

Financial Results

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Management's Statement of Responsibility for Financial Reporting

Management of George Weston Limited is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements, Management's Discussion and Analysis and all other information in the 2023 Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgments and estimates necessary to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. It also includes ensuring that the financial information presented elsewhere in the 2023 Annual Report is consistent with that in the consolidated financial statements.

Management is also responsible for providing reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced. Management is required to design a system of internal controls and certify as to the design and operating effectiveness of internal controls over financial reporting. A dedicated control compliance team reviews and evaluates internal controls, the results of which are shared with management on a quarterly basis.

PricewaterhouseCoopers LLP, whose report follows, were appointed as independent auditors by a vote of the Company's shareholders to audit the consolidated financial statements.

The Board of Directors, acting through an Audit Committee comprised solely of directors who are independent, are responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. The Audit Committee meets regularly with senior and financial management, internal auditors and the independent auditors to discuss internal controls, auditing activities and financial reporting matters. The independent auditors and internal auditors have unrestricted access to the Audit Committee. These consolidated financial statements and Management's Discussion and Analysis have been approved by the Board of Directors for inclusion in the 2023 Annual Report based on the review and recommendation of the Audit Committee.

[signed]

Galen G. Weston

Chairman and
Chief Executive Officer

[signed]

Richard Dufresne

President and
Chief Financial Officer

Toronto, Canada
February 27, 2024

Independent Auditor's Report

To the Shareholders of George Weston Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of George Weston Limited and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of earnings for the years ended December 31, 2023 and 2022;
- the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022;
- the consolidated balance sheets as at December 31, 2023 and 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of fixed assets and right-of-use assets for retail locations

Refer to note 2 – Material Accounting Policies, note 3 – Critical Accounting Estimates and Judgments, note 15 – Fixed Assets and note 29 – Leases to the consolidated financial statements.

As at December 31, 2023, the Company had fixed assets of \$11,857 million and right-of-use assets of \$4,408 million. At each balance sheet date, management reviews the carrying amounts of its fixed assets and right-of-use assets at the Cash Generating Unit (CGU) level to determine whether there is any indication of impairment. Judgment is used to determine whether an indication of impairment exists; if any such indication exists, the CGU is then tested for impairment. In applying this judgment, management considers profitability of the CGU and other qualitative factors. Management determined that each retail location is a separate CGU for purposes of fixed asset and right-of-use asset impairment testing. The fixed assets and right-of-use assets related to the retail location CGUs represent a significant portion of the Company's fixed assets and right-of-use assets.

Management identified indications of impairment for certain retail location CGUs and therefore an impairment test was performed for these CGUs. An impairment loss is recognized for the amount by which the CGU's carrying value exceeds its recoverable amount.

The recoverable amount of each CGU is the higher of its value in use and its fair value less costs to sell (FVLCTS). Value in use is based on the estimated future cash flows from the CGU discounted to their present value using a pre-tax discount rate (discounted cash flow model). The FVLCTS reflects the amount that could be obtained from the disposal of the CGU in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

Assumptions utilized by management to determine the recoverable amount based on value in use include discount rates, projected future sales and earnings. Assumptions utilized by management to determine the recoverable amount based on FVLCTS include market rental rates, discount rates and capitalization rates.

For the year ended December 31, 2023, the Company recorded \$36 million of impairment losses on fixed assets and \$7 million of impairment losses on right-of-use assets in respect of 14 retail location CGUs.

We considered this a key audit matter due to the judgments made by management in assessing the indications of impairment and developing the assumptions to determine the recoverable amounts of the retail location CGUs. This resulted in significant audit effort and subjectivity in performing procedures to assess the indications of impairment and to test the recoverable amounts of the retail location CGUs. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

Independent Auditor's Report

Our approach to addressing the matter included the following procedures, among others:

- Evaluated management's assessment of indications of impairment, which included the following:
 - Assessed the reasonableness of the profitability of the CGUs on a sample basis by considering the actual historical performance of the CGUs.
 - Assessed other qualitative factors by considering evidence obtained in other areas of the audit.
 - Tested the underlying data used in the indications of impairment assessment on a sample basis by tracing to supporting documentation and testing the mathematical accuracy.
 - Performed a sensitivity analysis over indications of impairment.
- Tested how management determined the recoverable amounts for a sample of retail location CGUs that had indications of impairment, which included the following:
 - Evaluated the appropriateness of the methods used by management.
 - Tested underlying data used in the recoverable amount calculations and tested the mathematical accuracy.
 - Evaluated the reasonableness of the projected future sales and earnings used in the discounted cash flow models by (i) comparing to actual historical sales and earnings generated by the retail location CGUs; and (ii) considering management's budget and strategic plans.
 - Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the discount rates, the market rental rates and capitalization rates.
- Tested the disclosures made in the consolidated financial statements with regards to the impairment assessments of the retail location CGUs.

Valuation of income producing properties

Refer to note 2 – Material Accounting Policies, note 3 – Critical Accounting Estimates and Judgments and note 16 – Investment Properties to the consolidated financial statements.

The Company measures its income producing properties at fair value and, as at December 31, 2023, these assets were valued at \$5,156 million. The fair values of these assets are prepared by the Company's internal valuations team and reviewed by management. As part of management's internal valuation program, the Company considers external valuations performed by independent national real estate valuation firms for a cross section of properties that represent different geographical locations and asset classes across the Company's portfolio. Income producing properties are valued primarily using the discounted cash flow method. The significant assumptions under this method include the discount rates and terminal capitalization rates applicable to those assets.

We considered this a key audit matter due to (i) significant audit effort required to assess the fair values of income producing properties; (ii) critical judgments by management when determining the fair values of the income producing properties, including the development of the significant assumptions; and (iii) a high degree of complexity in assessing audit evidence related to the significant assumptions developed by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.

Our approach to addressing the matter included the following procedures, among others:

- Developed a point estimate of the fair value of each individual income producing property using external market data and compared each independent point estimate to management's estimate of each property to evaluate the reasonableness of management's estimate.
- For the individual estimates that fell outside of the expected range established from the point estimate, we tested how management determined the fair value estimate of the income producing property, which included the following:
 - Evaluated the appropriateness of the valuation methodology used.
 - Evaluated the reasonableness of the discount rates and terminal capitalization rates by comparing to externally available market data. For certain properties, professionals with specialized skill and knowledge in the field of real estate valuations assisted in evaluating the reasonableness of the discount rates and terminal capitalization rates.
- Tested the underlying data used in the discounted cash flow method.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anita McOuat.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 27, 2024

Consolidated Statements of Earnings

For the years ended December 31 (millions of Canadian dollars except where otherwise indicated)	2023	2022
Revenue	\$ 60,124	\$ 57,048
Operating Expenses		
Cost of inventories sold (note 13)	40,513	38,528
Selling, general and administrative expenses	15,248	13,967
	55,761	52,495
Operating Income	4,363	4,553
Net Interest Expense and Other Financing Charges (note 7)	889	913
Earnings Before Income Taxes	3,474	3,640
Income Taxes (note 8)	849	831
Net Earnings from Continuing Operations	2,625	2,809
Net Loss from Discontinued Operations	–	(6)
Net Earnings	2,625	2,803
Attributable to:		
Shareholders of the Company (note 9)	1,540	1,816
Non-Controlling Interests	1,085	987
Net Earnings	\$ 2,625	\$ 2,803
Net Earnings (Loss) per Common Share - Basic (\$) (note 9)	\$ 10.88	\$ 12.29
Continuing Operations	\$ 10.88	\$ 12.33
Discontinued Operations	\$ –	\$ (0.04)
Net Earnings (Loss) per Common Share - Diluted (\$) (note 9)	\$ 10.75	\$ 12.16
Continuing Operations	\$ 10.75	\$ 12.20
Discontinued Operations	\$ –	\$ (0.04)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31 (millions of Canadian dollars)	2023	2022
Net Earnings from Continuing Operations	\$ 2,625	\$ 2,809
Other comprehensive income (loss), net of taxes		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment (note 30)	–	3
(Losses) gains on cash flow hedges (note 30)	(3)	28
Gain (loss) on long-term securities (note 30)	1	(2)
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gains (losses) (note 26)	199	(236)
Adjustment to fair value of investment properties	11	91
Other comprehensive income (loss) from continuing operations	208	(116)
Comprehensive Income from Continuing Operations	2,833	2,693
Net Loss from Discontinued Operations	–	(6)
Other comprehensive income from discontinued operations	–	–
Comprehensive Loss from Discontinued Operations	–	(6)
Total Comprehensive Income	2,833	2,687
Attributable to:		
Shareholders of the Company	1,652	1,799
Non-Controlling Interests	1,181	888
Total Comprehensive Income	\$ 2,833	\$ 2,687

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

As at December 31

(millions of Canadian dollars)

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (note 10)	\$ 2,451	\$ 2,313
Short-term investments (note 10)	472	503
Accounts receivable (note 11)	1,377	1,273
Credit card receivables (note 12)	4,132	3,954
Inventories (note 13)	5,829	5,855
Prepaid expenses and other assets	629	675
Assets held for sale (note 14)	46	80
Total Current Assets	14,936	14,653
Fixed Assets (note 15)	11,857	11,130
Right-of-Use Assets (note 29)	4,408	4,208
Investment Properties (note 16)	5,366	5,144
Equity Accounted Joint Ventures (note 17)	884	996
Intangible Assets (note 18)	6,009	6,527
Goodwill (note 19)	4,879	4,853
Deferred Income Taxes (note 8)	138	98
Security Deposits (note 10)	38	36
Other Assets (note 20)	1,255	1,313
Total Assets	\$ 49,770	\$ 48,958
LIABILITIES		
Current Liabilities		
Bank indebtedness (note 33)	\$ 13	\$ 8
Trade payables and other liabilities	6,887	6,730
Loyalty liability	123	180
Provisions (note 21)	121	116
Income taxes payable	307	246
Demand deposits from customers	166	125
Short-term debt (note 12)	850	700
Long-term debt due within one year (note 22)	2,355	1,383
Lease liabilities due within one year (note 29)	880	835
Associate interest	370	434
Total Current Liabilities	12,072	10,757
Provisions (note 21)	96	84
Long-Term Debt (note 22)	12,641	13,401
Lease Liabilities (note 29)	4,563	4,323
Trust Unit Liability (note 30)	3,881	4,112
Deferred Income Taxes (note 8)	1,870	2,007
Other Liabilities (note 23)	1,184	1,094
Total Liabilities	36,307	35,778
EQUITY		
Share Capital (note 24)	3,325	3,433
Retained Earnings	5,421	5,075
Contributed Surplus	(2,275)	(1,864)
Accumulated Other Comprehensive Income	204	197
Total Equity Attributable to Shareholders of the Company	6,675	6,841
Non-Controlling Interests	6,788	6,339
Total Equity	13,463	13,180
Total Liabilities and Equity	\$ 49,770	\$ 48,958

Contingent liabilities (note 32). Subsequent event (note 36).

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges and Other	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2022	\$ 2,616	\$ 817	\$ 3,433	\$ 5,075	\$ (1,864)	\$ 28	\$ 5	\$ 164	\$ 197	\$ 6,339	\$ 13,180
Net earnings	–	–	–	1,540	–	–	–	–	–	1,085	2,625
Other comprehensive income (loss) ⁽ⁱ⁾	–	–	–	105	–	–	(4)	11	7	96	208
Comprehensive income (loss)	\$ –	\$ –	\$ –	\$ 1,645	\$ –	\$ –	\$ (4)	\$ 11	\$ 7	\$ 1,181	\$ 2,833
Effect of equity-based compensation (notes 24 & 27)	8	–	8	–	8	–	–	–	–	7	23
Shares purchased and cancelled (note 24)	(116)	–	(116)	(874)	–	–	–	–	–	–	(990)
Net effect of shares held in trusts (notes 24 & 27)	–	–	–	1	–	–	–	–	–	–	1
Loblaw capital transactions and dividends	–	–	–	–	(419)	–	–	–	–	(739)	(1,158)
Dividends declared											
Per common share (\$) (note 24)											
- \$2.799	–	–	–	(383)	–	–	–	–	–	–	(383)
Per preferred share (\$) (note 24)											
- Series I - \$1.45	–	–	–	(13)	–	–	–	–	–	–	(13)
- Series III - \$1.30	–	–	–	(10)	–	–	–	–	–	–	(10)
- Series IV - \$1.30	–	–	–	(10)	–	–	–	–	–	–	(10)
- Series V - \$1.1875	–	–	–	(10)	–	–	–	–	–	–	(10)
	\$ (108)	\$ –	\$ (108)	\$ (1,299)	\$ (411)	\$ –	\$ –	\$ –	\$ –	\$ (732)	\$ (2,550)
Balance as at Dec. 31, 2023	\$ 2,508	\$ 817	\$ 3,325	\$ 5,421	\$ (2,275)	\$ 28	\$ 1	\$ 175	\$ 204	\$ 6,788	\$ 13,463

(millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges and Other	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	–	–	–	1,816	–	–	–	–	–	987	2,803
Other comprehensive income (loss) ⁽ⁱ⁾	–	–	–	(130)	–	3	19	91	113	(99)	(116)
Comprehensive income (loss)	\$ –	\$ –	\$ –	\$ 1,686	\$ –	\$ 3	\$ 19	\$ 91	\$ 113	\$ 888	\$ 2,687
Effect of equity-based compensation (notes 24 & 27)	41	–	41	(1)	4	–	–	–	–	3	47
Shares purchased and cancelled (note 24)	(136)	–	(136)	(1,002)	–	–	–	–	–	–	(1,138)
Net effect of shares held in trusts (notes 24 & 27)	(1)	–	(1)	(2)	–	–	–	–	–	–	(3)
Loblaw capital transactions and dividends	–	–	–	–	(406)	–	–	–	–	(730)	(1,136)
Dividends declared											
Per common share (\$) (note 24)											
- \$2.58	–	–	–	(371)	–	–	–	–	–	–	(371)
Per preferred share (\$) (note 24)											
- Series I - \$1.45	–	–	–	(13)	–	–	–	–	–	–	(13)
- Series III - \$1.30	–	–	–	(10)	–	–	–	–	–	–	(10)
- Series IV - \$1.30	–	–	–	(10)	–	–	–	–	–	–	(10)
- Series V - \$1.1875	–	–	–	(10)	–	–	–	–	–	–	(10)
	\$ (96)	\$ –	\$ (96)	\$ (1,419)	\$ (402)	\$ –	\$ –	\$ –	\$ –	\$ (727)	\$ (2,644)
Balance as at Dec. 31, 2022	\$ 2,616	\$ 817	\$ 3,433	\$ 5,075	\$ (1,864)	\$ 28	\$ 5	\$ 164	\$ 197	\$ 6,339	\$ 13,180

(i) Other comprehensive income (loss) includes an actuarial gain of \$199 million (2022 - loss of \$236 million), of which \$105 million (2022 - loss of \$130 million) is presented in retained earnings, and \$94 million (2022 - loss of \$106 million) in non-controlling interests. Also included in non-controlling interests is a nominal loss on foreign currency translation adjustments (2022 - nominal gain) and a gain of \$2 million on cash flow hedges (2022 - gain of \$7 million).

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31
(millions of Canadian dollars)

	2023	2022 ⁽ⁱ⁾
Operating Activities		
Net earnings	\$ 2,625	\$ 2,803
Add (deduct):		
Net interest expense and other financing charges (note 7)	889	913
Income taxes (note 8)	849	831
Depreciation and amortization	2,532	2,407
Loss on sale of discontinued operations, after income taxes	–	6
Asset impairments, net of recoveries	24	30
Adjustment to fair value of investment properties and assets held for sale (notes 14 & 16)	(26)	(734)
Adjustment to fair value of investment in real estate securities (note 30)	64	248
Change in allowance for credit card receivables (note 12)	50	1
Change in provisions (note 21)	17	(9)
Change in gross credit card receivables (note 12)	(228)	(512)
Change in non-cash working capital (note 10)	(75)	(577)
Income taxes paid	(1,028)	(592)
Interest received	73	66
Other	85	31
Cash Flows from Operating Activities	5,851	4,912
Investing Activities		
Fixed asset and investment properties purchases (notes 15 & 16)	(1,935)	(1,446)
Intangible asset additions (note 18)	(407)	(419)
Acquisition of Lifemark, net of cash acquired (note 6)	–	(813)
Proceeds from disposal of assets	409	239
Lease payments received from finance leases	13	12
Disposal of short-term investments (note 10)	31	376
Repayments (advances) of mortgages, loans and notes receivable (note 20)	229	(134)
(Increase) decrease in security deposits (note 10)	(2)	41
Disposal (purchases) of long-term securities (note 20)	45	(180)
Other	(49)	(256)
Cash Flows used in Investing Activities	(1,666)	(2,580)
Financing Activities		
Increase (decrease) in bank indebtedness (note 33)	5	(44)
Increase in short-term debt (note 12)	150	250
Increase in demand deposits from customers	41	50
Long-term debt – Issued (note 22)	1,939	2,609
– Repayments (note 22)	(1,714)	(1,817)
Interest paid	(918)	(818)
Cash rent paid on lease liabilities – Interest (notes 7 & 29)	(207)	(185)
Cash rent paid on lease liabilities – Principal (note 29)	(654)	(576)
Share capital – Issued (notes 24 & 27)	7	36
– Purchased and held in trusts (note 24)	(7)	(14)
– Purchased and cancelled (note 24)	(1,001)	(994)
Loblaw common share capital – Issued (note 27)	61	88
– Purchased and held in trusts	(72)	(138)
– Purchased and cancelled	(882)	(700)
Dividends – To common shareholders	(381)	(367)
– To preferred shareholders	(44)	(44)
– To non-controlling interests	(272)	(256)
Proceeds from financial liabilities (note 23)	47	8
Other	(147)	(94)
Cash Flows used in Financing Activities	(4,049)	(3,006)
Effect of foreign currency exchange rate changes on cash and cash equivalents	2	3
Change in Cash and Cash Equivalents	138	(671)
Cash and Cash Equivalents, Beginning of Year	2,313	2,984
Cash and Cash Equivalents, End of Year	\$ 2,451	\$ 2,313

(i) Certain comparative figures have been restated to conform with current year presentation.
See accompanying notes to the consolidated financial statements.

Notes to the 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"). Effect of consolidation includes eliminations, intersegment adjustments and other consolidation adjustments. Cash and short-term investments and other investments held by the Company, and 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 GWL Corporate.

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

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

Note 2. Material Accounting Policies

STATEMENT OF COMPLIANCE The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP") and using the accounting policies described herein.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors ("Board") on February 27, 2024.

BASIS OF PREPARATION The consolidated financial statements were prepared on a historical cost basis except for the following items that were measured at fair value:

- investment properties as described in note 16;
- defined benefit pension plan assets with the obligations related to these pension plans measured at their discounted present value as described in note 26;
- amounts recognized for cash-settled equity-based compensation arrangements as described in note 27; and
- certain financial instruments as described in note 30.

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all years presented.

The consolidated financial statements are presented in Canadian dollars.

FISCAL YEAR 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, 2023 and December 31, 2022 contained 52 weeks.

BASIS OF CONSOLIDATION The consolidated financial statements include the accounts of GWL and other entities that the Company controls. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company assesses control on an ongoing basis. The Company's interest in the voting share capital of its subsidiaries is 100%, except for Loblaw and Choice Properties (see note 5).

Structured entities are entities controlled by the Company which were designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are consolidated if, based on an evaluation of the substance of its relationship with the Company, the Company concludes that it controls the structured entity. Structured entities controlled by the Company were established under terms that impose strict limitations on the decision-making powers of the structured entities' management and that results in the Company receiving the majority of the benefits related to the structured entities' operations and net assets, being exposed to the majority of risks incident to the structured entities' activities, and retaining the majority of the residual or ownership risks related to the structured entities or their assets.

Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

Non-controlling interests are recorded in the consolidated financial statements and represent the non-controlling shareholders' portion of the net assets and net earnings of Loblaw. Transactions with non-controlling interests are treated as transactions with equity owners of the Company. Changes in GWL's ownership interest in its subsidiaries are accounted for as equity transactions.

Choice Properties' Trust Units held by non-controlling interests are presented as a liability as the Trust Units are redeemable for cash at the option of the holder, subject to certain restrictions.

Loblaw consolidates the Associates as well as the franchisees of its food retail stores that are subject to a simplified franchise agreement implemented in 2015 ("Franchise Agreement"). An "Associate" is a pharmacist-owner of a corporation that is licensed to operate a retail drug store at a specific location using Loblaw's trademarks. The consolidation of Associates and franchisees is based on the concept of control, for accounting purposes, which was determined to exist through the agreements that govern the relationships between Loblaw and the Associates and franchisees. Loblaw does not have any direct or indirect shareholdings in the corporations that operate the Associates. Associate interest reflects the investment the Associates have in the net assets of their businesses. Under the terms of the Associate Agreements, Shoppers Drug Mart Inc. (or an affiliate thereof) agrees to purchase the assets that the Associates use in store operations, primarily at the carrying value to the Associate, when Associate Agreements are terminated by either party. The Associates' corporations and the franchisees remain separate legal entities.

BUSINESS COMBINATIONS Business combinations are accounted for using the acquisition method as of the date when control is transferred to the Company. The Company measures goodwill as the excess of the sum of the fair value of the consideration transferred over the net identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

ASSETS HELD FOR SALE Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell and are not depreciated. The fair value measurement of assets held for sale is categorized within Level 2 of fair value hierarchy. Assets that were previously classified as investment properties are measured using the fair value model consistent with properties classified as investment properties.

NET EARNINGS PER COMMON SHARE ("EPS") Basic EPS is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the net earnings available to common shareholders and the weighted average number of common shares outstanding for the effects of all potential dilutive instruments.

REVENUE RECOGNITION The Company recognizes revenue when control of the goods or services has been transferred. Revenue is measured at the amount of consideration to which the Company expects to be entitled to.

Loblaw Retail Revenue includes the sale of goods and services to customers through corporate, franchise-owned retail food and Associate-owned drug stores, which includes in-store pharmacies, health care services and other health and beauty products, apparel and other general merchandise. Revenue is measured at the amount of consideration to which the Company expects to be entitled to, net of estimated returns and sales incentives. The Company recognizes revenue made through corporate, franchise and Associate stores at the time the point of sale is made or when service is delivered to the customers. The Company recognizes revenue made through independent wholesale customers at the time of delivery of inventory and when administrative and management services are rendered.

For certain sale of goods in which the Company earns commissions, including but not limited to lottery and third party gift cards, the Company records net revenue as an agent on the basis that the Company does not control pricing or bear inventory risk.

Loblaw Financial Services Revenue includes interest income on credit card loans, credit card service fees, commissions, and other revenue related to financial services. Interest income is recognized using the effective interest method. Credit card service fees are recognized when services are rendered. Commission revenue is recorded on a net basis. Other revenue is recognized periodically or according to contractual provisions.

Choice Properties Revenue includes rental revenue on lease components, including the recovery of property taxes and insurance, earned from tenants under lease agreements. The rental revenue is recognized on a straight-line basis over the terms of the respective leases. Property operating cost recoveries are recognized in the period that recoverable costs are incurred-to the tenants. Contingent rental income is recognized when it arises.

INCOME TAXES Current and deferred taxes are recognized in the consolidated statements of earnings, except for current and deferred taxes related to a business combination, or amounts charged directly to equity or other comprehensive income, which are recognized in the consolidated balance sheets.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the Consolidated Financial Statements

Deferred tax is recognized using the asset and liability method of accounting on temporary differences arising between the financial statement carrying values of existing assets and liabilities and their respective income tax bases. Deferred tax is measured using enacted or substantively enacted income tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. A deferred tax asset is recognized for temporary differences as well as unused tax losses and credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities where the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recorded on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Choice Properties qualifies as a "mutual fund trust" and a real estate investment trust ("REIT") under the Income Tax Act (Canada). Certain legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships ("SIFT") provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations.

Under the SIFT rules, the taxation regime will not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions") and distributions may be deducted against the REIT's taxable income. Choice Properties has reviewed the SIFT rules and has assessed its interpretation and application to Choice Properties' assets and revenue and has determined that it meets the REIT Conditions. The Trustees intend to annually distribute all taxable income directly earned by Choice Properties to Unitholders and to deduct such distributions for income tax purposes and, accordingly, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated financial statements of Choice Properties related to its Canadian investment properties.

Choice Properties also consolidates certain taxable entities in Canada for which current and deferred income taxes are recorded. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

CASH EQUIVALENTS Cash equivalents consist of highly liquid marketable investments, such as government treasury bills and bankers' acceptances with an original maturity date of 90 days or less from the date of acquisition. Credit card and debit card transactions that typically process in three days or less are also classified as cash and cash equivalents.

SHORT-TERM INVESTMENTS Short-term investments are investments in highly liquid and rated certificates of deposit, commercial paper or other securities, primarily Canadian and United States government securities and notes of other creditworthy parties, with an original term to maturity of more than 90 days and remaining term to maturity of less than one year from the date of acquisition.

SECURITY DEPOSITS Security deposits consist of cash and cash equivalents and short-term investments. Security deposits also include amounts which are required to be placed with counterparties as collateral to enter into and maintain certain outstanding letters of credit and certain financial derivative contracts.

CREDIT CARD RECEIVABLES Loblaw, through President's Choice Bank ("PC Bank"), a wholly-owned subsidiary of Loblaw, has credit card receivables that are stated net of an allowance. Interest income is recorded in revenue and interest expense is recorded in net interest expense and other financing charges using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the credit card receivable (or, where appropriate, a shorter period) to the carrying amount. When calculating the effective interest rate, Loblaw estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For credit-impaired credit card receivables, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The Company applies the expected credit loss ("ECL") model to assess impairment on its credit card receivables at each balance sheet date. Credit card receivables are assessed collectively for impairment by applying the three-stage approach. Refer to the Impairment of Financial Assets policy for details of each stage. The application of the ECL model requires PC Bank to apply significant judgments, assumptions and estimations (see note 3).

Impairment losses and reversals are recorded in selling, general and administrative expenses ("SG&A") in the consolidated statements of earnings with the carrying amount of the credit card receivables adjusted through the use of allowance accounts.

Loblaw, through PC Bank, participates in various securitization programs that provide the primary source of funds for the operation of its credit card business. PC Bank maintains and monitors co-ownership interest in credit card receivables with independent securitization trusts, in accordance with its financing requirements. PC Bank is required to absorb a portion of the related credit losses. As a result, Loblaw has not transferred all of the risks and rewards related to these assets and continues to recognize these assets in credit card receivables. The transferred receivables are accounted for as financing transactions. The associated liabilities secured by these assets are included in either short-term debt or long-term debt based on their characteristics and are carried at amortized cost. Loblaw provides a standby letter of credit for the benefit of the independent securitization trusts.

Eagle Credit Card Trust[®] PC Bank participates in a single seller revolving co-ownership securitization program with *Eagle Credit Card Trust*[®] (“Eagle”) and continues to service the credit card receivables on behalf of *Eagle*, but does not receive any fee for its servicing obligations and has a retained interest in the securitized receivables represented by the right to future cash flows after obligations to investors have been met. Loblaw consolidates *Eagle* as a structured entity.

Other Independent Securitization Trusts The Other Independent Securitization Trusts administer multi-seller, multi-asset securitization programs that acquire assets from various participants, including credit card receivables from PC Bank. These trusts are managed by major Canadian chartered banks. PC Bank does not control the trusts through voting interests and does not exercise any control over the trusts’ management, administration or assets. The activities of these trusts are conducted on behalf of the participants and each trust is a conduit through which funds are raised to purchase assets through the issuance of senior and subordinated short-term and medium-term asset backed notes. These trusts are unconsolidated structured entities.

INVENTORIES The Company values inventories at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring inventories to their present location and condition. Inventories are measured at weighted average cost.

Loblaw estimates net realizable value as the amount that inventories are expected to be sold taking into consideration fluctuations in retail prices due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead and certain selling costs related to inventories are expensed in the period that these costs are incurred.

VENDOR ALLOWANCES Loblaw receives allowances from certain of its vendors whose products it purchases. These allowances are received for a variety of buying and/or merchandising activities, including vendor programs such as volume purchase allowances, purchase discounts, listing fees and exclusivity allowances. Allowances received from a vendor are a reduction in the cost of the vendor’s products and services, and are recognized as a reduction in the cost of sales and the related inventory in the consolidated statements of earnings and the consolidated balance sheets, respectively, when it is probable that they will be received and the amount of the allowance can be reliably estimated. Amounts received but not yet earned are presented in other liabilities as deferred vendor allowances. Certain exceptions apply if the consideration is a payment for goods or services delivered to the vendor or for direct reimbursement of selling costs incurred to promote goods. The consideration is then recognized as a reduction of the cost incurred in the consolidated statements of earnings.

FIXED ASSETS Fixed assets are recognized and subsequently measured at cost less accumulated depreciation and any net accumulated impairment losses.

Borrowing costs directly attributable to the acquisition, construction or production of fixed assets that necessarily take a substantial period of time to prepare for their intended use and a proportionate share of general borrowings, are capitalized to the cost of those fixed assets, based on a quarterly weighted average cost of borrowing. All other borrowing costs are expensed as incurred and recognized in net interest expense and other financing charges.

Gains and losses on disposal of fixed assets are determined by comparing the fair value of proceeds from disposal with the net book value of the assets and are recognized net in operating income. For transactions in which the sale of a fixed asset satisfies the requirements of performance obligation under IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), and the asset is leased back by the Company, the Company recognizes, in operating income, only the amount of gains or losses that relate to the rights transferred to the purchaser.

Notes to the Consolidated Financial Statements

Fixed assets are depreciated on a straight-line basis over their estimated useful lives to their estimated residual value when the assets are available for use. When significant parts of a fixed asset have different useful lives, they are accounted for as separate components and depreciated separately. Estimated useful lives are as follows:

Buildings	10 to 40 years
Equipment and fixtures	2 to 10 years
Building improvements	up to 10 years
Leasehold improvements	Lesser of term of the lease and useful life up to 25 years ⁽ⁱ⁾

- (i) If it is reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the associated leasehold improvements are depreciated over the useful life of the asset on the same basis as owned assets.

Fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of Non-Financial Assets policy.

LEASES

As a Lessee At inception of a contract, the Company determines whether a contract is or contains a lease. When a contract contains both lease and non-lease components, the Company will allocate the consideration in the contract to each of the components on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Relative stand-alone prices are determined by maximizing the most observable supplier prices for a similar asset and/or service.

The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. Lease payments for assets that are exempt through the short-term or low-value exemptions and variable payments not based on an index or rate are recognized in cost of sales and SG&A on the most systematic basis.

The measurement of lease liabilities includes the fixed and in-substance fixed payments and variable lease payments that depend on an index or a rate, less any lease incentives receivable. If applicable, lease liabilities will also include a purchase option exercise price if the Company is reasonably certain to exercise that option, termination penalties if the lease term also reflects the termination option and amounts expected to be payable under a residual value guarantee. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in management's assessment of whether it will exercise a renewal or termination option or a change in future lease payments due to a change in index or rate. Right-of-use assets are adjusted by the same remeasurement amount.

Right-of-use assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. Subsequent to initial measurement, the Company applies the cost model with the exception of the fair value model application to right-of-use assets that meet the definition of investment properties. Right-of-use assets are measured at cost less accumulated depreciation, net accumulated impairment losses, and any remeasurements of lease liabilities. The assets are depreciated on a straight-line basis over the earlier of the assets' useful lives or the end of the lease terms. Right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of Non-Financial Assets policy.

Discount rates used in the present value calculation are the interest rates implicit in the leases, or if the rates cannot be readily determined, the Company's incremental borrowing rates. Lease terms applied are the contractual non-cancellable periods of the leases plus periods covered by an option to renew the leases if the Company is reasonably certain to exercise that option and the periods covered by an option to terminate the leases if the Company is reasonably certain not to exercise that option.

For sale and leaseback transactions, the Company applies the requirements of IFRS 15 to determine whether the transfer of the asset should be accounted for as a sale. If the transfer of the asset is a sale in accordance with IFRS 15, the Company will measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. If the transfer of the asset is not a sale in accordance with IFRS 15, the Company will continue to account for the asset under International Accounting Standard ("IAS") 16, "Property, Plant and Equipment" and recognize the proceeds received as financial liabilities.

As a Lessor At the date the Company makes the underlying leased asset available for use to the lessee, the Company classifies each lease as either an operating lease or a finance lease. A lease is a finance lease if it transfers substantially all the risks and rewards of the underlying asset to the lessee; otherwise, the lease is an operating lease. Rental income from operating leases is recognized on a straight-line basis over the lease term. Rental income from finance leases is recognized on a systematic basis that reflects the Company's rate of return on the net investment in the leased asset.

When the Company is an intermediate lessor, it will assess the sublease classification by reference to the right-of-use asset. The Company considers factors such as whether the sublease term covers a major portion of the head lease term.

INVESTMENT PROPERTIES Investment properties include income producing properties and properties under development that are owned by the Company and held to either earn rental income, capital appreciation, or both. The Company's investment properties include single tenant properties held to earn rental income and certain multiple tenant properties. Land and buildings leased to franchisees are not accounted for as investment properties as these properties are related to the Company's operating activities.

Income producing properties are measured using the fair value model. 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. Under the discounted cash flow methodology, discount rates are applied to the future cash flows over the holding period, generally over a minimum term of ten years, including a terminal value of the investment properties based on a terminal capitalization rate applied to the estimated net operating income, a non-GAAP measure, in the terminal year. 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.

When a property changes from own use to investment property, the property is remeasured to fair value. Any gain arising from the remeasurement is recognized in operating income to the extent that it reverses a previous impairment loss on that property, with any remaining gain recognized in other comprehensive income. Any loss on remeasurement is recognized in operating income. All subsequent changes in fair value of the property are recognized in operating income. Upon sale of an investment property that was previously classified as fixed assets, amounts included in the revaluation reserve are transferred to retained earnings.

When an investment property carried at fair value changes to own use, the property is recognized in fixed assets at the fair value at the date of change in use. The property is subsequently accounted for under the accounting policy for fixed assets.

Properties under development include specifically identifiable costs incurred in the period before construction is complete, and are transferred to income producing properties at their fair value upon practical completion.

JOINT ARRANGEMENTS The Company, through Choice Properties, owns investments under joint arrangements. Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on Choice Properties' rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

Joint Ventures A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Company's investment in a joint venture is recorded using the equity method and is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize Choice Properties' share of the profit or loss and other comprehensive income or loss of the joint venture. The Company's share of the joint venture's profit or loss is recognized in the Company's operating income and other comprehensive income.

A joint venture is considered to be impaired if there is objective evidence of impairment, as a result of one or more events that occurred after initial recognition of the joint venture, and that event has a negative impact on the future cash flows of the joint venture that can be reliably estimated.

Joint Operations A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The financial statements of the joint operations are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company's. The Company recognizes its proportionate share of assets, liabilities, revenues and expenses of the joint operations.

GOODWILL Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized but is tested for impairment on an annual basis or more frequently if there are indicators that goodwill may be impaired as described in the Impairment of Non-Financial Assets policy.

INTANGIBLE ASSETS Intangible assets with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from 3 to 30 years, and are tested for impairment as described in the Impairment of Non-Financial Assets policy. Useful lives, residual values and amortization methods for intangible assets with finite useful lives are reviewed at least annually. Amortization expense for intangible assets is recognized in SG&A.

Indefinite life intangible assets are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired as described in the Impairment of Non-Financial Assets policy.

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IMPAIRMENT OF NON-FINANCIAL ASSETS At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets at the cash generating unit ("CGU") level, other than inventories, deferred tax assets and investment properties, to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Goodwill and indefinite life intangible assets are tested for impairment at least annually.

For the purpose of impairment testing, assets, including right-of-use assets, are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a CGU. Loblaw has determined that each retail location is a separate CGU for purposes of impairment testing.

Goodwill arising from a business combination is tested for impairment at the minimum grouping of CGUs that are expected to benefit from the synergies of the business combination from which the goodwill arose.

The recoverable amount of a CGU or CGU grouping is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the CGU or CGU grouping discounted to their present value using a pre-tax discount rate in a discounted cash flow model that reflects current market assessments of the time value of money and the risks specific to the CGU or CGU grouping. If the CGU or CGU grouping includes right-of-use assets in its carrying amount, the pre-tax discount rate reflects the risks associated with the exclusion of lease payments from the estimated future cash flows. The fair value less costs to sell reflects the amount that could be obtained from the disposal of the CGU or CGU grouping in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

An impairment loss is recognized if the carrying amount of a CGU or CGU grouping exceeds its recoverable amount. For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis, up to an asset's individual recoverable amount. Any loss identified from goodwill impairment testing is first applied to reduce the carrying amount of goodwill allocated to the CGU grouping, and then to reduce the carrying amounts of the other non-financial assets in the CGU or CGU grouping on a pro-rata basis.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Impairment losses and reversals are recognized in SG&A.

CUSTOMER LOYALTY AWARDS PROGRAMS Loblaw defers revenue at the time the award is earned by loyalty program members based on the relative fair value of the award. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The estimated fair value per point for the *PC Optimum* program is determined based on the program reward schedule and is \$1 for every 1,000 points earned. The breakage rate of the program is an estimate of the amount of points that will never be redeemed. The rate is reviewed on an ongoing basis and is estimated utilizing historical redemption activity and anticipated earn and redeem behaviour of members. The majority of Loblaw's loyalty liability, which is contract liability, is expected to be redeemed and recognized as revenue within one year of issuance.

FINANCIAL INSTRUMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument. Upon initial recognition, financial instruments, including derivatives and embedded derivatives in certain contracts, are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using valuation methodologies, primarily discounted cash flows taking into account external market inputs where possible. The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The following table summarizes the classification and measurement of the Company's financial assets and liabilities:

Asset / Liability	Classification / Measurement
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost / fair value through other comprehensive income
Accounts receivable	Amortized cost
Credit card receivables	Amortized cost
Security deposits	Fair value through profit and loss
Certain other assets	Amortized cost / fair value through profit and loss
Long-term securities	Fair value through other comprehensive income
Bank indebtedness	Amortized cost
Trade payables and other liabilities	Amortized cost
Demand deposits from customers	Amortized cost
Short-term debt	Amortized cost
Long-term debt	Amortized cost
Trust Unit liability	Fair value through profit and loss
Associate Interest	Amortized cost
Certain other liabilities	Amortized cost
Derivatives	Fair value through profit and loss / fair value through other comprehensive income

Financial derivative instruments in the form of forwards and futures, as well as non-financial derivatives in the form of futures contracts, options contracts and forward contracts, are recorded at fair value on the consolidated balance sheet. The Company does not use derivative instruments for speculative purposes. Embedded derivatives are separated from the host contract and accounted for separately on the consolidated balance sheet at fair value if the host contract is not a financial asset. Derivative instruments are recorded in current or non-current assets and liabilities based on their remaining terms to maturity. All changes in fair values of the derivative instruments are recorded in net earnings unless the derivative qualifies and is effective as a hedging item in a designated hedging relationship.

