

NEWS RELEASE

George Weston Limited Reports Second Quarter 2020 Results⁽²⁾

Toronto, Ontario July 28, 2020 George Weston Limited (TSX: WN) ("GWL" or the "Company") today announced its consolidated unaudited results for the 12 weeks ended June 13, 2020.

GWL's 2020 Second Quarter Report has been filed on SEDAR and is available at sedar.com and in the Investor Centre section of the Company's website at weston.ca.

"In a challenging environment, the fundamental strength of our market-leading businesses was evident in the quarter," said Galen G. Weston, Chairman and Chief Executive Officer, George Weston Limited. "Our businesses in retail, real estate and consumer goods continued to take thoughtful and deliberate actions in response to the COVID-19 pandemic, delivered essential goods and services to customers, tenants and communities, all while remaining committed to our longer-term strategic priorities."

The COVID-19 pandemic has affirmed certain longer-term trends at Loblaw Companies Limited ("Loblaw"), accelerating its strategic growth areas of Everyday Digital, Connected Healthcare, and Payments & Rewards. During the quarter, Loblaw's sales and earnings performance were significantly affected by COVID-19. Loblaw continued to experience unprecedented demand for products across multiple categories, leading to strong top-line results. However, the growth in sales was not sufficient to offset substantial COVID-19 related costs and margin pressure driven by changes in sales mix. In addition, Loblaw's e-commerce sales accelerated by 280% in the quarter, resulting in increased costs and investments. Loblaw is investing to improve expanded capacity and same-day e-commerce service while also improving the cost structure.

Choice Properties Real Estate Investment Trust ("Choice Properties") results reflect the stability inherent in its high-quality income producing portfolio of properties. During the quarter, Choice Properties undertook a number of proactive measures to mitigate the effects of COVID-19 on its business, including strengthening its balance sheet by extending its weighted average term of debt through the issuance of unsecured debentures and supporting its tenants who have been negatively impacted by the pandemic through the provision of rental assistance.

Weston Foods remains committed to its strategic framework, gaining continued traction through its transformation program. In the second quarter, Weston Foods' financial performance was negatively impacted by COVID-19. Sales were negatively impacted in certain retail categories and foodservice channels as a result of a change in retail sales merchandising practices and government mandated closures of non-essential businesses. At the onset of the crisis, many food retailers temporarily closed in-store bakeries and bakery display cases which negatively impacted retail sales. Similarly, government mandated closures of non-essential businesses including restaurants and social distancing protocols negatively impacted foodservice sales. In addition to the decline in sales, Weston Foods incurred COVID-19 costs relating to temporary employee pay premiums and pay protection safeguards and increased health and safety measures to protect its colleagues. The pandemic has required Weston Foods to act swiftly in response to challenges, however, the business remains well positioned to respond to consumer demand for quality baked goods and to advance its growth categories.

In the second quarter, each of our businesses responded well to the dynamic and unpredictable operating environment created by the pandemic. The Company incurred substantial COVID-19 related costs of approximately \$312 million to protect and benefit colleagues, customers, tenants and other stakeholders. As a result, the impact of COVID-19 on each of our businesses negatively impacted the Company's financial results in the second quarter of 2020.

2020 SECOND QUARTER HIGHLIGHTS

George Weston Limited's net loss available to common shareholders of the Company in the second quarter of 2020 was \$255 million (\$1.66 per common share) compared to net earnings available to common shareholders of the Company of \$184 million (\$1.19 per common share) in the same period in 2019. The decrease of \$439 million (\$2.85 per common share) was due to the decline of \$121 million (\$0.77 per common share) in the underlying operating performance of the Company and the unfavourable year-over-year net impact of adjusting items totaling \$318 million (\$2.08 per common share), which was primarily

due to the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of \$255 million (\$1.67 per common share) as a result of the unit price increase of Choice Properties in the quarter.

Adjusted net earnings available to common shareholders of the Company⁽¹⁾ in the second quarter of 2020 were \$142 million (\$0.93 per common share). In comparison to the same period in 2019, this represented a decrease of \$121 million (\$0.77 per common share), or 46.0%, due to the decline in the underlying operating performance of the Company resulting from the impact of COVID-19 and related costs, and higher net interest expense and other financing charges.

CONSOLIDATED RESULTS OF OPERATIONS

The Company's results include:

- the impact of COVID-19; and
- the year-over-year impact of the fair value adjustment of the Trust Unit liability as a result of the significant changes in Choice Properties' unit price, recorded in net interest expense and other financing charges. The Company's results are impacted by market price fluctuations of Choice Properties' Trust Units on the basis that the Trust Units held by unitholders, other than the Company, are redeemable for cash at the option of the holder. The Company's financial results are negatively impacted when the Trust Unit price rises and positively impacted when the Trust Unit price declines.

