WESTON

GEORGE WESTON LIMITED

ANNUAL INFORMATION FORM
(for the year ended December 31, 2022)

February 28, 2023

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", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events 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:

- changes in economic conditions, including inflation, levels of employment, costs of borrowing, household debt, political uncertainty and government regulation, the impact of natural disasters, war or acts of terrorism, pandemics, changes in interest rates, tax rates, or exchange rates, and access to consumer credit;
- failure to attract and retain colleagues may impact the Company's ability to effectively operate and achieve financial performance goals;
- inability of the Company's IT infrastructure to support the requirements of the Company's business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cybersecurity or data breaches;
- failure to maintain an effective supply chain and consequently an appropriate assortment of available product at the store and digital retail level;
- 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;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- failure by Choice Properties Real Estate Investment Trust ("Choice Properties") to realize the anticipated benefits associated with its strategic priorities and major initiatives, including failure to develop quality assets and effectively manage development, redevelopment, and renovation initiatives and the timelines and costs related to such initiatives;
- public health events including those related to food and drug safety;
- errors made through medication dispensing or errors related to patient services or consultation;
- failure to adapt to environmental and social risks, including failure to execute against the Company's climate change and social equity initiatives;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- adverse outcomes of legal and regulatory proceedings and related matters;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- failure to execute the Company's e-commerce initiatives or to adapt its business model to shifts in the retail landscape caused by digital advances;
- failure to realize 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 realize benefits from investments in the Company's new IT systems and related processes;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- reliance on the performance and retention of third party service providers, including those associated with the Company's supply chain and apparel business and located in both advanced and developing markets; and
- the inability of the Company to effectively develop and execute its strategy.

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

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

II. CORPORATE STRUCTURE

Incorporation

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

Intercorporate Relationships

GWL operates through its two reportable operating segments: Loblaw and Choice Properties. The Loblaw segment is operated by LCL through its subsidiaries. LCL is a public company in which GWL held an approximate 52.6% interest as at December 31, 2022. LCL's year end is on the Saturday closest to December 31. The Choice Properties segment is operated by Choice Properties, an unincorporated, open-ended real estate investment trust in which GWL held an approximate 61.7% interest as at December 31, 2022, through its ownership of 50,661,415 trust units ("Units") and all Class B LP units of Choice Properties Limited Partnership ("Class B LP Units"), a class of units which are economically equivalent to, and exchangeable for, Units.

A list of companies that carry on GWL's principal businesses is set out below. As at December 31, 2022, LCL owned, either directly or indirectly, 100% of the voting and non-voting securities of its principal subsidiaries noted below. Choice Properties owned, either directly or indirectly, 100% of the voting and non-voting securities of its principal subsidiaries noted below.

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

Choice Subsidiaries	**Jurisdiction of Incorporation/Formation**
Choice Properties Limited Partnership	Ontario
CPH Master Limited Partnership	Ontario

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

III. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

GWL is a Canadian public company, founded in 1882. The Company operates through its two reportable operating segments: Loblaw and Choice Properties, and it also holds cash and short-term investments. The Loblaw operating segment is Canada's food and pharmacy leader, and the nation's largest retailer. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, financial services and wireless mobile products and services. The Choice Properties operating segment owns, manages and develops a high quality portfolio of commercial, retail, industrial, office and residential properties across Canada. Loblaw's revenue in 2022 and 2021 was $56,504 million and $53,170 million, respectively. Choice Properties' revenue in 2022 and 2021 was $1,265 million and $1,292 million, respectively.

Loblaw

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

Retail Segment

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

Retail Excellence

Loblaw is continuously enhancing its core operations to differentiate its customer offerings and deliver scale through its national retail and logistics network. Retail operations benefit from more than one billion customer touchpoints annually and deliver a unique customer experience through industry-leading control brands, healthy alternatives, and multicultural foods, offered through a choice of in-store shopping, pick-up and delivery options. Loblaw's customer proposition is further strengthened by an ongoing emphasis on fresh product quality and assortment, customer service and competitive value.

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

Loblaw's expenditures on cost of goods sold, operating expenses and capital investments have totaled more than $51 billion annually in each of the last three years. Loblaw employs a robust targets-based approach to identifying and implementing processes to improve its operational efficiencies. Loblaw has pursued a number of multi-year initiatives to reduce complexity and cost using technology and automation-focused initiatives, almost 400 of which are ongoing. For example, it expanded self-checkout options which are now available at 615 of its grocery stores and across 985 pharmacies. Similarly, electronic shelf labels are currently being deployed to improve pricing accuracy and reallocate labour to more customer focused activities, and have been introduced in over 500 stores.

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

Loblaw also continues to improve the customer experience at its retail stores. Over the past three years, Loblaw has renovated 48 Market division stores, providing customers with an elevated shopping experience focused on innovative fresh food concepts, a breadth of assortment and food-focused customer service. Discount focused stores have been refreshed by bringing a wider selection of organics and healthier alternatives to value focused shoppers. Expanded multicultural offerings and the expansion of the T&T banner to a total of 31 stores has greatly increased Loblaw's multicultural offerings. In addition, there are 449 Shoppers Drug Mart stores with a *BeautyBOUTIQUE by Shoppers Drug Mart* department, which includes 26 enhanced-format *BeautyBOUTIQUE by Shoppers Drug Mart* locations, a market-leading destination for cosmetics and beauty products in Canada.

Loblaw initiated a program in 2021 to optimize its retail store network, to better serve customers and improve its overall profitability. In 2022, Loblaw made approximately $86 million in one-time capital investments to further improve its store network, including 16 store conversions, and downsizing one store.

Driving Growth

Loblaw continues to drive growth in targeted areas to further differentiate its portfolio of assets, generate competitive advantages in products, services and price, and improve its operational efficiencies.

Loyalty Since the creation of the *PC Optimum* loyalty program in 2018, Loblaw continues to invest in developing insights into consumer trends and personalizing promotional offers and product recommendations to increase engagement and drive profitable sales growth.