The Company has cash flow hedges which are used to manage exposure to fluctuations in foreign currency exchange and interest rates. The effective portion of the change in fair value of the hedging item is recorded in other comprehensive income. If the change in fair value of the hedging item is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in net earnings. Amounts accumulated in other comprehensive income are reclassified to net earnings when the hedged item is recognized in net earnings. The Company ensures that the hedge accounting relationships are aligned with the Company's risk management objectives and strategy and applies a more qualitative and forward-looking approach to assessing hedge effectiveness. The Company's risk management strategy and hedging activities are disclosed in note 30, "Financial Instruments" and note 31, "Financial Risk Management".

Gains and losses on financial assets and financial liabilities classified as fair value through profit and loss ("FVTPL") are recognized in net earnings in the period in which they are incurred. Settlement date accounting is used to account for the purchase and sale of financial assets. Gains or losses between the trade date and settlement date on FVTPL financial assets are recorded in net earnings.

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Valuation Process The determination of the fair value of financial instruments is performed by the Company's treasury and financial reporting departments on a quarterly basis. There was no change in the valuation techniques applied to financial instruments during the current year. The following table describes the valuation techniques used in the determination of the fair values of financial instruments:

Type	Valuation Approach
Cash and cash equivalents, Short-term investments, Security deposits, Accounts receivable, Credit card receivables, Bank indebtedness, Trade payables and other liabilities, Demand deposits from other customers and Short-term debt	The carrying amount approximates fair value due to the short-term maturity of these instruments.
Derivatives	Specific valuation techniques used to value derivative financial instruments include: <ul style="list-style-type: none"> · Quoted market prices or dealer quotes for similar instruments; and · The fair values of other derivative instruments are determined based on observable market information as well as valuations determined by external valuers with experience in financial markets.
Long-term debt, Trust Unit liability and Certain other financial instruments	The fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

Impairment of Financial Assets The Company applies a forward-looking ECL model at each balance sheet date to financial assets measured at amortized cost or those measured at fair value through other comprehensive income ("FVOCI"), except for investments in equity instruments.

The ECL model applied to financial assets requires judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. Consideration of how changes in economic factors affect ECLs are determined on a probability-weighted basis.

Impairment losses and reversals are recorded in SG&A with the carrying amount of the financial asset or group of financial assets adjusted through the use of allowance accounts.

FOREIGN CURRENCY TRANSLATION The functional currency of the Company is the Canadian dollar.

Transactions in foreign currencies are translated into the functional currency at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in operating income.

The assets and liabilities of foreign operations that have a functional currency different from that of the Company, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the foreign currency exchange rate in effect at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. The resulting foreign currency exchange gains or losses are recognized in the foreign currency translation adjustment as part of other comprehensive income. When such foreign operation is disposed of, the related foreign currency translation reserve is recognized in net earnings as part of the gain or loss on disposal. On the partial disposal of such foreign operation, the relevant proportion is reclassified to net earnings.

DEFINED BENEFIT POST-EMPLOYMENT PLANS The Company has a number of contributory and non-contributory defined benefit post-employment plans providing pension and other benefits to eligible employees. The defined benefit pension plans provide a pension based on length of service and eligible pay. The other defined benefits include health care, life insurance and dental benefits provided to eligible employees who retire at certain ages having met certain service requirements. The Company's net defined benefit plan obligations (assets) for each plan are actuarially calculated by a qualified actuary at the end of each annual reporting period using the projected unit credit method pro-rated based on service and management's best estimate of the discount rate, the rate of compensation increase, retirement rates, termination rates, mortality rates and expected growth rate of health care costs. The discount rate used to value the defined benefit plan obligation is based on high quality corporate bonds denominated in the same currency with cash flows that match the terms of the defined benefit plan obligations. Past service costs (credits) arising from plan amendments are recognized in operating income in the year that they arise. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in net interest expense and other financing charges.

The fair values of plan assets are deducted from the defined benefit plan obligations to arrive at the net defined benefit plan obligations (assets). For plans that result in a net defined benefit asset, the recognized asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan ("asset ceiling"). If it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements, the net defined benefit asset is reduced to the amount of the asset ceiling. When the payment in the future of minimum funding requirements related to past service would result in a net defined benefit surplus or an increase in a surplus, the minimum funding requirements are recognized as a liability to the extent that the surplus would not be fully available as a refund or a reduction in future contributions.

Remeasurements including actuarial gains and losses, the effect of the asset ceiling (if applicable) and the impact of any minimum funding requirements are recognized through other comprehensive income and subsequently reclassified from accumulated other comprehensive income to retained earnings.

OTHER LONG-TERM EMPLOYEE BENEFIT PLANS The Company offers other long-term employee benefits including contributory long-term disability benefits and non-contributory continuation of health care and dental benefits to employees who are on long-term disability leave. As the amount of the long-term disability benefit does not depend on length of service, the obligation is recognized when an event occurs that gives rise to an obligation to make payments. The accounting for other long-term employee benefit plans is similar to the method used for defined benefit plans except that all actuarial gains and losses are recognized in operating income.

DEFINED CONTRIBUTION PLANS The Company maintains a number of defined contribution pension plans for employees in which the Company pays fixed contributions for eligible employees into a registered plan and has no further significant obligation to pay any further amounts. The costs of benefits for defined contribution plans are expensed as employees have rendered service.

MULTI-EMPLOYER PENSION PLANS The Company participates in multi-employer pension plans ("MEPPs") which are accounted for as defined contribution plans. The Company's responsibility to make contributions to these plans is limited to amounts established pursuant to its collective agreements. Defined benefit MEPPs are accounted for as defined contribution plans as adequate information to account for the Company's participation in the plans is not available due to the size and number of contributing employers in the plans. The contributions made by the Company to MEPPs are expensed as contributions are due.

EQUITY-SETTLED EQUITY-BASED COMPENSATION PLANS Stock options, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), Director Deferred Share Units ("DSUs") and Executive Deferred Share Units ("EDSUs") issued by the Company are substantially all settled in common shares and are accounted for as equity-settled awards.

The Company and Loblaw's stock options outstanding have a seven year term to expiry, vest 20% cumulatively on each anniversary date of the grant and are exercisable at the designated common share price, which is based on the greater of the volume weighted average trading prices of GWL or Loblaw common shares for either the five trading days prior to the date of grant or the trading day immediately preceding the grant date. The fair value of each tranche of options granted is measured separately at the grant date using a Black-Scholes option pricing model, and includes the following assumptions:

- The expected dividend yield is estimated based on the expected annual dividend prior to the option grant date and the closing share price as at the option grant date;
- The expected share price volatility is estimated based on the historical volatility of GWL or Loblaw over a period consistent with the expected life of the options;
- The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the grant date for a term to maturity equal to the expected life of the options; and
- The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on historical experience and general option holder behaviour.

RSUs and PSUs vest after the end of a three year performance period. The number of PSUs that vest is based on the achievement of specified performance measures. The fair value of each RSU and PSU granted is measured separately at the grant date based on the market value of a GWL or Loblaw common share. Dividends paid may be reinvested in RSUs and PSUs and are treated as capital transactions.

GWL and Loblaw established trusts for each of their RSU and PSU plans to facilitate the purchase of shares for future settlement upon vesting. Each company is the sponsor of their respective trusts and has assigned Computershare Trust Company of Canada as the trustee. GWL and Loblaw fund the purchase of shares for settlement and earn management fees from the trusts. The trusts are considered structured entities and are consolidated in the Company's financial statements with the cost of the acquired shares recorded at book value as a reduction to share capital. Any premium on the acquisition of the shares above book value is applied to retained earnings until the shares are issued to settle RSU and PSU plan obligations.

Members of GWL's, Loblaw's and Choice Properties' Board, who are not management, may elect to receive a portion of their annual retainers and fees in the form of DSUs. Eligible executives of the Company may elect to defer up to 100% of the Short-Term Incentive Plan earned in any year into the EDSU plan. Dividends paid earn fractional DSUs and EDSUs, respectively and are treated as capital transactions. DSUs and EDSUs vest upon grant.

Notes to the Consolidated Financial Statements

The compensation expense for equity-settled plans is prorated over the vesting or performance period, with a corresponding increase to contributed surplus. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures.

Upon exercise of options, the amount accumulated in contributed surplus for the award plus the cash received upon exercise is recognized as an increase in share capital. Upon settlement of RSUs and PSUs, the amount accumulated in contributed surplus for the award is reclassified to share capital, with any premium or discount applied to retained earnings.

CASH-SETTLED EQUITY-BASED COMPENSATION PLANS Unit Options, Restricted Units (“RUs”), Performance Units (“PUs”), Trustee Deferred Units (“DUs”), and Unit-Settled Restricted Units (“URUs”) issued by Choice Properties are accounted for as cash-settled awards. The fair value of the amount payable to recipients in respect of these cash settled awards is re-measured at each balance sheet date, and a compensation expense is recognized in SG&A over the vesting period for each tranche with a corresponding change in the liability.

Choice Properties’ Unit Options have a five to ten year term, vest 25% cumulatively on each anniversary date of the grant and are exercisable at the designated Unit price, which is based on the greater of the volume weighted average trading price of a Unit for the five trading days prior to the date of grant or the trading day immediately preceding the grant date. The fair value of each tranche is valued separately using a Black-Scholes option pricing model, and includes the following assumptions:

- The expected distribution yield is estimated based on the expected annual distribution prior to the balance sheet date and the closing Unit price as at the balance sheet date;
- The expected Unit price volatility is estimated based on the average volatility of Choice Properties’ Unit price over a period consistent with the expected life of the options;
- The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the balance sheet date for a term to maturity equal to the expected life of the options; and
- The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on expectations of option holder behaviour.

RUs entitle certain employees to receive the value of the RU award in cash or Units at the employee’s discretion at the end of the applicable vesting period, which is usually three years in length. The RU plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when a RU is outstanding. The fair value of each RU granted is measured based on the market value of a Unit at the balance sheet date.

PUs entitle certain employees to receive the value of the PU award in cash or Units at the end of the applicable performance period, which is usually three years in length, based on Choice Properties achieving certain performance conditions. The PU plan provides for the crediting of additional PUs in respect of distributions paid on Units for the period when a PU is outstanding. The fair value of each PU granted is measured based on the market value of a Unit and an estimate of the performance conditions being met at the balance sheet date.

Members of the Choice Properties’ Board of Trustees, who are not management of Choice Properties, are required to receive a portion of their annual retainer in the form of DUs and may also elect to receive up to 100% of their remaining fees in DUs. Distributions paid earn fractional DUs, which are treated as additional awards. DUs vest upon grant. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date.

URUs are accounted for as cash-settled awards. Typically, full vesting of the URUs would not occur until the employee had remained with Choice Properties for three or five years from the grant date. Depending on the nature of the grant, the URUs are subject to a six- or seven-year holding period during which the Units cannot be disposed. The fair value of each URU granted is measured based on the market value of a Unit at the balance sheet date, less a discount to account for the vesting and holding period restriction placed on the URUs.

EMPLOYEE SHARE OWNERSHIP PLAN (“ESOP”) GWL’s and Loblaw’s contributions to the ESOPs are measured at cost and recorded as compensation expense in operating income when the contribution is made. The ESOPs are administered through a trust which purchases GWL’s and Loblaw’s common shares on the open market on behalf of its employees.

Note 3. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and judgments in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements. The Company's material accounting policies are disclosed in note 2.

BASIS OF CONSOLIDATION

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining the entities that it controls and therefore consolidates. The Company controls an entity when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entity's returns. The Company consolidates all of its wholly owned subsidiaries. Judgment is applied in determining whether the Company controls the entities in which it does not have ownership rights or does not have full ownership rights. Most often, judgment involves reviewing contractual rights to determine if rights are participating (giving power over the entity) or protective rights (protecting the Company's interest without giving it power).

BUSINESS COMBINATIONS - VALUATION OF INTANGIBLE ASSETS

Key Estimations The Company applies significant judgment in estimating the fair value of intangible assets. In determining the fair value of customer relationships and brands, various valuation techniques are used. Specifically, the Company used the multi-period excess earnings method to fair value customer relationships and the royalty relief method to fair value brands using a discounted cash flow model. Under these valuation approaches, the Company developed assumptions related to revenue and gross margin forecasts, attrition rate, royalty rate and discount rates.

INVENTORIES

Key Estimations Inventories are carried at the lower of cost and net realizable value which requires the Company to utilize estimates related to fluctuations in shrink, future retail prices, the impact of vendor rebates on cost, seasonality and costs necessary to sell the inventory.

IMPAIRMENT OF NON-FINANCIAL ASSETS (GOODWILL, INTANGIBLE ASSETS, FIXED ASSETS AND RIGHT-OF-USE ASSETS)

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining CGUs for the purpose of testing fixed assets, right-of-use assets and intangible assets for impairment. Judgment is also used to determine the goodwill CGUs for the purpose of testing goodwill for impairment. The Company has determined that each retail location is a separate CGU. Intangible assets are allocated to the CGUs (or groups of CGUs) to which they relate. Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which they arose. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed. In applying this judgment management considers profitability of the CGU and other qualitative factors.

Key Estimations In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. The Company determines fair value less costs to sell using such estimates as market rental rates for comparable properties, discount rates and capitalization rates. The Company determines value in use by using estimates including projected future sales and earnings, and discount rates consistent with external industry information reflecting the risk associated with the specific cash flows.

IMPAIRMENT OF CREDIT CARD RECEIVABLES

Judgments Made in Relation to Accounting Policies Applied and Key Estimations In each stage of the ECL model, impairment is determined based on the probability of default, loss given default, and expected exposures at default on drawn and undrawn exposures on credit card receivables. The application of the ECL model requires management to apply the following significant judgments, assumptions and estimations:

- Movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on credit card receivables. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- Thresholds for significant increase in credit risk based on changes in probability of default over the expected life of the instrument relative to initial recognition; and

Notes to the Consolidated Financial Statements

- Forecasts of future economic conditions, namely the unemployment rate. Management uses an average of unemployment rate forecasts published by major Canadian Chartered Banks and the Conference Board of Canada to establish the base case scenario and other representative ranges of possible forecast scenarios.

FAIR VALUE OF INCOME PRODUCING PROPERTIES

Key Estimations The fair value of income producing properties is dependent on significant assumptions related to discount rates and terminal capitalization rates, and other assumptions related to the future cash flows over the holding period. The review of future cash flows involves assumptions relating to market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs. In addition to reviewing future cash flows, management assesses changes in the business climate and other factors, which may affect the ultimate value of the property. These assumptions may not ultimately be achieved.

INCOME AND OTHER TAXES

Judgments Made in Relation to Accounting Policies Applied The calculation of current and deferred income taxes requires management to make certain judgments including expectations about future operating results, the timing and reversal of temporary differences, and the interpretation of tax rules in jurisdictions where the Company performs activities. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on the most likely amount of the liability or recovery.

PROVISIONS

Judgments made in Relation to Accounting Policies Applied and Key Estimations The recording of provisions requires management to make certain judgments regarding whether there is a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and if a reliable estimate of the amount of the obligation can be made. The Company has recorded provisions primarily in respect of self-insurance, legal claims and charges related to PC Bank commodity tax matters. The Company reviews the merits, risks and uncertainties of each provision, based on current information, and the amount expected to be required to settle the obligation. Provisions are reviewed on an ongoing basis and are adjusted accordingly when new facts and events become known to the Company.

LEASES

Judgments Made in Relation to Accounting Policies Applied Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, store performances, past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the retail industry may impact management's assessment of lease term, and any changes in management's estimate of lease terms may have a material impact on the Company's consolidated balance sheets and statements of earnings.

Key Estimations In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base risk-free interest rate estimated by reference to the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

Note 4. Amendments to IFRS Accounting Standards

Amendments to IAS 1 In February 2021, the International Accounting Standards Board issued amendments to IAS 1 "Presentation of Financial Statements". The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The standard is effective for annual reporting periods beginning on or after January 1, 2023. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Amendments to IAS 12 In December 2021, the Organization for Economic Cooperation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two"). The amendments to IAS 12 "Income Taxes" ("IAS 12"), issued in May 2023, introduced a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognize or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company applied the temporary exception as of December 31, 2023 as disclosed in note 8.

Note 5. Subsidiaries

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

		As at		Dec. 31, 2022	
		Dec. 31, 2023		Dec. 31, 2022	
		Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest
Loblaw	Common shares ⁽ⁱ⁾	163,473,491	52.6%	170,606,070	52.6%
	Class B LP Units ⁽ⁱⁱ⁾	395,786,525	n/a	395,786,525	n/a
	Trust Units	50,661,415	n/a	50,661,415	n/a
Choice Properties		446,447,940	61.7%	446,447,940	61.7%

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

Note 6. 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 cash 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 which 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 a 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 was 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	

SG&A in 2022 included \$16 million of transaction costs related to the acquisition.

Notes to the Consolidated Financial Statements

Note 7. Net Interest Expense and Other Financing Charges

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

(\$ millions)	2023	2022
Interest expense:		
Long-term debt	\$ 625	\$ 577
Lease liabilities (note 29)	207	185
Borrowings related to credit card receivables	82	52
Trust Unit distributions	207	205
Independent funding trusts	37	22
Post-employment and other long-term employee benefits (note 26)	15	–
Bank indebtedness	1	1
Financial liabilities (note 23)	44	43
Capitalized interest (capitalization rate 4.1% (2022 – 3.7%))	(7)	(3)
	\$ 1,211	\$ 1,082
Interest income:		
Accretion income	\$ (3)	\$ (6)
Interest income	(88)	(50)
Post-employment and other long-term employee benefits (note 26)	–	(4)
	\$ (91)	\$ (60)
Fair value adjustment of the Trust Unit liability (note 30)	\$ (231)	\$ (98)
Recovery related to Glenhuron Bank Limited (note 8)	–	(11)
Net interest expense and other financing charges from Continuing Operations	\$ 889	\$ 913

Note 8. Income Taxes

The components of income taxes recognized in the consolidated statements of earnings from continuing operations were as follows:

(\$ millions)	2023	2022
Current income taxes		
Current period	\$ 1,137	\$ 930
Recovery related to Glenhuron Bank Limited	–	(33)
Adjustment in respect of prior periods	(41)	(4)
Deferred income taxes		
Origination and reversal of temporary differences	(241)	(53)
Adjustment in respect of prior periods	(6)	(9)
Income taxes from Continuing Operations	\$ 849	\$ 831

In 2021, the Supreme Court of Canada ruled in favour of Loblaw on the Glenhuron Bank Limited (“Glenhuron”) matter. As a result of related reassessments received during the first quarter of 2022, Loblaw reversed \$35 million of previously recorded charges, of which \$2 million was recorded as interest income and \$33 million was recorded as an income tax recovery, and an additional \$9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds.

Income tax expense (recovery) recognized in other comprehensive income from continuing operations was as follows:

(\$ millions)	2023	2022
Net defined benefit plan actuarial gains (losses) (note 26)	\$ 71	\$ (87)
Adjustment to fair value on transfer of investment properties	2	18
(Losses) gains on cash flow hedges (note 30)	2	4
Gain (loss) on long-term securities (note 30)	–	1
Total income tax expense (recovery) recognized in other comprehensive income	\$ 75	\$ (64)

The effective tax rate in the consolidated statements of earnings from continuing operations were reported at rates different than the weighted average basic Canadian federal and provincial statutory income tax rates for the following reasons:

	2023	2022
Weighted average basic Canadian federal and provincial statutory income tax rate	26.5%	26.5%
Net (decrease) increase resulting from:		
Recovery related to Glenhuron	–	(0.9)
Non-deductible and non-taxable items	(0.9)	(2.7)
Impact of fair value adjustment of Trust Unit liability	(1.7)	(0.7)
Adjustments in respect of prior periods	(1.3)	(0.4)
Other	1.8	1.0
Effective tax rate applicable to earnings before income taxes	24.4%	22.8%

Deferred income tax assets which were not recognized on the consolidated balance sheets were as follows:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Deductible temporary differences	\$ 14	\$ 15
Income tax losses and credits	362	363
Unrecognized deferred income tax assets	\$ 376	\$ 378

The portion of the income tax losses and credits which have a limited carryforward period expire in the years 2026 to 2043. The deductible temporary differences do not expire under current income tax legislation. Deferred income tax assets were not recognized in respect of these items because it is not probable that future taxable income will be available to the Company to utilize the benefits.

