WESTON

GEORGE WESTON LIMITED

ANNUAL INFORMATION FORM
(for the year ended December 31, 2020)

March 1, 2021

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 expectation of operating and financial performance in 2021 is based on certain assumptions including assumptions about the COVID-19 pandemic, healthcare reform impacts, anticipated cost savings and operating efficiencies and anticipated benefits from strategic initiatives. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, 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:

- the 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;
- the 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 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 effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- 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 realize benefits from investments in the Company's new IT systems;
- failure to maintain an effective supply chain and consequently an appropriate assortment of available product at store level;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- public health events including those related to food and drug safety;
- errors made through medication dispensing or errors related to patient services or consultation;
- adverse outcomes of legal and regulatory proceedings and related matters;
- 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;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- 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);
- failure to attract and retain talent for key roles that may impact the Company's ability to effectively operate and achieve financial performance goals;
- 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;
- 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;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- the inability of the Company to effectively develop and execute its strategy; and
- the inability of the Company to anticipate, identify and react to consumer and retail trends.

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 and amalgamated with Weston Foods Distribution Inc. pursuant to Articles of Amalgamation effective November 1, 2018. The registered head office is located at 22 St. Clair Avenue East, Suite 800, Toronto, Ontario, Canada M4T 2S5.

Intercorporate Relationships

GWL operates through its three reportable operating segments: Loblaw, Choice Properties and Weston Foods. 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, 2020. 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 61.8% interest as at December 31, 2020, 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. The Weston Foods segment is operated in Canada by Weston Foods (Canada) Inc. and its subsidiaries and in the United States ("U.S.") by Weston Foods US Companies, Inc. and its subsidiaries (collectively, "Weston Foods").

A list of companies that carry on GWL's principal businesses is set out below. As at December 31, 2020, GWL owned, either directly or indirectly, 100% of the voting securities of the Weston Foods subsidiaries. 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
CPH Commercial LP	Ontario

Weston Foods Subsidiaries	**Jurisdiction of Incorporation/Formation**
Weston Foods (Canada) Inc.	Ontario
Weston Foods US Companies, Inc.	Delaware

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 three reportable operating segments: Loblaw, Choice Properties and Weston Foods, 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, which became an operating segment in November 2018 as described in more detail below, owns, manages and develops a high quality portfolio of commercial, retail, industrial, office and residential properties across Canada. The Weston Foods operating segment is a bakery serving North American customers making bread, rolls, cupcakes, donuts, cookies, cakes, pies, cones and wafers, artisan baked goods and more. Loblaw's revenue in 2020 and 2019 was $52,714 million and $48,037 million, respectively. Choice Properties' revenue in 2020 and 2019 was $1,271 million and $1,289 million, respectively. Weston Foods' revenue in 2020 and 2019 was $2,062 million and $2,155 million, respectively.

On November 1, 2018, GWL and Loblaw completed a reorganization under which Loblaw spun out its approximate 61.6% effective interest in Choice Properties to GWL (the "Reorganization"). In connection with the Reorganization, Loblaw minority shareholders received 0.135 of a common share of GWL for each common share of Loblaw held, which was equivalent to the market value of their pro rata interest in Choice Properties as at the announcement date of the Reorganization, and as part of the Reorganization GWL received Loblaw's approximate 61.6% effective interest in Choice Properties. Following the Reorganization, Loblaw no longer retained its interest in Choice Properties and as a result, Loblaw ceased to consolidate its equity interest in Choice Properties.

COVID-19

Since the onset of the pandemic in the first quarter of 2020, the Company and its operating segments has made significant investments to protect and support colleagues, customers, tenants and communities, including (i) enhancing customer convenience with increased store staff, expanded *PC Express* services and temporarily eliminated fees and reduced prices associated with such services; (ii) supporting colleagues in stores, distribution centres, and production facilities with temporary pay premiums and pay protection safeguards to acknowledge the extraordinary volatility and uncertainty at the time; (iii) securing operations by increasing cleaning, hiring security to manage social distancing, introducing new customer protocols, and installing equipment like plexiglass barriers; (iv) supporting small and independent tenants facing financial challenges through rent relief, rent deferrals and participation in government announced rent relief programs including the Canada Emergency Commercial Rent Assistance program and the Canada Emergency Rent Subsidy, and (v) providing financial support to communities across the country through large-scale donations to food and wellness programs, and to President's Choice Financial Mastercard customers through financial hardship programs. The Company continues to adjust its operations as necessary in order to support customers, colleagues, tenants and other stakeholders.

Loblaw

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

Retail Segment

Over the past three years, Loblaw has advanced a number of significant initiatives, including the following:

Information Technology Systems Implementation

Loblaw is building and deploying a new pharmacy dispensing and management system for the *Shoppers Drug Mart* pharmacy business and maintains e-Health compliance in three provinces. Loblaw continues to harmonize technology assets across the *Shoppers Drug Mart* divisions, including retail call center 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 *Shoppers Drug Mart* pharmacy business that moves the operation to a paperless workflow. The system is now in 740 stores across Saskatchewan, New Brunswick, Nova Scotia and Ontario. Additionally, over the past three

years, the Company has been furthering its initiative to promote patient adherence to medication via refill reminders and digital refills and completed this initiative in 2020.

Preventing cyber crime continues to be a focus for Loblaw. Over the past three years, Loblaw 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.

Strengthened Customer Proposition

Loblaw's customer proposition is the combination of value, a positive shopping experience and diverse product assortment. Over the past three years, heightened industry competition and economic uncertainty have translated into a challenging environment for Canadian retailers. During this time, Loblaw has worked to strengthen its customer proposition with an emphasis on fresh product quality and assortment, customer service and competitive value.

In the last three years, Loblaw has sought to reinforce competitive differentiation, including by:

- providing innovative control brand products to consumers, including *President's Choice* Plant-Based animal protein alternatives, *President's Choice* Gluten-free, *President's Choice* Lactose-Free, *President's Choice Free From*, *PC* Organics and *PC Black Label Collection* product lines;
- introducing a pilot in the Greater Toronto and Hamilton Area to help Canadians solve the everyday dilemma: "what's for dinner tonight?" with *PC Chef* meal kits available in store or for home delivery through PCChef.ca;
- completing the roll out of the *Life Brand* across Market and Discount division stores, replacing the former *Exact* brand;
- expanding and enhancing its multicultural control brand product lines, including Rooster, Suraj, Sufra and T&T;
- exploring new service opportunities, such as in-store medical clinics, optical departments, dietitians, expanded pharmacy offerings, and improved care coordination to meet the evolving needs of Canadian consumers;
- optimizing its general merchandise selection to better align with its core food offering;
- introducing value-added services, including the combination of its two loyalty programs creating the *PC Optimum* loyalty program completed on February 1, 2018;
- enhancing its product offering to a total of 155 stores in Ontario selling beer and cider, of which, 47 also sell wine products, in addition to 10 stores in British Columbia selling wine, six stores in Saskatchewan selling beer, wine and spirits and 29 stores in New Brunswick selling wine, beer, cider and coolers;
- launching *Medical Cannabis by Shoppers*, an online platform for the purchase of medical cannabis;
- enhancing its product offering by securing provincial licensing to sell non-medical cannabis products, including dried flower, edibles and topicals, in a total of ten *Dominion*[4] stores in Newfoundland starting in 2018;
- enhancing its channels of distribution, including by expanding its *PC Express* program to 700 pickup locations in every province and territory with the exception of Nunavut, allowing customers to shop online for their groceries and pick up their order at a site and time that is convenient for them;
- enhancing its prestige beauty offering by optimizing brand assortment and availability both online and across the Company's network of *BeautyBOUTIQUE* locations and utilizing the *PC Optimum* loyalty program for increased focus on personalized communication and service;
- opening two standalone *the Beauty Clinics by Shoppers* sites offering specialized skin care products and cosmetic dermatology services, including botox injections, laser skin treatments, chemical peels, micro-needling, hair regeneration and eyelash enhancements;
- opening a new health clinic managed by the Company, *the Health Clinic by Shoppers*, to deliver convenient access to consistent, high-quality primary care service;
- partnering with delivery service providers to deliver groceries directly to Canadian homes;
- taking a significant step forward to provide Canadians with the convenience and security of a digitally connected healthcare network by investing in Maple Corporation and launching the *PC Health* app;and
- developing and launching new store concepts.

