Q2 2023
Quarterly Report

24 Weeks Ended June 17, 2023

WESTON GEORGE WESTON LIMITED

ESTABLISHED 1882

Footnote Legend

(1) Refer to Section 8, "Non-GAAP and Other Financial Measures", of the Company's 2023 Second Quarter Management's Discussion and Analysis.

(2) GWL Corporate refers to the non-consolidated financial results and metrics of George Weston Limited. GWL Corporate is a subset of Other and Intersegment.

(3) To be read in conjunction with Section 9, "Forward-Looking Statements", of the Company's 2023 Second Quarter Management's Discussion and Analysis.

Management's Discussion and Analysis

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") for George Weston Limited ("GWL" or the "Company") should be read in conjunction with the Company's second quarter 2023 unaudited interim period condensed consolidated financial statements and the accompanying notes of this Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2022 and the related annual MD&A included in the Company's 2022 Annual Report.

The Company's second quarter 2023 unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). These unaudited interim period condensed consolidated financial statements include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars, except where otherwise noted.

Under International Financial Reporting Standards ("IFRS" or "GAAP"), certain expenses and income must be recognized that are not necessarily reflective of the Company's underlying operating performance. Non-GAAP financial measures exclude the impact of certain items and are used internally when analyzing consolidated and segment underlying operating performance. These non-GAAP financial measures are also helpful in assessing underlying operating performance on a consistent basis. See Section 8, "Non-GAAP and Other Financial Measures", of this MD&A for more information on the Company's non-GAAP financial measures.

The Company operates through its two reportable operating segments, Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation and cash and short-term investments held by the Company. All other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in Other and Intersegment. Loblaw has two reportable operating segments, retail and financial services. Loblaw's retail segment consists primarily of food retail and drug retail. Loblaw provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise and financial services. Choice Properties owns, manages and develops a high-quality portfolio of commercial and residential properties across Canada.

In this MD&A, "Consolidated" refers to the consolidated results of GWL including its subsidiaries under continuing operations, while "GWL Corporate" refers to the non-consolidated financial results and metrics of GWL, such as dividends paid by GWL to its shareholders or cash flows received by GWL from its operating businesses. GWL Corporate is a subset of Other and Intersegment.

A glossary of terms and ratios used throughout this Quarterly Report can be found beginning on page 174 of the Company's 2022 Annual Report.

This MD&A contains forward-looking statements, which are subject to risks and uncertainties that could cause the Company's actual results to differ materially from the forward-looking statements. For additional information related to forward looking statements, material assumptions and material risks associated with them, see Section 6, "Enterprise Risks and Risk Management", Section 7, "Outlook" and Section 9, "Forward-Looking Statements" of this MD&A.

The information in this MD&A is current to July 31, 2023, unless otherwise noted.

At a Glance

Key Financial Highlights

As at or for the 12 weeks ended June 17, 2023, June 18, 2022 and December 31, 2022
($ millions except where otherwise indicated)

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

Consolidated

REVENUE	OPERATING INCOME	ADJUSTED EBITDA[1]	ADJUSTED EBITDA MARGIN[1] (%)
$ 13,884	$1,099	$1,733	12.5%
+7.0% vs. Q2 2022	+69.3% vs. Q2 2022	+9.1% vs. Q2 2022	+30bps vs. Q2 2022

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS FROM CONTINUING OPERATIONS	ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1] FROM CONTINUING OPERATIONS	DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS ($)	ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1] FROM CONTINUING OPERATIONS ($)
$498	$377	$3.55	$2.68
-22.2% vs. Q2 2022	+14.9% vs. Q2 2022	-18.6% vs. Q2 2022	+20.2% vs. Q2 2022

GWL Corporate[2]

GWL CORPORATE[2] CASH FLOW FROM OPERATING BUSINESSES[1] FROM CONTINUING OPERATIONS	GWL CORPORATE[2] FREE CASH FLOW[1] FROM CONTINUING OPERATIONS	QUARTERLY DIVIDENDS DECLARED PER SHARE ($)	GWL CORPORATE[2] CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
$152	$365	$0.713	$737
+4.1% vs. Q2 2022	-3.2% vs. Q2 2022	+8.0% vs. Q2 2022	-9.9% vs. Q4 2022

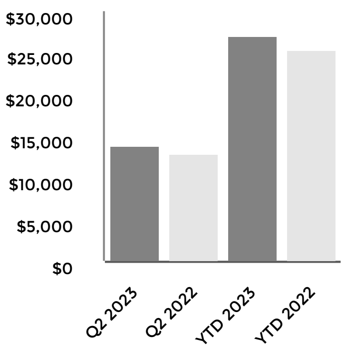
(1) Refer to Section 8, "Non-GAAP and Other Financial Measures", of this MD&A.
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.

Key Performance Indicators

For the 12 weeks and 24 weeks ended June 17, 2023 and June 18, 2022
($ millions except where otherwise indicated)

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

REVENUE



Q2 2023	**$**	**13,884**	
Q2 2022	$	12,979	**+7.0%**
YTD 2023	**$**	**27,017**	
YTD 2022	$	25,386	**+6.4%**

How we performed

Revenue increased in the second quarter of 2023 and year-to-date due to growth at Loblaw and Choice Properties.

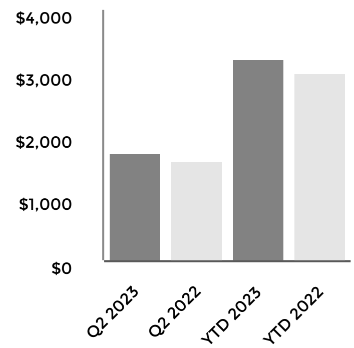
OPERATING INCOME

Q2 2023	**$**	**1,099**	
Q2 2022	$	649	**+69.3%**
YTD 2023	**$**	**2,056**	
YTD 2022	$	1,815	**+13.3%**

How we performed

Operating income increased in the second quarter of 2023 and year-to-date due to the favourable year-over-year net impact of adjusting items and the improvement in the underlying operating performance of Loblaw and Choice Properties.

ADJUSTED EBITDA[1]



Q2 2023	**$**	**1,733**	
Q2 2022	$	1,588	**+9.1%**
YTD 2023	**$**	**3,240**	
YTD 2022	$	3,010	**+7.6%**

How we performed

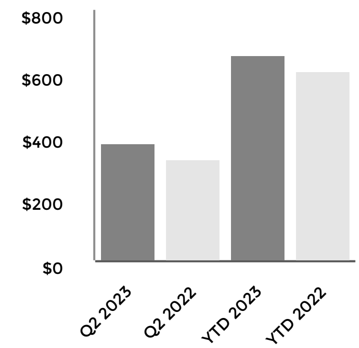
Adjusted EBITDA[1] increased in the second quarter of 2023 and year-to-date mainly due to an increase at Loblaw and Choice Properties.

Adjusted EBITDA margin[1] in the second quarter of 2023 and year-to-date increased primarily due to an improvement in Loblaw retail selling, general and administrative expenses as a percentage of sales driven by operating leverage from higher sales.

ADJUSTED EBITDA MARGIN[1] (%)

12.5%	**+30bps**
Q2 2023	vs. Q2 2022
12.0%	**+10bps**
YTD 2023	vs. 2022

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1] FROM CONTINUING OPERATIONS



Q2 2023	**$**	**377**	
Q2 2022	$	328	**+14.9%**
YTD 2023	**$**	**659**	
YTD 2022	$	610	**+8.0%**

How we performed

Adjusted net earnings available to common shareholders[1] from continuing operations increased in the second quarter of 2023 due to the improvement in the underlying operating performance of Loblaw and Choice Properties and a decrease in the adjusted effective tax rate[1], partially offset by an increase in adjusted net interest expense and other financing charges[1] .

Year-to-date, the increase was due to the improvement in the underlying operating performance of Loblaw and Choice Properties, partially offset by the unfavourable year-over-year impact of Other and Intersegment and an increase in adjusted net interest expense and other financing charges[1].

Adjusted diluted net earnings per common share[1] from continuing operations increased in the second quarter of 2023 and year-to-date due to the performance in adjusted net earnings available to common shareholders[1] and lower weighted average common shares due to share repurchases.

ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1] FROM CONTINUING OPERATIONS ($)

$ 2.68	**+20.2%**
Q2 2023	vs. Q2 2022
$ 4.67	**+13.1%**
YTD 2023	vs. 2022

(1) See Section 8, "Non-GAAP and Other Financial Measures", of this MD&A.
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.

GWL Corporate(2) Free Cash Flow(1) from Continuing Operations

GWL Corporate(2) free cash flow(1) from continuing operations is generated from the dividends received from Loblaw, distributions received from Choice Properties, and proceeds from participation in Loblaw's Normal Course Issuer Bid, less corporate expenses, interest and income taxes paid.

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 17, 2023**	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
Dividends from Loblaw	**$ 69**	$ 64	**$ 69**	$ 64
Distributions from Choice Properties	**83**	82	**166**	165
GWL Corporate(2) cash flow from operating businesses(1) from Continuing Operations	**$ 152**	$ 146	**$ 235**	$ 229
Proceeds from participation in Loblaw's Normal Course Issuer Bid	**250**	309	**438**	319
GWL Corporate, financing, and other costs(i)	**(16)**	(44)	**(40)**	(102)
Income taxes paid	**(21)**	(34)	**(82)**	(128)
GWL Corporate(2) free cash flow(1) from Continuing Operations	**$ 365**	$ 377	**$ 551**	$ 318

(i) Included in Other and Intersegment. GWL Corporate includes all other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs. Also included are preferred share dividends.

As at or for the 12 weeks and 24 weeks ended June 17, 2023, June 18, 2022 and December 31, 2022
($ millions except where otherwise indicated)

GWL CORPORATE(2) CASH FLOW FROM OPERATING BUSINESSES(1) FROM CONTINUING OPERATIONS

$ 152	**+4.1%**	
Q2 2023	vs. Q2 2022	
$ 235	**+2.6%**	
YTD 2023	vs. 2022	

How we performed

Cash flow from operating businesses from continuing operations increased in the second quarter of 2023 and year-to-date due to an increase in dividends and distributions from Loblaw and Choice Properties, respectively.

GWL CORPORATE(2) FREE CASH FLOW(1) FROM CONTINUING OPERATIONS

$ 365	**-3.2%**
Q2 2023	vs. Q2 2022
$ 551	**+73.3%**
YTD 2023	vs. 2022

How we performed

The decrease in the second quarter of 2023 was primarily due to lower proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid, partially offset by a favourable year-over-year change in non-cash working capital included in GWL Corporate, financing, and other costs.

The increase year-to-date was primarily due to higher proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid and a favourable year-over-year change in non-cash working capital included in GWL Corporate, financing, and other costs.

GWL CORPORATE(2) CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

$ 737	**-9.9%**
Q2 2023	vs. Q4 2022

How we performed

The decrease in GWL Corporate cash and cash equivalents and short-term investments since 2022 year end was primarily due to GWL share repurchases, dividends paid to shareholders and income taxes paid, partially offset by proceeds received from GWL's participation in Loblaw's Normal Course Issuer Bid.

Management's Discussion and Analysis

1. Overall Financial Performance

Loblaw delivered another quarter of strong operational and financial results as it continued to execute on retail excellence. The quarter was characterized by increased sales, a focus on value, and lower gross margins. Loblaw's net earnings were up 31.3%, unusually elevated by lapping a prior year charge at President's Choice Bank ("PC Bank"), while adjusted net earnings were up 10.6%. Loblaw's ability to deliver everyday value and savings to Canadians was reflected in strong sales growth across its food and drug businesses. Food retail sales growth was led by a continued consumer shift to discount stores, as customers continued to find value in Loblaw's private label brands and personalized PC Optimum™ offers. Drug front-store and pharmacy sales remained strong, led by continued strength in beauty products. Retail gross margin declined slightly in both food and drug as Loblaw faced double digit supplier cost increases that were not fully passed on to consumers, and higher shrink. Higher sales and cost control initiatives drove adjusted net earnings growth in the quarter.

Choice Properties delivered strong second quarter results, which reflect the continued demand for its necessity-based retail centres and well-located industrial assets. Choice Properties continues to make progress on its development initiatives and is on track to complete approximately 1.6 million square feet of industrial space and two residential projects this year. Choice Properties is also advancing Choice Caledon Business Park, its largest industrial development site located in the GTA, where site work has started and the first lease was executed, both important steps towards delivering high-quality industrial space to its portfolio.

1.1 Consolidated Results of Operations

The Company's results reflect the year-over-year impact of the fair value adjustment of the Trust Unit liability as a result of the significant changes in Choice Properties' unit price, recorded in net interest expense and other financing charges. The Company's results are impacted by market price fluctuations of Choice Properties' Trust Units on the basis that the Trust Units held by unitholders, other than the Company, are redeemable for cash at the option of the holder and are presented as a liability on the Company's consolidated balance sheet. The Company's financial results are positively impacted when the Trust Unit price declines and negatively impacted when the Trust Unit price increases.

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

($ millions except where otherwise indicated)	12 Weeks Ended				24 Weeks Ended			
For the periods ended as indicated	Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change	Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change
Revenue	**$ 13,884**	**$ 12,979**	**$ 905**	**7.0%**	**$ 27,017**	**$ 25,386**	**$ 1,631**	**6.4%**
Operating income	**$ 1,099**	**$ 649**	**$ 450**	**69.3%**	**$ 2,056**	**$ 1,815**	**$ 241**	**13.3%**
Adjusted EBITDA[1]	**$ 1,733**	$ 1,588	$ 145	9.1%	**$ 3,240**	$ 3,010	$ 230	7.6%
Adjusted EBITDA margin[1]	**12.5%**	12.2%			**12.0%**	11.9%		
Depreciation and amortization	**$ 585**	**$ 552**	**$ 33**	**6.0%**	**$ 1,167**	**$ 1,101**	**$ 66**	**6.0%**
Net interest expense (income) and other financing charges	**$ 73**	**$ (338)**	**$ 411**	**121.6%**	**$ 144**	**$ (16)**	**$ 160**	**1,000.0%**
Adjusted net interest expense and other financing charges[1]	**$ 275**	$ 238	$ 37	15.5%	**$ 538**	$ 478	$ 60	12.6%
Income taxes	**$ 244**	**$ 113**	**$ 131**	**115.9%**	**$ 478**	**$ 342**	**$ 136**	**39.8%**
Adjusted income taxes[1]	**$ 271**	$ 266	$ 5	1.9%	**$ 499**	$ 471	$ 28	5.9%
Adjusted effective tax rate[1]	**27.4%**	29.2%			**28.3%**	28.3%		
Net earnings attributable to shareholders of the Company from continuing operations	**$ 508**	**$ 650**	**$ (142)**	**(21.8)%**	**$ 944**	**$ 1,023**	**$ (79)**	**(7.7)%**
Net earnings (loss) available to common shareholders of the Company	**$ 498**	**$ 634**	**$ (136)**	**(21.5)%**	**$ 924**	**$ 997**	**$ (73)**	**(7.3)%**
Continuing operations	**$ 498**	**$ 640**	**$ (142)**	**(22.2)%**	**$ 924**	**$ 1,003**	**$ (79)**	**(7.9)%**
Discontinued operations[i]	**$ –**	**$ (6)**	**$ 6**	**100.0%**	**$ –**	**$ (6)**	**$ 6**	**100.0%**
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$ 377**	$ 328	$ 49	14.9%	**$ 659**	$ 610	$ 49	8.0%
Diluted net earnings (loss) per common share ($)	**$ 3.55**	**$ 4.32**	**$ (0.77)**	**(17.8)%**	**$ 6.56**	**$ 6.77**	**$ (0.21)**	**(3.1)%**
Continuing operations	**$ 3.55**	**$ 4.36**	**$ (0.81)**	**(18.6)%**	**$ 6.56**	**$ 6.81**	**$ (0.25)**	**(3.7)%**
Discontinued operations[i]	**$ –**	**$ (0.04)**	**$ 0.04**	**100.0%**	**$ –**	**$ (0.04)**	**$ 0.04**	**100.0%**
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**$ 2.68**	$ 2.23	$ 0.45	20.2%	**$ 4.67**	$ 4.13	$ 0.54	13.1%

(i) In 2021, the Company completed the sale of the Weston Foods bakery business. The Company's interest in Weston Foods is presented separately as discontinued operations in the Company's results. Details are included in the Company's 2022 Annual Report. The Company's 2022 Annual Report is available at www.sedar.com.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS

In the second quarter of 2023, the Company recorded net earnings available to common shareholders of the Company from continuing operations of $498 million ($3.55 per common share), a decrease of $142 million ($0.81 per common share) compared to the same period in 2022. The decrease was due to the unfavourable year-over-year net impact of adjusting items totaling $191 million ($1.26 per common share), partially offset by an improvement of $49 million ($0.45 per common share) in the consolidated underlying operating performance of the Company described below.

- The unfavourable year-over-year net impact of adjusting items totaling $191 million ($1.26 per common share) was primarily due to:
  - the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $374 million ($2.49 per common share) as a result of the decrease in Choice Properties' unit price; and
  - the unfavourable year-over-year impact of the prior year income tax recovery related to the remeasurement of deferred tax balances for the Choice Properties' disposition of six office assets (the "Office Asset Sale") to Allied Properties Real Estate Investment Trust ("Allied") in the second quarter of 2022 of $46 million ($0.31 per common share);

  partially offset by,
  - the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in Allied of $118 million ($0.79 per common share) as a result of the decrease in Allied's Class B Unit price; and
  - the favourable year-over-year impact of the fair value adjustment on investment properties of $102 million ($0.70 per common share) driven by Choice Properties, net of consolidation adjustments in Other and Intersegment.

- The improvement in the Company's consolidated underlying operating performance of $49 million ($0.45 per common share) was primarily due to:
  - the favourable underlying operating performance of Loblaw;
  - the favourable underlying operating performance of Choice Properties; and
  - a decrease in the adjusted effective tax rate[1] primarily attributable to a decrease in current tax expense related to the Company's participation in Loblaw's Normal Course Issuer Bid ("NCIB") program and the non-taxable portion of the gain from real estate dispositions;

  partially offset by,
  - an increase in adjusted net interest expense and other financing charges[1].

- Diluted net earnings per common share from continuing operations also included the favourable impact of shares purchased for cancellation over the last 12 months ($0.12 per common share) pursuant to the Company's NCIB.

Adjusted net earnings available to common shareholders of the Company[1] from continuing operations were $377 million, an increase of $49 million, or 14.9%, compared to the same period in 2022 due to the improvement in the Company's consolidated underlying operating performance described above. Adjusted diluted net earnings per common share[1] from continuing operations in the second quarter of 2023 were $2.68 per common share, an increase of $0.45 per common share, or 20.2%, compared to the same period in 2022. The increase was due to the favourable performance in adjusted net earnings available to common shareholders[1] from continuing operations and the favourable impact of share repurchases.

Year-to-date net earnings available to common shareholders of the Company from continuing operations were $924 million ($6.56 per common share) compared to $1,003 million ($6.81 per common share) in the same period in 2022. The decrease of $79 million ($0.25 per common share), was due to the unfavourable year-over-year net impact of adjusting items totaling $128 million ($0.79 per common share), partially offset by an improvement in the Company's consolidated underlying operating performance of $49 million ($0.54 per common share) described below.

- The unfavourable year-over-year net impact of adjusting items totaling $128 million ($0.79 per common share) was primarily due to:
  - the unfavourable year-over-year impact of the fair value adjustment on investment properties of $98 million ($0.65 per common share) primarily driven by Choice Properties, net of consolidation adjustments in Other and Intersegment;
  - the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $89 million ($0.48 per common share) as a result of the decrease in Choice Properties' unit price during 2023; and
  - the unfavourable year-over-year impact of the income tax recovery related to the remeasurement of deferred tax balances for the Choice Properties' Office Asset Sale to Allied of $46 million ($0.31 per common share);

  partially offset by,
  - the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $104 million ($0.69 per common share) as a result of the decrease in the Allied's Class B Unit price.

- The improvement in the Company's consolidated underlying operating performance of $49 million ($0.54 per common share) was due to:
    - the favourable underlying operating performance of Loblaw; and
    - the favourable underlying operating performance of Choice Properties;

  partially offset by,
    - the unfavourable year-over-year impact of Other and Intersegment, primarily driven by the elimination of internal lease arrangements; and
    - an increase in adjusted net interest expense and other financing charges[1].

