Q1 2022
Quarterly Report

12 Weeks Ended March 26, 2022

WESTON GEORGE WESTON LIMITED

ESTABLISHED 1882

Footnote Legend	
(1)	See Section 8, “Non-GAAP Financial Measures”, of the Company’s 2022 First Quarter Management’s Discussion and Analysis.
(2)	GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.
(3)	Comparative figures have been restated to conform with current year presentation.
(4)	To be read in conjunction with Section 9, “Forward-Looking Statements”, of the Company’s 2022 First Quarter Management’s Discussion and Analysis.

Management's Discussion and Analysis

Management’s Discussion and Analysis

The following Management’s Discussion and Analysis (“MD&A”) for George Weston Limited (“GWL” or the “Company”) should be read in conjunction with the Company’s first quarter 2022 unaudited interim period condensed consolidated financial statements and the accompanying notes of this Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2021 and the related annual MD&A included in the Company’s 2021 Annual Report.

The Company’s first quarter 2022 unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). These unaudited interim period condensed consolidated financial statements include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars, except where otherwise noted.

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

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

In 2021, the Company sold its entire interest in the Weston Foods bakery business. The impacts of the sale of Weston Foods and the results of Weston Foods, net of intersegment eliminations, have been presented separately as discontinued operations in the Company’s results. See Note 4. “Discontinued Operations” in the Company’s unaudited interim period condensed consolidated financial statements and the accompanying notes of this Quarterly Report for details.

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

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

A glossary of terms and ratios used throughout this Quarterly Report can be found beginning on page 180 of the Company’s 2021 Annual Report.

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

The information in this MD&A is current to May 9, 2022, unless otherwise noted.

At a Glance

Key Financial Highlights

As at or for the 12 weeks ended March 26, 2022, March 27, 2021 and December 31, 2021
($ millions except where otherwise indicated)

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

Consolidated

$ 12,407 +3.2% vs. Q1 2021[3]	**$ 1,166** +40.8% vs. Q1 2021[3]	**$ 1,422** +9.4% vs. Q1 2021[3]	**11.5%** +70bps vs. Q1 2021[3]
REVENUE	**OPERATING INCOME**	ADJUSTED EBITDA[1]	ADJUSTED EBITDA MARGIN[1] (%)
$ 363 +685.5% vs. Q1 2021[3]	**$ 282** +15.1% vs. Q1 2021[3]	**$ 2.45** +697.6% vs. Q1 2021[3]	**$ 1.90** +18.8% vs. Q1 2021[3]
NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS FROM CONTINUING OPERATIONS	ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1] FROM CONTINUING OPERATIONS	**DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS ($)**	ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1] FROM CONTINUING OPERATIONS ($)

GWL Corporate[2]

$ 83 –% vs. Q1 2021[3]	**$ (59)** -127.7% vs. Q1 2021[3]	**$ 0.60** +9.1 % vs. Q1 2021	**$ 1,048** -21.7% vs. Q4 2021
CASH FLOW FROM OPERATING BUSINESSES[1] FROM CONTINUING OPERATIONS	GWL CORPORATE[2] FREE CASH FLOW[1] USED IN CONTINUING OPERATIONS	QUARTERLY DIVIDENDS DECLARED PER SHARE ($)	GWL CORPORATE[2] CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

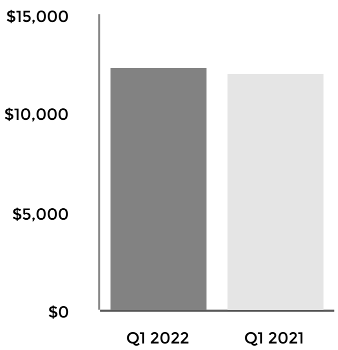
(1) See Section 8. "Non-GAAP Financial Measures", of this MD&A.
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.
(3) Comparative figures have been restated to conform with current year presentation.

Key Performance Indicators

For the 12 weeks ended March 26, 2022 and March 27, 2021
($ millions except where otherwise indicated)

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

REVENUE

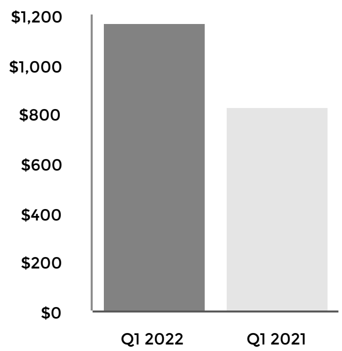


Q1 2022	**$ 12,407**	**+3.2%**
Q1 2021[3]	$ 12,017	

How we performed

Revenue increased in the first quarter of 2022 due to growth at Loblaw.

OPERATING INCOME

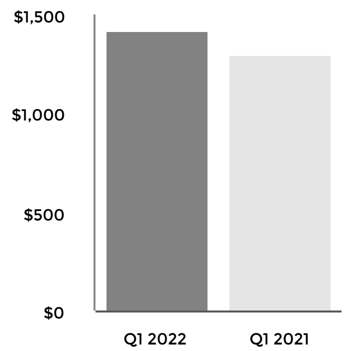


Q1 2022	**$ 1,166**	**+40.8%**
Q1 2021[3]	$ 828	

How we performed

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

ADJUSTED EBITDA[1]



Q1 2022	**$ 1,422**	**+9.4%**
Q1 2021[3]	$ 1,300	

How we performed

Adjusted EBITDA[1] increased in the first quarter of 2022 mainly due to an increase at Loblaw.

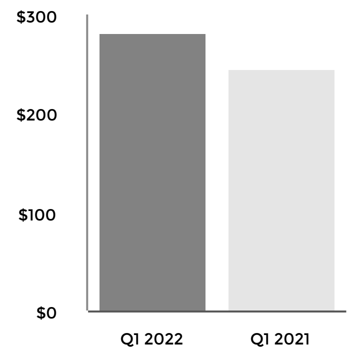
Adjusted EBITDA margin[1] in the first quarter of 2022 increased primarily driven by an improvement in Loblaw retail adjusted gross profit percentage[1] partially offset by an increase in selling, general and administrative expenses.