Loblaw has also taken measures to improve the experience at many of its retail grocery stores. Over the past three years, Loblaw has added six Inspire stores, based on Loblaw's flagship *Loblaws* store at Maple Leaf Gardens[1], bringing the total to 45. These stores aim to provide customers with an elevated shopping experience focused on innovative fresh food concepts, a breadth of assortment and food-focused customer service. In addition, Loblaw

has increased the number of *Shoppers Drug Mart* stores with a *BeautyBOUTIQUE* department to 442, which includes 26 enhanced-format *BeautyBOUTIQUE* locations.

[7] Registered TM Licensed Use

PC Optimum Insiders

In 2020, the *PC Insiders* program was relaunched as *PC Optimum Insiders* and became part of the Retail segment after previously being included in the Financial Services segment. The *PC Optimum Insiders* program is a fee-based subscription program tailored to the growing number of the Company's customers shopping both in its stores and online. For an annual subscription fee, members get extra *PC Optimum* points and bonuses on all *President's Choice* and *Joe Fresh* purchases, as well as free *PC Express* pick-up with priority time slots and delivery from the Company's nationwide e-commerce sites.

The program was made available to all *PC Optimum* loyalty members in 2018.

Financial Services Segment

President's Choice Financial

Over the past three years, President's Choice Bank ("PC Bank") has focused on expanding its President's Choice Financial Mastercard portfolio. As at January 2, 2021, PC Bank had approximately two million active President's Choice Financial Mastercard accounts.

In order to support the continued growth of the business, PC Bank launched its new customer facing *President's Choice Financial* website in 2018, providing customers with deeper insights while streamlining the application process for *President's Choice Financial* Mastercards. In 2019, PC Bank continued delivering on its commitment to the customer experience by launching the *President's Choice Financial* mobile app for Apple and Android devices. While PC Bank is committed to continually improving its digital assets, it is also focused on leveraging its nationwide network of pavilions to engage and advise customers in-store.

In 2020, PC Bank launched 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.

Mobile Phone Services

Through *The Mobile Shop* 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 2, 2021, there was a *The Mobile Shop* area located in over 192 locations across Loblaws' grocery store network.

Additional information on Loblaw can be found in the Annual Information Form of Loblaw dated February 25, 2021, which is available at www.sedar.com or www.loblaw.ca.

Choice Properties

Acquisition of Canadian Real Estate Investment Trust

On May 4, 2018, Choice Properties completed its acquisition of Canadian Real Estate Investment Trust ("CREIT"), an unincorporated, closed-end real estate investment trust that traded on the Toronto Stock Exchange ("TSX"), by acquiring all of the assets and assuming all of the liabilities of CREIT for total consideration of $3.7 billion (the "Acquisition Transaction"). The consideration was comprised of $1.65 billion in cash with the balance funded through the issuance of 182,836,481 Units at an issue price of $11.25 per Unit.

The Acquisition Transaction brought together two leading Canadian real estate investment trusts ("REITs") and introduced asset class diversification to Choice Properties, while continuing to leverage its strategic relationship with Loblaw.

On March 8, 2018, in order to fund a portion of the Acquisition Transaction, Choice Properties entered into the following financing arrangements:

- $550 million in aggregate principal amount of Series K senior unsecured debentures with an interest rate of 3.556% per annum, maturing on September 9, 2024;
- $750 million in aggregate principal amount of Series L senior unsecured debentures with an interest rate of 4.178% per annum, maturing on March 8, 2028;
- $175 million unsecured term loan maturing May 4, 2022; and
- $625 million unsecured term loan maturing May 4, 2023.

Concurrent with the closing of the Acquisition Transaction, Choice Properties converted all of its outstanding Class C LP units of Choice Properties Limited Partnership ("Class C LP Units"), held by Loblaw, with a face value of $925 million into 70,881,226 Class B LP Units, which are exchangeable, at the holder's option for Units ("Exchangeable Units") and cash. These Exchangeable Units were subject to an undertaking by Loblaw to the TSX that restrict its voting rights and the exercise of its exchange transfer rights to be consistent with the terms of the converted Class C LP Units. This undertaking was transferred to GWL as part of the Reorganization.

Reorganization of Choice Properties

On November 1, 2018, Loblaw and GWL completed the Reorganization pursuant to which Loblaw spun out its effective 61.6% interest in Choice Properties to GWL, which included all of the issued and outstanding Exchangeable Units, of which 70,881,226 Exchangeable Units continue to be subject to restrictions for voting and exchange transfer rights (as described above). As a result of the Reorganization, GWL's direct effective ownership in Choice Properties increased to 65.4% (which includes the 3.8% interest in Choice Properties owned by GWL prior to the Reorganization). The Reorganization is not expected to have a significant impact on the ongoing relationship between Loblaw and Choice Properties. All applicable agreements and arrangements with Loblaw remain in place and Loblaw continues to be Choice Properties' largest tenant.

Additional information regarding the Reorganization can be found in the Annual Information Form of Choice Properties dated February 10, 2021, which is available at www.sedar.com or www.choicereit.ca.

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 table summarizes Choice Properties' acquisitions from related parties and third-parties from January 1, 2018 to December 31, 2020:

	2018			2019			2020			Total		
	Number of Properties	GLA [1] (in square feet)	Aggregate Purchase Price (in $ million)	Number of Properties	GLA (in square feet)	Aggregate Purchase Price (in $ million)	Number of Properties	GLA (in square feet)	Aggregate Purchase Price (in $ million)	Number of Properties	GLA (in square feet)	Aggregate Purchase Price (in $ million)
Acquisitions from Loblaw and GWL:												
Retail	3	288,028	$ 55.6	3	280,276	$ 60.7	5	146,000	$ 45.7	11	714,304	$ 162.0
Industrial	1	130,563	$ 20.9	1	120,000	$ 13.8	6[4]	835,500	$ 81.5	8	1,086,063	$ 116.2
Land	1[2]	—	$ 1.6	—	—	—	1	—	$ 8.1	2	—	$ 9.7
Office	—	—	—	—	—	—	2[4]	590,260	$ 208.9	2	590,260	$ 208.9
Subtotal	**5**	**418,591**	**$ 78.1**	**4**	**400,276**	**$ 74.5**	**14**	**1,571,760**	**$ 344.2**	**23**	**2,390,627**	**$ 496.8**
Acquisitions from third-parties:												
Retail	4	92,584	$ 26.1	1	16,840	$ 10.9	2	165,860	$ 72.7	7	275,284	$ 109.7
Land	3	3,760	$ 8.0	1	—	$ 18.9	1	3,200	$ 8.0	5	6,960	$ 34.9
Industrial	—	—	—	3	333,767	$ 48.8	4	180,632	$ 85.9	7	514,399	$ 134.7
Office	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	**7**	**96,344**	**$ 34.1**	**5**	**350,607**	**$ 78.6**	**7**	**349,692**	**$ 166.6**	**19**	**796,643**	**$ 279.3**
Total	**12**	**514,935**	**$ 112.2**	**9**	**750,883**	**$ 153.1**	**21**	**1,921,452**	**$ 510.8**	**42**	**3,187,270**	**$ 776.1**

(1) GLA means gross leasable area.
(2) Acquired for 75% ownership interest. .
(3) Choice Properties acquired a portfolio of six industrial assets from Weston Foods (Canada) Inc., a wholly-owned subsidiary of GWL for an aggregate purchase price of $79.1 million, which was paid in Class B LP Units.
(4) Choice Properties acquired (i) the remaining 60% interest in West Block, a mixed-used 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.

For additional information regarding Choice Properties' development activity, refer to the "Acquisitions" section of the Management's Discussion and Analysis ("MD&A") in Choice Properties' 2020 Annual Report.

