

Q3 2022

Quarterly Report

40 Weeks Ended October 8, 2022

WESTON GEORGE
WESTON
LIMITED

ESTABLISHED
1882

Footnote Legend

- (1) See Section 8, "Non-GAAP Financial Measures", of the Company's 2022 Third 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) Comparative figures have been restated to conform with current year presentation.
 - (4) To be read in conjunction with Section 9, "Forward-Looking Statements", of the Company's 2022 Third Quarter Management's Discussion and Analysis.
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Management's Discussion and Analysis

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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 third quarter 2022 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, 2021 and the related annual MD&A included in the Company's 2021 Annual Report.

The Company's third quarter 2022 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 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, apparel, general merchandise and financial services. Choice Properties owns, manages and develops a high-quality portfolio of commercial and residential properties across Canada.

In 2021, the Company completed the sale of the Weston Foods bakery business. The impacts of the sale of Weston Foods and the results of Weston Foods, net of intersegment eliminations, have been presented separately as discontinued operations in the Company's results. See note 5, "Discontinued Operations" in the Company's unaudited interim period condensed consolidated financial statements and the accompanying notes of this Quarterly Report for details.

Unless otherwise indicated, all financial information in this MD&A represents the results from continuing operations.

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 180 of the Company's 2021 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 November 21, 2022, unless otherwise noted.

At a Glance

Key Financial Highlights

As at or for the 16 weeks ended October 8, 2022, October 9, 2021 and December 31, 2021
(\$ 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⁾ (%)
\$17,520	\$1,474	\$1,951	11.1%
+8.2% vs. Q3 2021	+31.0% vs. Q3 2021	+9.6% vs. Q3 2021	+10bps vs. Q3 2021
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 (\$)
\$889	\$453	\$6.14	\$3.12
+273.5% vs. Q3 2021	+24.1% vs. Q3 2021	+288.6% vs. Q3 2021	+28.4% vs. Q3 2021

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
\$222	\$374	\$0.66	\$888
+7.2% vs. Q3 2021	+30.8% vs. Q3 2021	+10.0% vs. Q3 2021	-33.6% vs. Q4 2021

(1) See Section 8, "Non-GAAP Financial Measures", of this MD&A.

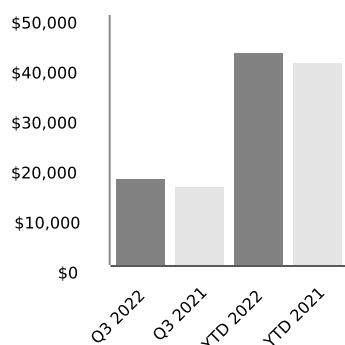
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.

Key Performance Indicators

For the 16 weeks and 40 weeks ended October 8, 2022 and October 9, 2021
(\$ millions except where otherwise indicated)

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

REVENUE

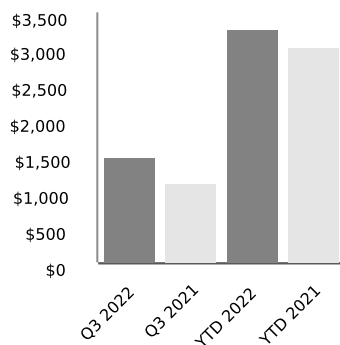


Q3 2022	\$ 17,520	
Q3 2021	\$ 16,192	+8.2%
YTD 2022	\$ 42,906	
YTD 2021	\$ 40,846	+5.0%

How we performed

Revenue increased in the third quarter of 2022 and year-to-date due to growth at Loblaw.

OPERATING INCOME



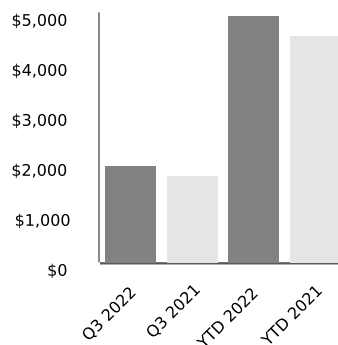
Q3 2022	\$ 1,474	
Q3 2021	\$ 1,125	+31.0%
YTD 2022	\$ 3,289	
YTD 2021	\$ 3,018	+9.0%

How we performed

Operating income increased in the third quarter of 2022 due to the favourable year-over-year net impact of adjusting items and the improvement in the underlying operating performance of the Company driven by Loblaw.

Year-to-date, operating income increased due to the improvement in the underlying operating performance of the Company driven by Loblaw, partially offset by the unfavourable year-over-year net impact of adjusting items.

ADJUSTED EBITDA⁽¹⁾



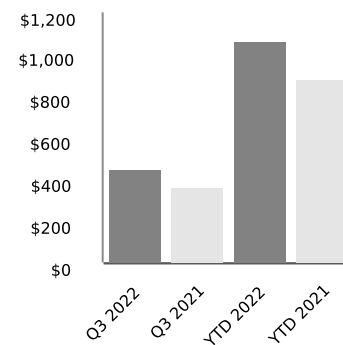
Q3 2022	\$ 1,951	
Q3 2021	\$ 1,780	+9.6%
YTD 2022	\$ 4,961	
YTD 2021	\$ 4,542	+9.2%

How we performed

Adjusted EBITDA⁽¹⁾ increased in the third quarter of 2022 and year-to-date mainly due to an increase at Loblaw.

Adjusted EBITDA margin⁽¹⁾ in the third quarter of 2022 and year-to-date increased primarily driven by an improvement in Loblaw retail adjusted gross profit percentage⁽¹⁾ partially offset by an increase in retail selling, general and administrative expenses.

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS⁽¹⁾ FROM CONTINUING OPERATIONS



Q3 2022	\$ 453	
Q3 2021	\$ 365	+24.1%
YTD 2022	\$ 1,063	
YTD 2021	\$ 885	+20.1%

How we performed

Adjusted net earnings available to common shareholders⁽¹⁾ from continuing operations increased in the third quarter of 2022 due to the improvement in the underlying operating performance at Loblaw.

Year-to-date, the increase was due to the improvement in the underlying operating performance at Loblaw and a decrease in adjusted net interest expense and other financial charges⁽¹⁾.

Adjusted diluted net earnings per common share⁽¹⁾ from continuing operations increased in the third quarter of 2022 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 EBITDA MARGIN⁽¹⁾ (%)

11.1%	+10bps
Q3 2022	vs. Q3 2021
11.6%	+50bps
YTD 2022	vs. 2021

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

\$ 3.12	+28.4%
Q3 2022	vs. Q3 2021
\$ 7.24	+24.2%
YTD 2022	vs. 2021

(1) See Section 8, "Non-GAAP 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.

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021 ⁽³⁾
Dividends from Loblaw	\$ 139	\$ 124	\$ 203	\$ 185
Distributions from Choice Properties	83	83	248	248
GWL Corporate⁽²⁾ cash flow from operating businesses⁽¹⁾ from Continuing Operations	\$ 222	\$ 207	\$ 451	\$ 433
Proceeds from participation in Loblaw's Normal Course Issuer Bid	190	136	509	474
GWL Corporate, financing, and other costs ⁽ⁱ⁾	(14)	(44)	(116)	(115)
Income taxes paid	(24)	(13)	(152)	(27)
GWL Corporate⁽²⁾ free cash flow⁽¹⁾ from Continuing Operations	\$ 374	\$ 286	\$ 692	\$ 765

(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 16 weeks and 40 weeks ended October 8, 2022, October 9, 2021 and December 31, 2021 (\$ millions except where otherwise indicated)

GWL CORPORATE ⁽²⁾ CASH FLOW FROM OPERATING BUSINESSES ⁽¹⁾ FROM CONTINUING OPERATIONS	
\$ 222	+7.2%
Q3 2022	vs. Q3 2021
\$ 451	+4.2%
YTD 2022	vs. 2021

How we performed

Cash flow from operating businesses from continuing operations increased in the third quarter of 2022 and year-to-date as a result of an increase in dividends received from Loblaw.

GWL CORPORATE ⁽²⁾ FREE CASH FLOW ⁽¹⁾ FROM CONTINUING OPERATIONS	
\$ 374	+30.8%
Q3 2022	vs. Q3 2021
\$ 692	-9.5%
YTD 2022	vs. 2021

How we performed

The increase in the third quarter of 2022 was primarily due to higher proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid, partially offset by higher income taxes paid.

The decrease year-to-date was primarily due to higher income taxes paid, partially offset by higher proceeds received from GWL's participation in Loblaw's Normal Course Issue Bid.

GWL CORPORATE ⁽²⁾ CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	
\$ 888	-33.6%
Q3 2022	vs. Q4 2021

How we performed

GWL Corporate⁽²⁾ cash and cash equivalents and short-term investments included the proceeds received from the disposal of the Weston Foods business in 2021. The decrease since 2021 year end was primarily due to the repayment of the GWL credit facility in 2022 and higher income taxes paid.

Management's Discussion and Analysis

1. Overall Financial Performance

Loblaw delivered positive financial and operating performance as it continued to execute on retail excellence in its core businesses while advancing its growth and efficiencies initiatives, and furthering its Environmental, Social and Governance leadership. Global inflationary forces continued to increase the cost of food in the quarter. Loblaw's efforts to moderate cost increases and provide superior value to customers through its PC Optimum™ program and promotions resulted in strong sales and stable gross margins in food retail. Sales were led by strong performance in discount banners such as No Frills® and Real Canadian Superstore®, and a continued shift to private label brands including President's Choice® and no name®. In drug retail, revenues benefited from elevated sales of higher margin categories like beauty, cough and cold. In a difficult economic environment, Loblaw is putting the strength of its unique assets to work for Canadians, and is working hard to meet customer expectations for value.

Choice Properties delivered solid operating and financial results in the third quarter with near full occupancy in its retail and industrial asset classes and strong same-asset growth. Choice Properties advanced its industrial and mixed-use development initiatives, unlocking value by achieving key zoning and entitlement milestones at two development projects. Choice Properties continues to be well positioned in the current economic environment supported by its high-quality tenants, necessity-based portfolio and an industry leading balance sheet.

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.

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

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Revenue	\$ 17,520	\$ 16,192	\$ 1,328	8.2%	\$ 42,906	\$ 40,846	\$ 2,060	5.0%
Operating income	\$ 1,474	\$ 1,125	\$ 349	31.0%	\$ 3,289	\$ 3,018	\$ 271	9.0%
Adjusted EBITDA ⁽¹⁾	\$ 1,951	\$ 1,780	\$ 171	9.6%	\$ 4,961	\$ 4,542	\$ 419	9.2%
Adjusted EBITDA margin ⁽¹⁾	11.1%	11.0%			11.6%	11.1%		
Depreciation and amortization⁽ⁱ⁾	\$ 729	\$ 704	\$ 25	3.6%	\$ 1,830	\$ 1,770	\$ 60	3.4%
Net interest expense (income) and other financing charges	\$ 13	\$ 412	\$ (399)	(96.8)%	\$ (3)	\$ 1,460	\$ (1,463)	(100.2)%
Adjusted net interest expense and other financing charges ⁽¹⁾	\$ 290	\$ 287	\$ 3	1.0%	\$ 768	\$ 797	\$ (29)	(3.6)%
Income taxes	\$ 276	\$ 200	\$ 76	38.0%	\$ 618	\$ 566	\$ 52	9.2%
Adjusted income taxes ⁽¹⁾	\$ 283	\$ 252	\$ 31	12.3%	\$ 754	\$ 647	\$ 107	16.5%
Adjusted effective tax rate ⁽¹⁾	26.1%	26.7%			27.5%	27.4%		
Net earnings attributable to shareholders of the Company from continuing operations	\$ 903	\$ 252	\$ 651	258.3%	\$ 1,926	\$ 325	\$ 1,601	492.6%
Net earnings (loss) available to common shareholders of the Company	\$ 889	\$ 124	\$ 765	616.9%	\$ 1,886	\$ 170	\$ 1,716	1,009.4%
Continuing operations	\$ 889	\$ 238	\$ 651	273.5%	\$ 1,892	\$ 291	\$ 1,601	550.2%
Discontinued operations	\$ –	\$ (114)	\$ 114	100.0%	\$ (6)	\$ (121)	\$ 115	95.0%
Adjusted net earnings available to common shareholders of the Company ⁽¹⁾ from continuing operations	\$ 453	\$ 365	\$ 88	24.1%	\$ 1,063	\$ 885	\$ 178	20.1%
Diluted net earnings (loss) per common share (\$)	\$ 6.14	\$ 0.82	\$ 5.32	648.8%	\$ 12.89	\$ 1.10	\$ 11.79	1,071.8%
Continuing operations	\$ 6.14	\$ 1.58	\$ 4.56	288.6%	\$ 12.93	\$ 1.90	\$ 11.03	580.5%
Discontinued operations	\$ –	\$ (0.76)	\$ 0.76	100.0%	\$ (0.04)	\$ (0.80)	\$ 0.76	95.0%
Adjusted diluted net earnings per common share ⁽¹⁾ from continuing operations (\$)	\$ 3.12	\$ 2.43	\$ 0.69	28.4%	\$ 7.24	\$ 5.83	\$ 1.41	24.2%

- (i) Depreciation and amortization includes \$151 million (2021 – \$155 million) in the third quarter of 2022 and \$382 million (2021 – \$389 million) year-to-date of amortization of intangible assets, acquired with Shoppers Drug Mart Corporation and Lifemark Health Group, recorded by Loblaw.

Management's Discussion and Analysis

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

In the third quarter of 2022, the Company recorded net earnings available to common shareholders of the Company from continuing operations of \$889 million (\$6.14 per common share), an increase of \$651 million (\$4.56 per common share) compared to the same period in 2021. The increase was due to the favourable year-over-year net impact of adjusting items totaling \$563 million (\$3.87 per common share) and an improvement of \$88 million (\$0.69 per common share) in the consolidated underlying operating performance of the Company described below.

- The favourable year-over-year net impact of adjusting items totaling \$563 million (\$3.87 per common share) was primarily due to:
 - the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of \$329 million (\$2.27 per common share) as a result of the decrease in Choice Properties' unit price in the third quarter of 2022;
 - the favourable year-over-year impact of the fair value adjustment on investment properties of \$227 million (\$1.58 per common share) primarily driven by Choice Properties, net of consolidation adjustments in Other and Intersegment; and
 - the favourable year-over-year impact of the prior year fair value adjustment of the forward sale agreement of Loblaw common shares of \$64 million (\$0.43 per common share). The Company settled the net debt associated with the forward sale agreement in the fourth quarter of 2021;partially offset by,
 - the unfavourable impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied Properties Real Estate Investment Trust ("Allied") of \$64 million (\$0.45 per common share) as a result of a decrease in Allied's Class B Unit price in the third quarter of 2022.
- The improvement in the Company's consolidated underlying operating performance of \$88 million (\$0.69 per common share) was primarily due to the favourable underlying operating performance of Loblaw.
- 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 Normal Course Issuer Bid ("NCIB") program.

Adjusted net earnings available to common shareholders of the Company⁽¹⁾ from continuing operations were \$453 million, an increase of \$88 million, or 24.1%, compared to the same period in 2021 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 \$3.12 per common share in the third quarter of 2022, an increase of \$0.69 per common share, or 28.4%, compared to the same period in 2021. 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 \$1,892 million (\$12.93 per common share) compared to \$291 million (\$1.90 per common share) in the same period in 2021. The increase of \$1,601 million (\$11.03 per common share), was due to the favourable year-over-year net impact of adjusting items totaling \$1,423 million (\$9.62 per common share), and an improvement in the Company's consolidated underlying operating performance of \$178 million (\$1.41 per common share) described below.

- The favourable year-over-year net impact of adjusting items totaling \$1,423 million (\$9.62 per common share) was primarily due to:
 - the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of \$1,239 million (\$8.39 per common share) as a result of the decrease in Choice Properties' unit price during 2022;
 - the favourable year-over-year impact of the fair value adjustment on investment properties of \$222 million (\$1.58 per common share) primarily driven by Choice Properties, net of consolidation adjustments in Other and Intersegment;
 - the favourable year-over-year impact of the prior year fair value adjustment of the forward sale agreement of Loblaw common shares of \$160 million (\$1.06 per common share); and
 - the 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 of \$46 million (\$0.32 per common share). Refer to Section 2.2 "Choice Properties Operating Results" of this MD&A for more information;partially offset by,
 - the unfavourable impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of \$210 million (\$1.45 per common share) as a result of a decrease in Allied's Class B Unit price since the closing of the Office Asset Sale on March 31, 2022 to the end of the third quarter of 2022; and
 - the unfavourable impact of the charge related to the commodity tax matter at Loblaw of \$45 million (\$0.31 per common share). Refer to Section 2.1 "Loblaw Operating Results" of this MD&A for more information.

- The improvement in the Company's consolidated underlying operating performance of \$178 million (\$1.41 per common share) was primarily due to the favourable underlying operating performance of Loblaw and a decrease 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 (\$0.25 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 \$1,063 million, an increase of \$178 million, or 20.1% compared to the same period of 2021, 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 \$7.24 per common share in the third quarter of 2022, an increase of \$1.41 per common share, or 24.2%, compared to the same period in 2021. 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) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Loblaw	\$ 17,388	\$ 16,050	\$ 1,338	8.3%	\$ 42,497	\$ 40,413	\$ 2,084	5.2%
Choice Properties	\$ 309	\$ 316	\$ (7)	(2.2)%	\$ 950	\$ 967	\$ (17)	(1.8)%
Other and Intersegment	\$ (177)	\$ (174)			\$ (541)	\$ (534)		
Consolidated	\$ 17,520	\$ 16,192	\$ 1,328	8.2%	\$ 42,906	\$ 40,846	\$ 2,060	5.0%

Revenue in the third quarter of 2022 was \$17,520 million, an increase of \$1,328 million, or 8.2%, compared to the same period in 2021. The increase in revenue in the third quarter of 2022 was impacted by each of its reportable operating segments as follows:

- Positively by 8.3% due to revenue growth of 8.3% at Loblaw, primarily driven by an increase in retail sales of \$1,299 million, or 8.2%, and an improvement in financial services revenue of \$53 million. The increase in retail sales was due to positive same-store sales growth and Lifemark Health Group ("Lifemark") revenues of \$120 million.
- Negatively by a nominal amount due to a decline in revenue of 2.2% at Choice Properties. The decrease of \$7 million was mainly due to foregone revenue following the Office Asset Sale, as described in Section 2.2 "Choice Properties Operating Results" of this MD&A, partially offset by an increase in rental revenues from the retail and industrial portfolios driven by improved occupancy and higher rental rates, and increased capital recoveries.

Year-to-date revenue was \$42,906 million, an increase of \$2,060 million, or 5.0%, compared to the same period in 2021. The increase in revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 5.1% due to revenue growth of 5.2% at Loblaw, primarily driven by an increase in retail sales of \$2,015 million, or 5.1%, and an improvement in financial services revenue of \$99 million. The increase in retail sales was primarily due to positive same-store sales growth in food and drug, and Lifemark revenues since the date of acquisition of \$169 million.
- Negatively by a nominal amount due to a decline in revenue of 1.8% at Choice Properties. The decrease of \$17 million was mainly due to the foregone revenue following the Office Asset Sale, partially offset by an increase in rental revenues from the retail and industrial portfolios driven by improved occupancy and higher rental rates, and increased capital recoveries.

Management's Discussion and Analysis

OPERATING INCOME

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Loblaw	\$ 989	\$ 861	\$ 128	14.9%	\$ 2,465	\$ 2,226	\$ 239	10.7%
Choice Properties	\$ 501	\$ 276	\$ 225	81.5%	\$ 679	\$ 1,064	\$ (385)	(36.2)%
Other and Intersegment	\$ (16)	\$ (12)			\$ 145	\$ (272)		
Consolidated	\$ 1,474	\$ 1,125	\$ 349	31.0%	\$ 3,289	\$ 3,018	\$ 271	9.0%

Operating income in the third quarter of 2022 was \$1,474 million compared to \$1,125 million in the same period in 2021, an increase of \$349 million, or 31.0%. The increase was mainly attributable to the favourable year-over-year net impact of adjusting items totaling \$207 million and the improvement in underlying operating performance of \$142 million described below:

- the favourable year-over-year net impact of adjusting items totaling \$207 million was primarily due to:
 - the favourable year-over-year impact of the fair value adjustment of investment properties of \$272 million; partially offset by,
 - the unfavourable impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of \$69 million.
- the improvement in underlying operating performance of \$142 million was due to:
 - the favourable underlying operating performance of Loblaw due to the improvement in retail; partially offset by,
 - an increase in depreciation and amortization at Loblaw.

Year-to-date operating income was \$3,289 million compared to \$3,018 million in the same period in 2021, an increase of \$271 million, or 9.0%. The increase was mainly attributable to the improvement in underlying operating performance of \$352 million, partially offset by the unfavourable year-over-year net impact of adjusting items totaling \$81 million described below:

- the improvement in underlying operating performance of \$352 million was due to:
 - the favourable underlying operating performance of Loblaw due to the improvement in retail, partially offset by a decline in financial services; partially offset by,
 - an increase in depreciation and amortization at Loblaw.
- the unfavourable year-over-year net impact of adjusting items totaling \$81 million was primarily due to:
 - the unfavourable impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of \$228 million; and
 - the unfavourable impact of the charge related to the commodity tax matter at Loblaw of \$111 million; partially offset by,
 - the favourable year-over-year impact of the fair value adjustment on investment properties of \$266 million.