ADJUSTED EBITDA MARGIN[1] (%)

11.5% **+70bps**

Q1 2022 vs. Q1 2021[3]

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



Q1 2022	**$ 282**	**+15.1%**
Q1 2021[3]	$ 245	

How we performed

Adjusted net earnings available to common shareholders[1] from continuing operations increased in the first quarter of 2022 primarily due to the improvement in the underlying operating performance at Loblaw.

Adjusted diluted net earnings per common share[1] from continuing operations increased in the first quarter of 2022 due to the performance in adjusted net earnings available to common shareholders[1] and lower weighted average common shares due to share repurchases.

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

$ 1.90 **+18.8%**

Q1 2022 vs. Q1 2021[3]

(1) See Section 8., "Non-GAAP Financial Measures", of this MD&A.
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.
(3) Comparative figures have been restated to conform with current year presentation.

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

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021(3)
Dividends from Loblaw	**$ –**	$ –
Distributions from Choice Properties	**83**	83
GWL Corporate(2) cash flow from operating businesses(1) from Continuing Operations	**$ 83**	**$ 83**
Proceeds from participation in Loblaw’s Normal Course Issuer Bid	**10**	166
GWL Corporate, financing, and other costs(i)	**(58)**	(24)
Income taxes paid	**(94)**	(12)
GWL Corporate(2) free cash flow(1) (used in) from Continuing Operations	**$ (59)**	**$ 213**

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

As at or for the 12 weeks ended March 26, 2022, March 27, 2021 and December 31, 2021
($ millions except where otherwise indicated)

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

$ 83	**–%**	
Q1 2022	vs. Q1 2021	
$ 83		
Q1 2021(3)		

How we performed

Cash flow from operating businesses from continuing operations remained consistent with the prior year period.

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

$ (59)	**-127.7%**
Q1 2022	vs. Q1 2021
$ 213	
Q1 2021(3)	

How we performed

Decrease was primarily due to lower proceeds from GWL’s participation in Loblaw’s Normal Course Issuer Bid and higher income taxes paid.

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

$ 1,048	**-21.7%**
Q1 2022	vs. Q4 2021

How we performed

GWL Corporate(2) cash and cash equivalents and short-term investments included the proceeds received from the disposal of the Weston Foods business in 2021. The decrease since 2021 year end was primarily due to the repayment of the GWL credit facility, GWL Corporate(2) free cash flow used in continuing operations and dividends paid on common shares.

Management's Discussion and Analysis

1. Overall Financial Performance

Loblaw delivered another very good quarter in a retail environment experiencing fewer COVID-19 related restrictions and continued inflationary pressures. Loblaw's drug retail results were strong and drove Loblaw's margin expansion in the quarter, as front-store and prescription sales benefited from the loosening of social restrictions, and pharmacy services continued to perform well. In food retail, Loblaw continued to benefit from higher than normal eat-at-home levels and is well-positioned with its portfolio of businesses to provide value to meet the evolving needs of Canadians.

Choice Properties also reported a very good quarter and start to the year with continued high rent collections and positive leasing momentum. Choice Properties' portfolio and financial position are strong, as reflected in a 4.8% increase in net asset value per unit in the quarter, driven by continued demand for essential retail, strong industrial market dynamics and advancement in its development pipeline. Subsequent to the end of the first quarter of 2022, Choice Properties completed the strategic sale of six high-quality office properties to Allied Properties Real Estate Investment Trust. With the strategic sale, Choice Properties is well-positioned to focus its time and capital on its core asset classes of essential retail, industrial, its growing residential platform as well as its robust development pipeline.

1.1 Consolidated Results of Operations

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

In 2021, the Company sold its entire Weston Foods bakery business. The Company's interest in Weston Foods is presented separately as discontinued operations in the Company's results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021[3]	$ Change	% Change
Revenue	**$ 12,407**	**$ 12,017**	**$ 390**	**3.2%**
Operating income	**$ 1,166**	**$ 828**	**$ 338**	**40.8%**
Adjusted EBITDA[1]	**$ 1,422**	$ 1,300	$ 122	9.4%
Adjusted EBITDA margin[1]	**11.5%**	10.8%		
Depreciation and amortization[i]	**$ 549**	**$ 525**	**$ 24**	**4.6%**
Net interest expense and other financing charges	**$ 322**	**$ 545**	**$ (223)**	**(40.9)%**
Adjusted net interest expense and other financing charges[1]	**$ 240**	$ 253	$ (13)	(5.1)%
Income taxes	**$ 229**	**$ 165**	**$ 64**	**38.8%**
Adjusted income taxes[1]	**$ 205**	$ 177	$ 28	15.8%
Adjusted effective tax rate[1]	**27.3%**	27.7%		
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**$ 373**	**$ (52)**	**$ 425**	**817.3%**
Net earnings (loss) available to common shareholders of the Company from continuing operations	**$ 363**	**$ (62)**	**$ 425**	**685.5%**
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$ 282**	$ 245	$ 37	15.1%
Diluted net earnings (loss) per common share from continuing operations ($)	**$ 2.45**	**$ (0.41)**	**$ 2.86**	**697.6%**
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**$ 1.90**	$ 1.60	$ 0.30	18.8%

(i) Depreciation and amortization includes $117 million (2021 – $117 million) in the first quarter of 2022 of amortization of intangible assets, acquired with Shoppers Drug Mart Corporation, recorded by Loblaw.

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

In the first quarter of 2022, the Company recorded net earnings available to common shareholders of the Company from continuing operations of $363 million ($2.45 per common share), an increase of $425 million ($2.86 per common share) compared to the same period in 2021. The increase was due to the favourable year-over-year net impact of adjusting items totaling $388 million ($2.56 per common share) and an improvement of $37 million ($0.30 per common share) in the consolidated underlying operating performance of the Company described below.

- The favourable year-over-year net impact of adjusting items totaling $388 million ($2.56 per common share) was primarily due to:
    - the favourable year-over-year impact of the fair value adjustment on investment properties of $205 million ($1.40 per common share) primarily driven by Choice Properties, net of consolidation adjustments in Other and Intersegment;
    - the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $146 million ($0.94 per common share); and
    - the favourable year-over-year impact of the prior year fair value adjustment of the forward sale agreement of Loblaw common shares of $46 million ($0.30 per common share). The Company settled the net debt associated with the forward sale agreement in the fourth quarter of 2021.