- Diluted net earnings per common share from continuing operations also included the favourable impact of shares purchased for cancellation over the last 12 months ($0.21 per common share) pursuant to the Company's NCIB.

Year-to-date adjusted net earnings available to common shareholders of the Company[1] from continuing operations were $659 million, an increase of $49 million, or 8.0%, compared to the same period of 2022, due to the improvement in the Company's consolidated underlying operating performance described above. Adjusted diluted net earnings per common share[1] from continuing operations were $4.67 per common share, an increase of $0.54 per common share, or 13.1%, compared to the same period in 2022. The increase was due to the favourable performance in adjusted net earnings available to common shareholders[1] from continuing operations and the favourable impact of share repurchases.

REVENUE

($ millions except where otherwise indicated)	12 Weeks Ended				24 Weeks Ended			
For the periods ended as indicated	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change
Loblaw	**$ 13,738**	$ 12,847	$ 891	6.9%	**$ 26,733**	$ 25,109	$ 1,624	6.5%
Choice Properties	**$ 330**	$ 313	$ 17	5.4%	**$ 655**	$ 641	$ 14	2.2%
Other and Intersegment	**$ (184)**	$ (181)			**$ (371)**	$ (364)		
Consolidated	**$ 13,884**	$ 12,979	$ 905	7.0%	**$ 27,017**	$ 25,386	$ 1,631	6.4%

Revenue in the second quarter of 2023 was $13,884 million, an increase of $905 million, or 7.0%, compared to the same period in 2022. The increase in revenue was impacted by each of its reportable operating segments as follows:

- Positively by 6.9% due to revenue growth of 6.9% at Loblaw, primarily driven by an increase in retail sales of $848 million, or 6.7%, and an improvement in financial services revenue of $51 million. The increase in retail sales was due to positive same-store sales growth.

- Positively by 0.1% due to revenue growth of 5.4% at Choice Properties. The increase of $17 million was mainly due to higher rental revenue rates, increased capital recoveries, the impact of acquisitions and completed developments and higher lease surrender revenue.

Year-to-date revenue was $27,017 million, an increase of $1,631 million, or 6.4%, compared to the same period in 2022. The increase in revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 6.4% due to revenue growth of 6.5% at Loblaw, primarily driven by an increase in retail sales of $1,538 million, or 6.2%, and an improvement in financial services revenue of $103 million. The increase in retail sales was primarily due to positive same-store sales growth.

- Positively by a nominal amount due to growth in revenue of 2.2% at Choice Properties. The increase of $14 million was mainly due to higher rental revenue rates, increased capital recoveries, the impact of acquisitions and completed developments and higher lease surrender revenue, partially offset by foregone revenue following the Office Asset Sale to Allied in the second quarter of 2022.

OPERATING INCOME

($ millions except where otherwise indicated)	12 Weeks Ended				24 Weeks Ended			
For the periods ended as indicated	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change
Loblaw	**$ 925**	$ 740	$ 185	25.0%	**$ 1,692**	$ 1,476	$ 216	14.6%
Choice Properties	**$ 290**	$ (451)	$ 741	164.3%	**$ 596**	$ 178	$ 418	234.8%
Other and Intersegment	**$ (116)**	$ 360			**$ (232)**	$ 161		
Consolidated	**$ 1,099**	$ 649	$ 450	69.3%	**$ 2,056**	$ 1,815	$ 241	13.3%

Operating income in the second quarter of 2023 was $1,099 million compared to $649 million in the same period in 2022, an increase of $450 million, or 69.3%. The increase was mainly attributable to the favourable year-over-year net impact of adjusting items totaling $336 million and the improvement in underlying operating performance of $114 million, as described below:

- the favourable year-over-year net impact of adjusting items totaling $336 million was primarily due to:
  - the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $128 million;
  - the favourable year-over-year impact of the fair value adjustment of investment properties of $123 million driven by Choice Properties, net of consolidation adjustments in Other and Intersegment;
  - the favourable year-over-year impact of charges related to commodity tax matters at Loblaw of $74 million; and
  - the favourable year-over-year impact of prior year transaction costs and other related expenses of $13 million.

- the improvement in underlying operating performance of $114 million was due to:
  - the favourable underlying operating performance of Loblaw driven by an improvement in retail; and
  - the favourable underlying operating performance at Choice Properties;

  partially offset by,
  - an increase in depreciation and amortization at Loblaw.

Year-to-date operating income was $2,056 million compared to $1,815 million in the same period in 2022, an increase of $241 million, or 13.3%. The increase was mainly attributable to the improvement in underlying operating performance of $163 million and the favourable year-over-year net impact of adjusting items totaling $78 million described below:

- the improvement in underlying operating performance of $163 million was due to:
  - the favourable underlying operating performance of Loblaw due to the improvement in retail; and
  - the favourable underlying operating performance at Choice Properties;

  partially offset by,
  - an increase in depreciation and amortization at Loblaw.

- the favourable year-over-year net impact of adjusting items totaling $78 million was primarily due to:
  - the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $113 million; and
  - the favourable year-over-year impact of charges related to commodity tax matters at Loblaw of $74 million;

  partially offset by,
  - the unfavourable year-over-year impact of the fair value adjustment on investment properties of $119 million driven by Choice Properties, net of consolidation adjustments in Other and Intersegment.

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended				24 Weeks Ended			
	Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change
Loblaw	**$ 1,638**	$ 1,497	$ 141	9.4%	**$ 3,084**	$ 2,838	$ 246	8.7%
Choice Properties	**$ 238**	$ 226	$ 12	5.3%	**$ 468**	$ 451	$ 17	3.8%
Other and Intersegment	**$ (143)**	$ (135)			**$ (312)**	$ (279)		
Consolidated	**$ 1,733**	$ 1,588	$ 145	9.1%	**$ 3,240**	$ 3,010	$ 230	7.6%

Adjusted EBITDA[1] in the second quarter of 2023 was $1,733 million compared to $1,588 million in the same period in 2022, an increase of $145 million, or 9.1%. The increase was impacted by each of the Company's reportable operating segments as follows:

- Positively by 8.9% due to an increase of 9.4% in adjusted EBITDA[1] at Loblaw driven by an increase in retail, partially offset by a decline in financial services. The increase in Loblaw retail adjusted EBITDA[1] was driven by an increase in retail gross profit, partially offset by an increase in retail selling, general and administrative expenses ("SG&A").
- Positively by 0.8% due to an increase of 5.3% in adjusted EBITDA[1] at Choice Properties primarily driven by the increase in revenue described above, partially offset by higher general and administrative expenses.

Year-to-date adjusted EBITDA[1] was $3,240 million compared to $3,010 million in the same period in 2022, an increase of $230 million, or 7.6%. The increase was impacted by each of the Company's reportable operating segments as follows:

- Positively by 8.2% due to an increase of 8.7% in adjusted EBITDA[1] at Loblaw driven by the increase in retail, partially offset by a decrease in financial services. The increase in Loblaw retail adjusted EBITDA[1] was driven by an increase in retail gross profit, partially offset by an increase in retail SG&A.
- Positively by 0.6% due to an increase of 3.8% in adjusted EBITDA[1] at Choice Properties primarily driven by the increase in revenue described above and higher distribution income from the investment in Allied, partially offset by higher general and administrative expenses.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended				24 Weeks Ended			
	Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change
Loblaw	**$ 671**	$ 633	$ 38	6.0%	**$ 1,346**	$ 1,264	$ 82	6.5%
Choice Properties	**$ 1**	$ 1	$ –	–%	**$ 2**	$ 2	$ –	–%
Other and Intersegment	**$ (87)**	$ (82)			**$ (181)**	$ (165)		
Consolidated	**$ 585**	$ 552	$ 33	6.0%	**$ 1,167**	$ 1,101	$ 66	6.0%

Depreciation and amortization in the second quarter of 2023 was $585 million, an increase of $33 million compared to the same period in 2022. Year-to-date depreciation and amortization was $1,167 million, an increase of $66 million compared to the same period in 2022.

Depreciation and amortization in the second quarter and year-to-date included $116 million (2022 – $114 million) and $230 million (2022 – $231 million), respectively, of amortization of intangible assets related to the acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark Health Group ("Lifemark") recorded by Loblaw. Excluding these amounts, depreciation and amortization increased in the second quarter and year-to-date by $31 million and $67 million, respectively, primarily driven by an increase in depreciation of information technology ("IT") assets and leased assets at Loblaw, and accelerated depreciation in the second quarter and year-to-date of $8 million (2022 – nil) and $15 million (2022 – nil), respectively, as a result of network optimization at Loblaw.

NET INTEREST EXPENSE (INCOME) AND OTHER FINANCING CHARGES

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change	24 Weeks Ended Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change
Net interest expense (income) and other financing charges	**$ 73**	$ (338)	$ 411	121.6%	**$ 144**	$ (16)	$ 160	1,000.0%
Add (deduct) impact of the following:								
Fair value adjustment of the Trust Unit liability	**202**	576	(374)	(64.9)%	**394**	483	(89)	(18.4)%
Recovery related to Glenhuron	**–**	–	–	–%	**–**	11	(11)	(100.0)%
Adjusted net interest expense and other financing charges[(1)]	**$ 275**	$ 238	$ 37	15.5%	**$ 538**	$ 478	$ 60	12.6%

Net interest expense and other financing charges in the second quarter of 2023 were $73 million, an increase of $411 million compared to the same period in 2022. The increase was due to the unfavourable year-over-year impact of adjusting items totaling $374 million, itemized in the table above and an increase in adjusted net interest expense and other financing charges[(1)] of $37 million. Year-to-date net interest expense and other financing charges were $144 million compared to net interest income and other financing charges of $16 million in the same period in 2022. The change of $160 million was primarily due to the unfavourable year-over-year impact of adjusting items totaling $100 million, itemized in the table above and an increase in adjusted net interest expense and other financing charges[(1)] of $60 million.

Included in the adjusting items in the second quarter of 2023 and year-to-date was the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $374 million and $89 million, respectively, as a result of the decrease in the Choice Properties' unit price during 2023. The Company is exposed to market price fluctuations as a result of units held by unitholders other than the Company which are redeemable for cash at the option of the holder and are presented as a liability on the Company's consolidated balance sheet.

In the second quarter of 2023, adjusted net interest expense and other financing charges[(1)] increased by $37 million primarily driven by:
- an increase in interest expense from borrowings related to credit card receivables at Loblaw;
- an increase in interest expense on long-term debt at Loblaw and Choice Properties mainly due to higher interest rates and a higher average balance compared to the same period in 2022;
- an increase in interest expense from lease liabilities at Loblaw, including Other and Intersegment adjustments; and
- an increase in interest expense from post-employment and other employee benefits;

partially offset by,
- an increase in interest income on certain short-term investments due to higher interest rates.

Year-to-date, adjusted net interest expense and other financing charges[(1)] increased by $60 million primarily driven by:
- an increase in interest expense on long-term debt at Loblaw and Choice Properties mainly due to higher interest rates and a higher average balance compared to the same period in 2022;
- an increase in interest expense from borrowings related to credit card receivables at Loblaw; and
- an increase in interest expense from lease liabilities at Loblaw, including Other and Intersegment adjustments;

partially offset by,
- higher interest income on short-term investments due to an increase in interest rates and higher outstanding balance on Choice Properties' mortgages and loans receivable.

INCOME TAXES

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change	24 Weeks Ended Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change
Income taxes	**$ 244**	$ 113	$ 131	115.9%	**$ 478**	$ 342	$ 136	39.8%
Add (deduct) impact of the following:								
Tax impact of items excluded from adjusted earnings before taxes(i)	**37**	89	(52)	(58.4)%	**63**	69	(6)	(8.7)%
Outside basis difference in certain Loblaw shares	**(10)**	18	(28)	(155.6)%	**(42)**	(19)	(23)	(121.1)%
Remeasurement of deferred tax balances	**–**	46	(46)	(100.0)%	**–**	46	(46)	(100.0)%
Recovery related to Glenhuron	**–**	–	–	–%	**–**	33	(33)	(100.0)%
Adjusted income taxes[1]	**$ 271**	$ 266	$ 5	1.9%	**$ 499**	$ 471	$ 28	5.9%
Effective tax rate applicable to earnings before taxes	**23.8%**	11.4%			**25.0%**	18.7%		
Adjusted effective tax rate applicable to adjusted earnings before taxes[1]	**27.4%**	29.2%			**28.3%**	28.3%		

(i) See the adjusted EBITDA[1] table and the adjusted net interest expense and other financing charges[1] table included in Section 8, "Non-GAAP and Other Financial Measures", of this MD&A for a complete list of items excluded from adjusted earnings before taxes[1].

The effective tax rate in the second quarter of 2023 was 23.8%, compared to 11.4% in the same period in 2022. The increase was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability and the prior year remeasurement of deferred tax balances as a result of the Office Asset Sale, partially offset by the non-taxable portion of the gain from real estate dispositions in the quarter and the impact of other non-deductible items.

The adjusted effective tax rate[1] for the second quarter of 2023 was 27.4%, compared to 29.2% in the same period in 2022. The decrease was primarily attributable to a decrease in current tax expense related to the Company's participation in Loblaw's NCIB, the non-taxable portion of the gain from real estate dispositions in the quarter and the impact of other non-deductible items.

The year-to-date effective tax rate was 25.0%, compared to 18.7% in the same period in 2022. The increase was primarily attributable to the prior year remeasurement of deferred tax balances as a result of the Office Asset Sale, the recovery of income taxes related to Glenhuron Bank Limited ("Glenhuron") in the first quarter of 2022 and an increase in tax expense related to the Company's participation in Loblaw's NCIB, partially offset by the non-taxable portion of the gain from real estate dispositions in the year.

The year-to-date adjusted effective tax rate[1] was 28.3%, consistent with the same period in 2022.

1.2 Consolidated Other Business Matters

GWL CORPORATE[2] FINANCING ACTIVITIES The Company completed the following financing activities during the periods indicated below. The cash impacts of these activities are set out below:

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 17, 2023**	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
NCIB – purchased and cancelled[(i)]	**$ (233)**	$ (278)	**$ (460)**	$ (325)
Participation in Loblaw's NCIB	**250**	309	**438**	319
Credit facility repayment	**–**	–	**–**	(121)
Net cash flow from (used in) the above activities	**$ 17**	$ 31	**$ (22)**	$ (127)

(i) Included in the second quarter of 2023 and year-to-date is a net cash timing adjustment of $8 million (2022 – $6 million) and $12 million (2022 – $17 million), respectively, of common shares repurchased under the NCIB for cancellation.

NCIB - Purchased and Cancelled Shares In the second quarter and year-to-date 2023, the Company purchased and cancelled 1.5 million shares (2022 – 1.8 million shares) at a cost of $241 million (2022 – $285 million) and 2.8 million shares (2022 – 2.2 million shares) at a cost of $472 million (2022 – $342 million), respectively, under its NCIB. As at June 17, 2023, the Company had 137.9 million shares issued and outstanding, net of shares held in trusts (June 18, 2022 – 144.7 million shares).

In the second quarter of 2023, the Company entered into an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market.

Refer to Note 11. "Share Capital" of the Company's second quarter 2023 unaudited interim period condensed consolidated financial statements for more information.

Amendment to the Company's NCIB Subsequent to the end of the quarter, the Toronto Stock Exchange ("TSX") has accepted an amendment to the Company's NCIB to allow Wittington Investments, Limited ("Wittington"), the Company's controlling shareholder, to participate in the NCIB in a fixed proportion of 50% of Wittington's pro rata share of the issued and outstanding common shares of the Company.

Participation in Loblaw's NCIB The Company participates in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. In the second quarter and year-to-date 2023, the Company received proceeds of $250 million (2022 – $309 million) and $438 million (2022 – $319 million), respectively, from the sale of Loblaw common shares.

2. Results of Reportable Operating Segments

The following discussion provides details of the second quarter of 2023 results of operations of each of the Company's reportable operating segments.

2.1 Loblaw Operating Results

($ millions except where otherwise indicated)	12 Weeks Ended				24 Weeks Ended			
For the periods ended as indicated	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change	**Jun. 17, 2023**	Jun. 18, 2022	$ Change	% Change
Revenue	**$ 13,738**	$ 12,847	$ 891	6.9%	**$ 26,733**	$ 25,109	$ 1,624	6.5%
Operating income	**$ 925**	$ 740	$ 185	25.0%	**$ 1,692**	$ 1,476	$ 216	14.6%
Adjusted EBITDA[(1)]	**$ 1,638**	$ 1,497	$ 141	9.4%	**$ 3,084**	$ 2,838	$ 246	8.7%
Adjusted EBITDA margin[(1)]	**11.9%**	11.7%			**11.5%**	11.3%		
Depreciation and amortization	**$ 671**	$ 633	$ 38	6.0%	**$ 1,346**	$ 1,264	$ 82	6.5%

REVENUE Loblaw revenue in the second quarter of 2023 was $13,738 million, an increase of $891 million, or 6.9%, compared to the same period in 2022, driven by an increase in retail sales and in financial services revenue.

Retail sales were $13,471 million, an increase of $848 million, or 6.7%, compared to the same period in 2022. The increase was primarily driven by the following factors:

- food retail sales were $9,560 million (2022 – $8,981 million) and food retail same-store sales growth was 6.1% (2022 – 0.9%);
  - the Consumer Price Index as measured by The Consumer Price Index for Food Purchased from Stores was 9.1% (2022 – 9.6%) which was generally in line with Loblaw's internal food inflation; and
  - food retail traffic increased and basket size decreased.

- drug retail sales were $3,911 million (2022 – $3,642 million) and drug retail same-store sales growth was 5.7% (2022 – 5.6%);
  - pharmacy and healthcare services same-store sales growth was 6.3% (2022 – 6.1%). Pharmacy and healthcare services same-store sales growth benefited from an increase in acute and chronic prescription volumes. The number of prescriptions dispensed increased by 0.4% (2022 – 2.3%). On a same-store basis, the number of prescriptions dispensed increased by 0.9% (2022 – 2.3%) and the average prescription value increased by 4.7% (2022 – 3.6%);
  - pharmacy and healthcare services sales include Lifemark revenues of $112 million (2022 – $49 million). Lifemark was acquired on May 10, 2022; and
  - front store same-store sales growth was 5.0% (2022 - 5.2%). Front store same-store sales growth benefited from the economic re-opening and higher consumer spending.

In the last 12 months, 15 food and drug stores were opened, and 13 food and drug stores were closed, and net retail square footage has remained consistent at 71.2 million square feet.

Financial services revenue in the second quarter of 2023 increased by $51 million or 17.2%, compared to the same period in 2022. The increase was primarily driven by higher interest income from growth in credit card receivables and higher interchange income and other credit card related revenue from an increase in customer spending.

On a year-to-date basis, Loblaw revenue was $26,733 million, an increase of $1,624 million, or 6.5%, compared to the same period in 2022, primarily driven by an increase in retail sales and in financial services revenue.

Retail sales were $26,206 million, an increase of $1,538 million, or 6.2% when compared to the same period in 2022. Food retail sales were $18,571 million, an increase of $908 million or 5.1% compared to the same period in 2022. Food retail same-store sales growth was 4.6% (2022 – 1.5%). Drug retail sales were $7,635 million, an increase of $630 million, or 9.0% compared to the same period in 2022. Drug retail same-store sales growth was 6.5% (2022 – 5.4%), with pharmacy and healthcare services same-store sales growth of 5.5% (2022 – 6.4%) and front store same-store sales growth of 7.5% (2022 – 4.5%). Drug retail sales included Lifemark revenues of $230 million (2022 – $49 million). Lifemark was acquired on May 10, 2022.

Year-to-date financial services revenue increased by $103 million compared to the same period in 2022. The increase was primarily driven by higher interest income from growth in credit card receivables and higher interchange income and other credit card related revenue from an increase in customer spending.

Management's Discussion and Analysis

OPERATING INCOME Loblaw operating income in the second quarter of 2023 was $925 million, an increase of $185 million, or 25.0%, compared to the same period in 2022. The increase was driven by an improvement in underlying operating performance of $105 million and the favourable year-over-year net impact of adjusting items totaling $80 million, as described below:

- the improvement in underlying operating performance of $105 million was primarily due to:
  - an improvement in the underlying operating performance of retail due to an increase in retail gross profit, partially offset by an increase in retail SG&A and depreciation and amortization.

