its subsidiaries, franchisees and Associates, employed approximately 215,000 full-time and part-time employees. A majority of Loblaw's grocery store level and distribution centre colleagues are unionized.

Intellectual Property

Loblaw has established procedures to register or otherwise protect its intellectual property, including the trademarks used in its banner names and those associated with its loyalty program, credit card services, mobile services, control brand programs, online and digital platforms and apparel business. Store-trading or banner names are associated with specific retail concepts and are important to corporate, franchised and Associate-owned drug store and retail store operations. Loblaw's trademarks used in connection with its control brand program are discussed elsewhere in this AIF. Other intellectual property of Loblaw includes domain names, packaging designs, patents and product formulations and specifications. The intellectual property rights associated with and used in connection with Loblaw's business are important assets and are defended vigorously.

Environmental, Social and Governance

Loblaw is driven by its purpose to Help Canadians Live Life Well®. Loblaw believes that its customers, investors, employees and other stakeholders expect it to be a force for positive environmental and social change and to demonstrate robust corporate governance practices. Environmental, social and governance ("ESG") considerations are central to decisions made across Loblaw. By integrating consideration of environmental and social risks and good governance practices in its strategy and day-to-day business activities, implementing robust compliance and ethics programs and supporting its colleagues and the communities in which it operates, Loblaw aims to be a leading contributor to Canadian society both today and for generations to come. Loblaw publishes various disclosure documents outlining how it is addressing certain environmental and social issues, including an annual CSR Report (which will be referred to as an "ESG Report" going forward, starting with the 2021 report that will be published later in 2022), which makes disclosure in accordance with the Global Reporting Initiative standards and the Sustainability Accounting Standards Board framework. This reporting and other related information is available on Loblaw's website, www.loblaw.com. The information on Loblaw's website does not form a part of this Annual Information Form. Information regarding Loblaw's corporate governance practices is set out in Loblaw's Management Proxy Circular for the Annual Meeting of shareholders held on May 6, 2021.

Additional information on Loblaw can be found in the Annual Information Form of Loblaw dated February 24, 2022, which is available at www.sedar.com or www.loblaw.ca.

Choice Properties

Choice Properties is the owner, manager and developer of a high-quality real estate portfolio of commercial, retail, industrial, office and residential properties across Canada. Choice Properties is Canada's premier diversified REIT with a portfolio comprising 709 income-producing properties with a total GLA of approximately 65.8 million square feet as at December 31, 2021. Choice Properties' portfolio includes 571 retail properties, 117 industrial properties, 16 office complexes and 5 multi-family residential buildings. The retail properties consist of: (i) 274 properties with a stand-alone Loblaw-owned banner; (ii) 239 properties anchored by a Loblaw-owned banner that also contains one or more third-party tenants; and (iii) 58 properties containing only third-party tenants.

Retail Portfolio

The retail portfolio is primarily focused on necessity-based retail tenants. Choice Properties views the retail portion of its portfolio as the foundation for maintaining reliable cash flow. Choice Properties portfolio is primarily leased to grocery stores, pharmacies, and other necessity-based tenants, and stability is attained through a strategic relationship and long term leases with Loblaw, one of Canada's largest retailers. This relationship provides Choice Properties with access to future tenancy and related opportunities with Loblaw, Shoppers Drug Mart and other Loblaw-owned banners

Industrial Portfolio

The industrial portfolio is centered around large, purpose-built distribution facilities for Loblaw and high-quality "generic" industrial assets that readily accommodate the diverse needs of a broad range of tenants. The term "generic" refers to a product that appeals to a wide range of potential users, so that the leasing or re-leasing time frame is reduced. The properties are located in target distribution markets across Canada, where demand is the highest and Choice Properties can build critical mass to enjoy management efficiencies and to accommodate the expansion or contraction requirements of the tenant base.

Office Portfolio

The office portfolio is focused on well-located buildings in target markets, with an emphasis on the downtown core in some of Canada's largest cities. Choice Properties' objective is to seek institutional partners for these assets as a means to diversify risk. As the managing partner, Choice Properties' overall returns are enhanced through the generation of fee income from the day-to-day management and leasing activities of these properties.

Residential Portfolio

Rental residential real estate provides additional income diversification and generates further investment opportunities for Choice Properties' growth. Many of these opportunities to develop residential properties are by densifying existing retail sites with residential buildings. Choice Properties' residential properties are transit accessible and well located in Canada's largest cities and includes both newly developed purpose-built rental buildings and residential-focused mixed-use communities.

As at December 31, 2021, Choice Properties' portfolio consisted of the following income producing properties across Canada:

Jurisdiction	Retail	Industrial	Office	Residential	Total
British Columbia	42	3	2	—	47
Alberta	77	49	2	2	130
Saskatchewan	17	—	—	—	17
Manitoba	14	—	—	—	14
Ontario	237	43	8	3	291
Quebec	103	4	2	—	109
Newfoundland	8	1	—	—	9
New Brunswick	26	2	—	—	28
Prince Edward Island	4	—	—	—	4
Nova Scotia	43	15	2	—	60
Grand Total	**571**	**117**	**16**	**5**	**709**

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 16, 2022, which is available at www.sedar.com or www.choicereit.ca.

Acquisitions

Choice Properties aims to acquire well located retail assets with strong anchor tenants and a focus on necessity-based retail and high-quality, generic industrial properties in target distribution markets across Canada.

Choice Properties' acquisition activities include a dedicated pipeline based on its right of first offer to acquire any property in Canada that Loblaw seeks to sell. Choice Properties also has a right of first offer, subject to certain exceptions, in respect of new properties that Loblaw develops or acquires.

Choice Properties' acquisitions during the previous three years are described in the "General Development of the Business" section.

Development

Choice Properties believes that development of properties to their highest and best use is a key driver of incremental and accretive growth. Choice Properties' pipeline of development opportunities includes: (i) intensification of excess density within its existing retail portfolio; (ii) greenfield developments in large markets, including retail and industrial projects; (iii) major mixed use development in urban markets; and (iv) residential development.

Intensification

Intensifications are focused on adding at-grade retail density at Choice Properties' existing retail properties. These projects provide the opportunity to add new tenants and further expand the Choice Properties' high-quality tenant mix. Choice Properties' pipeline of intensification projects provides steady growth to its business.

Mixed-Use Development

Mixed-Use developments are a critical part of Choice Properties' long-term growth strategy. Choice Properties' mixed-use developments aim to create new communities and provide sustainable, socially responsible developments transforming neighbourhoods into communities. Projects are in various phases of planning and rezoning, and Choice Properties continues to work on finalizing any necessary land assemblies.

Greenfield Development

Greenfield projects are primarily focused on new generation logistics facilities in key distribution markets across Canada. An advantage of greenfield developments is that they lend themselves to phased construction, creating flexibility to time developments with changing market conditions.

Residential Development

Residential development further diversifies Choice Properties' portfolio of development projects. These developments are primarily purpose-built rental assets with close proximity to major transit, local amenities, and well-established communities.

Active Management

Choice Properties is an internally managed trust that employs experienced and regionally focused staff to actively manage its properties. Choice Properties expects to increase cash flow and the value of its portfolio through initiatives to enhance operating performance, including delivering superior service to tenants, maintaining high levels of occupancy, effective capital investment in its properties and disposing of, or redeveloping, non-core assets.

Principal Tenant - Loblaw

Loblaw is Choice Properties' largest tenant. As at December 31, 2021, Loblaw represented 56.0% of total GLA and approximately 53.3% of Choice Properties' rental revenue for the year ended December 31, 2021. As at December 31, 2021, Loblaw leased approximately 36.5 million square feet of GLA from Choice Properties, with approximately 84.8%, 12.8% and 2.4% of such GLA attributed to retail, industrial and office space, respectively. See the "Loblaw Leases" section below for a description of key terms of the Loblaw Leases.

Competition

Choice Properties, as one of the largest public real estate entities in Canada, competes with other investors, managers and owners of real estate. The key assets that real estate focused entities compete for are stable tenants and properties for purchase or development. To compete for desirable tenants with strong covenants, real estate focused entities typically differentiate themselves by the location of their properties, the age and condition of the buildings, effective merchandising and operational efficiency. With a sizable asset base that is geographically diverse across Canada, long-term leases and a strategic alliance with Loblaw, and an existing development pipeline that is all supported by sound financial management, Choice Properties is well-positioned to compete in the Canadian real estate sector.

Employment

As at December 31, 2021, Choice Properties had 298 full-time employees. The majority of the employees are located in Choice Properties' Toronto, Ontario office, with the remaining employees located at various regional offices across Canada.

Environmental, Social and Governance

ESG practices are fully integrated into Choice Properties' day-to-day business activities, and are aligned with its purpose of creating enduring value for generations. Choice Properties believes that its tenants, investors, employees and other stakeholders care deeply about its commitment to being a force for positive environmental and social change and to demonstrate robust corporate governance practices. Choice Properties focuses its ESG program around two pillars where it can best create enduring environmental and social value and which align with stakeholder interests: Fighting Climate Change and Addressing Social Equity. Since launching its ESG program, Choice Properties has created leading and impactful programs that will guide its approach to these two pillars in the years to come.

Over the past year, Choice Properties has focused on continuing to integrate ESG practices into its business strategy, making progress towards its environmental and social targets, and enhancing reporting formats that provide visibility on its progress and achievements against these objectives. In 2021, Choice Properties announced its commitment to setting enhanced greenhouse gas emissions reduction targets that are aligned with current climate science, becoming one of the first real estate investment trusts in Canada to pledge to set science-based targets. Choice Properties is committed to setting ambitious science-based targets through the Science Based Targets initiative (SBTi) Net-Zero Standard, and expects to do so in 2022.

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 16, 2022, which is available at www.sedar.com or www.choicereit.ca.

V. PRIVACY AND ETHICS

The Company is committed to managing its activities in an ethical and proper manner in all respects. Each of GWL, Loblaw and Choice Properties has adopted a Code of Conduct, which their respective employees and directors are required to acknowledge on a regular basis, setting out expectations for ethical and appropriate behaviour. Each of

GWL, Loblaw and Choice Properties regularly review their respective Codes of Conduct to ensure that they continue to match industry best practices.

Each of the Company, Loblaw, and Choice Properties has in place a Management Risk and Compliance Committee, comprised of senior management, each of which monitors compliance with the entity's Code of Conduct and determines how to best ensure that it is conducting its business in an ethical manner. The Company and its subsidiaries encourage reporting of unethical conduct and have established toll-free anonymous response lines, which can be used by employees to report suspected accounting, internal control or auditing irregularities and unethical behaviour impacting the Company and its subsidiaries.

Loblaw has also adopted a Vendor Code of Conduct which outlines its ethical expectations to its vendor community in a number of areas, including social responsibility.

The Company's information systems contain personal information of customers, cardholders and employees. The Company is subject to various laws regarding the protection of personal information of its customers, cardholders and employees and has a Privacy Policy that sets out the guidelines for protecting the privacy of personal information. Loblaw has its own Privacy Code. Any failure or vulnerabilities in the security of these information systems or failure of the Company to adhere to its policies, the law or ethical business practices could significantly affect its reputation and brands and could, therefore, adversely affect the Company's financial performance.

VI. OPERATING AND FINANCIAL RISKS AND RISK MANAGEMENT

Enterprise Risks and Risk Management

The Company is committed to maintaining a framework that ensures risk management is an integral part of its activities. The Company's Enterprise Risk Management ("ERM") program assists all areas of the business in managing risks within appropriate levels of tolerance by bringing a systematic approach and methodology for evaluating, measuring and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Company, prioritize risk mitigation activities and develop a risk-based internal audit plan.

Risks are not eliminated through the ERM program, but rather, are identified and managed in line with the Company's Risk Appetite Statement and within approved risk tolerances. The Risk Appetite Statement articulates key aspects of the Company's businesses, values, and brands and provides directional guidance on risk taking.