- The improvement in the Company's consolidated underlying operating performance of $37 million ($0.30 per common share) was due to:
    - the favourable underlying operating performance of Loblaw; and
    - a decrease in adjusted net interest expense and other financing charges[1];

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

- Diluted net earnings per common share from continuing operations also included the favourable impact of shares purchased for cancellation over the last 12 months ($0.06 per common share) pursuant to the Company's Normal Course Issuer Bid ("NCIB").

Adjusted net earnings available to common shareholders of the Company[1] from continuing operations were $282 million, an increase of $37 million, or 15.1%, compared to the same period in 2021 due to the improvement in the Company's consolidated underlying operating performance described above. Adjusted diluted net earnings per common share[1] from continuing operations were $1.90 per common share in the first quarter of 2022, an increase of $0.30 per common share, or 18.8%, compared to the same period in 2021. The increase was due to the favourable performance in adjusted net earnings available to common shareholders[1] from continuing operations and the favourable impact of share repurchases.

REVENUE

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021[3]	$ Change	% Change
Loblaw	**$ 12,262**	$ 11,872	$ 390	3.3%
Choice Properties	**$ 328**	$ 327	$ 1	0.3%
Other and Intersegment	**$ (183)**	$ (182)		
Consolidated	**$ 12,407**	$ 12,017	$ 390	3.2%

Revenue in the first quarter of 2022 was $12,407 million, an increase of $390 million, or 3.2%, compared to the same period in 2021. The increase in revenue in the first quarter of 2022 was impacted by each of its reportable operating segments as follows:

- Positively by 3.2% due to revenue growth of 3.3% at Loblaw, primarily driven by an increase in retail sales and an improvement in financial services revenue. Retail sales increased by $375 million, or 3.2%, compared to the same period in 2021. The increase was primarily due to positive same-store sales growth and a net increase in retail square footage. Food retail same-store sales grew by 2.1% (2021 – 0.1%) for the quarter. Food retail basket size decreased and traffic increased in the quarter. The Consumer Price Index ("CPI") as measured by The Consumer Price Index for Food Purchased from Stores was 7.5% (2021 – 0.9%), which was slightly lower than Loblaw's internal food inflation. Drug retail same-store sales grew by 5.2% (2021 – decreased by 1.7%). Pharmacy same-store sales growth benefited from strong sales in pharmacy related services. Front store same-store sales growth benefited from the continued economic re-opening.

- Positively by a nominal amount due to growth in revenue of 0.3% at Choice Properties. The increase of $1 million was mainly due to higher rental rates on renewals in the retail portfolio and increased capital recoveries, partially offset by foregone revenue from dispositions and a decrease in lease surrender revenue.

OPERATING INCOME

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021[3]	$ Change	% Change
Loblaw	**$ 736**	$ 615	$ 121	19.7%
Choice Properties	**$ 629**	$ 285	$ 344	120.7%
Other and Intersegment	**$ (199)**	$ (72)		
Consolidated	**$ 1,166**	$ 828	$ 338	40.8%

Operating income in the first quarter of 2022 was $1,166 million compared to $828 million in the same period in 2021, an increase of $338 million, or 40.8%. The increase was mainly attributable to the favourable year-over-year net impact of adjusting items totaling $240 million and the improvement in underlying operating performance of $98 million described below:

- the favourable year-over-year net impact of adjusting items totaling $240 million was primarily due to:
  - the favourable year-over-year impact of the fair value adjustment of investment properties of $245 million; and
  - the favourable year-over-year impact of the fair value adjustment of derivatives of $6 million;

  partially offset by,
  - the unfavourable impact of transaction costs and other related expenses recorded at Choice Properties of $5 million.

- the improvement in underlying operating performance of $98 million was due to:
  - the favourable underlying operating performance of Loblaw due to the improvement in retail, partially offset by a decline in financial services;

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

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021[3]	$ Change	% Change
Loblaw	**$ 1,341**	$ 1,216	$ 125	10.3%
Choice Properties	**$ 225**	$ 225	$ –	–%
Other and Intersegment	**$ (144)**	$ (141)		
Consolidated	**$ 1,422**	$ 1,300	$ 122	9.4%

Adjusted EBITDA[1] in the first quarter of 2022 was $1,422 million compared to $1,300 million in the same period in 2021, an increase of $122 million, or 9.4%. The increase in adjusted EBITDA[1] was impacted by each of the Company's reportable operating segments as follows:

- Positively by 9.6% due to an increase of 10.3% in adjusted EBITDA[1] at Loblaw, driven by improvements in Loblaw retail, partially offset by a decline in Loblaw financial services. The improvements in Loblaw retail were driven by an increase in retail gross profit, partially offset by an unfavourable increase in selling, general and administrative expenses ("SG&A").

- Choice Properties adjusted EBITDA[1] was flat compared to the same period in 2021, driven by a decline in expected credit loss provisions and the increase in revenue described above, offset by higher general and administrative expenses.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021[3]	$ Change	% Change
Loblaw	**$ 631**	$ 610	$ 21	3.4%
Choice Properties	**$ 1**	$ 1	$ –	–%
Other and Intersegment	**$ (83)**	$ (86)		
Consolidated	**$ 549**	$ 525	$ 24	4.6%

Depreciation and amortization in the first quarter of 2022 was $549 million, an increase of $24 million compared to the same period in 2021.

Depreciation and amortization in the first quarter included $117 million (2021 – $117 million) of amortization of intangible assets related to the acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") recorded by Loblaw. Excluding this amount, depreciation and amortization increased in the first quarter by $24 million, primarily driven by an increase in depreciation of information technology ("IT") and leased assets at Loblaw.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021[3]	$ Change	% Change
Net interest expense and other financing charges	**$ 322**	$ 545	$ (223)	(40.9)%
Add: Fair value adjustment of the Trust Unit liability	**(93)**	(239)	146	61.1%
Recovery related to Glenhuron	**11**	–	11	100.0%
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	(53)	53	100.0%
Adjusted net interest expense and other financing charges[1]	**$ 240**	$ 253	$ (13)	(5.1)%

Net interest expense and other financing charges in the first quarter of 2022 were $322 million, a decrease of $223 million compared to the same period in 2021. The decrease was primarily due to the year-over-year impact of adjusting items totaling $210 million itemized in the table above, and a decrease in adjusted net interest expense and other financing charges[1] of $13 million. Included in the adjusting items was the favourable year-over-year fair value adjustment of the Trust Unit liability of $146 million. The fair value adjustment of the Trust Unit liability in the first quarter of 2022 was a loss of $93 million as a result of the increase in Choice Properties' unit price during the first quarter of 2022. The Company is exposed to market price fluctuations as a result of units held by unitholders other than the Company which are redeemable for cash at the option of the holder and are presented as a liability on the Company's consolidated balance sheet.