Notes to the Consolidated Financial Statements

Deferred income tax assets and liabilities recognized on the consolidated balance sheets were attributable to the following:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Trade payables and other liabilities	\$ 106	\$ 89
Other liabilities	331	347
Lease liabilities	1,423	1,372
Fixed assets	(1,253)	(1,311)
Right-of-use assets	(1,144)	(1,125)
Goodwill and intangible assets	(1,281)	(1,346)
Non-capital losses carried forward (expiring 2026 to 2043)	65	43
Capital losses carried forward	13	14
Other	8	8
Net deferred income tax liabilities	\$ (1,732)	\$ (1,909)
Recorded on the consolidated balance sheets as follows:		
Deferred income tax assets	\$ 138	\$ 98
Deferred income tax liabilities	(1,870)	(2,007)
Net deferred income tax liabilities	\$ (1,732)	\$ (1,909)

Global Minimum Tax (Pillar Two) In December 2021, the OECD issued model rules for a new global minimum tax framework. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates, and will be effective for the Company's 2024 fiscal year.

The Company is in the process of assessing its exposure to Pillar Two legislation based on the most recent tax filings, country-by-country reporting and financial statements of the Company. The Company does not expect Pillar Two top-up taxes to have a material impact on the Company's consolidated results of operations.

The Company is applying the exception to recognizing and disclosing information about deferred tax asset and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Note 9. Basic and Diluted Net Earnings per Common Share

(\$ millions except where otherwise indicated)	2023	2022
Net earnings attributable to shareholders of the Company	\$ 1,540	\$ 1,816
Less: Discontinued Operations	–	(6)
Net earnings from continuing operations attributable to shareholders of the Company	\$ 1,540	\$ 1,822
Prescribed dividends on preferred shares in share capital	(44)	(44)
Net earnings from continuing operations available to common shareholders of the Company	\$ 1,496	\$ 1,778
Reduction in net earnings due to dilution at Loblaw	(12)	(11)
Net earnings from continuing operations available to common shareholders for diluted earnings per share	\$ 1,484	\$ 1,767
Weighted average common shares outstanding (in millions) (note 24)	137.5	144.2
Dilutive effect of equity-based compensation ⁽ⁱ⁾ (in millions)	0.5	0.6
Diluted weighted average common shares outstanding (in millions)	138.0	144.8
Net earnings (loss) per common share – Basic (\$)		
Continuing Operations	\$ 10.88	\$ 12.33
Discontinued Operations	\$ –	\$ (0.04)
Net earnings (loss) per common share – Diluted (\$)		
Continuing Operations	\$ 10.75	\$ 12.20
Discontinued Operations	\$ –	\$ (0.04)

(i) In 2023, nominal (2022 – nominal) potentially dilutive instruments were excluded from the computation of diluted net earnings per common share as they were anti-dilutive.

Note 10. Cash and Cash Equivalents, Short-Term Investments, Security Deposits and Change in Non-Cash Working Capital

The components of cash and cash equivalents, short-term investments, security deposits and change in non-cash working capital were as follows:

CASH AND CASH EQUIVALENTS

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Cash	\$ 1,493	\$ 1,284
Cash equivalents	958	1,029
Cash and cash equivalents	\$ 2,451	\$ 2,313

SHORT-TERM INVESTMENTS

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Government treasury bills	\$ 361	\$ 457
Bankers' acceptances	87	22
Guaranteed investment certificates	22	21
Other	2	3
Short-term investments	\$ 472	\$ 503

SECURITY DEPOSITS

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Cash	\$ 10	\$ 7
Government treasury bills	28	29
Security deposits	\$ 38	\$ 36

CHANGE IN NON-CASH WORKING CAPITAL

(\$ millions)	Years Ended	
	Dec. 31, 2023	Dec. 31, 2022
Change in:		
Accounts receivable	\$ (168)	\$ (218)
Prepaid expenses and other assets	6	5
Inventories	45	(698)
Trade payables and other liabilities	56	400
Other	(14)	(66)
Change in non-cash working capital	\$ (75)	\$ (577)

Note 11. Accounts Receivable

The following are continuities of the Company's allowances for uncollectible accounts receivable for the years ended December 31, 2023 and December 31, 2022:

(\$ millions)	2023	2022
Allowances, beginning of year	\$ (46)	\$ (40)
Net additions	(4)	(6)
Allowances, end of year	\$ (50)	\$ (46)

Credit risk associated with accounts receivable is discussed in note 31.

Notes to the Consolidated Financial Statements

Note 12. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Gross credit card receivables	\$ 4,388	\$ 4,160
Allowance for credit card receivables	(256)	(206)
Credit card receivables	\$ 4,132	\$ 3,954
Securitized to independent securitization trusts:		
Securitized to <i>Eagle Credit Card Trust</i> [®] (note 22)	\$ 1,350	\$ 1,350
Securitized to Other Independent Securitization Trusts	850	700
Total securitized to independent securitization trusts	\$ 2,200	\$ 2,050

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

The associated liability of *Eagle* is recorded in long-term debt (see note 22). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short-term debt.

The securitization agreements between PC Bank and the Other Independent Securitization Trusts are renewed and extended on an annual basis. The existing agreements were renewed in 2023, with their respective maturity dates extended to 2025 and with all other terms and conditions remaining substantially the same.

As at year end 2023, PC Bank recorded a \$150 million net increase of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts as a result of growth in the credit card portfolio.

The undrawn commitments on facilities available from the Other Independent Securitization Trusts as at year end 2023 were \$100 million (2022 - \$250 million).

Loblaw has arranged letters of credit on behalf of PC Bank for the benefit of the independent securitization trusts (see note 33).

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 year end 2023 and throughout the year.

The following table provides gross carrying amounts of credit card receivables by internal risk ratings for credit risk management purposes:

(\$ millions)	As at Dec. 31, 2023			
	12-month ECL (Stage 1)	Lifetime ECL-not credit impaired (Stage 2)	Lifetime ECL-credit impaired (Stage 3)	Total
Low risk	\$ 2,194	\$ 13	\$ -	\$ 2,207
Moderate risk	1,215	38	-	1,253
High risk	461	414	53	928
Total gross carrying amount	\$ 3,870	\$ 465	\$ 53	\$ 4,388
ECL allowance	(104)	(110)	(42)	(256)
Net carrying amount	\$ 3,766	\$ 355	\$ 11	\$ 4,132

(\$ millions)	As at Dec. 31, 2022			
	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Total
Low risk	\$ 2,113	\$ 13	\$ –	\$ 2,126
Moderate risk	1,163	35	–	1,198
High risk	424	370	42	836
Total gross carrying amount	\$ 3,700	\$ 418	\$ 42	\$ 4,160
ECL allowance	(79)	(92)	(35)	(206)
Net carrying amount	\$ 3,621	\$ 326	\$ 7	\$ 3,954

The following are continuities of Loblaw's allowance for credit card receivables for the years ended December 31, 2023 and December 31, 2022:

(\$ millions)	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	\$ 79	\$ 92	\$ 35	\$ 206
Increase / (Decrease) during the year:				
Transfers ⁽ⁱ⁾				
To Stage 1	27	(27)	–	–
To Stage 2	(7)	9	(2)	–
To Stage 3	(3)	(20)	23	–
New loans originated ⁽ⁱⁱ⁾	15	8	4	27
New remeasurements ⁽ⁱⁱⁱ⁾	(7)	48	140	181
Write-offs	–	–	(183)	(183)
Recoveries	–	–	25	25
Balance, end of year	\$ 104	\$ 110	\$ 42	\$ 256

(i) Transfers reflect allowance movements between stages for loans that were recognized as of the beginning of the year.

(ii) New loans originated reflect the stage of loan, and the related loan balance, as of the end of the year.

(iii) Net remeasurements includes the impact from changes in loan balances, model enhancements and credit quality during the year.

(\$ millions)	2022			
	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	\$ 75	\$ 98	\$ 32	\$ 205
Increase / (Decrease) during the year:				
Transfers ⁽ⁱ⁾				
To Stage 1	22	(22)	–	–
To Stage 2	(5)	7	(2)	–
To Stage 3	(2)	(15)	17	–
New loans originated ⁽ⁱⁱ⁾	13	8	5	26
New remeasurements ⁽ⁱⁱⁱ⁾	(24)	16	81	73
Write-offs	–	–	(127)	(127)
Recoveries	–	–	29	29
Balance, end of year	\$ 79	\$ 92	\$ 35	\$ 206

(i) Transfers reflect allowance movements between stages for loans that were recognized as of the beginning of the year.

(ii) New loans originated reflect the stage of loan, and the related loan balance, as of the end of the year.

(iii) Net remeasurements includes the impact from changes in loan balances, model enhancements and credit quality during the year.

The allowances for credit card receivables recorded in the consolidated balance sheets are maintained at a level which is considered adequate to endure credit-related losses on credit card receivables.

Notes to the Consolidated Financial Statements

Note 13. Inventories

For inventories recorded as at year end 2023, Loblaw has an inventory provision of \$46 million (December 31, 2022 – \$43 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 2023 and 2022.

Note 14. Assets Held for Sale

The components of assets held for sale, net of intercompany transactions, were as follows:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Loblaw ⁽ⁱ⁾	\$ 46	\$ 30
Choice Properties	–	50
Assets Held for Sale	\$ 46	\$ 80

(i) In 2023, Loblaw disposed of nine properties (2022 – ten) included in assets held for sale for proceeds of \$38 million (2022 – \$125 million) and recognized a net gain of \$12 million (2022 – net gain of \$57 million).

Note 15. Fixed Assets

The following is a continuity of the cost and accumulated depreciation and impairment losses of fixed assets for the year ended December 31, 2023:

(\$ millions)	Buildings and building improvements		Equipment and fixtures		Leasehold improvements		Assets under construction		Total
	Land								
Cost, beginning of year	\$ 1,991	\$ 9,357	\$ 9,984	\$ 2,615	\$ 531	\$ 24,478			
Additions ⁽ⁱ⁾	10	18	153	33	1,651	1,865			
Disposals	(22)	(148)	(86)	(12)	–	(268)			
Transfer from assets held for sale	1	1	–	–	–	2			
Net transfer from/(to) investment properties (note 16)	4	(36)	–	–	–	(32)			
Transfer from assets under construction	8	225	722	162	(1,117)	–			
Business acquisitions	–	–	1	1	–	2			
Cost, end of year	\$ 1,992	\$ 9,417	\$ 10,774	\$ 2,799	\$ 1,065	\$ 26,047			
Accumulated depreciation and impairment losses, beginning of year	\$ 6	\$ 4,088	\$ 7,505	\$ 1,746	\$ 3	\$ 13,348			
Depreciation	–	246	572	130	–	948			
Impairment losses	–	10	26	3	–	39			
Reversal of impairment losses	(1)	(1)	(6)	(3)	–	(11)			
Disposals	–	(29)	(86)	(11)	–	(126)			
Net transfer to investment properties (note 16)	–	(8)	–	–	–	(8)			
Accumulated depreciation and impairment losses, end of year	\$ 5	\$ 4,306	\$ 8,011	\$ 1,865	\$ 3	\$ 14,190			
Carrying amount as at:									
December 31, 2023	\$ 1,987	\$ 5,111	\$ 2,763	\$ 934	\$ 1,062	\$ 11,857			

(i) Additions to fixed assets include \$37 million of prepayments that were transferred from other assets in 2023.

The following is a continuity of the cost and accumulated depreciation and impairment losses of fixed assets for the year ended December 31, 2022:

(\$ millions)	Land	Buildings and building improvements	Equipment and fixtures	Leasehold improvements	Assets under construction	Total
Cost, beginning of year	\$ 2,011	\$ 9,120	\$ 9,371	\$ 2,463	\$ 406	\$ 23,371
Additions	–	62	148	55	1,043	1,308
Disposals	(1)	(28)	(104)	(38)	–	(171)
Transfer to assets held for sale	(6)	–	–	–	–	(6)
Net transfer to investment properties (note 16)	(13)	(20)	–	–	(7)	(40)
Transfer from assets under construction	–	223	563	125	(911)	–
Business acquisitions ⁽ⁱ⁾	–	–	6	10	–	16
Cost, end of year	\$ 1,991	\$ 9,357	\$ 9,984	\$ 2,615	\$ 531	\$ 24,478
Accumulated depreciation and impairment losses, beginning of year	\$ 3	\$ 3,901	\$ 7,076	\$ 1,606	\$ 3	\$ 12,589
Depreciation	–	211	528	164	–	903
Impairment losses	3	–	9	16	–	28
Reversal of impairment losses	–	(1)	(4)	(2)	–	(7)
Disposals	–	(23)	(104)	(38)	–	(165)
Accumulated depreciation and impairment losses, end of year	\$ 6	\$ 4,088	\$ 7,505	\$ 1,746	\$ 3	\$ 13,348
Carrying amount as at:						
December 31, 2022	\$ 1,985	\$ 5,269	\$ 2,479	\$ 869	\$ 528	\$ 11,130

(i) Includes \$16 million related to the acquisition of Lifemark (see note 6).

SECURITY AND ASSETS PLEDGED As at year end 2023, the Company had fixed assets with a carrying amount of \$267 million (2022 – \$162 million) which were encumbered by mortgages of \$257 million (2022 – \$155 million) (see note 22).

FIXED ASSET COMMITMENTS As at year end 2023, the Company had entered into commitments of \$1,155 million (2022 – \$1,122 million) for the construction, expansion and renovation of buildings and the purchase of real property.

IMPAIRMENT LOSSES AND REVERSALS OF FIXED ASSETS AND RIGHT-OF-USE ASSETS Management identified indications of impairment for certain retail location CGUs and therefore an impairment test was performed for these CGUs. For the year ended December 31, 2023, the Company recorded \$36 million (2022 – \$21 million) of impairment losses on fixed assets and \$7 million (2022 – \$8 million) of impairment losses on right-of-use assets (see note 29) in respect of 14 CGUs (2022 – 15 CGUs). Of the total CGUs, no CGUs (2022 – 1 CGU) were impaired on the basis of their carrying values exceeding their fair value less costs to sell.

For the year ended December 31, 2023, the Company recorded \$11 million (2022 – \$7 million) of impairment reversals on fixed assets and \$11 million (2022 – \$4 million) of impairment reversals on right-of-use assets (see note 29) in respect to 9 CGUs (2022 – 6 CGUs). Impairment reversals are recorded where the recoverable amount of the retail location exceeds its carrying values. No CGUs (2022 – No CGUs) with impairment reversals had fair value less costs to sell greater than their carrying values.

When determining the value in use of a retail location, the Company develops a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant assets within the CGU. Projected future sales and earnings for cash flows are based on actual operating results, operating budgets, and long-term growth rates that are consistent with industry averages, all of which are consistent with strategic plans presented to GWL's and Loblaw's Boards. The estimate of the value in use of relevant CGUs was determined using a pre-tax discount rate of 8.3% to 9.6% at the end of 2023 (2022 – 8.4% to 9.1%).

Additional impairment losses on fixed assets of \$3 million (2022 – \$7 million) were incurred related to Loblaw's store closures, renovations, and conversions of retail locations.

Notes to the Consolidated Financial Statements

Note 16. Investment Properties

The following are continuities of investment properties for the years ended December 31, 2023 and December 31, 2022:

(\$ millions)	2023	2022
Balance, beginning of the year	\$ 5,144	\$ 5,344
Adjustment to fair value of investment properties	20	405
Additions	166	159
Disposals	(101)	(881)
Net transfer from fixed assets ⁽ⁱ⁾ (note 15)	39	130
Net transfer from other assets	25	–
Net transfer to assets held for sale ⁽ⁱⁱ⁾	(124)	(27)
Net transfer from equity accounted joint ventures	193	–
Other	4	14
Balance, end of the year ⁽ⁱⁱⁱ⁾	\$ 5,366	\$ 5,144

- (i) Includes the fair value gain of \$15 million (2022 – \$90 million) recognized in other comprehensive income related to transfer of fixed assets to investment properties.
- (ii) Includes the fair value gain in 2022 of \$19 million recognized in other comprehensive income related to the transfer of assets held for sale to investment properties.
- (iii) Includes \$5,156 million (2022 – \$4,981 million) of income producing properties and \$210 million (2022 – \$163 million) of properties under development.

During 2023, the Company recognized in operating income \$394 million (2022 – \$392 million) of rental revenue and incurred direct operating costs of \$141 million (2022 – \$137 million) related to its investment properties, including \$1 million (2022 – nominal) of direct operating costs related to its investment properties for which no rental revenue was earned.

INTERNAL APPRAISALS

Investment properties are measured at fair value, which was primarily determined by using the discounted cash flow method.

Management reviews the valuation process and results prepared by the internal valuation team at least once per quarter. The valuations exclude any portfolio premium or value for the management platform and reflect the highest and best use for each of the Company's investment properties. As part of management's internal valuation process, the Company considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations and asset classes across the Company's portfolio. On a quarterly basis, the internal valuation team reviews and updates, as deemed necessary, the valuation models to reflect current market data. Updates may be made to capitalization rates, discount rates, market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs.

INDEPENDENT APPRAISALS

Properties are typically independently appraised at the time of acquisition. In addition, the Company has engaged independent nationally-recognized valuation firms to appraise its investment properties such that the majority of the portfolio will be independently appraised at least once over a four-year period. When an independent appraisal is obtained, the internal valuation team assesses all major inputs used by the independent valuers in preparing their reports and holds discussions with them on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations. The Company will record the internal value in its consolidated financial statements.

Note 17. Equity Accounted Joint Ventures

The Company accounts for its investments in joint ventures using the equity method. These investments hold primarily development properties and some income producing properties. The table below summarizes the Company's investment, through Choice Properties, in joint ventures.

	As at			
	Dec. 31, 2023		Dec. 31, 2022	
	Number of joint ventures	Ownership interest	Number of joint ventures	Ownership interest
Retail	15	25% - 75%	15	25% - 75%
Industrial	–	–%	1	50%
Mixed-Use & Residential	3	50%	3	50%
Land held for development	3	50% - 85%	3	50% - 85%
Total equity accounted joint ventures	21		22	
Investment in equity accounted joint ventures (\$ millions)		\$ 884		\$ 996

During 2023, the Company's share of net income and comprehensive income from the joint ventures was \$39 million (2022 - \$354 million).

Note 18. Intangible Assets

The following is a continuity of the cost and accumulated amortization and impairment losses of intangible assets for the year ended December 31, 2023:

(\$ millions)	Indefinite life intangible assets	Software	Other definite life intangible assets ⁽ⁱ⁾	Total
Cost, beginning of year	\$ 3,756	\$ 4,239	\$ 6,228	\$ 14,223
Additions	–	402	5	407
Business acquisitions	–	–	12	12
Disposal	–	(12)	(5)	(17)
Cost, end of year	\$ 3,756	\$ 4,629	\$ 6,240	\$ 14,625
Accumulated amortization and impairment losses, beginning of year	\$ –	\$ 3,150	\$ 4,546	\$ 7,696
Amortization	–	414	518	932
Disposal	–	(12)	–	(12)
Accumulated amortization and impairment losses, end of year	\$ –	\$ 3,552	\$ 5,064	\$ 8,616
Carrying amount as at:				
December 31, 2023	\$ 3,756	\$ 1,077	\$ 1,176	\$ 6,009

- (i) Other definite life intangible assets includes prescription files with a net book value of \$557 million related to the acquisition of Shoppers Drug Mart in 2014 which will be fully amortized by 2025.