E-Commerce Over the past three years, Loblaw has made significant investments in implementing a national omni-channel offering, allowing customers to shop in-store or on-line with pick-up or delivery through *PC Express* services, ShoppersDrugMart.ca, and JoeFresh.com. Loblaw now offers Canadians over 800 pick-up locations and has partnered with delivery service providers to deliver groceries, front-shop and beauty products directly to Canadians' homes.

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

Loblaw Media™ Over the past three years, Loblaw has been developing the infrastructure and tools to unlock value from digital advertising opportunities and is now offering its vendor partners market-leading opportunities to engage customers in uniquely targeted ways.

Investing in the Future

Connected Healthcare Loblaw's pharmacies provide convenience and care by serving as trusted healthcare partners to millions of Canadians every day. Loblaw is making targeted strategic investments to expand access to health services for Canadian families. In 2020, Loblaw invested $75 million in Maple Corporation, a telemedicine firm, and worked with other vendors to expand its healthcare network. In 2021, Loblaw introduced its *PC Health* app nationally, providing Canadians with a personalized front-door to health and wellness products and services. In addition, it acquired Lifemark Health Group ("Lifemark") in 2022, bringing physiotherapy, massage, and other rehabilitation services into its healthcare ecosystem. In support of its Connected Healthcare strategy, Loblaw has been implementing new tools and technology to allow pharmacists to play an elevated role in the delivery of care by offering an expanded scope of services.

Financial Services Segment

President's Choice Financial

Over the past three years, President's Choice Bank ("PC Bank") has focused on expanding its customer base with its two products, PC®Mastercard® and the PC Money Account. As at December 31, 2022, there were over two million active customers.

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

Since the 2020 launch of the *PC Money* Account, an innovative bank account alternative that enables customers to manage their everyday financial needs like receiving deposits, paying bills, sending or receiving money and spending online or in person, PC Bank has helped Canadians save on banking fees and receive incremental *PC Optimum* points. PC Bank's product line creates a deeper integration and connection with the store network and the *PC Optimum* loyalty program.

Mobile Phone Services

Through *The Mobile Shop* kiosk offerings, customers are able to purchase a range of mobile services from a full range of wireless carriers in convenient locations across Loblaw's grocery store network. As at December 31, 2022, there were 200 *The Mobile Shop* kiosk locations across Loblaws' grocery store network.

Additional information on Loblaw can be found in the Annual Information Form of Loblaw dated February 23, 2023, which is available at www.sedar.com or www.loblaw.ca.

Choice Properties

Acquisition, Disposition and Development Activity

Acquisitions

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

The following tables summarize Choice Properties' acquisitions from related parties and third-parties from January 1, 2020 to December 31, 2022. References to "GLA" refer to gross leasable area.

2020

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

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

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

2021

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

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

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

2022

The following table summarizes the investment properties acquired in the year ended December 31, 2022:

Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA (square feet)	Purchase Price incl. Related Costs (in $ thousands)
Acquisitions from related parties					
Ottawa, ON	Mar 1	Industrial Under Development	100%	N/A	27,218
Montreal, QC	Mar 9	Retail	100%	15,526	2,343
Halifax, NS	Jun 17	Retail	100%	98,125	15,228
Total acquisitions from related parties				**113,651**	**44,789**
Acquisitions from third-parties					
Toronto, ON(1)	Jan 14	Mixed-Use, Residential & Other	3%	7,956	18,735
Toronto, ON(1)	Jan 14	Mixed-Use, Residential & Other	3%	11,488	17,090
Edmonton, AB	April 7	Industrial	50%	89,978	14,461
Caledon, ON	April 19	Industrial Under Development	85%	N/A	86,741
Burlington, ON	May 2	Retail	100%	131,473	42,059
East Gwillimbury, ON	May 31	Industrial Under Development	75%	N/A	52,800
Toronto, ON	Jul 6	Retail	100%	N/A	687
Toronto, ON	Sep 1	Retail	100%	34,177	19,180
Toronto, ON	Oct 5	Retail	100%	1,600	1,488
Toronto, ON	Dec 1	Retail	100%	89,690	53,315
Vaughan, ON	Dec 5	Retail	100%	22,388	19,750
Total acquisitions from third-parties				**388,750**	**326,306**
Total acquisitions				**502,401**	**371,095**

(1) Represents a 3% additional ownership interest acquired from a third party, increasing Choice Properties' total ownership interest in to 50%.

For additional information regarding Choice Properties' acquisitions, refer to the "Investment Properties" section of the Management's Discussion and Analysis ("MD&A") in Choice Properties' 2022 Annual Report.

Dispositions

The following tables summarize Choice Properties' dispositions from January 1, 2020 to December 31, 2022:

2020

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

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

2021

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

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

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

2022

The following table summarizes the investment properties disposed in the year ended December 31, 2022:

Location	Date of Disposition	Segment	Ownership Interest	Sale Price excl. Selling Costs (in $ thousands)
Edmonton, AB	Jan 31	Industrial	100%	9,700
Edmonton, AB	Feb 25	Industrial	100%	19,750
Campbell River, BC	Feb 28	Retail	50%	25,750
Portfolio of 6 assets across Canada(1)	Mar 31	Mixed-Use, Residential & Other	50%-100%	733,810
Brampton, ON	Jun 23	Retail Under Development	50%	10,125
Swift Current, SK	Jun 28	Retail	100%	6,500
Dartmouth, NS	Jul 6	Retail (Parcel)	100%	117
Calgary, AB	Jul 18	Retail	100%	6,550
Edmonton, AB	Jul 28	Retail (Parcel)	50%	2,000
Edmonton, AB	Aug 12	Mixed-Use, Residential & Other Under Development	50%	3,643
Montreal, QC	Sep 13	Mixed-Use, Residential & Other	100%	27,000
Quebec, QC	Oct 5	Retail (Parcel)	50%	4,325
Beaverton, ON	Dec 21	Retail	100%	1,000
Halifax, NS	Dec 28	Mixed-Use, Residential & Other	100%	40,000
Total dispositions				**890,270**

(1) See further details in “Office Portfolio Sale” below.