- the favourable year-over-year net impact of adjusting items totaling $80 million was primarily due to:
  - the favourable year-over-year impact of charges related to PC Bank commodity tax matters of $74 million; and
  - the favourable year-over-year impact of prior year Lifemark transaction costs of $13 million;

  partially offset by,
  - the unfavourable year-over-year impact of a prior year gain on sale of non-operating properties of $4 million.

Year-to-date Loblaw operating income was $1,692 million, an increase of $216 million, or 14.6%, compared to the same period in 2022. The increase was driven by an improvement in underlying operating performance of $163 million, and the favourable year-over-year net impact of adjusting items totaling $53 million described below:

- the improvement in underlying operating performance of $163 million was primarily due to:
  - an improvement in the underlying operating performance of retail due to an increase in retail gross profit, partially offset by an increase in retail SG&A and depreciation and amortization;

- the favourable year-over-year net impact of adjusting items totaling $53 million was primarily due to:
  - the favourable year-over-year impact of charges related to PC Bank commodity tax matters of $74 million; and
  - the favourable year-over-year impact of prior year Lifemark transaction costs of $16 million;

  partially offset by,
  - the unfavourable year-over-year impact of fair value adjustments on fuel and foreign currency contracts of $18 million; and
  - the unfavourable year-over-year impact of prior year restructuring and other related recoveries of $15 million.

ADJUSTED EBITDA[(1)] Loblaw adjusted EBITDA[(1)] in the second quarter of 2023 was $1,638 million, an increase of $141 million, or 9.4%, compared to the same period in 2022. The increase was primarily due to an increase in retail of $142 million, partially offset by a decrease in financial services of $1 million.

Retail adjusted EBITDA[(1)] increased by $142 million compared to the same period in 2022, driven by an increase in retail gross profit of $230 million, partially offset by an increase in retail SG&A of $88 million.

- Retail gross profit percentage of 31.1% decreased by 30 basis points compared to the same period in 2022. Retail margins declined slightly, primarily driven by higher shrink and higher supplier costs that were not passed on to consumers.

- Retail SG&A as a percentage of sales was 19.3%, a favourable decrease of 60 basis points compared to the same period in 2022. The favourable decrease was primarily due to operating leverage from higher sales.

Financial services adjusted EBITDA[(1)] decreased by $1 million compared to the same period in 2022, primarily driven by the year-over-year impact of the expected credit loss provision from the prior year release of $3 million versus the current year increase of $8 million and higher contractual charge-off, operating costs and loyalty program costs from an increase in customer spending and growth in the credit card portfolio, partially offset by higher revenue as described above.

Year-to-date Loblaw adjusted EBITDA[(1)] was $3,084 million, an increase of $246 million, or 8.7%, compared to the same period in 2022. The increase was primarily due to an increase in retail of $247 million, partially offset by a decrease in financial services of $1 million.

Year-to-date retail adjusted EBITDA[(1)] increased by $247 million, driven by an increase in retail gross profit of $467 million, partially offset by an increase in retail SG&A of $220 million.

- Retail gross profit percentage of 31.2% remained constant compared to the same period in 2022. Drug retail margins and food retail margins were stable.

- Retail SG&A as a percentage of sales was 19.8%, a favourable decrease of 40 basis points compared to the same period in 2022. The favourable decrease was primarily due to operating leverage from higher sales.

Year-to-date financial services adjusted EBITDA[(1)] decreased by $1 million compared to the same period in 2022, primarily driven by the year-over-year impact of the expected credit loss provision from the prior year release of $9 million versus the current year increase of $14 million, higher contractual charge-off, operating costs and loyalty program costs from an increase in customer spending and growth in the credit card portfolio, partially offset by higher revenue as described above.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in the second quarter of 2023 was $671 million, an increase of $38 million compared to the same period in 2022. The increase in depreciation and amortization was primarily driven by an increase in depreciation of IT and leased assets, and accelerated depreciation of $8 million (2022 – nil) as a result of network optimization. Year-to-date depreciation and amortization was $1,346 million, an increase of $82 million compared to the same period in 2022, primarily driven by an increase in depreciation of IT and leased assets, accelerated depreciation of $14 million (2022 – nil) due to the reassessment of the estimated useful life of certain IT assets and accelerated depreciation of $15 million (2022 – nil) as a result of network optimization.

Depreciation and amortization in the second quarter of 2023 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $116 million (2022 – $114 million) and $230 million (2022 – $231 million), respectively.

CONSOLIDATION OF FRANCHISES Loblaw has more than 500 franchise food retail stores in its network. Non-controlling interests at Loblaw represent the share of earnings that relates to Loblaw's food retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements. Loblaw's net earnings attributable to non-controlling interests were $30 million in the second quarter of 2023. When compared to the same period in 2022, this represented a decrease of $8 million or 21.1%. Year-to-date net earnings attributable to non-controlling interests were $46 million, a decrease of $25 million, or 35.2% compared to the same period in 2022. The decrease in non-controlling interests at Loblaw were primarily driven by a decline in franchisee earnings after profit sharing.

LOBLAW OTHER BUSINESS MATTERS

Network Optimization During the second quarter of 2023 and year-to-date, Loblaw recorded charges of $17 million and $32 million associated with network optimization, respectively. Included in the charges was accelerated depreciation of $8 million and $15 million, as described above.

PC Bank Commodity Tax Matters In the second quarter of 2023, the Federal government enacted certain commodity tax legislation that may apply to PC Bank, a subsidiary of Loblaw, on a retroactive basis. A charge of $37 million, inclusive of interest, has been recorded for this matter.

In July 2022, the Tax Court of Canada ("Tax Court") released a decision relating to PC Bank. 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. In September 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

2.2 Choice Properties Operating Results

($ millions) For the periods ended as indicated	12 Weeks Ended Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change	24 Weeks Ended Jun. 17, 2023	Jun. 18, 2022	$ Change	% Change
Revenue	**$ 330**	$ 313	$ 17	5.4%	**$ 655**	$ 641	$ 14	2.2%
Net interest income and other financing charges	**$ (246)**	$ (439)	$ 193	44.0%	**$ (211)**	$ (197)	$ (14)	(7.1)%
Net income (loss)	**$ 536**	$ (12)	$ 548	4,566.7%	**$ 807**	$ 375	$ 432	115.2%
Funds from Operations[1]	**$ 184**	$ 175	$ 9	5.1%	**$ 360**	$ 350	$ 10	2.9%

REVENUE Choice Properties revenue in the second quarter of 2023 was $330 million, an increase of $17 million, or 5.4%, compared to the same period in 2022 and included $186 million (2022 – $183 million) generated from tenants within Loblaw retail. On a year-to-date basis, revenue was $655 million, an increase of $14 million, or 2.2%, compared to the same period in 2022 and included $375 million (2022 – $367 million) generated from tenants within Loblaw retail.

The increase in revenue in the second quarter of 2023 and year-to-date was primarily driven by:
- higher rental rates primarily in the retail and industrial portfolios;
- higher capital recoveries;
- the impact of acquisitions and completed developments; and
- higher lease surrender revenue.

The year-to-date increase in revenue was partially offset by foregone revenue following the Office Asset Sale to Allied in the second quarter of 2022.

NET INTEREST INCOME AND OTHER FINANCING CHARGES Choice Properties net interest income and other financing charges in the second quarter of 2023 were $246 million compared to $439 million in the same period in 2022. The decrease of $193 million was primarily driven by:

- the unfavourable year-over-year change of the fair value adjustment on the Class B LP units ("Exchangeable Units") of $194 million as a result of the decrease in the unit price in the quarter; and
- an increase in interest expense on long-term debt due to higher interest rates and a higher average balance compared to the same period in 2022;

partially offset by,
- the favourable year-over-year change of the fair value adjustment on the financial real estate assets.

Year-to-date, net interest income and other financing charges were $211 million compared to $197 million in the same period in 2022. The increase of $14 million was primarily driven by:

- the favourable year-over-year change of the fair value adjustment on the Exchangeable Units of $20 million;
- the favourable year-over-year change of the fair value adjustment on the financial real estate assets; and
- an increase in interest income due to a higher average outstanding balance on mortgages and loans receivable;

partially offset by,
- an increase in interest expense on long-term debt due to higher interest rates and a higher average balance compared to the same period in 2022.

NET INCOME (LOSS) Choice Properties recorded net income of $536 million in the second quarter of 2023, compared to a net loss of $12 million in the same period in 2022. The increase of $548 million was primarily driven by:

- the favourable year-over-year change in the adjustment to fair value of investment properties, including those held within equity accounted joint ventures of $601 million due to the impact of capitalization rate expansion in the retail portfolio in the prior year;
- the favourable year-over-year change in the adjustment to fair value of investment in real estate securities of $128 million as a result of the decrease in Allied's Class B Unit price; and
- an increase in rental revenue as described above;

partially offset by,

- lower net interest income and other financing charges as described above.

Year-to-date, net income was $807 million, compared to $375 million in the same period in 2022. The increase of $432 million was primarily driven by:

- the favourable year-over-year change in the adjustment to fair value of investment properties, including those held within equity accounted joint ventures of $283 million due to the impact of capitalization rate expansion in the retail portfolio in the prior year;
- the favourable year-over-year change in the adjustment to fair value of investment in real estate securities of $113 million as a result of the decrease in Allied's Class B Unit price;
- an increase net interest income and other financing charges as described above; and
- an increase in rental revenue as described above.

FUNDS FROM OPERATIONS[1] Funds from operations[1] in the second quarter of 2023 were $184 million, an increase of $9 million compared to the same period in 2022. The increase was primarily due to the increase in rental revenue and an increase in interest income, which was partially offset by increases in interest expense and general and administrative expenses.

Fund from operations[1] year-to-date were $360 million, an increase of $10 million, compared to the same period in 2022. The increase was primarily due to the increase in rental revenue, which was partially offset by an increase in general and administrative expenses and the impact of the Office Asset Sale. The impact of the Office Asset Sale includes foregone rental income, partially offset by the distributions from Choice Properties' investment in real estate securities of Allied and interest income from the consideration received in exchange for assets sold.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

Subsequent Events On July 5, 2023, Choice Properties paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the $200 million aggregate principal amount of the 4.90% Series B senior unsecured debentures outstanding. The repayment of the Series B senior unsecured debentures was funded by an advance on Choice Properties' credit facility.

On July 24, 2023, Choice Properties announced that it has agreed to issue, on a private placement basis, $350 million aggregate principal amount of Series T senior unsecured debentures that will bear interest at a rate of 5.699% per annum and will mature on February 28, 2034. Subject to customary closing conditions, the offering is expected to close on August 1, 2023.

3. Liquidity and Capital Resources

3.1 Cash Flows

The following Major Cash Flow Components are inclusive of continuing and discontinued operations.

MAJOR CASH FLOW COMPONENTS

($ millions) For the periods ended as indicated	12 Weeks Ended Jun. 17, 2023	Jun. 18, 2022[i]	$ Change	24 Weeks Ended Jun. 17, 2023	Jun. 18, 2022[i]	$ Change
Cash and cash equivalents, beginning of period	**$ 1,874**	$ 2,828	$ (954)	**$ 2,313**	$ 2,984	$ (671)
Cash flows from operating activities	**$ 1,324**	$ 1,262	$ 62	**$ 2,238**	$ 2,042	$ 196
Cash flows used in investing activities	**$ (608)**	$ (813)	$ 205	**$ (970)**	$ (1,186)	$ 216
Cash flows used in financing activities	**$ (621)**	$ (997)	$ 376	**$ (1,612)**	$ (1,561)	$ (51)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 1**	$ 1	$ –	**$ 1**	$ 2	$ (1)
Cash and cash equivalents, end of period	**$ 1,970**	$ 2,281	$ (311)	**$ 1,970**	$ 2,281	$ (311)

(i) Certain comparative figures have been restated to conform with current year presentation.

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $1,324 million in the second quarter of 2023, an increase of $62 million compared to the same period in 2022. The increase in cash flows from operating activities for the second quarter of 2023 was primarily driven by higher cash earnings, a favourable change in non-cash working capital and a change in credit card receivables from lapping of prior year increase in customer spending, partially offset by net lower income taxes paid in 2022 due to the recovery of cash taxes related to Glenhuron.

Year-to-date cash flows from operating activities were $2,238 million in 2023, an increase of $196 million compared to the same period in 2022. The increase in cash flows from operating activities was primarily driven by higher cash earnings, a favourable change in non-cash working capital and a change in credit card receivables from lapping prior year increase in customer spending, partially offset by net lower income taxes paid in 2022 due to the recovery of cash taxes related to Glenhuron.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were $608 million in the second quarter of 2023, a decrease of $205 million compared to the same period in 2022. The decrease in cash flows used in investing activities was primarily driven by Loblaw's acquisition of Lifemark in 2022 and higher advances of mortgages, loans and notes receivable in 2022, partially offset by an increase in short-term investments, an increase in security deposits due to an upcoming maturity of *Eagle Credit Card Trust® ("Eagle")* notes in the third quarter of 2023 and an increase in capital investments.

Year-to-date cash flows used in investing activities were $970 million in 2023, a decrease of $216 million compared to the same period in 2022. The decrease in cash flows used in investing activities was primarily driven by Loblaw's acquisition of Lifemark in 2022 and higher advances of mortgages, loans and notes receivable in 2022, partially offset by an increase in short-term investments, an increase in security deposits due to an upcoming maturity of *Eagle* notes in the third quarter of 2023 and an increase in capital investments.

The following table summarizes the Company's capital investments by each of its reportable operating segments:

($ millions) For the periods ended as indicated	12 Weeks Ended Jun. 17, 2023	Jun. 18, 2022[i]	$ Change	24 Weeks Ended Jun. 17, 2023	Jun. 18, 2022[i]	$ Change
Loblaw	**$ 423**	$ 302	$ 121	**$ 738**	$ 488	$ 250
Choice Properties	**55**	55	–	**137**	67	70
Other and Intersegment	**1**	–	1	**1**	1	–
Total Capital Investments	**$ 479**	$ 357	$ 122	**$ 876**	$ 556	$ 320

(i) Certain comparative figures have been restated to conform with current year presentation.

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $621 million in the second quarter of 2023, a decrease of $376 million compared to the same period in 2022. The decrease in cash flows used in financing activities was primarily driven by the repayment of bank indebtedness in the prior year, higher issuances of long-term debt net of repayments, and lower repurchases of Loblaw common shares in the current year, partially offset by a decrease in short-term debt.

Year-to-date cash flows used in financing activities were $1,612 million in 2023, an increase of $51 million compared to the same period in 2022. The increase in cash flows used in financing activities was primarily driven by higher repurchases of GWL common shares in the current year, higher repayments of short-term debt and higher lease payments, partially offset by higher issuances of long-term debt net of repayments in the current year.

FREE CASH FLOW[1]

The following Free Cash Flow[1] is presented on a continuing operations basis.

($ millions) For the periods ended as indicated	12 Weeks Ended **Jun. 17, 2023**	 Jun. 18, 2022[i]	 $ Change	24 Weeks Ended **Jun. 17, 2023**	 Jun. 18, 2022[i]	 $ Change
Cash flows from operating activities from continuing operations	**$ 1,324**	$ 1,262	$ 62	**$ 2,238**	$ 2,042	$ 196
Less: Interest paid	**199**	184	15	**438**	398	40
Capital investments	**479**	357	122	**876**	556	320
Lease payments, net	**205**	203	2	**409**	346	63
Free cash flow[1] from continuing operations	**$ 441**	$ 518	$ (77)	**$ 515**	$ 742	$ (227)

(i) Certain comparative figures have been restated to conform with current year presentation.

Free cash flow[1] from continuing operations in the second quarter 2023 was $441 million, a decrease of $77 million compared to the same period in 2022. The decrease in free cash flow[1] was primarily driven by net higher income taxes paid in the current year compared to the recovery of cash taxes related to Glenhuron in the prior year and an increase in capital investments, partially offset by higher cash earnings and a favourable change in non-cash working capital.

On a year-to-date basis, free cash flow[1] from continuing operations was $515 million, a decrease of $227 million compared to the same period in 2022. The decrease in free cash flow[1] was primarily driven by net higher income taxes paid in the current year compared to the recovery of cash taxes related to Glenhuron in the prior year and an increase in capital investments, partially offset by higher cash earnings and a favourable change in non-cash working capital.

3.2 Liquidity

The Company (excluding Loblaw and Choice Properties) expects that cash and cash equivalents, short-term investments, future operating cash flows and the amounts available to be drawn against its committed credit facility will enable it to finance its capital investment program and fund its ongoing business requirements, including working capital, pension plan funding requirements and financial obligations, over the next 12 months. The Company (excluding Loblaw and Choice Properties) does not foresee any impediments in obtaining financing to satisfy its long-term obligations.

Loblaw expects that cash and cash equivalents, short-term investments, future operating cash flows and the amounts available to be drawn against committed credit facilities will enable it to finance its capital investment program and fund its ongoing business requirements over the next 12 months, including working capital, pension plan funding requirements and financial obligations. PC Bank expects to obtain long-term financing for its credit card portfolio through the issuance of *Eagle* notes and Guaranteed Investment Certificates.

Choice Properties expects to obtain long-term financing for the acquisition of properties primarily through the issuance of unsecured debentures and equity.

For details on the Company's cash flows, see Section 3.1, "Cash Flows", of this MD&A.

TOTAL DEBT The following table presents total debt from continuing operations by reportable segment:

	As at											
	Jun. 17, 2023				Jun. 18, 2022				Dec. 31, 2022			
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Bank indebtedness	$ 18	$ –	$ –	$ 18	$ 23	$ –	$ –	$ 23	$ 8	$ –	$ –	$ 8
Demand deposits from customers	137	–	–	137	99	–	–	99	125	–	–	125
Short-term debt	650	–	–	650	500	–	–	500	700	–	–	700
Long-term debt due within one year	833	554	200	1,587	485	733	–	1,218	727	656	–	1,383
Long-term debt	7,325	6,096	249	13,670	6,820	5,696	449	12,965	7,056	5,896	449	13,401
Certain other liabilities(i)	110	666	–	776	81	670	–	751	80	668	–	748
Total debt excluding lease liabilities	$ 9,073	$ 7,316	$ 449	$ 16,838	$ 8,008	$ 7,099	$ 449	$ 15,556	$ 8,696	$ 7,220	$ 449	$ 16,365
Lease liabilities due within one year(ii)	1,425	–	(567)	858	1,387	2	(564)	825	1,401	2	(568)	835
Lease liabilities(ii)	7,772	2	(3,316)	4,458	7,530	2	(3,215)	4,317	7,714	2	(3,393)	4,323
Total debt including lease liabilities	$ 18,270	$ 7,318	$ (3,434)	$ 22,154	$ 16,925	$ 7,103	$ (3,330)	$ 20,698	$ 17,811	$ 7,224	$ (3,512)	$ 21,523

(i) Includes financial liabilities of $666 million (June 18, 2022 – $670 million; December 31, 2022 – $668 million) recorded primarily as a result of Choice Properties' transactions.
(ii) Lease liabilities due within one year of $2 million (June 18, 2022 – $2 million; December 31, 2022 – $2 million) and lease liabilities of $3 million (June 18, 2022 – $6 million; December 31, 2022 – $5 million) relating to GWL Corporate(2) are included in Other and Intersegment.

Management targets credit metrics consistent with those of an investment grade profile. GWL Corporate(2) holds cash and cash equivalents and short-term investments and as a result monitors its leverage on a net debt basis. GWL Corporate(2) has total debt including lease liabilities of $454 million (June 18, 2022 – $457 million; December 31, 2022 – $456 million) and cash and cash equivalents and short-term investments of $737 million (June 18, 2022 – $1,061 million; December 31, 2022 – $818 million), resulting in a net cash position of $283 million (June 18, 2022 – $604 million; December 31, 2022 – $362 million).

Loblaw's management is focused on managing its capital structure on a segmented basis to ensure that each of its operating segments is employing a capital structure that is appropriate for the industry in which it operates.