ADJUSTED EBITDA⁽¹⁾

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Loblaw	\$ 1,844	\$ 1,672	\$ 172	10.3%	\$ 4,682	\$ 4,257	\$ 425	10.0%
Choice Properties	\$ 223	\$ 226	\$ (3)	(1.3)%	\$ 674	\$ 674	\$ –	–%
Other and Intersegment	\$ (116)	\$ (118)			\$ (395)	\$ (389)		
Consolidated	\$ 1,951	\$ 1,780	\$ 171	9.6%	\$ 4,961	\$ 4,542	\$ 419	9.2%

Adjusted EBITDA⁽¹⁾ in the third quarter of 2022 was \$1,951 million compared to \$1,780 million in the same period in 2021, an increase of \$171 million, or 9.6%. The increase in adjusted EBITDA⁽¹⁾ was impacted by each of the Company's reportable operating segments as follows:

- Positively by 9.7% due to an increase of 10.3% in adjusted EBITDA⁽¹⁾ at Loblaw, driven by improvements in retail, partially offset by a decline in financial services. The improvements in Loblaw retail were driven by an increase in retail gross profit, partially offset by an unfavourable increase in retail selling, general and administrative expenses ("SG&A").
- Negatively by 0.2% due to a decrease of 1.3% in adjusted EBITDA⁽¹⁾ at Choice Properties primarily due to the decline in revenue described above and higher general and administrative expenses, partially offset by distribution income from the investment in real estate securities of Allied.

Year-to-date adjusted EBITDA⁽¹⁾ was \$4,961 million compared to \$4,542 million in the same period in 2021, an increase of \$419 million, or 9.2%. The increase in adjusted EBITDA⁽¹⁾ was impacted by each of the Company's reportable operating segments as follows:

- Positively by 9.4% due to an increase of 10.0% 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 unfavourable increase in retail SG&A.
- Choice Properties adjusted EBITDA⁽¹⁾ was flat compared to the same period in 2021 as distribution income from the investment in real estate securities of Allied and a decline in expected credit loss provisions was offset by the decline in revenue described above and an increase in general and administrative expenses.

DEPRECIATION AND AMORTIZATION

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Loblaw	\$ 864	\$ 817	\$ 47	5.8%	\$ 2,128	\$ 2,041	\$ 87	4.3%
Choice Properties	\$ –	\$ 1	\$ (1)	(100.0)%	\$ 2	\$ 3	\$ (1)	(33.3)%
Other and Intersegment	\$ (135)	\$ (114)			\$ (300)	\$ (274)		
Consolidated	\$ 729	\$ 704	\$ 25	3.6%	\$ 1,830	\$ 1,770	\$ 60	3.4%

Depreciation and amortization in the third quarter of 2022 was \$729 million, an increase of \$25 million compared to the same period in 2021. Year-to-date depreciation and amortization was \$1,830 million, an increase of \$60 million compared to the same period in 2021.

Depreciation and amortization in the third quarter and year-to-date included \$151 million (2021 – \$155 million) and \$382 million (2021 – \$389 million), respectively, of amortization of intangible assets related to the acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark recorded by Loblaw. Excluding these amounts, depreciation and amortization increased in the third quarter and year-to-date by \$29 million and \$67 million, respectively, primarily driven by an increase in information technology ("IT") assets and leased assets at Loblaw.

Management's Discussion and Analysis

NET INTEREST EXPENSE (INCOME) AND OTHER FINANCING CHARGES

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Net interest expense (income) and other financing charges	\$ 13	\$ 412	\$ (399)	(96.8)%	\$ (3)	\$ 1,460	\$ (1,463)	(100.2)%
Add: Fair value adjustment of the Trust Unit liability	277	(52)	329	632.7%	760	(479)	1,239	258.7%
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	(73)	73	100.0%	–	(184)	184	100.0%
Recovery related to Glenhuron	–	–	–	–%	11	–	11	100.0%
Adjusted net interest expense and other financing charges ⁽¹⁾	\$ 290	\$ 287	\$ 3	1.0%	\$ 768	\$ 797	\$ (29)	(3.6)%

Net interest expense and other financing charges in the third quarter of 2022 were \$13 million, a decrease of \$399 million compared to the same period in 2021. The decrease was primarily due to the favourable year-over-year impact of adjusting items totaling \$402 million, itemized in the table above, partially offset by an increase in adjusted net interest expense and other financing charges⁽¹⁾ of \$3 million. Year-to-date net interest income and other financing charges were \$3 million compared to net interest expense and other financing charges of \$1,460 million in the same period in 2021. The change of \$1,463 million was primarily due to the favourable year-over-year impact of adjusting items totaling \$1,434 million, itemized in the table above and a decrease in adjusted net interest expense and other financing charges⁽¹⁾ of \$29 million.

Included in the adjusting items in the third quarter of 2022 and year-to-date was the favourable year-over-year fair value adjustment of the Trust Unit liability of \$329 million and \$1,239 million, respectively, as a result of the decrease in Choice Properties' unit price during the third quarter of 2022. 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 third quarter of 2022, adjusted net interest expense and other financing charges⁽¹⁾ increased by \$3 million primarily driven by:

- higher interest expense from long term debt at Loblaw and Choice Properties including an early repayment premium of \$7 million at Loblaw; and
- higher interest expense from borrowings related to credit card receivables at Loblaw;

partially offset by,

- higher interest income due to an increase in interest rates and higher outstanding balance on Choice Properties' mortgages and loans receivable; and
- lower interest expense in Other and Intersegment adjustments, primarily due to the full settlement in the fourth quarter of 2021 of the net debt associated with the equity forward sale agreement.

Year-to-date, adjusted net interest expense and other financing charges⁽¹⁾ decreased by \$29 million primarily driven by:

- higher interest income due to an increase in interest rates and higher outstanding balance on Choice Properties' mortgages and loans receivable;
- lower interest expense in Other and Intersegment adjustments, primarily due to the full settlement in the fourth quarter of 2021 of the net debt associated with the equity forward sale agreement;
- a reduction in interest expense from post-employment and other employee benefits; and
- a reduction in interest expense from lease liabilities at Loblaw, including Other and Intersegment adjustments;

partially offset by,

- higher interest expense from borrowings related to credit card receivables at Loblaw; and
- higher interest expense from long term debt at Loblaw and Choice Properties including an early repayment premium of \$7 million at Loblaw.

INCOME TAXES

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Income taxes	\$ 276	\$ 200	\$ 76	38.0%	\$ 618	\$ 566	\$ 52	9.2%
Add: Tax impact of items excluded from adjusted earnings before taxes ⁽¹⁾⁽ⁱ⁾	(11)	43	(54)	(125.6)%	58	88	(30)	(34.1)%
Outside basis difference in certain Loblaw shares	18	9	9	100.0%	(1)	(7)	6	85.7%
Remeasurement of deferred tax balances	–	–	–	–%	46	–	46	100.0%
Recovery related to Glenhuron	–	–	–	–%	33	–	33	100.0%
Adjusted income taxes ⁽¹⁾	\$ 283	\$ 252	\$ 31	12.3%	\$ 754	\$ 647	\$ 107	16.5%
Effective tax rate applicable to earnings before taxes	18.9%	28.1%			18.8%	36.3%		
Adjusted effective tax rate applicable to adjusted earnings before taxes ⁽¹⁾	26.1%	26.7%			27.5%	27.4%		

(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 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 third quarter of 2022 was 18.9%, compared to 28.1% in the same period in 2021. The decrease was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability, and the impact of certain recoveries realized for prior taxation periods.

The adjusted effective tax rate⁽¹⁾ for the third quarter of 2022 was 26.1%, compared to 26.7% in the same period in 2021. The decrease was primarily attributable to the impact of certain recoveries realized for prior taxation periods, partially offset by an increase in current tax expense related to GWL's participation in Loblaw's NCIB.

The year-to-date effective tax rate was 18.8%, compared to 36.3% in the same period in 2021. The decrease was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability, the remeasurement of deferred tax balances as a result of the Office Asset Sale, and the recovery of income taxes related to Glenhuron Bank Limited ("Glenhuron") in the first quarter of 2022.

The year-to-date adjusted effective tax rate⁽¹⁾ was 27.5%, compared to 27.4% in the same period in 2021. The increase was primarily attributable to an increase in current tax expense related to GWL's participation in Loblaw's NCIB, partially offset by the impact of certain recoveries realized for prior taxation periods.

Loblaw has been reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. In 2021, the Supreme Court of Canada ruled in favour of Loblaw on the Glenhuron matter. As a result of related reassessments received during the first quarter of 2022, Loblaw reversed in the year \$35 million of previously recorded charges, of which \$33 million was recorded as income tax recovery and \$2 million was recorded as interest income. In addition, interest of \$9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds.

DISCONTINUED OPERATIONS Net loss available to common shareholders of the Company from discontinued operations in 2022 of \$6 million year-to-date pertains to final closing adjustments. For further details of the sale, refer to note 5, "Discontinued Operations" in the Company's unaudited interim period condensed consolidated financial statements and the accompanying notes of this Quarterly Report.

Management's Discussion and Analysis

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:

(unaudited) (\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
GWL's NCIB – purchased and cancelled	\$ (393)	\$ (411)	\$ (718)	\$ (577)
GWL's participation in Loblaw's NCIB	190	136	509	474
GWL's credit facility repayment	–	–	(121)	–
Settlement of net debt associated with equity forward sale agreement	–	(462)	–	(515)
Net cash flow used in above activities	\$ (203)	\$ (737)	\$ (330)	\$ (618)

GWL's NCIB - Purchased and Cancelled Shares In the third quarter and year-to-date 2022, the Company purchased and cancelled 2.5 million shares (2021 – 3.2 million shares) and 4.7 million shares (2021 – 4.9 million shares), respectively, under its NCIB. As at October 8, 2022, the Company had 142.2 million shares issued and outstanding, net of shares held in trusts (October 9, 2021 – 147.5 million shares).

In the third quarter of 2022, 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 Section 3.6, “Share Capital” of this MD&A for more information.

GWL's Participation in Loblaw's NCIB The Company participates in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. During the third quarter and year-to-date 2022, GWL received proceeds of \$190 million (2021 – \$136 million) and \$509 million (2021 – \$474 million), respectively, from the sale of Loblaw shares.

GWL's Credit Facility In the third quarter of 2021, GWL entered into a \$350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. The credit facility contains certain financial covenants. As at December 31, 2021, \$121 million was drawn on the facility which was repaid in the first quarter of 2022. As at October 8, 2022, no amounts were drawn on the facility.

2. Results of Reportable Operating Segments

The following discussion provides details of the third quarter of 2022 results of operations of each of the Company's reportable operating segments.

2.1 Loblaw Operating Results

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
	Revenue	\$ 17,388	\$ 16,050	\$ 1,338	8.3%	\$ 42,497	\$ 40,413	\$ 2,084
Operating income	\$ 989	\$ 861	\$ 128	14.9%	\$ 2,465	\$ 2,226	\$ 239	10.7%
Adjusted EBITDA ⁽ⁱ⁾	\$ 1,844	\$ 1,672	\$ 172	10.3%	\$ 4,682	\$ 4,257	\$ 425	10.0%
Adjusted EBITDA margin ⁽ⁱ⁾	10.6%	10.4%			11.0%	10.5%		
Depreciation and amortization ⁽ⁱ⁾	\$ 864	\$ 817	\$ 47	5.8%	\$ 2,128	\$ 2,041	\$ 87	4.3%

(i) Depreciation and amortization in the third quarter of 2022 includes \$151 million (2021 – \$155 million) and \$382 million (2021 – \$389 million) year-to-date of amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark.

REVENUE Loblaw revenue in the third quarter of 2022 was \$17,388 million, an increase of \$1,338 million, or 8.3%, compared to the same period in 2021, driven by an increase in retail sales and an improvement in financial services revenue.

Retail sales were \$17,130 million, an increase of \$1,299 million, or 8.2%, compared to the same period in 2021. The increase was primarily driven by the following factors:

- food retail sales were \$12,221 million (2021 – \$11,382 million) and food retail same-store sales grew by 6.9% (2021 – 0.2%) for the quarter:
 - the Consumer Price Index (“CPI”) as measured by The Consumer Price Index for Food Purchased from Stores was 10.7% (2021 – 2.6%) which was generally in line with Loblaw's internal food inflation; and
 - food retail basket size decreased and traffic increased in the quarter when compared to the third quarter of 2021.
- drug retail sales were \$4,909 million (2021 – \$4,449 million) and drug retail same-store sales grew by 7.7% (2021 – 4.4%) for the quarter:
 - pharmacy and healthcare services same-store sales growth was 4.7% (2021 – 4.8%), benefiting from an increase in acute and chronic prescription volumes from the continued economic re-opening. The number of prescriptions dispensed increased by 0.8% (2021 – 2.4%). On a same-store basis, the number of prescriptions dispensed increased by 0.9% (2021 – 2.4%) and the average prescription value increased by 3.3% (2021 – 1.2%);
 - pharmacy and healthcare services sales included Lifemark revenues from the date of acquisition of \$120 million. Lifemark revenues are excluded from same-store sales; and
 - front store same-store sales increased by 10.7% (2021 – 4.1%), benefiting from the continued economic re-opening and higher consumer spending.

In the last 12 months, 11 food and drug stores were opened, and 14 food and drug stores were closed, resulting in a net decrease in retail square footage of 0.3 million square feet, or 0.4%.

Financial services revenue in the third quarter of 2022 increased by \$53 million compared to the same period in 2021. The increase was primarily driven by higher interest income from growth in credit card receivables and higher interchange income and credit card related fees from an increase in customer spending.

On a year-to-date basis, Loblaw revenue was \$42,497 million, an increase of \$2,084 million, or 5.2%, compared to the same period in 2021, primarily driven by an increase in retail sales and in financial services revenue.

Retail sales were \$41,798 million, an increase of \$2,015 million, or 5.1% when compared to the same period in 2021. Food retail sales were \$29,884 million (2021 – \$28,739 million) and food retail same-store sales grew by 3.6% (2021 – 0.1%). Drug retail sales were \$11,914 million (2021 – \$11,044 million) and drug retail same-store sales growth was 6.4% (2021 – 4.1%), with pharmacy and healthcare services same-store sales growth of 5.7% (2021 – 7.8%) and front store same-store sales growth of 6.9% (2021 – 0.7%). Pharmacy and healthcare services sales included Lifemark revenues from the date of acquisition of \$169 million. Lifemark revenues are excluded from same-store sales.

Management's Discussion and Analysis

Year-to-date financial services revenue increased by \$99 million compared to the same period in 2021. The increase was primarily driven by higher interest income from growth in credit card receivables and higher interchange income and credit card related fees from an increase in customer spending, partially offset by lower sales attributable to *The Mobile Shop*.

OPERATING INCOME Loblaw operating income in the third quarter of 2022 was \$989 million, an increase of \$128 million, or 14.9%, compared to the same period in 2021. The increase included improvements in the underlying operating performance of \$121 million and the favourable year-over-year net impact of adjusting items totaling \$7 million, as described below:

- the improvement in underlying operating performance of \$121 million was primarily 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 \$7 million was primarily due to:
 - the favourable year-over-year impact of restructuring and other related costs of \$9 million; and
 - the favourable year-over-year impact from the amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark of \$4 million;partially offset by,
 - the unfavourable year-over-year impact of gain on sale of non-operating properties of \$4 million; and
 - the unfavourable year-over-year change in fair value adjustments on fuel and foreign currency contracts of \$2 million.

Year-to-date Loblaw operating income was \$2,465 million, an increase of \$239 million, or 10.7%, compared to the same period in 2021. The increase was driven by improvements in underlying operating performance of \$331 million, partially offset by the unfavourable year-over-year net impact of adjusting items totaling \$92 million described below:

- the improvement in underlying operating performance of \$331 million was primarily due to the following:
 - 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;partially offset by,
 - a decline in financial services primarily due to the year-over-year impact of the expected credit loss provision from lapping a larger prior year release versus the current year release, and from lapping a prior year reversal of certain commodity tax accrued.
- the unfavourable year-over-year net impact of adjusting items totaling \$92 million was primarily due to:
 - the unfavourable impact of the charge related to President's Choice Bank ("PC Bank") commodity tax matter of \$111 million; and
 - the unfavourable impact of the Lifemark transaction costs of \$16 million;partially offset by,
 - the favourable year-over-year impact of restructuring and other related costs of \$36 million.

ADJUSTED EBITDA⁽¹⁾ Loblaw adjusted EBITDA⁽¹⁾ in the third quarter of 2022 was \$1,844 million, an increase of \$172 million, or 10.3%, compared to the same period in 2021. The increase was primarily due to an increase in retail of \$174 million, partially offset by a decrease in financial services of \$2 million.

Retail adjusted EBITDA⁽¹⁾ in the third quarter of 2022 increased by \$174 million driven by an increase in retail gross profit of \$416 million, partially offset by an unfavourable increase in retail SG&A of \$242 million.

- Retail gross profit percentage of 30.8% increased by 10 basis points compared to the same period in 2021, primarily driven from growth in higher margin drug retail front store categories. Compared to the third quarter of 2021, when inflation started to accelerate, food retail gross margins were flat.
- Retail SG&A as a percentage of sales was 20.3%, a favourable decrease of 20 basis points compared to the same period in 2021. The favourable decrease was primarily due to operating leverage from higher sales and lower COVID-19 related expenses.

Financial services adjusted EBITDA⁽¹⁾ decreased by \$2 million compared to the same period in 2021, primarily driven by higher contractual charge-off and an increase in the expected credit loss provision attributable to the increase in unemployment rate forecasts, higher loyalty program costs and operating costs, higher customer acquisition costs and higher IT costs, partially offset by higher revenue described above.

Year-to-date Loblaw adjusted EBITDA⁽¹⁾ was \$4,682 million, an increase of \$425 million, or 10.0%, compared to the same period in 2021. The increase was primarily due to an increase in retail of \$443 million, partially offset by a decrease in financial services of \$18 million.

Year-to-date retail adjusted EBITDA⁽¹⁾ increased by \$443 million, driven by an increase in retail gross profit of \$795 million, partially offset by an unfavourable increase in retail SG&A of \$352 million.

- Retail gross profit percentage of 31.0% increased by 40 basis points compared to the same period in 2021, primarily driven by favourable changes in drug retail sales mix. Food retail margins were flat.
- Retail SG&A as a percentage of sales was 20.2%, a favourable decrease of 20 basis points compared to the same period in 2021. The favourable decrease was primarily due to lower COVID-19 related expenses, partially offset by higher costs from the normalization of post-lockdown expenses.

Year-to-date financial services adjusted EBITDA⁽¹⁾ decreased by \$18 million compared to the same period in 2021, primarily driven by the year-over-year impact of the expected credit loss provision from lapping a larger prior year release of \$32 million versus the current year release of \$3 million, prior year reversal of certain commodity tax accrued, higher loyalty program costs and operating costs, higher customer acquisition costs, higher IT costs and higher contractual charge-off, partially offset by higher revenue described above.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in the third quarter of 2022 was \$864 million, an increase of \$47 million compared to the same period in 2021. Year-to-date depreciation and amortization was \$2,128 million, an increase of \$87 million compared to the same period in 2021. The increase in depreciation and amortization in the third quarter of 2022 and year-to-date was primarily driven by an increase in IT assets, leased assets and accelerated depreciation of \$14 million (2021 – nil) due to the reassessment of the estimated useful life of certain IT assets. Depreciation and amortization in the third quarter of 2022 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of \$151 million (2021 – \$155 million) and \$382 million (2021 – \$389 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 \$16 million in the third quarter of 2022, a decrease of \$38 million, or 70.4% when compared to the same period in 2021. Year-to-date net earnings attributable to non-controlling interests were \$87 million, a decrease of \$42 million, or 32.6% compared to the same period in 2021. The decreases in non-controlling interests were primarily driven by a decline in franchisee earnings after profit sharing.

LOBLAW OTHER BUSINESS MATTERS

Lifemark Health Group On May 10, 2022, Loblaw acquired Lifemark for \$829 million. Lifemark is the leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services through its more than 300 clinics across Canada. Revenue of \$120 million and nominal net earnings were contributed by Lifemark in the third quarter of 2022. Net earnings includes amortization related to the acquired intangible assets of \$3 million. Year-to-date revenue of \$169 million and nominal net earnings were contributed by Lifemark from the date of acquisition. Year-to-date net earnings includes amortization related to acquired intangible assets of \$5 million.

PC Bank Commodity Tax Matter In July 2022, the Tax Court of Canada ("Tax Court") released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaw's Inc. in respect of redemptions of loyalty points. On September 29th, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal. Although, Loblaw believes in the merits of its position, it 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.

Management's Discussion and Analysis

2.2 Choice Properties Operating Results

(\$ millions except where otherwise indicated) For the periods ended as indicated	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change	% Change
Revenue	\$ 309	\$ 316	\$ (7)	(2.2)%	\$ 950	\$ 967	\$ (17)	(1.8)%
Net interest (income) expense and other financing charges ⁽ⁱ⁾	\$ (447)	\$ 113	\$ (560)	(495.6)%	\$ (644)	\$ 878	\$ (1,522)	(173.3)%
Net income	\$ 948	\$ 163	\$ 785	481.6%	\$ 1,323	\$ 186	\$ 1,137	611.3%
Funds from Operations ⁽¹⁾	\$ 173	\$ 173	\$ –	– %	\$ 524	\$ 515	\$ 9	1.7%

(i) Net interest (income) expense and other financing charges includes a fair value adjustment on Exchangeable Units.

REVENUE Revenue in the third quarter of 2022 was \$309 million, a decrease of \$7 million, or 2.2%, compared to the same period in 2021. Revenue included \$180 million (2021 – \$176 million) generated from tenants within Loblaw.

On a year-to-date basis, revenue was \$950 million, a decrease of \$17 million, or 1.8%, compared to the same period in 2021. Revenue included \$547 million (2021 – \$539 million) generated from tenants within Loblaw.

