

NEWS RELEASE

George Weston Limited Reports Fourth Quarter 2021 and Fiscal Year Ended December 31, 2021 Results⁽²⁾

Toronto, Ontario March 2, 2022 George Weston Limited (TSX: WN) ("GWL" or the "Company") today announced its consolidated unaudited results for the 12 weeks ended December 31, 2021.

GWL's 2021 Annual Report includes the Company's audited annual consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 31, 2021. The 2021 Annual Report has been filed on SEDAR and is available at [sedar.com](https://www.sedar.com) and in the Investor Centre section of the Company's website at [weston.ca](https://www.weston.ca).

"In the quarter, we were pleased to complete the sale of our Weston Foods business, so that we can focus on our market leading businesses in retail and real estate," said Galen G. Weston, Chairman and Chief Executive Officer, George Weston Limited. "Loblaw and Choice Properties showed strength in the fourth quarter as they delivered improved results across the board. With robust strategic agendas at Loblaw and Choice Properties, we remain confident in the long-term value creation opportunities for each of them."

Loblaw Companies Limited ("Loblaw") experienced strong demand as consumers continued to eat-at-home, particularly over the holiday period. Loblaw's focus on retail excellence resulted in operational and financial improvements, despite supply chain and inflationary pressures. Loblaw's food retail performance was strong, driven by impactful promotional strategies, and benefited from the return of price-sensitive customers. Loblaw's drug retail sales benefited from the loosening of social restrictions in the quarter. Loblaw's drug retail business continued to play an important role in supporting communities nationwide with COVID-19 testing and vaccine services. Additionally, Loblaw continued to progress its ambitious Environmental, Social and Governance ("ESG") program by announcing its intention to reach net-zero carbon emissions by 2050.

Choice Properties Real Estate Investment Trust ("Choice Properties") posted solid financial and operational performance driven by its portfolio of high-quality real estate assets. Choice Properties completed over \$275 million of real estate transactions and \$115 million of new developments for the quarter, continuing to improve its portfolio and delivering net asset growth. During the quarter, Choice Properties also advanced its commitment to sustainability with the inaugural issuance of \$350 million of green bonds and by committing to set enhanced science-based emission reduction targets. Choice Properties' balance sheet remains strong and is well positioned to support the continued advancement of development initiatives.

With the sale of the Weston Foods bakery business for total gross proceeds of \$1,470 million in December 2021, the Company's interest in Weston Foods is presented under discontinued operations. See "Sale of Weston Foods and Discontinued Operations" section of this News Release for further details. Unless otherwise indicated, all financial information in this News Release reflects the results from continuing operations.

2021 FOURTH QUARTER HIGHLIGHTS

As a result of the Company's reporting calendar, the fourth quarter and full year 2020 included an extra week of operations ("the 53rd week") compared to 2021.

George Weston Limited's net earnings available to common shareholders of the Company from continuing operations were \$418 million in the fourth quarter of 2021, an increase of \$154 million compared to the fourth quarter of 2020. The increase was due to the favourable year-over-year net impact of adjusting items totaling \$75 million and an improvement in the Company's consolidated underlying operating performance of \$79 million. Diluted net earnings per common share from continuing operations were \$2.80, an increase of \$1.08 per common share, or 62.8%, when compared to the fourth quarter of 2020.

Adjusted net earnings available to common shareholders of the Company⁽¹⁾ from continuing operations were \$347 million in the fourth quarter of 2021, an increase of \$79 million, or 29.5%, compared to the fourth quarter of 2020. The increase was primarily due to the improvement in the underlying operating performance of Loblaw, the favourable year-over-year impact of asset impairments, net of recoveries recorded on consolidation and lower adjusted net interest expense and other financing charges⁽¹⁾, partially offset by the impact of a higher adjusted effective tax rate⁽¹⁾.

Adjusted diluted net earnings per common share⁽¹⁾ from continuing operations were \$2.32 in the fourth quarter of 2021, an increase of \$0.58 per common share, or 33.3%, compared to the fourth quarter of 2020. The increase was due to the improvement in adjusted net earnings available to common shareholders of the Company⁽¹⁾ from continuing operations and the favourable impact of share repurchases when compared to the fourth quarter of 2020.

CONSOLIDATED RESULTS OF OPERATIONS

The Company's results reflect the impact of COVID-19 and 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 negatively impacted when the Trust Unit price rises and positively impacted when the Trust Unit price declines.

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.

(unaudited) (\$ millions except where otherwise indicated) For the periods ended as indicated	Quarters Ended				Years Ended			
	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 ^(3,4) (13 weeks)	\$ Change	% Change	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 ^(3,4) (53 weeks)	\$ Change	% Change
Revenue	\$ 12,902	\$ 13,430	\$ (528)	(3.9)%	\$ 53,748	\$ 53,270	\$ 478	0.9%
Operating income	\$ 1,009	\$ 869	\$ 140	16.1%	\$ 4,027	\$ 2,875	\$ 1,152	40.1%
Adjusted EBITDA ⁽¹⁾	\$ 1,453	\$ 1,396	\$ 57	4.1%	\$ 5,995	\$ 5,356	\$ 639	11.9%
Adjusted EBITDA margin ⁽¹⁾	11.3%	10.4%			11.2%	10.1%		
Net earnings attributable to shareholders of the Company from continuing operations	\$ 428	\$ 274	\$ 154	56.2%	\$ 753	\$ 957	\$ (204)	(21.3)%
Net earnings available to common shareholders of the Company	\$ 217	\$ 289	\$ (72)	(24.9)%	\$ 387	\$ 919	\$ (532)	(57.9)%
Continuing operations	\$ 418	\$ 264	\$ 154	58.3%	\$ 709	\$ 913	\$ (204)	(22.3)%
Discontinued operations	\$ (201)	\$ 25	\$ (226)	(904.0)%	\$ (322)	\$ 6	\$ (328)	(5,466.7)%
Adjusted net earnings available to common shareholders of the Company ⁽¹⁾ from continuing operations	\$ 347	\$ 268	\$ 79	29.5%	\$ 1,232	\$ 993	\$ 239	24.1%
Diluted net earnings per common share (\$)	\$ 1.44	\$ 1.88	\$ (0.44)	(23.4)%	\$ 2.52	\$ 5.96	\$ (3.44)	(57.7)%
Continuing operations	\$ 2.80	\$ 1.72	\$ 1.08	62.8%	\$ 4.66	\$ 5.92	\$ (1.26)	(21.3)%
Discontinued operations	\$ (1.36)	\$ 0.16	\$ (1.52)	(950.0)%	\$ (2.14)	\$ 0.04	\$ (2.18)	(5,450.0)%
Adjusted diluted net earnings per common share ⁽¹⁾ from continuing operations (\$)	\$ 2.32	\$ 1.74	\$ 0.58	33.3%	\$ 8.14	\$ 6.44	\$ 1.70	26.4%

As a result of the Company's reporting calendar, the fourth quarter of 2020 included a 53rd week. The 53rd week of 2020 resulted in an additional \$878 million of revenue, \$67 million of operating income, and net earnings available to common shareholders of the Company from continuing operations and diluted net earnings per common share from continuing operations of \$18 million and \$0.12 per common share, respectively.

In the fourth quarter of 2021, the Company recorded net earnings available to common shareholders of the Company from continuing operations of \$418 million (\$2.80 per common share), an increase of \$154 million (\$1.08 per common share) compared to the fourth quarter of 2020. The increase was due to the favourable year-over-year net impact of adjusting items totaling \$75 million (\$0.50 per common share) and an improvement in the Company's consolidated underlying operating performance of \$79 million (\$0.58 per common share) described below.

- The favourable year-over-year net impact of adjusting items totaling \$75 million (\$0.50 per common share) was due to:
 - the favourable impact of the recovery related to Glenhuron Bank Limited ("Glenhuron") at Loblaw of \$165 million (\$1.12 per common share). The recovery relates to a reversal of taxes previously paid in relation to Loblaw's Glenhuron tax matter; and
 - the favourable year-over-year impact of the fair value adjustment on investment properties of \$69 million (\$0.46 per common share);
 partially offset by,
 - the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of \$102 million (\$0.70 per common share) as a result of the increase in Choice Properties' unit price in the fourth quarter of 2021; and
 - the unfavourable year-over-year impact of the fair value adjustment of the forward sale agreement of Loblaw common shares of \$56 million (\$0.36 per common share). The Company settled the net debt associated with the forward sale agreement in the fourth quarter of 2021, see "Consolidated Other Business Matters" in this News Release.

- The improvement in the Company's consolidated underlying operating performance of \$79 million (\$0.58 per common share), which included the negative year-over-year impact of the 53rd week of \$18 million (\$0.12 per common share), was due to:
 - the favourable underlying operating performance of Loblaw;
 - the favourable year-over-year impact in Other and Intersegment, primarily driven by the year-over-year impact of asset impairments, net of recoveries of \$25 million, net of tax recorded on consolidation, and the gain related to Choice Properties' sale and leaseback transactions of \$7 million, net of tax, as described in "Consolidated Other Business Matters"; and
 - a decrease in adjusted net interest expense and other financing charges⁽¹⁾;partially offset by,
 - an increase in the adjusted effective tax rate⁽¹⁾ primarily attributable to the unfavourable year-over-year impact of the non-taxable portion of the gain from Choice Properties' transactions and the impact of certain other non-deductible items.
- Diluted net earnings per common share from continuing operations also included the favourable impact of shares purchased for cancellation over the last 12 months (\$0.09 per common share) pursuant to the Company's Normal Course Issuer Bid ("NCIB").