(unaudited)		12 Weeks Ended				24 Weeks Ended			
(\$ millions except where otherwise indicated)		Jun. 13, 2020	Jun. 15, 2019	\$ Change	% Change	Jun. 13, 2020	Jun. 15, 2019	\$ Change	% Change
For the periods ended as indicated									
Revenue		\$ 12,357	\$ 11,603	\$ 754	6.5 %	\$ 24,690	\$ 22,776	\$ 1,914	8.4 %
Operating income		\$ 401	\$ 770	\$ (369)	(47.9)%	\$ 999	\$ 1,356	\$ (357)	(26.3)%
Adjusted EBITDA ⁽¹⁾		\$ 1,087	\$ 1,313	\$ (226)	(17.2)%	\$ 2,391	\$ 2,471	\$ (80)	(3.2)%
Adjusted EBITDA margin ⁽¹⁾		8.8%	11.3%			9.7%	10.8%		
Net (loss) earnings attributable to shareholders of the Company		\$ (245)	\$ 194	\$ (439)	(226.3)%	\$ 347	\$ (284)	\$ 631	222.2 %
Net (loss) earnings available to common shareholders of the Company		\$ (255)	\$ 184	\$ (439)	(238.6)%	\$ 327	\$ (304)	\$ 631	207.6 %
Adjusted net earnings available to common shareholders of the Company ⁽¹⁾		\$ 142	\$ 263	\$ (121)	(46.0)%	\$ 381	\$ 464	\$ (83)	(17.9)%
Diluted net (loss) earnings per common share (\$)		\$ (1.66)	\$ 1.19	\$ (2.85)	(239.5)%	\$ 2.12	\$ (1.99)	\$ 4.11	206.5 %
Adjusted diluted net earnings per common share ⁽¹⁾ (\$)		\$ 0.93	\$ 1.70	\$ (0.77)	(45.3)%	\$ 2.47	\$ 3.01	\$ (0.54)	(17.9)%

In the second quarter of 2020, the Company recorded a net loss available to common shareholders of the Company of \$255 million (\$1.66 per common share) compared to net earnings available to common shareholders of the Company of \$184 million (\$1.19 per common share) in the same period in 2019. The decrease of \$439 million (\$2.85 per common share), or 238.6% was due to the unfavourable year-over-year net impact of adjusting items totaling \$318 million (\$2.08 per common share) and the decline in the underlying operating performance of the Company of \$121 million (\$0.77 per common share) described below.

- The unfavourable year-over-year net impact of adjusting items totaling \$318 million (\$2.08 per common share) was primarily due to:
 - the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit Liability of \$255 million (\$1.67 per common share);
 - the unfavourable year-over-year impact of the fair value adjustment on investment properties of \$77 million (\$0.49 per common share);
 - the unfavourable impact of a prior year remeasurement of deferred tax balances of \$15 million (\$0.09 per common share); and
 - the unfavourable year-over-year impact of restructuring and other related costs of \$12 million (\$0.08 per common share);
 partially offset by,

- the favourable year-over-year impact of the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares of \$38 million (\$0.24 per common share).
- The decline in underlying operating performance of \$121 million (\$0.77 per common share) was due to:
 - the unfavourable underlying operating performance of Loblaw, Weston Foods and Choice Properties driven by the impact of COVID-19 and related costs, as described below;
 - an increase in adjusted net interest expense and other financing charges⁽¹⁾; and
 - an increase in depreciation and amortization.

Adjusted net earnings available to common shareholders of the Company⁽¹⁾ in the second quarter of 2020 were \$142 million (\$0.93 per common share), a decrease of \$121 million (\$0.77 per common share), or 46.0%, due to the decline in underlying operating performance described above.

CONSOLIDATED OTHER BUSINESS MATTERS

COVID-19 RELATED COSTS The Company increased its spending on temporary pay premiums, pay protection safeguards, security, customer convenience and increased health and safety measures to protect colleagues, customers, tenants and other stakeholders incurring incremental COVID-19 related costs of approximately \$312 million. The estimated COVID-19 related costs incurred by each of the Company's reportable operating segments was as follows:

(unaudited) (\$ millions except where otherwise indicated)	12 Weeks Ended Jun. 13, 2020			
	Loblaw	Choice Properties ⁽ⁱ⁾	Weston Foods	Total
COVID-19 related costs	\$ 282	\$ 14	\$ 16	\$ 312

- (i) In the second quarter of 2020, Choice Properties recorded a provision of \$14 million for certain past due amounts, reflecting increased collectability risk and potential abatements to be granted under the Canada Emergency Commercial Rent Assistance program.

Refer to the "COVID-19 Update" section of this News Release for more information.

REPORTABLE OPERATING SEGMENTS

The Company operates through its three reportable operating segments, Loblaw, Choice Properties and Weston Foods. Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation and cash and short-term investments held by the Company. All other company level activities that are not allocated to the reportable operating segments, such as interest expense, corporate activities and administrative costs are included in Other and Intersegment.