The decrease in revenue in the third quarter of 2022 and year-to-date was primarily driven by:

- foregone revenue following the Office Asset Sale as described below in Choice Properties Other Business Matters; partially offset by,
- an increase in rental revenues from the retail and industrial portfolios driven by improved occupancy and higher rental rates; and
- increased capital recoveries.

NET INTEREST (INCOME) EXPENSE AND OTHER FINANCING CHARGES Net interest income and other financing charges in the third quarter of 2022 were \$447 million compared to net interest expense and other financing charges of \$113 million in the same period in 2021. The change of \$560 million was primarily driven by the favourable year-over-year impact of the fair value adjustment on the Class B LP units ("Exchangeable Units") of \$562 million.

Year-to-date, net interest income and other financing charges were \$644 million compared to net interest expense and other financing charges of \$878 million in the same period in 2021. The change of \$1,522 million was primarily driven by the favourable year-over-year impact of the fair value adjustment on the Exchangeable Units of \$1,520 million.

NET INCOME Net income in the third quarter of 2022 was \$948 million, compared to net income of \$163 million in the same period in 2021. The change of \$785 million was primarily driven by:

- lower net interest expense and other financing charges as described above; and
- the favourable change in the adjustment to fair value of investment properties, including those held within equity accounted joint ventures, primarily driven by achieved milestones in development and leasing and cash flow growth in the industrial portfolios;

partially offset by,

- the unfavourable change in the adjustment to fair value of investment in real estate securities due to the change in Allied's unit price.

Year-to-date, net income was \$1,323 million, compared to \$186 million in the same period in 2021. The change of \$1,137 million was primarily driven by:

- lower net interest expense and other financing charges as described above;
- partially offset by,
- the unfavourable change in the adjustment to fair value of investment properties, due to capitalization rate expansion in the retail portfolio as a result of rising interest rates, partially offset by the favourable impact of achieved milestones in development and leasing and cash flow growth in the industrial portfolios including those held within equity accounted joint ventures; and
 - the unfavourable change in the adjustment to fair value of investment in real estate securities, due to the change in Allied's unit price.

FUNDS FROM OPERATIONS⁽¹⁾ Funds from Operations⁽¹⁾ in the third quarter of 2022 was \$173 million, flat compared to the same period in 2021 due to an increase in rental revenue from the retail and industrial portfolios, largely offset by higher net interest and other 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.

Fund from Operations⁽¹⁾ year-to-date was \$524 million, an increase of \$9 million, compared to the same period in 2021. The increase was primarily due to an increase in rental revenues from the retail and industrial portfolios, which was partially offset by an increase in general and administrative expenses and the impact of the Office Asset Sale.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

Strategic Disposition On March 31, 2022, Choice Properties completed the Office Asset Sale. The consideration received consisted of 11,809,145 exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Allied Class B Units"), an affiliated entity of Allied, with a fair value of \$551 million on the transaction date, and a promissory note with a fair value of \$193 million (face value of \$200 million). See note 13, "Other Assets" in the Company's unaudited interim period condensed consolidated financial statements and the accompanying notes of this Quarterly Report.

3. Liquidity and Capital Resources

The Company's ownership in Weston Foods has been presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

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	16 Weeks Ended			40 Weeks Ended		
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	Oct. 8, 2022	Oct. 9, 2021 ⁽⁵⁾	\$ Change
Cash and cash equivalents, beginning of period	\$ 2,281	\$ 2,795	\$ (514)	\$ 2,984	\$ 2,581	\$ 403
Cash flows from operating activities	\$ 1,578	\$ 1,339	\$ 239	\$ 3,453	\$ 3,952	\$ (499)
Cash flows used in investing activities	\$ (815)	\$ (376)	\$ (439)	\$ (1,830)	\$ (966)	\$ (864)
Cash flows used in financing activities	\$ (854)	\$ (1,746)	\$ 892	\$ (2,419)	\$ (3,554)	\$ 1,135
Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ (2)	\$ 1	\$ (3)	\$ -	\$ -	\$ -
Cash and cash equivalents, end of period	\$ 2,188	\$ 2,013	\$ 175	\$ 2,188	\$ 2,013	\$ 175

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were \$1,578 million in the third quarter of 2022, an increase of \$239 million compared to the same period in 2021. The increase in cash flows from operating activities for the third quarter of 2022 was primarily driven by higher cash earnings, a favourable change in non-cash working capital and a favourable change in credit card receivables due to a lower increase in customer spending during the current quarter, partially offset by a cash payment made in relation to the PC Bank commodity tax matter.

Year-to-date cash flows from operating activities were \$3,453 million in 2022, a decrease of \$499 million compared to the same period in 2021. The decrease in cash flows from operating activities was primarily driven by an unfavourable change in non-cash working capital and an unfavourable change in credit card receivables from a rise in customer spending, partially offset by higher cash earnings and net lower income taxes paid due to the recovery of cash taxes related to Glenhuron.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were \$815 million in the third quarter of 2022, an increase of \$439 million compared to the same period in 2021. The increase in cash flows used in investing activities was primarily driven by an increase in security deposits due to an upcoming maturity of *Eagle Credit Card Trust*® ("*Eagle*") notes and an increase in capital investments, partially offset by higher proceeds received from the sale of assets.

Year-to-date cash flows used in investing activities were \$1,830 million in 2022, an increase of \$864 million compared to the same period in 2021. The increase in year-to-date cash flows used in investing activities was primarily driven by Loblaw's acquisition of Lifemark, an increase in security deposits due to an upcoming maturity of *Eagle* notes and an increase in capital investments, partially offset by a decrease in short-term investments.

Management's Discussion and Analysis

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

(\$ millions) For the periods ended as indicated	16 Weeks Ended			40 Weeks Ended		
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	Oct. 8, 2022	Oct. 9, 2021	\$ Change
Loblaw ⁽ⁱ⁾	\$ 432	\$ 330	\$ 102	\$ 920	\$ 791	\$ 129
Choice Properties	92	63	29	172	101	71
Other and Intersegment	–	–	–	1	2	(1)
Capital Investments from Continuing Operations	524	393	131	1,093	894	199
Discontinued Operations	–	37	(37)	–	76	(76)
Total Capital Investments	\$ 524	\$ 430	\$ 94	\$ 1,093	\$ 970	\$ 123

(i) During 2022, there were no additions to Loblaw fixed assets related to prepayments that were made in 2021 and transferred from other assets. During 2021, additions to Loblaw fixed assets included prepayments that were made in 2020 and transferred from other assets of nil in the third quarter of 2021 and \$1 million year-to-date 2021.

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were \$854 million in the third quarter of 2022, a decrease of \$892 million compared to the same period in 2021. The decrease in cash flows used in financing activities was primarily driven by higher net issuances of long-term debt, the settlement of net debt associated with the equity forward sale agreement in the prior year and an increase in short-term debt, partially offset by higher repurchases of Loblaw common shares in the current year.

Year-to-date cash flows used in financing activities were \$2,419 million in 2022, a decrease of \$1,135 million compared to the same period in 2021. The decrease in cash flows used in financing activities was primarily driven by higher net issuances of long-term debt in the current year, the settlement of net debt associated with the equity forward sale agreement in the prior year, an increase in short term debt and lower interest paid, partially offset by higher GWL and Loblaw repurchases of common shares under their respective NCIB programs 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	16 Weeks Ended			40 Weeks Ended		
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	Oct. 8, 2022	Oct. 9, 2021 ⁽³⁾	\$ Change
Cash flows from operating activities	\$ 1,578	\$ 1,339	\$ 239	\$ 3,453	\$ 3,952	\$ (499)
Less: Cash flows used in operating activities from Discontinued Operations	–	(28)	28	–	(12)	12
Cash flows from operating activities from Continuing Operations	\$ 1,578	\$ 1,367	\$ 211	\$ 3,453	\$ 3,964	\$ (511)
Less: Interest paid	225	241	(16)	623	680	(57)
Capital investments	524	393	131	1,093	894	199
Lease payments, net	264	255	9	610	593	17
Free cash flow ⁽¹⁾ from Continuing Operations	\$ 565	\$ 478	\$ 87	\$ 1,127	\$ 1,797	\$ (670)

Free cash flow⁽¹⁾ from continuing operations in the third quarter 2022 was \$565 million, an increase of \$87 million compared to the same period in 2021. The increase in free cash flow⁽¹⁾ was primarily driven by higher cash earnings, a favourable change in non-cash working capital and a favourable change in credit card receivables from lapping of prior year increase in customer spending, partially offset by higher capital investments and a cash payment made in relation to the PC Bank commodity tax matter.

On a year-to-date basis, free cash flow⁽¹⁾ from continuing operations was \$1,127 million, a decrease of \$670 million compared to the same period in 2021. The decrease in free cash flow⁽¹⁾ was primarily driven by an unfavourable change in non-cash working capital, an unfavourable increase in credit card receivables from an increase in the active customer base and a rise in customer spending and higher capital investments, partially offset by higher cash earnings, net lower income taxes paid due to the recovery of cash taxes related to Glenhuron.

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 ("GICs").

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, as monitored by management:

(\$ millions)	Oct. 8, 2022				As at Oct. 9, 2021				Dec. 31, 2021			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
	Bank indebtedness	\$ 16	\$ –	\$ –	\$ 16	\$ 166	\$ –	\$ –	\$ 166	\$ 52	\$ –	\$ –
Demand deposits from customers	109	–	–	109	59	–	–	59	75	–	–	75
Short-term debt	600	–	–	600	300	–	249	549	450	–	–	450
Long-term debt due within one year	798	618	–	1,416	881	846	147	1,874	1,002	518	–	1,520
Long-term debt	6,978	5,817	449	13,244	6,290	5,489	449	12,228	6,211	5,709	570	12,490
Certain other liabilities ⁽ⁱ⁾	80	668	–	748	70	664	–	734	74	664	–	738
Fair value of financial derivatives related to the above debt	–	–	–	–	–	–	(126)	(126)	–	–	–	–
Total debt excluding lease liabilities	\$ 8,581	\$ 7,103	\$ 449	\$ 16,133	\$ 7,766	\$ 6,999	\$ 719	\$ 15,484	\$ 7,864	\$ 6,891	\$ 570	\$ 15,325
Lease liabilities due within one year ⁽ⁱⁱ⁾	\$ 1,391	\$ 2	\$ (563)	\$ 830	\$ 1,366	\$ 1	\$ (554)	\$ 813	\$ 1,297	\$ 1	\$ (556)	\$ 742
Lease liabilities ⁽ⁱⁱ⁾	\$ 7,678	\$ 2	\$ (3,363)	\$ 4,317	\$ 7,490	\$ 3	\$ (3,331)	\$ 4,162	\$ 7,542	\$ 1	\$ (3,301)	\$ 4,242
Total debt including lease liabilities	\$ 17,650	\$ 7,107	\$ (3,477)	\$ 21,280	\$ 16,622	\$ 7,003	\$ (3,166)	\$ 20,459	\$ 16,703	\$ 6,893	\$ (3,287)	\$ 20,309

(i) Includes financial liabilities of \$668 million (October 9, 2021 – \$664 million; December 31, 2021 – \$664 million) recorded primarily as a result of Choice Properties' transactions.

(ii) Lease liabilities due within one year of \$2 million (October 9, 2021 – \$3 million; December 31, 2021 – \$2 million) and lease liabilities of \$5 million (October 9, 2021 – \$6 million; December 31, 2021 – \$7 million) relating to GWL Corporate 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 \$456 million (October 9, 2021 – \$728 million; December 31, 2021 – \$579 million) and cash and cash equivalents and short-term investments of \$888 million (October 9, 2021 – \$267 million; December 31, 2021 – \$1,338 million), resulting in a net cash position of \$432 million (October 9, 2021 – net debt of \$461 million; December 31, 2021 – net cash of \$759 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 the third quarter of 2021 and year end 2021 primarily 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.

Management's Discussion and Analysis

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 third quarter of 2022, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

As at the end of and throughout the third quarter of 2022, PC Bank and Choice Properties met all applicable regulatory requirements.

3.3 Components of Total Debt

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

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Loblaw						
- Senior Unsecured Note	5.008%	September 13, 2032	\$ 400	\$ -	\$ 400	\$ -
- Senior Unsecured Note	5.336%	September 13, 2052	400	-	400	-
Choice Properties senior unsecured debenture						
- Series R	6.003%	June 24, 2032	500	-	500	-
Total debentures issued			\$ 1,300	\$ -	\$ 1,300	\$ -

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

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
George Weston debenture - Series A	7.00%	November 10, 2031 ⁽ⁱ⁾	\$ -	\$ 283	\$ -	\$ 319
Loblaw senior unsecured note	4.86%	September 12, 2023 ⁽ⁱⁱ⁾	800	-	800	-
Choice Properties senior unsecured debentures						
- Series 9	3.60%	September 20, 2021	-	200	-	200
- Series 10	3.84%	September 20, 2022 ⁽ⁱⁱⁱ⁾	300	-	300	-
Total debentures repaid			\$ 1,100	\$ 483	\$ 1,100	\$ 519

(i) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, which was fully settled in the fourth quarter of 2021. In the third quarter of 2021 (year-to-date 2021), the Company paid \$462 million (\$515 million), net of the \$298 million gain (\$341 million gain) on the settlement of 5.83 million (6.58 million) of the 9.6 million shares under the agreement, to redeem \$283 million (\$319 million) of the Series A Debentures and \$475 million (\$535 million) of the Series B Debentures, plus accrued interest.

(ii) Loblaw senior unsecured debenture was redeemed on September 21, 2022.

(iii) Choice Properties senior unsecured Series 10 debenture was redeemed on June 26, 2022.

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

(\$ millions)	Maturity Date	Oct. 8, 2022		As at			
		Available Credit	Drawn	Oct. 9, 2021		Dec. 31, 2021	
		Available Credit	Drawn	Available Credit	Drawn	Available Credit	Drawn
George Weston	September 13, 2024	\$ 350	\$ –	\$ 350	\$ –	\$ 350	\$ 121
Loblaw	July 15, 2027	1,000	–	1,000	–	1,000	–
Choice Properties ⁽ⁱ⁾	September 1, 2027	1,500	150	1,500	100	1,500	–
Total committed credit facilities		\$ 2,850	\$ 150	\$ 2,850	\$ 100	\$ 2,850	\$ 121

(i) Choice Properties repaid \$45 million of its committed credit facility on October 3, 2022.

These facilities contain certain financial covenants.

George Weston In the third quarter of 2021, GWL entered into a \$350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. As at December 31, 2021, \$121 million was drawn on the facility which was repaid in the first quarter of 2022. As at October 8, 2022, no amounts were drawn on the facility.

Loblaw Loblaw has a \$1 billion committed credit facility with a maturity date of July 15, 2027, provided by a syndicate of lenders. In the third quarter of 2022, Loblaw extended the maturity date with all other terms and conditions remaining substantially the same. As at October 8, 2022, there were no amounts drawn under this facility (October 9, 2021 and December 31, 2021 – no amounts were drawn).

Choice Properties On June 30, 2022, Choice Properties completed an irrevocable defeasance payment of \$180 million against its outstanding credit facility balance. The credit facility balance outstanding at June 30, 2022, included \$180 million of banker's acceptances maturing on July 4, 2022. The administrative agent for the credit facility distributed the defeasance payment to the lenders on July 4, 2022. During the third quarter of 2022, the maturity for the credit facility was extended to September 1, 2027 with all other terms and conditions remaining substantially the same. As at October 8, 2022, \$150 million was drawn under the facility.

INDEPENDENT SECURITIZATION TRUSTS Loblaw, through 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* and the Other Independent Securitization Trusts, in accordance with its financing requirements.

The following table summarizes the amounts securitized to independent securitization trusts:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> [®]	\$ 1,600	\$ 1,350	\$ 1,350
Securitized to Other Independent Securitization Trusts	600	300	450
Total securitized to independent securitization trusts	\$ 2,200	\$ 1,650	\$ 1,800

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 October 8, 2022 and throughout the first three quarters of 2022.

INDEPENDENT FUNDING TRUSTS As at the end of the third quarter of 2022, the independent funding trusts had drawn \$573 million (October 9, 2021 – \$574 million; December 31, 2021 – \$570 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts. Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts. As at the end of the third quarter of 2022, Loblaw provided a credit enhancement of \$64 million (October 9, 2021 and December 31, 2021 – \$64 million) for the benefit of the independent funding trusts representing not less than 10% (October 9, 2021 and December 31, 2021 – not less than 10%) of the principal amount of loans outstanding.

Management's Discussion and Analysis

The revolving committed credit facility that is the source of funding to the independent funding trusts has a maturity date of April 14, 2025. Loblaw extended the maturity date during the second quarter of 2022 with all other terms and conditions remaining substantially the same.

GUARANTEED INVESTMENT CERTIFICATES The following table summarizes PC Bank's GIC activity, before commissions, for the periods ended as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Balance, beginning of period	\$ 1,075	\$ 1,048	\$ 996	\$ 1,185
GICs issued	282	40	461	196
GICs matured	(46)	(139)	(146)	(432)
Balance, end of period	\$ 1,311	\$ 949	\$ 1,311	\$ 949

DEBT SUMMARY The following table summarizes the Company's (excluding Loblaw and Choice Properties) debt in Other and Intersegment:

(\$ millions)	Maturity Date	As at		
		Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Debentures	2024 - 2033	\$ 450	\$ 450	\$ 450
George Weston credit facility	2024	–	–	121
Transaction costs and other	n/a	(1)	(1)	(1)
		\$ 449	\$ 449	\$ 570
Series A	2031	\$ –	\$ 147	\$ –
Series B	On demand	–	249	–
Fair value of financial derivatives related to the above debt	n/a	–	(126)	–
Debt associated with equity forward sale agreement ⁽ⁱ⁾		\$ –	\$ 270	\$ –
Other and Intersegment debt		\$ 449	\$ 719	\$ 570

- (i) In 2001, Weston Holdings Limited ("WHL"), a subsidiary of GWL, issued \$466 million of 7.00% Series A Debentures due 2031, which were serviced by the issuance of Series B Debentures. In addition, WHL entered into an equity forward sale agreement with the lender to sell 9.6 million Loblaw common shares at an initial forward sale price of \$48.50 which increases by the interest rates on Series A Debentures and Series B Debentures.

In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, which was fully settled in the fourth quarter of 2021. The 9.6 million Loblaw shares have been released to the Company such that its economic interest in Loblaw is now equal to its voting interest. In aggregate, \$790 million was paid throughout 2021 to extinguish the net debt associated with the equity forward sale agreement.

3.4 Financial Condition

	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Rolling year adjusted return on average equity attributable to common shareholders of the Company ⁽¹⁾	22.2%	17.5%	18.7%
Rolling year adjusted return on capital ⁽¹⁾	13.2%	12.0%	12.6%

The rolling year adjusted return on average equity attributable to common shareholders of the Company⁽¹⁾ increased as at the end of the third quarter of 2022 compared to the end of the third quarter of 2021 and year end 2021, primarily due to an increase in adjusted net earnings⁽¹⁾ as a result of an improvement in the Company's consolidated underlying performance.

The rolling year adjusted return on capital⁽¹⁾ increased as at the end of the third quarter of 2022 compared to the end of the third quarter of 2021 and year end 2021, primarily due to an increase in adjusted operating income⁽¹⁾ as a result of an improvement in the Company's consolidated underlying performance.

3.5 Credit Ratings

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

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

During the third quarter of 2022, S&P Global Ratings ("S&P") confirmed the above ratings and outlook of GWL, and DBRS Morningstar ("DBRS") confirmed the above ratings and trend of GWL.

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

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

During the third quarter of 2022, S&P confirmed the above ratings and outlook of Loblaw, and DBRS confirmed the above ratings and trend of Loblaw.

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

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

During the third quarter of 2022, S&P confirmed the above ratings and outlook of Choice Properties, and DBRS confirmed the above ratings and trend of Choice Properties.

Management's Discussion and Analysis

3.6 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:

(\$ millions except where otherwise indicated)	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022		Oct. 9, 2021		Oct. 8, 2022		Oct. 9, 2021	
	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	144,746,752	\$ 2,671	150,781,841	\$ 2,742	146,789,503	\$ 2,714	152,374,416	\$ 2,786
Issued for settlement of stock options	47,921	5	111,384	13	216,096	25	215,929	24
Purchased and cancelled ⁽ⁱ⁾⁽ⁱⁱ⁾	(2,472,575)	(47)	(3,203,339)	(45)	(4,683,501)	(110)	(4,900,459)	(100)
Issued and outstanding, end of period	142,322,098	\$ 2,629	147,689,886	\$ 2,710	142,322,098	\$ 2,629	147,689,886	\$ 2,710
Shares held in trusts, beginning of period	(64,263)	\$ (1)	(181,099)	\$ (3)	(141,106)	\$ (2)	(254,525)	\$ (4)
Purchased for future settlement of RSUs and PSUs	(99,000)	(2)	–	–	(99,000)	(2)	–	–
Released for settlement of RSUs and PSUs	2,500	–	158	–	79,343	1	73,584	1
Shares held in trusts, end of period	(160,763)	\$ (3)	(180,941)	\$ (3)	(160,763)	\$ (3)	(180,941)	\$ (3)
Issued and outstanding, net of shares held in trusts, end of period	142,161,335	\$ 2,626	147,508,945	\$ 2,707	142,161,335	\$ 2,626	147,508,945	\$ 2,707
Weighted average outstanding, net of shares held in trusts	143,540,343		149,194,965		145,138,574		150,755,363	

- (i) Number of common shares repurchased and cancelled as at October 8, 2022, 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.
- (ii) Includes 1,930 shares cancelled during the third quarter of 2021 in a private transaction and are excluded from the Company's Normal Course Issuer Bid.