Adjusted net earnings available to common shareholders of the Company⁽¹⁾ from continuing operations in the fourth quarter of 2021 were \$347 million, an increase of \$79 million, or 29.5%, compared to the fourth quarter of 2020. The increase was due to the improvement in the Company's consolidated underlying operating performance described above.

Adjusted diluted net earnings per common share⁽¹⁾ from continuing operations in the fourth quarter of 2021 were \$2.32 per common share, an increase of \$0.58 per common share, or 33.3%, compared to the fourth quarter of 2020. The increase was due to the improvement in adjusted net earnings available to common shareholders of the Company⁽¹⁾ from continuing operations and the favourable impact of share repurchases.

SALE OF WESTON FOODS AND DISCONTINUED OPERATIONS On March 23, 2021, the Company announced its intention to launch a process to sell the Weston Foods business, comprised of the fresh, frozen and ambient bakery businesses. On December 10, 2021, the Company announced the sale of Weston Foods' fresh and frozen bakery business to FGF Brands Inc. for gross proceeds of \$1,100 million, and on December 29, 2021, the Company announced the sale of Weston Foods' ambient business to affiliated entities of Hearthside Foods Solution, LLC for gross proceeds of \$370 million. In aggregate, the Company sold its entire Weston Foods bakery business for total gross proceeds of \$1,470 million.

Upon the respective sale dates, the net assets of Weston Foods were de-recognized from the Company's 2021 consolidated balance sheet and the Weston Foods results, net of intersegment eliminations, were presented separately as discontinued operations in the Company's consolidated statement of earnings and comprehensive income in the current and comparative periods.

The sale of Weston Foods resulted in a loss of \$317 million, after income taxes, recorded in discontinued operations in 2021. For further details of the sale, refer to Note 5, "Discontinued Operations" in the annual consolidated financial statements of the Company's 2021 Annual Report.

In the fourth quarter of 2021 and 2020, discontinued operations represent the results of Weston Foods, net of intersegment eliminations.

Net loss available to common shareholders of the Company from discontinued operations in the fourth quarter of 2021 was \$201 million (\$1.36 per common share) compared to net earnings available to common shareholders of the Company from discontinued operations of \$25 million (\$0.16 per common share) in the fourth quarter of 2020, a decrease of \$226 million (\$1.52 per common share). The decrease included the loss on the sale of Weston Foods of \$204 million, after income taxes, recorded in the fourth quarter of 2021, and the underlying operating performance of Weston Foods.

CONSOLIDATED OTHER BUSINESS MATTERS

COVID-19 RELATED COSTS The Company incurred COVID-19 related costs of approximately \$9 million and \$150 million in the fourth quarter and year of 2021, respectively (2020 - \$48 million and \$466 million), primarily related to safety and security measures to protect colleagues, customers, tenants and other stakeholders. The estimated COVID-19 related costs incurred by each of the Company's reportable operating segments were as follows:

(unaudited) (\$ millions)	Quarters Ended		Years Ended	
	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 (13 weeks)	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 (53 weeks)
Loblaw ⁽ⁱ⁾	\$ 8	\$ 45	\$ 145	\$ 445
Choice Properties ⁽ⁱⁱ⁾	1	3	5	21
Consolidated	\$ 9	\$ 48	\$ 150	\$ 466

- (i) Loblaw's COVID-19 related costs included \$25 million and \$180 million related to one-time bonuses and benefits for store and distribution centre colleagues in the second quarters of 2021 and 2020, respectively.
- (ii) Choice Properties recorded a provision of \$1 million (2020 - \$3 million) and \$5 million (2020 - \$21 million) in the fourth quarter of 2021 and year-to-date, respectively, for certain past due amounts, reflecting increased collectability risk and negotiated rent abatements.

GWL CORPORATE⁽⁵⁾ 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)	Quarters Ended		Years Ended	
	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 (13 weeks)	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 (53 weeks)
Settlement of net debt associated with equity forward sale agreement	\$ (275)	\$ -	\$ (790)	\$ -
GWL's credit facility	121	-	121	-
GWL's NCIB - purchased and cancelled ⁽ⁱ⁾⁽ⁱⁱ⁾	(167)	(123)	(744)	(123)
GWL's participation in Loblaw's NCIB	89	75	563	336
Net cash flow (used in) from above activities	\$ (232)	\$ (48)	\$ (850)	\$ 213

- (i) \$6 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the fourth quarter of 2021 was paid in the first quarter of 2022.
- (ii) \$31 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the third quarter of 2021 was paid in the fourth quarter of 2021.

Settlement of Net Debt Associated with Equity Forward Sale Agreement In the fourth quarter of 2021, the Company completed the settlement of the net debt associated with the equity forward sale agreement. As a result, the 9.6 million Loblaw shares securing the net debt were released from security and the Company's economic interest in Loblaw is now equal to its voting interest. In aggregate, \$790 million was paid to settle the net debt, resulting in the extinguishment of the Series A debentures (\$466 million), Series B debentures (\$784 million), plus accrued interest, and the settlement of the equity forward sale agreement (\$464 million gain).

Refer to Section 3.3, "Components of Total Debt" of the MD&A in the Company's 2021 Annual Report for more information.

GWL's Credit Facility In the fourth quarter of 2021, the Company drew \$275 million on its \$350 million revolving committed credit facility to fund the final settlement of the net debt associated with the equity forward agreement. The credit facility was partially repaid in the fourth quarter of 2021 and at December 31, 2021, \$121 million was drawn. Subsequent to the end of the fourth quarter of 2021, the drawn balance was fully repaid.

Refer to Section 3.3, "Components of Total Debt" of the MD&A in the Company's 2021 Annual Report for more information.

GWL's NCIB - Purchased and Cancelled Shares In the fourth quarter of 2021, the Company purchased and cancelled 1.0 million shares under its NCIB (2020 - 1.3 million shares). As at December 31, 2021, the Company had 146.6 million shares outstanding (December 31, 2020 - 152.1 million).

Refer to Section 3.6, "Share Capital" of the MD&A in the Company's 2021 Annual Report for more information.

GWL's Participation in Loblaw's NCIB Commencing in the first quarter of 2020, the Company began participating in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. During the fourth quarter of 2021, GWL received proceeds of \$89 million (2020 - \$75 million) from the sale of Loblaw shares.

CHOICE PROPERTIES' SALE AND LEASEBACK TRANSACTIONS In the fourth quarter of 2021, Choice Properties disposed of two properties to third parties for aggregate proceeds of \$28 million. These transactions were accounted for as a disposition by Choice Properties. On consolidation, the arrangements were accounted for as sale and leaseback transactions because Loblaw continues to be a tenant on the properties. As a result, the Company recorded a lease liability of \$19 million, and a gain of \$7 million in operating income.

REPORTABLE OPERATING SEGMENTS

The Company operates through its two reportable operating segments: Loblaw and 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, health and beauty, apparel, general merchandise and financial services.

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

Loblaw Operating Results

(unaudited) (\$ millions except where otherwise indicated) For the periods ended as indicated	Quarters Ended				Years Ended			
	Dec. 31, 2021	Dec. 31, 2020 ⁽⁵⁾	\$ Change	% Change	Dec. 31, 2021	Dec. 31, 2020 ⁽⁵⁾	\$ Change	% Change
	(12 weeks)	(13 weeks)			(52 weeks)	(53 weeks)		
Revenue	\$ 12,757	\$ 13,286	\$ (529)	(4.0)%	\$ 53,170	\$ 52,714	\$ 456	0.9%
Operating income	\$ 703	\$ 700	\$ 3	0.4%	\$ 2,929	\$ 2,357	\$ 572	24.3%
Adjusted EBITDA ⁽¹⁾	\$ 1,322	\$ 1,311	\$ 11	0.8%	\$ 5,579	\$ 4,996	\$ 583	11.7%
Adjusted EBITDA margin ⁽¹⁾	10.4%	9.9%			10.5%	9.5%		
Depreciation and amortization ⁽ⁱ⁾	\$ 623	\$ 609	\$ 14	2.3%	\$ 2,664	\$ 2,596	\$ 68	2.6%

(i) Depreciation and amortization in the fourth quarter of 2021 includes \$117 million (2020 – \$117 million) and \$506 million (2020 – \$509 million) year-to-date of amortization of intangible assets acquired with Shoppers Drug Mart Corporation (“Shoppers Drug Mart”).

Unless otherwise indicated, Loblaw’s operating results include the 53rd week in 2020.

Revenue Loblaw revenue in the fourth quarter of 2021 was \$12,757 million, a decrease of \$529 million, or 4.0%, compared to the fourth quarter of 2020. The decrease was primarily driven by a decrease in retail sales, partially offset by an improvement in financial services revenue.

Retail sales were \$12,486 million, a decrease of \$557 million, or 4.3%, compared to the fourth quarter of 2020, which included the negative impact of the 53rd week in 2020 of \$878 million.