Notes to the Consolidated Financial Statements

The following is a continuity of the cost and accumulated amortization and impairment losses of intangible assets for the year ended December 31, 2022:

(\$ millions)	Indefinite life intangible assets	Software	Other definite life intangible assets ⁽ⁱⁱ⁾	Total
Cost, beginning of year	\$ 3,491	\$ 3,821	\$ 5,922	\$ 13,234
Additions	–	418	1	419
Business acquisitions ⁽ⁱ⁾	265	–	311	576
Disposal	–	–	(6)	(6)
Cost, end of year	\$ 3,756	\$ 4,239	\$ 6,228	\$ 14,223
Accumulated amortization and impairment losses, beginning of year	\$ –	\$ 2,764	\$ 4,040	\$ 6,804
Amortization	–	381	506	887
Impairment losses	–	5	–	5
Accumulated amortization and impairment losses, end of year	\$ –	\$ 3,150	\$ 4,546	\$ 7,696
Carrying amount as at:				
December 31, 2022	\$ 3,756	\$ 1,089	\$ 1,682	\$ 6,527

(i) Includes \$564 million related to the acquisition of Lifemark (see note 6).

(ii) Other definite life intangible assets includes prescription files with a net book value of \$1,009 million related to the acquisition of Shoppers Drug Mart in 2014 which will be fully amortized by 2025.

INDEFINITE LIFE INTANGIBLE ASSETS Indefinite life intangible assets recorded by Loblaw are comprised of brand names, trademarks, import purchase quotas and certain liquor licenses. The brand names and trademarks are a result of Loblaw's acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart"), Lifemark, and T&T Supermarket Inc. Loblaw expects to renew the registration of the brand names, trademarks, import purchase quotas and liquor licenses at each expiry date indefinitely, and expects these assets to generate economic benefit in perpetuity. As such, the Company has assigned these intangible assets indefinite useful lives.

SOFTWARE Software is comprised of software purchases and development costs. There were no capitalized borrowing costs included in 2023 and 2022.

OTHER DEFINITE LIFE INTANGIBLE ASSETS Other definite life intangible assets recorded by Loblaw primarily consist of prescription files, the customer loyalty awards program and customer relationships.

Note 19. Goodwill

The following are continuities of the cost and accumulated impairment losses of goodwill for the years ended December 31, 2023 and December 31, 2022:

(\$ millions)	2023	2022
Cost, beginning of year	\$ 5,920	\$ 5,546
Business acquisitions ⁽ⁱ⁾	26	374
Cost, end of year	\$ 5,946	\$ 5,920
Accumulated impairment losses	\$ 1,067	\$ 1,067
Carrying amount, end of year	\$ 4,879	\$ 4,853

(i) Includes \$365 million related to the acquisition of Lifemark in 2022 (see note 6).

The carrying amount of goodwill attributed to each CGU was as follows:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Shoppers Drug Mart	\$ 2,996	\$ 2,981
Market	238	376
Discount ⁽ⁱ⁾	603	461
Lifemark	376	369
T&T Supermarket Inc.	129	129
Other	537	537
Carrying amount of goodwill, as at the end of year	\$ 4,879	\$ 4,853

(i) Includes goodwill reallocated from the Market CGU as a result of store conversions.

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLES

The Company tests goodwill and indefinite life intangible assets for impairment annually or more frequently if indicators of impairment are identified.

The key assumptions used to calculate the fair value less costs to sell are revenue and gross margin forecasts, growth/attrition rates, discount rate, and terminal rate. These assumptions are considered to be Level 3 in the fair value hierarchy.

The weighted average cost of capital was determined to be 7.1% to 10.1% (2022 – 7.1% to 9.3%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on corporate bond yields and the capital structure of comparable publicly traded companies.

Cash flow projections have been discounted using a rate derived from an after-tax weighted average cost of capital. As at year end 2023, the after-tax discount rate used in the recoverable amount calculations was 7.1% to 10.1% (2022 – 7.1% to 9.3%).

The Company included a minimum of three years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the three year period using an estimated long-term growth rate of 2.0% to 2.5% (2022 – 2.0%). The budgeted EBITDA growth was based on the Company's strategic plan approved by the Board.

The Company completed its annual impairment tests for goodwill and indefinite life intangible assets and concluded there was no impairment.

Notes to the Consolidated Financial Statements

Note 20. Other Assets

The components of other assets were as follows:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Investment in real estate securities (note 30)	\$ 238	\$ 302
Sundry investments and other receivables ⁽ⁱ⁾	307	281
Net accrued benefit plan asset (note 26)	309	65
Finance lease receivable	35	63
Mortgages, loans and notes receivable	358	510
Long-term securities	201	246
Other	83	154
Total Other Assets	\$ 1,531	\$ 1,621
Current portion of mortgages, loans, notes and finance lease receivable ⁽ⁱⁱ⁾	(276)	(308)
Other Assets	\$ 1,255	\$ 1,313

- (i) During 2022, Loblaw agreed to invest a total of \$42 million in Rapid Retail Canada Inc. ("Rapid") in exchange for a minority interest. Rapid will provide on-demand grocery and convenience items to customers in Canada. As at year end 2023, Loblaw had invested \$18 million, with no additional investment made in 2023.
- (ii) Current portion of mortgages, loans, notes and finance lease receivable is included in prepaid expenses and other assets in the consolidated balance sheets.

Note 21. Provisions

The following are continuities of provisions for the years ended December 31, 2023 and December 31, 2022:

(\$ millions)	2023	2022
Balance, beginning of year	\$ 200	\$ 209
Additions	105	190
Payments	(79)	(195)
Reversals	(9)	(5)
Impact of foreign currency translation	-	1
Balance, end of year	\$ 217	\$ 200

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Recorded on the consolidated balance sheets as follows:		
Current provisions	\$ 121	\$ 116
Non-current provisions	96	84
Total provisions	\$ 217	\$ 200

Provisions consist primarily of amounts recorded in respect of self-insurance, legal claims and charges related to PC Bank commodity tax matters.

The Company's accrued insurance liabilities were \$100 million (2022 - \$94 million), of which \$61 million (2022 - \$49 million) was included in non-current provisions and \$39 million (2022 - \$45 million) in current provisions. Included in total accrued insurance liabilities were \$13 million (2022 - \$14 million) of U.S. workers' compensation liabilities. The related cost and accrued workers' compensation liabilities are based on actuarial valuations which are dependent on assumptions determined by management. The discount rate used in determining the 2022 U.S. workers' compensation cost and liability was 2.0% (2022 - 2.0%). The total workers' compensation liability is equal to the ultimate actuarial loss estimate less any actual losses paid to date. Any change in the workers' compensation liability is recognized immediately in operating income.

CHARGES RELATED TO PC BANK COMMODITY TAX MATTERS 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 Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal and in the first half of 2023 both PC Bank and the Crown submitted their respective facts for the appeal. Subsequent to the end of the year, the Federal Court of Appeal scheduled the hearing of the appeal for March 6, 2024. Loblaw has not reversed any portion of the charge of \$111 million, inclusive of interest, recorded in the second quarter of 2022. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

In the second quarter of 2023, the Federal government enacted certain commodity tax legislation that applies to PC Bank on a retroactive basis. A charge of \$37 million, inclusive of interest, was recorded for this matter. In the fourth quarter of 2023, Loblaw reversed \$13 million of previously recorded charges. The reversal was a result of new guidance issued by the Canada Revenue Agency ("CRA").

COMPETITION BUREAU INVESTIGATION In 2017, the Company and Loblaw announced actions taken to address their involvement in an industry-wide price-fixing arrangement. In connection with the arrangement, Loblaw offered customers a \$25 Loblaw Card, which can be used to purchase items sold in Loblaw grocery stores across Canada. As at December 31, 2023, the Loblaw Card Program liability was \$15 million (2022 - \$15 million). Loblaw expects that Loblaw Cards issued to customers will be an offset against civil liability. The charge recorded for the Loblaw Card Program should not be viewed as an estimate of damages (see note 32).

Notes to the Consolidated Financial Statements

Note 22. Long-Term Debt

The components of long-term debt were as follows:

(\$ millions)	As at		
	Dec. 31, 2023	Dec. 31, 2022	
Debentures			
George Weston Limited Notes			
4.12%, due 2024	\$ 200	\$ 200	
7.10%, due 2032	150	150	
6.69%, due 2033	100	100	
Loblaw Companies Limited Notes			
3.92% due 2024	400	400	
6.65%, due 2027	100	100	
6.45%, due 2028	200	200	
4.49%, due 2028	400	400	
6.50%, due 2029	175	175	
2.28%, due 2030	350	350	
11.40%, due 2031			
Principal	151	151	
Effect of coupon repurchase	28	30	
5.01%, due 2032	400	400	
6.85%, due 2032	200	200	
6.54%, due 2033	200	200	
8.75%, due 2033	200	200	
6.05%, due 2034	200	200	
6.15%, due 2035	200	200	
5.90%, due 2036	300	300	
6.45%, due 2039	200	200	
7.00%, due 2040	150	150	
5.86%, due 2043	55	55	
5.34%, due 2052	400	400	
Choice Properties Debentures			
Series B 4.90%, due 2023	–	200	
Series D 4.29%, due 2024	200	200	
Series F 4.06%, due 2025	200	200	
Series G 3.20%, due 2023	–	250	
Series H 5.27%, due 2046	100	100	
Series J 3.55%, due 2025	350	350	
Series K 3.56%, due 2024	550	550	
Series L 4.18%, due 2028	750	750	
Series M 3.53%, due 2029	750	750	
Series N 2.98%, due 2030	400	400	
Series O 3.83%, due 2050	100	100	
Series P 2.85%, due 2027	500	500	
Series Q 2.46%, due 2026	350	350	
Series R 6.00%, due 2032	500	500	
Series S 5.40% due 2033	550	–	
Series T 5.70% due 2034	350	–	
Series D-C 3.30%, due 2023	–	125	
Long-Term Debt Secured by Mortgage	2.04% - 5.60%, due 2024 - 2043 (note 15)	977	949
Guaranteed Investment Certificates	0.40% - 5.36%, due 2023 - 2027	1,654	1,567
Independent Securitization Trust (note 12)	3.10%, due 2023	–	250
	2.28%, due 2024	250	250
	1.34%, due 2025	300	300
	1.61%, due 2026	300	300
	4.78%, due 2027	232	232
	5.63%, due 2027	9	9
	6.83%, due 2027	9	9
	5.13%, due 2028	232	–
	6.11%, due 2028	9	–
	7.36%, due 2028	9	–
Independent Funding Trusts		558	574
Choice Properties Credit Facility		–	260
Choice Properties Construction Loans		90	39
Transaction costs and other		(42)	(41)
Total long-term debt	\$ 14,996	\$ 14,784	
Less amount due within one year	2,355	1,383	
Long-term debt	\$ 12,641	\$ 13,401	

Significant long-term debt transactions are described below:

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

(\$ millions)	Interest Rate	Maturity Date	2023	2022
			Principal Amount	Principal Amount
Loblaw				
- Senior unsecured note	5.01%	September 13, 2032	\$ -	\$ 400
- Senior unsecured note	5.34%	September 13, 2052	-	400
Choice Properties senior unsecured debentures				
- Series R	6.00%	June 24, 2032	-	500
- Series S	5.40%	March 1, 2033	550	-
- Series T	5.70%	February 28, 2034	350	-
Total debentures issued			\$ 900	\$ 1,300

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

(\$ millions)	Interest Rate	Maturity Date	2023	2022
			Principal Amount	Principal Amount
Loblaw senior unsecured note	4.86%	September 12, 2023 ⁽ⁱ⁾	\$ -	\$ 800
Choice Properties senior unsecured debentures				
- Series 10	3.84%	September 20, 2022 ⁽ⁱⁱ⁾	-	300
- Series C	3.20%	March 7, 2023	250	-
- Series D-C	3.30%	January 18, 2023	125	-
- Series B	4.90%	July 5, 2023	200	-
Total debentures repaid			\$ 575	\$ 1,100

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

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

Subsequent to year end, on February 8, 2024, Choice Properties paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the \$200 million aggregate principal amount of the 4.29% Series D senior unsecured debentures outstanding.

GUARANTEED INVESTMENT CERTIFICATES ("GICs") The following table summarizes PC Bank's GIC activity, before commissions, for the years ended as indicated:

(\$ millions)	2023	2022
Balance, beginning of year	\$ 1,567	\$ 996
GICs issued	583	764
GICs matured	(496)	(193)
Balance, end of year	\$ 1,654	\$ 1,567

INDEPENDENT SECURITIZATION TRUST The notes issued by *Eagle* are debentures, which are collateralized by PC Bank's credit card receivables (see note 12).

During 2023, *Eagle* issued \$250 million (2022 - \$250 million) of senior and subordinated term notes with a maturity date of June 17, 2028 (2022 - July 17, 2027). These notes have a weighted average interest rate of 5.25% (2022 - 4.89%). In connection with this issuance, \$125 million (2022 - \$140 million) of bond forward agreements were settled, resulting in a realized fair value gain of \$4 million (2022 - gain of \$8 million) before income taxes, which was cumulatively recorded in other comprehensive income as unrealized prior to the settlement of the agreement. The gain will be reclassified to the consolidated statements of earnings over the life of the *Eagle* notes. This settlement resulted in a net effective interest rate of 4.95% (2022 - 4.24%) on the *Eagle* notes issued (see note 30).

During 2023, \$250 million (2022 - \$250 million) of senior and subordinated term notes at weighted average interest rate of 3.10% (2022 - 2.71%), previously issued by *Eagle*, matured and were repaid on July 17, 2023 (2022 - October 17, 2022). As a result, during 2023, there was no net change in the balances related to *Eagle* notes.

Notes to the Consolidated Financial Statements

INDEPENDENT FUNDING TRUSTS As at year end 2023, the independent funding trusts had drawn \$558 million (2022 - \$574 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts.

Loblaw has a \$700 million revolving committed credit facility that is the source of funding to the independent funding trusts that has a maturity date of April 14, 2025.

COMMITTED CREDIT FACILITY The components of the committed lines of credit available as at year end 2023 and 2022 were as follows:

(\$ millions)	Maturity Date	As at			
		Dec. 31, 2023		Dec. 31, 2022	
		Available Credit	Drawn	Available Credit	Drawn
George Weston	December 14, 2026	\$ 350	\$ -	\$ 350	\$ -
Loblaw	July 15, 2027	1,500	-	1,000	-
Choice Properties	September 1, 2028	1,500	-	1,500	260
Total committed credit facilities		\$ 3,350	\$ -	\$ 2,850	\$ 260

These facilities contain certain financial covenants (see note 25).

George Weston GWL has a \$350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of December 14, 2026. During 2023, the maturity date of the credit facility was extended from September 13, 2024 to December 14, 2026 with all other terms and conditions remaining substantially the same. As at December 31, 2023, no amounts (December 31, 2022 - nil) were drawn under this facility.

Loblaw Loblaw has a \$1.5 billion committed credit facility with a maturity date of July 15, 2027, provided by a syndicate of lenders. On December 14, 2023, Loblaw increased the committed credit facility from \$1.0 billion to \$1.5 billion with all other terms and conditions remaining substantially the same. As at December 31, 2023, no amounts (December 31, 2022 - nil) were drawn under this facility.

Choice Properties Choice Properties has a \$1.5 billion senior unsecured committed revolving credit facility maturing September 1, 2028, provided by a syndicate of lenders. During 2023, Choice Properties extended the maturity date for the credit facility from September 1, 2027 to September 1, 2028. As at December 31, 2023, no amounts (December 31, 2022 - \$260 million) were 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)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Debentures	\$ 1,347	\$ 571
GICs	541	477
Independent Securitization Trust	250	250
Long-term debt secured by mortgage	167	80
Construction Loans	50	5
Long-term debt due within one year	\$ 2,355	\$ 1,383

SCHEDULE OF REPAYMENTS The schedule of repayment of long-term debt, based on maturity is as follows:

(\$ millions)	Dec. 31, 2023
2024	\$ 2,357
2025	1,863
2026	977
2027	1,205
2028	1,903
Thereafter	6,733
Total long-term debt (excludes transaction costs)	\$ 15,038

See note 30 for the fair value of long-term debt.

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

(\$ millions)	2023	2022
Total long-term debt, beginning of year	\$ 14,784	\$ 14,010
Long-term debt issuances ⁽ⁱ⁾	1,939	2,609
Long-term debt repayments	(1,714)	(1,817)
Total cash flow from long-term debt financing activities	225	792
Other non-cash changes	(13)	(18)
Total long-term debt, end of year	\$ 14,996	\$ 14,784

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

Note 23. Other Liabilities

The components of other liabilities were as follows:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Financial liabilities ⁽ⁱ⁾	\$ 708	\$ 663
Net defined benefit plan obligation (note 26)	282	279
Other long-term employee benefit obligation	129	107
Equity-based compensation liability (note 27)	8	8
Other	57	37
Other liabilities	\$ 1,184	\$ 1,094

(i) Financial liabilities represent properties disposed of by Choice Properties or Loblaw to third parties. On consolidation, these transactions were not recognized as a sale of assets as under the terms of the leases, as the Company did not relinquish control of the properties for purposes of IFRS 16 "Leases" and IFRS 15 "Revenue from Contracts with Customers". During 2023, the Company received proceeds of \$47 million in 2023 (2022 - \$8 million) from the disposition of two retail properties (2022 - one retail property), which were recognized as financial liabilities. As at December 31, 2023, \$8 million (December 31, 2022 - \$5 million) was recorded in trade payables and other liabilities and \$708 million (December 31, 2022 - \$663 million) was recorded in other liabilities for all properties recognized as financial liabilities.

Notes to the Consolidated Financial Statements

Note 24. Share Capital

The components of share capital were as follows:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Common share capital	\$ 2,508	\$ 2,616
Preferred shares, Series I	228	228
Preferred shares, Series III	196	196
Preferred shares, Series IV	197	197
Preferred shares, Series V	196	196
Share capital	\$ 3,325	\$ 3,433

COMMON SHARE CAPITAL (AUTHORIZED - UNLIMITED) Common shares issued are fully paid and have no par value. The following table summarizes the activity in the Company's common shares issued and outstanding for the years ended December 31, 2023 and December 31, 2022:

(\$ millions except where otherwise indicated)	2023		2022	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of year	140,737,942	\$ 2,619	146,789,503	\$ 2,714
Issued for settlement of stock options (note 27)	67,619	8	337,615	41
Purchased and cancelled ⁽ⁱ⁾	(6,258,980)	(116)	(6,389,176)	(136)
Issued and outstanding, end of year	134,546,581	\$ 2,511	140,737,942	\$ 2,619
Shares held in trusts, beginning of year	(160,465)	\$ (3)	(141,106)	\$ (2)
Purchased for future settlement of RSUs and PSUs	(44,000)	(1)	(99,000)	(2)
Released for settlement of RSUs and PSUs (note 27)	80,570	1	79,641	1
Shares held in trusts, end of year	(123,895)	\$ (3)	(160,465)	\$ (3)
Issued and outstanding, net of shares held in trusts, end of year	134,422,686	\$ 2,508	140,577,477	\$ 2,616
Weighted average outstanding, net of shares held in trusts (note 9)	137,527,536		144,244,034	

(i) Number of common shares repurchased and cancelled as at December 31, 2023, does not include shares that may be repurchased subsequent to year end under the automatic share purchase plan ("ASPP"), as described below.