Adjusted net interest expense and other financing charges[1] decreased by $13 million. The decrease was primarily driven by:

- lower interest expense in Other and Intersegment adjustments, primarily due to the full settlement in the fourth quarter of 2021 of the net debt associated with the equity forward sale agreement;
- a reduction in interest expense from lease liabilities at Loblaw, including Other and Intersegment adjustments; and
- a decrease in interest expense in Choice Properties primarily due to a general reduction in indebtedness and refinancing over the past year at lower interest rates.

INCOME TAXES

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended **Mar. 26, 2022**	Mar. 27, 2021[3]	$ Change	% Change
Income taxes	**$ 229**	$ 165	$ 64	38.8%
Add: Tax impact of items excluded from adjusted earnings before taxes[1][i]	**(20)**	28	(48)	(171.4)%
Recovery related to Glenhuron	**33**	–	33	100.0%
Outside basis difference in certain Loblaw shares	**(37)**	(16)	(21)	(131.3)%
Adjusted income taxes[1]	**$ 205**	$ 177	$ 28	15.8%
Effective tax rate applicable to earnings before taxes	**27.1%**	58.3%		
Adjusted effective tax rate applicable to adjusted earnings before taxes[1]	**27.3%**	27.7%		

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

The effective tax rate in the first quarter of 2022 was 27.1%, compared to 58.3% in the same period in 2021. The decrease was primarily attributable to a decrease in the non-taxable fair value adjustment of the Trust Unit liability, the recovery of income taxes related to Glenhuron and the impact of certain non-deductible items.

The adjusted effective tax rate[1] for the first quarter of 2022 was 27.3%, compared to 27.7% in the same period in 2021. The decrease was primarily attributable to the impact of certain non-deductible items.

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

1.2 Consolidated Other Business Matters

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

(unaudited) ($ millions)	12 Weeks Ended Mar. 26, 2022	 Mar. 27, 2021
GWL's credit facility repayment	**$ (121)**	$ –
GWL's NCIB – purchased and cancelled[(i)(ii)]	**(47)**	(25)
GWL's participation in Loblaw's NCIB[(iii)]	**10**	166
Net cash flow (used in) from above activities	**$ (158)**	$ 141

(i) $16 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2022 was paid in the second quarter of 2022. $6 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the fourth quarter of 2021 was paid in the first quarter of 2022.

(ii) $30 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2021 was paid in the second quarter of 2021.

(iii) $12 million ($15 million) of cash consideration related to GWL's participation in Loblaw's NCIB in the first quarter of 2022 (first quarter of 2021) was received in the second quarter of 2022 (second quarter of 2021).

GWL's Credit Facility In the third quarter of 2021, GWL entered into a $350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. The credit facility contains certain financial covenants. As at December 31, 2021, $121 million was drawn on the facility which was repaid in the first quarter of 2022. As at March 26, 2022, no amounts were drawn on the facility.

GWL's NCIB - Purchased and Cancelled Shares In the first quarter of 2022, the Company purchased and cancelled 0.4 million shares under its NCIB (2021 – 0.5 million shares). As at March 26, 2022, the Company had 146.5 million shares outstanding (March 27, 2021 – 151.8 million).

In the first quarter of 2022, the Company entered into an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market.

Refer to Section 3.6, "Share Capital" of this MD&A for more information.

GWL's Participation in Loblaw's NCIB The Company participates in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. During the first quarter of 2022, GWL received proceeds of $10 million (2021 – $166 million) from the sale of Loblaw shares.

CHOICE PROPERTIES TRANSACTION In the first quarter of 2022, Choice Properties disposed of a property to a third party for aggregate consideration of $26 million. The transaction was accounted as a disposition by Choice Properties. On consolidation, a portion of the transaction was not recognized as a sale of assets as under the terms of the leases, the Company did not relinquish control of a portion of the property for purposes of IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". Approximately $8 million of proceeds were recognized as financial liabilities on the Company's consolidated balance sheets. The remaining $18 million of proceeds were accounted as a sale.

2. Results of Reportable Operating Segments

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

2.1 Loblaw Operating Results

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021	$ Change	% Change
Revenue	**$ 12,262**	$ 11,872	$ 390	3.3%
Operating income	**$ 736**	$ 615	$ 121	19.7%
Adjusted EBITDA(1)	**$ 1,341**	$ 1,216	$ 125	10.3%
Adjusted EBITDA margin(1)	**10.9%**	10.2%		
Depreciation and amortization(i)	**$ 631**	$ 610	$ 21	3.4%

(i) Depreciation and amortization in the first quarter of 2022 includes $117 million (2021 – $117 million) of amortization of intangible assets acquired with Shoppers Drug Mart.

REVENUE Loblaw revenue in the first quarter of 2022 was $12,262 million, an increase of $390 million, or 3.3%, compared to the same period in 2021, driven by an increase in retail sales and in financial services revenue.

Retail sales were $12,045 million, an increase of $375 million, or 3.2%, compared to the same period in 2021. The increase was primarily driven by the following factors:

- food retail sales were $8,682 million (2021 – $8,479 million) and food retail same-store sales grew by 2.1% (2021 – 0.1%) for the quarter. Food retail basket size decreased and traffic increased in the quarter;
- the CPI as measured by The Consumer Price Index for Food Purchased from Stores was 7.5% (2021 – 0.9%), which was slightly lower than Loblaw's internal food inflation; and
- drug retail sales were $3,363 million (2021 – $3,191 million) and drug retail same-store sales grew by 5.2% (2021 – decreased by 1.7%) for the quarter. Pharmacy same-store sales growth benefited from strong sales in pharmacy related services. Front store same-store sales growth benefited from the continued economic re-opening. Pharmacy same-store sales growth was 6.8% (2021 – 3.5%) and front store same-store sales increased by 3.6% (2021 – decreased by 6.4%).