- food retail sales were \$8,742 million (2020 – \$9,302 million) and food retail same-store sales growth was 1.1% (2020 – 8.6%) for the quarter. Sales were impacted by lower eat-at-home trends after strong growth last year, offset by higher industry inflation levels. The two year food retail sales Compound Annual Growth Rate (“CAGR”)⁽⁶⁾ was 4.8%. On a comparable week basis, food retail basket size decreased and traffic increased in the quarter;
- the Consumer Price Index (“CPI”) as measured by The Consumer Price Index for Food Purchased from Stores was 4.8% (2020 – 1.5%), which was slightly lower than Loblaw’s internal food inflation; and
- drug retail sales of \$3,744 million (2020 – \$3,741 million) and drug retail same-store sales growth was 7.9% (2020 – 3.7%) for the quarter. Pharmacy same-store sales growth benefited from strong sales in pharmacy related services. Front store same-store sales growth benefited from the economic re-opening in the third quarter of 2021. The two year drug retail sales CAGR⁽⁶⁾ was 5.5%. Pharmacy same-store sales growth was 10.2% (2020 – 5.0%) and front store same-store sales growth was 6.1% (2020 – 2.8%).

In 2021, 23 food and drug stores were opened and 24 food and drug stores were closed, resulting in a net increase in retail square footage of 0.2 million square feet, or 0.3%.

Financial services revenue in the fourth quarter of 2021 increased by \$40 million compared to the fourth quarter of 2020 mainly due to higher interchange income from an increase in customer spending and higher sales attributable to *The Mobile Shop*.

Operating income Loblaw operating income in the fourth quarter of 2021 was \$703 million, an increase of \$3 million compared to the fourth quarter of 2020, which was negatively impacted by \$67 million due to the 53rd week in 2020. The increase in operating income was driven by the favourable year-over-year net impact of adjusting items totaling \$6 million, partially offset by a decline in underlying operating performance of \$3 million, as described below:

- the favourable year-over-year net impact of adjusting items totaling \$6 million was primarily due to the following:
 - the favourable year-over-year impact of restructuring and other related costs of \$16 million; and
 - the favourable year-over-year impact of the fair value adjustment on non-operating properties of \$11 million; partially offset by,
 - the unfavourable year-over-year impact of the fair value adjustment of derivatives of \$13 million; and
 - the unfavourable year-over-year impact in net gain on sale of non-operating properties of \$8 million.

partially offset by,

- an overall decline in the underlying operating performance of retail primarily driven by the 53rd week in 2020. This was partially offset by improvements in financial services.

Adjusted EBITDA⁽¹⁾ Loblaw adjusted EBITDA⁽¹⁾ in the fourth quarter of 2021 was \$1,322 million. When compared to the fourth quarter of 2020, this represented an increase of \$11 million, or 0.8%, which was negatively impacted by \$67 million due to the 53rd week in 2020. The increase in adjusted EBITDA⁽¹⁾ was primarily due to an improvement in financial services of \$18 million, partially offset by a decline in retail of \$7 million.

Financial services adjusted EBITDA⁽¹⁾ increased by \$18 million compared to the fourth quarter of 2020, primarily driven by higher revenue as described above, the reversal of commodity taxes that were accrued in the amount of \$27 million, lower contractual charge-off and lower funding costs. This was partially offset by higher loyalty program costs and operating costs.

Retail adjusted EBITDA⁽¹⁾ in the fourth quarter of 2021 decreased by \$7 million, which included the negative impact of the 53rd week in 2020 of \$67 million. The decrease was driven by an increase in retail selling, general and administrative expenses ("SG&A") of \$34 million, partially offset by an increase in retail gross profit of \$27 million.

- retail SG&A as a percentage of sales was 20.9%, an increase of 110 basis points compared to the fourth quarter of 2020. The unfavourable increase of 110 basis points was primarily driven by higher expenses related to the normalization of post-lockdown operating conditions, corporate costs including network optimization costs and higher costs incurred in drug retail from providing pharmacy related services, partially offset by a reduction in COVID-19 costs.
- retail gross profit percentage of 30.9% increased by 150 basis points compared to the fourth quarter of 2020, from favourable changes in sales mix in both food and drug retail and improved business initiatives.

Loblaw adjusted EBITDA⁽¹⁾ included no impact in the fourth quarter of 2021 and 2020 related to the sale and leaseback of properties to Choice Properties.

Depreciation and Amortization Loblaw's depreciation and amortization in the fourth quarter of 2021 was \$623 million, an increase of \$14 million compared to the fourth quarter of 2020. The increase in depreciation and amortization in the fourth quarter of 2021 was primarily driven by an increase in depreciation of Information Technology ("IT") and leased assets and an increase in depreciation in financial services due to the launch of the *PC Money* Account.

Depreciation and amortization in the fourth quarter of 2021 included \$117 million (2020 - \$117 million) of amortization of intangible assets related to the acquisition of Shoppers Drug Mart.

Consolidation of Franchises Loblaw has more than 500 franchise food retail stores in its network. Non-controlling interests at Loblaw represents the share of earnings that relates to Loblaw's food retail franchisees. Loblaw recorded a net loss attributable to non-controlling interests of \$28 million in the fourth quarter of 2021. When compared to the fourth quarter of 2020, this represented a decrease of \$74 million or 160.9%. Loblaw's franchisee earnings are impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements.

Loblaw Other Business Matters

Network Optimization In the fourth quarter of 2021, Loblaw finalized network optimization plans that will result in banner conversions, closures and right-sizing of approximately 20 unprofitable retail locations across a range of banners and formats, the majority of which will be banner conversions and 3 will be closures within food retail. Loblaw expects to record charges of approximately \$25 million to \$35 million resulting from this network optimization. These charges will be recorded as incurred and are expected to include equipment, severance, lease related and other costs and will not be considered an adjusting item. Loblaw expects to realize approximately \$25 million in annualized EBITDA run-rate savings related to these plans. In the fourth quarter of 2021, Loblaw recorded charges of \$19 million as a result of this network optimization project. Further charges will be recorded as they are incurred throughout 2022.

Choice Properties Operating Results

(unaudited) (\$ millions except where otherwise indicated) For the periods ended as indicated	Quarters Ended				Years Ended			
	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 (12 weeks)	\$ Change	% Change	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 (52 weeks)	\$ Change	% Change
Revenue	\$ 325	\$ 322	\$ 3	0.9%	\$ 1,292	\$ 1,271	\$ 21	1.7%
Net interest expense and other financing charges ⁽ⁱ⁾	\$ 499	\$ 217	\$ 282	130.0%	\$ 1,377	\$ 173	\$ 1,204	696.0%
Net (loss) income	\$ (162)	\$ 117	\$ (279)	(238.5)%	\$ 24	\$ 451	\$ (427)	(94.7)%
Funds from Operations ⁽¹⁾	\$ 175	\$ 172	\$ 3	1.7%	\$ 690	\$ 652	\$ 38	5.8%

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

Revenue Revenue in the fourth quarter of 2021 was \$325 million, an increase of \$3 million, or 0.9%, compared to the fourth quarter of 2020, and included \$183 million (2020 - \$180 million) generated from tenants within Loblaw retail. The increase in revenue was primarily driven by increased occupancy in the industrial portfolio, partially offset by vacancies in the office portfolio.

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges in the fourth quarter of 2021 were \$499 million compared to \$217 million in the fourth quarter of 2020. The increase of \$282 million was primarily driven by the unfavourable year-over-year impact of the fair value adjustment on Class B LP units ("Exchangeable Units") of \$285 million.

Net (Loss) Income Net loss in the fourth quarter of 2021 was \$162 million, compared to net income of \$117 million in the fourth quarter of 2020. The decrease of \$279 million was primarily driven by higher interest expense and other financing charges as described above.

Funds from Operations⁽¹⁾ Funds from Operations⁽¹⁾ in the fourth quarter of 2021 was \$175 million, an increase of \$3 million compared to the fourth quarter of 2020, primarily driven by an increase in rental revenue as described above, a decline in expected credit loss provisions and the reversal of an expected credit loss on a specific mortgage receivable, partially offset by fees incurred on the early repayment of a debenture.

Choice Properties Other Business Matters

Subsequent to year end, Choice Properties entered into an agreement to increase its interest in two of its residential projects for consideration of \$25 million. The agreement included the purchase of one of Choice Properties' partners' existing interest in the projects and the cancellation of the same partners' option to increase their equity interest in the projects. This transaction closed in January 2022, following which Choice Properties' interest in these projects is now 50%.

OUTLOOK⁽²⁾

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, pharmacy and apparel 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 and the current industry volatility on its 2022 financial results. Loblaw anticipates that in the first half of 2022 sales will benefit from the continued impact of the pandemic and elevated industry-wide inflation. As economies reopen and Loblaw starts to lap elevated 2021 inflationary prices and COVID-related drug pharmacy services, year on year revenue growth will be more challenged.

Loblaw expects:

- its retail business to grow earnings faster than sales;
- Earnings Per Share growth in the low double digits, with higher growth in the first half of the year;
- 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.

Choice Properties Choice Properties' goal is to provide net asset value appreciation, stable net operating income growth and capital preservation, all with a long-term focus.

Although there remains uncertainty about the long-term impacts of the COVID-19 pandemic, Choice Properties is confident that its business model, stable tenant base, and disciplined approach to financial management will continue to position it well. At the end of 2021, Choice Properties' diversified portfolio of retail, industrial, residential and office properties was 97.1% occupied and leased to high-quality tenants across Canada. Choice Properties' portfolio is primarily leased to necessity-based tenants, and logistics providers, who continue to perform well in this environment and provide stability to Choice Properties' overall portfolio. The stability is evident in Choice Properties' financial results and rent collections, which were approximately 99% of contractual rents for the year. Despite the unpredictable re-opening of the economy, Choice Properties is encouraged by high vaccination rates and anticipate the further lifting of re-opening measures.