Dispositions

The following is a summary of Choice Properties' dispositions from January 1, 2018 to December 31, 2020:

2018

The table below sets out Choice Properties' dispositions during 2018:

Location	Property Type	Disposition Date	Ownership Interest	Number of Properties	GLA (in square feet)	Sale Price (in $ millions)
Victoriaville, Quebec	Retail	June 21, 2018	100%	1	67,079	$2.7
Dartmouth, Nova Scotia	Industrial	August 27, 2018	100%	7	267,159	$17.3
Ottawa, Ontario	Office	October 1, 2018	50%	1	18,750	$3.2
Calgary, Alberta	Office	December 4, 2018	50%	1	527,404	$104.0
Total				**10**	**880,392**	**$127.2**

2019

The table below sets out Choice Properties' dispositions during 2019:

Location	Property Type	Disposition Date	Ownership Interest	Number of Properties	GLA (in square feet)	Sale Price (in $ millions)
Olds, Alberta	Retail	January 7, 2019	50%	1	10,800	$0.6
Brampton, Ontario	Development	April 15, 2019	50%	1	—	$15.2
Cowansville, Quebec	Retail	August 7, 2019	100%	1	51,998	$1.5
Portfolio of 30 assets across Canada [(1)]	Retail / Industrial	September 30, 2019	100%	30	2,640,595	$426.3
Strathcona, Alberta	Development	November 22, 2019	50%	1	—	$15.8
Red Deer, Alberta	Retail	December 2, 2019	100%	1	32,167	$8.5
Total				**35**	**2,735,560**	**$467.9**

(1) 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 "Oak Brook Disposition"). The unencumbered portfolio consisted of 27 stand-alone retail properties and 3 distribution centres with an average lease term of approximately twelve years with Loblaw.

2020

The table below sets out Choice Properties' dispositions during 2020:

Location	Property Type	Disposition Date	Ownership Interest	Number of Properties	GLA (in square feet)	Sale Price (in $ millions)
Chicago, USA	Retail	January 24, 2020	100%	1	176,878	$97.8
Edmonton, AB	Residential	January 29, 2020	50%	1	36,773	$9.8
Creston, BC	Retail (parcel)	February 3, 2020	100%	1	N/A	$0.4
Halifax, NS	Office	February 13, 2020	100%	1	140,793	$26.7
Ottawa, ON	Land	July 1, 2020	100%	1	N/A	$19.5
Milton, ON	Industrial	September 28, 2020	100%	1	101,522	$22.6
Portfolio of 11 assets across Canada	Retail	October 28, 2020	50%	11	656,497	$169.0
Quebec City, QC	Retail (parcel)	November 23, 2020	50%	1	N/A	$5.0
Portfolio of 3 assets across Canada	Retail	November 27, 2020	100%	3	248,430	$64.0
Portfolio of 5 assets across Canada	Retail	December 1, 2020	100%	5	247,828	$43.4
Windsor, ON	Retail	December 23, 2020	100%	2	259,293	$51.0
Total				**28**	**1,868,014**	**$509.2**

For additional information regarding Choice Properties' development activity, refer to the "Dispositions" section of the MD&A in Choice Properties' 2020 Annual Report.

Development Activity

Development initiatives are a key component of Choice Properties' business model, providing the opportunity to add high-quality real estate to its portfolio at a reasonable cost. Choice Properties has internal development capabilities as well as established relationships with strong real estate developers. With a significant amount of intensification and redevelopment opportunities and a long-term pipeline of potential mixed-use development projects, Choice Properties is well positioned for long-term growth and value creation.

The following is a summary of Choice Properties' development activity from January 1, 2018 to December 31, 2020.

2018

In 2018, Choice Properties constructed approximately 517,000 square feet of new GLA. The table below sets out the top five development projects by total GLA completed by Choice Properties in 2018:

Location	Developed GLA	Type of Developed GLA	Key Tenants	Development Type
Pioneer Drive, Kitchener, ON	91,000	Retail	Zehrs, Shoppers Drug Mart, LCBO, TD Bank, Pizza Pizza	Redevelopment
Rte. Trans-Canada, Kirkland, QC	90,000	Retail	Staples, Sportium, Desjardins, Pizzeria Bros.	Intensification
Walker Lakes, Edmonton, AB	63,000	Residential		Residential
Vanderbilt Commons, Spruce Grove, AB	29,000	Retail	No Frills	Greenfield
Total	**297,000**			

2019

In 2019, Choice Properties constructed approximately 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	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 approximately 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	Type of Developed GLA	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**			

For additional information regarding Choice Properties' development activity, refer to the "Development Activities" section of the MD&A in Choice Properties' 2020 Annual Report.

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 10, 2021, which is available at www.sedar.com or www.choicereit.ca.

Weston Foods

The Weston Foods operating segment includes a North American bakery that offers bread, rolls, cupcakes, donuts, cookies, cakes, pies, cones and wafers throughout Canada and the U.S. baking industry. Conditions have changed significantly over the past several years and Weston Foods' baking operations have faced a challenging marketplace impacted by the COVID-19 pandemic, changes in demographics and consumer trends, ethnic diversity, food safety and health and environmental awareness.

Weston Foods is committed to offering superior products and bakery services to its consumers and customers in an increasingly competitive environment. To deliver on this commitment, Weston Foods undertook an extensive business review in 2017 to best position the business for the future.

In 2017, Weston Foods introduced its new strategic framework with a corresponding multi-year transformation program, centered on its ambition of becoming a premier North American bakery, all while delivering solid financial results. Weston Foods aims to redefine bakery for its consumers and customers with superior taste and experiences, enhance its level of service to customers, build on its leading brands and engage in strategic innovation. Achieving these goals requires engaging talent in its workforce, investing in a competitive integrated supply chain, executing with excellence and implementing new systems to support agile ways of working. The strategic framework will continue to be pursued while respecting Weston Foods' core values and working towards its greater purpose of *Elevating Everyday Moments*.

Acquisitions

Weston Foods has not made any significant acquisitions during the last three fiscal years.

Dispositions

Weston Foods has not made any significant dispositions during the last three fiscal years.

Capital Investment

In 2018, 2019 and 2020 Weston Foods made capital investments of approximately $212 million, $194 million and $162 million, respectively, in each case primarily related to new capacity and productivity improvement initiatives.

Highlights of the capital investments undertaken since 2017 include the expansion of existing cake, and tortilla and bagel manufacturing in Canada, and expansion of existing artisan and donut manufacturing facilities in the U.S.

Restructuring Activities

Weston Foods continuously evaluates strategic and cost reduction initiatives related to its manufacturing assets, distribution networks and administrative infrastructure with the objective of ensuring a low cost operating structure.

Highlights of the restructuring activities undertaken since 2018 include:

- the closure of ten manufacturing facilities in Canada and one manufacturing facility in the U.S.; and
- restructuring of the sales, manufacturing, administrative and other support functions of the Canadian and U.S. bakery businesses in each of 2018, 2019 and 2020.

Financial Performance

Further information on trends affecting Weston Foods and Weston Foods' strategies and financial performance can be found in the financial statements and the MD&A sections of the Company's 2020 Annual Report. This information is incorporated by reference and is available at www.sedar.com or at www.weston.ca.

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 at its stores.

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* area, 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* (*Pharmaprix Simplement Santé* in Quebec), retail pharmacies located in medical buildings or clinics providing pharmacy products and professional services and advice; and *Wellwise by Shoppers,* selling 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 healthcare technology company.

Loblaw also offers a broad scope of pharmacy services on-site including vaccinations and other services such as medication reviews and prescribing for minor health issues in selected provinces. In 2020, Loblaw delivered more than two million flu vaccines and played a key role in asymptomatic COVID-19 testing in Canada. A new Shoppers Drug Mart app was launched in early 2020 to facilitate access to patients for prescription renewals and information in addition to front shop and beauty products.

In 2020, Loblaw launched the PC Health app, a new health and wellness app, designed to empower Canadians with convenient access to healthcare resources and support – when, where, and how they want it. To support patients at the beginning of the pandemic, Shoppers Drug Mart also provided access to virtual care for all Canadians in partnership with Maple Corporation. Later in the year the Company invested in a partnership with

Maple Corporation, which is now integrated into the PC Health app and available in stores throughout British Columbia.