Office Portfolio Sale

On March 31, 2022, Choice Properties completed the disposition of a portfolio of six office properties in Toronto, Vancouver and Montreal to Allied Properties Real Estate Investment Trust (“Allied”) for an aggregate purchase price of approximately $733.8 million, excluding transaction costs (the “Allied Transaction”). The purchase price was satisfied through the issuance of 11,809,145 exchangeable Class B limited partnership units (“Class B Allied Units”) of Allied Properties Exchangeable Limited Partnership, an affiliated entity of Allied, and a promissory note with the maturity amount of $200 million. The Class B Allied Units are exchangeable into, and economically equivalent to, publicly traded trust units of Allied (“Allied Units”), and are accompanied by a corresponding number of special voting units of Allied. There are generally no restrictions on the exchange of Class B Allied Units into Allied Units, but the Allied Units (if exchanged) are subject to a lock-up, such that 25% of the Class B Allied Units or Allied Units, as applicable, will be released from lock up every three months following the first anniversary of closing of the Allied Transaction.

For additional information regarding Choice Properties’ dispositions, refer to the “Investment Properties” section of the MD&A in Choice Properties’ 2022 Annual Report.

Development Activity

Completed Developments

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

The following is a summary of Choice Properties' development activity from January 1, 2020 to December 31, 2022.

2020

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

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

2021

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

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

2022

In 2022, Choice Properties completed a total of $35.6 million in development projects delivering 175,684 square feet of total GLA (including 9,298 square feet associated with ground leases). The table below sets out the top five development projects by total GLA completed in 2022:

Location	Developed GLA (square feet)	Segment	Key Tenants	Development Type
Horizon Business Park, Edmonton, AB	107,230	Industrial	Kuehne & Nagel	Greenfield
Glen Erin, Mississauga, ON	17,120	Retail	Shoppers Drug Mart	Intensification
Boul. St. Joseph, Drummondville, QC	15,586	Retail	Shoppers Drug Mart	Intensification
Highway 88 West, Bradford, ON	12,607	Retail	Shoppers Drug Mart	Intensification
Oshawa Gateway, Oshawa, ON	7,105	Retail	Petsmart, Burger King, Popeyes Louisiana Kitchen	Greenfield
Total	**159,648**			

Projects Under Active Development
Projects under active development are sites under construction or sites with appropriate approvals in place which are expected to commence construction in the next six to twelve months. Currently, Choice Properties has 18 active developments comprised of 13 retail, three industrial and two residential projects. Upon completion, the projects under active development are expected to deliver a total of approximately 1,641,000 square feet of commercial space (including 1,033,000 square feet associated with ground leases) and 348 residential units at Choice Properties' ownership share.

Development in Planning
Beyond the projects under active development, Choice Properties has a substantial pipeline of larger, more complex mixed-use developments and land held for future commercial development, which collectively are expected to drive meaningful net asset value growth in the future. Choice Properties continues to advance the rezoning status for several mixed-use and industrial sites currently in different stages of the rezoning and planning process. As of December 31, 2022, Choice Properties has identified 15 sites with potential for future commercial development. This includes 13 opportunities at existing retail sites and 2 at existing industrial sites.

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

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

For additional information regarding Choice Properties' development activity, refer to the "Development Activities" section of the MD&A in Choice Properties' 2022 Annual Report.

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 15, 2023, which is available at www.sedar.com or www.choicereit.ca.

Sale of Weston Foods

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

IV. DESCRIPTION OF THE BUSINESS

Loblaw

Loblaw has two reportable operating segments: Retail and Financial Services. The Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores, and includes in-store pharmacies, health care services, other health and beauty products, apparel and other general merchandise. Loblaw's Financial Services segment provides credit card and everyday banking services, the PC Optimum™ loyalty program, insurance brokerage services, and telecommunication services. The businesses are underpinned by the *PC Optimum* loyalty program, a customer loyalty program that provides more than a billion dollars in annual rewards and is unique to each consumer across their network-wide purchases.

Retail Segment

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

Discount

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

Market

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

Shoppers Drug Mart

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

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

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

Loblaw offers a broad scope of pharmacy services on-site including vaccinations, point-of-care testing, and other services such as medication reviews and prescribing for minor health issues in selected provinces. In 2022, Loblaw delivered millions of flu and COVID-19 vaccinations and played a key role in COVID-19 testing in Canada.

In 2022, Loblaw acquired Lifemark, the leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services through its clinics across Canada.

Loblaw's *PC Health* app, which has been downloaded by over 1.4 million Canadians since launching in 2020, is designed to empower Canadians with convenient access to healthcare resources and support when, where and how they want it. In 2021, the app went fully national and added multiple new features to support Canadians with improving their health and wellness. Loblaw provides Canadians with virtual access to Lifemark's physiotherapy, massage, and other rehabilitation services and access to virtual care through its partnership with Maple Corporation. The *PC Health* app also expanded its library of educational health content, which is integrated with the *PC Optimum* loyalty program, in areas such as diabetes, cardiovascular health, and fitness.

Geographic and Banner Summary

As at December 31, 2022, Loblaw, through its subsidiaries, franchisees, and Associates, operated stores in the following jurisdictions[1]:

Jurisdiction	**Corporate Stores**	**Franchised Stores**	**Associate-Owned Shoppers Drug Mart Stores**	**Healthcare Clinics**
Newfoundland and Labrador	12	7	29	5
Prince Edward Island	4	5	5	—
Nova Scotia	31	17	35	32
New Brunswick	20	20	38	5
Quebec	144	66	176	28
Ontario	202	310	632	140
Manitoba	13	11	42	1
Saskatchewan	14	15	38	5
Alberta	53	54	168	54
Northwest Territories	—	2	1	—
Yukon	1	1	2	—
British Columbia	53	43	180	28
Total	**547**	**551**	**1,346**	**298**