RESPONSIBILITIES / OUTCOMES		KEY ACTIVITIES
Oversight of the ERM program and the alignment between strategy and risk	**The Board**	• Review of strategy plans, including capital allocation • Review both inherent and residual risks and mitigation plans • Annual approval of the ERM policy and Risk Appetite Statement
Based on risk ownership assigned by the Board, responsible for managing risk and implementing risk mitigation strategies and operating within the approved risk appetite thresholds	**Management**	• Periodic updates to the Board by the ERM function on the status of key risks(1) • Long-term risk levels are assessed to monitor potential long-term risk impacts
The ERM Program • Facilitate effective corporate governance by providing a consolidated view of risks • Focus on key risks that could impact strategic objectives(2) • Ensure risk appetite and tolerances are defined and understood • Promote a culture of awareness of risk management and compliance • Assist in developing risk management tools and methodologies • Anticipate and provide early warnings of risks through key risk indicators	**ERM Program**	**ERM assessment:** • Continuous update and risk identification • Carried out in parallel with strategic planning • Includes interviews surveys, workshops with management and the Board • Monitor changes to enterprise risk • Mitigation plan updates and review key risk indicators against tolerances • Completed for each operating business and aggregated where appropriate
Mitigation of risks(2)	**Risk Owners**	• Managing risk and implementation of risk mitigation strategies for Operating and Financial Risks

(1) Risks are assessed and evaluated based on the Company's vulnerability to the risk and the potential impact that the underlying risks would have on the Company's ability to execute on its strategies and achieve its objectives.
(2) Any of the key risks have the potential to negatively affect the Company and its financial performance. The Company has risk management strategies in place for key risks. However, there can be no assurance that the risks will be mitigated or will not materialize or that events or circumstances will not occur that could adversely affect the reputation, operations or financial condition or performance of the Company.

The following discussion of risks identifies significant factors that could have a material adverse effect on the Company's business, operations, financial condition or future financial performance. This information should be read in conjunction with the Company's MD&A and the Consolidated Financial Statements and related notes. The following discussion of risks is not exhaustive, but is designed to highlight the key risks in the Company's business.

COVID-19 Risks and Risk Management

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Since the onset of the pandemic, the Company and its operating segments have taken and will continue to take actions to mitigate the effects of COVID-19 on day-to-day business operations, with the best interests of its employees, customers, tenants, suppliers and other stakeholders at the crux of every decision.

The duration and full impact of the COVID-19 pandemic remains unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the future financial results and operations of the Company. The Company continues to closely monitor the situation as it continues to evolve and may take further actions in response to directives of government and public health authorities or that the Company believes are in the best interests of its colleagues, customers, suppliers or other stakeholders, as necessary.

Loblaw remains committed to keeping its grocery stores and pharmacies, including its Shoppers Drug Mart locations, open and stocked, all while ensuring appropriate measures are in place to protect the health and safety of its frontline colleagues and customers. A dedicated COVID-19 response team established by its management in the early stages of the pandemic continues to coordinate Loblaw's response. Loblaw also remains dedicated to promoting the health of the communities in which it operates and has played an important role in administering COVID-19 testing and vaccinations in Canada.

Choice Properties introduced several protocols to protect its employees, tenants and guests including mandating that employees work from home to the full extent possible, increasing sanitation and health and safety measures at its properties and restricting access to its office buildings. Choice Properties established a COVID-19 response team to coordinate critical aspects of crisis management and continues to actively execute its pandemic plan to ensure business continuity while safeguarding the well-being of its employees, tenants, and guests. As the pandemic evolves, Choice Properties continues to support its tenants and employees. Choice Properties implemented additional safety measures at all of its properties, including increased frequency in cleaning and disinfecting as well as physical distancing practices and offering COVID-19 testing at certain of its properties.

The COVID-19 pandemic has influenced and may continue to influence several of the risk factors set out in the "Operating Risks and Risk Management" and "Financial Risks and Risk Management" sections on pages 20 to 31 of this AIF. Changes in the Company's operations in response to COVID-19 could materially impact financial results and may include temporary closures of facilities, temporary or long-term labour shortages or disruptions, temporary or long-term impacts on supply chains and distribution channels, temporary or long-term restrictions on cross-border commerce and travel including mandatory quarantine periods, greater currency volatility, and increased risks to IT systems, networks and digital services. In addition, the COVID-19 pandemic has changed consumer behaviours and accelerated the advancement of disruptive technologies and has resulted in a significant increase in e-commerce competition. The Company's inability to keep up with the pace of such behavioural changes or technological advancements or with its competitors could adversely affect the Company's operations or financial performance. The Company's performance may also be affected by the availability and efficacy of vaccines, including booster shots, and the effectiveness of plans to administer those vaccines across the country.

The continuing spread of COVID-19 has caused economic uncertainty and increased volatility in financial markets. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. Although the ultimate impact of COVID-19 on the global economy and its duration remains uncertain, disruptions caused by COVID-19 may adversely affect the performance of the Company.

Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, adversely impact operations and the financial performance of the Company, including by adversely impacting demand for certain of the Company's products and services and/or the debt and equity markets. Governmental interventions aimed at containing COVID-19 could also impact the Company's available workforce, its supply chain and distribution channels, the products and services it is able to offer and/or its ability to engage in cross-border commerce.

Further information on the operational and financial implications of the COVID-19 pandemic can be found in the Company's 2021 Annual Report.

Operating Risks and Risk Management

Cybersecurity, Privacy and Data Breaches

The Company depends on the uninterrupted operation of its IT systems, networks and services including internal and public internet sites, data hosting and processing facilities, and cloud-based services and hardware, such as point-of-sale processing at stores, to operate its business.

In the ordinary course of business, the Company collects, processes, transmits and retains confidential, sensitive and personal information ("Confidential Information"), including payment card industry data and personal health and financial information regarding the Company and its employees, franchisees, Associates, vendors, customers, patients, credit card and *PC Money* Account holders and loyalty program members. Some of this Confidential Information is held and managed by third party service providers. As with other large companies, the Company is regularly subject to cyberattacks and such attempts are occurring more frequently, are constantly evolving in nature and are becoming more sophisticated.

The Company has implemented security measures, including employee training, monitoring and testing, maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to its IT systems. The Company continues to make strategic investments in this area in order to mitigate cyber threats. The Company also has security processes, protocols and standards that are applicable to its third party service providers.

Despite these measures, all of the Company's information systems, including its back-up systems and any third party service provider systems that it employs, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events.

The Company or its third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the Company's security measures or its third party service providers' information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the Company's security measures or those of its third party service providers. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the Company's or its third party service providers' security measures, which could result in a breach of employee, franchisee, Associate, customer, patient, credit card or *PC Money* Account holder or loyalty program member privacy or Confidential Information.

If the Company does not allocate and effectively manage the resources necessary to build and sustain reliable IT infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the Company's or its third party service providers' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the Company's business could be disrupted and the Company could, among other things, be subject to: transaction errors; processing inefficiencies; the loss of, or failure to attract new customers; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to intellectual property or trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs. Any such occurrences could adversely affect the reputation, operations or financial performance of the Company.

Distribution and Supply Chain

Loblaw's ability to satisfy its customers' demands and achieve its cost objectives depends on its ability to maintain key logistic and transport arrangements. Loblaw's distribution and supply chain could be negatively affected by unforeseen disruptions due to fire, severe weather conditions, natural disasters, or other catastrophic events, public health events, labour disagreements, or other transportation problems. The loss of or disruption to these types of arrangements could interrupt product supply, which in turn could adversely affect the assortment and product availability at the store and digital retail level. If not effectively managed or remedied, these events could negatively impact customer experience and Loblaw's ability to attract and retain customers, and could adversely affect the Company's operations or financial performance.

Employee Attraction, Development and Succession Planning

The Company's operations and continued growth are dependent on its ability to hire, retain and develop its leaders and other key personnel, including those with scarce and/or specialized skill sets. Any failure to effectively attract and retain talented and experienced colleagues and to establish adequate succession planning and retention strategies could result in a lack of requisite knowledge, skill and experience. This could erode the Company's competitive position or result in increased costs, competition for or high turn-over of colleagues. Any of the foregoing could negatively affect the Company's ability to operate its businesses and execute its strategies, which in turn, could adversely affect the Company's reputation, operations or financial performance.

Electronic Commerce and Disruptive Technologies

Loblaw's e-commerce strategy is a growing business initiative. Customers expect innovative concepts and a positive customer experience, including a user-friendly website, customer offerings that are integrated with Loblaw's loyalty program, reliable data, safe and reliable processing of payments and a well-executed merchandise pick up or delivery process. If systems are damaged or cease to function properly, capital investment may be required. Loblaw is also vulnerable to various additional uncertainties associated with e-commerce including website downtime and other technical failures, changes in applicable federal and provincial regulations, security breaches, and consumer privacy concerns. If these technology-based systems and related processes do not function effectively, or if Loblaw is unable to identify and adapt to technological efficiencies, such as artificial/cognitive intelligence or automation in a timely manner, Loblaw's ability to grow its e-commerce business could be adversely affected. Loblaw has increased its investment in improving the digital customer experience, but there can be no assurances that Loblaw will be able to recover the costs incurred to date.

A large portion of Choice Properties' existing real estate portfolio is comprised of necessity-based retail tenants. Shifting consumer preferences toward e-commerce may result in a decrease in the demand for physical space by retail tenants. The failure of Choice Properties to adapt to changes in the retail landscape, including finding new tenants to replace any lost income stream from existing tenants that reduce the amount of physical space they rent from Choice Properties, could adversely affect Choice Properties' operations or financial performance.

IT Systems Implementation and Data Management

The operations of the Company are reliant on the continuous and uninterrupted operations of critical technology systems. Any technology failure/outage pertaining to the availability, capacity or sustainability of the Company's IT systems may result in disruptions impacting the Company's customers or financial performance, or may negatively impact the Company's reputation. The Company continues to make investments in new IT systems to improve the operating effectiveness of the organization. Failure to successfully migrate from legacy systems to new IT systems or a significant disruption in the Company's current IT systems during the implementation of new systems could result in a lack of accurate data to effectively manage day-to-day operations of the business or achieve its operational objectives, causing significant disruptions to the business and potential financial losses.

Failure to successfully adopt or implement appropriate processes to support the new IT systems, or failure to effectively leverage or convert data from one system to another, may preclude the Company from optimizing its overall performance and could result in inefficiencies and duplication in processes, which in turn could adversely affect the reputation, operations or financial performance of the Company. Failure to realize the anticipated strategic benefits including revenue growth, anticipated cost savings or operating efficiencies associated with new IT systems could adversely affect the reputation, operations or financial performance of the Company.

The Company also depends on relevant and reliable information to operate its business. As the volume of data being generated and reported continues to increase across the Company, data accuracy, quality and governance are required for effective decision making. Failure by the Company to leverage data, including customer data, in a timely manner may adversely affect the Company's ability to execute its strategy and therefore its financial performance. Moreover, lack of sensitive data classification, protection and use case approval may result in operational or reputational risk.

Healthcare Reform

Loblaw is reliant on prescription drug sales for a significant portion of its sales and profits. Prescription drugs and their sales are subject to numerous federal, provincial, territorial and local laws and regulations. Changes to these laws and regulations, including the potential implementation of a national pharmacare system, changes in the models used to fund prescription drugs such as the introduction of a pharmacare system, or non-compliance with these laws and regulations, could adversely affect the reputation, operations or financial performance of the Company.

Federal and provincial laws and regulations that establish public drug plans typically regulate prescription drug coverage, patient eligibility, pharmacy reimbursement, drug product eligibility and drug pricing. With respect to pharmacy reimbursement, such laws and regulations typically regulate the allowable drug cost of a prescription drug product, the permitted mark-up on a prescription drug product and the professional or dispensing fees that may be charged on prescription drug sales to patients eligible under the public drug plan. With respect to drug product eligibility, such laws and regulations typically regulate the requirements for listing the manufacturer's products as a benefit or partial benefit under the applicable governmental drug plan, drug pricing and, in the case of generic prescription drug products, the requirements for designating the product as interchangeable with a branded prescription drug product. In addition, other federal, provincial, territorial and local laws and regulations govern the approval, packaging, labeling, sale, marketing, advertising, handling, storage, distribution, dispensing and disposal of prescription drugs.

Sales of prescription drugs, pharmacy reimbursement and drug prices may be affected by changes to the health care industry, including legislative or other changes that impact patient eligibility, drug product eligibility, the allowable cost of a prescription drug product, the mark-up permitted on a prescription drug product, the amount of professional or dispensing fees paid by payers or the provision or receipt of manufacturer allowances by pharmacies and pharmacy suppliers.

The majority of prescription drug sales are reimbursed or paid by three types of payers: (i) government or public, (ii) private insurers or employers, and (iii) out-of-pocket by the patient. These payers have pursued and continue to pursue measures to manage the costs of their drug plans. Canada and each of the provinces has implemented legislative and/or other measures directed towards managing pharmacy service costs and controlling increasing drug costs incurred by public drug plans and private payers, which impact pharmacy reimbursement levels and the availability of manufacturer allowances. Legislative measures to control drug costs include lowering of generic drug pricing. Additionally, the pan-Canadian Pharmaceutical Alliance continues its work regarding cost reduction initiatives for pharmaceutical products and services.