Loblaw has two reportable operating segments, retail and financial services. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise and financial services.

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

Weston Foods is a North American bakery making bread, rolls, cupcakes, donuts, biscuits, cakes, pies, cones and wafers, artisan baked goods and more.

Loblaw Operating Results

(unaudited) (\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended				24 Weeks Ended			
	Jun 13, 2020	Jun. 15, 2019	\$ Change	% Change	Jun. 13, 2020	Jun. 15, 2019	\$ Change	% Change
Revenue	\$ 11,957	\$ 11,133	\$ 824	7.4 %	\$ 23,757	\$ 21,792	\$ 1,965	9.0 %
Operating income	\$ 402	\$ 586	\$ (184)	(31.4)%	\$ 941	\$ 1,035	\$ (94)	(9.1)%
Adjusted EBITDA ⁽¹⁾	\$ 1,014	\$ 1,173	\$ (159)	(13.6)%	\$ 2,181	\$ 2,211	\$ (30)	(1.4)%
Adjusted EBITDA margin ⁽¹⁾	8.5%	10.5%			9.2%	10.1%		
Depreciation and amortization ⁽ⁱ⁾	\$ 598	\$ 580	\$ 18	3.1 %	\$ 1,192	\$ 1,160	\$ 32	2.8 %

- (i) Depreciation and amortization in the second quarter of 2020 includes \$118 million (2019 - \$116 million) and \$237 million (2019 - \$235 million) year-to-date of amortization of intangible assets acquired with Shoppers Drug Mart Corporation ("Shoppers Drug Mart").

Loblaw's operating results include the impacts of COVID-19 and the consolidation of franchises.

Revenue Loblaw revenue in the second quarter of 2020 was \$11,957 million, an increase of \$824 million, or 7.4%, compared to the same period in 2019, primarily driven by retail sales, partially offset by a decrease in financial services revenue.

Retail sales in the second quarter of 2020 increased by \$862 million, or 7.9%, compared to the same period in 2019 and included food retail sales of \$8,747 million (2019 – \$7,858 million) and drug retail sales of \$3,021 million (2019 – \$3,048 million). Excluding the consolidation of franchises, retail sales increased by \$762 million, or 7.2%, primarily driven by the following factors:

- food retail same-store sales growth was 10.0% for the quarter. Food retail same-store sales growth was positively impacted by COVID-19. The timing of Easter had a nominal impact on food retail same-store sales growth in the second quarters of 2020 and 2019. Food retail basket size increased and traffic decreased in the quarter;
- Loblaw's food retail average article price was 4.6% (2019 – 3.3%), which reflects the year-over-year growth in food retail revenue over the average number of articles sold in Loblaw's stores in the quarter; and
- drug retail same-store sales decreased by 1.1% for the quarter. Pharmacy same-store sales decreased by 6.2% and front store same-store sales growth was 3.3%. Drug retail same-store sales was negatively impacted by COVID-19. The timing of Easter had a nominal impact on drug retail same-store sales decline and growth in the second quarters of 2020 and 2019, respectively.

In the last 12 months, 13 food and drug stores were opened and 7 food and drug stores were closed, resulting in a net increase in retail square footage of 0.1 million square feet, or 0.1%.

Financial services revenue in the second quarter of 2020 decreased by \$51 million compared to the same period in 2019 mainly due to lower interchange income and credit card related fees primarily driven by lower customer spending and lower sales attributable to partial closure of *The Mobile Shop* kiosks, due to COVID-19.

Operating income Loblaw operating income in the second quarter of 2020 was \$402 million, a decrease of \$184 million, or 31.4%, compared to the same period in 2019. The decrease included the decline in underlying operating performance of \$175 million and the unfavourable year-over-year net impact of adjusting items totaling \$9 million, as described below:

- the decline in underlying operating performance of \$175 million was primarily due to retail, including the unfavourable contribution from the consolidation of franchises of \$25 million, driven by an increase in COVID-19 related expenses and a decline in financial services. In the second quarter of 2020, Loblaw incurred incremental costs of approximately \$282 million related to COVID-19 investments in four areas: enhancing customer convenience by expanding online capabilities and increasing staffing in its stores; supporting colleagues in its stores and distribution centres with temporary pay premiums and pay protection safeguards; securing operations, with more in-store cleaning and in-store security, introducing new ways to shop stores to promote social distancing, and installing plexiglass barriers at check outs; and providing financial support to its communities and customers by pledging financial support to food banks and community charities and offering personalized solutions for *President's Choice Financial Mastercard*[®] customers who are experiencing financial hardship. These investments continued in the second quarter.
- the unfavourable year-over-year net impact of adjusting items totaling \$9 million was primarily due to the following:
 - the unfavourable impact of the reversal of certain prior period items recognized in 2019 of \$15 million; partially offset by,
 - the favourable year-over-year impact of the fair value adjustment of derivatives of \$7 million.