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.

Underpinning all aspects of Choice Properties' business model is a strong balance sheet and a disciplined approach to financial management. Choice Properties takes a conservative approach to leverage and financing risk by maintaining strong leverage ratios and a staggered debt maturity profile.

DECLARATION OF QUARTERLY DIVIDENDS

Subsequent to the end of the fourth quarter of 2021, the Company's Board of Directors declared a quarterly dividend on GWL Common Shares, Preferred Shares, Series I, Preferred Shares, Series III, Preferred Shares, Series IV and Preferred Shares, Series V payable as follows:

Common Shares	\$0.600 per share payable April 1, 2022, to shareholders of record March 15, 2022;
Preferred Shares, Series I	\$0.3625 per share payable March 15, 2022, to shareholders of record February 28, 2022;
Preferred Shares, Series III	\$0.3250 per share payable April 1, 2022, to shareholders of record March 15, 2022;
Preferred Shares, Series IV	\$0.3250 per share payable April 1, 2022, to shareholders of record March 15, 2022;
Preferred Shares, Series V	\$0.296875 per share payable April 1, 2022, to shareholders of record March 15, 2022.

NON-GAAP FINANCIAL MEASURES

The Company uses non-GAAP financial measures and ratios as it believes these measures and ratios provide useful information to both management and investors with regard to accurately assessing the Company's financial performance and financial condition.

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 excludes additional 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. 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.

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)	Quarters Ended							
	Dec. 31, 2021 (12 weeks)				Dec. 31, 2020 ^(3,4) (13 weeks)			
	Loblaw	Choice Properties	Other & Intersegment	Consolidated	Loblaw	Choice Properties	Other & Intersegment	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations				\$ 428				\$ 274
Add impact of the following:								
Non-controlling interests				327				214
Income taxes				64				137
Net interest expense and other financing charges				190				244
Operating income	\$ 703	\$ 336	\$ (30)	\$ 1,009	\$ 700	\$ 332	\$ (163)	\$ 869
Add impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 117	\$ -	\$ -	\$ 117	\$ 117	\$ -	\$ -	\$ 117
Fair value adjustment on investment properties	-	(107)	20	(87)	-	(103)	100	(3)
Gain on sale of non-operating properties	-	-	(2)	(2)	(8)	-	-	(8)
Fair value adjustment of derivatives	6	-	-	6	(7)	-	-	(7)
Fair value adjustment on non-operating properties	(2)	-	-	(2)	9	-	-	9
Restructuring and other related costs	(8)	-	-	(8)	8	-	-	8
Foreign currency translation and other company level activities	-	-	-	-	-	(4)	-	(4)
Adjusting items	\$ 113	\$ (107)	\$ 18	\$ 24	\$ 119	\$ (107)	\$ 100	\$ 112
Adjusted operating income	\$ 816	\$ 229	\$ (12)	\$ 1,033	\$ 819	\$ 225	\$ (63)	\$ 981
Depreciation and amortization excluding the impact of the above adjustments ⁽ⁱ⁾	506	-	(86)	420	492	1	(78)	415
Adjusted EBITDA	\$ 1,322	\$ 229	\$ (98)	\$ 1,453	\$ 1,311	\$ 226	\$ (141)	\$ 1,396

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes \$117 million (2020 - \$117 million) of amortization of intangible assets, acquired with Shoppers Drug Mart, recorded by Loblaw.

(unaudited) (\$ millions)	Years Ended							
	Dec. 31, 2021 (52 weeks)				Dec. 31, 2020 ^(3,4) (53 weeks)			
	Loblaw	Choice Properties	Other & Intersegment	Consolidated	Loblaw	Choice Properties	Other & Intersegment	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations				\$ 753				\$ 957
Add impact of the following:								
Non-controlling interests				994				619
Income taxes				630				470
Net interest expense and other financing charges				1,650				829
Operating income	\$ 2,929	\$ 1,400	\$ (302)	\$ 4,027	\$ 2,357	\$ 622	\$ (104)	\$ 2,875
Add impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 506	\$ -	\$ -	\$ 506	\$ 509	\$ -	\$ -	\$ 509
Fair value adjustment on investment properties	-	(500)	177	(323)	-	257	(72)	185
Gain on sale of non-operating properties	(12)	-	(2)	(14)	(9)	-	-	(9)
Fair value adjustment of derivatives	(13)	-	-	(13)	5	-	-	5
Fair value adjustment on non-operating properties	(2)	-	-	(2)	9	-	-	9
Restructuring and other related costs	13	-	-	13	38	-	-	38
Acquisition transaction costs and other related costs	-	-	-	-	-	2	-	2
Foreign currency translation and other company level activities	-	-	-	-	-	(5)	2	(3)
Adjusting items	\$ 492	\$ (500)	\$ 175	\$ 167	\$ 552	\$ 254	\$ (70)	\$ 736
Adjusted operating income	\$ 3,421	\$ 900	\$ (127)	\$ 4,194	\$ 2,909	\$ 876	\$ (174)	\$ 3,611
Depreciation and amortization excluding the impact of the above adjustments ⁽ⁱ⁾	2,158	3	(360)	1,801	2,087	3	(345)	1,745
Adjusted EBITDA	\$ 5,579	\$ 903	\$ (487)	\$ 5,995	\$ 4,996	\$ 879	\$ (519)	\$ 5,356

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes \$506 million (2020 - \$509 million) of amortization of intangible assets, acquired with Shoppers Drug Mart, recorded by Loblaw.

The following items impacted adjusted EBITDA in 2021 and 2020:

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.

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.

Gain on sale of non-operating properties In 2021, Loblaw recorded a gain related to the sale of non-operating properties of \$12 million. In 2020, Loblaw disposed of non-operating properties to a third party and recorded a gain of \$9 million related to the sale.

During 2021, Choice Properties disposed of properties and incurred a gain or loss for each property which was recognized in fair value adjustment of investment properties. On consolidation, the Company recorded these properties as fixed assets and were recognized at cost less accumulated depreciation. As a result, during 2021, on consolidation, a net gain of \$2 million was recognized in Other and Intersegment.

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 related to fuel prices and the U.S. dollar exchange rate. These derivatives are not acquired for trading or speculative purposes. Pursuant to Loblaw's derivative instruments accounting policy, changes in the fair value of these instruments, which include realized and unrealized gains and losses are recorded in operating income. Despite the impact of accounting for these commodity and foreign currency derivatives on Loblaw's reported results, the derivatives have the economic impact of largely mitigating the associated risks arising from price and exchange rate fluctuations in the underlying commodities and U.S. dollar commitments.

Fair value adjustment on non-operating properties Loblaw measures non-operating properties, which are investment properties and assets held for sale that were transferred from investment properties, at fair value. Under the fair value model, non-operating properties are initially measured at cost and subsequently measured at fair value. Fair value using the income approach include assumptions as to market rental rates for properties of similar size and condition located within the same geographical areas, recoverable operating costs for leases with tenants, non-recoverable operating costs, vacancy periods, tenant inducements and terminal capitalization rates. Gains and losses arising from changes in the fair value are recognized in operating income in the period in which they arise.

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 fourth quarter of 2021, Loblaw recovered approximately \$8 million of restructuring and other related recoveries related to the previously announced closure of two distribution centres in Laval and Ottawa. The recovery is due to a true-up in estimate of restructuring charges. The year-to-date restructuring and other related charges were \$13 million. Loblaw is investing to build a modern and efficient expansion to its Cornwall distribution centre to serve its food and drug retail businesses in Ontario and Quebec. Volumes from the distribution centres in Laval will be transferred to Cornwall and Loblaw expects to incur additional restructuring costs in 2022 related to these closures.

Acquisition transaction costs and other related costs Choice Properties recorded transaction and other related costs in connection with the acquisition of Canadian Real Estate Investment Trust.

Foreign currency translation and other company level activities The Company's consolidated financial statements are expressed in Canadian dollars. A portion of the Company's (excluding Loblaw's) net assets are denominated in U.S. dollars and as a result, the Company is exposed to foreign currency translation gains and losses. The impact of foreign currency translation on a portion of the U.S. dollar denominated net assets, primarily cash and cash equivalents and short-term investments held by foreign operations, is recorded in SG&A and the associated tax, if any, is recorded in income taxes. Other company level activities include fair value adjustments related to investments and certain financial assets and liabilities held by the Company.

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 expense and other financing charges reported for the periods ended as indicated.

(unaudited) (\$ millions)	Quarters Ended		Years Ended	
	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 ⁽⁴⁾ (13 weeks)	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 ⁽⁴⁾ (53 weeks)
Net interest expense and other financing charges	\$ 190	\$ 244	\$ 1,650	\$ 829
Add: Fair value adjustment of the Trust Unit liability	(122)	(20)	(601)	239
Fair value adjustment of the forward sale agreement for Loblaw common shares	(4)	61	(188)	47
Recovery related to Glenhuron	189	–	189	–
Adjusted net interest expense and other financing charges	\$ 253	\$ 285	\$ 1,050	\$ 1,115

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 2021 and 2020:

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.