- Loblaw targets maintaining retail segment credit metrics consistent with those of investment grade retailers. Loblaw monitors the retail segment's debt to rolling year retail adjusted EBITDA(1) ratio as a measure of the leverage being employed. Loblaw retail segment debt to rolling year retail adjusted EBITDA(1) ratio decreased compared to June 18, 2022 and December 31, 2022 due to an improvement in rolling year adjusted EBITDA(1).
- 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 requirements as defined by the Office of the Superintendent of Financial Institutions.

Choice Properties targets maintaining credit metrics consistent with those of investment grade Real Estate Investment Trusts ("REIT"). Choice Properties monitors metrics relevant to the REIT industry including targeting an appropriate debt to total assets ratio.

COVENANTS AND REGULATORY REQUIREMENTS The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the second quarter of 2023, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

As at the end of and throughout the second quarter of 2023, PC Bank and Choice Properties met all applicable regulatory requirements.

3.3 Components of Total Debt

For details on the Company's components of total debt, refer to Note 10, "Long-Term Debt", of the Company's second quarter 2023 unaudited interim period condensed consolidated financial statements.

3.4 Financial Condition

	As at		
	Jun. 17, 2023	Jun. 18, 2022	Dec. 31, 2022
Rolling year adjusted return on average equity attributable to common shareholders of the Company[1]	**23.9%**	20.9%	23.5%
Rolling year adjusted return on capital[1]	**13.5%**	12.5%	13.8%

The rolling year adjusted return on average equity attributable to common shareholders of the Company[1] increased as at the end of the second quarter of 2023 compared to the end of the second quarter of 2022, primarily due to an increase in adjusted net earnings[1] available to common shareholders of the Company[1] from continuing operations, as a result of an improvement in the Company's consolidated underlying performance. The rolling year adjusted return on average equity attributable to common shareholders of the Company[1] increased as at the end of the second quarter of 2023 compared to year end 2022, primarily due to an increase in adjusted net earnings[1] available to common shareholders of the Company[1] from continuing operations, as a result of an improvement in the Company's consolidated underlying performance, partially offset by an increase in the average equity attributable to common shareholders of the Company[1].

The rolling year adjusted return on capital[1] increased as at the end of the second quarter of 2023 compared to the end of the second quarter of 2022, primarily due to an increase in adjusted operating income[1], as a result of an improvement in the Company's consolidated underlying performance. The rolling year adjusted return on capital[1] decreased as at the end of the second quarter of 2023 compared to year end 2022, primarily due to an increase in average capital[1], partially offset by an increase in adjusted operating income[1], as a result of an improvement in the Company's consolidated underlying performance.

3.5 Credit Ratings

During 2023, S&P Global Ratings ("S&P") confirmed the following ratings and outlooks, and Dominion Bond Rating Service Morningstar ("DBRS") confirmed the following ratings and trends.

The following table sets out the current credit ratings of GWL:

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

The following table sets out the current credit ratings of Loblaw:

	DBRS		S&P	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB (high)	Stable	BBB	Stable
Medium term notes	BBB (high)	Stable	BBB	n/a
Second Preferred shares, Series B	Pfd-3 (high)	Stable	P-3 (high)	n/a

The following table sets out the current credit ratings of Choice Properties:

	DBRS		S&P	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB (high)	Stable	BBB	Stable
Senior unsecured debentures	BBB (high)	Stable	BBB	n/a

3.6 Dividends and Share Repurchases

DIVIDENDS The following table summarizes the Company's cash dividends declared for the periods ended as indicated:

($)	12 Weeks Ended **Jun. 17, 2023**	12 Weeks Ended Jun. 18, 2022	24 Weeks Ended **Jun. 17, 2023**	24 Weeks Ended Jun. 18, 2022
Dividends declared per share(i):				
Common share	**$ 0.713**	$ 0.660	**$ 1.373**	$ 1.260
Preferred share:				
Series I	**$ 0.3625**	$ 0.3625	**$ 0.7250**	$ 0.7250
Series III	**$ 0.3250**	$ 0.3250	**$ 0.6500**	$ 0.6500
Series IV	**$ 0.3250**	$ 0.3250	**$ 0.6500**	$ 0.6500
Series V	**$ 0.296875**	$ 0.296875	**$ 0.593750**	$ 0.593750

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on July 1, 2023. Dividends declared on Preferred Shares, Series I were paid on June 15, 2023.

The following table summarizes the Company's cash dividends declared subsequent to the end of the second quarter of 2023:

($)		
Dividends declared per share(i)	– Common share	**$ 0.713**
	– Preferred share:	
	Series I	**$ 0.3625**
	Series III	**$ 0.3250**
	Series IV	**$ 0.3250**
	Series V	**$ 0.296875**

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V are payable on October 1, 2023. Dividends declared on Preferred Shares, Series I are payable on September 15, 2023.

SHARE REPURCHASES In the second quarter and year-to-date 2023, the Company purchased and cancelled 1.5 million shares (2022 – 1.8 million shares) at a cost of $241 million (2022 – $285 million) and 2.8 million shares (2022 – 2.2 million shares) at a cost of $472 million (2022 – $342 million), respectively, under its NCIB. As at June 17, 2023, the Company had 137.9 million shares issued and outstanding, net of shares held in trusts (June 18, 2022 – 144.7 million shares).

For the details of the Company's share capital, refer to Note 11, "Share Capital", of the Company's second quarter 2023 unaudited interim period condensed consolidated financial statements.

3.7 Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements including letters of credit, guarantees and cash collateralization in connection with certain obligations. There were no significant changes to these off-balance sheet arrangements during 2023. For a discussion of the Company's significant off-balance sheet arrangements see Section 3.7, "Off-Balance Sheet Arrangements", of the Company's 2022 Annual Report.

4. Quarterly Results of Operations

The Company's year end is December 31. Activities are reported on a fiscal year ending on the Saturday closest to December 31. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years. The years ended December 31, 2022 and December 31, 2021 contained 52 weeks. The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. When a fiscal year contains 53 weeks, the fourth quarter is 13 weeks in duration.

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

The following is a summary of selected consolidated financial information derived from the Company's unaudited interim period condensed consolidated financial statements for each of the eight most recently completed quarters.

SELECTED QUARTERLY INFORMATION

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2023	2022	2023	2022	2022	2021	2022	2021
($ millions except where otherwise indicated)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)
Revenue	**$ 13,884**	$ 12,979	$ 13,133	$ 12,407	$ 14,142	$ 12,902	$ 17,520	$ 16,192
Operating income	**1,099**	649	957	1,166	1,264	1,009	1,474	1,125
Adjusted EBITDA[1]	**1,733**	1,588	1,507	1,422	1,590	1,453	1,951	1,780
Depreciation and amortization[i]	**585**	552	582	549	577	537	729	704
Net earnings from continuing operations	**$ 782**	$ 874	$ 652	$ 615	$ 135	$ 755	$ 1,185	$ 513
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**508**	650	436	373	(104)	428	903	252
Net earnings (loss) available to common shareholders of the Company	**498**	634	426	363	(114)	217	889	124
Continuing operations	**498**	640	426	363	(114)	418	889	238
Discontinued operations[ii]	**–**	(6)	–	–	–	(201)	–	(114)
Net earnings (loss) per common share ($) - basic	**$ 3.59**	$ 4.35	$ 3.04	$ 2.47	$ (0.81)	$ 1.48	$ 6.20	$ 0.83
Continuing operations	**3.59**	4.39	3.04	2.47	(0.81)	2.84	6.20	1.59
Discontinued operations[ii]	**–**	(0.04)	–	–	–	(1.36)	–	(0.76)
Net earnings (loss) per common share ($) - diluted	**$ 3.55**	$ 4.32	$ 3.01	$ 2.45	$ (0.83)	$ 1.44	$ 6.14	$ 0.82
Continuing operations	**3.55**	4.36	3.01	2.45	(0.83)	2.80	6.14	1.58
Discontinued operations[ii]	**–**	(0.04)	–	–	–	(1.36)	–	(0.76)
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**$ 2.68**	$ 2.23	$ 1.99	$ 1.90	$ 2.59	$ 2.32	$ 3.12	$ 2.43

(i) Depreciation and amortization includes amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

(ii) In 2021, the Company completed the sale of the Weston Foods bakery business. The Company's interest in Weston Foods is presented separately as discontinued operations in the Company's results. Details are included in the Company's 2022 Annual Report. The Company's 2022 Annual Report is available at www.sedar.com.

REVENUE Over the last eight quarters, consolidated revenue has been impacted by each of the Company's reportable operating segments as follows:

- Loblaw revenue was impacted by various factors including the following:
  - COVID-19 pandemic related impacts;
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays; and
  - macro-economic conditions impacting food and drug retail prices.
- Choice Properties revenue was impacted by the following:
  - foregone revenue from dispositions;
  - increased capital recoveries;
  - higher rental rates on renewals in the retail and industrial portfolio;
  - contribution from acquisitions, and development transfers;
  - vacancies in select office assets; and
  - an increase in lease surrender revenue.

NET EARNINGS (LOSS) AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS AND DILUTED NET EARNINGS (LOSS) PER COMMON SHARE FROM CONTINUING OPERATIONS Net earnings (loss) available to common shareholders of the Company from continuing operations and diluted net earnings (loss) per common share from continuing operations for the last eight quarters were impacted by the underlying operating performance of each of the Company's reportable operating segments and certain adjusting items as described in Section 8.1, "Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation", of this MD&A.

The Company's underlying operating performance for the last eight quarters included the following:

- changes in Loblaw's underlying operating performance driven by:
  - COVID-19 pandemic related impacts;
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays;
  - cost savings from operating efficiencies and benefits from strategic initiatives; and
  - the 2021 reversal of certain commodity taxes accrued.

- changes in Choice Properties' underlying operating performance driven by:
  - distributions from the investment in real estate securities of Allied; and
  - the change in revenue as described above.

- changes in Other and Intersegment driven by:
  - the elimination of internal lease arrangements; and
  - the impact of asset impairments, net of recoveries.

- diluted net earnings (loss) per common share included the favourable impact of shares purchased for cancellation.

5. Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING There were no changes in the Company's internal control over financial reporting in the second quarter of 2023 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

6. Enterprise Risks and Risk Management

A detailed full set of risks inherent in the Company's business are included in the Company's Annual Information Form ("AIF") for the year ended December 31, 2022 and the MD&A included in the Company's 2022 Annual Report, which are hereby incorporated by reference. The Company's 2022 Annual Report and AIF are available at www.sedar.com. Those risks and risk management strategies remain unchanged.

7. Outlook[3]

The Company's 2023 outlook remains unchanged and it continues to expect adjusted net earnings[1] from continuing operations to increase due to the results from its operating segments, and to use excess cash to repurchase shares.

Loblaw Loblaw will continue to execute on retail excellence while advancing its growth initiatives in 2023. Loblaw's businesses remain well placed to service the everyday needs of Canadians. However, Loblaw cannot predict the precise impacts of global economic uncertainties, including the inflationary environment, on its 2023 financial results.

For the full year 2023, Loblaw continues to expect:

- its retail business to grow earnings faster than sales;
- adjusted net earnings per common share[1] growth in the low double digits;
- to increase investments in its store network and distribution centres by investing a net amount of $1.6 billion in capital expenditures, which reflects gross capital investments of approximately $2.1 billion offset by approximately $500 million of proceeds from real estate dispositions; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

Choice Properties Choice Properties is focused on capital preservation, delivering stable and growing cash flows and net asset value appreciation, all with a long-term focus. Choice Properties' high-quality portfolio is primarily leased to necessity-based tenants and logistics providers, who are less sensitive to economic volatility and therefore provide stability to its overall portfolio. Choice Properties continues to experience positive leasing momentum across its portfolio and is well positioned to handle its 2023 lease renewal exposure. Choice Properties also continues to advance its development program, with a focus on industrial opportunities, which provides it with the best opportunity to add high-quality real estate to its portfolio at a reasonable cost and drive net asset value appreciation over time.

Choice Properties is confident that its business model, stable tenant base, strong balance sheet and disciplined approach to financial management will continue to position it well for future success. However, Choice Properties cannot predict the precise impacts of the broader economic environment on its 2023 financial results. In 2023, Choice Properties will continue to focus on its core business of essential retail and industrial, its growing residential platform and its robust development pipeline, and is targeting:

- stable occupancy across the portfolio, resulting in 2-3% year-over-year growth in Same-Asset NOI, Cash Basis[i];
- annual FFO[1] per Unit Diluted[i] in a range of $0.98 to $0.99, reflecting 2-3% year-over-year growth; and
- stable leverage metrics, targeting Adjusted Debt to EBITDAFV[i] of approximately 7.5x.

(i) For more information on these measures see the 2022 Annual Report filed by Choice Properties, which is available on sedar.com or at choicereit.ca.

8. Non-GAAP and Other Financial Measures

The Company uses non-GAAP and other financial measures and ratios in this document, such as: adjusted EBITDA and adjusted EBITDA margin, adjusted net earnings attributable to shareholders of the Company, adjusted net earnings available to common shareholders of the Company, adjusted diluted net earnings per common share, rolling year adjusted return on average equity attributable to common shareholders of the Company, rolling year adjusted return on capital, GWL Corporate free cash flow, free cash flow and Choice Properties funds from operations, among others. In addition to these items, the following measures are used by management in calculating adjusted diluted net earnings per common share: adjusted operating income, adjusted net interest expense and other financing charges, adjusted earnings before income taxes, adjusted income taxes and adjusted effective tax rate. The Company believes these non-GAAP and other financial measures provide useful information to both management and investors with regard to accurately assessing the Company's financial performance and financial condition for the reasons outlined below.

Further, certain non-GAAP measures and other financial measures of Loblaw and Choice Properties are included in this document. For more information on these measures, refer to the materials filed by Loblaw and Choice Properties, which are available on sedar.com or at loblaw.ca or choicereit.ca, respectively.

Management uses these and other non-GAAP and other financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing underlying consolidated and segment operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company adjusts for these items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

ADJUSTED EBITDA The Company believes adjusted EBITDA is useful in assessing and making decisions regarding the underlying operating performance of the Company's ongoing operations and in assessing the Company's ability to generate cash flows to fund its cash requirements, including its capital investment program.

The following table reconciles adjusted EBITDA to operating income, which is reconciled to GAAP net earnings attributable to shareholders of the Company from continuing operations reported for the periods ended as indicated.

	12 Weeks Ended							
				Jun. 17, 2023				Jun. 18, 2022
($ millions)	**Loblaw**	**Choice Properties**	**Other & Intersegment**	**Consolidated**	Loblaw	Choice Properties	Other & Intersegment	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations				**$ 508**				$ 650
Add (deduct) impact of the following:								
Non-controlling interests				**274**				224
Income taxes				**244**				113
Net interest expense (income) and other financing charges				**73**				(338)
Operating income (loss)	**$ 925**	**$ 290**	**$ (116)**	**$ 1,099**	$ 740	$ (451)	$ 360	$ 649
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 116**	**$ –**	**$ –**	**$ 116**	$ 114	$ –	$ –	$ 114
Charges related to PC Bank commodity tax matters	**37**	**–**	**–**	**37**	111	–	–	111
Fair value adjustment of investment in real estate securities	**–**	**31**	**–**	**31**	–	159	–	159
Fair value adjustment of derivatives	**5**	**–**	**–**	**5**	4	–	–	4
Fair value adjustment on investment properties	**–**	**(84)**	**63**	**(21)**	–	517	(415)	102
Gain on sale of non-operating properties	**–**	**–**	**(3)**	**(3)**	(4)	–	–	(4)
Transaction costs and other related expenses	**–**	**–**	**–**	**–**	13	–	–	13
Foreign currency translation and other company level activities	**–**	**–**	**–**	**–**	–	–	2	2
Adjusting items	**$ 158**	**$ (53)**	**$ 60**	**$ 165**	$ 238	$ 676	$ (413)	$ 501
Adjusted operating income	**$1,083**	**$ 237**	**$ (56)**	**$ 1,264**	$ 978	$ 225	$ (53)	$ 1,150
Depreciation and amortization excluding the impact of the above adjustment(i)	**555**	**1**	**(87)**	**469**	519	1	(82)	438
Adjusted EBITDA	**$1,638**	**$ 238**	**$ (143)**	**$ 1,733**	$ 1,497	$ 226	$ (135)	$ 1,588

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes amortization of intangible assets, acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

	24 Weeks Ended							
				Jun. 17, 2023				Jun. 18, 2022
($ millions)	Loblaw	Choice Properties	Other & Intersegment	Consolidated	Loblaw	Choice Properties	Other & Intersegment	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations				$ 944				$ 1,023
Add (deduct) impact of the following:								
Non-controlling interests				490				466
Income taxes				478				342
Net interest expense (income) and other financing charges				144				(16)
Operating income	$1,692	$ 596	$ (232)	$ 2,056	$ 1,476	$ 178	$ 161	$ 1,815
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	$ 230	$ –	$ –	$ 230	$ 231	$ –	$ –	$ 231
Charges related to PC Bank commodity tax matters	37	–	–	37	111	–	–	111
Fair value adjustment of investment in real estate securities	–	46	–	46	–	159	–	159
Fair value adjustment of derivatives	8	–	–	8	(10)	–	–	(10)
Fair value adjustment on investment properties	–	(176)	106	(70)	–	107	(296)	(189)
Loss (gain) on sale of non-operating properties	1	–	(5)	(4)	(4)	–	–	(4)
Transaction costs and other related expenses	–	–	–	–	16	5	–	21
Restructuring and other related (recoveries) costs	–	–	–	–	(15)	–	19	4
Foreign currency translation and other company level activities	–	–	–	–	–	–	2	2
Adjusting items	$ 276	$ (130)	$ 101	$ 247	$ 329	$ 271	$ (275)	$ 325
Adjusted operating income	$1,968	$ 466	$ (131)	$ 2,303	$1,805	$ 449	$ (114)	$ 2,140
Depreciation and amortization excluding the impact of the above adjustment[(i)]	1,116	2	(181)	937	1,033	2	(165)	870
Adjusted EBITDA	$3,084	$ 468	$ (312)	$ 3,240	$2,838	$ 451	$ (279)	$ 3,010

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes amortization of intangible assets, acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

The following items impacted adjusted EBITDA in 2023 and 2022:

Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark The acquisition of Shoppers Drug Mart in 2014 included approximately $6 billion of definite life intangible assets, which are being amortized over their estimated useful lives. Annual amortization associated with the acquired intangible assets will be approximately $500 million until 2024 and will decrease thereafter.

The acquisition of Lifemark in the second quarter of 2022 included approximately $299 million of definite life intangible assets, which are being amortized over their estimated useful lives.

Charges related to PC Bank commodity tax matters In the second quarter of 2023, the Federal government enacted certain commodity tax legislation that may apply to PC Bank, a subsidiary of Loblaw, on a retroactive basis. A charge of $37 million, inclusive of interest, has been recorded for this matter.

In the second quarter of 2022, Loblaw recorded a charge of $111 million, inclusive of interest. On July 19, 2022, the Tax Court released its decision and 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.

Fair value adjustment of investment in real estate securities Choice Properties received Allied Class B Units as part of the consideration for the Office Asset Sale on March 31, 2022. Choice Properties recognized these units as investments in real estate securities. The investment in real estate securities is exposed to market price fluctuations of Allied trust units. An increase (decrease) in the market price of Allied trust units results in income (a charge) to operating income.

Fair value adjustment of derivatives Loblaw is exposed to commodity price and U.S. dollar exchange rate fluctuations. In accordance with Loblaw's commodity risk management policy, Loblaw enters into exchange traded futures contracts and forward contracts to minimize cost volatility relating to fuel prices and the U.S. dollar exchange rate. These derivatives are not acquired for trading or speculative purposes. Pursuant to Loblaw's derivative instruments accounting policy, changes in the fair value of these instruments, which include realized and unrealized gains and losses, are recorded in operating income. Despite the impact of accounting for these commodity and foreign currency derivatives on Loblaw's reported results, the derivatives have the economic impact of largely mitigating the associated risks arising from price and exchange rate fluctuations in the underlying commodities and U.S. dollar commitments.

Fair value adjustment on investment properties The Company measures investment properties at fair value. Under the fair value model, investment properties are initially measured at cost and subsequently measured at fair value. Fair value is determined based on available market evidence. If market evidence is not readily available in less active markets, the Company uses alternative valuation methods such as discounted cash flow projections or recent transaction prices. Gains and losses on fair value are recognized in operating income in the period in which they are incurred. Gains and losses from disposal of investment properties are determined by comparing the fair value of disposal proceeds and the carrying amount and are recognized in operating income.