Preferred Shares, Series I (authorized - 10.0 million) GWL has 9.4 million 5.80% non-voting Preferred Shares, Series I outstanding, with a face value of \$235 million, which entitle the holders to a fixed cumulative preferred cash dividend of \$1.45 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at \$25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

Preferred Shares, Series III (authorized - 10.0 million) GWL has 8.0 million 5.20% non-voting Preferred Shares, Series III outstanding, with a face value of \$200 million, which entitle the holders to a fixed cumulative preferred cash dividend of \$1.30 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at \$25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

Preferred Shares, Series IV (authorized – 8.0 million) GWL has 8.0 million 5.20% non-voting Preferred Shares, Series IV outstanding, with a face value of \$200 million, which entitle the holders to a fixed cumulative preferred cash dividend of \$1.30 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at \$25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

Preferred Shares, Series V (authorized – 8.0 million) GWL has 8.0 million 4.75% non-voting Preferred Shares, Series V outstanding, with a face value of \$200 million, which entitle the holders to a fixed cumulative preferred cash dividend of \$1.1875 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at \$25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

DIVIDENDS The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Company's Board which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time. Over time, it is the Company's intention to increase the amount of the dividend while retaining appropriate free cash flow to finance future growth. In the second quarter of 2023 and in the second quarter of 2022, the Board raised the quarterly common share dividend by \$0.053 to \$0.713 and by \$0.06 to \$0.66 per share, respectively. The Board declared dividends for the years ended as follows:

(\$)	2023	2022
Dividends declared per share ⁽ⁱ⁾ :		
Common share	\$ 2.799	\$ 2.580
Preferred share:		
Series I	\$ 1.45	\$ 1.45
Series III	\$ 1.30	\$ 1.30
Series IV	\$ 1.30	\$ 1.30
Series V	\$ 1.1875	\$ 1.1875

(i) Dividends declared in the fourth quarter of 2023 on common shares and Preferred Shares, Series III, Series IV and Series V were paid on January 1, 2024. Dividends declared in the fourth quarter of 2023 on Preferred Shares, Series I were paid on December 15, 2023.

The following table summarizes the Company's quarterly dividends declared subsequent to year end 2023:

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

(i) Dividends declared in the first quarter of 2024 on common shares and Preferred Shares, Series III, Series IV and Series V are payable on April 1, 2024. Dividends declared in the first quarter of 2024 on Preferred Shares, Series I are payable on March 15, 2024.

Notes to the Consolidated Financial Statements

NORMAL COURSE ISSUER BID PROGRAM The following table summarizes the Company's activity under its NCIB for the years ended as follows:

(\$ millions except where otherwise indicated)	2023	2022
Purchased for future settlement of RSUs and PSUs (number of shares)	44,000	99,000
Purchased for current settlement of DSUs (number of shares)	7,521	15,716
Purchased and cancelled (number of shares)	6,258,980	6,389,176
Cash consideration paid		
Purchased and held in trusts	\$ (7)	\$ (14)
Purchased and settled	(1)	(2)
Purchased and cancelled ⁽ⁱ⁾	(1,001)	(994)
Premium charged to retained earnings		
Purchased and held in trusts	\$ 6	\$ 12
Purchased and settled	(2)	1
Purchased and cancelled ⁽ⁱⁱ⁾	874	1,002
Reduction in share capital ⁽ⁱⁱⁱ⁾	\$ 116	\$ 136

(i) In 2023, there were no net cash timing adjustments (2022 - \$6 million) of common shares repurchased under the NCIB for cancellation.

(ii) Includes \$124 million (2022 - \$133 million) related to the ASPP, as described below.

(iii) Includes \$16 million (2022 - \$17 million) related to the ASPP, as described below.

In 2023, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 6,954,013 of its common shares, representing approximately 5% of issued and outstanding common shares.

In 2023, the TSX accepted an amendment to the Company's NCIB to allow Wittington, the Company's controlling shareholder, to participate in the NCIB in a fixed proportion of 50% of Wittington's pro rata share of the issued and outstanding common shares of the Company. Purchases of common shares from Wittington are made during the TSX's Special Trading Session pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Wittington. The maximum number of common shares that may be purchased pursuant to the NCIB is reduced by the number of common shares purchased from Wittington.

In 2023, 6,258,980 common shares (2022 - 6,389,176) were purchased under the NCIB for cancellation for aggregate consideration of \$1,001 million (2022 - \$988 million), including 698,746 common shares (2022 - nil) purchased from Wittington for aggregate consideration of \$107 million (2022 - nil).

From time to time, the Company participates in an ASPP with a broker in order to facilitate the purchase 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 December 31, 2023, an obligation to repurchase shares of \$140 million was recognized under the ASPP in trade payables and other liabilities.

As of December 31, 2023, 4,193,330 common shares were purchased under the Company's current NCIB.

Note 25. Capital Management

In order to manage its capital structure, the Company may, among other activities, adjust the amount of dividends paid to shareholders, purchase shares for cancellation pursuant to its NCIB, issue new shares or issue or repay long-term debt with the objective of:

- ensuring sufficient liquidity is available to support its financial obligations and to execute its operating and strategic plans;
- maintaining financial capacity and flexibility through access to capital to support future development of the business;
- minimizing the after-tax cost of its capital while taking into consideration current and future industry, market and economic risks and conditions;
- utilizing short-term funding sources to manage its working capital requirements and long-term funding sources to manage the long-term capital investments of the business; and
- targeting an appropriate leverage and capital structure for the Company and each of its reportable operating segments.

The Company has policies in place which govern debt financing plans and risk management strategies for liquidity, interest rates and foreign exchange. These policies outline measures and targets for managing capital, including a range for leverage consistent with the desired credit rating. Management and the Audit Committee regularly review the Company's compliance with, and performance against, these policies. In addition, management regularly reviews these policies to ensure they remain consistent with the risk tolerance acceptable to the Company.

The following table summarizes the Company's total capital under management:

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Bank indebtedness	\$ 13	\$ 8
Demand deposits from customer	166	125
Short-term debt ⁽ⁱ⁾	850	700
Long-term debt due within one year	2,355	1,383
Long-term debt	12,641	13,401
Certain other liabilities ⁽ⁱⁱ⁾	800	748
Total debt excluding lease liabilities	\$ 16,825	\$ 16,365
Lease liabilities due within one year	880	835
Lease liabilities	4,563	4,323
Total debt including lease liabilities	\$ 22,268	\$ 21,523
Equity attributable to shareholders of the Company	6,675	6,841
Total capital under management	\$ 28,943	\$ 28,364

(i) During 2023, PC Bank recorded a \$150 million net increase of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

(ii) Certain other liabilities include financial liabilities of \$716 million related to the sale and leaseback of retail and industrial properties (December 31, 2022 - \$668 million) (see note 23).

COVENANTS AND REGULATORY REQUIREMENTS The Company and Loblaw are subject to certain key financial and non-financial covenants under their existing credit facilities, certain debentures and letters of credit. These covenants, which include interest coverage and leverage ratios, as defined in the respective agreements, are measured by the Company and Loblaw on a quarterly basis to ensure compliance with these agreements. As at year end 2023 and throughout the year, the Company and Loblaw were in compliance with each of their covenants under their agreements.

Loblaw is subject to externally imposed capital requirements from the Office of the Superintendent of Financial Institutions ("OSFI"), the primary regulator of PC Bank. PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory capital requirements as defined by OSFI. PC Bank uses Basel III as its regulatory capital management framework, which includes a target common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%. In addition to the regulatory capital ratios requirement, PC Bank is subject to the Basel III Leverage ratio. PC Bank is also subject to the OSFI's Guideline on Liquidity Adequacy Requirements ("LARs"). The LARs guideline establishes standards based on the Basel III framework, including a Liquidity Coverage Ratio standard. As at year end 2023 and throughout the year, PC Bank has met all applicable regulatory requirements.

Choice Properties has certain key financial covenants in its debentures and committed credit facility. They key financial covenants include debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are measured by Choice Properties on an on-going basis to ensure compliance with the agreements. As at year end 2023 and throughout the year, Choice Properties was in compliance with each of the key financial covenants under these agreements.

In addition, the Company has wholly-owned subsidiaries that engage in insurance related activities. These subsidiaries each exceeded their minimum regulatory capital and surplus requirements as at year end 2023.

Notes to the Consolidated Financial Statements

Note 26. Post-Employment and Other Long-Term Employee Benefits

POST-EMPLOYMENT BENEFITS The Company sponsors a number of pension plans, including registered defined benefit pension plans, registered defined contribution pension plans and supplemental unfunded arrangements providing pension benefits in excess of statutory limits. Certain obligations of the Company under these supplemental pension arrangements are secured by a standby letter of credit issued by a major Canadian chartered bank.

The Loblaw Pension Committee and the GWL Governance, Human Resource, Nominating and Compensation Committee (collectively, the "Committees") oversee the Company's and the Loblaw's pension plans. The Committees are responsible for assisting the Company's and Loblaw's Boards in fulfilling their general oversight responsibilities for the plans.

The Company's defined benefit pension plans are primarily funded by the Company, predominantly non-contributory and the benefits are, in general, based on career average earnings subject to limits. The funding is based on regulatory going concern and solvency valuations for which the assumptions may differ from the assumptions used for accounting purposes as detailed in this note.

The Company also offers certain other defined benefit plans other than pension plans. These other defined benefit plans are generally not funded, are mainly non-contributory and include health care, life insurance and dental benefits. Employees eligible for these other defined benefit plans are those who retire at certain ages having met certain service requirements. The majority of other defined benefit plans for current and future retirees include a limit on the total benefits payable by the Company.

The Company's defined benefit pension plans and other defined benefit plans expose it to a number of actuarial risks, such as longevity risk, interest rate risk and market risk.

In Canada, the Company also has a national defined contribution plan for salaried employees. All newly hired salaried employees are only eligible to participate in this defined contribution plan.

The Company also contributes to various MEPPs, which are administered by independent boards of trustees generally consisting of an equal number of union and employer representatives. The Company's responsibility to make contributions to these plans is limited by amounts established pursuant to its collective agreements.

The Company expects to make contributions in 2024 to its defined benefit and defined contribution plans and the MEPPs in which it participates as well as make benefit payments to the beneficiaries of the supplemental unfunded defined benefit pension plans, other defined benefit plans and other long-term employee benefit plans.

OTHER LONG-TERM EMPLOYEE BENEFITS The Company offers other long-term employee benefit plans that include long-term disability benefits and continuation of health care and dental benefits while on disability.

DEFINED BENEFIT PENSION PLANS AND OTHER DEFINED BENEFIT PLANS Information on the Company's defined benefit pension plans and other defined benefit plans, in aggregate, is summarized as follows:

	As at			
	Dec. 31, 2023		Dec. 31, 2022	
(\$ millions)	Defined Benefit Pension Plans	Other Defined Benefit Plans	Defined Benefit Pension Plans	Other Defined Benefit Plans
Present value of funded obligations	\$ (1,480)	\$ –	\$ (1,299)	\$ –
Present value of unfunded obligations	(157)	(116)	(147)	(119)
Total present value of defined benefit obligations	\$ (1,637)	\$ (116)	\$ (1,446)	\$ (119)
Fair value of plan assets	1,793	–	1,616	–
Total funded status of surpluses (obligations)	\$ 156	\$ (116)	\$ 170	\$ (119)
Assets not recognized due to asset ceiling	(13)	–	(265)	–
Total net defined benefit plan surpluses (obligations)	\$ 143	\$ (116)	\$ (95)	\$ (119)
Recorded on the consolidated balance sheets as follows:				
Other assets (note 20)	\$ 309	\$ –	\$ 65	\$ –
Other liabilities (note 23)	\$ (166)	\$ (116)	\$ (160)	\$ (119)

The following are the continuities of the fair value of plan assets and the present value of the defined benefit plan obligations:

(\$ millions)	2023			2022		
	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
Changes in the fair value of plan assets						
Fair value, beginning of year	\$ 1,616	\$ –	\$ 1,616	\$ 2,232	\$ –	\$ 2,232
Employer contributions	21	–	21	2	–	2
Employee contributions	2	–	2	3	–	3
Benefits paid	(50)	–	(50)	(57)	–	(57)
Interest income	86	–	86	73	–	73
Actuarial gains (losses) in other comprehensive income	121	–	121	(626)	–	(626)
Other	(3)	–	(3)	(4)	–	(4)
Settlement related to sale of Weston Foods	–	–	–	(7)	–	(7)
Fair value, end of year	\$ 1,793	\$ –	\$ 1,793	\$ 1,616	\$ –	\$ 1,616
Changes in the present value of the defined benefit plan obligations						
Balance, beginning of year	\$ 1,446	\$ 119	\$ 1,565	\$ 1,927	\$ 149	\$ 2,076
Current service cost	44	4	48	63	3	66
Interest cost	74	6	80	61	5	66
Benefits paid	(57)	(3)	(60)	(66)	(5)	(71)
Employee contributions	2	–	2	3	–	3
Actuarial losses (gains) in other comprehensive income	128	(10)	118	(535)	(33)	(568)
Settlement related to sale of Weston Foods	–	–	–	(7)	–	(7)
Balance, end of year	\$ 1,637	\$ 116	\$ 1,753	\$ 1,446	\$ 119	\$ 1,565
Total funded status of surpluses (obligations)	\$ 156	\$ (116)	\$ 40	\$ 170	\$ (119)	\$ 51
Changes in the assets not recognized due to asset ceiling						
Balance, beginning of year	\$ 265	\$ –	\$ 265	\$ –	\$ –	\$ –
Change in liability arising from change in asset ceiling	(267)	–	(267)	265	–	265
Interest expense on assets not recognized due to asset ceiling	15	–	15	–	–	–
Balance, end of year	\$ 13	\$ –	\$ 13	\$ 265	\$ –	\$ 265
Total net defined benefit plan surpluses (obligations)	\$ 143	\$ (116)	\$ 27	\$ (95)	\$ (119)	\$ (214)

For the year ended 2023, the actual gain on plan assets was \$207 million (2022 – loss of \$553 million).

The net defined benefit obligation can be allocated to the plans' participants as follows:

- Active plan participants – 51% (2022 – 57%)
- Deferred plan participants – 12% (2022 – 12%)
- Retirees – 37% (2022 – 31%)

During 2024, the Company expects to contribute approximately \$20 million (2023 – contributed \$21 million) to its registered defined benefit pension plans. The actual amount of contributions may vary from the estimate depending on the funded positions of the plans, filing of any actuarial valuations, any new regulatory requirements or other factors.

Notes to the Consolidated Financial Statements

The net cost recognized in net earnings before income taxes from continuing operations for the Company's defined benefit pension plans and other defined benefit plans was as follows:

	2023			2022		
	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
(\$ millions)						
Current service cost	\$ 44	\$ 4	\$ 48	\$ 63	\$ 3	\$ 66
Net interest cost (income) on net defined benefit plan asset (obligations)	3	6	9	(12)	5	(7)
Other	3	–	3	4	–	4
Net post-employment defined benefit costs	\$ 50	\$ 10	\$ 60	\$ 55	\$ 8	\$ 63

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

	2023			2022		
	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
(\$ millions)						
Return (loss) on plan assets excluding amounts included in interest income	\$ 121	\$ –	\$ 121	\$ (626)	\$ –	\$ (626)
Experience adjustments	(20)	12	(8)	(3)	3	–
Actuarial gains (losses) from change in demographic assumptions	35	8	43	–	(6)	(6)
Actuarial gains (losses) from change in financial assumptions ⁽ⁱ⁾	(143)	(10)	(153)	538	36	574
Change in liability arising from change in asset ceiling ⁽ⁱ⁾	267	–	267	(265)	–	(265)
Total net actuarial gains (losses) recognized in other comprehensive income before income taxes	\$ 260	\$ 10	\$ 270	\$ (356)	\$ 33	\$ (323)
Income tax (expenses) recoveries on actuarial gains (losses) (note 8)	(69)	(2)	(71)	95	(8)	87
Actuarial gains (losses) net of income tax recoveries (expenses)	\$ 191	\$ 8	\$ 199	\$ (261)	\$ 25	\$ (236)

(i) The actuarial losses and the change in liability arising from change in asset ceiling were primarily driven by a decrease in discount rates.

Notes to the Consolidated Financial Statements

PRINCIPAL ACTUARIAL ASSUMPTIONS The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan cost for the year were as follows (expressed as weighted averages):

	2023		2022	
	Defined Benefit Pension Plans	Other Defined Benefit Plans	Defined Benefit Pension Plans	Other Defined Benefit Plans
Defined Benefit Plan Obligations				
Discount rate	4.60%	4.60%	5.30%	5.30%
Rate of compensation increase	4% for 2023 and 3% thereafter	n/a	4% for 2022 and 2023 and 3% thereafter	n/a
Mortality table ⁽ⁱ⁾	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational
Net Defined Benefit Plan Cost				
Discount rate	5.30%	5.30%	3.30%	3.20%
Rate of compensation increase	4.00%	n/a	3.00%	n/a
Mortality table ⁽ⁱ⁾	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational

n/a - not applicable

(i) An adjusted public or private sector mortality table is used depending on the prominent demographics and actual experience for each plan.

The weighted average duration of the defined benefit obligations as at year end 2023 is 14.0 years (2022 - 14.1 years).

The growth rate of health care costs, primarily drug and other medical costs, for the other defined benefit plan obligations as at year end 2023 was estimated at 4.90% and is expected to increase to 5.10% as at year end 2024.

SENSITIVITY OF KEY ACTUARIAL ASSUMPTIONS The following table outlines the key assumptions for 2023 (expressed as weighted averages) and the sensitivity of these assumptions on the defined benefit plan obligations.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

Increase (Decrease) (\$ millions)		Defined Benefit Pension Plans	Other Defined Benefit Plans
		Defined Benefit Plan Obligations	Defined Benefit Plan Obligations
Discount rate		4.60%	4.60%
Impact of:	1% increase	\$ (199)	\$ (13)
	1% decrease	\$ 246	\$ 16
Expected growth rate of health care costs			4.90%
Impact of:	1% increase	n/a	\$ 11
	1% decrease	n/a	\$ (9)
Mortality rates			
Impact of:	One year increase in life expectancy	\$ 28	\$ 2
	One year decrease in life expectancy	\$ (27)	\$ (2)

n/a - not applicable

MULTI-EMPLOYER PENSION PLANS During 2023, the Company recognized an expense of \$69 million (2022 - \$70 million) in operating income from continuing operations, which represents the contributions made in connection with MEPPs. During 2024, the Company expects to continue to make contributions into these MEPPs.

Loblaw, together with its franchises, is the largest participating employer in the Canadian Commercial Workers Industry Pension Plan ("CCWIPP"), with approximately 54,000 (2022 - 57,000) employees as members. Included in the 2023 expense described above are contributions of \$69 million (2022 - \$69 million) to CCWIPP.

POST-EMPLOYMENT AND OTHER LONG-TERM EMPLOYEE BENEFIT COSTS The net cost recognized in net earnings before income taxes from continuing operations for the Company's post-employment and other long-term employee benefit plans was as follows:

(\$ millions)	2023	2022
Net post-employment defined benefit cost	\$ 60	\$ 63
Defined contribution costs ⁽ⁱ⁾	35	33
Multi-employer pension plan costs ⁽ⁱⁱ⁾	69	70
Total net post-employment benefit costs	\$ 164	\$ 166
Other long-term employee benefit costs ⁽ⁱⁱⁱ⁾	58	25
Net post-employment and other long-term employee benefit costs	\$ 222	\$ 191
Recorded on the consolidated statements of earnings as follows:		
Operating income (note 28)	\$ 207	\$ 195
Net interest expense (income) and other financing charges (note 7)	15	(4)
Net post-employment and other long-term employee benefits costs	\$ 222	\$ 191

(i) Amounts represent the Company's contributions made in connection with defined contribution plans.