Geographic and Banner Summary

As at January 2, 2021, 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	30	17	35
New Brunswick	20	20	38
Quebec	148	63	178
Ontario	201	309	634
Manitoba	14	9	42
Saskatchewan	16	14	37
Alberta	51	52	169
Northwest Territories	—	2	1
Yukon	1	1	2
British Columbia	52	44	180
Total	**549**	**543**	**1,350**

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

As at January 2, 2021, Loblaw, through its subsidiaries, franchisees and Associates, operated stores under the following banners[2]:

Banner	Corporate Stores	Franchised Stores	Associate-Owned Shoppers Drug Mart Stores
Market			
Loblaws	47	—	—
Provigo	9	59	—
Provigo Le Marche	13	3	—
Valu-mart	—	54	—
Independent	—	129	—
City Market	—	9	—
Zehrs	42	—	—
Atlantic Superstore	51	—	—
Dominion[3]	11	—	—
T&T Supermarket	27	—	—
Fortinos	—	23	—
Discount			
Maxi	115	—	—
Extra Foods	10	3	—
No Frills	—	263	—
Real Canadian Superstore	118	—	—
Shoppers Drug Mart			
Wellwise by Shoppers	43	—	—
Beauty Boutique by Shoppers Drug Mart	1	—	—
Shoppers Drug Mart/Pharmaprix	—	—	1307
Shoppers Simply Pharmacy	—	—	43
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	40	—	—
Apparel			
Joe Fresh	4	—	—
Total	**549**	**543**	**1,350**

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

As at January 2, 2021, the total square footage of Loblaw's corporate, franchised and Associate-owned *Shoppers Drug Mart* stores was approximately 35.5 million square feet, 16.7 million square feet and 18.8 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 network and are available on a limited basis to certain independent grocery customers. 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, footwear and cosmetics in many of its grocery stores. 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 and through select partners. The *PC Optimum* program is the result of the merger of the *PC Plus* and *Shoppers Optimum/ Pharmaprix Optimum* loyalty programs on February 1, 2018.

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 *President's Choice Financial* Mastercard or *PC Money* Account. *PC Optimum* points can then be redeemed for groceries and other products at participating stores within Loblaw's network and certain e-commerce sites.

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 26 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.

Loblaw also strives to source its products in a responsible way. For further details please see "Environmental, Social and Governance" on page 15.

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 *President's Choice Financial* 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 *President's Choice Financial* 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 and PC Bank Board of Directors tolerance limits. PC Bank's risk appetite has been approved by its Board of Directors. PC Bank has in place 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 minimize the associated credit risk, PC Bank employs advanced credit scoring tools, stringent credit card portfolio monitoring, and technology that produces an effective account management and collection process.

Labour and Employment Matters

As at January 2, 2021, Loblaw, through its subsidiaries, franchisees and Associates, employed approximately 220,000 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, 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 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 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 care deeply about its commitment to being a force for positive environmental and social change and to demonstrating robust corporate governance practices. Environmental, social and governance ("ESG") considerations are at the crux of decisions made across Loblaw. By integrating consideration of environmental and social risks and good governance practices in its 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 reports outlining how it is addressing certain environmental and social issues, including an annual Sustainability Accounting Standards Board report. 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 April 30, 2020.

Additional information on Loblaw can be found in the Annual Information Form of Loblaw dated February 25, 2021, 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 comprised of 731 properties with a total GLA of approximately 66.1 million square feet as at December 31, 2020. Choice Properties' portfolio includes 573 retail properties, 122 industrial properties, 15 office complexes, 3 multi-family residential buildings and 18 development properties. The retail properties consist of: (i) 280 properties with a stand-alone Loblaw-owned banner; (ii) 238 properties anchored by a Loblaw-owned banner that also contains one or more third-party tenants; and (iii) 61 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. In addition to having a national footprint concentrated in Canada's largest markets, stability is attained through a strategic relationship and long term leases with Loblaw, Canada's largest retailer. 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 distribution facilities, warehouses and buildings used for light manufacturing of a size and configuration that readily accommodates the diverse needs of a broad range of tenants. Choice Properties' focus in this sector is on large, purpose-built distribution assets for Loblaw and high-quality "generic" industrial assets. The properties are located in target distribution markets across Canada, where Choice Properties can build up critical mass to enjoy management efficiencies and to accommodate the expansion or contraction requirements of the tenant base. 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.

Office Portfolio

The office portfolio is focused on large, 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' asset base growth. Many of these opportunities to develop residential properties are by densifying existing retail sites with residential buildings. Choice Properties' portfolio of residential properties is located in Canada's largest cities and includes both newly developed purpose-built rental buildings and residential-focused mixed-use communities, many of which are in close proximity to public transportation.

As at December 31, 2020, Choice Properties' portfolio consisted of the following properties across Canada:

Jurisdiction	Retail	Industrial	Office	Residential	Total
British Columbia	42	3	2	—	47
Alberta	77	54	2	2	135
Saskatchewan	17	—	—	—	17
Manitoba	14	—	—	—	14
Ontario	235	43	7	1	286
Quebec	107	4	2	—	113
Newfoundland	8	1	—	—	9
New Brunswick	26	2	—	—	28
Prince Edward Island	4	—	—	—	4
Nova Scotia	43	15	2	—	60
Grand Total	**573**	**122**	**15**	**3**	**713**

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 10, 2021, 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; high-quality, generic industrial properties in target distribution markets across Canada; and large office buildings in the downtown core of some of Canada's largest cities.

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 retail density within Choice Properties' existing portfolio. As at December 31, 2020, Choice Properties had 17 active intensification projects representing a total of 197,000 square feet.

Mixed-Use Development

Choice Properties currently has a number of sites planned for mixed-use development with five of these sites in an active pre-development stage. The five properties are key urban markets, including four sites in Toronto, Ontario and, and one in Coquitlam, British Columbia. These developments are residential focused, mixed-use communities with close proximity to public transportation. A total of $55.3 million has been invested to date on land acquisition and other development costs. Choice Properties expects to invest an additional $27.5 million on pre-development activities for these projects over the next two to five years before beginning construction. These projects are in various phases of pre-development, and Choice Properties continues to work on finalizing the assembly of land parcels for development.

Greenfield Development

Development activities include greenfield projects that are primarily focused on unenclosed retail shopping centres and industrial parks. As at December 31, 2020, Choice Properties had 15 greenfield development projects in the pipeline that, upon completion, will comprise approximately 0.5 million square feet. A total of $176.8 million has been invested to date in the pipeline. Choice Properties expects to invest a total of $31.4 million in the next three to five years. An advantage of greenfield developments is that they lend themselves to phased construction creating flexibility to time developments to take advantage of changing market conditions.

Residential Development

Choice Properties has six residential projects in the pipeline representing 1,119 residential units. As at December 31, 2020, a total of $182.7 million had been invested in these projects and Choice Properties expects to invest an additional $326.8 million to complete the developments.

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, 2020, Choice Properties had 299 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

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. Over the past year, Choice Properties has focused on continuing to integrate ESG practices into its corporate strategy, making progress towards its sustainability targets, and enhancing reporting formats that provide visibility on its progress and achievements against these objectives. Choice Properties publishes an annual ESG Report, outlining how it addresses ESG issues. This report and other related information are available on Choice Properties' website at choicereit.ca. The information on Choice Properties' website does not form part of this Annual Information Form. Information regarding Choice Properties' corporate governance practices is set out in its Management Proxy Circular for the Annual Meeting of Unitholders held on April 24, 2020.

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 10, 2021, which is available at www.sedar.com or www.choicereit.ca.

Weston Foods

Weston Foods is a significant participant in the North American baking industry.

Principal Products

Weston Foods produces a variety of fresh, frozen (raw dough, pre-proofed, par-baked, pre-fried and fully baked) and specialty bakery products, including commercial and artisanal style breads, rolls, bagels, flatbreads, rye breads, tortillas, donuts, cakes, pies, cookies, and crackers. Weston Foods is also a leading provider of control brand products to retailers and consumer food companies, a supplier of ice cream cones and sandwich wafers to manufacturers in the frozen novelty category and a supplier of Girl Scout cookies.

Weston Foods operates in an evolving marketplace, impacted by consumers' demands for convenient, delicious and/or nutritious products. Weston Foods has been proactive in meeting these demands by developing a variety of products that meet these lifestyle needs such as whole grain, natural, gluten-free, non-GMO, wheat and nutritionally enhanced bread offerings, and products containing Omega-3. Additionally, new product offerings from Weston Foods have focused on providing healthier alternatives under certain of its mainstream brands, namely *Country Harvest* and *Gadoua*.