In the last 12 months, 26 food and drug stores were opened and 30 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 first quarter of 2022 increased by $21 million compared to the same period in 2021. The increase was primarily driven by higher interest income from growth in credit card receivables and higher interchange income from an increase in customer spending, partially offset by lower sales attributable to *The Mobile Shop*.

OPERATING INCOME Loblaw operating income in the first quarter of 2022 was $736 million, an increase of $121 million, or 19.7%, compared to the same period in 2021. The increase included improvements in underlying operating performance of $104 million and the favourable year-over-year net impact of adjusting items totaling $17 million, as described below:

- the improvement in underlying operating performance of $104 million was primarily due to the following:
  - an improvement in the underlying operating performance of retail due to an increase in retail gross profit, partially offset by an increase in SG&A and depreciation and amortization;

  partially offset by,
  - a decline in the underlying operating performance of financial services primarily due to the year-over-year impact of the expected credit loss provision from lapping a larger prior year release of $20 million versus the current quarter release of $5 million and the prior year reversal of certain commodity tax accrued.

- the favourable year-over-year net impact of adjusting items totaling $17 million was primarily due to:
  - the favourable year-over-year impact of restructuring and other related costs of $19 million; and
  - the favourable year-over-year impact of the fair value adjustment of derivatives of $6 million;

  partially offset by,
  - the unfavourable year-over-year impact in net gain on sale of non-operating properties of $5 million; and
  - the unfavourable impact of the Lifemark Health Group ("Lifemark") transaction costs of $3 million.

ADJUSTED EBITDA[1] Loblaw adjusted EBITDA[1] in the first quarter of 2022 was $1,341 million, an increase of $125 million, or 10.3%, compared to the same period in 2021. The increase was primarily due to an increase in retail of $140 million, partially offset by a decrease in financial services of $15 million.

Retail adjusted EBITDA[1] in the first quarter of 2022 increased by $140 million driven by an increase in retail gross profit of $210 million, partially offset by an unfavourable increase in SG&A of $70 million.

- Retail gross profit percentage of 31.1% increased by 80 basis points compared to the same period in 2021, driven by favourable changes in the drug retail sales mix, with underlying improvements in business initiatives across retail.
- Retail SG&A as a percentage of sales was 20.4%, a decrease of 10 basis points compared to the same period of 2021. The favourable decrease was primarily due to lower COVID-19 related expenses, partially offset by higher costs incurred in drug retail from providing pharmacy related services.

Financial services adjusted EBITDA[1] decreased by $15 million compared to the same period in 2021, primarily driven by the year-over-year impact of the expected credit loss provision from lapping a larger prior year release of $20 million versus the current quarter release of $5 million, the prior year reversal of certain commodity tax accrued, higher customer acquisition costs and higher loyalty program costs and operating costs, partially offset by higher revenue as described above and lower contractual charge-offs.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in the first quarter of 2022 was $631 million, an increase of $21 million compared to the same period in 2021. The increase in depreciation and amortization in the first quarter of 2022 was primarily driven by an increase in depreciation of IT and leased assets.

Depreciation and amortization included $117 million (2021 – $117 million) in the first quarter of 2022 of amortization of intangible assets related to the acquisition of Shoppers Drug Mart.

CONSOLIDATION OF FRANCHISES Loblaw has more than 500 franchise food retail stores in its network. Non-controlling interests at Loblaw represent the share of earnings that relates to Loblaw's food retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements. Loblaw's net earnings attributable to non-controlling interests were $33 million in the first quarter of 2022. When compared to the first quarter of 2021, this represented an increase of $14 million or 73.7%. The increase in non-controlling interests at Loblaw was primarily driven by an improvement in franchisee earnings in comparison to the same period in 2021.

LOBLAW OTHER BUSINESS MATTERS

Lifemark Health Group During the quarter, Loblaw agreed to acquire Lifemark for aggregate cash consideration of $845 million. Lifemark is the leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services through its more than 300 clinics across Canada. Regulatory approvals have been received and the transaction is expected to close on or about May 10, 2022.

2.2 Choice Properties Operating Results

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021	$ Change	% Change
Revenue	**$ 328**	$ 327	$ 1	0.3%
Net interest expense and other financing charges[(i)]	**$ 242**	$ 347	$ (105)	(30.3)%
Net income (loss)	**$ 387**	$ (62)	$ 449	724.2%
Funds from Operations[(1)]	**$ 175**	$ 171	$ 4	2.3%

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

REVENUE Revenue in the first quarter of 2022 was $328 million, an increase of $1 million, or 0.3%, compared to the same period in 2021, and included $184 million (2021 – $182 million) generated from tenants within Loblaw.

The increase in revenue in the first quarter of 2022 was primarily driven by:
- higher rental rates on renewals in the retail portfolio; and
- increased capital recoveries;

partially offset by,
- foregone revenue from dispositions; and
- a decrease in lease surrender revenue.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES Net interest expense and other financing charges in the first quarter of 2022 were $242 million compared to $347 million in the same period in 2021. The decrease of $105 million was primarily driven by the favourable year-over-year impact of the fair value adjustment on the Class B LP units ("Exchangeable Units") of $99 million, a general reduction in indebtedness and refinancing over the past year at lower interest rates.

NET INCOME (LOSS) Net income in the first quarter of 2022 was $387 million, compared to a net loss of $62 million in the same period in 2021. The increase of $449 million was primarily driven by:
- the favourable change in the adjustment to fair value of investment properties, including those held within equity accounted joint ventures;
- lower net interest expense and other financing charges as described above;
- a decline in expected credit loss provisions; and
- an increase in rental revenue as described above.

FUNDS FROM OPERATIONS[(1)] Funds from Operations[(1)] in the first quarter of 2022 was $175 million, an increase of $4 million compared to the same period in 2021, primarily due to an increase in revenue as described above, a decline in expected credit loss provisions, lower interest expense due to a general reduction in indebtedness, partially offset by an increase in general and administrative expenses.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

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

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

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

At the end of the first quarter of 2022, these properties were classified as Assets Held for Sale on the Company's consolidated balance sheet.