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

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Purchased for future settlement of RSUs and PSUs (number of shares)	99,000	–	99,000	–
Purchased for current settlement of RSUs and DSUs (number of shares)	–	–	15,716	1,588
Purchased and cancelled (number of shares)	2,472,575	3,201,409	4,683,501	4,898,529
Cash consideration paid				
Purchased and held in trusts	\$ (14)	\$ –	\$ (14)	\$ –
Purchased and settled	\$ –	\$ –	\$ (2)	\$ –
Purchased and cancelled ⁽ⁱ⁾	\$ (393)	\$ (411)	\$ (718)	\$ (577)
Premium charged to retained earnings				
Purchased and held in trusts	\$ 12	\$ –	\$ 12	\$ –
Purchased and settled	\$ –	\$ –	\$ 1	\$ –
Purchased and cancelled ⁽ⁱⁱ⁾	\$ 335	\$ 286	\$ 781	\$ 578
Reduction in share capital ⁽ⁱⁱⁱ⁾	\$ 49	\$ 45	\$ 112	\$ 100

(i) Included in the third quarter of 2022 and year-to-date is a net cash timing adjustment of \$17 million (2021 – \$(5) million) and a nominal amount (2021 – \$(31) million), respectively, of common shares repurchased under the NCIB for cancellation.

(ii) Includes \$152 million (2021 – \$60 million) related to the ASPP, as described below.

(iii) Includes \$23 million (2021 – \$10 million) related to the ASPP, as described below.

In the second quarter of 2022, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,304,927 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.

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 October 8, 2022, an obligation to repurchase shares of \$175 million (2021 – \$70 million) was recognized under the ASPP in trade payables and other liabilities.

As of October 8, 2022, 3,081,117 common shares were purchased under the Company's current NCIB.

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

(\$)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Dividends declared per share ⁽ⁱ⁾ :				
Common share	\$ 0.660	\$ 0.600	\$ 1.920	\$ 1.700
Preferred share:				
Series I	\$ 0.3625	\$ 0.3625	\$ 1.0875	\$ 1.0875
Series III	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series IV	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series V	\$ 0.296875	\$ 0.296875	\$ 0.890625	\$ 0.890625

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on October 1, 2022. Dividends declared on Preferred Shares, Series I were paid on September 15, 2022.

Management's Discussion and Analysis

The following table summarizes the Company's cash dividends declared subsequent to the end of the third quarter of 2022:

(\$)	
Dividends declared per share ⁽ⁱ⁾ – Common share	\$ 0.660
– 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 January 1, 2023. Dividends declared on Preferred Shares, Series I are payable on December 15, 2022.

At the time such dividends are declared, GWL identifies on its website (www.weston.ca) the designation of eligible and ineligible dividends in accordance with the administrative position of the Canada Revenue Agency.

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 2022. For a discussion of the Company's significant off-balance sheet arrangements see Section 3.7, "Off-Balance Sheet Arrangements", of the Company's 2021 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, 2021 and December 31, 2020 contained 52 weeks and 53 weeks, respectively. 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 such as 2020 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

(\$ millions except where otherwise indicated)	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2022 (16 weeks)	2021 (16 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2021 (12 weeks)	2020 ⁽³⁾ (13 weeks)
Revenue	\$ 17,520	\$ 16,192	\$ 12,979	\$ 12,637	\$ 12,407	\$ 12,017	\$ 12,902	\$ 13,430
Operating income	1,474	1,125	649	1,065	1,166	828	1,009	869
Adjusted EBITDA ⁽¹⁾	1,951	1,780	1,588	1,462	1,422	1,300	1,453	1,396
Depreciation and amortization ⁽ⁱ⁾	729	704	552	541	549	525	537	532
Net earnings from continuing operations	1,185	513	874	361	615	118	755	488
Net earnings (loss) attributable to shareholders of the Company from continuing operations	903	252	650	125	373	(52)	428	274
Net earnings (loss) available to common shareholders of the Company	889	124	634	108	363	(62)	217	289
Continuing operations	889	238	640	115	363	(62)	418	264
Discontinued operations	–	(114)	(6)	(7)	–	–	(201)	25
Net earnings (loss) per common share (\$) - basic	\$ 6.20	\$ 0.83	\$ 4.35	\$ 0.71	\$ 2.47	\$ (0.41)	\$ 1.48	\$ 1.89
Continuing operations	6.20	1.59	4.39	0.75	2.47	(0.41)	2.84	1.73
Discontinued operations	–	(0.76)	(0.04)	(0.04)	–	–	(1.36)	0.16
Net earnings (loss) per common share (\$) - diluted	\$ 6.14	\$ 0.82	\$ 4.32	\$ 0.70	\$ 2.45	\$ (0.41)	\$ 1.44	\$ 1.88
Continuing operations	6.14	1.58	4.36	0.74	2.45	(0.41)	2.80	1.72
Discontinued operations	–	(0.76)	(0.04)	(0.04)	–	–	(1.36)	0.16
Adjusted diluted net earnings per common share ⁽¹⁾ from continuing operations (\$)	\$ 3.12	\$ 2.43	\$ 2.23	\$ 1.80	\$ 1.90	\$ 1.60	\$ 2.32	\$ 1.74

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

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

- Loblaw's 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 impact of the 53rd week in the fourth quarter of fiscal year 2020;
 - the timing of holidays;
 - macro-economic conditions impacting food and drug retail prices; and
 - changes in net retail square footage. Over the past eight quarters, net retail square footage remained constant at 70.9 million square feet.
- 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
 - increase in lease surrender revenue.

Management's Discussion and Analysis

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 Financial Measures - Selected Comparative Reconciliation", of this MD&A.

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

- change in Loblaw's underlying operating performance was driven by:
 - COVID-19 pandemic related impacts;
 - seasonality, which was greatest in the fourth quarter and least in the first quarter;
 - the impact of the 53rd week in the fourth quarter of fiscal year 2020;
 - the timing of holidays; and
 - cost savings from operating efficiencies and benefits from strategic initiatives.
- change in Choice Properties' underlying operating performance was driven by:
 - distributions from the investment in real estate securities of Allied;
 - the change in revenue as described above; and
 - a decline in expected credit loss provisions.
- the impact of asset impairments, net of recoveries and certain one-time gains related to Choice Properties' transactions recorded on consolidation in Other and Intersegment;
- diluted net earnings 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 third quarter of 2022 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, 2021 and the MD&A included in the Company's 2021 Annual Report, which are hereby incorporated by reference. The Company's 2021 Annual Report and AIF are available at www.sedar.com. Those risks and risk management strategies remain unchanged.

7. Outlook⁽⁴⁾

For 2022, the Company expects 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 in its core grocery and pharmacy businesses while advancing its growth initiatives in 2022. In the third year of the pandemic, Loblaw's businesses remain well placed to service the everyday needs of Canadians. However, Loblaw cannot predict the precise impacts of COVID-19, the related industry volatility and inflationary environment on its 2022 financial results.

On a full year basis, Loblaw continues to expect:

- its retail business to grow earnings faster than sales;
- to invest approximately \$1.4 billion in capital expenditures, net of proceeds from property disposals, reflecting incremental store and distribution network investments; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

Based on its year to date operating and financial performance and momentum exiting the third quarter, Loblaw expects full year adjusted net earnings per common share⁽¹⁾ growth in the high teens.

Choice Properties Choice Properties' goal is to provide net asset value appreciation through stable net operating income growth and capital preservation, all with a long-term focus. Choice Properties' business model, stable tenant base, strong balance sheet, and disciplined approach to financial management will continue to position it well for future success.

At the end of the third quarter of 2022, Choice Properties' diversified portfolio of retail, industrial, residential and mixed-use properties was 97.7% occupied and leased to high-quality tenants across Canada. Choice Properties' portfolio is primarily leased to necessity-based tenants and logistics providers, who are less sensitive to economic volatility and therefore provide stability to Choice Properties' overall portfolio. This stability is evident in Choice Properties' ability to consistently deliver strong financial and operating results. Choice Properties continues to experience positive leasing momentum across its portfolio and expects occupancy to remain stable for the remainder of the year as it has substantially addressed its 2022 lease renewal exposure.

In 2021, Choice Properties made the strategic decision to focus its time and capital on the opportunities available in its core business of essential retail and industrial, its growing residential platform and its robust development pipeline. This decision led to Choice Properties' strategic sale of six high-quality office properties to Allied on March 31, 2022.

Choice Properties continues to advance its development program, which provides Choice Properties 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 has a mix of active development projects ranging in size, scale, and complexity, including retail intensification projects, industrial development and rental residential projects located in urban markets with a focus on transit accessibility.

Since the start of the year, concerns over inflation have resulted in a significant increase in interest rates with the Bank of Canada already raising the overnight rate by 350 basis points, with further rate hikes possible for the remainder of 2022. Further elevated interest rates may put further downward pressure on the fair value of properties in the remainder of 2022. In addition, market volatility and uncertainty around future interest rates continues to slow transaction volumes.

Management's Discussion and Analysis

8. Non-GAAP Financial Measures

The Company uses non-GAAP 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 income taxes and adjusted effective tax rate. The Company believes these non-GAAP financial measures and ratios 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 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 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.

(unaudited) (\$ millions)	16 Weeks Ended							
	Oct. 8, 2022				Oct. 9, 2021			
	Loblaw	Choice Properties	Other & Intersegment	Consolidated	Loblaw	Choice Properties	Other & Intersegment	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations				\$ 903				\$ 252
Add impact of the following:								
Non-controlling interests				282				261
Income taxes				276				200
Net interest expense and other financing charges				13				412
Operating income (loss)	\$ 989	\$ 501	\$ (16)	\$ 1,474	\$ 861	\$ 276	\$ (12)	\$ 1,125
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 147	\$ –	\$ –	\$ 147	\$ 155	\$ –	\$ –	\$ 155
Amortization of intangible assets acquired with Lifemark	4	–	–	4	–	–	–	–
Fair value adjustment of investment in real estate securities	–	69	–	69	–	–	–	–
Restructuring and other related costs	–	–	–	–	9	–	–	9
Fair value adjustment on investment properties	–	(347)	34	(313)	–	(51)	10	(41)
Fair value adjustment of derivatives	(6)	–	–	(6)	(8)	–	–	(8)
Gain on sale of non-operating properties	(3)	–	–	(3)	(7)	–	(2)	(9)
Foreign currency translation and other company level activities	–	–	1	1	–	–	–	–
Adjusting items	\$ 142	\$ (278)	\$ 35	\$ (101)	\$ 149	\$ (51)	\$ 8	\$ 106
Adjusted operating income	\$ 1,131	\$ 223	\$ 19	\$ 1,373	\$ 1,010	\$ 225	\$ (4)	\$ 1,231
Depreciation and amortization excluding the impact of the above adjustments ⁽ⁱ⁾	713	–	(135)	578	662	1	(114)	549
Adjusted EBITDA	\$ 1,844	\$ 223	\$ (116)	\$ 1,951	\$ 1,672	\$ 226	\$ (118)	\$ 1,780

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes \$151 million (2021 – \$155 million) of amortization of intangible assets, acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

Management's Discussion and Analysis

(unaudited) (\$ millions)	40 Weeks Ended							
	Oct. 8, 2022				Oct. 9, 2021			
	Loblaw	Choice Properties	Other & Intersegment	Consolidated	Loblaw	Choice Properties	Other & Intersegment	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations				\$ 1,926				\$ 325
Add impact of the following:								
Non-controlling interests				748				667
Income taxes				618				566
Net interest (income) expense and other financing charges				(3)				1,460
Operating income	\$ 2,465	\$ 679	\$ 145	\$ 3,289	\$ 2,226	\$ 1,064	\$ (272)	\$ 3,018
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 375	\$ –	\$ –	\$ 375	\$ 389	\$ –	\$ –	\$ 389
Amortization of intangible assets acquired with Lifemark	7	–	–	7	–	–	–	–
Fair value adjustment of investment in real estate securities	–	228	–	228	–	–	–	–
Charge related to PC Bank commodity tax matter	111	–	–	111	–	–	–	–
Transaction costs and other related expenses	16	5	–	21	–	–	–	–
Restructuring and other related (recoveries) costs	(15)	–	19	4	21	–	–	21
Fair value adjustment on investment properties	–	(240)	(262)	(502)	–	(393)	157	(236)
Fair value adjustment of derivatives	(16)	–	–	(16)	(19)	–	–	(19)
Gain on sale of non-operating properties	(7)	–	–	(7)	(12)	–	–	(12)
Foreign currency translation and other company level activities	–	–	3	3	–	–	–	–
Adjusting items	\$ 471	\$ (7)	\$ (240)	\$ 224	\$ 379	\$ (393)	\$ 157	\$ 143
Adjusted operating income	\$ 2,936	\$ 672	\$ (95)	\$ 3,513	\$ 2,605	\$ 671	\$ (115)	\$ 3,161
Depreciation and amortization excluding the impact of the above adjustments ⁽ⁱ⁾	1,746	2	(300)	1,448	1,652	3	(274)	1,381
Adjusted EBITDA	\$ 4,682	\$ 674	\$ (395)	\$ 4,961	\$ 4,257	\$ 674	\$ (389)	\$ 4,542

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes \$382 million (2021 – \$389 million) of amortization of intangible assets, acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

The following items impacted adjusted EBITDA in 2022 and 2021:

Amortization of intangible assets acquired with Shoppers Drug Mart 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.

Amortization of intangible assets acquired with Lifemark 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.

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.

Charge related to PC Bank commodity tax 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 Loblaw's Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of the Appeal.

Transaction costs and other related expenses In connection with the acquisition of Lifemark, Loblaw recorded \$16 million of acquisition costs year-to-date.

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

Restructuring and other related 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 third quarter of 2022, Loblaw did not record any restructuring and other related recoveries or charges (2021 – charges of \$9 million). Year-to-date, Loblaw recorded approximately \$15 million (2021 – charges of \$21 million) of restructuring and other related recoveries mainly in connection with the previously announced closure of two distribution centres in Laval and Ottawa. In the first quarter of 2022, Loblaw disposed of one of its 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 invested 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.

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.

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.

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.

Gain on sale of non-operating properties In the third quarter of 2022 and year-to-date, Loblaw disposed of non-operating properties to a third party and recorded a gain of \$3 million (2021 – \$7 million) and \$7 million (2021 – \$12 million), respectively.

In the first quarter of 2021, Choice Properties disposed of a property and incurred a nominal loss which was recognized in fair value adjustment of investment properties, and in the third quarter of 2021 disposed of a property and incurred a gain recognized in fair value adjustment of investment properties. On consolidation, the Company recorded these properties as fixed assets and recognized at cost less accumulated depreciation. As a result, in the first and third quarter of 2021, on consolidation an incremental \$2 million loss and \$2 million gain, respectively, was recognized in Other and Intersegment.

Management's Discussion and Analysis

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.

(unaudited) (\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Net interest expense (income) and other financing charges	\$ 13	\$ 412	\$ (3)	\$ 1,460
Add: Fair value adjustment of the Trust Unit liability	277	(52)	760	(479)
Recovery related to Glenhuron	–	–	11	–
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	(73)	–	(184)
Adjusted net interest expense and other financing charges	\$ 290	\$ 287	\$ 768	\$ 797

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 2022 and 2021:

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 the first quarter of 2022, Loblaw reversed \$35 million of previously recorded charges, of which \$33 million was recorded as income tax recovery and \$2 million was recorded as interest income. In addition, interest of \$9 million, before taxes was recorded in respect of interest income earned on expected cash tax refunds.

Fair value adjustment of the forward sale agreement for Loblaw common shares The fair value adjustment of the forward sale agreement for Loblaw common shares is included in net interest expense and other financing charges. The adjustment is determined by changes in the value of the underlying Loblaw common shares. An increase (decrease) in the market price of Loblaw common shares results in a charge (income) to net interest expense and other financing charges. The Company settled the net debt associated with the forward sale agreement in the fourth quarter of 2021.

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.

(unaudited) (\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Adjusted operating income ⁽ⁱ⁾	\$ 1,373	\$ 1,231	\$ 3,513	\$ 3,161
Adjusted net interest expense and other financing charges ⁽ⁱ⁾	290	287	768	797
Adjusted earnings before taxes	\$ 1,083	\$ 944	\$ 2,745	\$ 2,364
Income taxes	\$ 276	\$ 200	\$ 618	\$ 566
Add: Tax impact of items excluded from adjusted earnings before taxes ⁽ⁱⁱ⁾	(11)	43	58	88
Outside basis difference in certain Loblaw shares	18	9	(1)	(7)
Remeasurement of deferred tax balances	–	–	46	–
Recovery related to Glenhuron	–	–	33	–
Adjusted income taxes	\$ 283	\$ 252	\$ 754	\$ 647
Effective tax rate applicable to earnings before taxes	18.9%	28.1%	18.8%	36.3%
Adjusted effective tax rate applicable to adjusted earnings before taxes	26.1%	26.7%	27.5%	27.4%

(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 2022 and 2021:

Outside basis difference in certain Loblaw shares The Company recorded a deferred tax recovery of \$18 million quarter-to-date (2021 – \$9 million) and a deferred tax expense of \$1 million year-to-date (2021 – \$7 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.

Recovery related to Glenhuron In the first quarter of 2022, Loblaw reversed \$35 million of previously recorded charges, of which \$33 million was recorded as income tax recovery and \$2 million was recorded as interest income. In addition, interest of \$9 million, before taxes was recorded in respect of interest income earned on expected cash tax refunds.

Management's Discussion and Analysis

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.

(unaudited) (\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Net earnings attributable to shareholders of the Company	\$ 903	\$ 138	\$ 1,920	\$ 204
Less: Net loss from discontinued operations	–	(114)	(6)	(121)
Net earnings attributable to shareholders of the Company from continuing operations	\$ 903	\$ 252	\$ 1,926	\$ 325
Less: Prescribed dividends on preferred shares in share capital	(14)	(14)	(34)	(34)
Net earnings available to common shareholders of the Company from continuing operations	\$ 889	\$ 238	\$ 1,892	\$ 291
Less: Reduction in net earnings due to dilution at Loblaw	(4)	(1)	(8)	(4)
Net earnings available to common shareholders from continuing operations for diluted earnings per share	\$ 885	\$ 237	\$ 1,884	\$ 287
Net earnings attributable to shareholders of the Company from continuing operations	\$ 903	\$ 252	\$ 1,926	\$ 325
Adjusting items (refer to the following table)	(436)	127	(829)	594
Adjusted net earnings attributable to shareholders of the Company from continuing operations	\$ 467	\$ 379	\$ 1,097	\$ 919
Less: Prescribed dividends on preferred shares in share capital	(14)	(14)	(34)	(34)
Adjusted net earnings available to common shareholders of the Company from continuing operations	\$ 453	\$ 365	\$ 1,063	\$ 885
Less: Reduction in net earnings due to dilution at Loblaw	(4)	(1)	(8)	(4)
Adjusted net earnings available to common shareholders for diluted earnings per share from continuing operations	\$ 449	\$ 364	\$ 1,055	\$ 881
Diluted weighted average common shares outstanding (in millions)	144.1	149.7	145.7	151.0

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.

	16 Weeks Ended			
	Oct. 8, 2022		Oct. 9, 2021	
(unaudited) (\$ 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	\$ 889	\$ 6.14	\$ 238	\$ 1.58
Add (deduct) impact of the following ⁽ⁱ⁾ :				
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 58	\$ 0.41	\$ 58	\$ 0.39
Amortization of intangible assets acquired with Lifemark	2	0.01	–	–
Fair value adjustment of investment in real estate securities	64	0.45	–	–
Restructuring and other related costs	–	–	5	0.03
Fair value adjustment on investment properties	(262)	(1.82)	(35)	(0.24)
Fair value adjustment of derivatives	(3)	(0.02)	(3)	(0.02)
Gain on sale of non-operating properties	(1)	(0.01)	(5)	(0.03)
Fair value adjustment of the Trust Unit liability	(277)	(1.92)	52	0.35
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	64	0.43
Outside basis difference in certain Loblaw shares	(18)	(0.13)	(9)	(0.06)
Foreign currency translation and other company level activities	1	0.01	–	–
Adjusting items Continuing Operations	\$ (436)	\$ (3.02)	\$ 127	\$ 0.85
Adjusted Continuing Operations	\$ 453	\$ 3.12	\$ 365	\$ 2.43

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

Management's Discussion and Analysis

	40 Weeks Ended			
	Oct. 8, 2022		Oct. 9, 2021	
(unaudited) (\$ 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	\$ 1,892	\$ 12.93	\$ 291	\$ 1.90
Add (deduct) impact of the following ⁽ⁱ⁾ :				
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 147	\$ 1.01	\$ 149	\$ 0.98
Amortization of intangible assets acquired with Lifemark	3	0.02	–	–
Fair value adjustment of investment in real estate securities	210	1.45	–	–
Charge related to PC Bank commodity tax matter	45	0.31	–	–
Transaction costs and other related expenses	12	0.08	–	–
Restructuring and other related costs	10	0.08	9	0.06
Fair value adjustment on investment properties	(420)	(2.89)	(198)	(1.31)
Fair value adjustment of derivatives	(7)	(0.05)	(7)	(0.05)
Gain on sale of non-operating properties	(3)	(0.02)	(5)	(0.03)
Fair value adjustment of the Trust Unit liability	(760)	(5.22)	479	3.17
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	160	1.06
Outside basis difference in certain Loblaw shares	1	0.01	7	0.05
Remeasurement of deferred tax balances	(46)	(0.32)	–	–
Recovery related to Glenhuron	(23)	(0.16)	–	–
Foreign currency translation and other company level activities	2	0.01	–	–
Adjusting items Continuing Operations	\$ (829)	\$ (5.69)	\$ 594	\$ 3.93
Adjusted Continuing Operations	\$ 1,063	\$ 7.24	\$ 885	\$ 5.83

(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.