Loss (gain) on sale of non-operating properties In the first quarter of 2023, Loblaw recorded a loss related to the sale of non-operating properties of $1 million. In the second quarter of 2022, Loblaw recorded a gain related to the sale of non-operating properties of $4 million.

In the first and second quarter of 2023, Choice Properties disposed of a property and incurred a loss which was recognized in fair value adjustment of investment properties. On consolidation, the Company recorded these properties in fixed assets, which were recognized at cost less accumulated depreciation. As a result, in the first and second quarter of 2023, on consolidation, an incremental $2 million, and $3 million gain, respectively, was recognized in operating income.

Transaction costs and other related expenses In connection with the acquisition of Lifemark, in the second quarter of 2022 and year-to-date, Loblaw recorded acquisition costs of $13 million and $16 million, respectively, in operating income.

During the first quarter of 2022, Choice Properties recorded advisory, legal, personnel, and other costs related to the Office Asset Sale totaling $5 million.

Restructuring and other related (recoveries) costs The Company continuously evaluates strategic and cost reduction initiatives related to its store infrastructure, distribution networks and administrative infrastructure with the objective of ensuring a low cost operating structure. Only restructuring activities that are publicly announced related to these initiatives are considered adjusting items.

In the first quarter of 2022, Loblaw recorded approximately $15 million of restructuring and other related recoveries in connection to the previously announced closure of two distribution centres in Laval and Ottawa. Loblaw disposed of one of the distribution centres for proceeds of $26 million and recognized a gain of $19 million, which was partially offset by $4 million of restructuring and other related costs. Loblaw is investing to build a modern and efficient expansion to its Cornwall distribution centre to serve its food and drug retail businesses in Ontario and Quebec and volumes have been transferred.

In the first quarter of 2022, included in Loblaw's restructuring and other related recoveries was a gain of $19 million related to the disposition of a property to Choice Properties. On consolidation, the $19 million recovery recorded by Loblaw was reversed as it was an intercompany transaction.

ADJUSTED NET INTEREST EXPENSE AND OTHER FINANCING CHARGES The Company believes adjusted net interest expense and other financing charges is useful in assessing the ongoing net financing costs of the Company.

The following table reconciles adjusted net interest expense and other financing charges to GAAP net interest (income) expense and other financing charges reported for the periods ended as indicated.

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 17, 2023**	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
Net interest expense (income) and other financing charges	**$ 73**	$ (338)	**$ 144**	$ (16)
Add (deduct) impact of the following:				
Fair value adjustment of the Trust Unit liability	**202**	576	**394**	483
Recovery related to Glenhuron	**–**	–	**–**	11
Adjusted net interest expense and other financing charges	**$ 275**	$ 238	**$ 538**	$ 478

In addition to certain items described in the "Adjusted EBITDA" section above, the following items impacted adjusted net interest expense and other financing charges in 2023 and 2022:

Fair value adjustment of the Trust Unit liability The Company is exposed to market price fluctuations as a result of the Choice Properties Trust Units held by unitholders other than the Company. These Trust Units are presented as a liability on the Company's consolidated balance sheets as they are redeemable for cash at the option of the holder, subject to certain restrictions. This liability is recorded at fair value at each reporting date based on the market price of Trust Units at the end of each period. An increase (decrease) in the market price of Trust Units results in a charge (income) to net interest expense and other financing charges.

Recovery related to Glenhuron In 2021, the Supreme Court ruled in favour of Loblaw on the Glenhuron matter. As a result of related reassessments received during the first quarter of 2022, Loblaw reversed $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.

ADJUSTED INCOME TAXES AND ADJUSTED EFFECTIVE TAX RATE The Company believes the adjusted effective tax rate applicable to adjusted earnings before taxes is useful in assessing the underlying operating performance of its business.

The following table reconciles the effective tax rate applicable to adjusted earnings before taxes to the GAAP effective tax rate applicable to earnings before taxes as reported for the periods ended as indicated.

	12 Weeks Ended		24 Weeks Ended	
($ millions except where otherwise indicated)	**Jun. 17, 2023**	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
Adjusted operating income[(i)]	**$ 1,264**	$ 1,150	**$ 2,303**	$ 2,140
Adjusted net interest expense and other financing charges[(i)]	**275**	238	**538**	478
Adjusted earnings before taxes	**$ 989**	$ 912	**$ 1,765**	$ 1,662
Income taxes	**$ 244**	$ 113	**$ 478**	$ 342
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes[(ii)]	**37**	89	**63**	69
Outside basis difference in certain Loblaw shares	**(10)**	18	**(42)**	(19)
Remeasurement of deferred tax balances	**–**	46	**–**	46
Recovery related to Glenhuron	**–**	–	**–**	33
Adjusted income taxes	**$ 271**	$ 266	**$ 499**	$ 471
Effective tax rate applicable to earnings before taxes	**23.8%**	11.4%	**25.0%**	18.7%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**27.4%**	29.2%	**28.3%**	28.3%

(i) See reconciliations of adjusted operating income and adjusted net interest expense and other financing charges above.
(ii) See the adjusted EBITDA table and the adjusted net interest expense and other financing charges table above for a complete list of items excluded from adjusted earnings before taxes.

In addition to certain items described in the "Adjusted EBITDA" and "Adjusted Net Interest Expense and Other Financing Charges" sections above, the following items impacted adjusted income taxes and the adjusted effective tax rate in 2023 and 2022:

Outside basis difference in certain Loblaw shares The Company recorded deferred tax expense of $10 million quarter-to-date (2022 – $18 million recovery) and deferred tax expense of $42 million year-to-date (2022 – $19 million) on temporary differences in respect of GWL's investment in certain Loblaw shares that are expected to reverse in the foreseeable future as a result of GWL's participation in Loblaw's NCIB.

Remeasurement of deferred tax balances In the second quarter of 2022, the Company revalued certain deferred tax balances as a result of the Office Asset Sale which resulted in an income tax recovery of $46 million.

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS FROM CONTINUING OPERATIONS AND ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS The Company believes that adjusted net earnings available to common shareholders from continuing operations and adjusted diluted net earnings per common share from continuing operations are useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

The following table reconciles adjusted net earnings available to common shareholders of the Company from continuing operations and adjusted net earnings attributable to shareholders of the Company from continuing operations to net earnings attributable to shareholders of the Company and then to net earnings available to common shareholders of the Company from continuing operations reported for the periods ended as indicated.

	12 Weeks Ended		24 Weeks Ended	
($ millions except where otherwise indicated)	**Jun. 17, 2023**	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
Net earnings attributable to shareholders of the Company	**$ 508**	$ 644	**$ 944**	$ 1,017
Less: Net loss from discontinued operations	**–**	(6)	**–**	(6)
Net earnings attributable to shareholders of the Company from continuing operations	**$ 508**	$ 650	**$ 944**	$ 1,023
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(20)**	(20)
Net earnings available to common shareholders of the Company from continuing operations	**$ 498**	$ 640	**$ 924**	$ 1,003
Less: Reduction in net earnings due to dilution at Loblaw	**(3)**	(2)	**(5)**	(4)
Net earnings available to common shareholders from continuing operations for diluted earnings per share	**$ 495**	$ 638	**$ 919**	$ 999
Net earnings attributable to shareholders of the Company from continuing operations	**$ 508**	$ 650	**$ 944**	$ 1,023
Adjusting items (refer to the following table)	**(121)**	(312)	**(265)**	(393)
Adjusted net earnings attributable to shareholders of the Company from continuing operations	**$ 387**	$ 338	**$ 679**	$ 630
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(20)**	(20)
Adjusted net earnings available to common shareholders of the Company from continuing operations	**$ 377**	$ 328	**$ 659**	$ 610
Less: Reduction in net earnings due to dilution at Loblaw	**(3)**	(2)	**(5)**	(4)
Adjusted net earnings available to common shareholders for diluted earnings per share from continuing operations	**$ 374**	$ 326	**$ 654**	$ 606
Diluted weighted average common shares outstanding (in millions)	**139.5**	146.3	**140.1**	146.8

The following table reconciles adjusted net earnings available to common shareholders of the Company from continuing operations and adjusted diluted net earnings per common share from continuing operations to GAAP net earnings available to common shareholders of the Company from continuing operations and diluted net earnings per common share from continuing operations as reported for the periods ended as indicated.

	12 Weeks Ended			
	Jun. 17, 2023		Jun. 18, 2022	
($ except where otherwise indicated)	Net Earnings Available to Common Shareholders of the Company ($ millions)	Diluted Net Earnings Per Common Share	Net Earnings Available to Common Shareholders of the Company ($ millions)	Diluted Net Earnings Per Common Share
Continuing Operations	**$ 498**	**$ 3.55**	$ 640	$ 4.36
Add (deduct) impact of the following[i]:				
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 44**	**$ 0.32**	$ 44	$ 0.31
Charges related to PC Bank commodity tax matters	**15**	**0.11**	45	0.31
Fair value adjustment of investment in real estate securities	**28**	**0.20**	146	0.99
Fair value adjustment of derivatives	**2**	**0.01**	2	0.01
Fair value adjustment on investment properties	**(17)**	**(0.12)**	85	0.58
Gain on sale of non-operating properties	**(1)**	**(0.01)**	(2)	(0.02)
Transaction costs and other related expenses	**–**	**–**	7	0.05
Fair value adjustment of the Trust Unit liability	**(202)**	**(1.45)**	(576)	(3.94)
Outside basis difference in certain Loblaw shares	**10**	**0.07**	(18)	(0.12)
Remeasurement of deferred tax balances	**–**	**–**	(46)	(0.31)
Foreign currency translation and other company level activities	**–**	**–**	1	0.01
Adjusting items Continuing Operations	**$ (121)**	**$ (0.87)**	$ (312)	$ (2.13)
Adjusted Continuing Operations	**$ 377**	**$ 2.68**	$ 328	$ 2.23

(i) Net of income taxes and non-controlling interests, as applicable.

($ except where otherwise indicated)	24 Weeks Ended Jun. 17, 2023 Net Earnings Available to Common Shareholders of the Company ($ millions)		24 Weeks Ended Jun. 17, 2023 Diluted Net Earnings Per Common Share		Jun. 18, 2022 Net Earnings Available to Common Shareholders of the Company ($ millions)		Jun. 18, 2022 Diluted Net Earnings Per Common Share	
Continuing Operations	**$**	**924**	**$**	**6.56**	$	1,003	$	6.81
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$**	**89**	**$**	**0.63**	$	90	$	0.61
Charges related to PC Bank commodity tax matters		**15**		**0.11**		45		0.31
Fair value adjustment of investment in real estate securities		**42**		**0.30**		146		0.99
Fair value adjustment of derivatives		**3**		**0.02**		(4)		(0.03)
Fair value adjustment on investment properties		**(60)**		**(0.43)**		(158)		(1.08)
Gain on sale of non-operating properties		**(2)**		**(0.01)**		(2)		(0.02)
Transaction costs and other related expenses		**–**		**–**		12		0.08
Restructuring and other related costs		**–**		**–**		10		0.08
Fair value adjustment of the Trust Unit liability		**(394)**		**(2.81)**		(483)		(3.29)
Outside basis difference in certain Loblaw shares		**42**		**0.30**		19		0.13
Remeasurement of deferred tax balances		**–**		**–**		(46)		(0.31)
Recovery related to Glenhuron		**–**		**–**		(23)		(0.16)
Foreign currency translation and other company level activities		**–**		**–**		1		0.01
Adjusting items Continuing Operations	**$**	**(265)**	**$**	**(1.89)**	$	(393)	$	(2.68)
Adjusted Continuing Operations	**$**	**659**	**$**	**4.67**	$	610	$	4.13

(i) Net of income taxes and non-controlling interests, as applicable.

FREE CASH FLOW FROM CONTINUING OPERATIONS The Company believes free cash flow is useful in assessing the Company's cash available for additional financing and investing activities.

The following table reconciles free cash flow to GAAP measures reported for the periods ended as indicated.

	12 Weeks Ended						24 Weeks Ended					
($ millions)	**Jun. 17, 2023**		Jun. 18, 2022		$ Change		**Jun. 17, 2023**		Jun. 18, 2022		$ Change	
Cash flows from operating activities from continuing operations	**$**	**1,324**	$	1,262	$	62	**$**	**2,238**	$	2,042	$	196
Less: Interest paid		**199**		184		15		**438**		398		40
Capital investments[i]		**479**		357		122		**876**		556		320
Lease payments, net		**205**		203		2		**409**		346		63
Free cash flow from continuing operations	**$**	**441**	$	518	$	(77)	**$**	**515**	$	742	$	(227)

(i) Capital investments are the sum of fixed asset and investment property purchases and intangible asset additions as presented in the Company's condensed consolidated statements of cash flows.

ROLLING YEAR ADJUSTED RETURN ON AVERAGE EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS OF THE COMPANY AND ROLLING YEAR ADJUSTED RETURN ON CAPITAL The Company uses the following metrics to measure its leverage and profitability. The definitions of these ratios are presented below.

Rolling Year Adjusted Return on Average Equity Attributable to Common Shareholders of the Company Adjusted net earnings available to common shareholders of the Company for the last four quarters divided by average total equity attributable to common shareholders of the Company. Refer to Section 3.4, "Financial Condition", of this MD&A.

Rolling Year Adjusted Return on Capital Tax-effected adjusted operating income for the last four quarters divided by average capital where capital is defined as total debt, plus equity attributable to shareholders of the Company, less cash and cash equivalents, and short-term investments. Refer to Section 3.4, "Financial Condition", of this MD&A.

CHOICE PROPERTIES' FUNDS FROM OPERATIONS Choice Properties considers funds from operations to be a useful measure of operating performance as it adjusts for items included in net income that do not arise from operating activities or do not necessarily provide an accurate depiction of its performance.

Funds from operations is calculated in accordance with the Real Property Association of Canada's Funds from Operations & Adjusted Funds from Operations for IFRS issued in January 2022.

The following table reconciles Choice Properties' funds from operations to net income for the periods ended as indicated.

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 17, 2023**	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
Net income (loss)	**$ 536**	$ (12)	**$ 807**	$ 375
Add (deduct) impact of the following:				
Amortization of intangible assets	**1**	–	**1**	1
Transaction costs and other related expenses	**–**	–	**–**	5
Adjustment to fair value of unit-based compensation	**(1)**	(2)	**(2)**	(1)
Fair value adjustment on Exchangeable Units	**(376)**	(570)	**(471)**	(451)
Fair value adjustment on investment properties	**(86)**	524	**(162)**	221
Fair value adjustment on investment property held in equity accounted joint ventures	**–**	(1)	**(16)**	(112)
Fair value adjustment of investment in real estate securities	**31**	159	**46**	159
Capitalized interest on equity accounted joint ventures	**3**	2	**5**	3
Unit distributions on Exchangeable Units	**74**	73	**148**	146
Internal expenses for leasing	**2**	2	**4**	4
Funds from Operations	**$ 184**	$ 175	**$ 360**	$ 350

8.1 Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation

The following table provides a reconciliation of adjusted EBITDA to operating income, which is reconciled to GAAP net earnings (loss) attributable to shareholders of the Company from continuing operations reported for the periods ended as indicated.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2023	2022	2023	2022	2022	2021	2022	2021
($ millions)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**$ 508**	$ 650	$ 436	$ 373	$ (104)	$ 428	$ 903	$ 252
Add (deduct) impact of the following:								
Non-controlling interests	**$ 274**	$ 224	$ 216	$ 242	$ 239	$ 327	$ 282	$ 261
Income taxes	**$ 244**	$ 113	$ 234	$ 229	$ 213	$ 64	$ 276	$ 200
Net interest expense (income) and other financing charges	**$ 73**	$ (338)	$ 71	$ 322	$ 916	$ 190	$ 13	$ 412
Operating income	**$ 1,099**	$ 649	$ 957	$ 1,166	$ 1,264	$ 1,009	$ 1,474	$ 1,125
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 116**	$ 114	$ 114	$ 117	$ 115	$ 117	$ 151	$ 155
Charges related to PC Bank commodity tax matters	**37**	111	–	–	–	–	–	–
Fair value adjustment of investment in real estate securities	**31**	159	15	–	20	–	69	–
Fair value adjustment of derivatives	**5**	4	3	(14)	11	6	(6)	(8)
Fair value adjustment on investment properties	**(21)**	102	(49)	(291)	(226)	(87)	(313)	(41)
Gain on sale of non-operating properties	**(3)**	(4)	(1)	–	(50)	(2)	(3)	(9)
Transaction costs and other related expenses	**–**	13	–	8	–	–	–	–
Restructuring and other related costs (recoveries)	**–**	–	–	4	–	(8)	–	9
Fair value adjustment on non-operating properties	**–**	–	–	–	(6)	(2)	–	–
Foreign currency translation and other company level activities	**–**	2	–	–	–	–	1	–
Adjusting items	**$ 165**	$ 501	$ 82	$ (176)	$ (136)	$ 24	$ (101)	$ 106
Adjusted operating income	**$ 1,264**	$ 1,150	$ 1,039	$ 990	$ 1,128	$ 1,033	$ 1,373	$ 1,231
Depreciation and amortization excluding the impact of the above adjustment(i)	**$ 469**	$ 438	$ 468	$ 432	$ 462	$ 420	$ 578	$ 549
Adjusted EBITDA	**$ 1,733**	$ 1,588	$ 1,507	$ 1,422	$ 1,590	$ 1,453	$ 1,951	$ 1,780

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes the amortization of intangible assets, acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

The following tables reconcile adjusted net earnings available to common shareholders of the Company from continuing operations and adjusted diluted net earnings per common share from continuing operations to GAAP net earnings (loss) available to common shareholders of the Company from continuing operations and diluted net earnings (loss) per common share from continuing operations as reported for the periods ended as indicated.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2023	2022	2023	2022	2022	2021	2022	2021
($ millions)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)
Continuing Operations	**$ 498**	$ 640	$ 426	$ 363	$ (114)	$ 418	$ 889	$ 238
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 44**	$ 44	$ 45	$ 46	$ 41	$ 47	$ 60	$ 58
Charges related to PC Bank commodity tax matters	**15**	45	–	–	–	–	–	–
Fair value adjustment of investment in real estate securities	**28**	146	14	–	18	–	64	–
Fair value adjustment of derivatives	**2**	2	1	(6)	5	1	(3)	(3)
Fair value adjustment on investment properties	**(17)**	85	(43)	(243)	(225)	(72)	(262)	(35)
Gain on sale of non-operating properties	**(1)**	(2)	(1)	–	(19)	(2)	(1)	(5)
Transaction costs and other related expenses	**–**	7	–	5	–	–	–	–
Restructuring and other related costs (recoveries)	**–**	–	–	10	–	(4)	–	5
Fair value adjustment on non-operating properties	**–**	–	–	–	(2)	–	–	–
Fair value adjustment of the Trust Unit liability	**(202)**	(576)	(192)	93	662	122	(277)	52
Recovery related to Glenhuron	**–**	–	–	(23)	–	(165)	–	–
Outside basis difference in certain Loblaw shares	**10**	(18)	32	37	3	(1)	(18)	(9)
Remeasurement of deferred tax balances	**–**	(46)	–	–	–	–	–	–
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	–	–	–	–	3	–	64
Foreign currency translation and other company level activities	**–**	1	–	–	–	–	1	–
Adjusting items Continuing Operations	**$ (121)**	$ (312)	$ (144)	$ (81)	$ 483	$ (71)	$ (436)	$ 127
Adjusted Continuing Operations	**$ 377**	$ 328	$ 282	$ 282	$ 369	$ 347	$ 453	$ 365

(i) Net of income taxes and non-controlling interests, as applicable.