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

As at December 31, 2022, 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	Healthcare Clinics
Market				
Loblaws	45	—	—	—
Provigo	3	55	—	—
Provigo Le Marche	3	10	—	—
Valu-mart	—	31	—	—
Independent	—	150	—	—
City Market	—	9	—	—
Zehrs	42	—	—	—
Atlantic Superstore	52	—	—	—
Dominion[3]	11	—	—	—
Discount				
Maxi	127	—	—	—
Extra Foods	5	2	—	—
No Frills	—	271	—	—
Real Canadian Superstore	120	—	—	—
Shoppers Drug Mart				
Wellwise by Shoppers	43	—	—	—
Beauty Boutique by Shoppers Drug Mart	1	—	—	—
Shoppers Drug Mart/Pharmaprix	—	—	1,310	—
Shoppers Simply Pharmacy	—	—	36	—
The Health Clinic by Shoppers	6	—	—	—
Lifemark	—	—	—	298
Other Retail				
T&T Supermarket	31	—	—	—
Fortinos	—	23	—	—
Other Retail - Wholesale				
Cash & Carry	5	—	—	—
Club Entrepot	4	—	—	—
Presto	6	—	—	—
Real Canadian Wholesale Club	41	—	—	—
Other Retail - Apparel				
Joe Fresh	2	—	—	—
Total	**547**	**551**	**1,346**	**298**

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

As at December 31, 2022, the total square footage of Loblaw's corporate, franchised and Associate-owned *Shoppers Drug Mart* stores was approximately 36.1 million square feet, 17.2 million square feet and 18.9 million square feet, respectively. Loblaw, directly or indirectly, owned 6% of the real estate on which its grocery stores are located and 4% of the real estate on which franchised grocery stores are located, as well as various properties under development or held for future development.

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

Control Brand Products

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

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

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

Loyalty Program

Loblaw rewards customers through the *PC Optimum* loyalty program when they shop at its stores or e-commerce sites and through select partners. The *PC Optimum* loyalty program offers a fully digital loyalty experience for its customers, in the form of personalized weekly offers on grocery, health and personal care, convenience and gas. Offers are designed to reward customers for the items they purchase most often while leveraging data to unlock meaningful value for those customers and give them the best possible shopping experience.

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

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

Supply Chain

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

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

Retail Competitive Environment

The retail industry in Canada is highly competitive. Loblaw competes against a wide variety of retailers, including supermarket and retail drug store operators, as well as mass merchandisers, warehouse clubs, e-commerce retailers and businesses, mail order prescription drug distributors, limited assortment stores, discount stores, convenience stores and specialty stores. Loblaw is subject to competitive pressures from increases in the type and number of businesses that compete with it, including non-traditional competitors, and from the expansion or renovation of existing competitors. Loblaw faces competition from companies offering financial service products, particularly consumer credit and debit cards and their associated consumer loyalty programs. Additionally, as Loblaw expands its healthcare service offerings, it faces competition from other healthcare service providers, including physiotherapy and mental health practitioners, virtual healthcare services, and electronic medical records 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 products and services to consumers under the *President's Choice Financial* brand, including the PC®Mastercard® and *PC Money* Account. PC Bank also offers guaranteed investment certificates through the broker channel.

PC®Mastercard® is PC Bank's longest standing product, a leading no-fee credit card that rewards customers with *PC Optimum* points on every dollar spent. In 2020, PC Bank launched the *PC Money* Account, a simple no-fee way for consumers to do their everyday banking that also enables them to earn *PC Optimum* points on money they spend. As PC Bank enhances its products and services, it remains committed to offering customers innovative banking and payment solutions and value through the *PC Optimum* loyalty program.

Loblaw offers mobile products and services under The Mobile Shop™ brand, as well as prepaid cell phones and gift cards, through its network of grocery stores located across the country. In addition, through its insurance entities, Loblaw offers products such as auto and home insurance.

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 intensifies, customer expectations continue to increase as they look for great value and exceptional experiences in return for their loyalty. The value proposition of being able to earn free groceries through the *PC Optimum* loyalty program by using a PC®Mastercard® and *PC Money* Account is one of the key factors that enables PC Bank to compete with banks and other financial institutions offering comparable products.

Lending

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

Labour and Employment Matters

As at December 31, 2022, Loblaw, through its subsidiaries, franchisees and Associates, employed approximately 221,000 full-time and part-time employees. A majority of Loblaw's grocery store level and distribution centre colleagues are unionized.

Intellectual Property

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

Environmental, Social and Governance

Loblaw believes that its customers, investors, employees, and other stakeholders expect it to be a force for positive environmental and social change, and to demonstrate robust corporate governance practices. Environmental, Social and Governance ("ESG") considerations are central to decisions made across Loblaw, exhibited through the inclusion of ESG targets in Loblaw's short-term incentive program. By integrating ESG considerations in its strategy and day-to-day business activities, and implementing robust compliance and ethics programs, Loblaw aims to continue its ESG leadership for generations to come.

Loblaw publishes various disclosure documents outlining how it is addressing environmental and social issues. This includes an annual ESG Report which makes disclosures in accordance with the Global Reporting Initiative standards (GRI) and the Sustainability Accounting Standards Board framework (SASB) and takes additional reporting guidance from the UN Sustainable Development Goals (UN SDG's), and the Task Force on Climate Related Financial Disclosures (TCFD). This report and other related information can be found on Loblaw's website, www.loblaw.ca.

The information on Loblaw 's website does not form a part of this Annual Information Form. Information regarding Loblaw's corporate governance practices is set out in Loblaw's Management Proxy Circular for the Annual Meeting of shareholders held on May 5, 2022.

Additional information on Loblaw can be found in the Annual Information Form of Loblaw dated February 23, 2023, 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 and residential properties across Canada. Choice Properties is Canada's premier diversified REIT with a portfolio comprising 702 income-producing properties with a total GLA of approximately 63.9 million square feet as at December 31, 2022. Choice Properties' portfolio includes 574 retail properties, 116 industrial properties and 12 mixed-use, residential & other properties as at December 31, 2022. The retail properties consist of: (i) 276 properties with a stand-alone Loblaw-owned banner; (ii) 240 properties anchored by a Loblaw-owned banner that also contains one or more third-party tenants; and (iii) 58 properties containing only third-party tenants.