Adjusted EBITDA⁽¹⁾ Loblaw adjusted EBITDA⁽¹⁾ in the second quarter of 2020 was \$1,014 million, a decrease of \$159 million, or 13.6%, compared to the same period in 2019. The decrease was primarily due to the decline in retail and financial services.

Retail adjusted EBITDA⁽¹⁾ decreased by \$151 million, including the unfavourable impact of the consolidation of franchises of \$20 million and was driven by an increase in retail SG&A, partially offset by an increase in retail gross profit.

- Retail gross profit percentage of 29.6% decreased by 30 basis points compared to the same period in 2019. Excluding the consolidation of franchises, retail gross profit percentage was 26.9%, a decrease of 90 basis points compared to the second quarter of 2019. Food and drug retail margins were negatively impacted as a result of the change in product sales mix, largely due to COVID-19.
- Excluding the consolidation of franchises, retail SG&A increased by \$235 million and SG&A as a percentage of sales was 18.5%, an increase of 90 basis points compared to the second quarter of 2019. The unfavourable increase of 90 basis points was primarily driven by costs associated with COVID-19 related investments and additional costs from the acceleration of Loblaw's e-commerce initiative, partially offset by process and efficiency and cost savings from mitigating other expenses.

Financial services adjusted EBITDA⁽¹⁾ decreased by \$8 million compared to the same period in 2019, primarily driven by lower revenue as described above, higher credit losses and an increase in expected credit losses attributable to an immediate increase in unemployment forecasts and recessionary environment when COVID-19 was declared a pandemic, partially offset by lower

loyalty program transaction volume and lower customer acquisition costs.

Depreciation and Amortization Loblaw's depreciation and amortization in the second quarter of 2020 was \$598 million, an increase of \$18 million compared to the same period in 2019, primarily driven by the consolidation of franchises and an increase in information technology ("IT") assets. Included in depreciation and amortization is the amortization of intangible assets acquired with Shoppers Drug Mart of \$118 million (2019 - \$116 million).

Loblaw Other Business Matters

Process and Efficiency In the second quarter of 2020, Loblaw recorded approximately \$17 million (\$36 million year-to-date) of restructuring and other related costs, primarily related to Process and Efficiency initiatives. Included in the restructuring charges is \$9 million (\$24 million year-to-date) related to the closure of the two distribution centres in Laval and Ottawa, that were previously announced in the first quarter of 2020. Loblaw is investing to build a modern and efficient expansion to its Cornwall distribution centre to serve its food and drug retail businesses in Ontario and Quebec. Over the next two years, the distribution centres in Laval and Ottawa will be transferring their volumes to Cornwall. Loblaw expects to incur additional restructuring costs in 2020 and 2021 related to these closures.

Consolidation of Franchises Loblaw has more than 500 franchise food retail stores in its network. As at the end of the first quarter of 2020, Loblaw consolidated all of its remaining franchisees for accounting purposes under a simplified franchise agreement implemented in 2015.

Consolidation of franchises in the second quarter of 2020 resulted in a year-over-year increase in revenue of \$100 million, a decrease in adjusted EBITDA⁽¹⁾ of \$20 million, an increase in depreciation and amortization of \$5 million and a decrease in net earnings attributable to non-controlling interests of \$27 million.

Choice Properties Operating Results

(unaudited) (\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended				24 Weeks Ended			
	Jun 13, 2020	Jun. 15, 2019	\$ Change	% Change	Jun. 13, 2020	Jun. 15, 2019	\$ Change	% Change
Revenue	\$ 315	\$ 324	\$ (9)	(2.8)%	\$ 640	\$ 647	\$ (7)	(1.1)%
Net interest expense (income) and other financing charges ⁽ⁱ⁾	\$ 67	\$ (13)	\$ 80	615.4 %	\$ (189)	\$ 1,112	\$ (1,301)	(117.0)%
Net (loss) income	\$ (96)	\$ 238	\$ (334)	(140.3)%	\$ 237	\$ (664)	\$ 901	135.7 %
Funds from Operations ⁽¹⁾⁽ⁱⁱ⁾	\$ 141	\$ 170	\$ (29)	(17.1)%	\$ 311	\$ 340	\$ (29)	(8.5)%

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

(ii) Funds from operations is calculated in accordance with the Real Property Association of Canada's White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS issued in February 2019.

Revenue Revenue in the second quarter of 2020 was \$315 million, a decrease of \$9 million, or 2.8%, compared to the same period in 2019, and included \$182 million (2019 - \$191 million) generated from tenants within Loblaw's retail segment. The decrease in revenue was primarily driven by:

- foregone revenue from sold properties including those sold as part of the Choice Properties' portfolio transaction in the third quarter of 2019;

partially offset by,

- additional revenue generated from properties acquired in 2019 and 2020 and from tenant openings in newly developed leasable space.