Legislation in certain provincial jurisdictions establishes listing requirements that ensure that the selling price for a prescription drug product will not be higher than any selling price established by the manufacturer for the same prescription drug product under other provincial drug insurance programs. In some provinces, elements of the laws and regulations that impact pharmacy reimbursement and manufacturer allowances for sales to the public drug plans are extended by legislation to sales to private payers. Also, private payers (such as corporate employers and their insurers) are looking or may look to benefit from any measures implemented by government payers to reduce prescription drug costs for public plans by attempting to extend these measures to prescription drug plans they own or manage. Accordingly, changes to pharmacy reimbursement and manufacturer allowances for a public drug plan could also impact pharmacy reimbursement and manufacturer allowances for private payers. In addition, private payers could reduce pharmacy reimbursement for prescription drugs provided to their members or could elect to reimburse members only for products included on closed formularies or available from preferred providers.

Changes impacting pharmacy reimbursement programs and prescription drug pricing, legislative or otherwise, are expected to continue to put downward pressure on the value of prescription drug sales. These changes may have a material adverse effect on Loblaw's business, sales and profitability. In addition, Loblaw could incur significant costs in the course of complying with any changes in the regulatory regime affecting prescription drugs and pharmacy services. Non-compliance with any such existing or proposed laws or regulations, particularly those that provide for the licensing and conduct of wholesalers, the licensing and conduct of pharmacists, the regulation and ownership of pharmacies, the advertising of pharmacies and prescription services, the provision of information concerning prescription drug products, the pricing of prescription drugs, privacy and confidentiality and interactions with provincial drug and eHealth systems, could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

Competitive Environment and Strategy

The Company operates in highly competitive industries.

Loblaw competes against a wide variety of retailers including supermarket and retail drug store operators, as well as mass merchandisers, warehouse clubs, online retailers, mail order prescription drug distributors, limited assortment stores, discount stores, convenience stores and specialty stores. Many of these competitors offer a selection of food, drug and general merchandise, while others remain focused on supermarket-type merchandise. In addition, Loblaw is subject to competitive pressures from new entrants into the marketplace and from the expansion or renovation of existing competitors, particularly those expanding into the grocery and retail drug markets and those offering e-commerce retail platforms. Loblaw's loyalty program is a valuable offering to customers and provides a key differentiating marketing tool for the business. The marketing, promotional and other business activities related to Loblaw's loyalty program must be well managed and coordinated to preserve positive customer perception. Loblaw has made significant investments in support of its strategic growth areas of Everyday Digital Retail, Payments and Rewards and Connected Healthcare, which are all subject to competitive pressures. Failure to achieve these or other strategic priorities could adversely affect the Company's financial position and its competitiveness.

Loblaw's inability to effectively predict market activity, leverage customer preferences and spending patterns and respond in a timely manner to trends, or compete effectively with its current or future competitors could result in, among other things, reduced market share and reduced profitability. If Loblaw is ineffective in responding to consumer trends or in executing its strategic plans, its financial performance could be adversely affected. Loblaw's failure to effectively respond to customer trends may adversely impact Loblaw's relationship with its customers. Loblaw closely monitors market developments and market share trends.

Choice Properties competes with other investors, developers, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Competitors may have newer or better located properties, greater financial or other resources, or greater operating flexibility than Choice Properties. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for real estate property investments, thereby increasing purchase prices and reducing the yield on the investment. Increased competition to lease properties could adversely impact Choice Properties' ability to find suitable tenants at the appropriate rent and may negatively impact the financial performance of Choice Properties.

Failure by Loblaw or Choice Properties to sustain their competitive position could adversely affect the Company's financial performance.

Food, Drug, Product and Services Safety

Loblaw's products may expose it to risks associated with product safety and defects and product handling in relation to the manufacturing, design, packaging and labeling, storage, distribution, and display of products. Loblaw cannot be certain that active management of these risks, including maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems, will eliminate all the risks related to food and product safety. Loblaw could be adversely affected in the event of a significant outbreak of food-borne illness or food safety issues, including food tampering or contamination. In addition, failure to trace or locate any contaminated or defective products could affect Loblaw's ability to be effective in a recall situation. Loblaw is also subject to risk associated with the distribution of drug products, errors related to medication dispensing or compounding, injections, patient services or consultation. The occurrence of such events or incidents, as well as any failure to maintain the cleanliness and health standards at Loblaw's store level, could result in harm to customers and negative publicity, could adversely affect the Company's brands, reputation, operations or financial performance and could lead to unforeseen liabilities from legal claims or otherwise.

Labour Relations

Loblaw's workforce is comprised of both unionized and non-unionized colleagues. With respect to those colleagues that are covered by collective agreements, there can be no assurance as to the outcome of any labour negotiations or the timing of their completion. Renegotiating collective agreements or the failure to successfully renegotiate collective agreements and changes to business operations could result in strikes, work stoppages or business interruptions, and if any of these events were to occur, they could adversely affect the reputation, operations and financial performance of Loblaw and the financial performance of the Company. If non-unionized colleagues become unionized, the terms of the resulting collective agreements would have implications for the affected operations such as higher labour costs.

Legal Proceedings

In the ordinary course of business, the Company is involved in and potentially subject to legal proceedings. The proceedings may involve suppliers, customers, patients, Associates, franchisees, regulators, tax authorities or other persons. The potential outcome of legal proceedings and claims is uncertain.

Please refer to the "Legal Proceedings" section on page 38 of this AIF for more information.

Property Valuation

Choice Properties conducts a valuation assessment of its properties on a quarterly basis. As property values fluctuate over time in response to market factors, or as underlying assumptions and inputs to the valuation model change, the fair value of Choice Properties' portfolio could change materially. Choice Properties is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the property valuation model. Errors in the inputs to the valuation model or inappropriate assumptions may result in an inaccurate valuation of the properties. In addition to a market activity report that is tailored to Choice Properties' portfolio, management uses the market information obtained in external appraisals, across multiple firms, commissioned during the reporting period to assess whether changes to market- related assumptions are required for the balance of the portfolio. Choice Properties is responsible for monitoring the value of its portfolio going forward and evaluating the impact of any changes in property value over time. Any changes in the value of the properties may impact unitholder value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the above-mentioned valuations.

Capitalization Rate Risk

The fair market property valuation process is dependent on several inputs, including the current market capitalization rate. Risks associated with Choice Properties' property valuation model include fluctuations in the current market capitalization rate which can significantly impact the value of Choice Properties' overall real estate portfolio. In addition, Choice Properties is subject to certain financial and non-financial covenants in Choice Properties' existing financial instruments that include maintaining certain leverage ratios. Changes in the market capitalization rate could impact Choice Properties' property valuation which in turn could impact financial covenants.

Property Development and Construction

Choice Properties engages in development, redevelopment and major renovation activities with respect to certain properties. It is subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or availability at all; (b) the availability and timely receipt of zoning, occupancy, land use and other regulatory and governmental approvals; (c) changes in zoning and land use laws; (d) the ability to achieve an acceptable level of occupancy upon completion; (e) the potential that Choice Properties may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (f) the potential that Choice Properties may expend funds on and devote management time to projects which are not completed; (g) construction or redevelopment costs of a project, including rising construction costs and development charges and shortages of experienced labour in certain construction related trades, may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (h) the time required to complete the construction or redevelopment of a project or to lease-up the completed project may be greater than originally anticipated, thereby adversely affecting Choice Properties' cash flows and liquidity; (i) the cost and timely completion of construction (including risks beyond Choice Properties' control, such as weather, labour conditions or material shortages); (j) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; (l) Choice Properties' ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and (m) the availability and pricing of financing to fund Choice Properties' development activities on favourable terms or availability at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development activities or the completion of development activities once undertaken. In addition, development projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its accompanying risks) with contractors, subcontractors, suppliers, partners and others. Any failure by Choice Properties to develop quality assets and effectively manage all development, redevelopment and major renovation initiatives may negatively impact the reputation and financial performance of the Company.

Environmental and Social

The Company and its operating segments are committed to creating positive environmental and social change by focusing on issues that matter most to the Company's customers, employees, communities and other stakeholders, with a particular focus on combatting climate change and advancing social equity. Any failure or perceived failure to advance the environmental and social priorities of the Company or its stakeholders may negatively affect the Company's reputation, operations or financial performance.

Environmental

The Company and its operating segments face environmental risks that could, directly or indirectly, negatively impact the Company's reputation, operations or performance over the short or long-term.

In particular, the Company and its operating segments are confronted with issues relating to climate change. The Company has the opportunity to make a significant positive impact on the environment. To address this opportunity, the Company and its operating segments are focused on several strategic initiatives, including reducing emissions, food and plastic waste. Federal and provincial governments are also striving to combat climate change, including through the consideration and/or implementation of carbon reduction targets and financial mechanisms to reduce carbon emissions, such as carbon taxes, carbon pricing and caps and trade. In addition to its own initiatives, the Company and its operating segments may be required to make operational changes and/or incur significant financial costs to comply with the various governmental reforms, which may differ across jurisdictions. Additionally, certain global climate change patterns (e.g. rising sea levels, changing rain fall) may impact sourcing of food and food ingredients. Any failure to meet its strategic objectives, adhere to climate change reforms or to adapt to the impacts of climate change, such as failure to reduce emissions, eliminate food and plastic waste or mitigate sourcing and supply chain disruptions, could result in fines or could adversely affect the Company's reputation, operations or financial performance.

The Company and its operating segments maintain a portfolio of real estate and other facilities and are subject to environmental risks associated with the contamination of such properties and facilities, whether by previous owners or occupants, neighbouring properties or by the Company itself. In particular, Loblaw has a number of underground fuel storage tanks, the majority of which are used for its supply chain transport fleets. Contamination resulting from leaks from these tanks is possible. Additional environmental issues relating to matters or sites may require the Company to incur significant additional costs. Loblaw also operates refrigeration equipment in its stores and distribution centres to preserve perishable products as they pass through the supply chain and ultimately to consumers. These systems contain refrigerant gases which could be released if equipment fails or leaks. A release of these gases could have adverse effects on the environment. Failure to properly manage any of these environmental risks could adversely affect the reputation, operations or financial performance of the Company.

Loblaw is subject to legislation that imposes liabilities on retailers, brand owners and importers for costs associated with recycling and disposal of consumer goods packaging and printed materials distributed to consumers. There is a risk that the Company will be subject to increased costs associated with these laws. In addition, the Company could be subject to increased or unexpected costs associated with environmental incidents and the related remediation activities, including litigation and regulatory related costs, all of which could adversely affect the reputation or financial performance of the Company.

Social

The Company and its operating segments face risks associated with social issues and have established certain priorities in response, including achieving adequate representation of traditionally under-represented groups in management positions and the colleague population as a whole, building a culture of inclusion and investing in communities, particularly by supporting women's and children's health. In the event that the Company is not perceived to have robust diversity and inclusion programs, its ability to attract, develop and retain colleagues could be compromised. The Company recognizes its responsibility to respect and protect the human rights of all people who support and intersect with the business, and is committed to not tolerating abuse, discrimination or harassment in any form. Ineffective action or inaction in response to social matters, including a failure or perceived failure to adequately address its priorities, could adversely affect the Company's reputation or financial performance.

Economic Conditions

The Company's revenue and profitability are impacted by consumer discretionary spending which is influenced by general economic conditions. These economic conditions could include high levels of unemployment and household debt, political uncertainty, fuel and energy costs, the impact of natural disasters or acts of terrorism, pandemics, changes in interest rates, inflation, tax, exchange rates and access to consumer credit. A number of these conditions could impact consumer spending and, as a result, payment patterns could deteriorate or remain unpredictable due to global, national, regional or local economic volatility. Uncertain economic conditions may adversely impact demand for the Company's products and services which could adversely affect the Company's operations or financial performance.

Inventory Management

Loblaw is subject to risks associated with managing its inventory. Failure to successfully manage such risks could result in shortages of inventory, excess or obsolete inventory which cannot be sold profitably or increases in levels of inventory shrink. Any of these outcomes could adversely affect the financial performance of the Company. Although Loblaw has implemented new IT systems, which are intended to provide increased visibility to integrated inventory and sales information at store level, Loblaw's failure to effectively implement such new IT systems and applicable processes may increase the risks associated with managing inventory, including the risk that inaccurate inventory could result in inaccurate financial statements.

Loblaw's Retail segment is also examining its fundamental processes related to article lifecycle management, with the goal of making existing processes more efficient. This will impact existing workflow and system processes across procurement, supply chain and merchandising. Such simplification and efficiency processes are critical to Loblaw's ability to implement longer term system solutions and achieve efficiencies across its Retail divisions. Any failure to effectively deliver this enterprise core solution could negatively impact Loblaw's operations or financial performance.