In 2022, Choice Properties made the strategic decision to focus its time and capital on the opportunities available in its core business of essential retail, its growing residential platform and robust development pipeline. Following the completion of the Allied Transaction on March 31, 2022, Choice Properties combined its office and residential properties into a newly created Mixed-Use, Residential & Other segment. Choice Properties' reportable segments include: (i) Retail, (ii) Industrial and (iii) Mixed-Use, Residential & Other.

Retail Portfolio

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

Industrial Portfolio

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

Mixed-Use, Residential & Other Portfolio

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

Choice Properties' remaining office properties are primarily leased to entities within the Weston Group.

As at December 31, 2022, Choice Properties' portfolio consisted of the following income producing properties across Canada:

Jurisdiction	Retail	Industrial	Mixed-Use, Residential & Other	Total
British Columbia	40	4	—	44
Alberta	76	46	4	126
Saskatchewan	16	—	—	16
Manitoba	14	—	—	14
Ontario	242	44	7	293
Quebec	104	4	—	108
Newfoundland	8	1	—	9
New Brunswick	26	2	—	28
Prince Edward Island	4	—	—	4
Nova Scotia	44	15	1	60
Grand Total	**574**	**116**	**12**	**702**

Additional information on Choice Properties can be found in the Annual Information Form of Choice Properties dated February 15, 2023, which is available at www.sedar.com or www.choicereit.ca.

Acquisitions

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

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

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

Development

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

Intensification

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

Mixed-Use Development

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

Greenfield Development

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

Residential Development

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

Active Management

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

Principal Tenant - Loblaw

Loblaw is Choice Properties' largest tenant. As at December 31, 2022, Loblaw represented 57.0% of total GLA and approximately 57.3% of Choice Properties' rental revenue for the year ended December 31, 2022. As at December 31, 2022, Loblaw leased approximately 36.5 million square feet of GLA from Choice Properties, with approximately 84.8%, 12.8% and 2.4% of such GLA attributed to retail, industrial and mixed-use and other space, respectively. See the "Loblaw Leases" section below for a description of key terms of the Loblaw Leases.

Competition

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

Employment

As at December 31, 2022, Choice Properties had 285 full-time employees. The majority of the employees are located in Choice Properties' Toronto, Ontario office, with the remaining employees located at various regional offices across Canada.

Environmental, Social and Governance

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

Over the past year, Choice Properties has focused on continuing to integrate ESG practices into its business strategy, making progress towards its environmental and social targets, and enhancing reporting formats that provide visibility on Choice Properties' progress and achievements against these objectives. In 2022, Choice Properties released its inaugural Pathway to Net-Zero Report (the "Net-Zero Report"). The Net-Zero Report details Choice Properties' approach to achieving net-zero greenhouse gas emissions across its entire portfolio, including (i) a 50% reduction in absolute scope 1 and scope 2 emissions and a 30% reduction in scope 3 emissions from tenant energy use and development activities by 2030, in each case from a 2019 base year; and (ii) a 90% reduction in absolute scope 1, 2 and 3 emissions by 2050 from a 2019 base year. In 2022, the Science Based Targets initiative (SBTi) validated Choice Properties' greenhouse gas emissions reduction targets, making Choice Properties one of the first entities in Canada to have its net-zero targets approved by the SBTi. Choice Properties' targets are consistent with the primary goal of the Paris Agreement – to limit the rise in global temperature this century to 1.5 degrees Celsius.

Additional details on Choice Properties' ESG program and performance can be found in its annual ESG Report which aligns with leading disclosure standards including the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). 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 Choice Properties Management Proxy Circular for the Annual Meeting of Unitholders that was held on April 28, 2022, which Choice Properties incorporates by reference herein and is available on SEDAR at www.sedar.com or www.choicereit.ca.

V. PRIVACY AND ETHICS

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

Each of GWL, Loblaw, and Choice Properties has in place a Management Risk and Compliance Committee, comprised of senior management, each of which monitors compliance with the entity's Code of Conduct and determines how to best ensure that it is conducting its business in an ethical manner. The Company encourages reporting of unethical conduct and has 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.

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

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

VI. OPERATING AND FINANCIAL RISKS AND RISK MANAGEMENT

Enterprise Risks and Risk Management

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

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

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

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

The following discussion of risks identifies significant factors that could have a material adverse effect on the Company's business, operations, financial condition or future financial performance. The COVID-19 pandemic may continue to affect the operations and financial performance of the Company and its operating segments, including as a result of uncertain economic conditions, volatile debt and equity markets, and impacts to its workforce, supply chain, and distribution channels that affect the products and services it is able to offer and/or its ability to engage in cross-border commerce. 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.

Operating Risks and Risk Management

Economic Conditions

The Company's revenue and profitability are impacted by general economic conditions. These economic conditions include inflation, levels of employment, costs of borrowing, household debt, political uncertainty and government regulation, the impact of natural disasters, war or acts of terrorism, pandemics, changes in interest rates, tax rates, or exchange rates, and access to consumer credit. A number of these conditions could negatively impact consumer spending. As a result, these economic conditions may adversely impact demand for the Company's products and services which could adversely affect the Company's operations or financial performance.

Colleague Attraction, Development and Succession Planning

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

Cybersecurity, Privacy and Data Breaches

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

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

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

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

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

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

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

Distribution and Supply Chain

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

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.

Regulatory Compliance

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

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

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

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

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

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

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

Alternative Arrangements for Sourcing Generic Drug Products

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

In addition, the market for generic prescription drug products and eligibility for reimbursement from governmental and other third-party payers will depend on the extent to which the products are designated as interchangeable with the branded products and are included as a benefit on the public drug plans in Canada.

These interchangeability designations and benefit listings are highly regulated and will be dependent on the products and the procurement model meeting the regulatory requirements. If the demand for generic products, including private label generic prescription drug products, is negatively affected by fewer designations or limitations placed on private label prescription drug products, it could adversely affect the reputation, operations or financial performance of the Company.

Property Development and Construction

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

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

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.

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.