(unaudited) (\$ millions)	16 Weeks Ended			40 Weeks Ended		
	Oct. 8, 2022	Oct. 9, 2021	\$ Change	Oct. 8, 2022	Oct. 9, 2021 ⁽ⁱ⁾	\$ Change
Cash flows from operating activities	\$ 1,578	\$ 1,339	\$ 239	\$ 3,453	\$ 3,952	\$ (499)
Less: Cash flows from operating activities from discontinued operations	–	(28)	28	–	(12)	12
Cash flows from operating activities from continuing operations	\$ 1,578	\$ 1,367	\$ 211	\$ 3,453	\$ 3,964	\$ (511)
Less: Interest paid	225	241	(16)	623	680	(57)
Capital investments ⁽ⁱ⁾	524	393	131	1,093	894	199
Lease payments, net	264	255	9	610	593	17
Free cash flow from continuing operations	\$ 565	\$ 478	\$ 87	\$ 1,127	\$ 1,797	\$ (670)

(i) During 2022, there were no additions to Loblaw fixed assets related to prepayments that were made in 2021 and transferred from other assets. During 2021, additions to Loblaw fixed assets included prepayments that were made in 2020 and transferred from other assets of nil in the third quarter of 2021 and \$1 million year-to-date 2021.

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.

(unaudited) (\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Net income	\$ 948	\$ 163	\$ 1,323	\$ 186
Add (deduct) impact of the following:				
Amortization of intangible assets	–	–	1	1
Transaction costs and other related expenses	–	–	5	–
Other fair value gains, net	–	–	(1)	2
Fair value adjustment on Exchangeable Units	(578)	(16)	(1,029)	491
Fair value adjustment on investment properties	(141)	(35)	80	(363)
Fair value adjustment on investment property held in equity accounted joint ventures	(203)	(16)	(315)	(30)
Fair value adjustment of investment in real estate securities	69	–	228	–
Capitalized interest on equity accounted joint ventures	3	1	6	3
Unit distributions on Exchangeable Units	73	74	220	220
Internal expenses for leasing	2	2	6	5
Income taxes	–	–	–	–
Foreign exchange gain	–	–	–	–
Funds from Operations	\$ 173	\$ 173	\$ 524	\$ 515

Management's Discussion and Analysis

8.1 Non-GAAP 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.

(unaudited) (\$ millions)	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2022 (16 weeks)	2021 (16 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2021 (12 weeks)	2020 ⁽³⁾ (13 weeks)
Net earnings (loss) attributable to shareholders of the Company from continuing operations	\$ 903	\$ 252	\$ 650	\$ 125	\$ 373	\$ (52)	\$ 428	\$ 274
Add impact of the following:								
Non-controlling interests	\$ 282	\$ 261	\$ 224	\$ 236	\$ 242	\$ 170	\$ 327	\$ 214
Income taxes	\$ 276	\$ 200	\$ 113	\$ 201	\$ 229	\$ 165	\$ 64	\$ 137
Net interest expense (income) and other financing charges	\$ 13	\$ 412	\$ (338)	\$ 503	\$ 322	\$ 545	\$ 190	\$ 244
Operating income	\$ 1,474	\$ 1,125	\$ 649	\$ 1,065	\$ 1,166	\$ 828	\$ 1,009	\$ 869
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 147	\$ 155	\$ 111	\$ 117	\$ 117	\$ 117	\$ 117	\$ 117
Amortization of intangible assets acquired with Lifemark	4	–	3	–	–	–	–	–
Fair value adjustment of investment in real estate securities	69	–	159	–	–	–	–	–
Charge related to PC Bank commodity tax matter	–	–	111	–	–	–	–	–
Transaction costs and other related expenses	–	–	13	–	8	–	–	–
Restructuring and other related costs (recoveries)	–	9	–	8	4	4	(8)	8
Fair value adjustment on investment properties	(313)	(41)	102	(149)	(291)	(46)	(87)	(3)
Fair value adjustment of derivatives	(6)	(8)	4	(3)	(14)	(8)	6	(7)
Fair value adjustment on non-operating properties	–	–	–	–	–	–	(2)	9
Gain on sale of non-operating properties	(3)	(9)	(4)	–	–	(3)	(2)	(8)
Foreign currency translation and other company level activities	1	–	2	–	–	–	–	(4)
Adjusting items	\$ (101)	\$ 106	\$ 501	\$ (27)	\$ (176)	\$ 64	\$ 24	\$ 112
Adjusted operating income	\$ 1,373	\$ 1,231	\$ 1,150	\$ 1,038	\$ 990	\$ 892	\$ 1,033	\$ 981
Depreciation and amortization excluding the impact of the above adjustments ⁽ⁱ⁾	\$ 578	\$ 549	\$ 438	\$ 424	\$ 432	\$ 408	\$ 420	\$ 415
Adjusted EBITDA	\$ 1,951	\$ 1,780	\$ 1,588	\$ 1,462	\$ 1,422	\$ 1,300	\$ 1,453	\$ 1,396

(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.

(unaudited) (\$ millions)	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2022 (16 weeks)	2021 (16 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2021 (12 weeks)	2020 ⁽³⁾ (13 weeks)
Continuing Operations	\$ 889	\$ 238	\$ 640	\$ 115	\$ 363	\$ (62)	\$ 418	\$ 264
Add (deduct) impact of the following ⁽ⁱ⁾ :								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 58	\$ 58	\$ 43	\$ 46	\$ 46	\$ 45	\$ 47	\$ 45
Amortization of intangible assets acquired with Lifemark	2	–	1	–	–	–	–	–
Fair value adjustment of investment in real estate securities	64	–	146	–	–	–	–	–
Charge related to PC Bank commodity tax matter	–	–	45	–	–	–	–	–
Transaction costs and other related expenses	–	–	7	–	5	–	–	–
Restructuring and other related costs (recoveries)	–	5	–	2	10	2	(4)	3
Fair value adjustment on investment properties	(262)	(35)	85	(125)	(243)	(38)	(72)	(3)
Fair value adjustment of derivatives	(3)	(3)	2	(1)	(6)	(3)	1	(3)
Fair value adjustment on non-operating properties	–	–	–	–	–	–	–	4
Gain on sale of non-operating properties	(1)	(5)	(2)	–	–	–	(2)	(3)
Fair value adjustment of the Trust Unit liability	(277)	52	(576)	188	93	239	122	20
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	64	–	50	–	46	3	(53)
Outside basis difference in certain Loblaw shares	(18)	(9)	(18)	–	37	16	(1)	(4)
Remeasurement of deferred tax balances	–	–	(46)	–	–	–	–	2
Recovery related to Glenhuron	–	–	–	–	(23)	–	(165)	–
Foreign currency translation and other company level activities	1	–	1	–	–	–	–	(4)
Adjusting items Continuing Operations	\$ (436)	\$ 127	\$ (312)	\$ 160	\$ (81)	\$ 307	\$ (71)	\$ 4
Adjusted Continuing Operations	\$ 453	\$ 365	\$ 328	\$ 275	\$ 282	\$ 245	\$ 347	\$ 268

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

Management's Discussion and Analysis

(unaudited) (\$ except where otherwise indicated)	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2022 (16 weeks)	2021 (16 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2022 (12 weeks)	2021 ⁽³⁾ (12 weeks)	2021 (12 weeks)	2020 ⁽³⁾ (13 weeks)
Continuing Operations	\$ 6.14	\$ 1.58	\$ 4.36	\$ 0.74	\$ 2.45	\$ (0.41)	\$ 2.80	\$ 1.72
Add (deduct) impact of the following ⁽ⁱ⁾ :								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 0.41	\$ 0.39	\$ 0.30	\$ 0.30	\$ 0.31	\$ 0.29	\$ 0.31	\$ 0.29
Amortization of intangible assets acquired with Lifemark	0.01	–	0.01	–	–	–	–	–
Fair value adjustment of investment in real estate securities	0.45	–	0.99	–	–	–	–	–
Charge related to PC Bank commodity tax matter	–	–	0.31	–	–	–	–	–
Transaction costs and other related expenses	–	–	0.05	–	0.03	–	–	–
Restructuring and other related costs (recoveries)	–	0.03	–	0.01	0.08	0.01	(0.03)	0.02
Fair value adjustment on investment properties	(1.82)	(0.24)	0.58	(0.81)	(1.65)	(0.25)	(0.48)	(0.02)
Fair value adjustment of derivatives	(0.02)	(0.02)	0.01	(0.01)	(0.04)	(0.02)	0.01	(0.02)
Fair value adjustment on non-operating properties	–	–	–	–	–	–	–	0.03
Gain on sale of non-operating properties	(0.01)	(0.03)	(0.02)	–	–	–	(0.01)	(0.02)
Fair value adjustment of the Trust Unit liability	(1.92)	0.35	(3.94)	1.24	0.63	1.57	0.83	0.13
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	0.43	–	0.33	–	0.30	0.02	(0.34)
Outside basis difference in certain Loblaw shares	(0.13)	(0.06)	(0.12)	–	0.25	0.11	(0.01)	(0.03)
Remeasurement of deferred tax balances	–	–	(0.31)	–	–	–	–	0.01
Recovery related to Glenhuron	–	–	–	–	(0.16)	–	(1.12)	–
Foreign currency translation and other company level activities	0.01	–	0.01	–	–	–	–	(0.03)
Adjusting items Continuing Operations	\$ (3.02)	\$ 0.85	\$ (2.13)	\$ 1.06	\$ (0.55)	\$ 2.01	\$ (0.48)	\$ 0.02
Adjusted Continuing Operations	\$ 3.12	\$ 2.43	\$ 2.23	\$ 1.80	\$ 1.90	\$ 1.60	\$ 2.32	\$ 1.74
Diluted Weighted Average Common Shares	144.1	149.7	146.3	151.8	147.3	152.1	147.6	153.3

(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, and economic conditions. 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 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" of the Company's 2021 Annual Report and the Company's AIF for the year ended December 31, 2021. Such risks and uncertainties include:

- inability of the Company's IT infrastructure to support the requirements of the Company's business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cybersecurity or data breaches;
- failure to maintain an effective supply chain and consequently an appropriate assortment of available product at the store and digital retail level;
- failure to attract and retain talent for key roles that may impact the Company's ability to effectively operate and achieve financial performance goals;
- failure to execute the Company's e-commerce initiatives or to adapt its business model to shifts in the retail landscape caused by digital advances;
- failure to realize benefits from investments in the Company's new IT systems and related processes;
- changes to the regulation of generic prescription drug prices, the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- public health events including those related to food and drug safety;
- errors made through medication dispensing or errors related to patient services or consultation;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- adverse outcomes of legal and regulatory proceedings and related matters;
- failure by Choice Properties 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;
- changes in economic conditions, including economic recession or changes in the rate of inflation or deflation, employment rates and household debt, political uncertainty, interest rates, currency exchange rates or derivative and commodity prices;
- duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the Company, as well as on vendor operations, consumer behaviour and the economy in general;
- failure to adapt to environmental and social risks, including failure to execute against the Company's climate change and social equity initiatives;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- reliance on the performance and retention of third party service providers, including those associated with the Company's supply chain and apparel business and located in both advanced and developing markets;
- failure to realize the anticipated benefits associated with the Company's strategic priorities and major initiatives, including revenue growth, anticipated cost savings and operating efficiencies, or organizational changes that may impact the relationships with franchisees and Associates;
- the inability of the Company to effectively develop and execute its strategy; and
- changes to any of the laws, rules, regulations or policies applicable to the Company's business.

Management's Discussion and Analysis

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, 2021. 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. For information regarding Loblaw, readers should also refer to the materials filed by Loblaw on SEDAR from time to time. These filings are also maintained on Loblaw's website at www.loblaw.ca.

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

Toronto, Canada
November 21, 2022

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Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Revenue	\$ 17,520	\$ 16,192	\$ 42,906	\$ 40,846
Operating Expenses				
Cost of inventories sold (note 11)	11,914	11,026	28,941	27,730
Selling, general and administrative expenses	4,132	4,041	10,676	10,098
	16,046	15,067	39,617	37,828
Operating Income	1,474	1,125	3,289	3,018
Net Interest Expense (Income) and Other Financing Charges (note 6)	13	412	(3)	1,460
Earnings Before Income Taxes	1,461	713	3,292	1,558
Income Taxes (note 7)	276	200	618	566
Net Earnings from Continuing Operations	1,185	513	2,674	992
Net Loss from Discontinued Operations (note 5)	–	(114)	(6)	(121)
Net Earnings	1,185	399	2,668	871
Attributable to:				
Shareholders of the Company (note 8)	903	138	1,920	204
Non-Controlling Interests	282	261	748	667
Net Earnings	\$ 1,185	\$ 399	\$ 2,668	\$ 871
Net Earnings (Loss) per Common Share - Basic (\$) (note 8)	\$ 6.20	\$ 0.83	\$ 13.00	\$ 1.13
Continuing Operations	\$ 6.20	\$ 1.59	\$ 13.04	\$ 1.93
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)
Net Earnings (Loss) per Common Share - Diluted (\$) (note 8)	\$ 6.14	\$ 0.82	\$ 12.89	\$ 1.10
Continuing Operations	\$ 6.14	\$ 1.58	\$ 12.93	\$ 1.90
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)

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

Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021 ⁽ⁱ⁾
Net Earnings from Continuing Operations	\$ 1,185	\$ 513	\$ 2,674	\$ 992
Other comprehensive income (loss), net of taxes				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment (note 22)	1	3	4	(19)
(Losses) gains on cash flow hedges (note 22)	(4)	2	13	5
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial gains (losses) (note 20)	3	29	(165)	225
Adjustment to fair value of investment properties	43	–	90	(12)
Other comprehensive income (loss) from Continuing Operations	43	34	(58)	199
Comprehensive Income from Continuing Operations	1,228	547	2,616	1,191
Net Loss from Discontinued Operations (note 5)	–	(114)	(6)	(121)
Other comprehensive income from Discontinued Operations	–	–	–	1
Comprehensive Loss from Discontinued Operations	–	(114)	(6)	(120)
Total Comprehensive Income, net of taxes	1,228	433	2,610	1,071
Attributable to:				
Shareholders of the Company	943	159	1,935	299
Non-Controlling Interests	285	274	675	772
Total Comprehensive Income, net of taxes	\$ 1,228	\$ 433	\$ 2,610	\$ 1,071

(i) Comparative figures have been restated (note 5).

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

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents (note 9)	\$ 2,188	\$ 2,013	\$ 2,984
Short-term investments (note 9)	466	633	879
Security Deposits (note 9)	250	—	—
Accounts receivable	1,261	901	1,010
Credit card receivables (note 10)	3,679	3,154	3,443
Income taxes recoverable	—	—	301
Inventories (note 11)	5,763	5,214	5,166
Prepaid expenses and other assets	573	518	348
Assets held for sale and discontinued operations (note 5 & note 12)	49	1,938	91
Total Current Assets	14,229	14,371	14,222
Fixed Assets	10,730	10,856	10,782
Right-of-Use Assets	4,243	4,030	4,059
Investment Properties	4,962	5,190	5,344
Equity Accounted Joint Ventures	981	576	564
Intangible Assets	6,627	6,532	6,430
Goodwill	4,848	4,479	4,479
Deferred Income Taxes	99	116	113
Security Deposits (note 9)	36	74	75
Other Assets (note 13)	1,563	871	1,015
Total Assets	\$ 48,318	\$ 47,095	\$ 47,083
LIABILITIES			
Current Liabilities			
Bank indebtedness	\$ 16	\$ 166	\$ 52
Trade payables and other liabilities	6,375	5,726	5,923
Loyalty liability	236	220	190
Provisions (note 14)	151	130	119
Income taxes payable	224	253	269
Demand deposits from customers	109	59	75
Short-term debt (note 15)	600	549	450
Long-term debt due within one year (note 16)	1,416	1,874	1,520
Lease liabilities due within one year	830	813	742
Associate interest	438	387	433
Liabilities held for sale and discontinued operations (note 5 & note 12)	—	372	—
Total Current Liabilities	10,395	10,549	9,773
Provisions	84	88	90
Long-Term Debt (note 16)	13,244	12,228	12,490
Lease Liabilities	4,317	4,162	4,242
Trust Unit Liability (note 22)	3,450	4,086	4,209
Deferred Income Taxes	2,004	1,962	2,003
Other Liabilities (note 17)	1,109	1,120	1,139
Total Liabilities	34,603	34,195	33,946
EQUITY			
Share Capital (note 18)	3,443	3,524	3,529
Retained Earnings	5,543	4,704	4,808
Contributed Surplus (notes 19 & 21)	(1,768)	(1,404)	(1,462)
Accumulated Other Comprehensive Income	189	126	84
Total Equity Attributable to Shareholders of the Company	7,407	6,950	6,959
Non-Controlling Interests	6,308	5,950	6,178
Total Equity	13,715	12,900	13,137
Total Liabilities and Equity	\$ 48,318	\$ 47,095	\$ 47,083

Contingent liabilities (note 23).

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, 2021	\$ 2,712	\$ 817	\$ 3,529	\$ 4,808	\$ (1,462)	\$ 25	\$ (14)	\$ 73	\$ 84	\$ 6,178	\$ 13,137
Net earnings	-	-	-	1,920	-	-	-	-	-	748	2,668
Other comprehensive income (loss) ⁽ⁱ⁾	-	-	-	(90)	-	3	12	90	105	(73)	(58)
Comprehensive income	\$ -	\$ -	\$ -	\$ 1,830	\$ -	\$ 3	\$ 12	\$ 90	\$ 105	\$ 675	\$ 2,610
Effect of equity-based compensation (notes 18 & 21)	25	-	25	(1)	(3)	-	-	-	-	-	21
Shares purchased and cancelled (note 18)	(110)	-	(110)	(781)	-	-	-	-	-	-	(891)
Net effect of shares held in trusts (notes 18 & 21)	(1)	-	(1)	(2)	-	-	-	-	-	-	(3)
Loblaw capital transactions and dividends (notes 19 & 21)	-	-	-	-	(303)	-	-	-	-	(545)	(848)
Dividends declared											
Per common share (\$) (note 18)											
- \$1.920	-	-	-	(278)	-	-	-	-	-	-	(278)
Per preferred share (\$) (note 18)											
- Series I - \$1.0875	-	-	-	(10)	-	-	-	-	-	-	(10)
- Series III - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series IV - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series V - \$0.890625	-	-	-	(7)	-	-	-	-	-	-	(7)
	\$ (86)	\$ -	\$ (86)	\$ (1,095)	\$ (306)	\$ -	\$ -	\$ -	\$ -	\$ (545)	\$ (2,032)
Balance as at Oct. 8, 2022	\$ 2,626	\$ 817	\$ 3,443	\$ 5,543	\$ (1,768)	\$ 28	\$ (2)	\$ 163	\$ 189	\$ 6,308	\$ 13,715

(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, 2020	\$ 2,782	\$ 817	\$ 3,599	\$ 5,226	\$ (1,180)	\$ 153	\$ (22)	\$ 35	\$ 166	\$ 5,607	\$ 13,418
Net earnings	-	-	-	204	-	-	-	-	-	667	871
Other comprehensive income (loss) ⁽ⁱ⁾	-	-	-	123	-	(20)	4	(12)	(28)	105	200
Comprehensive income (loss)	\$ -	\$ -	\$ -	\$ 327	\$ -	\$ (20)	\$ 4	\$ (12)	\$ (28)	\$ 772	\$ 1,071
Effect of equity-based compensation (notes 18 & 21)	24	-	24	-	3	-	-	-	-	-	27
Shares purchased and cancelled (note 18)	(100)	-	(100)	(578)	-	-	-	-	-	-	(678)
Net effect of shares held in trusts (notes 18 & 21)	1	-	1	6	-	-	-	-	-	-	7
Loblaw capital transactions and dividends (notes 19 & 21)	-	-	-	-	(227)	-	-	-	-	(429)	(656)
Transfer of remeasurement gain on sale of investment properties	-	-	-	12	-	-	-	(12)	(12)	-	-
Dividends declared											
Per common share (\$) (note 18)											
- \$1.700	-	-	-	(257)	-	-	-	-	-	-	(257)
Per preferred share (\$) (note 18)											
- Series I - \$1.0875	-	-	-	(10)	-	-	-	-	-	-	(10)
- Series III - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series IV - \$0.9750	-	-	-	(7)	-	-	-	-	-	-	(7)
- Series V - \$0.890625	-	-	-	(7)	-	-	-	-	-	-	(7)
	\$ (75)	\$ -	\$ (75)	\$ (849)	\$ (224)	\$ -	\$ -	\$ (12)	\$ (12)	\$ (429)	\$ (1,589)
Balance as at Oct. 9, 2021	\$ 2,707	\$ 817	\$ 3,524	\$ 4,704	\$ (1,404)	\$ 133	\$ (18)	\$ 11	\$ 126	\$ 5,950	\$ 12,900

(i) Other comprehensive income (loss) includes an actuarial loss of \$165 million (2021 - gain of \$226 million), of which \$90 million (2021 - gain of \$123 million) is presented in retained earnings, and \$75 million (2021 - gain of \$103 million) in non-controlling interests. Also included in non-controlling interests was a gain of \$1 million on foreign currency translation adjustments (2021 - gain of \$1 million) and a gain of \$1 million on cash flow hedges (2021 - gain of \$1 million).