Service Providers

The Company has a wide range of key business relationships with third parties including vendors, suppliers, distributors and contractors. The Company relies on vendors, including offshore vendors in both mature and developing markets, to provide the Company with goods and services. Offshore sourcing increases certain risks to the Company, including risks associated with food safety and general merchandise product defects, non-compliance with ethical and safe business practices and inadequate supply of products. The Company has no direct influence over how vendors are managed. Negative events affecting vendors or inefficient, ineffective or incomplete vendor management strategies, policies and/or procedures, including those related to ethical sourcing, could adversely impact the Company's reputation and impair the Company's ability to meet customer needs or control costs and quality, which could adversely affect the reputation, operations or financial performance of the Company.

Loblaw relies on service providers including transport carriers or other delivery service providers, logistic service providers and operators of warehouses and distribution facilities. Ineffective selection, contractual terms or relationship management could impact Loblaw's ability to source products (both national brand and control brand products), to have products available for customers, to market to customers or to operate efficiently and effectively. Disruption in services from suppliers could interrupt the delivery of merchandise to stores or customers, which in turn could adversely affect the operations or financial performance of the Company.

PC Bank uses third party service providers to process credit card transactions, operate call centres and operationalize certain risk management strategies for the *President's Choice Financial Mastercard and PC Money* Account. A significant disruption in the services provided by third party service providers could adversely affect the financial performance of PC Bank and the Company.

The Company has outsourced certain administrative functions of its business to service providers including account payments, payroll services, IT support, investment management and custodial relationships, and benefit plan administration. Any disruption in the services provided by these suppliers could adversely affect the return on these assets or liquidity of the Company.

Franchisee Relationships

Loblaw has entered into agreements with third party franchisees that permit the franchisees to own and operate retail stores in accordance with prescribed procedures and standards. A substantial portion of Loblaw's revenues and earnings comes from amounts paid by franchisees in connection with their store operations and leased property. Franchisees are independent operators and their operations may be negatively affected by factors beyond Loblaw's control. If franchisees do not operate their stores in accordance with Loblaw's standards or otherwise in accordance with good business practices, franchisee fees and rent paid to Loblaw could be negatively affected, which in turn could adversely affect the Company's reputation, operations or financial performance. In addition, the Company's reputation could be harmed if a significant number of franchisees were to experience operational failures, health and safety exposures or were unable to pay Loblaw for products, fees or rent.

Loblaw's franchise system is also subject to franchise legislation enacted by a number of provinces. Any new legislation or failure to comply with existing legislation could adversely affect operations and could add administrative costs and burdens, any of which could affect Loblaw's relationship with its franchisees.

Supply chain or system changes by Loblaw could cause or be perceived to cause disruptions to franchised store operations and could result in negative effects on the financial performance of franchisees. Relationships with franchisees could pose significant risks if they are disrupted, which could adversely affect the reputation, operations or financial performance of the Company.

Associate-owned Drug Store Network and Relationships with Associates

The success of Loblaw and the reputation of its brands are closely tied to the performance of the *Shoppers Drug Mart* Associate-owned drug stores. Accordingly, Loblaw relies on Associates to successfully operate, manage and execute retail programs and strategies at their respective drug store locations. Associates are independent business operators that have entered into agreements with Loblaw to own and operate retail stores in accordance with prescribed procedures and standards. The success of the operations and financial performance of their respective drug stores may be beyond Loblaw's control. In addition, Associates are subject to franchise legislation. Disruptions to Loblaw's relationships with *Shoppers Drug Mar*t Associate-owned drug stores or changes in legislation could negatively affect revenue from Associates, which in turn, could adversely affect the reputation, operations or financial performance of the Company.

Business Continuity

The Company's ability to continue critical operations and processes could be negatively impacted by adverse events resulting from various incidents, including severe weather, work stoppages, prolonged IT systems failure, terrorist activity, power failures, border closures or a pandemic or other national or international catastrophe. The Company has business continuity plans in place to manage any such events. Despite this, ineffective contingency planning, business interruptions, crises or potential disasters could adversely affect the reputation, operations or financial performance of the Company.

Change Management, Process and Efficiency

Many initiatives are underway to reduce the complexity and cost of the Company's business operations, ensuring a low cost operating structure that allows for continued investments in the Company's strategic growth areas. These efforts include initiatives focused on improving processes and generating efficiencies across the Company's administrative, store, and distribution network infrastructures, and other organizational changes.

The success of these initiatives is dependent on effective leadership and realizing intended benefits. Ineffective change management could result in a lack of integrated processes and procedures, unclear accountabilities and decision-making rights, decreased colleague engagement, ineffective communication and training or a lack of requisite knowledge. Any of the foregoing could disrupt operations, increase the risk of customer dissatisfaction, adversely affect the Company's reputation or financial performance or adversely affect the ability of the Company to implement and achieve its long term strategic objectives.

Tenant Concentration

Investment properties generate income through rent payments made by tenants, and particularly rent payments made by Loblaw as Choice Properties' largest tenant. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease, including the addition of restrictive covenants. In addition, historical occupancy rates and rents are not necessarily an accurate prediction of future occupancy rates. Choice Properties' cash flows and financial position would be adversely affected if its tenants (and especially Loblaw) were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, Choice Properties may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. In addition, restrictive covenants and the terms of a strategic alliance agreement may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants.

Choice Properties' net income could also be adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of Loblaw, as Choice Properties' largest tenant. Choice Properties derives a large majority of its annual base minimum rent from Loblaw. Consequently, revenues are dependent on the ability of Loblaw to meet its rent obligations and Choice Properties' ability to collect rent from Loblaw. The future financial performance and operating results of Loblaw are subject to inherent risks, uncertainties, and other factors. If Loblaw were to terminate its tenancies, default on or cease to satisfy its payment obligations, it would have a material adverse effect on Choice Properties' financial condition or results of operations and its ability to make distributions to unitholders.

The closing of an anchor store at a property could also have a material adverse effect on the value of that property. Vacated anchor tenant space also tends to adversely affect the entire property because of the loss of the departed anchor tenant's power to draw customers to the property, which in turn may cause other tenants' operations to suffer and adversely affect such other tenants' ability to pay rent or perform any other obligations under their leases. No assurance can be given that Choice Properties will be able to quickly re-lease space vacated by an anchor tenant on favourable terms, if at all. In addition, certain leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, and there can be no assurance that such tenants will continue to occupy such premises. Furthermore, at any time, an anchor tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and thereby cause a reduction in Choice Properties' cash flows, financial condition or results of operations and its ability to make distributions to unitholders.

Execution of Strategic Initiatives

The Company undertakes from time to time acquisitions and dispositions that meet its strategic objectives. The Company holds cash and short-term investments and is continuing to evaluate strategic opportunities for the use or deployment of these funds. The use or deployment of the funds and the execution of the Company's capital plans could pose a risk if they do not align with the Company's strategic objectives or if the Company experiences integration difficulties on the acquisition of any businesses. Execution of the strategic plan requires prudent operational planning, availability and attention of key personnel, timely implementation and effective change management. In addition, the Company may not be able to realize upon the synergies, business opportunities and growth prospects expected from any such investment opportunities or from the execution of the Company's strategies. Finally, any acquisition or divestiture activities may present unanticipated costs and managerial and operational risks, including the diversion of management's time and attention from day-to-day activities. If the Company's strategies are not effectively developed and executed, it could negatively affect the reputation, operations or financial performance of the Company.

Regulatory Compliance

The Company is subject to a wide variety of laws, regulations and orders across all countries in which it does business, including those laws involving product liability, labour and employment, anti-trust and competition, pharmacy, food safety, intellectual property, privacy, environmental and other matters.

The Company is subject to taxation by various taxation authorities in Canada and a number of foreign jurisdictions. Changes to any of the laws, rules, regulations or policies applicable to the Company's business, including tax laws, minimum wage laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, pharmaceuticals, and general merchandise products, could adversely affect the operations, financial condition or performance of the Company.

Failure by the Company to comply with applicable laws, regulations and orders could subject the Company to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect the reputation, operations or financial condition or performance of the Company. In the course of complying with changes to laws, the Company could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict the Company's operations or profitability and thereby threaten the Company's competitive position and ability to efficiently conduct business.

The Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments.

Loblaw is subject to capital requirements from the Office of the Superintendent of Financial Institutions ("OSFI"), the primary regulator of PC Bank. PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory capital requirements as defined by OSFI. PC Bank uses Basel III as its regulatory capital management framework which includes a target common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%. In addition to the regulatory capital ratios requirement, PC Bank is subject to the Basel III Leverage ratio and OSFI's Guideline on Liquidity Adequacy Requirements ("LARs"). The LARs guideline establishes standards based on the Basel III framework. PC Bank would be assessed fines and other penalties for non-compliance with these and other regulations. In addition, failure by PC Bank to comply, understand, acknowledge and effectively respond to applicable regulations could result in regulatory intervention and reputational damage.

Choice Properties is currently classified as a "unit trust" and a "mutual fund trust" under the *Income Tax Act* (Canada). It also qualifies for the Real Estate Investment Trust Exception under the *Income Tax Act* (Canada) and as such is not subject to specified investment flow-through rules. There can be no assurance that the Canadian federal income tax laws will not be changed in a manner which adversely affects Choice Properties. If Choice Properties ceases to qualify for these and other classifications and exceptions, the taxation of Choice Properties and unitholders, including the Company, could be materially adversely different in certain respects, which could in turn materially adversely affect the trading price of the Units.

Please refer to the "Regulatory Action" section on page 39 of this AIF for more information.

Alternative Arrangements for Sourcing Generic Drug Products

As the utilization rate of generic prescription drugs increases, Loblaw is pursuing alternative sourcing and procurement models for generic prescription drug products. As part of this alternative sourcing and procurement initiative, Loblaw has entered into contracts for the fabrication of private label generic prescription drug products. These alternative sourcing and procurement models contain certain additional risks beyond those associated with Loblaw's conventional procurement strategy. The most significant of these additional risks are product liability and intellectual property infringement. Product liability claims may arise in the event that the use of Loblaw's products cause, or are alleged to have caused, injury to consumers. Intellectual property infringement claims may arise in the event that Loblaw's products infringe or violate, or are alleged to infringe or violate, the patents or other intellectual property rights of any third parties, including the brand manufacturer. Both product liability and intellectual property infringement claims could be costly to defend and could result in significant liabilities and monetary damages. Failure to successfully implement these alternative sourcing and procurement models could adversely affect the reputation, operations or financial performance of the Company.

In addition, the market for generic prescription drug products and eligibility for reimbursement from governmental and other third-party payers will depend on the extent to which the products are designated as interchangeable with the branded products and are included as a benefit on the public drug plans in Canada. These interchangeability designations and benefit listings are highly regulated and will be dependent on the products and the procurement model meeting the regulatory requirements. If the demand for generic products, including private label generic prescription drug products, is negatively affected by fewer designations or limitations placed on private label prescription drug products, it could adversely affect the reputation, operations or financial performance of the Company.

Ethical Business Conduct

The Company has a Code of Conduct that reflects the Company's long-standing commitment to high standards of ethical conduct and business practices. Any violation of law or failure to comply with the Company's policies, including the Code of Conduct, could adversely affect the Company's brands, reputation, operations or financial performance.

Workplace Health and Safety

The Company recognizes that ensuring a healthy and safe workplace minimizes illness, injuries and other risks colleagues may face in carrying out their duties, improves productivity and helps to minimize any liability or penalties which could be incurred in connection with workplace injuries. The Company has health and workplace safety programs in place and has established policies and procedures aimed at providing a safe work environment and ensuring compliance with applicable legislative requirements. Failure to comply with appropriate and established workplace health and safety policies and procedures or applicable legislative requirements could result in increased illness and/or increased workplace injury-related liability and penalties, which in turn could adversely affect the reputation or financial performance of the Company.

Trademark and Brand Protection

Loblaw's brands and other intellectual property are very important to its success and competitive position. Loblaw relies on a combination of trademarks, copyrights, trade secrets and other intellectual property rights to protect its brands and its control branded products. Loblaw depends on its continued ability to use its intellectual property in order to increase brand awareness and further develop brands and products. Loblaw has taken steps to protect certain of its intellectual property rights in Canada and elsewhere. However, Loblaw's proprietary rights could be challenged, circumvented, infringed, misappropriated or invalidated by third parties. There can be no assurance that the processes and resources invested by Loblaw to protect its intellectual property from third party infringement or misappropriation will be sufficient. Loblaw may be required to institute litigation to enforce its intellectual property rights.

At the same time, third parties may assert or prosecute infringement claims against Loblaw for its use of intellectual property allegedly owned by third parties. If Loblaw is unable to successfully defend against these claims, it could be liable to such third parties or Loblaw's intellectual property could be invalidated.