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. See Section 3.3, “Components of Total Debt”, of the MD&A in the Company’s 2021 Annual Report.

Recovery related to Glenhuron In the fourth quarter of 2021, Loblaw recorded a recovery of \$301 million related to the Supreme Court of Canada (“Supreme Court”) decision on Glenhuron. Of the total recovery, \$173 million was recorded in net interest and other financing charges and \$128 million was recorded in income taxes. In addition, interest of \$16 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds.

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

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

(unaudited) (\$ millions except where otherwise indicated)	Quarters Ended		Years Ended	
	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 ^(3,4) (13 weeks)	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 ^(3,4) (53 weeks)
Adjusted operating income ⁽ⁱ⁾	\$ 1,033	\$ 981	\$ 4,194	\$ 3,611
Adjusted net interest expense and other financing charges ⁽ⁱ⁾	253	285	1,050	1,115
Adjusted earnings before taxes	\$ 780	\$ 696	\$ 3,144	\$ 2,496
Income taxes	\$ 64	\$ 137	\$ 630	\$ 470
Add: Tax impact of items excluded from adjusted earnings before taxes ⁽ⁱⁱ⁾				
Recovery related to Glenhuron	11	25	99	173
Remeasurement of deferred tax balances	128	–	128	–
Remeasurement of deferred tax balances	–	(2)	–	7
Outside basis difference in certain Loblaw shares	1	4	(6)	(2)
Adjusted income taxes	\$ 204	\$ 164	\$ 851	\$ 648
Effective tax rate applicable to earnings before taxes	7.8%	21.9%	26.5%	23.0%
Adjusted effective tax rate applicable to adjusted earnings before taxes	26.2%	23.6%	27.1%	26.0%

(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 2021 and 2020:

Recovery related to Glenhuron In the fourth quarter of 2021, Loblaw recorded a recovery of \$301 million related to the Supreme Court decision on Glenhuron. Of the total recovery, \$173 million was recorded in net interest and other financing charges and \$128 million was recorded in income taxes. In addition, interest of \$16 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds.

Remeasurement of deferred tax balances In the third quarter of 2020, as a result of Choice Properties issuing Trust Units to a related party, the Company recorded a tax recovery of \$9 million related to the remeasurement of certain deferred income tax balances resulting from the dilution of its interest in Choice Properties. In the fourth quarter of 2020, as a result of Choice Properties issuing Class B partnership units to the Company, the Company recorded a tax expense of \$2 million related to the remeasurement of certain deferred income tax balances resulting from the change in its interest in Choice Properties.

Outside basis difference in certain Loblaw shares The Company recorded a deferred tax recovery of \$1 million in the fourth quarter of 2021 and \$6 million of deferred tax expense year-to-date 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.

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)	Quarters Ended		Years Ended	
	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 ^(3,4) (13 weeks)	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 ^(3,4) (53 weeks)
Net earnings attributable to shareholders of the Company	\$ 227	\$ 299	\$ 431	\$ 963
Less: Net (loss) earnings from discontinued operations	(201)	25	(322)	6
Net earnings attributable to shareholders of the Company from continuing operations	\$ 428	\$ 274	\$ 753	\$ 957
Less: Prescribed dividends on preferred shares in share capital	(10)	(10)	(44)	(44)
Net earnings available to common shareholders of the Company from continuing operations	\$ 418	\$ 264	\$ 709	\$ 913
Less: Reduction in net earnings due to dilution at Loblaw	(5)	(1)	(9)	(4)
Net earnings available to common shareholders from continuing operations for diluted earnings per share	\$ 413	\$ 263	\$ 700	\$ 909
Net earnings attributable to shareholders of the Company from continuing operations	\$ 428	\$ 274	\$ 753	\$ 957
Adjusting items (refer to the following table)	(71)	4	523	80
Adjusted net earnings attributable to shareholders of the Company from continuing operations	\$ 357	\$ 278	\$ 1,276	\$ 1,037
Less: Prescribed dividends on preferred shares in share capital	(10)	(10)	(44)	(44)
Adjusted net earnings available to common shareholders of the Company from continuing operations	\$ 347	\$ 268	\$ 1,232	\$ 993
Less: Reduction in net earnings due to dilution at Loblaw	(5)	(1)	(9)	(4)
Adjusted net earnings available to common shareholders for diluted earnings per share from continuing operations	\$ 342	\$ 267	\$ 1,223	\$ 989
Diluted weighted average common shares outstanding (in millions)	147.6	153.3	150.2	153.5

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.

	Quarters Ended			
	Dec. 31, 2021 (12 weeks)		Dec. 31, 2020 ^(3,4) (13 weeks)	
(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	\$ 418	\$ 2.80	\$ 264	\$ 1.72
Add (deduct) impact of the following ⁽ⁱ⁾ :				
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 47	\$ 0.31	\$ 45	\$ 0.29
Fair value adjustment on investment properties	(72)	(0.48)	(3)	(0.02)
Gain on sale of non-operating properties	(2)	(0.01)	(3)	(0.02)
Fair value adjustment of derivatives	1	0.01	(3)	(0.02)
Fair value adjustment on non-operating properties	–	–	4	0.03
Restructuring and other related costs	(4)	(0.03)	3	0.02
Fair value adjustment of the Trust Unit liability	122	0.83	20	0.13
Fair value adjustment of the forward sale agreement for Loblaw common shares	3	0.02	(53)	(0.34)
Outside basis difference in certain Loblaw shares	(1)	(0.01)	(4)	(0.03)
Remeasurement of deferred tax balances	–	–	2	0.01
Recovery related to Glenhuron	(165)	(1.12)	–	–
Foreign currency translation and other company level activities	–	–	(4)	(0.03)
Adjusting items Continuing Operations	\$ (71)	\$ (0.48)	\$ 4	\$ 0.02
Adjusted Continuing Operations	\$ 347	\$ 2.32	\$ 268	\$ 1.74

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

	Years Ended			
	Dec. 31, 2021		Dec. 31, 2020 ^(3,4)	
	(52 weeks)		(53 weeks)	
(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	\$ 709	\$ 4.66	\$ 913	\$ 5.92
Add (deduct) impact of the following ⁽ⁱ⁾ :				
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 196	\$ 1.30	\$ 195	\$ 1.28
Fair value adjustment on investment properties	(270)	(1.80)	155	1.02
Gain on sale of non-operating properties	(7)	(0.04)	(4)	(0.03)
Fair value adjustment of derivatives	(6)	(0.04)	2	0.01
Fair value adjustment on non-operating properties	–	–	4	0.03
Restructuring and other related costs	5	0.03	14	0.09
Acquisition transaction costs and other related costs	–	–	2	0.01
Fair value adjustment of the Trust Unit liability	601	4.00	(239)	(1.56)
Fair value adjustment of the forward sale agreement for Loblaw common shares	163	1.09	(41)	(0.27)
Outside basis difference in certain Loblaw shares	6	0.04	2	0.01
Remeasurement of deferred tax balances	–	–	(7)	(0.05)
Recovery related to Glenhuron	(165)	(1.10)	–	–
Foreign currency translation and other company level activities	–	–	(3)	(0.02)
Adjusting items Continuing Operations	\$ 523	\$ 3.48	\$ 80	\$ 0.52
Adjusted Continuing Operations	\$ 1,232	\$ 8.14	\$ 993	\$ 6.44

(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)	Quarters Ended			Years Ended		
	Dec. 31, 2021	Dec. 31, 2020 ⁽⁴⁾	\$ Change	Dec. 31, 2021	Dec. 31, 2020 ⁽⁴⁾	\$ Change
	(12 weeks)	(13 weeks)		(52 weeks)	(53 weeks)	
Cash flows from operating activities	\$ 1,155	\$ 1,574	\$ (419)	\$ 5,107	\$ 5,521	\$ (414)
Less: Cash flows from operating activities from discontinued operations	12	56	(44)	–	157	(157)
Cash flows from operating activities from continuing operations	\$ 1,143	\$ 1,518	\$ (375)	\$ 5,107	\$ 5,364	\$ (257)
Less: Interest paid	173	180	(7)	853	883	(30)
Capital Investments ⁽ⁱ⁾	487	581	(94)	1,381	1,496	(115)
Lease payments, net	202	191	11	795	844	(49)
Free cash flow from continuing operations	\$ 281	\$ 566	\$ (285)	\$ 2,078	\$ 2,141	\$ (63)

(i) During 2021, additions to fixed assets in Loblaw included \$1 million of prepayments that were made in 2020 and transferred from other assets. During 2020, additions to fixed assets in Loblaw included prepayments that were made in 2019 and transferred from other assets of \$66 million.

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 White Paper on Funds from Operations & Adjusted Funds from Operations for International Financial Reporting Standards ("IFRS") issued in February 2019.