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

Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021 ⁽ⁱ⁾
Operating Activities				
Net earnings	\$ 1,185	\$ 399	\$ 2,668	\$ 871
Add (deduct):				
Net interest expense (income) and other financing charges (note 6)	13	413	(3)	1,462
Income taxes (note 7)	276	203	618	568
Depreciation and amortization	729	753	1,830	1,886
Loss on sale of discontinued operations, after income taxes (note 5)	–	87	6	87
Asset impairments, net of recoveries	6	7	8	8
Adjustment to fair value of investment properties and assets held for sale	(313)	(41)	(502)	(236)
Adjustment to fair value of investment in real estate securities (note 22)	69	–	228	–
Change in allowance for credit card receivables (note 10)	6	–	(3)	(32)
Change in provisions (note 14)	(54)	18	26	19
Change in gross credit card receivables (note 10)	(59)	(121)	(233)	(13)
Change in non-cash working capital	(61)	(148)	(820)	(175)
Net income taxes paid	(251)	(228)	(436)	(511)
Interest received	18	3	51	14
Interest received from finance leases	2	2	3	3
Other	12	(8)	12	1
Cash Flows from Operating Activities	1,578	1,339	3,453	3,952
Investing Activities				
Fixed asset and investment properties purchases	(395)	(311)	(785)	(675)
Intangible asset additions	(129)	(119)	(308)	(294)
Acquisition of Lifemark, net of cash acquired (note 4)	–	–	(813)	–
Proceeds from disposal of assets	86	39	170	90
Lease payments received from finance leases	4	2	10	6
Change in short-term investments (note 9)	(24)	10	413	(27)
Change in security deposits (note 9)	(209)	–	(209)	–
Other	(148)	3	(308)	(66)
Cash Flows used in Investing Activities	(815)	(376)	(1,830)	(966)
Financing Activities				
Change in bank indebtedness	(7)	28	(36)	80
Change in short-term debt (note 15)	100	5	150	(251)
Change in demand deposits from customers	10	9	34	35
Change in other financing	(1)	–	5	(1)
Interest paid	(225)	(241)	(623)	(680)
Settlement of net debt associated with equity forward sale agreement	–	(462)	–	(515)
Long-term debt – Issued (note 16)	1,695	469	2,229	778
– Repayments (note 16)	(1,213)	(471)	(1,559)	(802)
Cash rent paid on lease liabilities – Interest	(58)	(56)	(141)	(145)
Cash rent paid on lease liabilities – Principal	(210)	(203)	(479)	(460)
Share capital – Issued (notes 18 & 21)	6	11	23	20
– Purchased and held in trusts (note 18)	(14)	–	(14)	–
– Purchased and cancelled (note 18)	(393)	(411)	(718)	(577)
Loblaw common share capital – Issued (notes 19 & 21)	20	29	72	78
– Purchased and held in trusts (note 19)	–	–	(63)	–
– Purchased and cancelled (note 19)	(212)	(164)	(621)	(526)
Dividends – To common shareholders	(190)	(172)	(359)	(335)
– To preferred shareholders	(19)	(19)	(41)	(41)
– To non-controlling interests	(131)	(117)	(192)	(174)
Other	(12)	19	(86)	(38)
Cash Flows used in Financing Activities	(854)	(1,746)	(2,419)	(3,554)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(2)	1	–	–
Change in Cash and Cash Equivalents	(93)	(782)	(796)	(568)
Cash and Cash Equivalents, Beginning of Period	2,281	2,795	2,984	2,581
Cash and Cash Equivalents, End of Period	\$ 2,188	\$ 2,013	\$ 2,188	\$ 2,013

(i) Comparative figures have been restated to conform with current year presentation. See accompanying notes to the unaudited interim period condensed consolidated financial statements. See note 5. Discontinued Operations for additional cash flow information.

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, apparel, general merchandise and financial services.

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

In December 2021, the Company completed the sale of the Weston Foods bakery business. Refer to note 5, "Discontinued Operations" for details.

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 2021 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 2021 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 November 21, 2022.

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.

		Oct. 8, 2022		As at Oct. 9, 2021		Dec. 31, 2021	
		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⁾	170,890,498	52.6%	176,394,602	52.6%	175,475,019	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) In 2021, GWL settled the equity forward sale agreement, releasing all Loblaw common shares pledged under the equity forward sale agreement (October 9, 2021 – 3.02 million Loblaw common shares pledged). Additionally, GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program, in order to maintain its proportionate percentage ownership (see note 19).
- (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.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 4. Business Acquisitions

ACQUISITION OF LIFEMARK HEALTH GROUP On May 10, 2022, Loblaw acquired all of the outstanding common shares of Lifemark Health Group ("Lifemark") for total purchase consideration of \$829 million. Lifemark is the Canadian leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services through its more than 300 clinics across Canada. The acquisition of Lifemark adds to Loblaw's growing role as a healthcare service provider, with a network of health and wellness solutions, accessible in-person and digitally.

The Lifemark acquisition was accounted for using the acquisition method in accordance with IFRS 3, "Business Combinations", with the results of operations consolidated with those of Loblaw effective May 10, 2022.

In the third quarter of 2022, Loblaw finalized the purchase price allocation and revised its fair value estimate of the goodwill acquired with Lifemark. The result decreased goodwill by \$5 million to \$365 million and decreased deferred income tax liabilities by \$2 million to \$145 million. The final purchase price allocation is summarized as follows:

(\$ millions)	
Net Assets Acquired	
Cash and cash equivalents	\$ 15
Accounts receivable ⁽ⁱ⁾	54
Prepaid expenses and other assets	2
Fixed assets	16
Right-of-use assets	75
Intangible assets	564
Goodwill	365
Trade payables and other liabilities	(38)
Lease liabilities	(75)
Deferred income tax liabilities	(145)
Other liabilities	(4)
Total Net Assets Acquired	\$ 829

(i) Trade and other receivables is net of loss allowance of \$2 million.

Goodwill is attributable to expected growth in customers and expansion of the Lifemark footprint. The goodwill arising from this acquisition is not deductible for tax purposes.

Intangible assets are comprised of the following:

(\$ millions)		Estimated Useful Life
Intangible Assets:		
Brand	\$ 265	Indefinite
Customer Relationships	295	10-20 years
Computer Software	4	3 years
Total Intangible Assets	\$ 564	

Year-to-date selling, general and administrative expense include \$16 million of transaction costs related to the acquisition.

Included in the unaudited interim period condensed consolidated statement of earnings in the third quarter is \$120 million of revenue and nominal net earnings contributed by Lifemark. Since the date of acquisition, \$169 million of revenue and nominal net earnings were contributed by Lifemark. Net earnings for the third quarter include amortization related to the acquired intangible assets of \$3 million (year-to-date - \$5 million). On a combined pro forma basis, Loblaw's year-to-date revenue and net earnings would have amounted to \$42,639 million and \$1,382 million, respectively. This pro forma information incorporates the effect of the final purchase price equation as if Lifemark had been acquired on January 2, 2022. Included in the pro forma net earnings is the amortization related to the acquired intangible assets of \$10 million year-to-date.

Note 5. Discontinued Operations

WESTON FOODS On December 10, 2021, the Company completed the sale of Weston Foods' fresh and frozen bakery business to FGF Brands Inc. and on December 29, 2021, the Company completed the sale of Weston Foods' ambient business to affiliated entities of Hearthside Foods Solution, LLC. In the second quarter of 2022, final closing adjustments of \$6 million, after income taxes, were recorded in discontinued operations within the consolidated statement of earnings.

Unless otherwise specified, all other notes to the consolidated financial statements include amounts from both continuing and discontinued operations.

The results of Discontinued Operations presented in the consolidated statements of earnings is as follows:

(\$ millions)	16 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021		
	Weston Foods	Intersegment Eliminations	Discontinued Operations	Weston Foods	Intersegment Eliminations	Discontinued Operations
Revenue	\$ -	\$ -	\$ -	\$ 584	\$ (181)	\$ 403
Operating Expenses						
Cost of inventories sold	-	-	-	442	(178)	264
Selling, general and administrative expenses	-	-	-	152	(7)	145
	\$ -	\$ -	\$ -	\$ 594	\$ (185)	\$ 409
Operating Loss			\$ -			\$ (6)
Net interest expense and other financing charges			-			1
Loss before Income Taxes			\$ -			\$ (7)
Income tax recovery			-			(2)
Net Loss after Income Taxes			\$ -			\$ (5)
Loss on sale after income taxes			-			(109)
Net Loss from Discontinued Operations			\$ -			\$ (114)

(\$ millions)	40 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021		
	Weston Foods	Intersegment Eliminations	Discontinued Operations	Weston Foods	Intersegment Eliminations	Discontinued Operations
Revenue	\$ -	\$ -	\$ -	\$ 1,487	\$ (455)	\$ 1,032
Operating Expenses						
Cost of inventories sold	-	-	-	1,100	(447)	653
Selling, general and administrative expenses	-	-	-	403	(15)	388
	\$ -	\$ -	\$ -	\$ 1,503	\$ (462)	\$ 1,041
Operating Loss			\$ -			\$ (9)
Net interest expense and other financing charges			-			2
Loss before Income Taxes			\$ -			\$ (11)
Income tax recovery			-			(3)
Net Loss after Income Taxes			\$ -			\$ (8)
Loss on sale after income taxes			(6)			(113)
Net Loss from Discontinued Operations			\$ (6)			\$ (121)

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

The net cash flows used in Discontinued Operations are as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Cash flows used in operating activities	\$ –	\$ (28)	\$ –	\$ (12)
Cash flows used in investing activities	\$ –	\$ (37)	\$ –	\$ (76)
Cash flows used in financing activities	\$ –	\$ (2)	\$ –	\$ (6)
Effect of foreign currency rate changes on cash and cash equivalents	\$ –	\$ –	\$ –	\$ 2
Cash flows used in Discontinued Operations	\$ –	\$ (67)	\$ –	\$ (92)

Note 6. Net Interest Expense and Other Financing Charges

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Interest expense:				
Long-term debt	\$ 164	\$ 159	\$ 429	\$ 446
Lease liabilities	58	58	141	147
Borrowings related to credit card receivables	19	10	36	27
Trust Unit distributions	51	51	154	154
Independent funding trusts	8	4	15	10
Post-employment and other long-term employee benefits (note 20)	–	3	(1)	7
Bank indebtedness	–	1	1	3
Financial liabilities (note 17)	10	11	32	33
Capitalized interest	(1)	(1)	(2)	(2)
	\$ 309	\$ 296	\$ 805	\$ 825
Interest income:				
Accretion income	\$ (2)	\$ (1)	\$ (4)	\$ (4)
Interest income	(17)	(7)	(33)	(16)
	\$ (19)	\$ (8)	\$ (37)	\$ (20)
Fair value adjustment of the Trust Unit liability (note 22)	\$ (277)	\$ 52	\$ (760)	\$ 479
Recovery related to Glenhuron Bank Limited (note 7)	–	–	(11)	–
Forward sale agreement ⁽ⁱ⁾	–	72	–	176
Net interest expense (income) and other financing charges from Continuing Operations	\$ 13	\$ 412	\$ (3)	\$ 1,460

- (i) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, which was fully settled in the fourth quarter of 2021. Included in the third quarter of 2021 and year-to-date is a charge of \$73 million and \$184 million, respectively, related to the fair value adjustment of the forward sale agreement for the Loblaw common shares. The fair value adjustment of the forward sale agreement results from changes in the value of the underlying Loblaw common shares. Also included in the third quarter of 2021 and year-to-date is forward accretion income of \$7 million and \$24 million, respectively, and the forward fee of \$6 million and \$16 million, respectively, associated with the forward sale agreement.

Note 7. Income Taxes

For the third quarter of 2022, income tax expense from continuing operations was \$276 million (2021 – \$200 million) and the effective tax rate was 18.9% (2021 – 28.1%). The decrease 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 impact of certain recoveries realized for prior taxation periods.

On a year-to-date basis, income tax expense from continuing operations was \$618 million (2021 – \$566 million) and the effective tax rate was 18.8% (2021 – 36.3%). The decrease 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, the remeasurement of deferred tax balances as a result of Choice Properties' disposition of six office assets (see note 13), and the recovery of income taxes related to Glenhuron Bank Limited ("Glenhuron") in the first quarter of 2022.

Loblaw was reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. In 2021, the Supreme Court of Canada ("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 in the year, of which \$33 million was recorded as income tax recovery and \$2 million was recorded as interest income. In addition, interest of \$9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds (see note 23).

Note 8. Basic and Diluted Net Earnings per Common Share

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Net earnings attributable to shareholders of the Company	\$ 903	\$ 138	\$ 1,920	\$ 204
Less: Discontinued Operations (note 5)	–	(114)	(6)	(121)
Net earnings from continuing operations attributable to shareholders of the Company	903	252	1,926	325
Prescribed dividends on preferred shares in share capital	(14)	(14)	(34)	(34)
Net earnings from continuing operations available to common shareholders of the Company	\$ 889	\$ 238	\$ 1,892	\$ 291
Reduction in net earnings due to dilution at Loblaw	(4)	(1)	(8)	(4)
Net earnings from continuing operations available to common shareholders for diluted earnings per share	\$ 885	\$ 237	\$ 1,884	\$ 287
Weighted average common shares outstanding (in millions) (note 18)	143.5	149.2	145.1	150.8
Dilutive effect of equity-based compensation ⁽ⁱ⁾ (in millions)	0.6	0.5	0.6	0.2
Diluted weighted average common shares outstanding (in millions)	144.1	149.7	145.7	151.0
Net earnings (loss) per common share - Basic (\$)				
Continuing Operations	\$ 6.20	\$ 1.59	\$ 13.04	\$ 1.93
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)
Net earnings (loss) per common share - Diluted (\$)				
Continuing Operations	\$ 6.14	\$ 1.58	\$ 12.93	\$ 1.90
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)

(i) In the third quarter of 2022 and year-to-date, nominal (2021 – nominal) and nominal (2021 – 0.5 million) potentially dilutive instruments, respectively, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 9. Cash and Cash Equivalents, Short-Term Investments and Security Deposits

The components of cash and cash equivalents, short-term investments and security deposits were as follows:

CASH AND CASH EQUIVALENTS

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Cash	\$ 1,237	\$ 1,028	\$ 1,255
Cash equivalents:			
Government treasury bills	631	421	632
Bankers' acceptances	318	557	1,073
Corporate commercial paper	–	3	3
Guaranteed Investment Certificates	–	–	21
Other	2	4	–
Cash and cash equivalents	\$ 2,188	\$ 2,013	\$ 2,984

SHORT-TERM INVESTMENTS

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Government treasury bills	\$ 401	\$ 587	\$ 776
Bankers' acceptances	43	12	97
Corporate commercial paper	–	2	1
Guaranteed Investment Certificates	21	27	5
Other	1	5	–
Short-term investments	\$ 466	\$ 633	\$ 879

SECURITY DEPOSITS

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Cash	\$ 11	\$ 70	\$ 46
Government treasury bills	275	4	29
Total Security Deposits	\$ 286	\$ 74	\$ 75
Current portion	(250)	–	–
Security deposits	\$ 36	\$ 74	\$ 75

Security Deposits During the third quarter of 2022, a repayment accumulation process was triggered due to the upcoming maturity of the *Eagle Credit Card Trust*® (“Eagle”) \$250 million senior and subordinated term notes due October 17, 2022. These notes have a weighted average interest rate of 2.71%. As at October 8, 2022, \$250 million had been accumulated and was recorded in security deposits.

Note 10. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Gross credit card receivables	\$ 3,881	\$ 3,359	\$ 3,648
Allowance for credit card receivables	(202)	(205)	(205)
Credit card receivables	\$ 3,679	\$ 3,154	\$ 3,443
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> [®] (note 16)	\$ 1,600	\$ 1,350	\$ 1,350
Securitized to Other Independent Securitization Trusts (note 15)	600	300	450
Total securitized to independent securitization trusts	\$ 2,200	\$ 1,650	\$ 1,800

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* and the Other Independent Securitization Trusts, in accordance with its financing requirements.

The associated liability of *Eagle* is recorded in long-term debt (see note 16). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short-term debt (see note 15).

During the third quarter of 2022, *Eagle* issued \$250 million of senior and subordinated term notes with a maturity date of July 17, 2027. These notes have a weighted average interest rate of 4.89%. In connection with this issuance, \$140 million of bond forward agreements were settled during the third quarter of 2022. This resulted in a realized fair value gain of \$8 million before income taxes, which was cumulatively recorded in other comprehensive loss as unrealized prior to the settlement of the agreement. The gain will be reclassified to net earnings over the life of the *Eagle* notes. This settlement resulted in a net effective interest rate of 4.24% on the *Eagle* notes issued.

During the second quarter of 2022, *Eagle* filed a Short Form Base Shelf Prospectus, which allows for the issuance of up to \$1.25 billion of notes over a 25-month period.

During the third quarter of 2021, *Eagle* issued \$300 million of senior and subordinated term notes with a maturity date of June 17, 2026. These notes have a weighted average interest rate of 1.61%. In connection with this issuance, \$175 million of bond forward agreements were settled during the second quarter of 2021. This resulted in a realized fair value loss of \$1 million before income taxes, which was cumulatively recorded in other comprehensive loss as unrealized prior to the settlement of the agreement. The loss will be reclassified to net earnings over the life of the *Eagle* notes. This settlement resulted in a net effective interest rate of 1.65% on the *Eagle* notes issued.

On a year-to-date basis in 2022, PC Bank recorded a \$150 million net increase of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

As at the end of the third quarter of 2022, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$54 million (October 9, 2021 – \$27 million; December 31, 2021 – \$41 million), which represented 9% (October 9, 2021 – 9%; December 31, 2021 – 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 October 8, 2022 and throughout the first three quarters of 2022.

Note 11. Inventories

As at the end of the third quarter of 2022, Loblaw has an inventory provision of \$55 million (October 9, 2021 – \$56 million; December 31, 2021 – \$67 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during the first three quarters of 2022 and 2021.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 12. Assets Held for Sale

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Loblaw	\$ 49	\$ 85	\$ 91
Assets Held for Sale	\$ –	\$ 1,853	\$ –
Liabilities Held for Sale	–	372	–
Discontinued Operations (note 5)	\$ –	\$ 1,481	\$ –
Assets Held for Sale and Discontinued Operations	\$ 49	\$ 1,938	\$ 91
Liabilities Held for Sale and Discontinued Operations	\$ –	\$ 372	\$ –

LOBLAW Loblaw classifies certain assets, primarily land and buildings, that it intends to dispose of in the next 12 months, as assets held for sale. These assets were either originally used in Loblaw's retail business segment or held in investment properties. In the third quarter of 2022, Loblaw recorded a net gain of \$4 million (2021 – net gain of \$7 million) from the sale of these assets. On a year-to-date basis, Loblaw recorded a net gain of \$27 million (2021 – net gain of \$12 million). On consolidation, the gain recognized in the first quarter of 2022 of \$19 million was reversed as it was an intercompany transaction. No fair value changes or impairment charges were recognized on assets held for sale in the first three quarters of 2022 and 2021.

Note 13. Other Assets

The components of other assets were as follows:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021 ⁽ⁱ⁾	Dec. 31, 2021 ⁽ⁱ⁾
Investment in real estate securities	\$ 323	\$ –	\$ –
Sundry investments and other receivables ⁽ⁱⁱ⁾	256	155	206
Net accrued benefit plan asset (note 20)	188	393	495
Finance lease receivable	62	71	70
Mortgages, loans and notes receivable ⁽ⁱⁱⁱ⁾	501	181	187
Other	354	125	137
Fair value of equity forward	–	126	–
Total Other Assets	\$ 1,684	\$ 1,051	\$ 1,095
Current portion of mortgages, loans, note and finance lease receivable ⁽ⁱⁱⁱ⁾	(121)	(54)	(80)
Current portion of fair value of equity forward ^(iv)	–	(126)	–
Other Assets	\$ 1,563	\$ 871	\$ 1,015

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

(ii) In the third quarter of 2022, Loblaw agreed to invest a total of \$42 million in Rapid Retail Canada Inc. ("Rapid"). Rapid will provide on-demand grocery and convenience items to customers in Canada. As at October 8, 2022, Loblaw has invested \$18 million in exchange for a minority ownership interest in Rapid.

(iii) Current portion of mortgages, loans, note and finance lease receivable is included in prepaid expenses and other assets in the consolidated balance sheets.

(iv) Current portion of fair value of equity forward is included in prepaid expenses and other assets in the consolidated balance sheets.

STRATEGIC DISPOSITION In the second quarter of 2022, on March 31, 2022, Choice Properties disposed of its interests in a portfolio of six office assets to Allied Properties Real Estate Investment Trust (“Allied”). The consideration received consisted of 11,809,145 exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership (“Allied Class B Units”), an affiliated entity of Allied, with a fair value of \$551 million on the transaction date, and a promissory note with a fair value of \$193 million (face value of \$200 million). Following the transaction, Choice Properties holds approximately an 8.5% effective interest in Allied through its ownership of the Allied Class B Units. Choice Properties does not have significant influence over Allied.

The Allied Class B Units are exchangeable into, and are economically equivalent to, the publicly traded trust units of Allied (“Allied Units”), and were accompanied by a corresponding number of special voting units of Allied. There are no restrictions on the exchange of Allied Class B Units into Allied Units, but the Allied Units (if exchanged) are subject to a lock-up from the closing of the transaction, such that 25% of the Allied Class B Units or Allied Units, as applicable, will be released from lock up every three months following the first anniversary of closing of the transaction. As a holder of the Allied Class B Units, Choice Properties is entitled to distributions paid by Allied.

The Allied Class B Units are recorded at their fair value based on market trading prices of Allied’s publicly traded trust units. As at quarter-end, Choice Properties held 11,809,145 Allied Class B Units with a fair value of \$323 million, which are included in investment in real estate securities in the table above.

The promissory note is secured by the six office assets and bears interest at a rate of 1% for the remainder of the 2022 calendar year and 2% subsequently until its maturity on December 31, 2023. The promissory note is included in mortgages, loans and notes receivables in the table above.