(ii) Amounts represent the Company's contributions made in connection with MEPPs.

(iii) Other long-term employee benefit costs include \$6 million (2022 - \$3 million) of net interest expense and other financing charges.

Notes to the Consolidated Financial Statements

Note 27. Equity-Based Compensation

The Company's equity-based compensation arrangements include stock option plans, RSU plans, PSU plans, DSU plans, EDSU plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its equity-based compensation arrangements in 2023 were \$87 million (2022 - \$90 million).

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

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Trade payables and other liabilities	\$ 11	\$ 11
Other liabilities (note 23)	\$ 8	\$ 8
Contributed surplus	\$ 143	\$ 135

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

STOCK OPTION PLANS GWL maintains a stock option plan for certain employees. Under this plan, GWL may grant options for up to 6,453,726 of its common shares.

Loblaw maintains a stock option plan for certain employees. Under this plan, Loblaw may grant options for up to 28,137,162 of its common shares.

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

	2023		2022	
	Options (number of shares)	Weighted Average Exercise Price/Share	Options (number of shares)	Weighted Average Exercise Price/Share
Outstanding options, beginning of year	1,648,766	\$ 106.38	1,817,548	\$ 101.89
Granted	114,510	\$ 169.85	171,497	\$ 152.95
Exercised (note 24)	(67,619)	\$ 105.97	(337,615)	\$ 105.83
Forfeited/cancelled	–	\$ –	(2,664)	\$ 109.98
Outstanding options, end of year	1,695,657	\$ 110.68	1,648,766	\$ 106.38
Options exercisable, end of year	911,368	\$ 102.56	634,989	\$ 101.23

The following table summarizes information about GWL's outstanding stock options:

	2023				
	Outstanding Options			Exercisable Options	
Range of Exercise Prices (\$)	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price/Share	Number of Exercisable Options	Weighted Average Exercise Price/Share
\$93.17 - \$102.51	746,424	3	\$ 97.07	424,430	\$ 95.72
\$102.52 - \$104.48	486,784	3	\$ 104.15	276,655	\$ 104.15
\$104.49 - \$169.85	462,449	4	\$ 139.53	210,283	\$ 114.28
	1,695,657			911,368	\$ 102.56

During 2023, GWL issued common shares on the exercise of stock options with a weighted average market share price of \$164.39 (2022 - \$158.33) per common share and received cash consideration of \$7 million (2022 - \$36 million).

The fair value of stock options granted by GWL during 2023 was \$4 million (2022 – \$5 million). The assumptions used to measure the grant date fair value of the GWL options granted during the years ended under the Black-Scholes stock option valuation model were as follows:

	2023	2022
Expected dividend yield	1.6%	1.6%
Expected share price volatility	19.3% - 21.2%	19.0% - 20.6%
Risk-free interest rate	3.4% - 3.6%	1.6% - 2.9%
Expected life of options	5.0 - 6.6 years	4.9 - 6.6 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at year end 2023 was 1.3% (2022 – 1.3%).

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

	2023		2022	
	Options (number of shares)	Weighted Average Exercise Price/Share	Options (number of shares)	Weighted Average Exercise Price/Share
Outstanding options, beginning of year	5,782,615	\$ 71.07	6,431,449	\$ 63.15
Granted	857,666	\$ 118.94	1,162,625	\$ 100.05
Exercised	(984,923)	\$ 61.48	(1,487,377)	\$ 59.47
Forfeited/cancelled	(159,134)	\$ 83.80	(324,082)	\$ 71.04
Outstanding options, end of year	5,496,224	\$ 79.89	5,782,615	\$ 71.07
Options exercisable, end of year	2,321,812	\$ 67.05	2,100,204	\$ 62.26

The following table summarizes information about Loblaw's outstanding stock options:

	2023			2022	
	Outstanding Options			Exercisable Options	
Range of Exercise Prices (\$)	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price/Share	Number of Exercisable Options	Weighted Average Exercise Price/Share
\$55.18 - \$65.51	1,641,844	3	\$ 60.33	976,131	\$ 58.74
\$65.52 - \$78.81	1,936,377	3	\$ 68.56	1,135,056	\$ 68.19
\$78.82 - \$124.14	1,918,003	6	\$ 108.08	210,625	\$ 99.47
	5,496,224		\$ 79.89	2,321,812	\$ 67.05

During 2023, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of \$120.31 (2022 – \$114.22) per common share and received cash consideration of \$61 million (2022 – \$88 million).

The fair value of stock options granted by Loblaw during 2023 was \$21 million (2022 – \$21 million). The assumptions used to measure the grant date fair value of the Loblaw options granted during the years ended as indicated under the Black-Scholes stock option valuation model were as follows:

	2023	2022
Expected dividend yield	1.5%	1.4%
Expected share price volatility	19.4% - 22.5%	18.4% - 22.2%
Risk-free interest rate	3.0% - 4.2%	1.6% - 3.5%
Expected life of options	3.8 - 6.2 years	3.7 - 6.2 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at year end 2023 was 11.0% (2022 – 11.0%).

Notes to the Consolidated Financial Statements

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

(Number of awards)	GWL		Loblaw	
	2023	2022	2023	2022
Outstanding RSUs, beginning of year	25,499	29,777	716,827	799,345
Granted	8,127	7,451	252,588	244,686
Reinvested	384	513	10,481	10,105
Settled	(10,655)	(9,184)	(204,779)	(294,115)
Forfeited	(955)	(3,058)	(22,269)	(43,194)
Outstanding RSUs, end of year	22,400	25,499	752,848	716,827

The fair value of GWL's and Loblaw's RSUs granted during 2023 was \$1 million (2022 - \$1 million) and \$30 million (2022 - \$26 million), respectively.

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

(Number of awards)	GWL		Loblaw	
	2023	2022	2023	2022
Outstanding PSUs, beginning of year	144,083	183,841	648,199	616,417
Granted	33,951	28,131	319,671	310,100
Reinvested	1,988	2,576	8,707	8,570
Settled	(69,915)	(70,457)	(376,108)	(258,411)
Forfeited	(7)	(8)	(24,394)	(28,477)
Outstanding PSUs, end of year	110,100	144,083	576,075	648,199

The fair value of GWL's and Loblaw's PSUs granted during 2023 was \$4 million (2022 - \$4 million) and \$20 million (2022 - \$26 million), respectively.

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 years ended as indicated:

(Number of awards)	2023	2022
Settled	80,570	79,641
Released from trusts (note 24)	80,570	79,641

During 2023, the settlement of awards from shares held in trusts resulted in a \$7 million increase (2022 - \$7 million) in retained earnings and a \$1 million increase (2022 - \$1 million) in share capital.

DIRECTOR DEFERRED SHARE UNIT PLANS The following table is a summary of GWL's and Loblaw's DSU plan activity:

(Number of awards)	GWL		Loblaw	
	2023	2022	2023	2022
Outstanding DSUs, beginning of year	161,207	168,303	325,231	361,316
Granted	10,107	11,367	21,458	21,744
Reinvested	2,736	2,635	4,947	4,532
Settled	(9,570)	(21,098)	-	(62,361)
Outstanding DSUs, end of year	164,480	161,207	351,636	325,231

The fair value of GWL's and Loblaw's DSUs granted during 2023 was \$2 million (2022 - \$2 million) and \$3 million (2022 - \$2 million), respectively.

EXECUTIVE DEFERRED SHARE UNIT PLANS The following table is a summary of GWL's and Loblaw's EDSU plan activity:

(Number of awards)	GWL		Loblaw	
	2023	2022	2023	2022
Outstanding EDSUs, beginning of year	45,273	44,527	65,498	62,473
Granted	–	–	3,303	7,719
Reinvested	793	746	888	914
Settled	–	–	(31,339)	(5,608)
Forfeited	–	–	(10)	–
Outstanding EDSUs, end of year	46,066	45,273	38,340	65,498

There were no GWL EDSUs granted in 2023 and 2022. The fair value of Loblaw's EDSUs granted during 2023 was nominal (2022 – \$1 million).

CHOICE PROPERTIES The following are details related to the unit-based compensation plans of Choice Properties:

UNIT OPTION PLAN Choice Properties maintains a Unit Option plan for certain employees. Under this plan, Choice Properties may grant Unit Options totaling up to 19,744,697 Units, as approved at the annual and special meeting of Unitholders on April 29, 2015. The Unit Options vest in tranches over a period of four years.

The following table is a summary of Choice Properties' Unit Option plan activity:

	2023		2022	
	Number of awards	Weighted average exercise price/unit	Number of awards	Weighted average exercise price/unit
Outstanding Unit Options, beginning of year	253,154	\$ 12.01	435,456	\$ 12.84
Exercised	(88,823)	\$ 12.17	(182,302)	\$ 13.98
Expired	(31)	\$ 13.93	–	\$ –
Outstanding Unit Options, end of year	164,300	\$ 11.92	253,154	\$ 12.01
Unit Options exercisable, end of year	164,300	\$ 11.92	253,154	\$ 12.01

The assumptions used to measure the fair value of the Unit Options under the Black-Scholes model were as follows:

	2023	2022
Expected distribution yield	5.4%	4.9%
Expected Unit price volatility	11.3%	13.7% - 20.9%
Risk-free interest rate	0.06%	0.05% - 4.4%
Expected life of options	0.1 years	0.1 - 0.7 years

RESTRICTED UNIT PLAN RUs entitle certain employees to receive the value of the RU award in cash or Units at the end of the applicable vesting period, which is usually three years in length. The RU plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when a RU is outstanding. The fair value of each RU granted is measured based on the market value of a Trust Unit at the balance sheet date. There were no RUs vested as at year end 2023 and 2022.

Notes to the Consolidated Financial Statements

The following table is a summary of Choice Properties' RU plan activity:

(Number of awards)	2023	2022
Outstanding RUs, beginning of year	271,147	439,574
Granted	128,795	94,355
Reinvested	16,361	16,329
Exercised	(96,308)	(257,604)
Cancelled	(54,657)	(21,499)
Expired	–	(8)
Outstanding RUs, end of year	265,338	271,147

UNIT-SETTLED RESTRICTED UNIT PLAN Under the terms of the URU plan, certain employees are granted URUs, which are subject to vesting conditions and disposition restrictions. Typically, full vesting of the URUs would not occur until the employee has remained with Choice Properties for three or five years from the date of grant. Depending on the nature of the grant, the URUs are subject to a six or seven-year holding period during which the Units cannot be disposed. There were 1,503,185 URUs vested, but still subject to disposition restrictions as at year end 2023 (2022 – 1,217,340).

The following table is a summary of Choice Properties' URU plan activity for units not yet vested:

(Number of awards)	2023	2022
Outstanding URUs, beginning of year	666,719	600,919
Granted	240,893	230,682
Cancelled	(4,942)	(1,989)
Vested	(197,269)	(162,893)
Outstanding URUs, end of year	705,401	666,719

PERFORMANCE UNIT PLAN PUs entitle certain employees to receive the value of the PU award in cash or Units at the end of the applicable performance period, which is usually three years in length, based on Choice Properties achieving certain performance conditions. The PU plan provides for the crediting of additional PUs in respect of distributions paid on Units for the period when a PU is outstanding. The fair value of each PU granted is measured based on the market value of a Trust Unit at the balance sheet date. There were no PUs vested as at year end 2023 and 2022.

The following table is a summary of Choice Properties' PU plan activity:

(Number of awards)	2023	2022
Outstanding PUs, beginning of year	238,418	197,609
Granted	97,056	85,221
Reinvested	14,148	12,081
Exercised	(107,057)	(67,397)
Cancelled	(19,737)	(5,069)
Added by performance factor	33,846	15,973
Outstanding PUs, end of year	256,674	238,418

TRUSTEE DEFERRED UNIT PLAN Non-management members of the Choice Properties' Board of Trustees are required to receive a portion of their annual retainer in the form of DUs and may also elect to receive up to 100% of their remaining fees in DUs. Distributions paid earn fractional DUs, which are treated as additional awards. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date. All DUs vest when granted, however, they cannot be exercised while Trustees are members of the Board.

The following table is a summary of Choice Properties' DU plan activity:

(Number of awards)	2023	2022
Outstanding Trustee DUs, beginning of year	506,556	389,462
Granted	111,047	95,099
Reinvested	30,029	21,995
Exercised	(88,252)	–
Outstanding Trustee DUs, end of year	559,380	506,556

Note 28. Employee Costs

Included in operating income were the following employee costs from continuing operations:

(\$ millions)	2023	2022
Wages, salaries and other short-term employee benefits	\$ 7,693	\$ 7,314
Post-employment benefits (note 26)	155	173
Other long-term employee benefits (note 26)	52	22
Equity-based compensation	82	81
Capitalized to fixed assets and intangible assets	(133)	(129)
Employee costs	\$ 7,849	\$ 7,461

Notes to the Consolidated Financial Statements

Note 29. Leases

The Company leases certain of Loblaw's retail stores and distribution centres, corporate offices, passenger vehicles, trailers and IT equipment. Leases of Loblaw's retail stores are a substantial portion of the Company's lease portfolio. Loblaw retail store leases typically have an initial lease term with additional renewal options available thereafter.

The Company has owned and leased properties that are leased and subleased to third parties, respectively. Owned properties are held to either earn rental income, for capital appreciation, or both. Subleases are primarily related to non-consolidated franchise stores, medical centres and ancillary tenants within Loblaw stores.

AS A LESSEE

Right-of-Use Assets The following are continuities of the cost and accumulated depreciation of right-of-use assets for the years ended December 31, 2023 and December 31, 2022:

(\$ millions)	2023			2022		
	Property	Other	Total	Property	Other	Total
Cost						
Balance, beginning of year	\$ 6,456	\$ 131	\$ 6,587	\$ 5,717	\$ 99	\$ 5,816
Lease additions, net of terminations	215	29	244	293	21	314
Lease extensions and other items	577	25	602	446	11	457
Retired leases	(72)	–	(72)	–	–	–
Balance, end of year	\$ 7,176	\$ 185	\$ 7,361	\$ 6,456	\$ 131	\$ 6,587
Accumulated depreciation						
Balance, beginning of year	\$ 2,297	\$ 82	\$ 2,379	\$ 1,695	\$ 63	\$ 1,758
Depreciation	628	22	650	598	19	617
Net impairment (reversals) losses (note 15)	(4)	–	(4)	4	–	4
Retired leases	(72)	–	(72)	–	–	–
Balance, end of year	\$ 2,849	\$ 104	\$ 2,953	\$ 2,297	\$ 82	\$ 2,379
Carrying amount, end of year	\$ 4,327	\$ 81	\$ 4,408	\$ 4,159	\$ 49	\$ 4,208

Lease Liabilities The following are continuities of lease liabilities for the years ended December 31, 2023 and December 31, 2022:

(\$ millions)	2023	2022
Balance, beginning of year	\$ 5,158	\$ 4,984
Lease additions, net of terminations	371	297
Lease extensions and other items	568	453
Lease payments	(861)	(761)
Interest expense on lease liabilities (note 7)	207	185
Balance, end of year	\$ 5,443	\$ 5,158
Lease liabilities due within one year	\$ 880	\$ 835
Lease liabilities	4,563	4,323
Total lease liabilities	\$ 5,443	\$ 5,158

Liquidity The future undiscounted contractual lease obligations are as follows:

(\$ millions)	Due by year						As at	
	2024	2025	2026	2027	2028	Thereafter	Dec. 31, 2023	Dec. 31, 2022
							Total	Total
Lease obligations	\$ 897	\$ 882	\$ 703	\$ 603	\$ 462	\$ 2,043	\$ 5,590	\$ 5,310

As at December 31, 2023, the Company also had commitments of \$717 million (December 31, 2022 – \$566 million) related to leases not yet commenced.

Short-Term Leases The Company has short-term leases that are primarily related to trailer rentals and certain properties. During 2023, \$45 million (2022 – \$27 million) was recognized in cost of inventories sold and SG&A.

Variable Lease Payments The Company makes variable lease payments for property tax and insurance charges on leased properties. The Company also has certain retail store leases where portions of the lease payments are contingent on a percentage of retail sales. During 2023, \$237 million (2022 – \$233 million) of variable lease payments were recognized in SG&A.

Extension Options Substantially all of Loblaw's retail store leases have extension options for additional lease terms. As at December 31, 2023, approximately 16% (December 31, 2022 – 15%) of the lease liabilities are related to extension options that were deemed reasonably certain to be exercised.

As at December 31, 2023, approximately \$7 billion (December 31, 2022 – \$7 billion) of discounted future lease payments are related to extension options that were not deemed to be reasonably certain to be exercised and were not included in lease liabilities. These future lease payments are discounted at the incremental borrowing rates associated with the current lease liability profile.

Sale and Leaseback Transactions During 2023, the Company disposed of and leased back eighteen retail properties and two distribution centres (2022 – one retail property) for proceeds of \$184 million (2022 – \$13 million), and recognized a gain of \$27 million (2022 – loss of \$1 million) in SG&A.

AS A LESSOR

Operating Leases During 2023, the Company recognized operating lease income of \$378 million (2022 – \$375 million), of which \$20 million (2022 – \$19 million) is related to subleases of right-of-use assets.

The future undiscounted operating lease payments to be received by the Company are as follows:

(\$ millions)	Payments to be received by year						As at	
	2024	2025	2026	2027	2028	Thereafter	Dec. 31, 2023	Dec. 31, 2022
							Total	Total
Operating lease income	\$ 359	\$ 330	\$ 284	\$ 236	\$ 185	\$ 658	\$ 2,052	\$ 2,592

The Company has certain owned land and buildings that it leases to third parties, which as at December 31, 2023 had a net carrying amount of \$849 million (2022 – \$863 million).

Notes to the Consolidated Financial Statements

Note 30. 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)	As at				Dec. 31, 2022			
	Dec. 31, 2023				Level 1	Level 2	Level 3	Total
	Level 1	Level 2	Level 3	Total				
Financial assets								
Amortized cost:								
Mortgages, loans and notes receivable ⁽ⁱ⁾	\$	–	\$	–	\$	205	\$	205
Fair value through other comprehensive income:								
Long-term securities ⁽ⁱ⁾		201				246		
Derivatives included in prepaid expenses and other assets		–	8			–	6	
Fair value through profit and loss:								
Security deposits		38				36		
Mortgages, loans and notes receivable ⁽ⁱ⁾		–		161		–	163	
Investment in real estate securities ⁽ⁱ⁾		–	238			–	302	
Certain other assets ⁽ⁱ⁾		–	17	95		–	132	151
Derivatives included in prepaid expenses and other assets		–	8	2		1	26	–
Financial liabilities								
Amortized cost:								
Long-term debt		–	8,627	6,599	15,226		8,592	5,947
Associate interest		–	–	370	370		–	434
Certain other liabilities ⁽ⁱ⁾⁽ⁱⁱ⁾		–	–	814	814		–	677
Fair value through other comprehensive income:								
Derivatives included in trade payables and other liabilities		–	–	4	4		–	–
Fair value through profit and loss:								
Trust Unit liability		3,881	–	–	3,881	4,112	–	–
Derivatives included in trade payables and other liabilities		4	4	–	8	–	–	3

(i) Included in the consolidated balance sheets in Other Assets and Other Liabilities.

(ii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale.