Any such litigation could result in substantial costs, diversion of resources and could negatively affect Loblaw's revenue, profitability and prospects regardless of whether it is successful in the litigation. A decrease in value of Loblaw's trademarks, banners or control brands as a result of adverse events, including third party infringement, could adversely affect the reputation, operations or financial performance of Loblaw and the financial performance of the Company.

Defined Benefit Pension Plan Contributions

The Company manages the assets in its registered defined benefit pension plans by engaging professional investment managers who operate under prescribed investment policies and procedures in respect of permitted investments and asset allocations. Future contributions to the Company's registered defined benefit pension plans are impacted by a number of variables, including the investment performance of the plans' assets and the discount rate used to value the liabilities of the plans. The Company regularly monitors and assesses plan performance and the impact of changes in participant demographics, changes in capital markets and other economic factors that may impact funding requirements, net defined benefit costs and actuarial assumptions. If capital market returns are below assumed levels, or if discount rates decrease, the Company could be required to make contributions to its registered funded defined benefit pension plans in excess of those currently expected, which in turn, could adversely affect the financial performance of the Company.

Multi-Employer Pension Plans

In addition to the Company-sponsored pension plans, the Company participates in various multi-employer pension plans providing pension benefits to unionized employees pursuant to provisions of collective bargaining agreements. Approximately 26% of the employees of the Company, and of its franchisees and Associates, participate in these plans. These plans are administered by independent boards of trustees generally consisting of an equal number of union and employer representatives. In some circumstances, the Company has a representative on the board of trustees of these plans. The Company's responsibility to make contributions to these plans is limited to the amounts established pursuant to its collective agreements; however, poor performance of these plans could have an adverse impact on the Company's employees and former employees who are members of these plans or could result in changes to the terms and conditions of participation in these plans, which in turn could adversely affect the financial performance of the Company.

Loblaw, together with its franchisees, is the largest participating employer in the Canadian Commercial Workers Industry Pension Plan, with approximately 56,000 employees as members.

Financial Risks and Risk Management

The Company is exposed to a number of financial risks, including those associated with financial instruments, which have the potential to affect its operating and financial performance. The Company uses over-the-counter derivative instruments to offset certain of these risks. Policies and guidelines prohibit the use of any derivative instrument for trading or speculative purposes. The fair value of derivative instruments is subject to changing market conditions which could adversely affect the financial performance of the Company.

Liquidity

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost effective manner to fund its obligations as they come due. The Company is exposed to liquidity risk through, among other areas, PC Bank, which requires a reliable source of funding for its credit card business. PC Bank relies on its securitization programs, demand deposits from customers and the acceptance of guaranteed investment certificate deposits to fund the receivables of its credit cards. The Company would experience liquidity risks if it fails to maintain appropriate levels of cash and short-term investments, is unable to access sources of funding or fails to appropriately diversify sources of funding. If any of these events were to occur, they could adversely affect the financial performance of the Company.

Liquidity risk is mitigated by maintaining appropriate levels of cash and cash equivalents and short term investments, actively monitoring market conditions, and by diversifying sources of funding, including the Company's committed credit facilities, and maintaining a well diversified maturity profile of debt and capital obligations.

Commodity Prices

Loblaw is exposed to increases in the prices of commodities in operating its stores and distribution networks, as well as to the indirect effect of changing commodity prices on the price of consumer products. Rising commodity prices could adversely affect the financial performance of Loblaw. To manage a portion of this exposure, Loblaw uses purchase commitments and derivative instruments in the form of exchange traded futures contracts and forward contracts to minimize cost volatility related to commodities.

Foreign Currency Exchange Rates

The Company's consolidated financial statements are expressed in Canadian dollars, however, a portion of the Company's (excluding Loblaw's) net assets are denominated in U.S. dollars ("USD") through its foreign subsidiaries with a functional currency that is the same as that of the Company. The USD denominated net assets are translated into Canadian dollars at the foreign currency exchange rate in effect at the balance sheet date. As a result, the Company is exposed to foreign currency translation gains and losses. Those gains and losses arising from the translation of the USD denominated assets of foreign subsidiaries with a functional currency that is the same as that of the Company are included in operating income, while translation gains and losses on the net investment in foreign operations in the U.S. are recorded in accumulated other comprehensive income (loss).

Loblaw is exposed to fluctuations in the prices of USD denominated purchases as a result of changes in USD exchange rates. A depreciating Canadian dollar relative to the USD will negatively impact operating income and net earnings, while an appreciating Canadian dollar relative to the USD will have the opposite impact. Loblaw entered into derivative instruments in the form of futures contracts and forward contracts to manage its current and anticipated exposure to fluctuations in the U.S. dollar exchange rates.

Credit

The Company is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Company, including derivative instruments, cash and cash equivalents, short-term investments, security deposits, PC Bank's credit card receivables, Loblaw's finance lease receivable, pension assets held in the Company's defined benefit plans, and Loblaw's accounts receivable, including amounts due from non-consolidated franchisees, government and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors. Failure to manage credit risk could adversely affect the financial performance of the Company.

The risk related to derivative instruments, cash and cash equivalents, short term investments and security deposits is reduced by policies and guidelines that require that the Company enters into transactions only with counterparties or issuers that have a minimum long term "A-" credit rating from a recognized credit rating agency and place minimum and maximum limits for exposures to specific counterparties and instruments.

Choice Properties mitigates the risk of credit loss relating to rent receivables by evaluating the creditworthiness of new tenants, obtaining security deposits wherever permitted by legislation, ensuring its tenant mix is diversified and by limiting its exposure to any one tenant, except Loblaw. Choice Properties establishes an allowance for doubtful accounts that represents the estimated losses with respect to rents receivable. The allowance is determined on a tenant-by-tenant basis based on the specific factors related to the tenant.

PC Bank manages its credit card receivable risk by employing stringent credit scoring techniques, actively monitoring the credit card portfolio and reviewing techniques and technology that can improve the effectiveness of the collection process. In addition, these receivables are dispersed among a large, diversified group of credit card customers.

Loblaw's finance lease receivable and Loblaw's accounts receivable including amounts due from non-consolidated franchisees, government and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors and tenants, are actively monitored on an ongoing basis and settled on a frequent basis in accordance with the terms specified in the applicable agreements.

Despite the mitigation strategies described above, it is possible that the Company's financial performance could be negatively impacted by the failure of a counterparty to fulfill its obligations.

Trust Unit Prices

The Company is exposed to market price risk from Choice Properties' Units that are held by unitholders other than the Company. These Units are presented as a liability (the "Unit Liability") on the Company's consolidated balance sheets as they are redeemable for cash at the option of the holders. The Unit Liability is recorded at fair value at each reporting period based on the market price of Units. The change in the fair value of the liability negatively impacts net earnings when the Unit price increases and positively impacts net earnings when the Unit price declines.

Interest Rates

The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt and from the refinancing of existing financial instruments. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions, with the objective of maintaining the majority of its debt at fixed interest rates.

Credit Ratings

Credit ratings assigned to the Company and any of its securities may be changed at any time based on the judgement of the credit rating agencies and may also be impacted by a change in the credit rating of Loblaw, Choice Properties and their respective affiliates. In addition, the Company, Loblaw, Choice Properties and their respective affiliates may incur additional indebtedness in the future, which could impact current and future credit ratings. A reduction in credit ratings could materially adversely affect the market value of the Company's outstanding securities and the Company's access to and cost of financing.

Further information on the Company's business can be found in its 2021 MD&A. This information is incorporated herein by reference and is available at www.sedar.com or www.weston.ca.

VII. CAPITAL STRUCTURE AND MARKET FOR SECURITIES

Share Capital

The share capital of GWL is comprised of common shares and preferred shares.

Common Shares (authorized – unlimited)

Common shares have voting rights of one vote per common share. The holders of common shares are entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of GWL, to receive any dividend declared by GWL and to receive the remaining property of GWL upon dissolution. GWL announced a normal course issuer bid early in 2021. During the year, GWL repurchased 5,917,306 common shares pursuant to its normal course issuer bid. As at December 31, 2021, there were 146,831,203 common shares issued and outstanding, including 41,700 repurchased for cancellation that had not yet settled as at December 31, 2021.

Preferred shares – Series I (authorized – 10,000,000)

As at December 31, 2021, there were 9,400,000 5.80% non-voting preferred shares, Series I outstanding, with a face value of $235,000,000, which entitle the holders to a fixed cumulative preferred cash dividend of $1.45 per share per annum which will, if declared, be payable quarterly.

Preferred shares – Series II (authorized – 10,600,000)

As at December 31, 2021, there were no preferred shares, Series II outstanding.

Preferred shares – Series III (authorized – 10,000,000)

As at December 31, 2021, there were 8,000,000 5.20% non-voting preferred shares, Series III outstanding, with a face value of $200,000,000, which entitle the holders to a fixed cumulative preferred cash dividend of $1.30 per share per annum, which will, if declared, be payable quarterly.

Preferred shares – Series IV (authorized – 8,000,000)

As at December 31, 2021, there were 8,000,000 5.20% non-voting preferred shares, Series IV outstanding, with a face value of $200,000,000, which entitle the holders to a fixed cumulative preferred cash dividend of $1.30 per share per annum which will, if declared, be payable quarterly.

Preferred shares – Series V (authorized – 8,000,000)

As at December 31, 2021, there were 8,000,000 4.75% non-voting preferred shares, Series V outstanding, with a face value of $200,000,000, which entitle the holders to a fixed cumulative preferred cash dividend of $1.1875 per share per annum which will, if declared, be payable quarterly.

Preferred shares - Redemption

GWL may, at its option, redeem for cash, in whole or in part, the outstanding preferred shares at $25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert the holders' preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL. Upon liquidation, dissolution or winding up of GWL, each preferred shareholder, in preference to any payments to be made to holders of common shares, is entitled to $25.00 per share plus an amount equal to all dividends accrued thereon. Preferred shareholders will not be entitled to any further distribution of the assets of GWL.

Trading Price and Volume

The GWL common shares and preferred shares Series I, III, IV, and V are listed and posted for trading on the TSX under the share symbols "WN", "WN.PR.A", "WN.PR.C", "WN.PR.D" and "WN.PR.E" respectively.

The monthly high and low trading prices, the average daily volume and total volume by month for GWL's common shares for the period beginning January 1, 2021 to December 31, 2021 are as follows:

Common Shares				
Month	**High** ($ per common share)	**Low** ($ per common share)	**Average Daily Volume by Month** (in shares)	**Total Volume by Month** (in shares)
January 2021	$98.80	$92.03	151,663	3,033,266
February 2021	$97.40	$91.95	170,404	3,237,678
March 2021	$113.05	$93.53	252,934	5,817,487
April 2021	$116.00	$108.26	109,737	2,304,486
May 2021	$119.99	$108.00	157,346	3,146,914
June 2021	$120.30	$114.84	159,916	3,518,154
July 2021	$130.05	$117.70	132,433	2,781,098
August 2021	$137.22	$129.38	152,988	3,212,752
September 2021	$138.22	$128.11	272,120	5,714,518
October 2021	$140.01	$131.17	240,359	4,807,181
November 2021	$142.93	$132.81	164,922	3,628,291
December 2021	$150.63	$133.22	217,188	4,560,948

The monthly high and low trading prices, the average daily volume and total volume by month for preferred shares, Series I, III, IV, and V for the period beginning January 1, 2021 to December 31, 2021 are as follows:

Preferred Shares, Series I				
Month	**High** ($ per share)	**Low** ($ per share)	**Average Daily Volume by Month** (in shares)	**Total Volume by Month** (in shares)
January 2021	$25.95	$25.66	6,002	120,049
February 2021	$25.92	$25.43	9,524	180,961
March 2021	$25.83	$25.45	8,418	193,607
April 2021	$25.94	$25.70	5,914	124,202
May 2021	$26.10	$25.75	8,475	169,491
June 2021	$26.14	$25.75	4,168	91,703
July 2021	$26.49	$25.91	4,574	96,048
August 2021	$27.00	$26.27	5,931	124,554
September 2021	$27.40	$26.29	6,250	131,245
October 2021	$26.75	$25.65	4,395	87,899
November 2021	$26.50	$25.25	3,389	74,554
December 2021	$26.40	$25.61	3,102	65,149

Preferred Shares, Series III				
Month	**High** ($ per share)	**Low** ($ per share)	**Average Daily Volume by Month** (in shares)	**Total Volume by Month** (in shares)
January 2021	$25.25	$25.00	2,888	57,765
February 2021	$25.36	$25.10	5,633	107,022
March 2021	$25.27	$24.95	7,570	174,114
April 2021	$25.40	$25.10	3,447	68,949
May 2021	$25.49	$25.27	3,039	60,777
June 2021	$25.69	$25.20	3,240	68,041
July 2021	$25.62	$25.25	2,874	60,344
August 2021	$26.19	$25.50	1,849	38,825
September 2021	$26.13	$25.35	2,865	57,308
October 2021	$26.16	$25.43	3,062	61,242
November 2021	$25.87	$25.49	3,534	74,221
December 2021	$25.68	$25.15	1,485	31,183