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

(unaudited) (\$ millions)	Quarters Ended		Years Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Net (loss) income	\$ (162)	\$ 117	\$ 24	\$ 451
Add (deduct) impact of the following:				
Fair value adjustment on Exchangeable Units	372	87	863	(354)
Unit distributions on Exchangeable Units	73	73	293	289
Fair value adjustment on investment properties	(96)	(104)	(459)	220
Fair value adjustment on investment property held in equity accounted joint ventures	(13)	–	(43)	37
Internal expenses for leasing	3	2	8	7
Capitalized interest on equity accounted joint ventures	–	1	3	5
Acquisition transaction costs and other related costs	–	–	–	2
Amortization of intangible assets	–	–	1	1
Foreign exchange gain	–	–	–	(1)
Other fair value (losses) gains, net	(1)	(2)	1	(3)
Income taxes	(1)	(2)	(1)	(2)
Funds from Operations	\$ 175	\$ 172	\$ 690	\$ 652

NON-GAAP FINANCIAL MEASURES POLICY CHANGE EFFECTIVE FIRST QUARTER OF 2021

In 2020, management undertook a review of historical adjusting items as part of an effort to reduce the number of non-GAAP items it adjusts for in its financial reporting. Management concluded that, in order to present adjusting items in a manner more consistent with that of its Canadian and U.S. peers, the Company will no longer adjust for asset impairments (net of recoveries), certain restructuring and other related costs, pension settlement costs, statutory corporate income tax rate changes or other items.

Starting in the first quarter of 2021, restructuring and other related costs will be considered an adjusting item only if significant and if part of a publicly announced restructuring plan. Other unusual items will be assessed on a case by case basis based on their nature, magnitude and propensity to re-occur. This change took effect in the first quarter of 2021 with restatement of comparative periods at that time.

The summaries below reconcile the non-GAAP financial measures as previously reported in 2020 and 2019 to those reported under the new policy starting in the first quarter of 2021.

The Company's interest in Weston Foods has been presented separately as discontinued operations in the Company's current and comparative results. As a result, all financial information represents the Company's results from continuing operations unless otherwise indicated, including the following previously reported Adjusted Operating Income and Adjusted EBITDA.

Adjusted Operating Income and Adjusted EBITDA:

(unaudited) (\$ millions)	Quarters Ended											
	March 21, 2020 (12 weeks)				June 13, 2020 (12 weeks)				October 3, 2020 (16 weeks)			
	Loblaw	Choice Properties	Other	Consoli- dated	Loblaw	Choice Properties	Other	Consoli- dated	Loblaw	Choice Properties	Other	Consoli- dated
Adjusted Operating income - Previously Reported	\$ 692	\$ 226	\$ (66)	\$ 852	\$ 534	\$ 201	\$ (62)	\$ 673	\$ 882	\$ 224	\$ 17	\$ 1,123
Add (deduct) impact of the following:												
Asset Impairments, net of recoveries	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring and other related costs	(4)	-	-	(4)	(8)	-	-	(8)	(6)	-	-	(6)
Adjusting Items	\$ (4)	\$ -	\$ -	\$ (4)	\$ (8)	\$ -	\$ -	\$ (8)	\$ (6)	\$ -	\$ -	\$ (6)
Adjusted operating income - Restated	\$ 688	\$ 226	\$ (66)	\$ 848	\$ 526	\$ 201	\$ (62)	\$ 665	\$ 876	\$ 224	\$ 17	\$ 1,117
Depreciation and amortization	594	1	(78)	517	598	-	(75)	523	795	1	(114)	682
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	(119)	-	-	(119)	(118)	-	-	(118)	(155)	-	-	(155)
Adjusted EBITDA - Restated	\$1,163	\$ 227	\$ (144)	\$ 1,246	\$1,006	\$ 201	\$ (137)	\$ 1,070	\$1,516	\$ 225	\$ (97)	\$ 1,644

(unaudited) (\$ millions)	Quarter Ended								Year Ended			
	December 31, 2020 (13 weeks)								December 31, 2020 (53 weeks)			
	Loblaw	Choice Properties	Other	Consolidated	Loblaw	Choice Properties	Other	Consolidated	Loblaw	Choice Properties	Other	Consolidated
Adjusted Operating income - Previously Reported	\$ 838	\$ 225	\$ (57)	\$ 1,006	\$ 2,946	\$ 876	\$ (168)	\$ 3,654				
Add (deduct) impact of the following:												
Asset Impairments, net of recoveries	(17)	-	(6)	(23)	(17)	-	(6)	(23)				
Restructuring and other related costs	(2)	-	-	(2)	(20)	-	-	(20)				
Adjusting Items	\$ (19)	\$ -	\$ (6)	\$ (25)	\$ (37)	\$ -	\$ (6)	\$ (43)				
Adjusted operating income - Restated	\$ 819	\$ 225	\$ (63)	\$ 981	\$ 2,909	\$ 876	\$ (174)	\$ 3,611				
Depreciation and amortization	609	1	(78)	532	2,596	3	(345)	2,254				
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	(117)	-	-	(117)	(509)	-	-	(509)				
Adjusted EBITDA - Restated	\$ 1,311	\$ 226	\$ (141)	\$ 1,396	\$ 4,996	\$ 879	\$ (519)	\$ 5,356				

(unaudited) (\$ millions)	Quarters Ended											
	March 23, 2019 (12 weeks)				June 15, 2019 (12 weeks)				October 5, 2019 (16 weeks)			
	Loblaw	Choice Properties	Other	Consoli- dated	Loblaw	Choice Properties	Other	Consoli- dated	Loblaw	Choice Properties	Other	Consoli- dated
Adjusted Operating income - Previously Reported	\$ 577	\$ 230	\$ (81)	\$ 726	\$ 709	\$ 232	\$ (63)	\$ 878	\$ 872	\$ 226	\$ (12)	\$ 1,086
Add (deduct) impact of the following:												
Asset Impairments, net of recoveries	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring and other related costs	(12)	-	-	(12)	(16)	-	-	(16)	(22)	-	-	(22)
Pension annuities and buy-outs	(10)	-	-	(10)	-	-	-	-	-	-	-	-
Certain prior period items	-	-	-	-	15	-	-	15	-	-	-	-
Adjusting Items	\$ (22)	\$ -	\$ -	\$ (22)	\$ (1)	\$ -	\$ -	\$ (1)	\$ (22)	\$ -	\$ -	\$ (22)
Adjusted operating income - Restated	\$ 555	\$ 230	\$ (81)	\$ 704	\$ 708	\$ 232	\$ (63)	\$ 877	\$ 850	\$ 226	\$ (12)	\$ 1,064
Depreciation and amortization	580	-	(76)	504	580	1	(82)	499	775	-	(118)	657
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	(119)	-	-	(119)	(116)	-	-	(116)	(157)	-	-	(157)
Adjusted EBITDA - Restated	\$ 1,016	\$ 230	\$ (157)	\$ 1,089	\$ 1,172	\$ 233	\$ (145)	\$ 1,260	\$ 1,468	\$ 226	\$ (130)	\$ 1,564

(unaudited) (\$ millions)	Quarter Ended								Year Ended			
	December 31, 2019 (12 weeks)				December 31, 2019 (52 weeks)				December 31, 2019 (52 weeks)			
	Loblaw	Choice Properties	Other	Consolidated	Loblaw	Choice Properties	Other	Consolidated	Loblaw	Choice Properties	Other	Consolidated
Adjusted Operating income - Previously Reported	\$ 730	\$ 225	\$ (59)	\$ 896	\$ 2,888	\$ 913	\$ (215)	\$ 3,586	\$ 2,888	\$ 913	\$ (215)	\$ 3,586
Add (deduct) impact of the following:												
Asset Impairments, net of recoveries	(75)	-	38	(37)	(75)	-	38	(37)	(75)	-	38	(37)
Restructuring and other related costs	(24)	-	-	(24)	(74)	-	-	(74)	(74)	-	-	(74)
Pension annuities and buy-outs	-	-	-	-	(10)	-	-	(10)	(10)	-	-	(10)
Certain prior period items	7	-	(7)	-	22	-	(7)	15	22	-	(7)	15
Adjusting Items	\$ (92)	\$ -	\$ 31	\$ (61)	\$ (137)	\$ -	\$ 31	\$ (106)	\$ (137)	\$ -	\$ 31	\$ (106)
Adjusted operating income - Restated	\$ 638	\$ 225	\$ (28)	\$ 835	\$ 2,751	\$ 913	\$ (184)	\$ 3,480	\$ 2,751	\$ 913	\$ (184)	\$ 3,480
Depreciation and amortization	589	-	(76)	513	2,524	1	(352)	2,173	2,524	1	(352)	2,173
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	(116)	-	-	(116)	(508)	-	-	(508)	(508)	-	-	(508)
Adjusted EBITDA - Restated	\$ 1,111	\$ 225	\$ (104)	\$ 1,232	\$ 4,767	\$ 914	\$ (536)	\$ 5,145	\$ 4,767	\$ 914	\$ (536)	\$ 5,145

Adjusted Net Earnings Available to Common Shareholders and Adjusted Diluted Net earnings per Common Share are presented below:

	Quarters Ended								Year Ended	
	March 21, 2020		June 13, 2020		October 3, 2020		December 31, 2020		December 31, 2020	
	(12 weeks)		(12 weeks)		(16 weeks)		(13 weeks)		(53 weeks)	
(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	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	Net Earnings Available to Common Shareholders of the Company (\$ millions)	Diluted Net Earnings Per Common Share
Adjusted Total Company - Previously Reported	\$ 239	\$ 1.55	\$ 142	\$ 0.93	\$ 362	\$ 2.35	\$ 312	\$ 2.03	\$ 1,055	\$ 6.85
Add (deduct) impact of the following:										
Asset impairments, net of recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11)	\$ (0.08)	\$ (11)	\$ (0.08)
Restructuring and other related costs	(2)	(0.01)	(3)	(0.02)	(3)	(0.02)	-	-	(8)	(0.04)
Statutory corporate income tax rate change	2	0.01	-	-	(1)	(0.01)	1	0.01	2	0.01
Adjusting items	\$ -	\$ -	\$ (3)	\$ (0.02)	\$ (4)	\$ (0.03)	\$ (10)	\$ (0.07)	\$ (17)	\$ (0.11)
Adjusted Total Company - Restated	\$ 239	\$ 1.55	\$ 139	\$ 0.91	\$ 358	\$ 2.32	\$ 302	\$ 1.96	\$ 1,038	\$ 6.74
Continuing Operations	\$ 225	\$ 1.46	\$ 157	\$ 1.03	\$ 343	\$ 2.22	\$ 268	\$ 1.74	\$ 993	\$ 6.44
Discontinued Operations⁽ⁱ⁾	\$ 14	\$ 0.09	\$ (18)	\$ (0.12)	\$ 15	\$ 0.10	\$ 34	\$ 0.22	\$ 45	\$ 0.30

(i) The Company's interest in Weston Foods presented separately as discontinued operations was not impacted as a result of the non-GAAP financial measures policy change.