Production Facilities

Weston Foods has developed from one small bakery in 1882 to the current network of production facilities located across North America. As at December 31, 2020, Weston Foods had the following production facilities in Canada and the U.S.:

CANADA		UNITED STATES	
Province	**Number of Facilities**	**State**	**Number of Locations**
Ontario	12	Indiana	2
Quebec	3	New Hampshire	1
Alberta	1	New York	1
Saskatchewan	1	Ohio	1
British Columbia	1	Pennsylvania	1
Nova Scotia	1	South Carolina	1
Manitoba	1	South Dakota	1
Newfoundland and Labrador	1	Tennessee	1
		Virginia	1
		Washington	1
		Wisconsin	1
Total	**21**		**12**

Distribution to Consumers

Weston Foods sells its products through a variety of customer channels within the North American food retailing market, including many national and regional supermarkets, wholesale and club stores, dollar stores, convenience store chains, food service distributors and outlets as well as other food retailing customers and devotes a considerable amount of effort to building and maintaining consumer brand awareness. Weston Foods also distributes control brand products to international retailers and distributors in various countries worldwide.

Weston Foods distributes most of its fresh bakery products through direct store delivery route systems. Frozen bakery products, cookies, and other specialty bakery products are distributed primarily through warehouse channels using outsourced transportation services. Weston Foods also supplies Girl Scout cookies through a third-party warehouse and distributor network directly to local Girl Scout councils. Weston Foods continues to explore opportunities to create distribution efficiencies.

For the 2020 fiscal year, Loblaw accounted for approximately 30% of Weston Foods' sales. No other single customer accounted for more than 15% of sales. For the 2020 and 2019 fiscal years, sales by Weston Foods to Loblaw amounted to $623 million and $629 million respectively.

Competitive Conditions

The North American bakery industry is large, mature and competitive. Management regularly reviews and monitors operating plans and results, including market share. In addition, management regularly monitors the market for new product innovations. When necessary, management modifies their operating strategies, including restructuring production facilities and adjusting product offerings to reflect consumer trends, including those related to health or nutritional concerns and repositioning brands and marketing programs to take into account competitive activity.

Brands

In recent years, Weston Foods has increased investment in its brands throughout North America, as evidenced by the continued introduction of new products geared towards changing consumer eating preferences, invested capital to support growth, enhanced product quality and improved productivity.

Weston Foods' brands provide it with a strategic advantage in the market. In Canada, its premium and mainstream brands include *Wonder*, *Country Harvest, D'Italiano, Gadoua, Weston, Rubschlager, ACE Bakery, Casa Mendosa* and *All But Gluten*. These brands provide Weston Foods with strong core brands and product lines that enhance consumer loyalty and are trusted for their quality, great taste and freshness. Weston Foods' brand strength and diversity are vital to its long-term growth. Weston Foods aims to expand its brands by leveraging its brand equity and trust to meet consumers' ever-changing needs and to provide a point of differentiation and confidence in new product introductions.

Raw Materials

Some of the primary ingredients for bakery products include wheat flour, sugar, vegetable oil, gluten and cocoa products. Weston Foods has contracted with various suppliers to facilitate the supply of key ingredients. The total cost of raw materials is subject to market and currency fluctuations. To partially manage the price fluctuations of anticipated purchases of certain raw materials including fuel, forward contracts with suppliers, exchange traded commodity futures, option contracts and swaps are used.

Intellectual Property

It is the practice of the Company to register or otherwise protect its intellectual property, including trademarks, domain names, patents, packaging and equipment designs and product formulations and specifications, in all jurisdictions in which it operates. The intellectual property rights associated with and used in connection with Weston Foods are important assets to the Company and are defended vigorously. They provide Weston Foods with a competitive advantage and, accordingly, management spends considerable effort supporting Weston Foods' brands. The trademarks of the Company when used in this AIF are presented in italics.

Key brand names used by Weston Foods include *Wonder*, *Country Harvest, D'Italiano, Gadoua, Weston, Rubschlager, ACE Bakery, Casa Mendosa* and *All But Gluten*. Weston Foods also has agreements with Grupo Bimbo with respect to the manufacturing, sale and distribution of baked products under the Thomas'® brand in Canada. In 1939, Weston Foods became the first licensed Girl Scout cookie producer in the U.S. In June 2017, Weston Foods partnered with Flowers Foods, Inc. to assume exclusive licensing rights to produce and market Dave's Killer Bread® in Canada.

Seasonality

Weston Foods' operations, specifically inventory levels, sales volumes and sales mix, are impacted to some degree by certain holiday periods, and seasonality and timing of the Girl Scout cookie selling season. Weston Foods continuously monitors the impact that holidays and seasons may have on its operations and adjusts inventory levels and production and delivery schedules as required.

Labour and Employment Matters

Weston Foods has approximately 5,000 full and part-time employees in bakery operations. Approximately 50% of this group is covered by various collective bargaining agreements. These agreements are negotiated on a plant by plant or unit by unit basis, typically for terms of four or more years. No single agreement is of predominant importance to Weston Foods' overall operations.

Environmental, Social and Governance

Weston Foods is driven by its purpose, E*levating Everyday Moments*, and is committed to being a force for positive environmental and social change through its corporate responsibility strategy and driving impact through its ESG efforts. Weston Foods has continued to develop and integrate ESG practices as part of its corporate priorities, with a focus on ingredients, packaging, energy & climate change, waste and diversity, equity & inclusion. As part of its corporate responsibility strategy, Weston Foods is committed to providing sustainable sourcing options of certain ingredients, such as palm oil and cocoa. Packaging priorities are centered on reduction, recyclability, and reuse while energy use, waste and climate change impacts are also areas of focus for continuous improvement. Weston Foods publishes reporting on environmental issues, which currently includes annual Climate Disclosure Project (CDP) reporting.

Weston Foods efforts are driven by consideration of environmental and social risks and good governance practices in its business activities. Weston Foods currently has environmental programs in place, and has established policies and procedures aimed at ensuring compliance with applicable legislative requirements and industry standards. Weston Foods employs environmental risk assessments and audits using internal and external resources together with employee awareness programs throughout its operating locations. Weston Foods endeavours to be socially and environmentally responsible and recognizes that the competitive pressures for economic growth and cost efficiency must be integrated with sound environmental stewardship and ecological considerations.

Additional information on Weston Foods can be found on its website at www.westonfoods.com.

Food Safety and Public Health

Weston Foods has policies and programs in place to ensure its products meet or surpass all applicable regulatory requirements for food safety, product and packaging labelling. However, Weston Foods is subject to potential liabilities associated with food safety and product defects from raw materials, production, distribution, and display of products, including Weston Foods' products manufactured by outsourced parties. Any significant failure or disruption of these systems could adversely affect the Company's reputation, operations or financial performance.

Weston Foods could be adversely affected in the event of a significant outbreak of food-borne illness or other public health concerns related to food products, including food tampering or contamination. The occurrence of such events or incidents could result in harm to Weston Foods' suppliers, customers and consumers, negative publicity or damage to Weston Foods' brands and could lead to unforeseen liabilities from legal claims or otherwise. In addition, failure to trace or locate any contaminated or defective products and ingredients could affect Weston Foods' ability to be effective in a recall situation. Any of these events could adversely affect the reputation, operations or financial performance of Weston Foods.

Incident management processes are in place to manage such events, should they occur. The ability of these processes to address such events is dependent on their successful execution. However, there can be no assurance that the associated risks will be mitigated or will not materialize or that events or circumstances will not occur that could adversely affect the Company's reputation, operations or financial performance. Most of Weston Foods' manufacturing facilities are now certified under British Retail Consortium or Safe Quality Food global safety and quality standards approved by the Global Food Safety Initiative organization. In addition, the Weston Foods Committee of the Board receives regular reports from management addressing current and potential future issues, risks, programs and initiatives.

Research and Development and New Products

Weston Foods' product development teams explore and develop technological expertise, proprietary formulas, recipes and products. Weston Foods has research and development resources who leverage consumer insights to build its long-term innovation pipeline of products. In addition, from time to time, Weston Foods enters into strategic relationships with food science and culinary contacts and other food manufacturers or branded companies to leverage each other's expertise or brands.