Preferred Shares, Series IV				
Month	High ($ per share)	Low ($ per share)	Average Daily Volume by Month (in shares)	Total Volume by Month (in shares)
January 2021	$25.25	$25.01	6,444	128,882
February 2021	$25.34	$25.10	7,556	143,557
March 2021	$25.35	$24.95	6,568	151,055
April 2021	$25.38	$25.10	3,140	65,932
May 2021	$25.49	$25.28	2,943	58,863
June 2021	$25.75	$25.30	2,462	51,694
July 2021	$25.59	$25.26	2,079	39,501
August 2021	$26.12	$25.48	2,021	40,424
September 2021	$26.00	$25.21	4,621	97,047
October 2021	$25.98	$25.29	2,785	55,706
November 2021	$25.76	$25.33	2,833	56,655
December 2021	$25.54	$25.03	3,576	75,086

Preferred Shares, Series V				
Month	High ($ per share)	Low ($ per share)	Average Daily Volume by Month (in shares)	Total Volume by Month (in shares)
January 2021	$24.68	$23.80	2,934	49,886
February 2021	$24.46	$24.00	24,430	464,178
March 2021	$24.39	$23.81	7,463	171,641
April 2021	$24.85	$24.17	4,421	92,837
May 2021	$25.05	$24.47	4,253	76,558
June 2021	$25.35	$24.90	4,424	92,905
July 2021	$25.35	$24.87	2,182	45,831
August 2021	$25.40	$25.00	2,989	59,776
September 2021	$25.45	$25.00	4,195	79,697
October 2021	$25.36	$24.90	2,845	56,899
November 2021	$25.13	$24.75	3,188	66,943
December 2021	$25.28	$24.70	2,354	44,732

Medium-Term Notes and Debt Securities

The outstanding medium term notes of GWL are not listed or quoted on a recognized exchange. As at December 31, 2021, there were $450 million of GWL medium-term notes and debentures outstanding with maturity dates ranging from June 17, 2024 to March 1, 2033.

Further information on the medium-term notes and debt securities can be found in the Company's 2021 MD&A.

In 2021, GWL spent $790 million to unwind the equity forward sale agreement among a lender and Weston Holdings Limited, a subsidiary of GWL. In the third quarter of 2021, GWL entered into a $350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. In the fourth quarter of 2021, the Company drew $275 million on its credit facility to fund the final settlement amount of the net debt associated with the equity forward sale agreement. As at December 31, 2021, the equity forward sale agreement was terminated, and there was $121 million outstanding on the credit facility. In the first quarter of 2022, the outstanding balance on the credit facility was repaid in full.

Credit Ratings

In 2021 DBRS Morningstar ("DBRS") reaffirmed the Company's credit ratings and trend. In January 2022, S&P Global Ratings ("S&P") confirmed the Company's credit ratings and outlook, other than the rating for the Company's medium term notes, which were downgraded from BBB to BBB-.

As of the date of this AIF, GWL's credit ratings for its securities are as follows:

Credit Ratings	**S&P**		**DBRS**	
(Canadian Standards)	**Rating**	**Outlook**	**Rating**	**Trend**
Issuer Rating	BBB	Stable	BBB	Stable
Medium-term notes	BBB-	n/a	BBB	Stable
Other notes and debentures	BBB	n/a	BBB	Stable
Preferred shares	P-3 (High)	n/a	Pfd-3	Stable

The rating organizations base their ratings on quantitative and qualitative considerations. 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 by the rating organization at any time.

A definition of the categories of each rating of DBRS and S&P has been obtained from the respective rating organization's website relating to the Company's securities and is outlined below:

DBRS

Issuer Credit Rating

DBRS corporate rating analysis begins with an evaluation of the fundamental creditworthiness of the issuer, taking into account its business and financial risks. Based on an analysis using the relevant methodologies, policies and procedures, DBRS assigns an issuer rating that indicates its assessment of the likelihood of default. Issuer ratings address the overall credit strength of the issuer. Unlike ratings on individual securities or classes of securities, issuer ratings are based on the entity itself and do not include consideration for security or ranking. Ratings that apply to actual securities (secured or unsecured) may be higher, lower or equal to the issuer rating for a given entity. DBRS typically assigns issuer ratings on a long-term basis using its long-term obligations rating scale.

Long-Term Obligations (Medium-Term Notes, Other Notes and Debentures)

The DBRS long-term obligations rating scale provides an opinion on the risk of default, meaning the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category.

The BBB rating is ranked fourth of ten rating categories. Long-term obligations rated BBB are of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. Entities rated BBB may be vulnerable to future events.

Preferred Shares

DBRS' credit rating for preferred shares range from Pfd-1 to D. The Pfd-3 rating is ranked third of six rating categories. Preferred shares rated Pfd-3 are generally 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 issuers with a BBB category or higher issuer rating.

Rating Trends

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.

S&P

Issuer Credit Rating

S&P's issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. Issuer credit ratings can be either long-term or short-term. Long-term issuer credit ratings focus on the obligor's capacity and willingness over the long-term to meet all of its financial commitments, both long-term and short-term, as they come due. Short-term issuer credit ratings focus on the obligor's capacity and willingness over the short-term to meet all of its financial commitments as they come due.

Long-Term Debt (Medium Term Notes, Other Notes and Debentures)

S&P's long-term issue credit ratings range from AAA to D. The BBB rating is ranked fourth of ten rating categories. An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Preferred Shares

S&P's Canadian scale preferred share ratings range from P-1 to D. The P-3 (high) rating is ranked third of eight rating categories. An obligation rated P-3 (high) is less vulnerable to non-payment 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 commitments on the obligation.

Rating Outlook

S&P's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (generally up to two years). In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a future rating change or CreditWatch action. A Stable outlook means that a rating is not likely to change.

A CreditWatch highlights S&P's opinion regarding the potential direction of a short or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P analytical staff. These may include mergers, recapitalizations, voter referendums, regulatory action, or anticipated operating developments. Ratings may be placed on CreditWatch when S&P believes that there has been a material change in performance of an issue or issuer but the magnitude of the rating impact has not been fully determined and S&P believes a rating change is likely in the short-term. A CreditWatch listing, however, does not mean a rating change is inevitable, and when appropriate, a range of potential alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. The "positive" designation means that a rating may be raised; "negative" means a rating may be lowered; and "developing" means that a rating may be raised, lowered, or affirmed.

VIII. DIVIDENDS

The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Board, which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time. Over time, it is the Company's intention to increase the amount of the dividend while retaining appropriate free cash flow to finance future growth.

Historical Dividend Payments

GWL's practice has been to declare and pay dividends quarterly. The amount of cash dividends declared per common and preferred share for each of the three most recently completed years is as follows:

Dividends declared per share ($)	**2021**	**2020**	**2019**
Common shares	2.30	2.125	2.090
Preferred shares, Series I	1.45	1.45	1.45
Preferred shares, Series III	1.30	1.30	1.30
Preferred shares, Series IV	1.30	1.30	1.30
Preferred shares, Series V	1.1875	1.1875	1.1875

During the third quarter of 2021, the Board declared a $0.05 increase in the quarterly common share dividend from $0.55 per common share to $0.60 per common share.

Normal Course Issuer Bid ("NCIB")

In the second quarter of 2021, GWL renewed its NCIB program to purchase on the TSX, or through alternative trading systems, up to 7,596,891 common shares, representing five percent of the common shares outstanding as of the date on which GWL renewed its NCIB program. In accordance with the rules and regulations of the TSX, GWL may purchase its common shares from time to time at the then market price of such shares.

In 2021, the Company executed share repurchases of 5,917,306 common shares under its NCIB program (5,906,444 of which were cancelled and 10,862 of which were purchased and settled for US employees and former directors).

The Company intends to re-file its NCIB in 2022.

Pursuant to an automatic share repurchase plan, on any day that Loblaw repurchases common shares pursuant to its NCIB, it is required to purchase such number of common shares from the Company at the closing price of the common shares on the TSX in order for the Company to maintain its proportionate ownership in Loblaw. The maximum number of common shares that may be purchased by Loblaw under its NCIB will be reduced by the number of common shares purchased by Loblaw from the Company. The automatic share repurchase plan was approved, and operates in accordance with an exception granted by the TSX, which exemption will expire at the end of Loblaw's current NCIB. If Loblaw refiles its NCIB in 2022, the Company and Loblaw may also apply to the TSX to extend the term of the automatic share repurchase plan to cover the renewed NCIB term.

IX. DIRECTORS AND OFFICERS

The following lists of directors and executive officers are current to March 1, 2022.

Directors

Name, Province and Country of Residence	Principal Occupation	Director Since
Galen G. Weston Ontario, Canada	Chairman and CEO of George Weston Limited and Chairman and President of Loblaw Companies Limited	2016
Paviter S. Binning [3*] Ontario, Canada	Deputy Chairman, Wittington Investments, Limited	2019
Andrew A. Ferrier [1] Auckland, New Zealand	Corporate Director	2018
Nancy H.O. Lockhart [2, 3] Ontario, Canada	Corporate Director	2019
Sarabjit S. Marwah [1, 2] Ontario, Canada	Senator, Senate of Canada	2013
Gordon M. Nixon, C.M. [2*] Ontario, Canada	Corporate Director	2014
J. Robert S. Prichard, O.C. [2, 3] Ontario, Canada	Non-executive Chair of Torys LLP (law firm)	2000
Christi Strauss [1] Minnesota, U.S.A.	Corporate Director	2016
Barbara Stymiest [1*, 2] Ontario, Canada	Corporate Director	2011

* *Chair of the Committee*
1 *Audit Committee*
2 *Governance, Human Resource, Nominating and Compensation Committee*
3 *Pension Committee*

All directors hold office until the close of the next annual meeting of the shareholders of GWL or until their successors are duly elected or appointed.

Executive Officers

Name, Province and Country of Residence	Principal Occupation
Galen G. Weston Ontario, Canada	Chairman and Chief Executive Officer
Richard Dufresne Ontario, Canada	President and Chief Financial Officer
Gordon A.M. Currie Ontario, Canada	Executive Vice President and Chief Legal Officer
Rashid Wasti Ontario, Canada	Executive Vice President and Chief Talent Officer
Khush Dadyburjor Ontario, Canada	Chief Strategy Officer
Lina Taglieri Ontario, Canada	Group Head, Controller
John Williams Ontario, Canada	Group Treasurer and Head of Corporate Finance
Jeff Gobeil Ontario, Canada	Group Head, Tax
Andrew Bunston Ontario, Canada	Vice President, General Counsel and Secretary
Jennifer Maccarone Ontario, Canada	Vice President, Human Resources

All the foregoing current directors and executive officers have held their present occupations or other positions with the same or associated companies or organizations for the past five years except: Mr. Andrew Bunston, who held the position of partner with Borden Ladner Gervais LLP until September 2017; and Ms. Lina Taglieri who held the position of Senior Vice President, Finance at Loblaw until December 2018.

As at December 31, 2021, the directors and executive officers of the Company, as a group, excluding Mr. Galen G. Weston, beneficially owned, directly or indirectly, or exercised control over 158,008 common shares of the Company, 21,738 common shares of LCL and 522,797 Units, representing less than 1% of the issued and outstanding common shares of GWL and LCL and the issued and outstanding Choice Properties Units.

As at December 31, 2021, Mr. Galen G. Weston beneficially owned, directly or indirectly, or exercised control over 78,650,662 common shares or approximately 53.6% of the issued and outstanding common shares of GWL. GWL beneficially owned, directly or indirectly, or exercised control over 175,475,019 common shares or approximately 52.6% of the issued and outstanding common shares of LCL and 50,661,415 Units and 395,786,525 Class B LP Units, representing a 61.7% effective interest in Choice Properties. In addition, Mr. Galen G. Weston beneficially owned, directly or indirectly, or exercised control over 473,636 common shares, representing less than 1% of the issued and outstanding common shares of LCL and 50,000 Units, representing less than 1% of the issued and outstanding Choice Properties Units.

X. LEGAL PROCEEDINGS

Legal Proceedings

In the ordinary course of business, the Company is involved in and potentially subject to legal proceedings which could have a material adverse effect on the Company's reputation, operations or financial condition or performance. The following is a description of the Company's significant legal proceedings:

Shoppers Drug Mart has been served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice by two licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement, in the amount of $500 million. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who are parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. The Superior Court imposed a class closing date based on the date of certification. New Associates after July 9, 2013 are not members of the class. Loblaw believes this proceeding is without merit and is vigorously defending it. Loblaw does not currently have any significant accruals or provisions for this matter recorded in the consolidated financial statements.