Food, Drug, Product and Services Safety

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

Environmental and Social

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

Environmental

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

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

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

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

Social

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

Labour Relations

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

Legal Proceedings

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

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

Competitive Environment and Strategy

The Company operates in highly competitive industries.

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

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

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

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

Electronic Commerce and Disruptive Technologies

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

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

Change Management, Process and Efficiency

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

IT Systems Implementation and Data Management

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

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

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

Inventory Management

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

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

Service Providers

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

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

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

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

Franchisee Relationships

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

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

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

Associate-owned Drug Store Network and Relationships with Associates

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

Tenant Concentration

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

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

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

Execution of Strategic Initiatives

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

Workplace Health and Safety

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

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

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

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

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

Defined Benefit Pension Plan Contributions

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

Multi-Employer Pension Plans

In addition to the Company-sponsored pension plans, Loblaw participates in various multi-employer pension plans, providing pension benefits to unionized employees pursuant to provisions of collective bargaining agreements. Approximately 26% of the employees of Loblaw, 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, Loblaw has a representative on the board of trustees of these plans. Loblaw'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 employees and former employees who are members of these plans and 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 57,000 employees as members.

Financial Risks and Risk Management

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

Liquidity

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

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

Commodity Prices

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

Currency Exchange Rates

The Company is exposed to foreign currency exchange rate variability, primarily on its USD denominated purchases in trade payables and other liabilities. A depreciating Canadian dollar relative to the USD will have a negative impact on year-over-year changes in reported operating income and net earnings, while an appreciating Canadian dollar relative to the USD will have the opposite impact. To manage a portion of this exposure, the Company uses derivative instruments in the form of futures contracts and forward contracts to minimize cost volatility related to foreign exchange.

Credit

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

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

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

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

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

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

Trust Unit Prices

The Company is exposed to market price risk from Choice Properties' Units that are held by unitholders other than the Company. These Units are presented as a liability on the Company's consolidated balance sheets as they are redeemable for cash at the option of the holders. The 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. An increase in interest rates could adversely affect the operations or financial performance of the Company. 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 judgment 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 2022 MD&A. This information is incorporated herein by reference and is available at www.sedar.com or www.weston.ca.

VII. CAPITAL STRUCTURE AND MARKET FOR SECURITIES

Share Capital

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

Common Shares (authorized – unlimited)

Common shares have voting rights of one vote per common share. The holders of common shares are entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of GWL, to receive any dividend declared by GWL and to receive the remaining property of GWL upon dissolution. GWL announced a normal course issuer bid early in 2022. During the year, GWL repurchased 6,503,892 common shares pursuant to its normal course issuer bid. As at December 31, 2022, there were 140,737,942 common shares issued and outstanding.

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

As at December 31, 2022, 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, 2022, there were no preferred shares, Series II outstanding.

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

As at December 31, 2022, 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, 2022, 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, 2022, 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, 2022 to December 31, 2022 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 2022	$145.65	$132.50	152,920	3,058,395
February 2022	$141.73	$134.78	135,032	2,565,602
March 2022	$157.86	$136.15	219,980	5,059,540
April 2022	$161.46	$153.42	137,176	2,743,527
May 2022	$158.84	$147.81	222,160	4,665,355
June 2022	$154.07	$142.81	184,335	4,055,377
July 2022	$158.72	$150.28	147,237	2,944,746
August 2022	$161.77	$150.15	154,901	3,407,827
September 2022	$154.20	$144.63	181,277	3,806,815
October 2022	$151.91	$139.52	161,281	3,225,616
November 2022	$169.86	$149.99	168,358	3,703,867
December 2022	$178.84	$167.99	182,350	3,646,996

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, 2022 to December 31, 2022 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 2022	$26.30	$25.49	7,650	153,006
February 2022	$25.96	$25.64	5,237	99,508
March 2022	$26.00	$25.31	7,296	167,814
April 2022	$25.88	$24.58	9,511	190,217
May 2022	$25.23	$24.79	7,411	155,625
June 2022	$25.40	$24.10	4,239	93,259
July 2022	$25.00	$24.21	4,400	88,003
August 2022	$25.05	$24.64	4,658	102,467
September 2022	$24.69	$23.25	3,172	66,609
October 2022	$23.75	$22.31	4,029	80,580
November 2022	$23.25	$22.60	5,054	111,180
December 2022	$23.16	$22.06	6,010	120,192

	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 2022	$25.64	$25.18	5,449	108,980
February 2022	$25.59	$25.15	2,918	55,437
March 2022	$25.41	$24.71	3,441	79,132
April 2022	$24.75	$22.31	3,925	78,497
May 2022	$22.90	$22.25	16,340	343,137
June 2022	$22.93	$21.11	10,172	223,794
July 2022	$21.91	$21.10	17,485	349,699
August 2022	$21.90	$21.07	4,497	98,941
September 2022	$21.27	$19.68	5,139	107,909
October 2022	$20.65	$19.58	7,439	148,771
November 2022	$20.40	$19.52	13,345	293,580
December 2022	$20.51	$19.54	11,948	238,962

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 2022	$25.58	$25.17	3,707	74,132
February 2022	$25.46	$25.20	2,724	51,763
March 2022	$25.42	$24.72	5,112	117,570
April 2022	$24.80	$22.30	9,690	193,790
May 2022	$22.94	$22.24	25,013	525,273
June 2022	$22.89	$21.10	4,161	91,552
July 2022	$21.92	$21.21	4,830	96,601
August 2022	$22.00	$21.15	5,667	124,663
September 2022	$21.20	$19.74	5,588	117,339
October 2022	$20.76	$19.60	6,174	123,478
November 2022	$20.37	$19.39	7,811	171,835
December 2022	$20.52	$19.79	10,350	207,000

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 2022	$25.01	$24.60	3,314	66,279
February 2022	$24.89	$23.75	2,814	53,473
March 2022	$24.94	$23.05	2,321	53,390
April 2022	$23.23	$20.55	12,729	254,572
May 2022	$21.09	$20.28	21,471	450,882
June 2022	$20.98	$19.40	7,425	163,350
July 2022	$20.50	$19.50	3,622	72,434
August 2022	$20.85	$19.75	2,608	57,376
September 2022	$20.05	$18.44	2,264	47,539
October 2022	$19.01	$17.97	8,196	163,918
November 2022	$18.92	$17.78	9,563	210,392
December 2022	$19.50	$18.30	4,492	89,832

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, 2022, 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 2022 MD&A.