In 2019, Weston Foods re-launched the *Country Harvest* brand and introduced *Gadoua Grains* in Quebec. The re-launched products added more types of grains and removed ingredients like high-fructose corn syrup. In the last quarter of 2019, Weston Foods introduced non-GMO *Wonder* bread.

In 2020, Weston Foods expanded their retail innovation offerings across several categories including *President's Choice* Decadent Chocolate Chip Cookie Pie, Girl Scout branded cupcakes, and single serve cookies as well as key new products for our foodservice customers in artisan sandwich carriers and donuts.

Foreign Operations

Weston Foods' production facilities are located across Canada and the U.S. Any significant economic or competitive pressures, including currency fluctuations in the U.S. dollar relative to the Canadian dollar, may impact the consolidated Weston Foods results. Weston Foods has several wholly-owned foreign subsidiaries that hold certain assets of Weston Foods, including operating assets in the U.S.

Further information on the Weston Foods business can be found in the Company's 2020 MD&A, which information is incorporated herein by reference and available at www.sedar.com.

V. PRIVACY AND ETHICS

The Company is committed to managing its activities in an ethical and proper manner in all respects. Each of GWL, Weston Foods, 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, Weston Foods, 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, Choice Properties and Weston Foods 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.

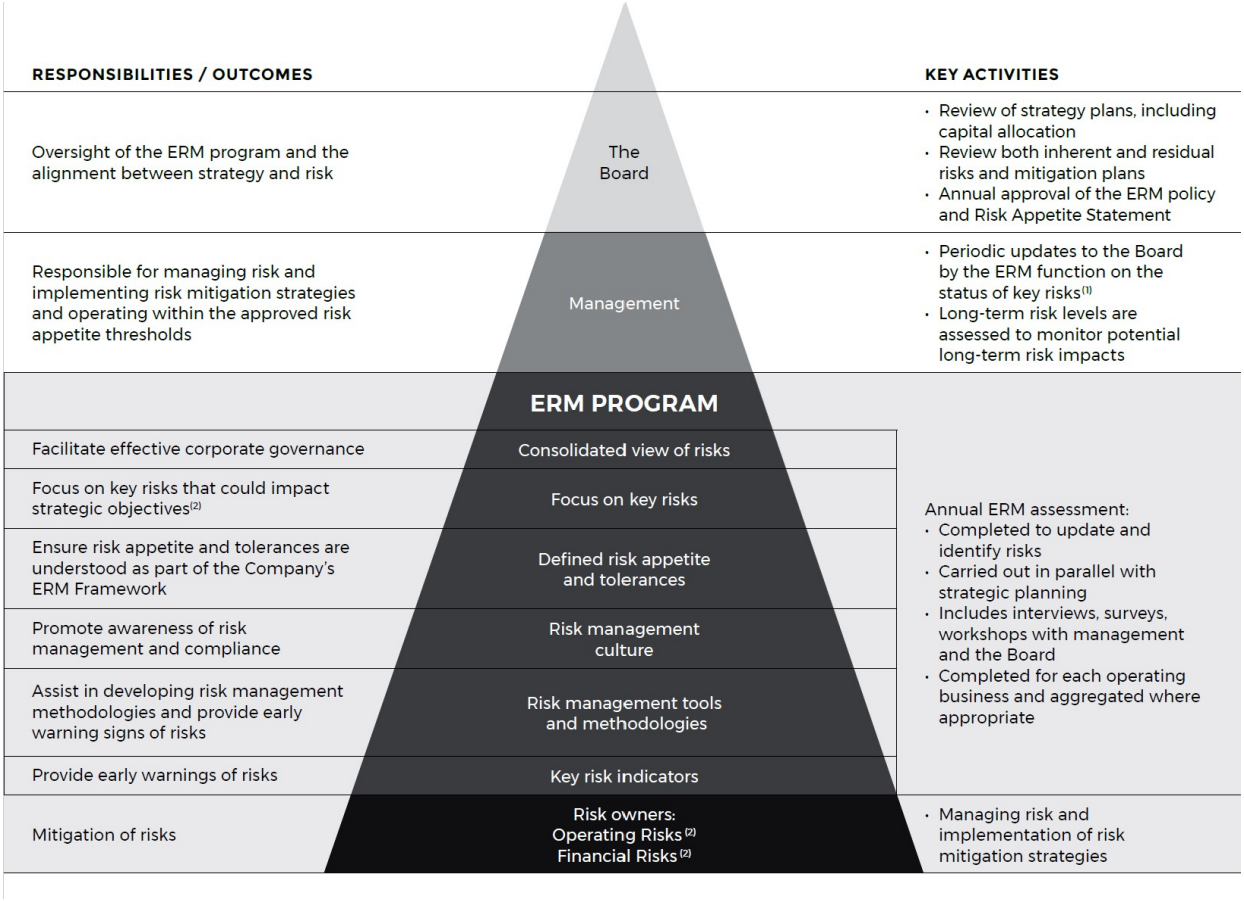
The Company's information systems contain personal information of customers, cardholders and employees. The Company is subject to various laws regarding the protection of personal information of its customers, cardholders and employees and has a Privacy Policy that sets out the guidelines for protecting 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.



(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 action taken.

The duration and full impact of the COVID-19 pandemic on the Company 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 evolves day-to-day and may take further actions in response to directives of government and public health authorities or that are in the best interests of its colleagues, customers, suppliers or other stakeholders, as necessary.

Loblaw is 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 is coordinating the Loblaw's crisis management response. Loblaw is also dedicated to promoting the health of the communities in which it operates and has played an important role in asymptomatic COVID-19 testing in Canada.

Choice Properties introduced 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 building. Choice Properties implemented additional safety measures at all of its properties, including increased frequency in cleaning and disinfecting as well as physical distancing practices.

Weston Foods continues to take action to mitigate the effects of COVID-19 on its day-to-day business operations. Weston Foods remains committed to delivering quality products to its foodservice and retail customers. The COVID-19 pandemic has created volatility in consumer demand for certain categories of products in both the retail and foodservice channels, which requires Weston Foods to carefully manage production planning and may, if required, result in temporary facility closures.

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 23 to 35 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 and the effectiveness of plans to administer those vaccines across the country.

The spread of COVID-19 has caused an economic slowdown 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 2020 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, including personal health and financial information ("Confidential 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 those of our 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, 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.

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 do not function effectively, 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.

The retail landscape is quickly changing due to the rise of the digitally influenced shopping experience and the emergence of disruptive technologies, such as digital payments, drones, driverless cars and robotics. In addition, the effect of increasing digital advances could have an impact on the physical space requirements of retail businesses. Although the importance of a retailer's physical presence has been demonstrated, the size requirements and locations may be subject to further disruption. Any failure to adapt the Company's business model to recognize and manage this shift in a timely manner could adversely affect Loblaw's operations or financial performance.

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.

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 now offer a

selection of food, drug and general merchandise. 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 its competitors and their strategies, 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.

Weston Foods' competitors include multi-national food processing companies as well as national and smaller scale bakery operations in North America.

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

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.

IT Systems Implementations 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 undertake 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.

Distribution and Supply Chain

The Company's ability to satisfy its customers' demands and achieve its cost objectives depends on its ability to maintain key logistic and transport arrangements. The Company'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 shipping 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 store level. If not effectively managed or remedied, these events could negatively impact customer experience and the Company's ability to attract and retain customers, and could adversely affect the Company's operations or financial performance.

Labour Relations

The Company'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 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 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. Weston Foods' manufacturing locations across North America are subject to risks associated with having insufficient or inadequate labour. Failure to successfully manage such risks could result in decreased production or additional higher costs at these manufacturing facilities which could adversely affect the operations or financial performance of the Company.

Food, Drug, Product and Services Safety

The Company'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. The Company cannot assure 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. The Company 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 or ingredients could affect the Company's ability to be effective in a recall situation. Loblaw is also subject to risk associated with errors made through medication dispensing or errors related to patient services or consultation. The occurrence of such events or incidents, as well as the failure to maintain the cleanliness and health standards at Loblaw's store level or the Company's manufacturing facilities, could result in harm to customers, negative publicity or could adversely affect the Company's brands, reputation, operations or financial performance and could lead to unforeseen liabilities from legal claims or otherwise.