Note 14. Provisions

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

Note 15. Short-Term Debt

The components of short-term debt were as follows:

(\$ millions)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Other Independent Securitization Trusts (note 10)	\$ 600	\$ 300	\$ 450
Series B Debentures	–	249	–
Short-term debt	\$ 600	\$ 549	\$ 450

OTHER INDEPENDENT SECURITIZATION TRUSTS The outstanding short-term debt balances relate to credit card receivables securitized to the Other Independent Securitization Trusts with recourse (see note 10).

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 16. Long-Term Debt

The components of long-term debt were as follows:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Debentures	\$ 10,086	\$ 9,984	\$ 9,888
Long-term debt secured by mortgage	950	1,174	1,112
Construction loans	33	9	13
Guaranteed investment certificates	1,311	949	996
Independent securitization trusts (note 10)	1,600	1,350	1,350
Independent funding trusts	573	574	570
Committed credit facilities	150	100	121
Transaction costs and other	(43)	(38)	(40)
Total long-term debt	\$ 14,660	\$ 14,102	\$ 14,010
Long-term debt due within one year	(1,416)	(1,874)	(1,520)
Long-term debt	\$ 13,244	\$ 12,228	\$ 12,490

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 three quarters of 2022, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

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

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Loblaw						
- Senior Unsecured Note	5.008%	September 13, 2032	\$ 400	\$ -	\$ 400	\$ -
- Senior Unsecured Note	5.336%	September 13, 2052	400	-	400	-
Choice Properties senior unsecured debenture						
- Series R	6.003%	June 24, 2032	500	-	500	-
Total debentures issued			\$ 1,300	\$ -	\$ 1,300	\$ -

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

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
George Weston debenture – Series A	7.00%	November 10, 2031 ⁽ⁱ⁾	\$ –	\$ 283	\$ –	\$ 319
Loblaw senior unsecured note	4.86%	September 12, 2023 ⁽ⁱⁱⁱ⁾	800	–	800	–
Choice Properties senior unsecured debentures						
– Series 9	3.60%	September 20, 2021	–	200	–	200
– Series 10	3.84%	September 20, 2022 ⁽ⁱⁱⁱ⁾	300	–	300	–
Total debentures repaid			\$ 1,100	\$ 483	\$ 1,100	\$ 519

(i) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, which was fully settled in the fourth quarter of 2021. In the third quarter of 2021 (year-to-date 2021), the Company paid \$462 million (\$515 million), net of the \$298 million gain (\$341 million gain) on the settlement of 5.83 million (6.58 million) of the 9.6 million shares under the agreement, to redeem \$283 million (\$319 million) of the Series A Debentures and \$475 million (\$535 million) of the Series B Debentures (note 15), plus accrued interest.

(ii) Loblaw senior unsecured debenture was redeemed on September 21, 2022.

(iii) Choice Properties senior unsecured Series 10 debenture was redeemed on June 26, 2022.

GUARANTEED INVESTMENT CERTIFICATES (“GICs”) The following table summarizes PC Bank’s GIC activity, before commissions, for the periods ended as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Balance, beginning of period	\$ 1,075	\$ 1,048	\$ 996	\$ 1,185
GICs issued	282	40	461	196
GICs matured	(46)	(139)	(146)	(432)
Balance, end of period	\$ 1,311	\$ 949	\$ 1,311	\$ 949

INDEPENDENT FUNDING TRUSTS Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts in the amount of \$64 million (October 9, 2021 and December 31, 2021 – \$64 million), representing not less than 10% (October 9, 2021 and December 31, 2021 – not less than 10%) of the principal amount of loans outstanding.

The revolving committed credit facility that is the source of funding to the independent funding trusts has a maturity date of April 14, 2025. Loblaw extended the maturity date during the second quarter of 2022 with all other terms and conditions remaining substantially the same.

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

(\$ millions)	Maturity Date	As at					
		Oct. 8, 2022		Oct. 9, 2021		Dec. 31, 2021	
		Available Credit	Drawn	Available Credit	Drawn	Available Credit	Drawn
George Weston	September 13, 2024	\$ 350	\$ –	\$ 350	\$ –	\$ 350	\$ 121
Loblaw	July 15, 2027	1,000	–	1,000	–	1,000	–
Choice Properties ⁽ⁱ⁾	September 1, 2027	1,500	150	1,500	100	1,500	–
Total committed credit facilities		\$ 2,850	\$ 150	\$ 2,850	\$ 100	\$ 2,850	\$ 121

(i) Choice Properties repaid \$45 million of its committed credit facility on October 3, 2022.

These facilities contain certain financial covenants.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

George Weston In the third quarter of 2021, GWL entered into a \$350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. As at December 31, 2021, \$121 million was drawn on the facility which was repaid in the first quarter of 2022. As at October 8, 2022, no amounts were drawn on the facility.

Loblaws Loblaws has a \$1 billion committed credit facility with a maturity date of July 15, 2027, provided by a syndicate of lenders. In the third quarter of 2022, Loblaws extended the maturity date with all other terms and conditions remaining substantially the same. As at October 8, 2022, there were no amounts drawn under this facility (October 9, 2021 and December 31, 2021 – no amounts were drawn).

Choice Properties On June 30, 2022, Choice Properties completed an irrevocable defeasance payment of \$180 million against its outstanding credit facility balance. The credit facility balance outstanding at June 30, 2022, included \$180 million of banker's acceptances maturing on July 4, 2022. The administrative agent for the credit facility distributed the defeasance payment to the lenders on July 4, 2022. During the third quarter of 2022, the maturity for the credit facility was extended to September 1, 2027 with all other terms and conditions remaining substantially the same. As at October 8, 2022, \$150 million was drawn under the facility.

LONG-TERM DEBT DUE WITHIN ONE YEAR The components of long-term debt due within one year were as follows:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Debentures	\$ 572	\$ 742	\$ 296
GICs	298	307	182
Independent securitization trusts	500	–	250
Independent funding trusts	–	574	570
Long-term debt secured by mortgage	41	246	217
Construction loans	5	5	5
Long-term debt due within one year	\$ 1,416	\$ 1,874	\$ 1,520

RECONCILIATION OF LONG-TERM DEBT The following table reconciles the changes in cash flows from/(used in) long-term debt financing activities for the periods ended as indicated:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Long-term debt, beginning of period	\$ 14,183	\$ 14,385	\$ 14,010	\$ 14,443
Long-term debt issuances ⁽ⁱ⁾	1,695	469	2,229	778
Long-term debt repayments ⁽ⁱⁱ⁾	(1,213)	(754)	(1,559)	(1,121)
Total cash flow from (used in) long-term debt financing activities	482	(285)	670	(343)
Other non-cash changes	(5)	2	(20)	2
Total long-term debt, end of period	\$ 14,660	\$ 14,102	\$ 14,660	\$ 14,102

(i) Includes net movements from the independent funding trusts, which are revolving debt instruments.

(ii) Includes George Weston Series A debenture repayments of \$283 million in the third quarter of 2021 and \$319 million year-to-date 2021 which are presented within the line "Settlement of net debt associated with equity forward sale agreement" in the condensed consolidated statement of cash flows.

Note 17. Other Liabilities

The components of other liabilities were as follows:

(\$ millions)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Financial liabilities ⁽ⁱ⁾	\$ 664	\$ 661	\$ 660
Net defined benefit plan obligation (note 20)	297	321	340
Other long-term employee benefit obligation	111	123	115
Equity-based compensation liability (note 21)	6	7	6
Other	31	8	18
Other liabilities	\$ 1,109	\$ 1,120	\$ 1,139

- (i) Financial liabilities represent land and buildings disposed or partially disposed of by Choice Properties to third parties. On consolidation, these transactions were not recognized as a sale of assets as under the terms of the leases, the Company did not relinquish control of the properties for purposes of IFRS 16 "Leases" and IFRS 15 "Revenue from Contracts with Customers". Instead, the proceeds from the transactions were recognized as financial liabilities and as at October 8, 2022, \$4 million (October 9, 2021 – \$3 million; December 31, 2021 – \$4 million) was recorded in trade payables and other liabilities and \$664 million (October 9, 2021 – \$661 million; December 31, 2021 – \$660 million) was recorded in other liabilities.

Note 18. 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:

(\$ millions except where otherwise indicated)	16 Weeks Ended				40 Weeks Ended			
	Oct. 8, 2022		Oct. 9, 2021		Oct. 8, 2022		Oct. 9, 2021	
	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	144,746,752	\$ 2,671	150,781,841	\$ 2,742	146,789,503	\$ 2,714	152,374,416	\$ 2,786
Issued for settlement of stock options (note 21)	47,921	5	111,384	13	216,096	25	215,929	24
Purchased and cancelled ⁽ⁱ⁾⁽ⁱⁱ⁾	(2,472,575)	(47)	(3,203,339)	(45)	(4,683,501)	(110)	(4,900,459)	(100)
Issued and outstanding, end of period	142,322,098	\$ 2,629	147,689,886	\$ 2,710	142,322,098	\$ 2,629	147,689,886	\$ 2,710
Shares held in trusts, beginning of period	(64,263)	\$ (1)	(181,099)	\$ (3)	(141,106)	\$ (2)	(254,525)	\$ (4)
Purchased for future settlement of RSUs and PSUs	(99,000)	(2)	–	–	(99,000)	(2)	–	–
Released for settlement of RSUs and PSUs (note 21)	2,500	–	158	–	79,343	1	73,584	1
Shares held in trusts, end of period	(160,763)	\$ (3)	(180,941)	\$ (3)	(160,763)	\$ (3)	(180,941)	\$ (3)
Issued and outstanding, net of shares held in trusts, end of period	142,161,335	\$ 2,626	147,508,945	\$ 2,707	142,161,335	\$ 2,626	147,508,945	\$ 2,707
Weighted average outstanding, net of shares held in trusts (note 8)	143,540,343		149,194,965		145,138,574		150,755,363	

- (i) Number of common shares repurchased and cancelled as at October 8, 2022, 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.
- (ii) Includes 1,930 shares cancelled during the third quarter of 2021 in a private transaction and are excluded from the Company's Normal Course Issuer Bid.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

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

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Purchased for future settlement of RSUs and PSUs (number of shares)	99,000	–	99,000	–
Purchased for current settlement of RSUs and DSUs (number of shares)	–	–	15,716	1,588
Purchased and cancelled (number of shares)	2,472,575	3,201,409	4,683,501	4,898,529
Cash consideration paid				
Purchased and held in trusts	\$ (14)	\$ –	\$ (14)	\$ –
Purchased and settled	\$ –	\$ –	\$ (2)	\$ –
Purchased and cancelled ⁽ⁱ⁾	\$ (393)	\$ (411)	\$ (718)	\$ (577)
Premium charged to retained earnings				
Purchased and held in trusts	\$ 12	\$ –	\$ 12	\$ –
Purchased and settled	\$ –	\$ –	\$ 1	\$ –
Purchased and cancelled ⁽ⁱⁱ⁾	\$ 335	\$ 286	\$ 781	\$ 578
Reduction in share capital ⁽ⁱⁱⁱ⁾	\$ 49	\$ 45	\$ 112	\$ 100

(i) Included in the third quarter of 2022 and year-to-date is a net cash timing adjustment of \$17 million (2021 – \$(5) million) and a nominal amount (2021 – \$(31) million), respectively, of common shares repurchased under the NCIB for cancellation.

(ii) Includes \$152 million (2021 – \$60 million) related to the ASPP, as described below.

(iii) Includes \$23 million (2021 – \$10 million) related to the ASPP, as described below.

In the second quarter of 2022, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,304,927 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.

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 October 8, 2022, an obligation to repurchase shares of \$175 million (2021 – \$70 million) was recognized under the ASPP in trade payables and other liabilities.

As of October 8, 2022, 3,081,117 common shares were purchased under the Company's current NCIB.

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

(\$)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Dividends declared per share ⁽ⁱ⁾ :				
Common share	\$ 0.660	\$ 0.600	\$ 1.920	\$ 1.700
Preferred share:				
Series I	\$ 0.3625	\$ 0.3625	\$ 1.0875	\$ 1.0875
Series III	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series IV	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series V	\$ 0.296875	\$ 0.296875	\$ 0.890625	\$ 0.890625

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on October 1, 2022. Dividends declared on Preferred Shares, Series I were paid on September 15, 2022.

Note 19. Loblaw Capital Transactions

LOBLAW PREFERRED SHARES As at the end of the third quarter of 2022, the Second Preferred Shares, Series B in the amount of \$221 million net of \$4 million of after-tax issuance costs, and related cash dividends, were presented as a component of non-controlling interests in the Company's condensed consolidated balance sheet. In the third quarter of 2022 and year-to-date, Loblaw declared dividends of \$3 million (2021 - \$3 million) and \$9 million (2021 - \$9 million), respectively, related to the Second Preferred Shares, Series B.

LOBLAW COMMON SHARES The following table summarizes Loblaw's common share activity under its equity-based compensation arrangements and NCIB, and includes the impact on the Company's unaudited interim period condensed consolidated financial statements for the periods ended as indicated:

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Issued (number of shares)	361,195	556,177	1,721,664	1,960,081
Purchased and held in trusts (number of shares)	–	–	(557,000)	–
Purchased and cancelled (number of shares)	(3,429,543)	(3,426,200)	(10,138,169)	(13,604,162)
	(3,068,348)	(2,870,023)	(8,973,505)	(11,644,081)
Cash consideration received (paid)				
Equity-based compensation	\$ 20	\$ 29	\$ 72	\$ 78
Purchased and held in trusts	–	–	(63)	–
Purchased and cancelled ⁽ⁱ⁾	(402)	(300)	(1,130)	(1,000)
	\$ (382)	\$ (271)	\$ (1,121)	\$ (922)
Increase (decrease) in contributed surplus				
Equity-based compensation	\$ 5	\$ 8	\$ 30	\$ 29
Purchased and held in trusts	–	–	(24)	–
Purchased and cancelled	(89)	(79)	(309)	(256)
	\$ (84)	\$ (71)	\$ (303)	\$ (227)

(i) \$28 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the third quarter of 2022 was paid in the fourth quarter of 2022.

NORMAL COURSE ISSUER BID During 2020, the TSX accepted an amendment to Loblaw's NCIB. The amendment permitted Loblaw to purchase its common shares from GWL under Loblaw's NCIB, pursuant to an automatic disposition plan agreement among Loblaw's broker, Loblaw and GWL, in order for GWL to maintain its proportionate ownership interest in Loblaw.

In the second quarter of 2022, Loblaw renewed its NCIB to purchase on the TSX or through alternative trading systems up to 16,647,384 of Loblaw's common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, Loblaw may purchase its common shares from time to time at the then market price of such shares. Loblaw will continue to be permitted to purchase its common shares from GWL in accordance with the exemption granted by the TSX. As at October 8, 2022, Loblaw had purchased 8,798,918 common shares for cancellation under its current NCIB.

In the third quarter of 2022, 3,429,543 (2021 - 3,410,805) Loblaw common shares were purchased under the Loblaw NCIB for cancellation, for aggregate consideration of \$403 million (2021 - \$300 million), including 1,632,756 (2021 - 1,542,706) Loblaw common shares purchased from GWL, for aggregate consideration of \$191 million (2021 - \$136 million). On a year-to-date basis, 10,138,169 (2021 - 13,588,767) Loblaw common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$1,158 million (2021 - \$1 billion), including 4,584,521 (2021 - 6,479,854) Loblaw common shares purchased from GWL for aggregate consideration of \$523 million (2021 - \$474 million).

From time to time, Loblaw participates in an ASPP with a broker in order to facilitate the repurchase of Loblaw's common shares under its NCIB. During the effective period of the ASPP, Loblaw's broker may purchase common shares at times when Loblaw would not be active in the market.

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Note 20. 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)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Current service cost				
Post-employment benefit costs ⁽ⁱ⁾	\$ 50	\$ 51	\$ 132	\$ 144
Other long-term employee benefit costs ⁽ⁱⁱ⁾	10	11	18	29
Net interest (income) cost on net defined benefit plan obligations	–	3	(1)	7
Total post-employed defined benefit cost	\$ 60	\$ 65	\$ 149	\$ 180

(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 actuarial gains (losses) recognized in other comprehensive income (loss) net of taxes from Continuing Operations for defined benefit plans during the periods were as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Return (loss) on plan assets, excluding amounts included in net interest expense and other financing charges	\$ 8	\$ (69)	\$ (713)	\$ (143)
Actuarial (losses) gains from changes in financial assumptions ⁽ⁱ⁾	(10)	108	605	449
Change in liability arising from asset ceiling	7	–	(116)	–
Total net actuarial gains (losses) recognized in other comprehensive income (loss) before income taxes	\$ 5	\$ 39	\$ (224)	\$ 306
Income tax (expenses) recoveries on actuarial gains (losses)	(2)	(10)	59	(81)
Actuarial gains (losses), net of income tax (expenses) recoveries	\$ 3	\$ 29	\$ (165)	\$ 225

(i) The actuarial gains and the change in liability arising from asset ceiling were primarily driven by an increase in discount rates, while the losses were mainly due to lower than expected returns on assets.

Note 21. Equity-Based Compensation

The Company's equity-based compensation arrangements include Stock Option, Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), Director Deferred Share Unit ("DSU") and Executive Deferred Share Unit ("EDSU") plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its equity-based compensation arrangements for the third quarter of 2022 and year-to-date were \$27 million (2021 - \$22 million) and \$68 million (2021 - \$61 million), respectively.

The following is the carrying amount of the Company's equity-based compensation arrangements:

(\$ millions)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Trade payables and other liabilities	\$ 9	\$ 11	\$ 11
Other liabilities (note 17)	\$ 6	\$ 7	\$ 6
Contributed surplus	\$ 128	\$ 128	\$ 131

Details related to certain equity-based compensation plans of GWL and Loblaw are as follows:

STOCK OPTION PLANS The following is a summary of GWL's stock option plan activity:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding options, beginning of period	1,817,030	2,035,691	1,817,548	1,746,483
Granted	3,840	–	171,497	397,183
Exercised (note 18)	(47,921)	(111,384)	(216,096)	(215,929)
Forfeited/cancelled	(2,664)	–	(2,664)	(3,430)
Outstanding options, end of period	1,770,285	1,924,307	1,770,285	1,924,307

During the third quarter of 2022, GWL issued common shares on the exercise of stock options with a weighted average market share price of \$159.46 (2021 - \$132.97) per common share and received \$6 million cash consideration (2021 - \$11 million).

On a year-to-date basis, GWL issued common shares on the exercise of stock options with a weighted average market share price of \$152.28 (2021 - \$120.91) per common share and received cash consideration of \$23 million (2021 - \$20 million).

During the third quarter of 2022, GWL granted stock options with a weighted average exercise price of \$152.18 per common share and a nominal fair value. There were no stock options granted during the third quarter of 2021. On a year-to-date basis, GWL granted stock options with a weighted average exercise price of \$152.95 (2021 - \$100.86) per common share and a fair value of \$5 million (2021 - \$6 million). The assumptions used to measure the grant date fair value of the GWL options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Expected dividend yield	1.8%	–%	1.6%	2.2%
Expected share price volatility	19.1% - 20.6%	–%	19.0% - 20.6%	19.1% - 19.5%
Risk-free interest rate	2.7% - 2.9%	–%	1.6% - 2.9%	0.9% - 1.1%
Expected life of options	4.9 - 6.6 years	–	4.9 - 6.6 years	4.9 - 6.7 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the third quarter of 2022 was 1.3% (2021 - 1.4%).

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The following is a summary of Loblaw's stock option plan activity:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding options, beginning of period	6,532,669	7,653,843	6,431,449	7,259,645
Granted	13,037	21,019	1,152,257	1,891,187
Exercised	(328,215)	(500,839)	(1,207,639)	(1,407,615)
Forfeited/cancelled	(66,884)	(267,634)	(225,460)	(836,828)
Outstanding options, end of period	6,150,607	6,906,389	6,150,607	6,906,389

During the third quarter of 2022, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of \$120.68 (2021 – \$86.19) per common share and received cash consideration of \$20 million (2021 – \$29 million). On a year-to-date basis, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of \$112.61 (2021 – \$77.05) per common share and received cash consideration of \$72 million (2021 – \$78 million).

During the third quarter of 2022, Loblaw granted stock options with a weighted average exercise price of \$117.67 (2021 – \$86.30) per common share and a nominal fair value (2021 – nominal). On a year-to-date basis, Loblaw granted stock options with a weighted average exercise price of \$99.92 (2021 – \$63.65) per common share and a \$20 million fair value (2021 – \$17 million). The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Expected dividend yield	1.4%	1.6%	1.4%	1.8%
Expected share price volatility	18.9% - 21.7%	18.3% - 20.3%	18.4% - 21.7%	18.3% - 20.4%
Risk-free interest rate	2.7% - 3.0%	0.7% - 0.9%	1.6% - 3.0%	0.6% - 1.2%
Expected life of options	3.7 - 6.2 years	3.8 - 6.2 years	3.7 - 6.2 years	3.8 - 6.2 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the third quarter of 2022 was 11.0% (2021 – 9.0%).

RESTRICTED SHARE UNIT PLANS The following is a summary of GWL's RSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding RSUs, beginning of period	28,485	113,146	29,777	133,038
Granted	–	–	6,498	31,721
Reinvested	241	1,029	512	2,364
Settled	(2,500)	(158)	(8,886)	(51,566)
Forfeited	(607)	(3,298)	(2,282)	(4,838)
Outstanding RSUs, end of period ⁽ⁱ⁾	25,619	110,719	25,619	110,719

i) RSUs outstanding in the third quarter of 2021 include RSUs from continuing and discontinued operations.

During the third quarter of 2022 and 2021, there were no GWL RSUs granted. On a year-to-date basis, the fair value of GWL RSUs granted was \$1 million (2021 – \$3 million).