Credit Ratings

In 2022 DBRS Morningstar ("DBRS") reaffirmed GWL's credit ratings and trend. In June 2022, S&P Global Ratings ("S&P") confirmed GWL's credit ratings and outlook.

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

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

The rating organizations base their ratings on quantitative and qualitative considerations. These ratings are intended to give an indication of the risk that the Company will not fulfill its obligations in a timely manner. Credit ratings may not reflect the potential impact of all risks on the value of the securities. These ratings are not recommendations to buy, sell or hold securities and may be subject to revision or withdrawal by the rating organization at any time.

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

DBRS

Issuer Credit Rating

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

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

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

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

Preferred Shares

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

Rating Trends

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

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

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

S&P

Issuer Credit Rating

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

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

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

Preferred Shares

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

Rating Outlook

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

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

VIII. DIVIDENDS

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

Historical Dividend Payments

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

Dividends declared per share ($)	**2022**	**2021**	**2020**
Common shares	2.52	2.30	2.125
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 second quarter of 2022, the Board declared a $0.06 increase in the quarterly common share dividend from $0.60 per common share to $0.66 per common share.

Normal Course Issuer Bid ("NCIB")

In the second quarter of 2022, GWL renewed its NCIB program to purchase on the TSX, or through alternative trading systems, up to 7,304,927 common shares, representing five percent of the common shares outstanding as of the date on which GWL renewed its NCIB program. In accordance with the rules and regulations of the TSX, GWL may purchase its common shares from time to time at the then market price of such shares.

In 2022, GWL executed share repurchases of 6,503,892 common shares under its NCIB program (6,389,176 of which were cancelled, 99,000 of which were placed into trusts for future settlement of GWL's restricted share unit (RSU) and performance unit (PSU) obligations, and 15,716 of which were purchased and settled for US employees and former directors).

GWL intends to re-file its NCIB in 2023.

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 GWL at the closing price of the common shares on the TSX in order for GWL 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 GWL. 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 2023, GWL and Loblaw may also apply to the TSX to extend the term of the automatic share repurchase plan to cover the renewed NCIB term.

IX. DIRECTORS AND OFFICERS

The following lists of directors and executive officers are current to February 28, 2023.

Directors

Name, Province and Country of Residence	**Principal Occupation**	**Director Since**
Galen G. Weston Ontario, Canada	Chairman and CEO of George Weston Limited and Chairman and President of Loblaw Companies Limited	2016
M. Marianne Harris [1, 2] Ontario, Canada	Corporate Director	2022
Nancy H.O. Lockhart [2] Ontario, Canada	Corporate Director	2019
Sarabjit S. Marwah [1, 2] Ontario, Canada	Senate of Canada	2013
Gordon M. Nixon, C.M. [2*] Ontario, Canada	Corporate Director	2014
Barbara G. Stymiest [1*, 2] Ontario, Canada	Corporate Director	2011
Cornell Wright Ontario, Canada	President of Wittington Investments, Limited	2022

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

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

Executive Officers

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

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: Ms. Lina Taglieri who held the position of Senior Vice President, Finance at Loblaw until December 2018; Ms. Anemona Turcu, who held the position of partner at Ernst & Young LLP until July 2019; and Mr. Cornell Wright, who held the position of partner at Torys LLP until April 2021.

As at December 31, 2022, 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 76,280 common shares of the Company, 28,166 common shares of LCL and 261,276 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, 2022, Mr. Galen G. Weston beneficially owned, directly or indirectly, or exercised control over 78,650,662 common shares or approximately 55.9% of the issued and outstanding common shares of GWL. GWL beneficially owned, directly or indirectly, or exercised control over 170,606,070 common shares or approximately 52.6% of the issued and outstanding common shares of LCL and 50,661,415 Units and 395,786,525 Class B LP Units, representing a 61.7% effective interest in Choice Properties. In addition, Mr. Galen G. Weston beneficially owned, directly or indirectly, or exercised control over 473,636 common shares, representing less than 1% of the issued and outstanding common shares of LCL and 50,000 Units, representing less than 1% of the issued and outstanding Choice Properties Units.

X. LEGAL PROCEEDINGS

Legal Proceedings

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

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that was filed in the Ontario Superior Court of Justice ("Superior Court") by two licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who were 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. A summary judgment trial of the matter was held in December 2022 and on February 17, 2023, the Superior Court released its decision in relation to those summary judgement motions (the "Decision"). The Superior Court dismissed the plaintiffs' claims on the majority of the issues including a request for damages at this stage of proceedings. The Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. Loblaw is still assessing the Decision and has not yet determined whether it plans to appeal any aspect of it. Accordingly, Loblaw has not recorded any amounts related to the potential liability associated with this lawsuit. Loblaw does not believe that the ultimate resolution of this matter will have a material adverse impact on its financial condition or prospects.

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's and Loblaw's cash balances far exceed any realistic damages scenario and therefore the Company and Loblaw do not anticipate any impacts on the Company's or Loblaw's dividend, dividend policy or share buyback plan. The Company and Loblaw have not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2022 or prior on the basis that a reliable estimate of the liability cannot be determined at this time. The Company and Loblaw will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the Ontario, Quebec, and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

Between 2015 and 2019, Loblaw was reassessed by the Canada Revenue Agency 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. In the fourth quarter of 2021, the Supreme Court of Canada ruled in favour of Loblaw on the Glenhuron matter and Loblaw reversed $301 million of previously recorded charges, of which $173 million was recorded as interest income and $128 million was recorded as income tax recovery, and an additional $16 million, before taxes, was also recorded in respect of interest income earned on expected cash tax refunds. As a result of related reassessments received during the first quarter of 2022, Loblaw reversed another $35 million of previously recorded charges, of which $2 million was recorded as interest income and $33 million was recorded as an income tax recovery, and an additional $9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds.