Net Interest Expense (Income) and Other Financing Charges Net interest expense and other financing charges in the second quarter of 2020 were \$67 million compared to net interest income and other financing charges of \$13 million in the same period in 2019. The change of \$80 million was primarily driven by:

- the unfavourable year-over-year impact of the fair value adjustment on Class B LP units ("Exchangeable Units") of \$79 million; and
- an early redemption premium paid of \$7 million for two senior unsecured debentures maturing in 2021 that were repaid in full during the quarter;

partially offset by,

- lower overall debt levels compared to the prior year and the completion of refinancing activity over the last year at lower interest rates.

Net (loss) income Net loss in the second quarter of 2020 was \$96 million, compared to net income of \$238 million in the same period in 2019. The decrease of \$334 million was primarily driven by:

- the unfavourable year-over-year impact of the fair value adjustment on investment properties;
- the unfavourable impact of higher interest expense and other financing charges described above;
- an increase in bad debt provisions across the portfolio;
- reduced contribution from equity accounted joint ventures; and
- an allowance for expected credit losses for a specific mortgage receivable.

Funds from Operations⁽¹⁾ Funds from Operations⁽¹⁾ in the second quarter of 2020 was \$141 million, a decrease of \$29 million compared to the same period in 2019, primarily driven by deleveraging activities through the use of proceeds from the Choice Properties' portfolio transaction and the offering of Trust Units in the second quarter of 2019 to reduce overall borrowing costs. Funds from Operations was further impacted by an increase in bad debt provisions, an allowance for expected credit losses on a specific mortgage receivable and an early redemption premium paid for two senior unsecured debentures maturing in 2021.

Choice Properties Other Business Matters

Investment Property Transactions During the second quarter of 2020, Choice Properties acquired a parcel of vacant land from Loblaw for a purchase price of \$8 million, excluding transaction costs, for cash consideration.

Weston Foods Operating Results

(unaudited) \$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended				24 Weeks Ended			
	Jun 13, 2020	Jun. 15, 2019	\$ Change	% Change	Jun. 13, 2020	Jun. 15, 2019	\$ Change	% Change
Sales	\$ 412	\$ 479	\$ (67)	(14.0)%	\$ 947	\$ 995	\$ (48)	(4.8)%
Operating (loss) income	\$ (49)	\$ 12	\$ (61)	(508.3)%	\$ (48)	\$ 22	\$ (70)	(318.2)%
Adjusted EBITDA ⁽¹⁾	\$ 7	\$ 49	\$ (42)	(85.7)%	\$ 59	\$ 95	\$ (36)	(37.9)%
Adjusted EBITDA margin ⁽¹⁾	1.7%	10.2%			6.2%	9.5%		
Depreciation and amortization ⁽ⁱ⁾	\$ 44	\$ 35	\$ 9	25.7 %	\$ 87	\$ 67	\$ 20	29.9 %

(i) Depreciation and amortization in the second quarter of 2020 includes \$10 million (2019 - \$2 million) and \$19 million (2019 - \$2 million) year-to-date of accelerated depreciation related to restructuring and other related costs.

Sales Weston Foods sales in the second quarter of 2020 were \$412 million, a decrease of \$67 million, or 14.0%, compared to the same period in 2019. Sales included the positive impact of foreign currency translation of approximately 1.7%. Excluding the favourable impact of foreign currency translation, sales decreased by 15.7%. Sales were impacted by a decrease in volumes in certain retail categories and foodservice channels as a result of the COVID-19 pandemic and the unfavourable impact of product rationalization, partially offset by the combined positive impact of pricing and changes in sales mix.

Operating (loss) income Weston Foods operating loss in the second quarter of 2020 was \$49 million compared to operating income of \$12 million in the second quarter of 2019, a decrease of \$61 million. The decrease was due to the decline in underlying operating performance of \$43 million driven by the decline in sales and COVID-19 related costs and the unfavourable year-over-year net impact of adjusting items totaling \$18 million. Weston Foods has incurred COVID-19 related costs to support colleagues in its bakeries and distribution centres with temporary pay premiums, pay protection safeguards and by increasing health and safety measures at its facilities. The year-over-year net impact of adjusting items included the following:

- the unfavourable year-over-year impact of restructuring and other related costs of \$15 million; and
- the unfavourable year-over-year impact of the fair value adjustment of derivatives of \$3 million.

Adjusted EBITDA⁽¹⁾ Weston Foods adjusted EBITDA⁽¹⁾ in the second quarter of 2020 was \$7 million compared to \$49 million in the same period in 2019, a decrease of \$42 million, or 85.7%. The decrease was driven by the decline in sales, an increase in COVID-19 related expenses and higher input costs, partially offset by the net benefits realized from Weston Foods' transformation program, productivity improvements and cost savings initiatives.

Weston Foods adjusted EBITDA margin⁽¹⁾ in the second quarter of 2020 decreased to 1.7% compared to 10.2% in the same period in 2019. The decline in adjusted EBITDA margin⁽¹⁾ in the second quarter of 2020 was driven by the factors described above.