($ except where otherwise indicated)	Second Quarter 2023 (12 weeks)	Second Quarter 2022 (12 weeks)	First Quarter 2023 (12 weeks)	First Quarter 2022 (12 weeks)	Fourth Quarter 2022 (12 weeks)	Fourth Quarter 2021 (12 weeks)	Third Quarter 2022 (16 weeks)	Third Quarter 2021 (16 weeks)
Continuing Operations	**$ 3.55**	$ 4.36	$ 3.01	$ 2.45	$ (0.83)	$ 2.80	$ 6.14	$ 1.58
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 0.32**	$ 0.31	$ 0.32	$ 0.31	$ 0.29	$ 0.31	$ 0.42	$ 0.39
Charges related to PC Bank commodity tax matters	**0.11**	0.31	–	–	–	–	–	–
Fair value adjustment of investment in real estate securities	**0.20**	0.99	0.10	–	0.13	–	0.45	–
Fair value adjustment of derivatives	**0.01**	0.01	0.01	(0.04)	0.03	0.01	(0.02)	(0.02)
Fair value adjustment on investment properties	**(0.12)**	0.58	(0.30)	(1.65)	(1.60)	(0.48)	(1.82)	(0.24)
Gain on sale of non-operating properties	**(0.01)**	(0.02)	(0.01)	–	(0.13)	(0.01)	(0.01)	(0.03)
Transaction costs and other related expenses	**–**	0.05	–	0.03	–	–	–	–
Restructuring and other related costs (recoveries)	**–**	–	–	0.08	–	(0.03)	–	0.03
Fair value adjustment on non-operating properties	**–**	–	–	–	(0.01)	–	–	–
Fair value adjustment of the Trust Unit liability	**(1.45)**	(3.94)	(1.37)	0.63	4.69	0.83	(1.92)	0.35
Recovery related to Glenhuron	**–**	–	–	(0.16)	–	(1.12)	–	–
Outside basis difference in certain Loblaw shares	**0.07**	(0.12)	0.23	0.25	0.02	(0.01)	(0.13)	(0.06)
Remeasurement of deferred tax balances	**–**	(0.31)	–	–	–	–	–	–
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	–	–	–	–	0.02	–	0.43
Foreign currency translation and other company level activities	**–**	0.01	–	–	–	–	0.01	–
Adjusting items Continuing Operations	**$ (0.87)**	$ (2.13)	$ (1.02)	$ (0.55)	$ 3.42	$ (0.48)	$ (3.02)	$ 0.85
Adjusted Continuing Operations	**$ 2.68**	$ 2.23	$ 1.99	$ 1.90	$ 2.59	$ 2.32	$ 3.12	$ 2.43
Diluted Weighted Average Common Shares	**139.5**	146.3	140.7	147.3	141.3	147.6	144.1	149.7

(i) Net of income taxes and non-controlling interests, as applicable.

9. Forward-Looking Statements

This Quarterly Report, including this MD&A, 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 Quarterly Report 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 IT systems implementations. These specific forward-looking statements are contained throughout this Quarterly Report including, without limitation, in Section 3, "Liquidity and Capital Resources", Section 7, "Outlook", and Section 8, "Non-GAAP and Other Financial Measures" of this MD&A. 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 "Enterprise Risks and Risk Management" sections of the Company's 2022 Annual Report and the Company's AIF for the year ended December 31, 2022. 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 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 Shoppers Drug Mart Licensees ("Associates");
- 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, including without limitation, the section entitled "Operating and Financial Risks and Risk Management" in the Company's AIF for the year ended December 31, 2022. 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 MD&A. 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.

10. Additional Information

Additional information about the Company has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

This Quarterly Report includes selected information on Loblaw, a public company with shares trading on the TSX, and selected information on Choice Properties, a public real estate investment trust with units trading on the TSX. For information regarding Loblaw or Choice Properties, readers should also refer to the respective materials filed on SEDAR from time to time. These filings are also maintained on the respective companies' corporate website at www.loblaw.ca and www.choicereit.ca.

Toronto, Canada
July 31, 2023

Financial Results

Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 17, 2023	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
Revenue	**$ 13,884**	$ 12,979	**$ 27,017**	$ 25,386
Operating Expenses				
Cost of inventories sold	**9,312**	8,693	**18,100**	17,027
Selling, general and administrative expenses	**3,473**	3,637	**6,861**	6,544
	12,785	12,330	**24,961**	23,571
Operating Income	**1,099**	649	**2,056**	1,815
Net Interest Expense (Income) and Other Financing Charges (note 4)	**73**	(338)	**144**	(16)
Earnings Before Income Taxes	**1,026**	987	**1,912**	1,831
Income Taxes (note 5)	**244**	113	**478**	342
Net Earnings from Continuing Operations	**782**	874	**1,434**	1,489
Net Loss from Discontinued Operations	**–**	(6)	**–**	(6)
Net Earnings	**782**	868	**1,434**	1,483
Attributable to:				
Shareholders of the Company (note 6)	**508**	644	**944**	1,017
Non-Controlling Interests	**274**	224	**490**	466
Net Earnings	**$ 782**	$ 868	**$ 1,434**	$ 1,483
Net Earnings (Loss) per Common Share - Basic ($) (note 6)	**$ 3.59**	$ 4.35	**$ 6.63**	$ 6.82
Continuing Operations	**$ 3.59**	$ 4.39	**$ 6.63**	$ 6.86
Discontinued Operations	**$ –**	$ (0.04)	**$ –**	$ (0.04)
Net Earnings (Loss) per Common Share - Diluted ($) (note 6)	**$ 3.55**	$ 4.32	**$ 6.56**	$ 6.77
Continuing Operations	**$ 3.55**	$ 4.36	**$ 6.56**	$ 6.81
Discontinued Operations	**$ –**	$ (0.04)	**$ –**	$ (0.04)

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	12 Weeks Ended **Jun. 17, 2023**	 Jun. 18, 2022	24 Weeks Ended **Jun. 17, 2023**	 Jun. 18, 2022
Net Earnings from Continuing Operations	**$ 782**	$ 874	**$ 1,434**	$ 1,489
Other comprehensive income (loss), net of taxes				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment	**(1)**	4	**–**	3
Gains on cash flow hedges (note 13)	**10**	11	**6**	17
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial (losses) gains (note 12)	**(4)**	(181)	**95**	(168)
Adjustment to fair value of investment properties	**–**	30	**–**	47
Other comprehensive income (loss) from continuing operations	**5**	(136)	**101**	(101)
Comprehensive Income from Continuing Operations	**787**	738	**1,535**	1,388
Net Loss from Discontinued Operations	**–**	(6)	**–**	(6)
Other comprehensive income from discontinued operations	**–**	–	**–**	–
Comprehensive Loss from Discontinued Operations	**–**	(6)	**–**	(6)
Total Comprehensive Income	**787**	732	**1,535**	1,382
Attributable to:				
Shareholders of the Company	**514**	589	**998**	992
Non-Controlling Interests	**273**	143	**537**	390
Total Comprehensive Income	**$ 787**	$ 732	**$ 1,535**	$ 1,382

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at Jun. 17, 2023	Jun. 18, 2022	Dec. 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	**$ 1,970**	$ 2,281	$ 2,313
Short-term investments	**531**	442	503
Security deposits (note 8)	**250**	–	–
Accounts receivable	**1,294**	1,217	1,273
Credit card receivables (note 8)	**3,972**	3,626	3,954
Inventories	**5,582**	5,360	5,855
Prepaid expenses and other assets	**912**	499	675
Assets held for sale	**28**	116	80
Total Current Assets	**14,539**	13,541	14,653
Fixed Assets (note 9)	**11,193**	10,675	11,130
Right-of-Use Assets	**4,349**	4,207	4,208
Investment Properties	**5,438**	4,743	5,144
Equity Accounted Joint Ventures	**888**	769	996
Intangible Assets	**6,287**	6,766	6,527
Goodwill	**4,865**	4,853	4,853
Deferred Income Taxes	**107**	93	98
Security Deposits	**35**	80	36
Other Assets (note 12)	**1,277**	1,502	1,313
Total Assets	**$ 48,978**	$ 47,229	$ 48,958
LIABILITIES			
Current Liabilities			
Bank indebtedness	**$ 18**	$ 23	$ 8
Trade payables and other liabilities	**6,246**	6,091	6,730
Loyalty liability	**186**	224	180
Provisions	**145**	202	116
Income taxes payable	**225**	172	246
Demand deposits from customers	**137**	99	125
Short-term debt	**650**	500	700
Long-term debt due within one year (note 10)	**1,587**	1,218	1,383
Lease liabilities due within one year	**858**	825	835
Associate interest	**413**	434	434
Total Current Liabilities	**10,465**	9,788	10,757
Provisions	**86**	87	84
Long-Term Debt (note 10)	**13,670**	12,965	13,401
Lease Liabilities	**4,458**	4,317	4,323
Trust Unit Liability (note 13)	**3,717**	3,727	4,112
Deferred Income Taxes	**1,954**	2,017	2,007
Other Liabilities (note 12)	**1,115**	1,138	1,094
Total Liabilities	**35,465**	34,039	35,778
EQUITY			
Share Capital (note 11)	**3,389**	3,487	3,433
Retained Earnings	**5,465**	5,091	5,075
Contributed Surplus	**(2,066)**	(1,699)	(1,864)
Accumulated Other Comprehensive Income	**201**	148	197
Total Equity Attributable to Shareholders of the Company	**6,989**	7,027	6,841
Non-Controlling Interests	**6,524**	6,163	6,339
Total Equity	**13,513**	13,190	13,180
Total Liabilities and Equity	**$ 48,978**	$ 47,229	$ 48,958

Contingent liabilities (note 14).

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2022	$ 2,616	$ 817	$ 3,433	$ 5,075	$ (1,864)	$ 28	$ 5	$ 164	$ 197	$ 6,339	$ 13,180
Net earnings	–	–	–	944	–	–	–	–	–	490	1,434
Other comprehensive income(i)	–	–	–	50	–	–	4	–	4	47	101
Comprehensive income	$ –	$ –	$ –	$ 994	$ –	$ –	$ 4	$ –	$ 4	$ 537	$ 1,535
Effect of equity-based compensation (note 11)	7	–	7	1	(12)	–	–	–	–	(6)	(10)
Shares purchased and cancelled (note 11)	(52)	–	(52)	(400)	–	–	–	–	–	–	(452)
Net effect of shares held in trusts (note 11)	1	–	1	7	–	–	–	–	–	–	8
Loblaw capital transactions and dividends	–	–	–	–	(190)	–	–	–	–	(346)	(536)
Dividends declared											
Per common share ($) (note 11)											
– $1.373	–	–	–	(190)	–	–	–	–	–	–	(190)
Per preferred share ($) (note 11)											
– Series I – $0.7250	–	–	–	(7)	–	–	–	–	–	–	(7)
– Series III – $0.6500	–	–	–	(5)	–	–	–	–	–	–	(5)
– Series IV – $0.6500	–	–	–	(5)	–	–	–	–	–	–	(5)
– Series V – $0.593750	–	–	–	(5)	–	–	–	–	–	–	(5)
	$ (44)	$ –	$ (44)	$ (604)	$ (202)	$ –	$ –	$ –	$ –	$ (352)	$ (1,202)
Balance as at Jun. 17, 2023	$ 2,572	$ 817	$ 3,389	$ 5,465	$ (2,066)	$ 28	$ 9	$ 164	$ 201	$ 6,524	$ 13,513

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2021	$ 2,712	$ 817	$ 3,529	$ 4,808	$ (1,462)	$ 25	$ (14)	$ 73	$ 84	$ 6,178	$ 13,137
Net earnings	–	–	–	1,017	–	–	–	–	–	466	1,483
Other comprehensive income (loss)(i)	–	–	–	(89)	–	2	15	47	64	(76)	(101)
Comprehensive income	$ –	$ –	$ –	$ 928	$ –	$ 2	$ 15	$ 47	$ 64	$ 390	$ 1,382
Effect of equity-based compensation (note 11)	20	–	20	(2)	(18)	–	–	–	–	(8)	(8)
Shares purchased and cancelled (note 11)	(63)	–	(63)	(446)	–	–	–	–	–	–	(509)
Net effect of shares held in trusts (note 11)	1	–	1	9	–	–	–	–	–	–	10
Loblaw capital transactions and dividends	–	–	–	–	(219)	–	–	–	–	(397)	(616)
Dividends declared											
Per common share ($) (note 11)											
– $1.260	–	–	–	(184)	–	–	–	–	–	–	(184)
Per preferred share ($) (note 11)											
– Series I – $0.7250	–	–	–	(7)	–	–	–	–	–	–	(7)
– Series III – $0.6500	–	–	–	(5)	–	–	–	–	–	–	(5)
– Series IV – $0.6500	–	–	–	(5)	–	–	–	–	–	–	(5)
– Series V – $0.593750	–	–	–	(5)	–	–	–	–	–	–	(5)
	$ (42)	$ –	$ (42)	$ (645)	$ (237)	$ –	$ –	$ –	$ –	$ (405)	$ (1,329)
Balance as at Jun. 18, 2022	$ 2,670	$ 817	$ 3,487	$ 5,091	$ (1,699)	$ 27	$ 1	$ 120	$ 148	$ 6,163	$ 13,190

(i) Other comprehensive income (loss) includes an actuarial gain of $95 million (2022 – loss of $168 million), of which $50 million (2022 – loss of $89 million) is presented in retained earnings, and $45 million (2022 – loss of $79 million) in non-controlling interests. Also included in non-controlling interests was a nominal gain on foreign currency translation adjustments (2022 – gain of $1 million) and a gain of $2 million on cash flow hedges (2022 – gain of $2 million).

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	12 Weeks Ended Jun. 17, 2023	12 Weeks Ended Jun. 18, 2022[(i)]	24 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 18, 2022[(i)]
Operating Activities				
Net earnings	**$ 782**	$ 868	**$ 1,434**	$ 1,483
Add (deduct):				
Net interest expense (income) and other financing charges (note 4)	**73**	(338)	**144**	(16)
Income taxes (note 5)	**244**	113	**478**	342
Depreciation and amortization	**585**	552	**1,167**	1,101
Loss on sale of discontinued operations, after income taxes	**–**	6	**–**	6
Asset impairments, net of recoveries	**–**	(1)	**–**	2
Adjustment to fair value of investment properties and assets held for sale	**(21)**	102	**(70)**	(189)
Adjustment to fair value of investment in real estate securities (note 13)	**31**	159	**46**	159
Change in allowance for credit card receivables (note 8)	**8**	(4)	**14**	(9)
Change in provisions	**37**	101	**31**	80
Change in gross credit card receivables (note 8)	**(232)**	(289)	**(32)**	(174)
Change in non-cash working capital (note 7)	**65**	(47)	**(413)**	(627)
Income taxes (paid) recovered	**(295)**	6	**(593)**	(185)
Interest received	**17**	15	**34**	33
Interest received from finance leases	**–**	–	**1**	1
Other	**30**	19	**(3)**	35
Cash Flows from Operating Activities	**1,324**	1,262	**2,238**	2,042
Investing Activities				
Fixed asset and investment properties purchases	**(387)**	(259)	**(692)**	(377)
Intangible asset additions	**(92)**	(98)	**(184)**	(179)
Acquisition of Lifemark, net of cash acquired	**–**	(813)	**–**	(813)
Proceeds from disposal of assets (note 9)	**60**	37	**183**	84
Lease payments received from finance leases	**3**	3	**6**	6
Disposal (purchases) of short-term investments	**27**	520	**(28)**	437
Repayments (advances) of mortgages, loans, and notes receivable	**33**	(110)	**37**	(131)
Increase in security deposits (note 8)	**(249)**	–	**(249)**	–
Other	**(3)**	(93)	**(43)**	(213)
Cash Flows used in Investing Activities	**(608)**	(813)	**(970)**	(1,186)
Financing Activities				
(Decrease) increase in bank indebtedness	**(7)**	(227)	**10**	(29)
Increase (decrease) in short-term debt	**50**	100	**(50)**	50
Increase in demand deposits from customers	**6**	12	**12**	24
Long-term debt – Issued (note 10)	**623**	437	**1,325**	534
– Repayments (note 10)	**(230)**	(170)	**(853)**	(346)
Interest paid	**(199)**	(184)	**(438)**	(398)
Cash rent paid on lease liabilities – Interest	**(47)**	(41)	**(93)**	(83)
Cash rent paid on lease liabilities – Principal	**(161)**	(165)	**(322)**	(269)
Share capital – Issued (notes 11)	**1**	–	**6**	17
– Purchased and cancelled (note 11)	**(233)**	(278)	**(460)**	(325)
Loblaw common share capital – Issued	**15**	9	**30**	52
– Purchased and held in trusts	**–**	(35)	**–**	(63)
– Purchased and cancelled	**(261)**	(294)	**(456)**	(409)
Dividends – To common shareholders	**(92)**	(88)	**(177)**	(169)
– To preferred shareholders	**(11)**	(11)	**(22)**	(22)
– To non-controlling interests	**(65)**	(61)	**(65)**	(61)
Proceeds from financial liabilities (note 9)	**29**	–	**29**	8
Other	**(39)**	(1)	**(88)**	(72)
Cash Flows used in Financing Activities	**(621)**	(997)	**(1,612)**	(1,561)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**1**	1	**1**	2
Increase (decrease) in Cash and Cash Equivalents	**96**	(547)	**(343)**	(703)
Cash and Cash Equivalents, Beginning of Period	**1,874**	2,828	**2,313**	2,984
Cash and Cash Equivalents, End of Period	**$ 1,970**	$ 2,281	**$ 1,970**	$ 2,281

(i) Certain comparative figures have been restated to conform with current year presentation.

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 1. Nature and Description of the Reporting Entity

George Weston Limited ("GWL" or the "Company") is a Canadian public company incorporated in 1928, with its registered office located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S5. The Company's parent is Wittington Investments, Limited ("Wittington").

The Company operates through its two reportable operating segments, Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation and cash and short-term investments held by the Company. All other company level activities that are not allocated to the reportable operating segments, such as interest expense, corporate activities and administrative costs are included in Other and Intersegment.

Loblaw has two reportable operating segments, retail and financial services. Loblaw's retail segment consists primarily of food retail and drug retail. Loblaw provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise and financial services.

Choice Properties owns, manages and develops a high-quality portfolio of commercial and residential properties across Canada.

Quarterly net earnings are affected by seasonality and the timing of holidays, relative to the Company's interim periods. Accordingly, quarterly performance is not necessarily indicative of annual performance. Historically, Loblaw has earned more revenue in the fourth quarter relative to the preceding quarters in its fiscal year.

Note 2. Significant Accounting Policies

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company's 2022 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements.

These unaudited interim period condensed consolidated financial statements are presented in Canadian dollars.

STATEMENT OF COMPLIANCE These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company's 2022 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on July 31, 2023.

Note 3. Subsidiaries

The table below summarizes the Company's principal subsidiaries. The proportion of ownership interests held equals the voting rights held by the Company. GWL's ownership in Loblaw and Choice Properties is impacted by changes in Loblaw's common share equity and Choice Properties' trust units, respectively.

		As at					
		Jun. 17, 2023		Jun. 18, 2022		Dec. 31, 2022	
		Number of shares / units held	**Ownership interest**	**Number of shares / units held**	**Ownership interest**	**Number of shares / units held**	**Ownership interest**
Loblaw	Common shares(i)	**166,931,816**	**52.6%**	172,523,254	52.6%	170,606,070	52.6%
	Class B LP Units(ii)	**395,786,525**	**n/a**	395,786,525	n/a	395,786,525	n/a
	Trust Units	**50,661,415**	**n/a**	50,661,415	n/a	50,661,415	n/a
Choice Properties		**446,447,940**	**61.7%**	446,447,940	61.7%	446,447,940	61.7%

(i) GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program in order to maintain its proportionate percentage ownership.
(ii) Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.