In July 2022, the Tax Court of Canada (the "Tax Court") released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal. Although Loblaw believes in the merits of its position, Loblaw recorded a charge of $111 million, inclusive of interest, in the second quarter of 2022. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

Regulatory Action

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

In 2017, GWL 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. GWL 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 GWL and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. Please refer to the "Legal Proceedings" section on page 38 of this AIF for more information.

XI. MATERIAL CONTRACTS

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 2022.

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

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

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

Further information on related party transactions can be found on page 69 of the Company's 2022 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

PricewaterhouseCoopers LLP ("PwC") was the Company's auditor for the year ended December 31, 2022 and prepared the Independent Auditor's Report to shareholders in respect of the Company's audited annual consolidated financial statements for the year ended December 31, 2022. PwC has confirmed that it is independent with respect to the Company within the meaning of the rules and related interpretations prescribed by the relevant professional bodies in Canada.

XV. AUDIT COMMITTEE INFORMATION

The Mandate of the Audit Committee, as approved by the Board on February 28, 2023, 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. Barbara G. Stymiest formerly served as a member of the Group Executive of Royal Bank of Canada, Chief Executive Officer of TMX Group Inc., Executive Vice-President and Chief Financial Officer at BMO Capital Markets, and Partner of Ernst & Young LLP. She obtained an H.B.A. from the Richard Ivey School of Business and is a Fellow Chartered Professional Accountant.
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> Ms. M. Marianne Harris, B.Sc., M.B.A., J.D. is the former Managing Director and President, Corporate and Investment Banking for Merrill Lynch Canada Inc. and the former Head of Financial Institutions Group Americas, Merrill Lynch Pierce Fenner & Smith. She serves on the audit committees of Sun Life Financial Inc., Public Sector Investment Board, and Loblaw Companies Limited and formerly served on the audit committe of Agrium Inc. Ms. Harris holds an M.B.A. from the Schulich School of Business, a J.D. (Juris Doctor) degree from Osgoode Hall Law School and a B.Sc. (Honours) from Queens University.
>
> Mr. Sarabjit S. Marwah is the former Vice-Chairman and Chief Operating Officer of the Bank of Nova Scotia. In 2016, he was appointed to the Senate of Canada. 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.

XVI. EXTERNAL AUDIT FEES

Following the completion of a tender process, PwC was appointed the Company's auditor by the Board of Directors on September 24, 2021 and the appointment was approved by the Company's shareholders at the Annual Meeting of Shareholders on May 10, 2022. Fees relating to the fiscal year 2022 were as follows:

	2022 $(000's)
Audit fees(1)	8,937
Audit-related fees(2)	778
Tax-related fees(3)	87
All other fees(4)	2,547
Total fees	12,349

(1) Audit fees include fees for services related to the audit of the Company's consolidated financial statements, including its subsidiaries. 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 regulatory filings.

(2) Audit-related fees include fees for French translation services associated with the Company's financial and regulatory filings, specified procedures and for the audits of pension plans and charitable foundations.

(3) Tax-related fees include fees for tax compliance services. The Company was also billed $1,283,000 in 2022 for work engaged in 2021, prior to PwC becoming the Company's auditor.

(4) All other fees include permissible advisory and support services for ongoing project work commenced prior to PwC becoming the Company's auditor.

Prior to PwC, the Company's auditor was KPMG LLP. Fees billed for services rendered by KPMG LLP for the fiscal year 2021 were as follows:

	2021 $(000's)
Audit fees(1)	8,244
Audit-related fees(2)	3,174
Tax-related fees(3)	60
All other fees(4)	872
Total fees	12,350

(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 and advice rendered for certain special projects and for services related to legislative and/or regulatory compliance.

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

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, is contained in the Company's Management Proxy Circular for the Annual Meeting of shareholders held on May 10, 2022. Additional financial information is also provided in the Company's consolidated financial statements and MD&A for its most recently completed financial year.

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

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

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

Appendix "A"

Mandate of the Audit Committee

1. RESPONSIBILITY

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

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

2. MEMBERS

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

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

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

3. CHAIR

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

4. TENURE

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

5. QUORUM, REMOVAL AND VACANCIES

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

6. DUTIES

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

Review of Financial Statements, Disclosure and Other Regulatory Filings

(a) Review of Annual Audited Financial Statements

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

In conducting their review, the Audit Committee should:

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

(b) Review of Interim Financial Statements

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

(c) Legal Compliance Regarding Financial Statements

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

(d) Other Financial Information

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

(e) Review of Prospectuses and Other Regulatory Filings

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

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

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

(g) Taxation Matters

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

(h) Capital Projects

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

(i) Timely Disclosure, Confidentiality and Securities Trading Policy

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

(j) Review of Related Party Transactions

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

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

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

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

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

(l) Internal Control Compliance Group

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

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

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

Oversight of External Auditors

(m) Appointment and Review of Auditor

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

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

(n) Confirmation of Independence of Auditor

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

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

(o) Rotation of Engagement Partner/Lead Partners

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

(p) Pre-Approval of Non-Audit Services

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

(q) Communications with Auditor

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

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

(r) Approval of Audit Plan

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

(s) Approval of Audit Fees

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

(t) Hiring Policies

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

Oversight of Internal Audit Matters and Enterprise Risk Management

(u) Internal Audit Function

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

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

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

(v) Enterprise Risk Management

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

(w) Fraud Control

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

(x) Information Technology Systems and Information Technology

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

Oversight of Legal and Regulatory Compliance Program

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

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

i. review and approve the Compliance mandate annually;

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

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

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

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

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

Relations with Management

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

Review of Complaints Procedures

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

7. REPORTING

The Audit Committee shall report to the Board on:

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

8. FREQUENCY OF MEETINGS AND *IN CAMERA* SESSIONS

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

9. RETENTION OF EXPERTS

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

10. REVIEW AND DISCLOSURE

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

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