Depreciation and Amortization Weston Foods depreciation and amortization in the second quarter of 2020 was \$44 million, an increase of \$9 million compared to the same period in 2019. Depreciation and amortization in the second quarter of 2020 included \$10 million (2019 - \$2 million) of accelerated depreciation related to Weston Foods' transformation program. Excluding this amount, depreciation and amortization in the second quarter of 2020 increased by \$1 million due to capital investments.

Weston Foods Other Business Matters

Restructuring and other related costs Weston Foods continuously evaluates strategic and cost reduction initiatives related to its manufacturing assets, distribution networks and administrative infrastructure with the objective of ensuring a low cost operating structure. In the second quarter of 2020 and year-to-date, Weston Foods recorded restructuring and other related costs of \$19 million (2019 – \$4 million) and \$35 million (2019 – \$6 million), which were primarily related to Weston Foods' transformation program.

COVID-19 UPDATE⁽²⁾

General The COVID-19 pandemic continued to have a significant impact on the Company's operating segments, colleagues, customers, tenants and other stakeholders in the second quarter of 2020.

As disclosed previously, starting in March Loblaw ramped up investments in four areas: enhancing customer convenience by expanding online capabilities and increasing staffing in its stores; supporting colleagues in its stores and distribution centres with temporary pay premiums and pay protection safeguards; securing operations, with more in-store cleaning and in-store security, introducing new ways to shop stores to promote social distancing, and installing plexiglass barriers at check outs; and providing financial support to its communities and customers by pledging financial support to food banks and community charities and offering personalized solutions for *President's Choice Financial Mastercard*[®] customers who are experiencing financial hardship. These investments continued in the second quarter.

In the first quarter of 2020, Loblaw announced that the cost of the incremental investments were expected to be approximately \$90 million every 4 week period. The cost of these incremental investments was approximately \$282 million in the second quarter of 2020, exceeding the benefit from incremental sales volumes due to COVID-19. These costs include approximately \$180 million related to the temporary pay premium costs and included the one-time bonus for store and distribution centre colleagues of \$25 million which was announced on June 11, 2020. Loblaw continues to incur COVID-19 related costs to enhance the safety and security of its customers and colleagues. In the four weeks following the end of the second quarter, these costs were approximately \$19 million. Given the unprecedented nature of the pandemic and the variability in reopening plans across the country, it is expected that consumer behavior and the resulting impact on sales and gross margin mix will continue to be volatile. In the four weeks following the end of the second quarter, sales mix continued to evolve as restaurants began to reopen. Food retail same-store sales continued at elevated levels but have seen a modest tapering of growth rates, and drug retail same-store sales growth rates have improved, relative to the second quarter.

As one of Canada's largest landlords, Choice Properties has an important role to play in helping its tenants who have been negatively impacted by the pandemic. As disclosed previously, Choice Properties agreed to assist qualifying small businesses and independent tenants who requested rent relief with rent deferrals for 60 days, effective April 1, 2020. Choice Properties has further supported its tenants by participating in the Canada Emergency Commercial Rent Assistance ("CECRA") program, which provides a 75% rent abatement for qualifying small businesses for 4 months commencing April 1, 2020, of which one-third is funded by landlords and two-thirds by the federal government. Choice Properties has also been in discussions with its larger tenants on a case-by-case basis to determine rent payment solutions. Most of Choice Properties' leases require that rent be paid on the first day of each month. During the three month period ended June 30, 2020, Choice Properties collected 89% of the contractual rents which is at the higher end of collections within the industry and is primarily due to the stability of its necessity-based portfolio. In the second quarter of 2020, Choice Properties recorded a provision of \$14 million for certain past due amounts reflecting increased collectability risk and potential abatements to be granted under the CECRA program. As of July 20, 2020, Choice Properties had received 93% of the contractual rents for July.

There have been delays in Choice Properties' development initiatives as a result of the pandemic. Despite these delays, Choice Properties remains confident that it will continue to add high-quality real estate to its portfolio at a reasonable cost in the medium to long term.

Weston Foods is focused on its important food manufacturing role in North America and ensuring a reliable supply of quality products to its customers. To further this objective, Weston Foods has been investing to support colleagues in its bakeries and distribution centres with temporary pay premiums and pay protection safeguards and by increasing health and safety measures at its facilities.

Weston Foods' sales were negatively impacted by COVID-19, primarily in certain retail categories and foodservice channels as a result of a change in retail sales merchandising practices and government mandated closures of non-essential businesses during the quarter. At the onset of the crisis, many food retailers temporarily closed in-store bakeries and bakery display cases which negatively impacted retail sales. Similarly, government mandated closures of non-essential businesses including restaurants and social distancing protocols negatively impacted foodservice sales. In addition, Weston Foods incurred approximately \$16 million in COVID-19 related costs during the quarter. As a result of changes in demand arising from retail merchandising practices and government mandated closures of non-essential businesses Weston Foods is managing its production planning carefully. In the four weeks following the end of the second quarter, sales excluding the impact of foreign currency translation were down approximately 5% compared to the same period in 2019 and COVID-19 related costs were approximately \$1 million. The

pandemic has required Weston Foods to act swiftly to challenges, however, the business remains well positioned to respond to strong consumer demand for quality baked goods and to advance its growth plans in key categories.