Note 4. Net Interest Expense and Other Financing Charges

The components of net interest expense and other financing charges from continuing operations were as follows:

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 17, 2023**	Jun. 18, 2022	**Jun. 17, 2023**	Jun. 18, 2022
Interest expense:				
Long-term debt	**$ 148**	$ 135	**$ 294**	$ 265
Lease liabilities	**47**	41	**93**	83
Borrowings related to credit card receivables	**25**	7	**44**	17
Trust Unit distributions	**51**	52	**103**	103
Independent funding trusts	**9**	4	**19**	7
Post-employment and other long-term employee benefits (note 12)	**4**	–	**8**	–
Bank indebtedness	**–**	–	**–**	1
Financial liabilities	**12**	11	**22**	22
Capitalized interest	**(2)**	–	**(3)**	(1)
	$ 294	$ 250	**$ 580**	$ 497
Interest income:				
Accretion income	**$ –**	$ (1)	**$ (1)**	$ (2)
Interest income	**(19)**	(10)	**(41)**	(16)
Post-employment and other long-term employee benefits (note 12)	**–**	(1)	**–**	(1)
	$ (19)	$ (12)	**$ (42)**	$ (19)
Fair value adjustment of the Trust Unit liability (note 13)	**$ (202)**	$ (576)	**$ (394)**	$ (483)
Recovery related to Glenhuron Bank Limited	**–**	–	**–**	(11)
Net interest expense (income) and other financing charges from Continuing Operations	**$ 73**	$ (338)	**$ 144**	$ (16)

Note 5. Income Taxes

For the second quarter of 2023, income tax expense from continuing operations was $244 million (2022 – $113 million) and the effective tax rate was 23.8% (2022 – 11.4%). The increase in the effective tax rate was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability and the prior year remeasurement of deferred tax balances as a result of the Choice Properties' disposition of six office assets (the "Office Asset Sale"), partially offset by the non-taxable portion of the gain from real estate dispositions in the quarter and the impact of other non-deductible items.

On a year-to-date basis, income tax expense was $478 million (2022 – $342 million) and the effective tax rate was 25.0% (2022 – 18.7%). The increase in the effective tax rate was primarily attributable to the prior year remeasurement of deferred tax balances as a result of the Office Asset Sale, the recovery of income taxes related to Glenhuron Bank Limited in the first quarter of 2022 and an increase in tax expense related to the Company's participation in Loblaw's NCIB, partially offset by the non-taxable portion of the gain from real estate dispositions during the year.

Note 6. Basic and Diluted Net Earnings per Common Share

($ millions except where otherwise indicated)	12 Weeks Ended Jun. 17, 2023	12 Weeks Ended Jun. 18, 2022	24 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 18, 2022
Net earnings attributable to shareholders of the Company	**$ 508**	$ 644	**$ 944**	$ 1,017
Less: Discontinued Operations	**–**	(6)	**–**	(6)
Net earnings from continuing operations attributable to shareholders of the Company	**$ 508**	$ 650	**$ 944**	$ 1,023
Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(20)**	(20)
Net earnings from continuing operations available to common shareholders of the Company	**$ 498**	$ 640	**$ 924**	$ 1,003
Reduction in net earnings due to dilution at Loblaw	**(3)**	(2)	**(5)**	(4)
Net earnings from continuing operations available to common shareholders for diluted earnings per share	**$ 495**	$ 638	**$ 919**	$ 999
Weighted average common shares outstanding (in millions) (note 11)	**138.8**	145.7	**139.4**	146.2
Dilutive effect of equity-based compensation(i) (in millions)	**0.7**	0.6	**0.7**	0.6
Diluted weighted average common shares outstanding (in millions)	**139.5**	146.3	**140.1**	146.8
Net earnings (loss) per common share – Basic ($)				
Continuing Operations	**$ 3.59**	$ 4.39	**$ 6.63**	$ 6.86
Discontinued Operations	**$ –**	$ (0.04)	**$ –**	$ (0.04)
Net earnings (loss) per common share – Diluted ($)				
Continuing Operations	**$ 3.55**	$ 4.36	**$ 6.56**	$ 6.81
Discontinued Operations	**$ –**	$ (0.04)	**$ –**	$ (0.04)

(i) In the second quarter of 2023 and year-to-date, nominal (2022 – nominal) and nominal (2022 – nominal) potentially dilutive instruments, respectively, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

Note 7. Change in Non-Cash Working Capital

($ millions)	12 Weeks Ended Jun. 17, 2023	12 Weeks Ended Jun. 18, 2022	24 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 18, 2022
Change in:				
Accounts receivable	**$ 17**	$ (156)	**$ (70)**	$ (148)
Prepaid expenses and other assets	**(52)**	15	**(117)**	(74)
Inventories	**173**	(75)	**293**	(197)
Trade payables and other liabilities	**(34)**	133	**(512)**	(174)
Other	**(39)**	36	**(7)**	(34)
Total change in non-cash working capital	**$ 65**	$ (47)	**$ (413)**	$ (627)

Note 8. Credit Card Receivables

The components of credit card receivables were as follows:

	As at		
($ millions)	**Jun. 17, 2023**	Jun. 18, 2022	Dec. 31, 2022
Gross credit card receivables	**$ 4,192**	$ 3,822	$ 4,160
Allowance for credit card receivables	**(220)**	(196)	(206)
Credit card receivables	**$ 3,972**	$ 3,626	$ 3,954
Securitized to independent securitization trusts:			
Securitized to *Eagle Credit Card Trust*® (note 10)	**$ 1,600**	$ 1,350	$ 1,350
Securitized to Other Independent Securitization Trusts	**650**	500	700
Total securitized to independent securitization trusts	**$ 2,250**	$ 1,850	$ 2,050

Loblaw, through President's Choice Bank ("PC Bank"), participates in various securitization programs that provide a source of funds for the operation of its credit card business. PC Bank maintains and monitors a co-ownership interest in credit card receivables with independent securitization trusts, including *Eagle Credit Card Trust® ("Eagle")* and Other Independent Securitization Trusts, in accordance with its financing requirements.

The associated liability of *Eagle* is recorded in long-term debt (see note 10). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short-term debt.

During the second quarter of 2023, *Eagle* issued $250 million of senior and subordinated term notes with a maturity date of June 17, 2028 (the "*Eagle* 2023-1 Series notes"). These notes have a weighted average interest rate of 5.25%. In connection with the issuance, $125 million of bond forward agreements were settled. This resulted in a fair value gain of $4 million before income taxes, which will be reclassified to net earnings over the life of the *Eagle* 2023-1 Series notes. Consequently, the net effective interest rate on the *Eagle* 2023-1 Series notes issued is 4.94%.

As at the end of the second quarter of 2023, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was $59 million (June 18, 2022 – $45 million; December 31, 2022 – $63 million), which represented 9% (June 18, 2022 – 9%; December 31, 2022 – 9%) of the securitized credit card receivables amount.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at the end of the second quarter of 2023 and throughout the first half of 2023.

Security Deposits During the second quarter of 2023, a repayment accumulation process was triggered due to the upcoming maturity of the *Eagle* $250 million senior and subordinated term notes due July 17, 2023. As at June 17, 2023, $250 million had been accumulated and was recorded in security deposits.

Note 9. Real Estate Dispositions

LOBLAW In the second quarter of 2023, Loblaw disposed of two (2022 – five) real estate properties for proceeds of $13 million (2022 – $27 million), of which all (2022 – none) were subsequently leased back. Year-to-date, Loblaw disposed of twenty-one (2022 – six) real estate properties for proceeds of $107 million (2022 – $39 million), of which eighteen (2022 – one) were subsequently leased back.

In the second quarter of 2023 and year-to-date, Loblaw also disposed of one retail property (2022 – nil), which was subsequently leased back and did not meet the criteria for sale in accordance with IFRS 15, "Revenue from Contracts with Customers". Loblaw received proceeds of $29 million in the quarter (2022 – nil), which have been recognized as financial liabilities and are presented in other liabilities.

Note 10. Long-Term Debt

The components of long-term debt were as follows:

($ millions)	As at Jun. 17, 2023	Jun. 18, 2022	Dec. 31, 2022
Debentures	**$ 10,260**	$ 9,890	$ 10,086
Long-term debt secured by mortgage	**1,026**	972	949
Construction loans	**68**	18	39
Guaranteed investment certificates	**1,748**	1,075	1,567
Independent securitization trusts (note 8)	**1,600**	1,350	1,350
Independent funding trusts	**518**	582	574
Committed credit facilities	**79**	335	260
Transaction costs and other	**(42)**	(39)	(41)
Total long-term debt	**$ 15,257**	$ 14,183	$ 14,784
Long-term debt due within one year	**(1,587)**	(1,218)	(1,383)
Long-term debt	**$ 13,670**	$ 12,965	$ 13,401

The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the first half of 2023, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

DEBENTURES The following table summarizes the debenture issued in the periods ended as indicated:

			24 Weeks Ended	
			Jun. 17, 2023	Jun. 18, 2022
($ millions)	Interest Rate	Maturity Date	**Principal Amount**	Principal Amount
Choice Properties senior unsecured debenture				
– Series S	5.40%	March 1, 2033	**$ 550**	$ –
Total debenture issued			**$ 550**	$ –

There were no debentures issued in the second quarters of 2023 and 2022.

On July 24, 2023, Choice Properties announced that it has agreed to issue, on a private placement basis, $350 million aggregate principal amount of Series T senior unsecured debentures that will bear interest at a rate of 5.699% per annum and will mature on February 28, 2034. Subject to customary closing conditions, the offering is expected to close on August 1, 2023.

The following table summarizes the debentures repaid in the periods ended as indicated:

			24 Weeks Ended	
			Jun. 17, 2023	Jun. 18, 2022
($ millions)	Interest Rate	Maturity Date	**Principal Amount**	Principal Amount
Choice Properties senior unsecured debentures				
– Series G	3.20%	March 7, 2023	**$ 250**	$ –
– Series D-C	3.30%	January 18, 2023	**125**	–
Total debentures repaid			**$ 375**	$ –

There were no debentures repaid in the second quarters of 2023 and 2022.

On July 5, 2023, Choice Properties paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the $200 million aggregate principal amount of the 4.90% Series B senior unsecured debentures outstanding. The repayment of the Series B senior unsecured debentures was funded by an advance on Choice Properties' credit facility.

COMMITTED CREDIT FACILITIES The components of the committed lines of credit available were as follows:

		As at					
		Jun. 17, 2023		Jun. 18, 2022		Dec. 31, 2022	
($ millions)	Maturity Date	**Available Credit**	**Drawn**	Available Credit	Drawn	Available Credit	Drawn
George Weston	September 13, 2024	**$ 350**	**$ –**	$ 350	$ –	$ 350	$ –
Loblaw	July 15, 2027	**1,000**	**–**	1,000	–	1,000	–
Choice Properties	September 1, 2027	**1,500**	**79**	1,500	335	1,500	260
Total committed credit facilities		**$ 2,850**	**$ 79**	$ 2,850	$ 335	$ 2,850	$ 260

Note 11. Share Capital

COMMON SHARE CAPITAL The following table summarizes the activity in the Company's common shares issued and outstanding for the periods ended as indicated:

	12 Weeks Ended				24 Weeks Ended			
	Jun. 17, 2023		Jun. 18, 2022		**Jun. 17, 2023**		Jun. 18, 2022	
($ millions except where otherwise indicated)	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares	Common Share Capital	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	**139,416,452**	**$ 2,600**	146,588,055	$ 2,702	**140,737,942**	**$ 2,619**	146,789,503	$ 2,714
Issued for settlement of stock options	**11,521**	**2**	123	–	**56,681**	**7**	168,175	20
Purchased and cancelled(i)	**(1,450,899)**	**(28)**	(1,841,426)	(31)	**(2,817,549)**	**(52)**	(2,210,926)	(63)
Issued and outstanding, end of period	**137,977,074**	**$ 2,574**	144,746,752	$ 2,671	**137,977,074**	**$ 2,574**	144,746,752	$ 2,671
Shares held in trusts, beginning of period	**(81,018)**	**$ (2)**	(65,366)	$ (1)	**(160,465)**	**$ (3)**	(141,106)	$ (2)
Released for settlement of RSUs and PSUs	**–**	**–**	1,103	–	**79,447**	**1**	76,843	1
Shares held in trusts, end of period	**(81,018)**	**$ (2)**	(64,263)	$ (1)	**(81,018)**	**$ (2)**	(64,263)	$ (1)
Issued and outstanding, net of shares held in trusts, end of period	**137,896,056**	**$ 2,572**	144,682,489	$ 2,670	**137,896,056**	**$ 2,572**	144,682,489	$ 2,670
Weighted average outstanding, net of shares held in trusts (note 6)	**138,828,293**		145,686,457		**139,414,745**		146,204,062	

(i) Number of common shares repurchased and cancelled as at June 17, 2023 does not include shares that may be repurchased subsequent to the end of the quarter under the automatic share purchase plan ("ASPP"), as described below.

NORMAL COURSE ISSUER BID PROGRAM The following table summarizes the Company's activity under its NCIB:

($ millions except where otherwise indicated)	12 Weeks Ended Jun. 17, 2023	12 Weeks Ended Jun. 18, 2022	24 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 18, 2022
Purchased for current settlement of DSUs (number of shares)	**–**	15,716	**7,521**	15,716
Purchased and cancelled (number of shares)	**1,450,899**	1,841,426	**2,817,549**	2,210,926
Cash consideration paid				
Purchased and settled	**$ –**	$ (2)	**$ (1)**	$ (2)
Purchased and cancelled(i)	**$ (233)**	$ (278)	**$ (460)**	$ (325)
Premium charged to retained earnings				
Purchased and settled	**$ –**	$ 1	**$ (2)**	$ 1
Purchased and cancelled(ii)	**$ 201**	$ 221	**$ 400**	$ 446
Reduction in share capital(iii)	**$ 28**	$ 31	**$ 52**	$ 63

(i) Included in the second quarter of 2023 and year-to-date is a net cash timing adjustment of $8 million (2022 – $6 million) and $12 million (2022 – $17 million), respectively, of common shares repurchased under the NCIB for cancellation.
(ii) Includes $114 million (2022 – $144 million) related to the ASPP, as described below.
(iii) Includes $16 million (2022 – $22 million) related to the ASPP, as described below.

In the second quarter of 2023, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 6,954,013 of its common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, the Company may purchase its common shares from time to time at the then market price of such shares.

From time to time, the Company participates in an ASPP with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at June 17, 2023, an obligation to repurchase shares of $130 million (2022 – $166 million) was recognized under the ASPP in trade payables and other liabilities.

As of June 17, 2023, 707,899 common shares were purchased under the Company's current NCIB.

Subsequent to the end of the quarter, the TSX accepted an amendment to the Company's NCIB to allow Wittington, the Company's controlling shareholder, to participate in the NCIB in a fixed proportion of 50% of Wittington's pro rata share of the issued and outstanding common shares of the Company.

DIVIDENDS The following table summarizes the Company's cash dividends declared for the periods ended as indicated:

($)	12 Weeks Ended Jun. 17, 2023	12 Weeks Ended Jun. 18, 2022	24 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 18, 2022
Dividends declared per share(i):				
Common share	**$ 0.713**	$ 0.660	**$ 1.373**	$ 1.260
Preferred share:				
Series I	**$ 0.3625**	$ 0.3625	**$ 0.7250**	$ 0.7250
Series III	**$ 0.3250**	$ 0.3250	**$ 0.6500**	$ 0.6500
Series IV	**$ 0.3250**	$ 0.3250	**$ 0.6500**	$ 0.6500
Series V	**$ 0.296875**	$ 0.296875	**$ 0.593750**	$ 0.593750

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on July 1, 2023. Dividends declared on Preferred Shares, Series I were paid on June 15, 2023.

Note 12. Post-Employment and Other Long-Term Employee Benefits

The net cost recognized in earnings before income taxes from continuing operations for the Company's post-employment and other long-term benefit plans during the periods was as follows:

($ millions)	12 Weeks Ended Jun. 17, 2023	12 Weeks Ended Jun. 18, 2022	24 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 18, 2022
Current service cost				
Post-employment benefit costs(i)	**$ 35**	$ 37	**$ 72**	$ 82
Other long-term employee benefit costs(ii)	**10**	–	**19**	8
Net interest cost (income) on net defined benefit plan obligations	**4**	(1)	**8**	(1)
Total post-employment defined benefit cost	**$ 49**	$ 36	**$ 99**	$ 89

(i) Includes costs related to the Company's defined benefit plans, defined contribution pension plans and the multi-employer pension plans in which it participates.
(ii) Includes costs related to the Company's long-term disability plans.

The net actuarial losses (gains) recognized in other comprehensive income (loss) from continuing operations for defined benefit plans during the periods were as follows:

($ millions)	12 Weeks Ended Jun. 17, 2023	12 Weeks Ended Jun. 18, 2022	24 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 18, 2022
Loss (return) on plan assets, excluding amounts included in net interest expense and other financing charges	**$ 6**	$ 317	**$ (81)**	$ 721
Actuarial (gains) losses from changes in financial assumptions(i)	**(47)**	(191)	**47**	(615)
Change in liability arising from asset ceiling(i)	**46**	121	**(95)**	123
Total net actuarial losses (gains) recognized in other comprehensive income (loss) before income taxes	**$ 5**	$ 247	**$ (129)**	$ 229
Income tax (recoveries) expenses on actuarial losses (gains)	**(1)**	(66)	**34**	(61)
Net actuarial losses (gains)	**$ 4**	$ 181	**$ (95)**	$ 168

(i) In the second quarter of 2023, the actuarial gains from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by an increase in discount rates. On a year-to-date basis, the actuarial losses from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by a decrease in discount rates.

The assets and liabilities of the defined benefit and long-term disability plans were as follows:

($ millions)	As at Jun. 17, 2023	Jun. 18, 2022	Dec. 31, 2022
Other assets			
Net accrued benefit plan asset	**$ 174**	$ 221	$ 65
Other liabilities			
Net defined benefit plan obligation	**$ 264**	$ 321	$ 279
Other long-term employee benefit obligation	**$ 121**	$ 114	$ 107

Note 13. Financial Instruments

The following table presents the fair value and fair value hierarchy of the Company's financial instruments and excludes financial instruments measured at amortized cost that are short-term in nature. The carrying values of the Company's financial instruments approximate their fair values except for long-term debt.

	As at											
	Jun. 17, 2023				Jun. 18, 2022				Dec. 31, 2022			
($ millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Amortized cost:												
Mortgages, loans and notes receivable(i)	**$ –**	**$ –**	**$ 378**	**$ 378**	$ –	$ –	$ 292	$ 292	$ –	$ –	$ 342	$ 342
Fair value through other comprehensive income:												
Long-term securities(i)	**246**	**–**	**–**	**246**	134	–	–	134	246	–	–	246
Derivatives included in prepaid expenses and other assets	**–**	**10**	**4**	**14**	–	14	–	14	–	6	–	6
Fair value through profit and loss:												
Security deposits	**285**	**–**	**–**	**285**	80	–	–	80	36	–	–	36
Mortgages, loans and notes receivable(i)	**–**	**–**	**164**	**164**	–	–	171	171	–	–	163	163
Investments in real estate securities(i)	**–**	**256**	**–**	**256**	–	392	–	392	–	302	–	302
Certain other assets(i)	**–**	**16**	**113**	**129**	–	18	85	103	–	19	132	151
Derivatives included in prepaid expenses and other assets	**–**	**14**	**2**	**16**	10	25	–	35	1	26	–	27
Financial liabilities												
Amortized cost:												
Long-term debt	**–**	**8,802**	**6,219**	**15,021**	–	8,138	5,979	14,117	–	8,592	5,947	14,539
Certain other liabilities(i)(ii)	**–**	**–**	**695**	**695**	–	–	673	673	–	–	677	677
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	**–**	**–**	**–**	**–**	–	8	–	8	–	–	–	–
Fair value through profit and loss:												
Trust Unit liability	**3,717**	**–**	**–**	**3,717**	3,727	–	–	3,727	4,112	–	–	4,112
Derivatives included in trade payables and other liabilities	**–**	**2**	**–**	**2**	–	–	–	–	–	–	3	3

(i) Included in the condensed consolidated balance sheets in Other Assets and Other Liabilities.
(ii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale.

There were no transfers between the levels of the fair value hierarchy during the periods presented.

During the second quarter of 2023 and year-to-date, a loss of $3 million (2022 – gain of $1 million) and a loss of $2 million (2022 – nominal gain) was recognized in operating income on financial instruments designated as amortized cost. In addition, during the second quarter of 2023 and year-to-date, a net gain of $154 million (2022 – net gain of $429 million) and a net gain of $320 million (2022 – net gain of $352 million) was recognized in earnings before income taxes from continuing operations on financial instruments required to be classified as fair value through profit and loss.