Land Acquisition Subsequent to the end of the first quarter of 2022, on April 19, 2022, Choice Properties completed the acquisition of land in Caledon, Ontario within one of its equity accounted joint ventures. Choice Properties' share of the purchase price, at its 85% ownership interest, was $85 million.

3. Liquidity and Capital Resources

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

3.1 Cash Flows

The following Major Cash Flow Components are inclusive of Continuing and Discontinued Operations.

MAJOR CASH FLOW COMPONENTS

($ millions)	12 Weeks Ended		
For the periods ended as indicated	**Mar. 26, 2022**	Mar. 27, 2021	$ Change
Cash and cash equivalents, beginning of period	**$ 2,984**	$ 2,581	$ 403
Cash flows from operating activities	**$ 757**	$ 911	$ (154)
Cash flows (used in) from investing activities	**$ (346)**	$ 123	$ (469)
Cash flows used in financing activities	**$ (568)**	$ (788)	$ 220
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 1**	$ –	$ 1
Cash and cash equivalents, end of period	**$ 2,828**	$ 2,827	$ 1

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $757 million in the first quarter of 2022, a decrease of $154 million compared to the same period in 2021. The decrease in cash flows from operating activities was primarily driven by an unfavourable change in non-cash working capital and an increase in credit card receivables from a rise in customer spending, partially offset by higher cash earnings.

CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES Cash flows used in investing activities were $346 million in the first quarter of 2022, an increase of $469 million compared to the same period in 2021. The increase in cash flows used in investing activities was primarily driven by an increase in short-term investments.

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

($ millions)	12 Weeks Ended		
For the periods ended as indicated	**Mar. 26, 2022**	Mar. 21, 2021[3]	$ Change
Loblaw[(i)]	**$ 186**	$ 203	$ (17)
Choice Properties	**20**	18	2
Other and Intersegment	**1**	2	(1)
Capital Investments from Continuing Operations	**207**	223	(16)
Discontinued Operations	**–**	13	(13)
Total Capital Investments	**$ 207**	$ 236	$ (29)

(i) In the first quarter of 2021, additions to fixed assets in Loblaw included prepayments that were made in 2020 and transferred from other assets of $1 million.

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $568 million in the first quarter of 2022, a decrease of $220 million compared to the same period in 2021. The decrease in cash flows used in financing activities was primarily driven by higher repayment of short term debt in the same period in 2021 and fewer Loblaw repurchases of common shares under its NCIB program in the current period.

FREE CASH FLOW[1]

The following Free Cash Flow is presented on a Continuing Operations basis.

($ millions) For the periods ended as indicated	12 Weeks Ended Mar. 26, 2022	Mar. 27 2021[3]	$ Change
Cash flows from operating activities	**$ 757**	$ 911	$ (154)
Less: Cash flows used in operating activities from Discontinued Operations	**–**	(3)	3
Cash flows from operating activities from Continuing Operations	**$ 757**	$ 914	$ (157)
Less: Interest paid	**214**	244	(30)
Capital investments	**207**	223	(16)
Lease payments, net	**143**	140	3
Free cash flow[1] from Continuing Operations	**$ 193**	$ 307	$ (114)

Free cash flow[1] from continuing operations in the first quarter 2022 was $193 million, a decrease of $114 million compared to the same period in 2021. The decrease in free cash flow[1] was primarily driven by an unfavourable change in non-cash working capital and an increase in credit card receivables from a rise in customer spending, partially offset by higher cash earnings, lower interest paid and lower capital expenditures.

3.2 Liquidity

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

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

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

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

TOTAL DEBT The following table presents total debt, as monitored by management:

							As at					
				Mar. 26, 2022				Mar. 27, 2021(3)				Dec. 31, 2021
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Bank indebtedness	**$ 250**	**$ –**	**$ –**	**$ 250**	$ 282	$ –	$ –	$ 282	$ 52	$ –	$ –	$ 52
Demand deposits from customers	**87**	**–**	**–**	**87**	36	–	–	36	75	–	–	75
Short-term debt	**400**	**–**	**–**	**400**	300	–	770	1,070	450	–	–	450
Long-term debt due within one year	**1,027**	**838**	**–**	**1,865**	576	632	36	1,244	1,002	518	–	1,520
Long-term debt	**6,216**	**5,389**	**449**	**12,054**	6,447	5,849	879	13,175	6,211	5,709	570	12,490
Certain other liabilities(i)	**74**	**671**	**–**	**745**	71	666	–	737	74	664	–	738
Fair value of financial derivatives related to the above debt	**–**	**–**	**–**	**–**	–	–	(585)	(585)	–	–	–	–
Total debt excluding lease liabilities	**$ 8,054**	**$ 6,898**	**$ 449**	**$ 15,401**	$ 7,712	$ 7,147	$ 1,100	$ 15,959	$ 7,864	$ 6,891	$ 570	$ 15,325
Lease liabilities due within one year(ii)	**$ 1,361**	**$ 2**	**$ (562)**	**$ 801**	$ 1,341	$ 1	$ (543)	$ 799	$ 1,297	$ 1	$ (556)	$ 742
Lease liabilities(ii)	**$ 7,469**	**$ 2**	**$ (3,225)**	**$ 4,246**	$ 7,580	$ 3	$ (3,289)	$ 4,294	$ 7,542	$ 1	$ (3,301)	$ 4,242
Total debt including lease liabilities	**$ 16,884**	**$ 6,902**	**$ (3,338)**	**$ 20,448**	$ 16,633	$ 7,151	$ (2,732)	$ 21,052	$ 16,703	$ 6,893	$ (3,287)	$ 20,309

(i) Includes financial liabilities of $671 million (March 27, 2021 – $666 million; December 31, 2021 – $664 million) recorded primarily as a result of Choice Properties' transactions.

(ii) Lease liabilities due within one year of $2 million (March 27, 2021 – $3 million; December 31, 2021 – $2 million) and lease liabilities of $7 million (March 27, 2021 – $8 million; December 31, 2021 – $7 million) relating to GWL Corporate are included in Other and Intersegment.