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, 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 41 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 certain fees payable to Loblaw under a strategic alliance agreement, 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.

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 integrate towards 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.

Governance, 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, manufacturing, 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.

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. 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.

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 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.

The Company relies on service providers including transport carriers, logistic service providers and operators of warehouses and distribution facilities. Ineffective selection, contractual terms or relationship management could impact the Company's ability to source products (both Loblaw national brand and control brand products and Weston Foods' baked goods 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, 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.

Economic Conditions

The Company's revenues 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 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.

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 Mart 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.

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 minimum 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 42 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.

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.

Commodity Prices

Weston Foods' costs are directly impacted by fluctuations in the prices of commodity linked raw materials such as wheat flours, sugars, vegetable oils, cocoa powders and chocolate. Loblaw is also exposed to fluctuations in commodity prices as a result of the indirect effect of changing commodity prices on the price of consumer products. In addition, both Weston Foods and Loblaw are exposed to increases in the prices of energy in operating, in the case of Weston Foods, its bakeries and distribution networks, and, in the case of Loblaw, its stores and distribution networks. Rising commodity prices could adversely affect the financial performance of the Company and the impact could be material. Both Weston Foods and Loblaw use purchase commitments and derivative instruments in the form of futures contracts, option contracts and forward contracts to manage their current and anticipated exposure to fluctuations in commodity prices.

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.

Consumer and Retail Customer Trends

The North American bakery market continues to evolve as consumer preferences and consumption patterns shift. As a result of evolving retail customer trends, Weston Foods must anticipate and meet these trends in a highly competitive environment on a timely basis. The failure of Weston Foods to anticipate, identify and react to shifting consumer and retail customer trends and preferences through successful innovation and enhanced manufacturing capability could result in reduced demand for its products, which could in turn negatively affect the 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.

Workplace Health and Safety

The Company recognizes that ensuring a healthy and safe workplace minimizes 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 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 workplace injury-related liability and penalties, which in turn, could adversely affect the reputation or financial performance of the Company.

Social Reform

Social reform movements are driven by those that seek change in business practices while bringing public awareness to issues through protests and/or media campaigns. Issues that relate to Loblaw's business include, but are not limited to, genetically modified organisms, pesticide use, animal welfare, local and ethical sourcing, chemicals in products, nutritional labelling and/or ingredients in products and human rights. Ineffective action or inaction to social reform matters including those pertaining to the retail food and/or drug industry could adversely affect Loblaw's reputation or financial performance.

Environmental

Loblaw, in conjunction with Choice Properties, maintains a large portfolio of real estate and other facilities and is subject to environmental risks associated with the contamination of such properties and facilities, whether by previous owners or occupants, neighbouring properties or by Loblaw itself. In particular, Loblaw has a number of underground 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 Loblaw 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 Loblaw.

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 Loblaw will be subject to increased costs associated with these laws. In addition, Loblaw 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 Loblaw.

To combat climate change, federal and provincial carbon reduction targets and financial mechanisms to reduce carbon emissions are being considered and/or implemented, such as carbon taxes, carbon pricing and cap and trade. With each jurisdiction operating under different policies of climate change reform, Loblaw may require operational changes and/or incur significant financial costs to comply with the various reforms. 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 adhere to climate change reforms and to adapt to the impacts of climate change could result in fines or adversely affect Loblaw's reputation, operations or financial performance.

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.

Trademark and Brand Protection

The Company's brands and other intellectual property are very important to its success and competitive position. The Company relies on a combination of trademarks, copyrights, trade secrets and other intellectual property rights to protect its brands and its control branded products. The Company depends on its continued ability to use its intellectual property in order to increase brand awareness and further develop brands and products. The Company has taken steps to protect certain of its intellectual property rights in Canada and elsewhere. However, the Company'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 the Company to protect its

intellectual property from third party infringement or misappropriation will be sufficient. The Company 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 the Company for its use of intellectual property allegedly owned by third parties. If the Company is unable to successfully defend against these claims, it could be liable to such third parties or the Company's intellectual property could be invalidated.

Any such litigation could result in substantial costs, diversion of resources and could negatively affect the Company's revenue, profitability and prospects regardless of whether it is successful in the litigation. A decrease in value of the Company'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 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 27% 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 59,000 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.

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 both its net investment

in foreign operations in the U.S. and its other 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).

Revenues and expenses of all foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are recognized. An appreciating USD relative to the Canadian dollar will positively impact operating income and net earnings, while a depreciating USD relative to the Canadian dollar will have the opposite impact.

Weston Foods and Loblaw are also 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. Weston Foods and Loblaw entered into derivative instruments in the form of futures contracts and forward contracts to manage their 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, finance lease receivable, pension assets held in the Company's defined benefit plans, Loblaw's accounts receivable and other receivables from Weston Foods' customers and suppliers. 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 franchisees, governments, prescription sales covered by third-party drug plans, independent accounts and amounts owed from vendors and tenants, and other receivables from Weston Foods' customers and suppliers, 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.

Common Share and Trust Unit Prices

Changes in the LCL common share price impact the Company's net interest expense and other financing charges. In 2001, Weston Holdings Limited ("WHL"), a subsidiary of GWL, issued $466 million of 7.00% Series A debentures due 2031, which are serviced by the issuance of Series B debentures. In addition, WHL entered into an equity forward sale agreement with the lender to sell 9.6 million LCL common shares at an initial forward price of $48.50 per LCL common share which, under the terms of the agreement, had increased to a forward price of $128.30 (2019 - $123.64) per LCL common share as at year end 2020. WHL is permitted to settle the transaction in whole or in part at any time prior to 2031. If the forward is settled in cash, WHL will receive the forward price and will pay the market value of the underlying LCL common shares. The obligation of WHL under this forward is secured by the underlying LCL common shares. WHL recognizes a non-cash charge or income, which is included in consolidated net interest expense and other financing charges, representing the fair value adjustment of WHL's forward sale agreement for 9.6 million shares. The fair value adjustment in the forward contract is a non-cash item resulting from fluctuations in the market price of the underlying LCL common shares that WHL owns. WHL does not record any change in the market price associated with the LCL common shares it owns. If the forward price is greater

(less) than the market price upon settlement, WHL will receive (pay) cash equal to the difference between the notional value and the market value of the forward contract. Any cash paid under the forward contract could be offset by the sale of LCL common shares.

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 2020 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. As at December 31, 2020, there were 152,374,416 common shares issued and outstanding, a decrease of 1,293,334 common shares from December 31, 2019.

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

As at December 31, 2020, 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, 2020, there were no preferred shares, Series II outstanding.

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

As at December 31, 2020, 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, 2020, 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, 2020, 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, 2020 to December 31, 2020 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 2020	$108.27	$101.51	133,877	2,945,297
February 2020	$111.65	$99.89	160,124	3,042,360
March 2020	$108.59	$84.01	429,250	9,443,497
April 2020	$108.89	$96.83	234,209	4,918,392
May 2020	$102.50	$95.25	181,628	3,632,556
June 2020	$101.17	$95.30	239,131	5,260,881
July 2020	$106.62	$98.59	172,065	3,785,434
August 2020	$102.65	$94.11	153,231	3,064,629
September 2020	$100.24	$92.13	202,125	4,244,623
October 2020	$99.01	$92.83	195,290	4,101,087
November 2020	$101.48	$93.78	255,409	5,363,584
December 2020	$100.87	$94.86	266,018	5,586377

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, 2020 to December 31, 2020 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 2020	$25.97	$25.76	1,790	39,373
February 2020	$26.15	$25.20	5,455	98,185
March 2020	$25.68	$21.06	12,498	274,963
April 2020	$25.45	$23.00	6,519	136,896
May 2020	$25.37	$24.90	3,857	73,289
June 2020	$25.47	$24.90	5,221	114,860
July 2020	$25.58	$25.10	2,908	63,985
August 2020	$25.95	$25.47	5,010	100,196
September 2020	$25.90	$25.40	4,792	100,625
October 2020	$25.90	$25.60	5,024	105,504
November 2020	$25.97	$25.50	14,079	295,663
December 2020	$25.92	$25.45	4,466	93,786