	Quarters Ended								Year Ended	
	March 23, 2019 (12 weeks)		June 15, 2019 (12 weeks)		October 5, 2019 (16 weeks)		December 31, 2019 (12 weeks)		December 31, 2019 (52 weeks)	
(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	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	Net Earnings Available to Common Shareholders of the Company (\$ millions)	Diluted Net Earnings Per Common Share
Adjusted Total Company - Previously Reported	\$ 201	\$ 1.30	\$ 263	\$ 1.70	\$ 391	\$ 2.54	\$ 262	\$ 1.69	\$ 1,117	\$ 7.24
Add (deduct) impact of the following:										
Asset impairments, net of recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2)	\$ (0.01)	\$ (2)	\$ (0.01)
Restructuring and other related costs	(5)	(0.03)	(6)	(0.04)	(7)	(0.05)	(10)	(0.07)	(28)	(0.18)
Pension annuities and buy-outs	(4)	(0.03)	-	-	-	-	-	-	(4)	(0.03)
Certain prior period items	-	-	6	0.04	-	-	-	-	6	0.04
Reserve release related to 2014 tax audit	-	-	-	-	4	0.03	-	-	4	0.03
Statutory corporate income tax rate change	-	-	8	0.05	-	-	-	-	8	0.05
Adjusting items	\$ (9)	\$ (0.06)	\$ 8	\$ 0.05	\$ (3)	\$ (0.02)	\$ (12)	\$ (0.08)	\$ (16)	\$ (0.10)
Adjusted Total Company - Restated	\$ 192	\$ 1.24	\$ 271	\$ 1.75	\$ 388	\$ 2.52	\$ 250	\$ 1.61	\$ 1,101	\$ 7.14
Continuing Operations	\$ 179	\$ 1.15	\$ 257	\$ 1.66	\$ 361	\$ 2.34	\$ 229	\$ 1.48	\$ 1,026	\$ 6.65
Discontinued Operations⁽ⁱ⁾	\$ 13	\$ 0.09	\$ 14	\$ 0.09	\$ 27	\$ 0.18	\$ 21	\$ 0.13	\$ 75	\$ 0.49

(i) The Company's interest in Weston Foods presented separately as discontinued operations was not impacted as a result of this change.

There were no impacts to previously reported adjusted net interest expense and other financing charges as a result of this change as reported in the Company's 2020 annual and interim MD&A.

SELECTED FINANCIAL INFORMATION

The following includes selected quarterly financial information which is prepared by management in accordance with IFRS and is based on the Company's audited annual consolidated financial statements for the year ended December 31, 2021. This financial information does not contain all disclosures required by IFRS, and accordingly, this financial information should be read in conjunction with the Company's 2021 Annual Report available in the Investor Centre section of the Company's website at www.weston.ca.

Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated) For the periods ended as indicated	Dec. 31, 2021 (12 weeks) (unaudited)	Dec. 31, 2020 ⁽ⁱ⁾ (13 weeks) (unaudited)	Dec. 31, 2021 (52 weeks) (audited)	Dec. 31, 2020 ⁽ⁱ⁾ (53 weeks) (audited)
Revenue	\$ 12,902	\$ 13,430	\$ 53,748	\$ 53,270
Operating Expenses				
Cost of inventories sold	8,705	9,278	36,435	36,724
Selling, general and administrative expenses	3,188	3,283	13,286	13,671
	11,893	12,561	49,721	50,395
Operating Income	1,009	869	4,027	2,875
Net Interest Expense and Other Financing Charges	190	244	1,650	829
Earnings Before Income Taxes	819	625	2,377	2,046
Income Taxes	64	137	630	470
Net Earnings from Continuing Operations	755	488	1,747	1,576
Net (Loss) Earnings from Discontinued Operations	(201)	25	(322)	6
Net Earnings	554	513	1,425	1,582
Attributable to:				
Shareholders of the Company	227	299	431	963
Non-Controlling Interests	327	214	994	619
Net Earnings	\$ 554	\$ 513	\$ 1,425	\$ 1,582
Net Earnings (Loss) per Common Share - Basic (\$)	\$ 1.48	\$ 1.89	\$ 2.59	\$ 5.99
Continuing Operations	\$ 2.84	\$ 1.73	\$ 4.73	\$ 5.95
Discontinued Operations	\$ (1.36)	\$ 0.16	\$ (2.14)	\$ 0.04
Net Earnings (Loss) per Common Share - Diluted (\$)	\$ 1.44	\$ 1.88	\$ 2.52	\$ 5.96
Continuing Operations	\$ 2.80	\$ 1.72	\$ 4.66	\$ 5.92
Discontinued Operations	\$ (1.36)	\$ 0.16	\$ (2.14)	\$ 0.04

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

Consolidated Balance Sheets

As at December 31

(millions of Canadian dollars)

	2021	2020 ⁽ⁱ⁾
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,984	\$ 2,581
Short-term investments	879	575
Accounts receivable	1,010	1,183
Credit card receivables	3,443	3,109
Income taxes recoverable	301	–
Inventories	5,166	5,385
Prepaid expenses and other assets	348	304
Assets held for sale	91	108
Total Current Assets	14,222	13,245
Fixed Assets	10,782	11,943
Right-of-Use Assets	4,059	4,043
Investment Properties	5,344	4,930
Equity Accounted Joint Ventures	564	573
Intangible Assets	6,430	7,032
Goodwill	4,479	4,772
Deferred Income Taxes	113	139
Security Deposits	75	75
Other Assets	1,015	1,326
Total Assets	\$ 47,083	\$ 48,078
LIABILITIES		
Current Liabilities		
Bank indebtedness	\$ 52	\$ 86
Trade payables and other liabilities	5,923	6,026
Loyalty liability	190	194
Provisions	119	98
Income taxes payable	269	128
Demand deposits from customers	75	24
Short-term debt	450	1,335
Long-term debt due within one year	1,520	924
Lease liabilities due within one year	742	799
Associate interest	433	349
Total Current Liabilities	9,773	9,963
Provisions	90	116
Long-Term Debt	12,490	13,519
Lease Liabilities	4,242	4,206
Trust Unit Liability	4,209	3,600
Deferred Income Taxes	2,003	2,059
Other Liabilities	1,139	1,197
Total Liabilities	33,946	34,660
EQUITY		
Share Capital	3,529	3,599
Retained Earnings	4,808	5,226
Contributed Surplus	(1,462)	(1,180)
Accumulated Other Comprehensive Income	84	166
Total Equity Attributable to Shareholders of the Company	6,959	7,811
Non-Controlling Interests	6,178	5,607
Total Equity	13,137	13,418
Total Liabilities and Equity	\$ 47,083	\$ 48,078