Management targets credit metrics consistent with those of an investment grade profile. GWL Corporate holds cash and cash equivalents and short-term investments and as a result monitors its leverage on a net debt basis. GWL Corporate has total debt including lease liabilities of $458 million (March 27, 2021 – $1,111 million; December 31, 2021 – $579 million) and cash and cash equivalents and short-term investments of $1,048 million (March 27, 2021 – $1,108 million; December 31, 2021 – $1,338 million), resulting in a net cash position of $590 million (March 27, 2021 – net debt of $3 million; December 31, 2021 – net cash of $759 million).

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

- Loblaw targets maintaining retail segment credit metrics consistent with those of investment grade retailers. Loblaw monitors the retail segment's debt to retail adjusted EBITDA(1) ratio as a measure of the leverage being employed. Loblaw retail segment debt to retail adjusted EBITDA(1) ratio decreased compared to 2021 primarily due to an improvement in adjusted EBITDA(1).

- PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory requirements as defined by the Office of the Superintendent of Financial Institutions.

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

COVENANTS AND REGULATORY REQUIREMENTS The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the first quarter of 2022, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

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

3.3 Components of Total Debt

DEBENTURES There were no debentures issued or repaid in the first quarters of 2022 and 2021.

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

		As at					
		Mar. 26, 2022		Mar. 27, 2021		Dec. 31, 2021	
($ millions)	Maturity Date	**Available Credit**	**Drawn**	Available Credit	Drawn	Available Credit	Drawn
George Weston	September 13, 2024	**$ 350**	**$ –**	$ –	$ –	$ 350	$ 121
Loblaw	October 7, 2023	**1,000**	**–**	1,000	–	1,000	–
Choice Properties	June 24, 2026	**1,500**	**55**	1,500	–	1,500	–
Total committed credit facilities		**$ 2,850**	**$ 55**	$ 2,500	$ –	$ 2,850	$ 121

These facilities contain certain financial covenants.

In the third quarter of 2021, GWL entered into a $350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. As at December 31, 2021, $121 million was drawn on the facility which was repaid in the first quarter of 2022. As at March 26, 2022, no amounts were drawn on the facility.

INDEPENDENT SECURITIZATION TRUSTS Loblaw, through PC Bank, participates in various securitization programs that provide a source of funds for the operation of its credit card business. PC Bank maintains and monitors a co-ownership interest in credit card receivables with independent securitization trusts, including *Eagle* and the Other Independent Securitization Trusts, in accordance with its financing requirements.

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

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Securitized to independent securitization trusts:			
Securitized to *Eagle Credit Card Trust*®	**$ 1,350**	$ 1,050	$ 1,350
Securitized to Other Independent Securitization Trusts	**400**	300	450
Total securitized to independent securitization trusts	**$ 1,750**	$ 1,350	$ 1,800

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at the end of the first quarter of 2022 and throughout the quarter.

INDEPENDENT FUNDING TRUSTS As at the end of the first quarter of 2022, the independent funding trusts had drawn $573 million (March 27, 2021 – $514 million; December 31, 2021 – $570 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts. Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts. As at the end of the first quarter of 2022, Loblaw provided a credit enhancement of $64 million (March 27, 2021 and December 31, 2021 – $64 million) for the benefit of the independent funding trusts representing not less than 10% (March 27, 2021 and December 31, 2021 – not less than 10%) of the principal amount of loans outstanding.

The revolving committed credit facility that is the source of funding to the independent funding trusts has a maturity date of May 27, 2022. Subsequent to the end of the first quarter of 2022, Loblaw extended the maturity date to April 14, 2025 with all other terms and conditions remaining substantially the same.

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Balance, beginning of period	**$ 996**	$ 1,185
GICs issued	**34**	1
GICs matured	**(7)**	(27)
Balance, end of period	**$ 1,023**	$ 1,159

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

		As at		
($ millions)	Maturity Date	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Debentures	2024 - 2033	**$ 450**	$ 450	$ 450
George Weston credit facility	2024	**–**	–	121
Transaction costs and other	n/a	**(1)**	(1)	(1)
		$ 449	$ 449	$ 570
Series A	2031	**$ –**	$ 466	$ –
Series B	On demand	**–**	770	–
Fair value of financial derivatives related to the above debt	n/a	**–**	(585)	–
Debt associated with equity forward sale agreement[(i)]		**$ –**	$ 651	$ –
Other and Intersegment debt		**$ 449**	$ 1,100	$ 570

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

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

3.4 Financial Condition

	As at		
	Mar. 26, 2022	Mar. 27, 2021[(3)]	Dec. 31, 2021
Rolling year adjusted return on average equity attributable to common shareholders of the Company[(1)]	**19.7%**	14.4%	18.7%
Rolling year adjusted return on capital[(1)]	**12.7%**	10.2%	12.6%

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

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

3.5 Credit Ratings

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

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

During the first quarter of 2022, S&P Global Ratings ("S&P") confirmed the credit ratings and outlook of GWL, including downgrading the medium term notes from BBB to BBB-. During 2021, DBRS Morningstar ("DBRS") confirmed the credit ratings and trend of GWL.

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

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

During 2021, DBRS confirmed the credit ratings and trend of Loblaw, and S&P confirmed the credit ratings and outlook of Loblaw.

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

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

During 2021, DBRS confirmed the credit ratings and trend of Choice Properties, and S&P confirmed the credit ratings and outlook of Choice Properties.

3.6 Share Capital

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

	12 Weeks Ended			
	Mar. 26, 2022		Mar. 27, 2021	
($ millions except where otherwise indicated)	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	**146,789,503**	**$ 2,714**	152,374,416	$ 2,786
Issued for settlement of stock options	**168,052**	**20**	90,495	8
Purchased and cancelled[(i)]	**(369,500)**	**(32)**	(531,164)	(9)
Issued and outstanding, end of period	**146,588,055**	**$ 2,702**	151,933,747	$ 2,785
Shares held in trusts, beginning of period	**(141,106)**	**$ (2)**	(254,525)	$ (4)
Released for settlement of RSUs and PSUs	**75,740**	**2**	72,900	1
Shares held in trusts, end of period	**(65,366)**	**$ –**	(181,625)	$ (3)
Issued and outstanding, net of shares held in trusts, end of period	**146,522,689**	**$ 2,702**	151,752,122	$ 2,782
Weighted average outstanding, net of shares held in trusts	**146,721,667**		152,092,797	

(i) Number of common shares repurchased and cancelled as at March 26, 2022, does not include shares that may be repurchased subsequent to the end of the quarter under the ASPP, as described below.