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 2020	$24.75	$24.00	5,709	125,595
February 2020	$24.69	$24.18	3,316	62,999
March 2020	$24.52	$18.71	7,182	157,998
April 2020	$24.04	$20.86	3,697	77,630
May 2020	$23.87	$22.66	3,644	72,879
June 2020	$24.15	$23.25	6,922	152,287
July 2020	$24.52	$23.99	2,943	64,736
August 2020	$24.40	$24.08	14,460	289,204
September 2020	$25.34	$24.30	43,502	913,543
October 2020	$25.59	$24.65	5,164	108,444
November 2020	$25.45	$25.03	1,888	39,646
December 2020	$25.45	$25.00	2,453	51,503

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 2020	$24.61	$24.00	5,493	120,837
February 2020	$24.70	$24.10	6,237	118,497
March 2020	$24.54	$19.10	6,866	151,057
April 2020	$24.14	$20.98	17,698	371,668
May 2020	$23.68	$22.87	3,492	69,833
June 2020	$24.14	$23.35	7,151	157,329
July 2020	$24.52	$24.00	4,787	105,313
August 2020	$24.59	$24.20	2,787	55,747
September 2020	$25.40	$24.35	5,952	124,983
October 2020	$25.56	$24.69	5,393	113,251
November 2020	$25.41	$24.99	3,430	72,035
December 2020	$25.43	$25.00	3,975	79,491

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 2020	$22.64	$22.26	6,009	132,204
February 2020	$23.08	$22.51	2,951	53,126
March 2020	$22.75	$17.75	5,347	117,634
April 2020	$22.30	$19.15	5,041	100,812
May 2020	$21.95	$21.06	2,777	55,534
June 2020	$22.90	$21.80	2,704	59,498
July 2020	$22.90	$22.10	4,365	91,657
August 2020	$22.99	$22.41	1,180	20,060
September 2020	$23.60	$22.50	5,780	121,379
October 2020	$24.45	$23.50	5,484	115,154
November 2020	$24.97	$23.42	2,871	54,544
December 2020	$24.61	$23.80	7,201	129,624

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, 2020, 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 2020 MD&A.

Credit Ratings

In the third quarter of 2020 S&P Global Ratings ("S&P") and DBRS Morningstar ("DBRS") each reaffirmed the Company's credit ratings and outlook as part of its respective annual review.

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 credit ratings on quantitative and qualitative considerations. These ratings are forward-looking and 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 has been obtained from the respective rating organization's website and is outlined below:

Dominion Bond Rating Service

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. 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 ratings 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.

Standard & Poor's

Issuer Credit Rating

S&P's issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness in order to pay its financial obligations. 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 and reflect the obligor's credit worthiness over a certain time horizon.

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 commitment on the obligation.

Rating Outlook

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

An S&P's CreditWatch highlights 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 appear on CreditWatch when such an event or a deviation from an expected trend occurs and additional information is necessary to evaluate the current rating. A listing, however, does not mean a rating change is inevitable, and whenever possible, a range of 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 ($)	2020	2019	2018
Common shares	2.125	2.090	1.950
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 2020, the Board declared a $0.025 increase in the quarterly common share dividend from $0.525 per common share to $0.55 per common share.

Normal Course Issuer Bid ("NCIB")

In the second quarter of 2020, GWL renewed its NCIB program to purchase on the TSX, or through alternative trading systems, up to 7,683,528 common shares, representing approximately 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 2020, the Company executed share repurchases of 1,562,325 common shares under its NCIB program (1,300,000 of which were cancelled, 229,000 of which were placed into trusts for future settlement of the Company's restricted share unit (RSU) and performance share unit (PSU) obligations and 33,325 of which were purchased and settled for US employees and former directors).

In the fourth quarter of 2020, pursuant to an order granted by the Ontario Securities Commission, GWL acquired 1,300,000 shares for cancellation from an entity controlled by Mr. W. Galen Weston, the then controlling shareholder of GWL, at a price of $94.57 per share, for an aggregate purchase price of $122.9 million.

The Company intends to re-file its NCIB in 2021.

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 exemption granted, by the TSX. 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 2021 it 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, 2021.

Directors

Name, Province and Country of Residence	Principal Occupation	Director Since
Galen G. Weston Ontario, Canada	Chairman and CEO of George Weston Limited and Executive Chairman of Loblaw Companies Limited	2016
Paviter S. Binning [3*, 4] Ontario, Canada	President, Wittington Investments, Limited	2019
Andrew A. Ferrier [1,4*] 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
Robert Sawyer [1] Quebec, Canada	Corporate Director	2016
Christi Strauss [1,4] 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*
4 *Weston Foods 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 Controller
John Williams Ontario, Canada	Group Treasurer and Head of Corporate Finance
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. Robert Sawyer, who served as Director, President and Chief Executive Officer of Rona Inc. until May 2016; 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, 2020, 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 155,886 common shares of the Company, 20,499 common shares of LCL and 361,811 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, 2020, Mr. Galen G. Weston beneficially owned, directly or indirectly, or exercised control over 78,647,040 common shares or approximately 51.6% of the issued and outstanding common shares of GWL. GWL beneficially owned, directly or indirectly, or exercised control over 182,874,456 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 61.8% effective interest in Choice Properties. In addition, Mr. Galen G. Weston beneficially owned, directly or indirectly, or exercised control over 467,035 common shares or approximately 0.1% of the issued and outstanding common shares of LCL and 50,000 Units or approximately 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 and Weston Foods. 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 2020 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 damages (unquantified) for the expenses incurred by the province in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in British Columbia. 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 February 2020, 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 February 2020 claims seek recovery of damages on behalf of opioid users directly. 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 and on November 30, 2020, the Crown filed a Notice of Appeal with the Supreme Court of Canada. Subsequent to the end of the year, the Supreme Court scheduled the hearing of the appeal for May 13, 2021. Loblaw has not reversed any portion of the $367 million of charges recorded during the third quarter of 2018, of which $176 million was recorded in interest and $191 million was recorded in income taxes.

Regulatory Action

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

On December 19, 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 41 of this AIF for more information.

XI. MATERIAL CONTRACTS

Other than certain contracts entered into in the ordinary course of business, the Company does not have any material agreements.

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 2020.

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, and the Services Agreement noted above.

Directors and executive officers 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 71 of the Company's 2020 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

The Company's external auditor is KPMG LLP, who prepared the Auditors' Report to Shareholders in respect of the Company's audited annual consolidated financial statements. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretation prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

XV. AUDIT COMMITTEE INFORMATION

The Mandate of the Audit Committee, as approved by the Board on March 1, 2021, 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.
>
> Mr. Sawyer is the former President and Chief Executive Officer of Rona Inc. Prior to this role, Mr. Sawyer held various senior executive roles with Metro Inc., including Executive Vice President and Chief Operating Officer.
>
> 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 2020 and 2019 are as follows:

		2020 [5] ($000's)		2019 ($000's)
Audit fees[1]		8,807		8,621
Audit-related fees[2]		1,420		1,091
Tax-related fees[3]		122		40
All other fees[4]		89		142
Total Fees	**$**	**10,438**	**$**	**9,894**

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.

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.

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 related to legislative and/or regulatory compliance.

5 Fees for 2020 include administrative fees and out-of-pocket expenses

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.

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 11, 2021. 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 including 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 his or her role and responsibilities.

4. TENURE

Each member shall hold office until his or her 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 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 the Annual Information Form of the Company prior to its filing.

(f) Taxation Matters

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

(g) Capital Projects

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

(h) 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.

(i) 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

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 regular 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, including annual plans as applicable. The Audit Committee shall also review no less than annually the Company's Disclosure Policy.

Oversight of External Auditors

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Approval of Audit Plan

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

(p) 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.

(q) 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

(r) 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.

(s) 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.

(t) 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.

(u) 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, by way of example:

i. 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;

ii. 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;

iii. 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;

iv. 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

v. 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. REVIEW AND DISCLOSURE

This Mandate should be reviewed by the Audit Committee at least annually and be submitted 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.

9. 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.

10. 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.