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's and Loblaw's cash balances far exceed any realistic damages scenario and therefore the Company and Loblaw do not anticipate any impacts on the Company's or Loblaw's dividend, dividend policy or share buyback plans. The Company and Loblaw have not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2021 on the basis that a reliable estimate of liability cannot be determined at this time. The Company and Loblaw will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces and territories in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against the Company was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the Ontario, Quebec and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek recovery of damages on behalf of opioid users directly. In April 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

Loblaw has been reassessed by the Canada Revenue Agency ("CRA") and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron Bank Limited ("Glenhuron"), a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. The reassessments, which were received between 2015 and 2019, are for the 2000 to 2013 taxation years. On September 7, 2018, the Tax Court of Canada ("Tax Court") released its decision relating to Loblaw. The Tax Court ruled that certain income earned by Glenhuron should be taxed in Canada based on a technical interpretation of the applicable legislation. On October 4, 2018, Loblaw filed a Notice of Appeal with the Federal Court of Appeal. On October 15, 2019, the matter was heard by the Federal Court of Appeal, and on April 23, 2020, the Federal Court of Appeal released its decision and reversed the decision of the Tax Court. On October 29, 2020, the Supreme Court of Canada granted the Crown leave to appeal. On May 13, 2021, the Crown's appeal was heard by the Supreme Court of Canada and on December 3, 2021, the Supreme Court of Canada dismissed the Crown's appeal. As a result, Loblaw has reversed $301 million of previously recorded charges, of which $173 million is recorded as interest income and $128 million is recorded as income tax recovery.

Regulatory Action

The following is a description of the Company's significant regulatory action:

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. The Company and Loblaw have been cooperating with the Competition Bureau as an immunity applicant since March 2015 and will not face criminal charges or penalties. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. Please refer to the "Legal Proceedings" section on page 38 of this AIF for more information.

XI. MATERIAL CONTRACTS

The following are the only material agreements of the Company (other than certain contracts entered into in the ordinary course of business):

Sale of Weston Foods

On October 25, 2021, the Company entered into a purchase agreement to sell its Weston Foods fresh and frozen bakery businesses to affiliated entities of FGF for aggregate cash consideration of $1,200 million (the "Fresh and Frozen Agreement"), which was later amended on December 10, 2021 to adjust the aggregate cash consideration to $1,100 million. The transaction was completed on December 10, 2021.

On November 15, 2021, the Company entered into a purchase agreement to sell the Weston Foods ambient bakery business to affiliated entities of Hearthside for aggregate cash consideration of $370 million (the "Ambient Agreement"), which was later amended on December 29, 2021. The transaction was completed on December 29, 2021.

The Fresh and Frozen Agreement and the Ambient Agreement are available on the Company's profile at www.sedar.com.

XII. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

GWL's majority shareholder, Wittington Investments, Limited ("Wittington"), and its affiliates are related parties. The Company, in the normal course of business, has routine transactions with these related parties. From time to time, the Company, Wittington and its affiliates may enter into agreements to make elections that are permitted or required under applicable income tax legislation with respect to affiliated corporations. These elections and accompanying agreements did not have a material impact on the Company in 2021.

From time to time the Company enters into various related party transactions with its subsidiaries. Related party transactions between the Company and Choice Properties include real estate matters. Related party transactions between the Company and Loblaw include inventory purchases, cost sharing agreements, real estate matters, borrowings and lendings, income tax matters, management agreements and administrative services agreements.

Directors and executive officers of the Company do not have any material interest in any transaction that has, or is reasonably expected to have, a material effect on the Company.

It is the Company's policy to conduct all transactions and settle all balances with related parties on market terms and conditions.

Further information on related party transactions can be found on page 73 of the Company's 2021 MD&A.

XIII. TRANSFER AGENT AND REGISTRARS

The transfer agent and registrar of the Company is Computershare Investor Services Inc., located in Toronto, Canada.

XIV. EXPERTS

KPMG LLP was the Company's auditor for the year ended December 31, 2021 and prepared the Independent Auditors' Report to shareholders in respect of the Company's audited annual consolidated financial statements for the year ended December 31, 2021. KPMG LLP has confirmed that it is independent with respect to the Company within the meaning of the rules and related interpretations prescribed by the relevant professional bodies in Canada.

XV. AUDIT COMMITTEE INFORMATION

The Mandate of the Audit Committee, as approved by the Board on March 1, 2022, is included in Appendix A. The members of the Audit Committee are indicated below. All members of the Audit Committee are independent and financially literate (as those terms are defined in National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators) and have the following education and experience which is relevant to their roles as Audit Committee Members:

> Ms. Stymiest is a former member of the Group Executive of Royal Bank of Canada. She obtained an H.B.A. from the Richard Ivey School of Business and is a Fellow Chartered Professional Accountant.

> Mr. Ferrier is Executive Chairman of Canz Capital Limited and a former Chief Executive Officer of Fonterra Co-operative Group Limited. He obtained his B.B.A. from the University of New Brunswick and an M.B.A. from Concordia University.

Mr. Marwah is a Senator with the Senate of Canada and is the former Vice-Chairman and Chief Operating Officer of the Bank of Nova Scotia. He obtained an M.B.A. from the University of California as well as an undergraduate degree in Economics (Honours) from the University of Calcutta and a Masters degree in Economics from the University of Delhi.

Ms. Strauss is the former President and Chief Executive Officer of Cereal Partners Worldwide, a General Mills joint venture with Nestle. She received her M.B.A. from the Tuck School of Business at Dartmouth College and a Bachelor of Arts in Economics from Dartmouth College.

XVI. EXTERNAL AUDIT FEES

The aggregate fees of KPMG LLP for professional services rendered for the audit of the Company's financial statements and other services for the fiscal years 2021 and 2020 are as follows:

		2021 ($000's)		2020 ($000's)
Audit fees[1]		8,244		8,807
Audit-related fees[2]		3,174		1,420
Tax-related fees[3]		60		122
All other fees[4]		872		89
Total Fees	**$**	**12,350**	**$**	**10,438**

1 *Audit fees include fees for services related to the audit of the Company's consolidated financial statements, including the audit of Loblaw's consolidated financial statements and the audits of Shoppers Drug Mart, President's Choice Bank and Choice Properties. Audit fees also include fees for services related to the review of quarterly reports, the interpretation of accounting and financial reporting standards, and auditor involvement with filings, such as prospectuses. 2020 comparative figures include a reclassification of certain amounts from Audit-related fees to Audit fees.*

2 *Audit-related fees include fees for French translation services associated with the Company's financial and regulatory filings, the audit of pension plans and for services rendered for certain special projects. 2020 comparative figures include a reclassification of certain amounts from Audit-related fees to Audit fees.*

3 *Tax-related fees include fees for tax compliance services and advice and for services rendered for certain special projects.*

4 *All other fees include fees for services and advice rendered for certain special projects and for services related to legislative and/or regulatory compliance.*

The Mandate of the Audit Committee provides that the Audit Committee must pre-approve the retaining of the auditors for any non-audit service. The Audit Committee may delegate to one or more members the authority to pre-approve the retaining of the auditors for any non-audit service to the extent permitted by law.

Following completion of a tender process in 2021, the Board determined to request the resignation of KPMG LLP as auditor of the Company effective on the business day following the filing of the Company's consolidated financial statements for the financial year ended December 31, 2021, and to appoint PricewaterhouseCoopers LLP to fill the vacancy as the auditor of the Company.

XVII. ADDITIONAL INFORMATION

1. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, where applicable, will be contained in the Company's Management Proxy Circular for the Annual Meeting of shareholders to be held on May 10, 2022. Additional financial information is also provided in the Company's consolidated financial statements and MD&A for its most recently completed financial year.

2. Additional information of the Company has been filed on SEDAR and is available online at www.sedar.com or the Company's website at www.weston.ca.

3. Additional information of Loblaw has been filed on SEDAR and with the Office of the Superintendent of Financial Institutions as the primary regulator for Loblaw's subsidiary, PC Bank. Loblaw's website is at www.loblaw.ca.

4. Additional information of Choice Properties has been filed on SEDAR and is available online at www.sedar.com or Choice Properties' website at www.choicereit.ca.

Appendix "A"

Mandate of the Audit Committee

1. RESPONSIBILITY

The Audit Committee is responsible for assisting the Board of Directors of the Company ("Board") in fulfilling its oversight responsibilities in relation to:

- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements as they relate to the Company's financial statements;
- the qualifications, independence and performance of the Company's external auditor (the "Auditor");
- the enterprise risk management process;
- internal control over financial reporting and disclosure controls and procedures;
- the performance of the Company's internal audit function;
- the management of those risks for which oversight has been delegated by the Board to the Audit Committee pursuant to the enterprise risk management program; and
- performing the additional duties set out in this Mandate or otherwise delegated to the Audit Committee by the Board.

2. MEMBERS

The Board shall appoint a minimum of three directors to be members of the Audit Committee. The members of the Audit Committee shall be selected by the Board on recommendation of the Governance, Human Resources, Nominating and Compensation Committee of the Company, and shall be selected based upon the following, to the extent that the following are required under applicable law:

- each member shall be an independent director; and
- each member shall be financially literate.

For the purpose of this Mandate, the terms "independent" and "financially literate" shall have the respective meanings attributed thereto in National Instrument 52-110 Audit Committees, as the same may be amended from time to time.

3. CHAIR

Each year, the Board shall appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair, the incumbent Chair shall continue in office until a successor is appointed. The Board has adopted and approved a position description for the Chair which sets out their role and responsibilities.

4. TENURE

Each member shall hold office until their term as a member of the Audit Committee expires or is terminated.

5. QUORUM, REMOVAL AND VACANCIES

A majority of the Audit Committee's members shall constitute a quorum. Any member may be removed and replaced at any time by the Board. The Board shall fill vacancies in the Audit Committee by appointment from among the members of the Board. If a vacancy exists on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

6. DUTIES

The Audit Committee shall have the duties set out below as well as any other duties that are specifically delegated to the Audit Committee by the Board.

Review of Financial Statements, Disclosure and Other Regulatory Filings

(a) Review of Annual Audited Financial Statements

The Audit Committee shall review the annual audited financial statements, together with the Auditor's report thereon, the related Management's Discussion & Analysis ("MD&A") and any accompanying news releases, before recommending them for approval by the Board, to assess whether or not it is reasonable to conclude, based on its reviews and discussions, that the annual audited financial statements present fairly in all material respects in accordance with GAAP (which includes International Financial Reporting Standards) the financial condition, results of operations and cash flows of the Company.

In conducting their review, the Audit Committee should:

- discuss the annual audited financial statements, MD&A and any accompanying news releases with management and the Auditor;
- consider the quality of, and not just the acceptability of, the accounting principles applied, the reasonableness of management's judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- discuss with the Auditor its report which addresses:
    - all critical accounting policies and practices to be used;
    - all alternative treatments of financial information within GAAP that have been discussed with management of the Company, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the Auditor; and
    - other material written communication between the Auditor and management of the Company, such as any management letter or schedule of unadjusted differences;
- discuss any analyses prepared by management and the Auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP;
- discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- consider any changes in accounting practices or policies and their impact on financial statements of the Company;
- monitor and assess the use of non-GAAP measures;
- discuss with management, the Auditor and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Company, and the manner in which these matters have been disclosed in the financial statements;
- discuss with management and the Auditor correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies;
- discuss with the Auditor any special audit steps taken in light of any material weaknesses in internal control;
- discuss with the Auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the Auditor that were not applied (because they were immaterial or otherwise), and significant disagreements with management;
- consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements;
- consider, based on reviews and discussions with management and the auditor, whether the appropriate accounting policies and practices have been selected and applied consistently;
- consider, based on reviews and discussions with management and the auditor, whether the internal audit function is performing satisfactorily in relation to the financial statements; and
- consider, based on reviews and discussions with management and the auditor, whether management has established appropriate procedures to comply with applicable legislation for the remittance of taxes, pension monies and employee remuneration.

(b) Review of Interim Financial Statements

The Audit Committee shall also engage the Auditor to review the interim financial statements prior to the Audit Committee's review of such financial statements. The Audit Committee should discuss the interim financial statements, related MD&A and any accompanying news releases with management and the Auditor and, if satisfied that it is reasonable to conclude, based on its reviews and discussions, that the interim financial statements present fairly in all material respects in accordance with GAAP the financial condition, results of operations and cash flows, recommend the interim financial statements, the related MD&A and any accompanying news releases to the Board for approval.