In light of the uncertainty surrounding the duration and severity of the pandemic, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. As announced on April 9, 2020, the Company has withdrawn its 2020 Outlook that is contained in its Management’s Discussion and Analysis (“MD&A”) for the year ended December 31, 2019.

Liquidity The Company and its operating segments maintain strong balance sheets and liquidity. As at the end of the second quarter of 2020, the liquidity position of the operating segments was as follows: Loblaw’s consolidated cash and short-term investments balance was \$2.6 billion. The aggregate available liquidity at Loblaw was approximately \$4.6 billion including undrawn amounts under committed credit facilities. Subsequent to the end of the second quarter, Loblaw’s liquidity was reduced by \$350 million due to the repayment of the 5.22% Medium Term Notes, Series 2-B, which were paid on June 18, 2020. Choice Properties had \$1.5 billion of available liquidity under its committed credit facility and no significant debt maturities for the remainder of the year. The Company (excluding Loblaw and Choice Properties) had cash and short-term investments of \$0.8 billion with no debt maturities in 2020.

Risk Factor For more information on the risks presented to the Company by the COVID-19 pandemic, see Section 6, “Enterprise Risks and Risk Management”, of the MD&A in the Company’s 2020 Second Quarter Report.

DECLARATION OF QUARTERLY DIVIDENDS

Subsequent to the end of the second quarter of 2020, the Company’s Board of Directors declared a quarterly dividend on GWL Common Shares, Preferred Shares, Series I, Preferred Shares, Series III, Preferred Shares, Series IV and Preferred Shares, Series V payable as follows:

Common Shares	\$0.525 per share payable October 1, 2020, to shareholders of record as of September 15, 2020;
Preferred Shares, Series I	\$0.3625 per share payable September 15, 2020, to shareholders of record as of August 31, 2020;
Preferred Shares, Series III	\$0.3250 per share payable October 1, 2020, to shareholders of record as of September 15, 2020;
Preferred Shares, Series IV	\$0.3250 per share payable October 1, 2020, to shareholders of record as of September 15, 2020; and
Preferred Shares, Series V	\$0.296875 per share payable October 1, 2020, to shareholders of record as of September 15, 2020.

NON-GAAP FINANCIAL MEASURES

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

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

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

For reconciliation to, and description of the Company’s non-GAAP financial measures and financial metrics, see Section 8, “Non-GAAP Financial Measures”, of the MD&A in the Company’s 2020 Second Quarter Report.

FORWARD-LOOKING STATEMENTS

This News Release contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this News Release include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of IT systems implementations. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the "COVID-19 Update" section of this News Release. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2020 is based on certain assumptions, including assumptions about the COVID-19 pandemic, healthcare reform impacts, anticipated cost savings and operating efficiencies and anticipated benefits from strategic initiatives. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the COVID-19 pandemic and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 8, "Enterprise Risks and Risk Management", of the MD&A in the Company's 2019 Annual Report and the Company's Annual Information Form for the year ended December 31, 2019 as well as COVID-19 related risks that have been added to Section 6, "Enterprise Risks and Risk Management", of the MD&A in the Company's 2020 Second Quarter Report.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this News Release. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SEGMENT INFORMATION

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

The accounting policies of the reportable operating segments are the same as those described in the Company's 2019 audited annual consolidated financial statements. The Company measures each reportable operating segment's performance based on adjusted EBITDA⁽ⁱ⁾ and adjusted operating income⁽ⁱ⁾. No reportable operating segment is reliant on any single external customer.

(unaudited) (\$ millions)	12 Weeks Ended									
	Jun. 13, 2020					Jun. 15, 2019				
	Loblaw	Choice Properties	Weston Foods	Other and Intersegment	Total	Loblaw	Choice Properties	Weston Foods	Other and Intersegment	Total
Revenue	\$ 11,957	\$ 315	\$ 412	\$ (327)	\$ 12,357	\$ 11,133	\$ 324	\$ 479	\$ (333)	\$ 11,603
Operating income (loss)	\$ 402	\$ (29)	\$ (49)	\$ 77	\$ 401	\$ 586	\$ 226	\$ 12	\$ (54)	\$ 770
Net interest expense (income) and other financing charges	176	67	(1)	279	521	175	(13)	–	146	308
Earnings (loss) before income taxes	\$ 226	\$ (96)	\$ (48)	\$ (202)	\$ (120)	\$ 411	\$ 239	\$ 12	\$ (200)	\$ 462
Operating income (loss)	\$ 402	\$ (29)	\$ (49)	\$ 77	\$ 401	\$ 586	\$ 226	\$ 12	\$ (54)	\$ 770
Depreciation and amortization	598	–	44	(76)	566	580	1	35	(82)	534
Adjusting items ⁽ⁱⁱ⁾	14	230	12	(136)	120	7	6	2	(6)	9
Adjusted EBITDA ⁽ⁱ⁾	\$ 1,014	\$ 201	\$ 7	\$ (135)	\$ 1,087	\$ 1,173	\$ 233	\$ 49	\$ (142)	\$ 1,313
Depreciation and amortization ⁽ⁱⁱ⁾	480	–	34	(76)	438	464	1	33	(82)	416
Adjusted operating income (loss)⁽ⁱ⁾	\$ 534	\$ 201	\$ (27)	\$ (59)	\$ 649	\$ 709	\$ 232	\$ 16	\$ (60)	\$ 897