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

During 2023, a loss of \$3 million (2022 – gain of \$4 million) was recognized in operating income on financial instruments designated as amortized cost. In addition, a net gain of \$139 million (2022 – net loss of \$83 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.

Investments in Real Estate Securities 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. Also included as consideration was a promissory note with a fair value of \$193 million (face value of \$200 million), which was repaid by Allied on December 29, 2023. 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 at year end 2023, there were 2,952,286 of the Class B Units subject to lock-up. 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 units, and included in investment in real estate securities in the table above. As at year end 2023, Choice Properties, held 11,809,145 Allied Class B Units with a value of \$238 million (2022 – \$302 million). In 2023, a fair value loss of \$64 million (2022 – loss of \$248 million) was recorded in SG&A.

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

	2023		
(\$ millions)	Net asset (liability) fair value	Gain/ (loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges			
Foreign Exchange Forwards ⁽ⁱ⁾	\$ 7	\$ (2)	\$ 2
Bond Forwards ⁽ⁱⁱ⁾	–	11	(4)
Interest Rate Swaps and Other ⁽ⁱⁱⁱ⁾	4	(10)	2
Total derivatives designated as cash flow hedges	\$ 11	\$ (1)	\$ –
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	\$ (3)	\$ –	\$ (4)
Other Non-Financial Derivatives	(4)	–	(7)
Total derivatives not designated in a formal hedging relationship	\$ (7)	\$ –	\$ (11)
Total derivatives	\$ 4	\$ (1)	\$ (11)

- (i) PC Bank uses foreign exchange forwards, with a notional amount of \$9 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.
- (ii) PC Bank uses bond forwards, to manage its interest risk related to future debt issuances. During 2023, PC Bank settled all of its outstanding bond forwards.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rate. In the second quarter of 2023, Loblaw entered into a 20-year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of \$223 million and resulted in a fair value loss of \$4 million in 2023, which has been recorded in other comprehensive income. The fair values of the derivatives held by PC Bank and Loblaw are included in both prepaid expenses and other assets and trade payables and other liabilities. Choice Properties uses interest rate swaps, with a notional value of \$79 million as derivative assets and a notional value of \$109 million as derivative liabilities, to manage its interest risk related to variable rate mortgages. The fair values of the derivatives held by Choice Properties are included in other assets and other liabilities. Also during 2023, Choice Properties entered into cross currency swaps to hedge foreign exchange associated with the equivalent amount borrowed in USD on its credit facility. The cross currency swaps matured in 2023 as the USD borrowings were repaid.

	2022		
(\$ millions)	Net asset (liability) fair value	Gain/ (loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges			
Foreign Exchange Forwards ⁽ⁱ⁾	\$ 4	\$ 4	\$ 2
Bond Forwards ⁽ⁱⁱ⁾	1	18	(5)
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	14	11	4
Total derivatives designated as cash flow hedges	\$ 19	\$ 33	\$ 1
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	\$ 13	\$ –	\$ 32
Other Non-Financial Derivatives	1	–	24
Total derivatives not designated in a formal hedging relationship	\$ 14	\$ –	\$ 56
Total derivatives	\$ 33	\$ 33	\$ 57

- (i) PC Bank uses foreign exchange forwards, with a notional amount of \$37 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 \$25 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and other liabilities. During 2022, PC Bank settled \$140 million of bond forwards (see note 22).
- (iii) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rate. The fair values of the derivatives held by PC Bank and Loblaw are included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of \$158 million as derivative assets, to manage its interest risk related to variable rate mortgages. The fair values of the derivatives held by Choice Properties are included in other assets.

Notes to the Consolidated Financial Statements

Note 31. Financial Risk Management

As a result of holding and issuing financial instruments, the Company is exposed to certain risks. The following is a description of those risks and how the exposures are managed:

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

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

Maturity Analysis The following are the undiscounted contractual maturities of significant financial liabilities (excluding lease liabilities - see note 30) as at December 31, 2023:

(\$ millions)	2024	2025	2026	2027	2028	Thereafter	Total ⁽ⁱ⁾
Long-term debt including interest payments ⁽ⁱⁱ⁾	\$ 2,725	\$ 2,410	\$ 1,497	\$ 1,701	\$ 2,340	\$ 9,080	\$ 19,753
Foreign exchange forward contracts	498	–	–	–	–	–	498
Short-term debt ⁽ⁱⁱⁱ⁾	850	–	–	–	–	–	850
Financial liabilities ^(iv)	54	60	54	52	45	168	433
Bank indebtedness	13	–	–	–	–	–	13
Demand deposits from customers	166	–	–	–	–	–	166
Certain other liabilities	3	–	–	–	–	–	3
Total	\$ 4,309	\$ 2,470	\$ 1,551	\$ 1,753	\$ 2,385	\$ 9,248	\$ 21,716

(i) The Trust Unit liability has been excluded as this liability does not have a contractual maturity date. The Company also excluded trade payables and other liabilities, which are due within the next 12 months.

(ii) Fixed interest payments are based on the maturing face values and annual interest for each instrument, including GICs, long-term independent securitization trusts and an independent funding trust, as well as annual payment obligations for structured entities and mortgages. Variable interest payments are based on the forward rates as at year end 2023.

(iii) These are obligations owed to Other Independent Securitization Trusts which are collateralized by the Company's credit card receivables (see note 12).

(iv) Represents the contractual payments that Loblaw is committed to related to properties disposed of to third parties (see note 23).

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

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

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

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

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

The Company's maximum exposure to credit risk as it relates to derivative instruments is approximated by the positive fair market value of the derivatives on the consolidated balance sheet (see note 30).

Refer to notes 11 and 12 for additional information on the credit quality performance of Loblaw's credit card receivables and other receivables, mentioned above.

TRUST UNIT PRICE RISK The Company is exposed to market price risk from Choice Properties' Trust Units that are 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 holders. The liability is recorded at fair value at each reporting period based on the market price of Trust Units. The change in the fair value of the liability negatively impacts net earnings when the Trust Unit price increases and positively impacts net earnings when the Trust Unit price declines. A one dollar increase in the market value of Trust Units, with all other variables held constant, would result in an increase of \$277 million in net interest expense and other financing charges.

INTEREST RATE RISK The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt, and from the refinancing of existing financial instruments. An increase in interest rates could adversely affect the operations or financial performance of the Company. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions, with the objective of maintaining the majority of its debt at fixed interest rates. The Company estimates that a 1% increase (decrease) in short-term interest rates, with all other variables held constant, would result in an increase (decrease) of \$9 million in net interest expense and other financing charges.

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

COMMODITY PRICE RISK Loblaw is exposed to increases in the prices of commodities in operating its stores and distribution networks, as well as to the indirect effect of changing commodity prices on the price of consumer products. Rising commodity prices could adversely affect the financial performance of Loblaw. To manage a portion of this exposure, Loblaw uses purchase commitments and derivative instruments in the form of exchange traded futures contracts and forward contracts to minimize cost volatility related to commodities. Loblaw estimates that based on the outstanding derivative contracts held as at year end 2023, a 10% decrease in relevant commodity prices, with all other variables held constant, would result in a loss of \$4 million in earnings before income taxes. This amount excludes the offsetting impact of the commodity price risk inherent in the transactions being hedged.

Notes to the Consolidated Financial Statements

Note 32. 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 (see note 8).

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

The following is a description of the Company's significant legal proceedings:

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by licensed Associates ("Associates"), claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who were parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. A summary judgment trial of the matter was held in December 2022 and on February 17, 2023, the Superior Court released its decision in relation to those summary judgment motions (the "Decision"). The Superior Court dismissed the plaintiffs' claims on the majority of the issues including a request for damages at this stage of proceedings. The Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, Loblaw filed a Notice of Cross-Appeal. A hearing for the appeals was held on February 14, 2024 and on February 15, 2024, and a decision is pending. Accordingly, Loblaw has not recorded any amounts related to the potential liability associated with this lawsuit. Loblaw does not believe that the ultimate resolution of this matter will have a material adverse impact on its financial condition or prospects.

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's and Loblaw's cash balances far exceed any realistic damages scenario and therefore the Company and Loblaw do not anticipate any impacts on the Company's or Loblaw's dividend, dividend policy or share buyback plan. The Company and Loblaw have not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2023 or prior on the basis that a reliable estimate of the liability cannot be determined at this time. The Company and Loblaw will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties. In response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Loblaw, and the Company and Loblaw believe such crossclaims are without merit.

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. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid “dealers” and Sanis Health Inc. is a proposed supplier class member. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

In July 2022, the Tax Court of Canada released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court of Canada ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal and in the first half of 2023 both PC Bank and the Crown submitted their respective facts for the appeal. Subsequent to the end of the year, the Federal Court of Appeal scheduled the hearing of the appeal for March 6, 2024. Loblaw has not reversed any portion of the charge of \$111 million, inclusive of interest, recorded 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.

Notes to the Consolidated Financial Statements

Note 33. Financial Guarantees

The Company established letters of credit used in connection with certain obligations mainly related to real estate transactions, benefit programs, purchase orders and guarantees with a gross potential liability of approximately \$379 million (2022 – \$385 million). In addition, Loblaw and Choice Properties have provided to third parties the following significant guarantees:

ASSOCIATE GUARANTEES Loblaw has arranged for its Associates to obtain financing to facilitate their inventory purchases and fund their working capital requirements by providing guarantees to various Canadian chartered banks that support Associate loans. As at year end 2023, Loblaw's maximum obligation in respect of such guarantees was \$580 million (2022 – \$580 million) with an aggregate amount of \$476 million (2022 – \$473 million) in available lines of credit allocated to the Associates by the various banks. As at year end 2023, Associates had drawn an aggregate amount of \$13 million (2022 – \$8 million) against these available lines of credit. Any amounts drawn by the Associates are included in bank indebtedness on the Company's consolidated balance sheets. As recourse, in the event that any payments are made under the guarantees, Loblaw holds a first-ranking security interest on all assets of Associates, subject to certain prior-ranking statutory claims.

INDEPENDENT FUNDING TRUSTS The full balance relating to the debt of the independent funding trusts has been consolidated on the balance sheets of the Company (see note 22). As at year end 2023, Loblaw has agreed to provide a credit enhancement of \$64 million (2022 – \$64 million) in the form of a standby letter of credit for the benefit of the independent funding trusts representing not less than 10% (2022 – not less than 10%) of the principal amount of loans outstanding. This credit enhancement allows the independent funding trusts to provide financing to Loblaw's franchisees. As well, each franchisee provides security to the independent funding trusts for its obligations by way of a general security agreement. In the event that a franchisee defaults on its loan and Loblaw has not, within a specified time period, assumed the loan, or the default is not otherwise remedied, the independent funding trusts would assign the loan to Loblaw and draw upon this standby letter of credit. This standby letter of credit has never been drawn upon. Loblaw has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit.

LEASE OBLIGATIONS In connection with historical dispositions of certain of its assets, Loblaw has assigned leases to third parties. Loblaw remains contingently liable for these lease obligations in the event any of the assignees are in default of their lease obligations. Loblaw has guaranteed lease obligations of a third-party distributor in the amount of \$3 million (2022 – \$4 million).

CASH COLLATERALIZATION As at year end 2023, Loblaw had agreements to cash collateralize certain of its uncommitted credit facilities up to an amount of \$93 million (2022 – \$93 million), of which a nominal amount (2022 – nominal) was deposited with major financial institutions and classified as security deposits on the consolidated balance sheets.

FINANCIAL SERVICES Loblaw has provided a guarantee on behalf of PC Bank to Mastercard International Incorporated ("Mastercard") for accepting PC Bank as a card member and licensee of Mastercard. As at year end 2023, the guarantee on behalf of PC Bank to Mastercard was U.S. dollars \$190 million (2022 – U.S. dollars \$190 million).

Letters of credit for the benefit of independent securitization trusts with respect to the securitization programs of PC Bank have been issued by major financial institutions. These standby letters of credit can be drawn upon in the event of a major decline in the income flow from or in the value of the securitized credit card receivables. Loblaw has agreed to reimburse the issuing banks for any amount drawn on the standby letters of credit. The aggregate gross potential liability under these arrangements for the Other Independent Securitization Trusts was \$77 million (2022 – \$63 million), which represented approximately 9% (2022 – 9%) of the securitized credit card receivables amount (see note 12).

CHOICE PROPERTIES Letters of credit to support guarantees related to its investment properties including maintenance and development obligations to municipal authorities are issued by Choice Properties. As at year end 2023, the aggregate gross potential liability related to these letters of credit totaled \$38 million (2022 – \$33 million). Choice Properties' credit facility and debentures are guaranteed by each of the General Partner, the Partnership and any other person that becomes a subsidiary of Choice Properties (with certain exceptions). In the case of default by Choice Properties, the indenture trustee will be entitled to seek redress from the guarantors for the guaranteed obligations in the same manner and upon the same terms that it may seek to enforce the obligations of Choice Properties. These guarantees are intended to eliminate structural subordination, which would otherwise arise as a consequence of Choice Properties' assets being primarily held in its various subsidiaries.

Note 34. Related Party Transactions

Galen G. Weston beneficially owns or controls, directly and indirectly, through Wittington, a total of 78,018,416 of GWL's common shares, representing approximately 58.0% of GWL's outstanding common shares (2022 – 55.9%).

In the ordinary course of business, the Company enters into various transactions with related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties. Transactions between the Company and its consolidated entities have been eliminated on consolidation and are not disclosed in this note.

In 2023, inventory purchases from Associated British Foods plc, a related party by virtue of a common director of such entity's parent company and GWL's parent company, amounted to \$41 million (2022 – \$39 million). As at year end 2023, \$4 million (2022 – \$6 million) was included in trade payables and other liabilities relating to these inventory purchases.

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

During 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.

POST-EMPLOYMENT BENEFIT PLANS The Company sponsors a number of post-employment plans, which are related parties. Contributions made by the Company to these plans are disclosed in note 26.

INCOME TAX MATTERS From time to time, the Company and Wittington may enter into agreements to make elections that are permitted or required under applicable income tax legislation with respect to affiliated corporations.

COMPENSATION OF KEY MANAGEMENT PERSONNEL The Company's key management personnel is comprised of certain members of the executive teams of GWL, Loblaw and Wittington, as well as members of the Boards of GWL, Loblaw and Wittington to the extent that they have the authority and responsibility for planning, directing and controlling the day-to-day activities of the Company.

Annual compensation of key management personnel that is directly attributable to the Company was as follows:

(\$ millions)	2023	2022
Salaries, director fees and other short-term employee benefits	\$ 14	\$ 12
Equity-based compensation	3	6
Total compensation	\$ 17	\$ 18

Notes to the Consolidated Financial Statements

Note 35. Segment Information

The Company has two reportable operating segments: Loblaw and Choice Properties. Effect of consolidation includes eliminations, intersegment adjustments and other consolidation adjustments. Cash and short-term investments and other investments held by the Company, and 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 GWL Corporate.

The accounting policies of the reportable operating segments are the same as those described in the Company's summary of material accounting policies (see note 2). The Company measures each reportable operating segment's performance based on operating income less adjusting items and before depreciation and amortization ("Adjusted EBITDA"). No reportable operating segment is reliant on any single external customer.

(\$ millions)	2023						2022					
	Loblaw	Choice Properties	Total Segment Measure	Effect of consolidation	GWL Corporate	Total	Loblaw	Choice Properties	Total Segment Measure	Effect of consolidation	GWL Corporate	Total
Revenue	\$ 59,529	\$ 1,335	\$ 60,864	\$ (740)	\$ –	\$ 60,124	\$ 56,504	\$ 1,265	\$ 57,769	\$ (721)	\$ –	\$ 57,048
Operating income	\$ 3,696	\$ 1,001	\$ 4,697	\$ (284)	\$ (50)	\$ 4,363	\$ 3,334	\$ 1,083	\$ 4,417	\$ 159	\$ (23)	\$ 4,553
Net interest expense and other financing charges	803	204	1,007	(116)	(2)	889	683	339	1,022	(119)	10	913
Earnings before income taxes from continuing operations	\$ 2,893	\$ 797	\$ 3,690	\$ (168)	\$ (48)	\$ 3,474	\$ 2,651	\$ 744	\$ 3,395	\$ 278	\$ (33)	\$ 3,640
Operating income	\$ 3,696	\$ 1,001	\$ 4,697	\$ (284)	\$ (50)	\$ 4,363	\$ 3,334	\$ 1,083	\$ 4,417	\$ 159	\$ (23)	\$ 4,553
Depreciation and amortization	2,906	3	2,909				2,795	3	2,798			
Adjusting items ⁽ⁱ⁾	37	(64)	(27)				44	(189)	(145)			
Adjusted EBITDA⁽ⁱ⁾	\$ 6,639	\$ 940	\$ 7,579				\$ 6,173	\$ 897	\$ 7,070			

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

(\$ millions)	2023			2022		
	Loblaw	Choice Properties	Total	Loblaw	Choice Properties	Total
Fair value adjustment on investment properties	\$ –	\$ (128)	\$ (128)	\$ –	\$ (442)	\$ (442)
Fair value adjustment of derivatives	16	–	16	(5)	–	(5)
Fair value adjustment on non-operating properties	9	–	9	(6)	–	(6)
Fair value adjustment of investment in real estate securities	–	64	64	–	248	248
Charges related to PC Bank commodity tax matters	24	–	24	111	–	111
Gain on sale of non-operating properties	(12)	–	(12)	(57)	–	(57)
Transaction costs and other related expenses	–	–	–	16	5	21
Restructuring and other related recoveries	–	–	–	(15)	–	(15)
Adjusting Items	\$ 37	\$ (64)	\$ (27)	\$ 44	\$ (189)	\$ (145)

Effect of consolidation includes the following items:

(\$ millions)	2023			2022		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of intercompany rental revenue	\$ (752)	\$ (19)	\$ –	\$ (733)	\$ 2	\$ –
Elimination of internal lease arrangements	12	(97)	(120)	12	(97)	(104)
Asset impairments, net of recoveries	–	(7)	–	–	4	–
Elimination of intersegment real estate transactions	–	(39)	–	–	(4)	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	(29)	–	–	(13)	–
Fair value adjustment on investment properties	–	(93)	3	–	286	1
Reversal of Loblaw gain on sale of disposition of property to Choice Properties	–	–	–	–	(19)	–
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(296)	–	–	(293)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	207	–	–	205
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	321	–	–	170
Fair value adjustment on Trust Unit liability	–	–	(231)	–	–	(98)
Total	\$ (740)	\$ (284)	\$ (116)	\$ (721)	\$ 159	\$ (119)

(\$ millions)	As at	
	Dec. 31, 2023	Dec. 31, 2022
Total Assets		
Loblaw	\$ 38,979	\$ 38,147
Choice Properties	17,309	16,820
Total Segment Measure	56,288	54,967
GWL Corporate	12,507	12,674
Effect of consolidation	(19,025)	(18,683)
Consolidated	\$ 49,770	\$ 48,958

(\$ millions)	2023	2022 ⁽ⁱ⁾
	Capital Investments	
Loblaw	\$ 2,109	\$ 1,571
Choice Properties	459	335
Total Segment Measure	2,568	1,906
GWL Corporate	2	1
Effect of consolidation	(191)	(42)
Consolidated ⁽ⁱⁱ⁾	\$ 2,379	\$ 1,865

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

(ii) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the current year. Loblaw capital investments for the year ended December 31, 2023 include \$37 million of prepayments transferred to fixed assets.

Note 36. Subsequent Event

CHOICE PROPERTIES On February 14, 2024, Choice Properties announced an increase in the annual distribution by 1.3% to \$0.76 per unit. The increase will be effective for Choice Properties' unitholders of record on March 31, 2024.