(c) Legal Compliance Regarding Financial Statements

The Audit Committee shall review with legal counsel any legal matters that may have a significant effect on the Company's financial statements. The Audit Committee should review with legal counsel material inquiries received from regulators and governmental agencies with respect to financial disclosure. The Audit Committee shall review with the Chair of the Disclosure Committee any material matters arising from any known or suspected violation of the Company's Code of Conduct with respect to financial and accounting matters and any material concerns regarding questionable accounting or auditing matters raised through the Company's Integrity Action Line or otherwise.

(d) Other Financial Information

The Audit Committee shall review other financial-related releases, as well as the nature of any financial information and earnings guidance provided to analysts and rating agencies in accordance with the Company's Disclosure Policy. In addition, the Audit Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of information extracted or derived from the Company's financial statements and must periodically assess the adequacy of those procedures.

(e) Review of Prospectuses and Other Regulatory Filings

The Audit Committee shall review all other financial statements of the Company that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities. The Audit Committee shall review and recommend to the Board for approval the Annual Information Form of the Company prior to its filing.

(f) Environmental, Social and Governance ("ESG") Matters

At least annually, the Audit Committee will review with management the adequacy and effectiveness of applicable controls related to the Company's ESG disclosures. The Audit Committee shall review the Company's ESG disclosures prior to publication, including disclosure in the Company's interim and annual MD&A and in respect of disclosure aligned with applicable ESG reporting frameworks, and make recommendations to the Board in respect of the approval of such disclosure.

(g) Taxation Matters

The Audit Committee shall review the status of taxation matters of the Company.

(h) Capital Projects

The Audit Committee shall review, from time to time, the status of any major capital projects.

(i) Timely Disclosure, Confidentiality and Securities Trading Policy

The Audit Committee shall monitor the effectiveness of the Company's policies addressing the timely disclosure of material information, the confidentiality of material undisclosed information and the prohibitions against trading in securities of the Company and other issuers while in possession of undisclosed information that is material to the Company or other such issuers. The Audit Committee shall also review and recommend to the Board for approval the Securities Trading Policy annually.

(j) Review of Related Party Transactions

The Audit Committee shall review all material proposed related party transactions that are not dealt with by a "special committee" of "independent directors" pursuant to securities law rules.

Review of Internal Control Over Financial Reporting and Disclosure Controls and Procedures and Oversight of Internal Control Compliance Group

(k) Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

The Audit Committee shall oversee management's review of the design and operating effectiveness of (i) the internal control over financial reporting adopted by the Company, and (ii) the disclosure controls and procedures that have been adopted to ensure the timely disclosure of all material information about the Company and its subsidiaries as required by applicable law or security exchange rules.

The Audit Committee shall receive quarterly reports from the Company's Disclosure Committee and Internal Control Compliance Group with respect to the Company's system of disclosure controls and procedures and internal control over financial reporting. The Audit Committee shall also review and recommend to the Board for approval the Company's Disclosure Policy at least annually.

(l) Internal Control Compliance Group

The Audit Committee shall annually review and approve the mandate and review and receive updates on the organizational structure of the Internal Control Compliance Group. The Audit Committee shall evaluate the performance of the senior compliance professional in charge of the Internal Control Compliance Group and the effectiveness of the function.

The Audit Committee shall annually review and approve the Internal Control Compliance Plan and receive quarterly updates of progress against the plan.

The members shall meet privately with the senior compliance professional in charge of the function as frequently as the Audit Committee feels is appropriate to fulfill its responsibilities and to discuss any areas of concern to the Audit Committee or to the senior compliance professional in charge of the function.

Oversight of External Auditors

(m) Appointment and Review of Auditor

The Auditor is ultimately accountable to the Audit Committee as representatives of the shareholders. The Audit Committee has direct responsibility for overseeing the work of the Auditor. Accordingly, the Audit Committee shall evaluate and be responsible for the Company's relationship with the Auditor. Specifically, the Audit Committee shall:

- select, evaluate and nominate the Auditor for appointment or reappointment by the shareholders;
- review the Auditor's engagement letter; and
- at least annually, obtain and review a report by the Auditor describing:
    - the Auditor's internal quality-control procedures; and
    - any material issues raised by the most recent internal quality-control review, peer review, review by any independent oversight body such as the Canadian Public Accountability Board or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the Auditor and the steps taken to deal with any issues raised in these reviews.

(n) Confirmation of Independence of Auditor

At least annually, and before the Auditor issues its report on the annual financial statements, the Audit Committee shall:

- ensure that the Auditor submits a formal written statement describing all relationships between the Auditor and the Company;
- discuss with the Auditor any disclosed relationships or services that may affect the objectivity and independence of the Auditor; and
- obtain written confirmation from the Auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs.

(o) Rotation of Engagement Partner/Lead Partners

The Audit Committee shall, after taking into account the opinions of management, evaluate the performance of the Auditor and the engagement partner/lead partners and shall discuss with management the rotation of the engagement partner/lead partners when required or necessary.

(p) Pre-Approval of Non-Audit Services

The Audit Committee shall pre-approve the retaining of the Auditor for any non-audit service, provided that no approval shall be provided for any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before retaining the Auditor for any non-audit service, the Audit Committee shall consider the compatibility of the service with the Auditor's independence. The Audit Committee may pre-approve retaining the Auditor for the engagement of any non-audit services by establishing policies and procedures to be followed prior to the appointment of the Auditor for the provision of such non-audit services. In addition, the Audit Committee may delegate to the Chair or one or more members the authority to pre-approve retaining the Auditor for any permissible non-audit service. The decisions of the Chair or any member of the Audit Committee to whom this authority has been delegated, as well as any pre-approvals of a particular service will be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(q) Communications with Auditor

The Audit Committee shall meet privately with the Auditor as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfil its responsibilities (which shall not be less frequently than quarterly) and to discuss any concerns of the Audit Committee or the Auditor, such as:

- matters that will be referred to in the Auditor's management letter;
- whether or not the Auditor is satisfied with the quality and effectiveness of the financial reporting procedures and systems; and
- the extent to which the Auditor is satisfied with the nature and scope of its examination and management's cooperation and responsiveness to matters arising from such examination.

(r) Approval of Audit Plan

The Audit Committee shall review and approve the Auditor's audit plan in advance of each audit.

(s) Approval of Audit Fees

The Audit Committee has the responsibility for approving the Auditor's fees. In approving the Auditor's fees, the Audit Committee should consider, among other things, the number and nature of reports issued by the Auditor, the quality of the internal controls, the impact of the size, complexity and financial condition of the Company on the audit work plan, and the extent of internal audit and other support provided by the Company to the Auditor.

(t) Hiring Policies

The Audit Committee shall review and approve the Company's hiring policies with respect to partners and professional employees of present and former external auditors of the Company.

Oversight of Internal Audit Matters and Enterprise Risk Management

(u) Internal Audit Services

The Audit Committee shall review and approve the mandate and planned activities of Internal Audit Services annually. The Audit Committee shall also review the budget and organizational structure of Internal Audit Services. The Audit Committee shall confirm that Internal Audit Services is independent of management and has sufficient resources to carry out its mandate.

The members shall meet privately with the senior officer in charge of internal audit as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfil its responsibilities, which shall not be less frequently than quarterly, to discuss any areas of concern to the Audit Committee or to the senior officer in charge of internal audit to confirm that:

- significant resolved and any unresolved issues between auditors and management have been brought to its attention;
- the engagements of Internal Audit Services and the corresponding management action plans are being completed in a timely and effective manner; and
- the integrity of the Company's internal control and management information systems are satisfactory.

(v) Enterprise Risk Management

Except to the extent that responsibility is reserved by the Board for overarching governance of the Company's risk portfolio, the Audit Committee shall review the design and structure of the Company's enterprise risk management program and shall monitor and assess its effectiveness. The Audit Committee shall review and recommend to the Board for approval the Company's enterprise risk management policy and risk appetite statement. The Audit Committee shall oversee those principal risks delegated to it by the Board and shall satisfy itself that management has taken appropriate actions to ensure the effective management of such risks. The Audit Committee shall receive quarterly reports from management through the ERM program reporting in order to perform its oversight role. The Chair of the Audit Committee shall periodically report to the Board on its responsibilities with respect to ensuring that risk management oversight is carried out across the Board's Committees.

(w) Fraud Control

The Audit Committee shall oversee the Company's anti-fraud programs and controls, including its policies and procedures over fraud risk assessments and fraud risk management. The Audit Committee shall also review and approve the Anti-Fraud Policy annually.

(x) Information Technology Systems and Information Technology

In connection with its enterprise risk management mandate, the Audit Committee shall review management's oversight of matters relating to information technology affecting the Company and the Company's information technology systems. The Audit Committee shall receive regular reports from the Company's Cyber-Security Committee with respect to the Company's systems, policies, controls and procedures that management has implemented to identify, manage and mitigate risks related to information technology and the Company's information technology systems, including cyber-security.

Oversight of Legal and Regulatory Compliance Program

The Audit Committee shall be responsible for overseeing and monitoring the Company's legal and regulatory compliance program by receiving regular reporting from the head of the Compliance function. The Audit Committee shall bring material information and developments relating to compliance to the attention of the Board. The Audit Committee shall review, on an annual basis, the performance of the compliance program.

Specifically, in overseeing the Company's compliance functions, the Audit Committee shall:

i. review and approve the Compliance mandate annually;

ii. review the actions taken by management in order for management to ensure that the Company has high quality systems for implementing the Company's policies with respect to legal and regulatory compliance, such systems to involve appropriate standards, education, supervision and inspection;

iii. review the actions taken by management in order for management to ensure that employees are: (a) aware of the Company's policies with respect to legal and regulatory compliance, and (b) expected to deal with legal and regulatory compliance problems expeditiously or to bring such problems to the attention of the most appropriate management personnel;

iv. review the actions taken by management in order for management to ensure that the Company effectively communicates standards and policies with respect to legal and regulatory compliance matters to independent contractors, as appropriate, recognizing their arm's length relationship;

v. receive and review periodic reports from management and such independent consultants, if any, as the Audit Committee shall consider appropriate, on legal and regulatory compliance matters, such reports to note in particular any significant government requests for action and the manner of dealing with the same. The Audit Committee shall also receive and review periodic reports from management on claims management matters; and

vi. receive and review periodic reports from management on current and emerging issues and proposed legislation in respect of applicable legal and regulatory compliance matters as they may affect the Company's operations or its independent contractors and shall bring to the attention of the Board such issues as it shall think appropriate.

Relations with Management

The members shall meet privately with management to discuss any concerns of the Audit Committee or management, as frequently as the Audit Committee feels is appropriate, to fulfil its responsibilities.

Review of Complaints Procedures

The Audit Committee shall monitor the effectiveness of the Company's procedures for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, disclosure controls or auditing matters and for the confidential, anonymous submission of concerns by employees of the Company regarding accounting, internal controls, or auditing matters. The Audit Committee shall also determine whether management's response to any such complaints has been satisfactory or whether further actions or investigations are required. The Audit Committee shall review and annually approve the Company's Accounting, Auditing and Internal Controls Complaints Procedures. The Audit Committee shall review with management periodic reports in this regard.

7. REPORTING

The Audit Committee shall report to the Board on:

- the Auditor's independence;
- the performance of the Auditor and the Audit Committee's recommendations regarding the reappointment or termination of the Auditor;
- the performance of the internal audit function;
- the design and operating effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures;
- the Audit Committee's review of the annual and interim financial statements of the Company and any non-GAAP financial measures, including any issues with respect to the quality or integrity of the financial statements, along with the MD&A, and shall recommend whether or not the Board should approve the financial statements and any GAAP reconciliation and the MD&A;
- the Audit Committee's review of the Annual Information Form;
- the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company;
- the management of those risks for which oversight has been delegated by the Board to the Audit Committee pursuant to the enterprise risk management program;
- the Company's legal and regulatory compliance program and the performance of the head of Compliance; and
- all other material matters dealt with by the Audit Committee.

8. FREQUENCY OF MEETINGS AND *IN CAMERA* SESSIONS

The Audit Committee shall meet at least four times annually. Following each regularly-scheduled meeting of the Audit Committee, the Audit Committee members shall meet *in camera*.

9. RETENTION OF EXPERTS

The Audit Committee may engage such special legal, accounting or other experts, without Board approval and at the expense of the Company, as it considers necessary to perform its duties.

10. REVIEW AND DISCLOSURE

This Mandate shall be reviewed by the Audit Committee at least annually and be recommended to the Board for consideration and approval with such amendments as the Audit Committee proposes.

This Mandate shall be posted on the Company's website.