- (i) Certain items are excluded from operating income (loss) to derive adjusted EBITDA⁽ⁱ⁾. Adjusted EBITDA⁽ⁱ⁾ is used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$118 million (2019 - \$116 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw and \$10 million (2019 - \$2 million) of accelerated depreciation recorded by Weston Foods, related to restructuring and other related costs.

24 Weeks Ended

(unaudited) (\$ millions)	Jun. 13, 2020					Jun. 15, 2019				
	Loblaw	Choice Properties	Weston Foods	Other and Intersegment	Total	Loblaw	Choice Properties	Weston Foods	Other and Intersegment	Total
Revenue	\$ 23,757	\$ 640	\$ 947	\$ (654)	\$ 24,690	\$ 21,792	\$ 647	\$ 995	\$ (658)	\$ 22,776
Operating income (loss)	\$ 941	\$ 48	\$ (48)	\$ 58	\$ 999	\$ 1,035	\$ 449	\$ 22	\$ (150)	\$ 1,356
Net interest expense (income) and other financing charges	348	(189)	(2)	106	263	348	1,112	–	(280)	1,180
Earnings (loss) before income taxes	\$ 593	\$ 237	\$ (46)	\$ (48)	\$ 736	\$ 687	\$ (663)	\$ 22	\$ 130	\$ 176
Operating income (loss)	\$ 941	\$ 48	\$ (48)	\$ 58	\$ 999	\$ 1,035	\$ 449	\$ 22	\$ (150)	\$ 1,356
Depreciation and amortization	1,192	1	87	(154)	1,126	1,160	1	67	(159)	1,069
Adjusting items ⁽ⁱ⁾	48	379	20	(181)	266	16	13	6	11	46
Adjusted EBITDA ⁽ⁱ⁾	\$ 2,181	\$ 428	\$ 59	\$ (277)	\$ 2,391	\$ 2,211	\$ 463	\$ 95	\$ (298)	\$ 2,471
Depreciation and amortization ⁽ⁱⁱ⁾	955	1	68	(154)	870	925	1	65	(159)	832
Adjusted operating income (loss)⁽ⁱ⁾	\$ 1,226	\$ 427	\$ (9)	\$ (123)	\$ 1,521	\$ 1,286	\$ 462	\$ 30	\$ (139)	\$ 1,639

- (i) Certain items are excluded from operating income (loss) to derive adjusted EBITDA⁽¹⁾. Adjusted EBITDA⁽¹⁾ is used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$237 million (2019 - \$235 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw and \$19 million (2019 - \$2 million) of accelerated depreciation recorded by Weston Foods, related to restructuring and other related costs.

2020 SECOND QUARTER REPORT

The Company's 2019 Annual Report and 2020 Second Quarter Report are available in the Investor Centre section of the Company's website at www.weston.ca and have been filed on SEDAR and are available at www.sedar.com.

INVESTOR RELATIONS

Shareholders, security analysts and investment professionals should direct their requests to Tara Speers, Senior Director, Investor Relations, at the Company's Executive Office or by e-mail at investor@weston.ca.

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

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

SECOND QUARTER CONFERENCE CALL AND WEBCAST

George Weston Limited will host a conference call as well as an audio webcast on Tuesday, July 28, 2020 at 9:00 a.m. (ET). To access via tele-conference, please dial (647) 427-7450 or 1-888-231-8191. The playback will be available two hours after the event at (416) 849-0833 or 1-855-859-2056, passcode: 2829904#. To access via audio webcast, please visit the Investor Centre section of www.weston.ca. Pre-registration will be available.

Ce rapport est disponible en français.

Endnotes

- (1) See the "Non-GAAP Financial Measures" section of the Company's 2020 Second Quarter Report, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.
 - (2) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release and the Company's 2020 Second Quarter Report for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors and assumptions that were used when making these statements. This News Release should be read in conjunction with GWL's filings with securities regulators made from time to time, all of which can be found at www.weston.ca and www.sedar.com.
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