The following is a summary of Loblaw's RSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding RSUs, beginning of period	735,587	888,056	799,345	894,272
Granted	13,489	20,998	214,526	350,685
Reinvested	5,181	7,472	7,730	11,994
Settled	(26,410)	(49,244)	(271,894)	(328,617)
Forfeited	(10,885)	(38,058)	(32,745)	(99,110)
Outstanding RSUs, end of period	716,962	829,224	716,962	829,224

During the third quarter of 2022, the fair value of Loblaw's RSUs granted was \$2 million (2021 - \$2 million). On a year-to-date basis, the fair value of Loblaw's RSUs granted was \$22 million (2021 - \$23 million).

PERFORMANCE SHARE UNIT PLANS The following is a summary of GWL's PSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding PSUs, beginning of period	142,141	182,041	183,841	151,058
Granted	665	119	28,131	58,335
Reinvested	1,277	1,681	2,576	3,455
Settled	—	—	(70,457)	(23,606)
Forfeited	—	—	(8)	(5,401)
Outstanding PSUs, end of period	144,083	183,841	144,083	183,841

During the third quarter of 2022, the fair value of GWL's PSUs granted was nominal (2021 - nominal). On a year-to-date basis, the fair value of GWL's PSUs granted was \$4 million (2021 - \$6 million).

The following is a summary of Loblaw's PSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding PSUs, beginning of period	601,853	654,532	616,417	666,400
Granted	51,613	3,251	294,179	272,862
Reinvested	4,450	5,586	6,427	8,974
Settled	(6,570)	(6,460)	(249,439)	(224,215)
Forfeited	(6,358)	(24,003)	(22,596)	(91,115)
Outstanding PSUs, end of period	644,988	632,906	644,988	632,906

During the third quarter of 2022, the fair value of Loblaw's PSUs granted was \$6 million (2021 - nominal). On a year-to-date basis, the fair value of Loblaw's PSUs granted was \$24 million (2021 - \$17 million).

SETTLEMENT OF AWARDS FROM SHARES HELD IN TRUSTS The following table summarizes GWL's settlement of RSUs and PSUs from shares held in trusts for the periods ended as indicated:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Settled	2,500	158	79,343	75,172
Released from trusts (note 18)	2,500	158	79,343	73,584

The settlement of awards from shares held in trusts in the third quarter of 2022 resulted in a nominal increase (2021 - nominal) in retained earnings and a nominal increase (2021 - nominal) in share capital. The settlement of awards from shares held in trusts on a year-to-date basis resulted in a \$7 million increase (2021 - \$6 million) in retained earnings and a \$1 million increase (2021 - \$1 million) in share capital.

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Note 22. 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.

(\$ millions)	Oct. 8, 2022				As at Oct. 9, 2021 ⁽ⁱ⁾				Dec. 31, 2021 ⁽ⁱ⁾			
	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:												
Certain other assets ⁽ⁱⁱ⁾	\$ -	\$ -	\$ 303	\$ 303	\$ -	\$ -	\$ 88	\$ 88	\$ -	\$ -	\$ 89	\$ 89
Fair value through other comprehensive income:												
Certain long-term investments and other assets ⁽ⁱⁱ⁾	221	-	-	221	116	-	-	116	96	-	-	96
Derivatives included in prepaid expenses and other assets	-	5	-	5	-	1	-	1	-	1	-	1
Fair value through profit and loss:												
Security deposits	286	-	-	286	74	-	-	74	75	-	-	75
Certain long-term investments and other assets ⁽ⁱⁱ⁾	323	18	212	553	-	20	116	136	-	20	119	139
Derivatives included in prepaid expenses and other assets	7	34	-	41	10	2	1	13	3	5	-	8
Derivatives included in other assets	-	-	-	-	-	126	-	126	-	-	-	-
Financial liabilities												
Amortized cost:												
Long-term debt	-	8,377	5,903	14,280	-	8,832	6,586	15,418	-	8,643	6,527	15,170
Certain other liabilities ⁽ⁱⁱ⁾	-	-	673	673	-	-	667	667	-	-	668	668
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	-	13	-	13	-	-	-	-	-	1	-	1
Fair value through profit and loss:												
Trust Unit liability	3,450	-	-	3,450	4,086	-	-	4,086	4,209	-	-	4,209
Derivatives included in trade payables and other liabilities	-	-	7	7	-	5	-	5	-	2	1	3

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

(ii) Certain other assets, certain other long-term investments and other assets, and certain other liabilities are included in the consolidated balance sheets in Other Assets and Other Liabilities, respectively.

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

During the third quarter of 2022 and year-to-date, a gain of \$5 million (2021 – nil) and a gain of \$5 million (2021 – loss of \$2 million) was recognized in operating income on financial instruments designated as amortized cost. In addition, during the third quarter of 2022 and year-to-date, a net gain of \$232 million (2021 – net loss of \$117 million) and a net gain of \$584 million (2021 – net loss of \$650 million) was recognized in earnings before income taxes from continuing operations on financial instruments required to be classified as fair value through profit or loss.

Cash and Cash Equivalents, Short-Term Investments and Security Deposits As at the end of the third quarter of 2022, the Company had cash and cash equivalents, short-term investments and security deposits of \$2,940 million (October 9, 2021 – \$2,720 million; December 31, 2021 – \$3,938 million), including U.S. dollars of \$117 million (October 9, 2021 – \$122 million; December 31, 2021 – \$221 million).

During the third quarter of 2022 and year-to-date, a gain of \$1 million (2021 – gain of \$3 million) and a gain of \$4 million (2021 – loss of \$19 million) was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's U.S. net investment in foreign operations.

Embedded Derivatives The Level 3 financial instruments classified as fair value through profit or loss consist of Loblaw embedded derivatives on purchase orders placed in neither Canadian dollars nor the functional currency of the vendor. These derivatives are valued using a market approach based on the differential in exchange rates and timing of settlement. The significant unobservable input used in the fair value measurement is the cost of purchase orders. Significant increases (decreases) in any one of the inputs would result in a significantly higher (lower) fair value measurement.

In the third quarter of 2022, a loss of \$3 million (2021 – loss of \$1 million) and a loss of \$6 million (2021 – loss of \$2 million) year-to-date were recorded in operating income related to these derivatives. In addition, a corresponding liability of \$7 million was included in trade payables and other liabilities as at October 8, 2022 (October 9, 2021 – \$1 million asset included in prepaid expenses and other assets; December 31, 2021 – \$1 million liability included in trade payables and other liabilities). As at October 8, 2022, a 1% increase (decrease) in foreign currency exchange rates would result in a gain (loss) in fair value of \$1 million.

Investments in Real Estate Securities The Allied Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units, and included in the balance certain long-term investments and other assets in the table above. As at the end of the third quarter of 2022, Choice Properties, held 11,809,145 Allied Class B Units with a value of \$323 million. In the third quarter of 2022 and year-to-date, a fair value loss of \$69 million (2021 – nil) and a fair value loss of \$228 million (2021 – nil) were recorded in SG&A (2021 – nil) (see note 13).

Trust Unit Liability In the third quarter of 2022 and year-to-date, a fair value gain of \$277 million (2021 – loss of \$52 million) and a fair value gain of \$760 million (2021 – loss of \$479 million) were recorded in net interest expense and other financing charges (see note 6).

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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 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 consolidated balance sheet and the net realized and unrealized gains (losses) before income taxes from continuing operations related to the Company's other derivatives:

(\$ millions)	16 Weeks Ended			Oct. 8, 2022 40 Weeks Ended		
	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⁾	\$ (10)	\$ 9	\$ 1	\$ 1	\$ 1	\$ 1
Bond Forwards ⁽ⁱⁱ⁾	–	1	(1)	17		(4)
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	15	(2)	2	12		2
Total derivatives designated as cash flow hedges	\$ 5	\$ 8	\$ 2	\$ 30		\$ (1)
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ 21	–	\$ 22	–	\$ 37	
Other Non-Financial Derivatives	7	–	5	–	20	
Total derivatives not designated in a formal hedging relationship	\$ 28	\$ –	\$ 27	\$ –	\$ 57	
Total derivatives	\$ 33	\$ 8	\$ 29	\$ 30		\$ 56

- (i) PC Bank uses foreign exchange forwards, with a notional amount of \$30 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. During the first quarter of 2022, Loblaw entered into foreign exchange forwards, as described below.
- (ii) PC Bank settled \$140 million of bond forwards in the third quarter of 2022 (see note 10). The purpose of the bond forward was to hedge the interest rate risk for the \$250 million *Eagle* notes issued in the third quarter of 2022. Loblaw has concluded that the hedge was effective as at the settlement date which resulted in a \$8 million fair value gain being reclassified to net earnings over the life of the *Eagle* notes.
- (iii) PC Bank uses interest rate swaps, with 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 \$159 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives are included in other assets.

In the first quarter of 2022, Loblaw entered into foreign exchange forwards. The purpose of these forward exchange forwards was to hedge the risk that the future cash flows of an anticipated fixed asset purchase transaction will fluctuate because of changes in foreign exchange rates. Loblaw concluded that these hedges were effective and accordingly, the gains or losses on these foreign exchange forwards are recognized in other comprehensive income. Upon settlement of these foreign exchange forwards, the accumulated other comprehensive income will be included in the initial cost of the fixed asset.

(\$ millions)	16 Weeks Ended			40 Weeks Ended		
	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⁾	\$ –	\$ –	\$ –	\$ –	\$ –	(1)
Bond Forwards ⁽ⁱⁱ⁾	–	2	(2)	5	–	(5)
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	(1)	(1)	–	3	–	–
Total derivatives designated as cash flow hedges	\$ (1)	\$ 1	\$ (2)	\$ 8	\$ –	(6)
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ (1)	\$ –	\$ 2	\$ –	\$ –	(4)
Other Non-Financial Derivatives	10	–	7	–	–	19
Total derivatives not designated in a formal hedging relationship	\$ 9	\$ –	\$ 9	\$ –	\$ –	15
Total derivatives	\$ 8	\$ 1	\$ 7	\$ 8	\$ –	9

- (i) PC Bank uses foreign exchange forwards, with a notional amount of \$29 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 \$30 million, to manage interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets.
- (iii) Choice Properties uses interest rate swaps, with a notional value of \$111 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 23. 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 has been served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by two licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement, in the amount of \$500 million. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who are parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. The Superior Court imposed a class closing date based on the date of certification. New Associates after July 9, 2013 are not members of the class. Loblaw believes this claim is without merit and is vigorously defending it. Loblaw does not currently have any significant accruals or provisions for this matter recorded in the unaudited interim period condensed consolidated financial statements.

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. 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 cash balances far exceed any realistic damages scenario and therefore it does not anticipate any impacts on its or Loblaw's dividend, dividend policy or share buyback plans. The Company has not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2022 or prior on the basis that a reliable estimate of the liability cannot be

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

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.

Loblaw had been reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. 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 \$33 million was recorded as income tax recovery and \$2 million was recorded as interest income.

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

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 24. 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 2021 audited annual consolidated financial statements and accompanying notes. The Company measures each reportable operating segment's performance based on adjusted EBITDA⁽ⁱ⁾ and adjusted operating income⁽ⁱ⁾. No reportable operating segment is reliant on any single external customer.

(\$ millions)	16 Weeks Ended							
	Oct. 8, 2022				Oct. 9, 2021			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	\$ 17,388	\$ 309	\$ (177)	\$ 17,520	\$ 16,050	\$ 316	\$ (174)	\$ 16,192
Operating income	\$ 989	\$ 501	\$ (16)	\$ 1,474	\$ 861	\$ 276	\$ (12)	\$ 1,125
Net interest expense (income) and other financing charges	217	(447)	243	13	203	113	96	412
Earnings before income taxes from continuing operations	\$ 772	\$ 948	\$ (259)	\$ 1,461	\$ 658	\$ 163	\$ (108)	\$ 713
Operating income	\$ 989	\$ 501	\$ (16)	\$ 1,474	\$ 861	\$ 276	\$ (12)	\$ 1,125
Depreciation and amortization	864	–	(135)	729	817	1	(114)	704
Adjusting items ⁽ⁱ⁾	(9)	(278)	35	(252)	(6)	(51)	8	(49)
Adjusted EBITDA ⁽ⁱ⁾	\$ 1,844	\$ 223	\$ (116)	\$ 1,951	\$ 1,672	\$ 226	\$ (118)	\$ 1,780
Depreciation and amortization ⁽ⁱⁱⁱ⁾	713	–	(135)	578	662	1	(114)	549
Adjusted operating income⁽ⁱ⁾	\$ 1,131	\$ 223	\$ 19	\$ 1,373	\$ 1,010	\$ 225	\$ (4)	\$ 1,231

- (i) Certain items are excluded from operating income to derive adjusted EBITDA⁽¹⁾ and adjusted operating income⁽¹⁾. These metrics are used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$151 million (2021 – \$155 million) of amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

(\$ millions)	40 Weeks Ended							
	Oct. 8, 2022				Oct. 9, 2021			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	\$ 42,497	\$ 950	\$ (541)	\$ 42,906	\$ 40,413	\$ 967	\$ (534)	\$ 40,846
Operating income	\$ 2,465	\$ 679	\$ 145	\$ 3,289	\$ 2,226	\$ 1,064	\$ (272)	\$ 3,018
Net interest expense (income) and other financing charges	511	(644)	130	(3)	524	878	58	1,460
Earnings before income taxes from continuing operations	\$ 1,954	\$ 1,323	\$ 15	\$ 3,292	\$ 1,702	\$ 186	\$ (330)	\$ 1,558
Operating income	\$ 2,465	\$ 679	\$ 145	\$ 3,289	\$ 2,226	\$ 1,064	\$ (272)	\$ 3,018
Depreciation and amortization	2,128	2	(300)	1,830	2,041	3	(274)	1,770
Adjusting items ⁽ⁱ⁾	89	(7)	(240)	(158)	(10)	(393)	157	(246)
Adjusted EBITDA ⁽ⁱ⁾	\$ 4,682	\$ 674	\$ (395)	\$ 4,961	\$ 4,257	\$ 674	\$ (389)	\$ 4,542
Depreciation and amortization ⁽ⁱⁱⁱ⁾	1,746	2	(300)	1,448	1,652	3	(274)	1,381
Adjusted operating income⁽ⁱ⁾	\$ 2,936	\$ 672	\$ (95)	\$ 3,513	\$ 2,605	\$ 671	\$ (115)	\$ 3,161

- (i) Certain items are excluded from operating income to derive adjusted EBITDA⁽¹⁾ and adjusted operating income⁽¹⁾. These metrics are used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$382 million (2021 – \$389 million) of amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Other and Intersegment includes the following items:

(\$ millions)	16 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021 ⁽ⁱ⁾		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	\$ (125)	\$ 19	\$ (36)	\$ (127)	\$ 20	\$ (35)
Elimination of cost recovery	(52)	–	–	(47)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	12	–	–	(9)	–
Fair value adjustment on investment properties	–	(34)	(3)	–	(10)	–
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	578	–	–	16
Fair value adjustment on Trust Unit liability	–	–	(277)	–	–	52
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(73)	–	–	(74)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	51	–	–	52
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	–	–	–	73
Other	–	(13)	3	–	(13)	12
Total	\$ (177)	\$ (16)	\$ 243	\$ (174)	\$ (12)	\$ 96

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

(\$ millions)	40 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021 ⁽ⁱ⁾		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	\$ (378)	\$ (54)	\$ (81)	\$ (382)	\$ (55)	\$ (85)
Elimination of cost recovery	(163)	–	–	(152)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	(10)	–	–	(33)	–
Fair value adjustment on investment properties	–	262	(5)	–	(157)	–
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	1,029	–	–	(491)
Fair value adjustment on Trust Unit liability	–	–	(760)	–	–	479
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(220)	–	–	(220)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	154	–	–	154
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	–	–	–	184
Reversal of Loblaw gain on the sale of disposition of property to Choice Properties	–	(19)	–	–	–	–
Other	–	(34)	13	–	(27)	37
Total	\$ (541)	\$ 145	\$ 130	\$ (534)	\$ (272)	\$ 58

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

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021 ⁽ⁱ⁾	Dec. 31, 2021 ⁽ⁱ⁾
Total Assets			
Loblaw	\$ 37,695	\$ 35,958	\$ 36,614
Choice Properties	16,446	16,164	16,173
Other and Intersegment	(5,823)	(6,880)	(5,704)
Assets held for sale from discontinued operations	–	1,853	–
Consolidated	\$ 48,318	\$ 47,095	\$ 47,083

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Additions to Fixed Assets, Investment Properties and Intangible Assets				
Loblaw ⁽ⁱ⁾	\$ 432	\$ 330	\$ 920	\$ 791
Choice Properties	92	63	172	101
Other and Intersegment	–	–	1	2
Discontinued Operations	–	37	–	76
Consolidated	\$ 524	\$ 430	\$ 1,093	\$ 970

(i) During 2022, there were no additions to Loblaw fixed assets related to prepayments that were made in 2021 and transferred from other assets. During 2021, additions to Loblaw fixed assets included prepayments that were made in 2020 and transferred from other assets of nil in the third quarter of 2021 and \$1 million year-to-date 2021.

Note 25. Related Party Transactions

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. To date, the Company has invested \$45 million in the Venture Fund I, of which \$8 million was invested in the third quarter of 2022 (2021 – \$4 million) and \$13 million year-to-date (2021 – \$16 million) and recorded in Other Assets.

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. No investments were made in the third quarter of 2022.

TRANSACTION BETWEEN LOBLAW AND CHOICE PROPERTIES In the second quarter of 2022, Loblaw announced that it intends to build an industrial facility on part of a property in East Gwillimbury, Ontario owned by a joint venture in which Choice Properties has an ownership interest. Loblaw expects to bring the industrial facility into its operations in the first quarter of 2024. For the first phase of the development, Loblaw entered into a 25-year land lease with the joint venture. Loblaw took possession of the land on October 1, 2022, and as a result recorded a right-of-use asset and lease liability of \$120 million. The land lease includes a 15-month construction period with lease payments commencing in 2024.

Financial Summary⁽ⁱ⁾

The Company's interest in Weston Foods is presented separately as discontinued operations in the Company's current and comparative results. 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)

	16 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021 ⁽ⁱⁱ⁾
Consolidated Operating Results		
Revenue	\$ 17,520	\$ 16,192
Operating income	1,474	1,125
Adjusted EBITDA ⁽ⁱⁱⁱ⁾	1,951	1,780
Depreciation and amortization ^(iv)	729	704
Net interest expense and other financing charges	13	412
Adjusted net interest expense and other financing charges ⁽ⁱⁱⁱ⁾	290	287
Income taxes	276	200
Adjusted income taxes ⁽ⁱⁱⁱ⁾	283	252
Net earnings from continuing operations	1,185	513
Net earnings attributable to shareholders of the Company from continuing operations	903	252
Net earnings available to common shareholders of the Company from continuing operations	889	238
Adjusted net earnings available to common shareholders of the Company ⁽ⁱⁱⁱ⁾ from continuing operations	453	365
Consolidated Financial Position and Cash Flows		
Cash and cash equivalents, short-term investments and security deposits	\$ 2,940	\$ 2,720
Cash flows from operating activities ^(v)	1,578	1,339
Capital investments ^(v)	524	430
Free cash flow ⁽ⁱⁱⁱ⁾	565	478
Total debt including lease liabilities	21,280	20,459
Total equity attributable to shareholders of the Company	7,407	6,950
Total equity	13,715	12,900
Consolidated Per Common Share (\$)		
Diluted net earnings per common share from continuing operations	\$ 6.14	\$ 1.58
Adjusted diluted net earnings per common share from continuing operations ⁽ⁱⁱⁱ⁾	3.12	2.43
Consolidated Financial Measures and Ratios		
Adjusted EBITDA margin ⁽ⁱⁱⁱ⁾ (%)	11.1	11.0
Rolling year adjusted return on average equity attributable to common shareholders of the Company ⁽ⁱⁱⁱ⁾ (%)	22.2	17.5
Rolling year adjusted return on capital ⁽ⁱⁱⁱ⁾ (%)	13.2	12.0
Reportable Operating Segments		
Loblaws		
Revenue	\$ 17,388	\$ 16,050
Operating income	989	861
Adjusted EBITDA ⁽ⁱⁱⁱ⁾	1,844	1,672
Adjusted EBITDA margin ⁽ⁱⁱⁱ⁾ (%)	10.6	10.4
Depreciation and amortization ^(iv)	864	817
Choice Properties		
Revenue	\$ 309	\$ 316
Net interest (income) expense and other financing charges	(447)	113
Net income	948	163
Funds from operations ⁽ⁱⁱⁱ⁾	173	173

(i) For financial definitions and ratios refer to the Glossary beginning on page 180 of the Company's 2021 Annual Report.

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

(iii) See section 8, "Non-GAAP Financial measures" of the Company's Third Quarter Management Discussion and Analysis.

(iv) Depreciation and amortization for the calculation of EBITDA excludes \$151 million (2021 - \$155 million) of amortization of intangible assets, acquired with Shoppers Drug Mart Corporation and Lifemark, recorded by Loblaws.

(v) Inclusive of discontinued operations.

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, 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

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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 financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (“SEDAR”). The Company holds an analyst call shortly following the release of its quarterly results. This call will be archived in the Investor Centre section of the Company’s website.

This Quarterly Report includes selected information on Loblaw, a public company with shares trading on the Toronto Stock Exchange (“TSX”). For information regarding Loblaw, readers should also refer to the materials filed by Loblaw on SEDAR from time to time. These filings are also maintained on Loblaw’s website at www.loblaw.ca. This Quarterly Report also includes selected information on Choice Properties, a public real estate investment trust with units trading on the TSX. For information regarding Choice Properties, readers should also refer to the materials filed by Choice Properties on SEDAR from time to time. These filings are also maintained on Choice Properties’ website at www.choicereit.ca.

Ce rapport est disponible en français.

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