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

Consolidated Statements of Cash Flows

(millions of Canadian dollars) For the periods ended as indicated	Dec. 31, 2021 (12 weeks)	Dec. 31, 2020 (13 weeks)	Dec. 31, 2021 (52 weeks)	Dec. 31, 2020 (53 weeks)
Operating Activities				
Net earnings	\$ 554	\$ 513	\$ 1,425	\$ 1,582
Add (deduct):				
Net interest expense and other financing charges	189	245	1,651	831
Income taxes	61	148	629	475
Depreciation and amortization	533	572	2,419	2,427
Loss on sale of discontinued operations, after income taxes	230	-	317	-
Asset impairments, net of recoveries	17	24	25	39
Adjustment to fair value of investment properties and assets held for sale	(89)	6	(325)	194
Change in allowance for credit card receivables	-	(10)	(32)	41
Change in provisions	(9)	(16)	10	(6)
	1,486	1,482	6,119	5,583
Change in gross credit card receivables	(289)	(91)	(302)	368
Change in non-cash working capital	188	286	13	(57)
Income taxes paid	(195)	(106)	(706)	(448)
Interest received	4	6	18	25
Interest received from finance leases	-	2	3	3
Other	(39)	(5)	(38)	47
Cash Flows from Operating Activities	1,155	1,574	5,107	5,521
Investing Activities				
Fixed asset and investment properties purchases	(381)	(562)	(1,056)	(1,235)
Intangible asset additions	(106)	(73)	(400)	(357)
Cash assumed on initial consolidation of franchises	-	-	-	14
Proceeds from disposal of assets	244	125	334	301
Net consideration from disposal of discontinued operations	1,207	-	1,207	-
Lease payments received from finance leases	4	-	10	5
Change in short-term investments	(245)	(178)	(272)	(346)
Other	(36)	39	(102)	(120)
Cash Flows from (used in) Investing Activities	687	(649)	(279)	(1,738)
Financing Activities				
Change in bank indebtedness	(114)	(107)	(34)	68
Change in short-term debt	150	85	(101)	(154)
Change in demand deposits from customers	16	24	51	24
Change in other financing	(1)	235	(2)	231
Interest paid	(173)	(180)	(853)	(883)
Settlement of net debt associated with equity forward sale agreement	(275)	-	(790)	-
Long-term debt - Issued	662	164	1,440	2,492
- Repayments	(606)	(369)	(1,408)	(2,598)
Cash rent paid on lease liabilities - Interest	(46)	(47)	(191)	(207)
Cash rent paid on lease liabilities - Principal	(160)	(145)	(620)	(650)
Share capital - Issued	12	1	32	1
- Purchased and held in trusts	-	-	-	(21)
- Purchased and cancelled	(167)	(123)	(744)	(123)
Loblaw common share capital - Issued	24	1	102	30
- Purchased and held in trusts	(50)	-	(50)	(10)
- Purchased and cancelled	(111)	(275)	(637)	(552)
Dividends - To common shareholders	(7)	(5)	(342)	(328)
- To preferred shareholders	(3)	(3)	(44)	(44)
- To non-controlling interests	(61)	(59)	(235)	(284)
Other	38	24	-	(27)
Cash Flows used in Financing Activities	(872)	(779)	(4,426)	(3,035)
Effect of foreign currency exchange rate changes on cash and cash equivalents	1	(1)	1	(1)
Change in Cash and Cash Equivalents	971	145	403	747
Cash and Cash Equivalents, Beginning of Period	2,013	2,436	2,581	1,834
Cash and Cash Equivalents, End of Period	\$ 2,984	\$ 2,581	\$ 2,984	\$ 2,581

Basic and Diluted Net Earnings per Common Share

(millions of Canadian dollars except where otherwise indicated) For the periods ended as indicated	Dec. 31, 2021 (12 weeks) (unaudited)	Dec. 31, 2020 ⁽ⁱ⁾ (13 weeks) (unaudited)	Dec. 31, 2021 (52 weeks) (audited)	Dec. 31, 2020 ⁽ⁱ⁾ (53 weeks) (audited)
Net earnings attributable to shareholders of the Company	\$ 227	\$ 299	\$ 431	\$ 963
Less: Discontinued Operations	(201)	25	(322)	6
Net earnings from continuing operations attributable to shareholders of the Company	\$ 428	\$ 274	\$ 753	\$ 957
Prescribed dividends on preferred shares in share capital	(10)	(10)	(44)	(44)
Net earnings from continuing operations available to common shareholders of the Company	\$ 418	\$ 264	\$ 709	\$ 913
Reduction in net earnings due to dilution at Loblaw	(5)	(1)	(9)	(4)
Net earnings from continuing operations available to common shareholders for diluted earnings per share	\$ 413	\$ 263	\$ 700	\$ 909
Weighted average common shares outstanding (in millions)	147.0	153.2	149.9	153.4
Dilutive effect of equity-based compensation ⁽ⁱⁱ⁾ (in millions)	0.6	0.1	0.3	0.1
Diluted weighted average common shares outstanding (in millions)	147.6	153.3	150.2	153.5
Net earnings (loss) per common share - Basic (\$)				
Continuing Operations	\$ 2.84	\$ 1.73	\$ 4.73	\$ 5.95
Discontinued Operations	\$ (1.36)	\$ 0.16	\$ (2.14)	\$ 0.04
Net earnings (loss) per common share - Diluted (\$)				
Continuing Operations	\$ 2.80	\$ 1.72	\$ 4.66	\$ 5.92
Discontinued Operations	\$ (1.36)	\$ 0.16	\$ (2.14)	\$ 0.04

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

(ii) Excluded from the computation of diluted net earnings per common share were nominal (2020 – 1.4 million) potentially dilutive instruments, as they were anti-dilutive.

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. 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)	Quarters Ended							
	Dec. 31, 2021 (12 weeks)				Dec. 31, 2020 ^(3,4) (13 weeks)			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	\$ 12,757	\$ 325	\$ (180)	\$ 12,902	\$ 13,286	\$ 322	\$ (178)	\$ 13,430
Operating income (loss)	\$ 703	\$ 336	\$ (30)	\$ 1,009	\$ 700	\$ 332	\$ (163)	\$ 869
Net interest expense (income) and other financing charges	(29)	499	(280)	190	166	217	(139)	244
Earnings (loss) before income taxes	\$ 732	\$ (163)	\$ 250	\$ 819	\$ 534	\$ 115	\$ (24)	\$ 625
Operating income (loss)	\$ 703	\$ 336	\$ (30)	\$ 1,009	\$ 700	\$ 332	\$ (163)	\$ 869
Depreciation and amortization	623	–	(86)	537	609	1	(78)	532
Adjusting items ⁽ⁱⁱ⁾	(4)	(107)	18	(93)	2	(107)	100	(5)
Adjusted EBITDA ⁽ⁱ⁾	\$ 1,322	\$ 229	\$ (98)	\$ 1,453	\$ 1,311	\$ 226	\$ (141)	\$ 1,396
Depreciation and amortization ⁽ⁱⁱⁱ⁾	506	–	(86)	420	492	1	(78)	415
Adjusted operating income (loss)⁽ⁱ⁾	\$ 816	\$ 229	\$ (12)	\$ 1,033	\$ 819	\$ 225	\$ (63)	\$ 981

- (i) Certain items are excluded from operating income to derive adjusted EBITDA⁽ⁱ⁾. Adjusted EBITDA⁽ⁱ⁾ is used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$117 million (2020 - \$117 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw.

(\$ millions)	Years Ended							
	Dec. 31, 2021 (52 weeks)				Dec. 31, 2020 ^(3,4) (53 weeks)			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	\$ 53,170	\$ 1,292	\$ (714)	\$ 53,748	\$ 52,714	\$ 1,271	\$ (715)	\$ 53,270
Operating income (loss)	\$ 2,929	\$ 1,400	\$ (302)	\$ 4,027	\$ 2,357	\$ 622	\$ (104)	\$ 2,875
Net interest expense (income) and other financing charges	495	1,377	(222)	1,650	742	173	(86)	829
Earnings (loss) before income taxes	\$ 2,434	\$ 23	\$ (80)	\$ 2,377	\$ 1,615	\$ 449	\$ (18)	\$ 2,046
Operating income (loss)	\$ 2,929	\$ 1,400	\$ (302)	\$ 4,027	\$ 2,357	\$ 622	\$ (104)	\$ 2,875
Depreciation and amortization	2,664	3	(360)	2,307	2,596	3	(345)	2,254
Adjusting items ⁽ⁱⁱ⁾	(14)	(500)	175	(339)	43	254	(70)	227
Adjusted EBITDA ⁽ⁱ⁾	\$ 5,579	\$ 903	\$ (487)	\$ 5,995	\$ 4,996	\$ 879	\$ (519)	\$ 5,356
Depreciation and amortization ⁽ⁱⁱⁱ⁾	2,158	3	(360)	1,801	2,087	3	(345)	1,745
Adjusted operating income (loss)⁽ⁱ⁾	\$ 3,421	\$ 900	\$ (127)	\$ 4,194	\$ 2,909	\$ 876	\$ (174)	\$ 3,611

- (i) Certain items are excluded from operating income to derive adjusted EBITDA⁽ⁱ⁾. Adjusted EBITDA⁽ⁱ⁾ is used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$506 million (2020 - \$509 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw.

FORWARD-LOOKING STATEMENTS

This News Release 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 News Release include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of IT systems implementation. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the "Outlook" section of this News Release. 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, including the COVID-19 pandemic and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in "Enterprise Risks and Risk Management" section, of the MD&A in the Company's 2021 Annual Report and the Company's Annual Information Form 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 News Release. 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.

2021 ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's annual audited consolidated financial statements and MD&A for the year ended December 31, 2021 are available in the Investor Centre section.

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 SEDAR. This News Release includes selected information on Loblaw, a public company with shares trading on the Toronto Stock Exchange ("TSX"). For information regarding Loblaw, readers should refer to the materials filed by Loblaw on SEDAR from time to time. These filings are also maintained on Loblaw's corporate website at www.loblaw.ca.

This News Release 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 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.

Endnotes

- (1) See the "Non-GAAP Financial Measures" section of this News Release, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.
 - (2) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release and the Company's 2021 Annual Report for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors and assumptions that were used when making these statements. This News Release should be read in conjunction with GWL's filings with securities regulators made from time to time, all of which can be found at www.weston.ca and www.sedar.com.
 - (3) Certain figures have been restated due to the non-GAAP financial measures policy change. See the "Non-GAAP Financial Measures Policy Change Effective First Quarter of 2021" section of this News Release.
 - (4) Comparative figures have been restated to conform with current year presentation.
 - (5) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.
 - (6) Compound Average Growth Rate ("CAGR") is the measure of annualized growth over a period longer than one year. CAGR is the mean annual growth rate over a two year period, 2019 to 2021.
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