Investments in Real Estate Securities Choice Properties' investment in Allied Properties Real Estate Investment Trust ("Allied") Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units. As at the end of the second quarter of 2023, Choice Properties held 11,809,145 Allied Class B Units with a value of $256 million (2022 – $392 million). In the second quarter of 2023 and year-to-date, a fair value loss of $31 million (2022 – $159 million) and a fair value loss of $46 million (2022 – $159 million) was recorded in SG&A.

Trust Unit Liability In the second quarter of 2023 and year-to-date, a fair value gain of $202 million (2022 – gain of $576 million) and a fair value gain of $394 million (2022 – gain of $483 million) was recorded in net interest expense and other financing charges (see note 4).

Other Derivatives The Company uses bond forwards, interest rate swaps and foreign exchange forwards to mitigate the impact of increases in interest rates and manage its anticipated exposure to exchange rates on its underlying operations and anticipated fixed asset purchases. The Company also uses swaps, futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations. The following is a summary of the fair values recognized in the unaudited interim period condensed consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes from continuing operations related to the Company's other derivatives:

					Jun. 17, 2023
			12 Weeks Ended		**24 Weeks Ended**
($ millions)	**Net asset (liability) fair value**	**Gain/(loss) recorded in OCI**	**Gain/(loss) recorded in operating income**	**Gain/(loss) recorded in OCI**	**Gain/(loss) recorded in operating income**
Derivatives designated as cash flow hedges					
Foreign Exchange Forwards[(i)]	**$ 5**	**$ (6)**	**$ –**	**$ (4)**	**$ 1**
Bond Forwards[(ii)]	**2**	**6**	**(1)**	**8**	**(2)**
Interest Rate Swaps and Other[(iii)]	**20**	**15**	**1**	**7**	**1**
Total derivatives designated as cash flow hedges	**$ 27**	**$ 15**	**$ –**	**$ 11**	**$ –**
Derivatives not designated in a formal hedging relationship					
Foreign Exchange and Other Forwards	**$ (1)**	**$ –**	**$ (12)**	**$ –**	**$ (7)**
Other Non-Financial Derivatives	**–**	**–**	**(1)**	**–**	**(3)**
Total derivatives not designated in a formal hedging relationship	**$ (1)**	**$ –**	**$ (13)**	**$ –**	**$ (10)**
Total derivatives	**$ 26**	**$ 15**	**$ (13)**	**$ 11**	**$ (10)**

(i) PC Bank uses foreign exchange forwards, with a notional value of $20 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.

(ii) PC Bank settled $125 million of bond forwards in the second quarter of 2023 (see note 8). The purpose of the bond forwards was to hedge the interest rate risk for the $250 million *Eagle* notes issued in the second quarter of 2023. Loblaw has concluded that the hedge was effective as at the settlement date, which resulted in a $4 million fair value gain recorded in other comprehensive income and which will be reclassified to net earnings over the life of the new *Eagle* notes.

(iii) PC Bank uses interest rate swaps, with a notional value of $180 million, to mitigate the impact of increases in interest rate. During the second quarter of 2023, Loblaw entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million and resulted in a fair value gain of $4 million, which has been recorded in other comprehensive income. The fair values of the derivatives held by PC Bank and Loblaw are included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of $211 million, to manage its interest risk related to variable rate mortgages. Also during the second quarter of 2023, Choice Properties entered into cross currency swaps to hedge foreign exchange associated with the equivalent amount borrowed in USD on its credit facility. The hedge has notional values of $20 million and $60 million in derivative assets and liabilities, respectively. The fair values of the derivatives held by Choice Properties are included in other assets and other liabilities.

					Jun. 18, 2022
		12 Weeks Ended		24 Weeks Ended	
($ millions)	Net asset (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges					
Foreign Exchange Forwards[(i)]	$ (8)	$ –	$ –	$ (8)	$ –
Bond Forwards[(ii)]	11	7	(2)	16	(3)
Interest Rate Swaps[(iii)]	16	7	–	14	–
Total derivatives designated as cash flow hedges	$ 19	$ 14	$ (2)	$ 22	$ (3)
Derivatives not designated in a formal hedging relationship					
Foreign Exchange and Other Forwards	$ 12	$ –	$ 19	$ –	$ 15
Other Non-Financial Derivatives	10	–	(2)	–	15
Total derivatives not designated in a formal hedging relationship	$ 22	$ –	$ 17	$ –	$ 30
Total derivatives	$ 41	$ 14	$ 15	$ 22	$ 27

(i) PC Bank uses foreign exchange forwards, with a notional amount of $24 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in trade payables and other liabilities.

(ii) PC Bank uses bond forwards, with a notional value of $185 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets.

(iii) PC Bank uses interest rate swaps, with a notional value of $225 million, to mitigate the impact of increases in interest rate. The fair value of the derivatives is included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of $146 million to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in other assets or other liabilities.

Note 14. Contingent Liabilities

In the ordinary course of business, the Company is involved in and potentially subject to, legal actions and proceedings. In addition, 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.

There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, there is a possibility that the ultimate resolution of these matters may result in a material adverse effect on the Company's reputation, operations, financial condition or performance in future periods. It is not currently possible to predict the outcome of the Company's legal actions and proceedings with certainty. Management regularly assesses its position on the adequacy of accruals or provisions related to such matters and will make any necessary adjustments.

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 has been filed in the Ontario Superior Court of Justice ("Superior Court") by two Shoppers Drug Mart licensees ("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 judgment 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. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, Loblaw filed a Notice of Cross-Appeal. 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 2023 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 Companies Limited 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 unaudited interim period condensed consolidated financial statements.

In July 2022, the Tax Court of Canada released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court of Canada 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 and in the first half of 2023 both PC Bank and the Crown submitted their respective facta for the 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.

INDEMNIFICATION PROVISIONS The Company from time to time enters into agreements in the normal course of its business, such as service and outsourcing arrangements, lease agreements in connection with business or asset acquisitions or dispositions, and other types of commercial agreements. These agreements by their nature may provide for indemnification of counterparties. These indemnification provisions may be in connection with breaches of representations and warranties or in respect of future claims for certain liabilities, including liabilities related to tax and environmental matters. The terms of these indemnification provisions vary in duration and may extend for an unlimited period of time. In addition, the terms of these indemnification provisions vary in amount and certain indemnification provisions do not provide for a maximum potential indemnification amount. Indemnity amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. As a result, the Company is unable to reasonably estimate its total maximum potential liability in respect of indemnification provisions. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

Note 15. Related Party Transaction

VENTURE FUNDS During 2020, GWL, Loblaw and a wholly-owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington ("Venture Fund I"). A wholly owned subsidiary of Wittington is the general partner of Venture Fund I, which hired an external fund manager to oversee it. The purpose of Venture Fund I is to pursue venture capital investing in innovative businesses that are in technology-oriented companies at all stages of the start-up life cycle that operate in commerce, healthcare, and food sectors and are based in North America. Each of the three limited partners have a 33% interest in Venture Fund I. The Company has a consolidated capital commitment of $66 million over a 10-year period.

During the third quarter of 2022, Loblaw became a limited partner in another limited partnership formed by Wittington ("Venture Fund II"). A wholly owned subsidiary of Wittington is also the general partner of Venture Fund II, and the general purpose of Venture Fund II is consistent with Venture Fund I. Loblaw has a 50% interest in Venture Fund II and has a total capital commitment of $60 million over a 10-year period.

Note 16. Segment Information

The Company has two reportable operating segments: Loblaw and Choice Properties. Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation, cash and short-term investments held by the Company and all other company level activities that are not allocated to the reportable operating segments, as further illustrated below.

The accounting policies of the reportable operating segments are the same as those described in the Company's 2022 audited annual consolidated financial statements and accompanying notes. The Company measures each reportable operating segment's performance based on adjusted operating income before depreciation and amortization ("Adjusted EBITDA"). No reportable operating segment is reliant on any single external customer.

	12 Weeks Ended											
	Jun. 17, 2023						Jun. 18, 2022					
($ millions)	Loblaw	Choice Properties	Other and Inter-segment	Total Segment Measure	Elim-inations	Total	Loblaw	Choice Properties	Other and Inter-segment	Total Segment Measure	Elim-inations	Total
Revenue	**$ 13,738**	**$ 330**	**$ 4**	**$ 14,072**	**$ (188)**	**$ 13,884**	$ 12,847	$ 313	$ 4	$ 13,164	$ (185)	$ 12,979
Operating income (loss)	$ 925	$ 290	$ (116)	$ 1,099	$ –	$ 1,099	$ 740	$ (451)	$ 360	$ 649	$ –	$ 649
Net interest expense (income) and other financing charges	193	(246)	126	73	–	73	152	(439)	(51)	(338)	–	(338)
Earnings (loss) before income taxes from continuing operations	**$ 732**	**$ 536**	**$ (242)**	**$ 1,026**	**$ –**	**$ 1,026**	$ 588	$ (12)	$ 411	$ 987	$ –	$ 987
Operating income (loss)	**$ 925**	**$ 290**	**$ (116)**	**$ 1,099**	**$ –**	**$ 1,099**	$ 740	$ (451)	$ 360	$ 649	$ –	$ 649
Depreciation and amortization	671	1	(87)	585			633	1	(82)	552		
Adjusting items(i)	42	(53)	60	49			124	676	(413)	387		
Adjusted EBITDA(i)	**$ 1,638**	**$ 238**	**$ (143)**	**$ 1,733**			$ 1,497	$ 226	$ (135)	$ 1,588		

(i) Certain items are excluded from operating income to derive adjusted EBITDA:

	12 Weeks Ended							
	Jun. 17, 2023				Jun. 18, 2022			
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Total Segment Measure	Loblaw	Choice Properties	Other and Intersegment	Total Segment Measure
Charges related to PC Bank commodity tax matters	**$ 37**	**$ –**	**$ –**	**$ 37**	$ 111	$ –	$ –	$ 111
Fair value adjustment of investment in real estate securities	**–**	**31**	**–**	**31**	–	159	–	159
Fair value adjustment of derivatives	**5**	**–**	**–**	**5**	4	–	–	4
Fair value adjustment on investment properties	**–**	**(84)**	**63**	**(21)**	–	517	(415)	102
Gain on sale of non-operating properties	**–**	**–**	**(3)**	**(3)**	(4)	–	–	(4)
Transaction costs and other related expenses	**–**	**–**	**–**	**–**	13	–	–	13
Foreign currency translation and other company level activities	**–**	**–**	**–**	**–**	–	–	2	2
Adjusting Items	**$ 42**	**$ (53)**	**$ 60**	**$ 49**	$ 124	$ 676	$ (413)	$ 387

	24 Weeks Ended											
						Jun. 17, 2023						Jun. 18, 2022
($ millions)	Loblaw	Choice Properties	Other and Inter-segment	Total Segment Measure	Elim-inations	Total	Loblaw	Choice Properties	Other and Inter-segment	Total Segment Measure	Elim-inations	Total
Revenue	**$ 26,733**	**$ 655**	**$ 6**	**$ 27,394**	**$ (377)**	**$ 27,017**	$ 25,109	$ 641	$ 6	$ 25,756	$ (370)	$ 25,386
Operating income	$ 1,692	$ 596	$ (232)	$ 2,056	$ –	$ 2,056	$ 1,476	$ 178	$ 161	$ 1,815	$ –	$ 1,815
Net interest expense (income) and other financing charges	374	(211)	(19)	144	–	144	294	(197)	(113)	(16)	–	(16)
Earnings before income taxes from continuing operations	**$ 1,318**	**$ 807**	**$ (213)**	**$ 1,912**	**$ –**	**$ 1,912**	$ 1,182	$ 375	$ 274	$ 1,831	$ –	$ 1,831
Operating income	**$ 1,692**	**$ 596**	**$ (232)**	**$ 2,056**	**$ –**	**$ 2,056**	$ 1,476	$ 178	$ 161	$ 1,815	$ –	$ 1,815
Depreciation and amortization	1,346	2	(181)	1,167			1,264	2	(165)	1,101		
Adjusting items(i)	46	(130)	101	17			98	271	(275)	94		
Adjusted EBITDA(i)	**$ 3,084**	**$ 468**	**$ (312)**	**$ 3,240**			$ 2,838	$ 451	$ (279)	$ 3,010		

(i) Certain items are excluded from operating income to derive adjusted EBITDA:

	24 Weeks Ended							
				Jun. 17, 2023				Jun. 18, 2022
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Total Segment Measure	Loblaw	Choice Properties	Other and Intersegment	Total Segment Measure
Charges related to PC Bank commodity tax matters	**$ 37**	**$ –**	**$ –**	**$ 37**	$ 111	$ –	$ –	$ 111
Fair value adjustment of investment in real estate securities	**–**	**46**	**–**	**46**	–	159	–	159
Fair value adjustment of derivatives	**8**	**–**	**–**	**8**	(10)	–	–	(10)
Fair value adjustment on investment properties	**–**	**(176)**	**106**	**(70)**	–	107	(296)	(189)
Loss (gain) on sale of non-operating properties	**1**	**–**	**(5)**	**(4)**	(4)	–	–	(4)
Transaction costs and other related expenses	**–**	**–**	**–**	**–**	16	5	–	21
Restructuring and other related (recoveries) costs	**–**	**–**	**–**	**–**	(15)	–	19	4
Foreign currency translation and other company level activities	**–**	**–**	**–**	**–**	–	–	2	2
Adjusting Items	**$ 46**	**$ (130)**	**$ 101**	**$ 17**	$ 98	$ 271	$ (275)	$ 94

Other and Intersegment includes the following items:

	12 Weeks Ended					
	Jun. 17, 2023			Jun. 18, 2022		
($ millions)	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Internal lease arrangements	$ –	$ (36)	$ (25)	$ –	$ (35)	$ (23)
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	(7)	–	–	(12)	–
Fair value adjustment on investment properties	–	(63)	2	–	415	(5)
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	376	–	–	570
Fair value adjustment on Trust Unit liability	–	–	(202)	–	–	(576)
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(74)	–	–	(73)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	51	–	–	52
Other	4	(10)	(2)	4	(8)	4
Total	$ 4	$ (116)	$ 126	$ 4	$ 360	$ (51)
Elimination of intercompany rental revenue	(188)	–	–	(185)	–	–
Total including Eliminations	$ (184)	$ (116)	$ 126	$ (181)	$ 360	$ (51)

	24 Weeks Ended					
	Jun. 17, 2023			Jun. 18, 2022		
($ millions)	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Internal lease arrangements	$ –	$ (91)	$ (52)	$ –	$ (73)	$ (45)
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	(7)	–	–	(22)	–
Fair value adjustment on investment properties	–	(106)	2	–	296	(2)
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	471	–	–	451
Fair value adjustment on Trust Unit liability	–	–	(394)	–	–	(483)
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(148)	–	–	(146)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	103	–	–	103
Reversal of Loblaw gain on sale of disposition of property to Choice Properties	–	–	–	–	(19)	–
Other	6	(28)	(1)	6	(21)	9
Total	$ 6	$ (232)	$ (19)	$ 6	$ 161	$ (113)
Elimination of intercompany rental revenue	(377)	–	–	(370)	–	–
Total including Eliminations	$ (371)	$ (232)	$ (19)	$ (364)	$ 161	$ (113)

($ millions)	As at Jun. 17, 2023	Jun. 18, 2022	Dec. 31, 2022
Total Assets			
Loblaw	**$ 38,096**	$ 36,714	$ 38,147
Choice Properties	**17,111**	16,184	16,820
Other and Intersegment	**(6,229)**	(5,669)	(6,009)
Consolidated	**$ 48,978**	$ 47,229	$ 48,958

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**June 17, 2023**	Jun. 18, 2022[i]	**June 17, 2023**	Jun. 18, 2022[i]
Additions to Fixed Assets, Investment Properties and Intangible Assets				
Loblaw	**$ 423**	$ 302	**$ 738**	$ 488
Choice Properties	**55**	55	**137**	67
Other and Intersegment	**1**	–	**1**	1
Consolidated	**$ 479**	$ 357	**$ 876**	$ 556

(i) Certain comparative figures have been restated to conform with current year presentation.

Financial Summary[i]

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

As at or for the periods ended as indicated ($ millions except where otherwise indicated)	12 Weeks Ended Jun. 17, 2023	 Jun. 18, 2022[ii]
Consolidated Operating Results		
Revenue	**$ 13,884**	$ 12,979
Operating income	**1,099**	649
Adjusted EBITDA[iii]	**1,733**	1,588
Depreciation and amortization	**585**	552
Net interest expense (income) and other financing charges	**73**	(338)
Adjusted net interest expense and other financing charges[iii]	**275**	238
Income taxes	**244**	113
Adjusted income taxes[iii]	**271**	266
Net earnings from continuing operations	**782**	874
Net earnings attributable to shareholders of the Company from continuing operations	**508**	650
Net earnings available to common shareholders of the Company from continuing operations	**498**	640
Adjusted net earnings available to common shareholders of the Company[iii] from continuing operations	**377**	328
Consolidated Financial Position and Cash Flows		
Cash and cash equivalents, short-term investments and security deposits	**$ 2,786**	$ 2,803
Cash flows from operating activities	**1,324**	1,262
Capital investments	**479**	357
Free cash flow[iii]	**441**	518
Total debt including lease liabilities	**22,154**	20,698
Total equity attributable to shareholders of the Company	**6,989**	7,027
Total equity	**13,513**	13,190
Consolidated Per Common Share ($)		
Diluted net earnings per common share from continuing operations	**$ 3.55**	$ 4.36
Adjusted diluted net earnings per common share from continuing operations[iii]	**2.68**	2.23
Consolidated Financial Measures and Ratios		
Adjusted EBITDA margin[iii] (%)	**12.5**	12.2
Rolling year adjusted return on average equity attributable to common shareholders of the Company[iii] (%)	**23.9**	20.9
Rolling year adjusted return on capital[iii] (%)	**13.5**	12.5
Reportable Operating Segments		
Loblaw		
Revenue	**$ 13,738**	$ 12,847
Operating income	**925**	740
Adjusted EBITDA[iii]	**1,638**	1,497
Adjusted EBITDA margin[iii] (%)	**11.9**	11.7
Depreciation and amortization	**671**	633
Choice Properties		
Revenue	**$ 330**	$ 313
Net interest income and other financing charges	**(246)**	(439)
Net income (loss)	**536**	(12)
Funds from operations[iii]	**184**	175

(i) For financial definitions and ratios refer to the Glossary beginning on page 174 of the Company's 2022 Annual Report.
(ii) Certain comparative figures have been restated to conform with current year presentation.
(iii) Refer to section 8, "Non-GAAP and Other Financial Measures" of the Company's Second Quarter Management Discussion and Analysis.

Corporate Profile

George Weston Limited ("GWL" or the "Company") is a Canadian public company, founded in 1882. The Company operates through its two reportable operating segments, Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). Loblaw has two reportable operating segments, retail and financial services. Loblaw's retail segment consists primarily of food retail and drug retail. Loblaw provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise and financial services. Choice Properties owns, manages and develops a high-quality portfolio of commercial and residential properties across Canada.

Trademarks

GWL, Loblaw, Choice Properties and their respective subsidiaries own a number of trademarks. These trademarks are the exclusive property of GWL, Loblaw, Choice Properties and their respective subsidiary companies. Trademarks where used in this report are in italics.

Shareholder Information

Registrar and Transfer Agent
Computershare Investor Services Inc.
100 University Avenue
Toronto, Canada
M5J 2Y1

Toll free (Canada and U.S.): 1-800-564-6253
International direct dial: (514) 982-7555
Toll free fax: 1-888-453-0330
Fax: (416) 263-9394

To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare Investor Services Inc.

Investor Relations

Shareholders, security analysts and investment professionals should direct their requests to Roy MacDonald, Group Vice-President, Investor Relations, at the Company's Executive Office or by e-mail at investor@weston.ca.

Additional information about the Company has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

This Quarterly Report includes selected information on Loblaw, a public company with shares trading on the TSX, and selected information on Choice Properties, a public real estate investment trust with units trading on the TSX. For information regarding Loblaw or Choice Properties, readers should also refer to the respective materials filed on SEDAR from time to time. These filings are also maintained on the respective companies' corporate website at www.loblaw.ca and www.choicereit.ca.

Ce rapport est disponible en français.

GEORGE WESTON LIMITED
22 St. Clair Ave E.
Toronto, ON M4T 2S5

Tel: (416) 922-2500
www.weston.ca

WESTON
ESTABLISHED 1882