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

	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2022**	Mar. 27, 2021
Purchased for current settlement of RSUs and DSUs (number of shares)	**–**	1,588
Purchased and cancelled (number of shares)	**369,500**	531,164
Cash consideration paid		
Purchased and cancelled[(i)(ii)]	**$ (47)**	$ (25)
Premium charged to retained earnings		
Purchased and cancelled[(iii)]	**$ 225**	$ 46
Reduction in share capital[(iv)]	**$ 32**	$ 9

(i) $16 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2022 was paid in the second quarter of 2022. $6 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the fourth quarter of 2021 was paid in the first quarter of 2022.

(ii) $30 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2021 was paid in the second quarter of 2021.

(iii) Includes $176 million related to the ASPP, as described below.

(iv) Includes $24 million related to the ASPP, as described below.

In the second quarter of 2021, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,596,891 of its common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, the Company may purchase its common shares from time to time at the then market price of such shares.

In the first quarter of 2022, the Company entered into an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market.

As of March 26, 2022, 5,320,918 common shares were purchased under the Company's current NCIB.

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

($)	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021
Dividends declared per share(i):		
Common share	**$ 0.600**	$ 0.550
Preferred share:		
Series I	**$ 0.3625**	$ 0.3625
Series III	**$ 0.3250**	$ 0.3250
Series IV	**$ 0.3250**	$ 0.3250
Series V	**$ 0.296875**	$ 0.296875

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

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

($)		
Dividends declared per share(i)	– Common share	$ 0.660
	– Preferred share:	
	Series I	$ 0.3625
	Series III	$ 0.3250
	Series IV	$ 0.3250
	Series V	$ 0.296875

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V are payable on July 1, 2022. Dividends declared on Preferred Shares, Series I are payable on June 15, 2022.

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

3.7 Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements including letters of credit, guarantees and cash collateralization in connection with certain obligations. There were no significant changes to these off-balance sheet arrangements during 2022. For a discussion of the Company's significant off-balance sheet arrangements see Section 3.7, "Off-Balance Sheet Arrangements", of the Company's 2021 Annual Report.

4. Quarterly Results of Operations

The Company's year end is December 31. Activities are reported on a fiscal year ending on the Saturday closest to December 31. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years. The years ended December 31, 2021 and December 31, 2020 contained 52 weeks and 53 weeks, respectively. The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. When a fiscal year such as 2020 contains 53 weeks, the fourth quarter is 13 weeks in duration.

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

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

SELECTED QUARTERLY INFORMATION

($ millions except where otherwise indicated)	First Quarter 2022 (12 weeks)	First Quarter 2021[3] (12 weeks)	Fourth Quarter 2021 (12 weeks)	Fourth Quarter 2020[3] (13 weeks)	Third Quarter 2021 (16 weeks)	Third Quarter 2020[3] (16 weeks)	Second Quarter 2021[3] (12 weeks)	Second Quarter 2020[3] (12 weeks)
Revenue	**$ 12,407**	$ 12,017	$ 12,902	$ 13,430	$ 16,192	$ 15,806	$ 12,637	$ 12,092
Operating income	**1,166**	828	1,009	869	1,125	964	1,065	447
Adjusted EBITDA[1]	**1,422**	1,300	1,453	1,396	1,780	1,644	1,462	1,070
Depreciation and amortization[i]	**549**	525	537	532	704	682	541	523
Net earnings (loss) from continuing operations	**615**	118	755	488	513	484	361	(137)
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**373**	(52)	428	274	252	303	125	(210)
Net earnings (loss) available to common shareholders of the Company	**363**	(62)	217	289	124	303	108	(255)
Continuing operations	**363**	(62)	418	264	238	289	115	(220)
Discontinued operations	**–**	–	(201)	25	(114)	14	(7)	(35)
Net earnings (loss) per common share ($) - basic	**$ 2.47**	$ (0.41)	$ 1.48	$ 1.89	$ 0.83	$ 1.98	$ 0.71	$ (1.66)
Continuing operations	**2.47**	(0.41)	2.84	1.73	1.59	1.89	0.75	(1.43)
Discontinued operations	**–**	–	(1.36)	0.16	(0.76)	0.09	(0.04)	(0.23)
Net earnings (loss) per common share ($) - diluted	**$ 2.45**	$ (0.41)	$ 1.44	$ 1.88	$ 0.82	$ 1.96	$ 0.70	$ (1.66)
Continuing operations	**2.45**	(0.41)	2.80	1.72	1.58	1.87	0.74	(1.43)
Discontinued operations	**–**	–	(1.36)	0.16	(0.76)	0.09	(0.04)	(0.23)
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**1.90**	1.60	2.32	1.74	2.43	2.22	1.80	1.03

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

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

- Loblaw's revenue was impacted by various factors including the following:
  - COVID-19 pandemic related impacts;
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the impact of the 53rd week in the fourth quarter of fiscal year 2020;
  - the timing of holidays;
  - macro-economic conditions impacting food and drug retail prices; and
  - changes in net retail square footage. Over the past eight quarters, net retail square footage increased by 0.5 million square feet to 71.1 million square feet.

- Choice Properties revenue was impacted by the following:
  - contribution from acquisitions and development transfers;
  - higher rental rates on renewals in the retail portfolio;
  - increased capital recoveries;
  - foregone revenue from dispositions;
  - vacancies in select office assets; and
  - decrease in lease surrender revenue.

NET EARNINGS (LOSS) AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS AND DILUTED NET EARNINGS (LOSS) PER COMMON SHARE FROM CONTINUING OPERATIONS Net earnings (loss) available to common shareholders of the Company from continuing operations and diluted net earnings (loss) per common share from continuing operations for the last eight quarters were impacted by the underlying operating performance of each of the Company's reportable operating segments and certain adjusting items as described in Section 8, "Non-GAAP Financial Measures", of this MD&A.

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

- change in Loblaw's underlying operating performance was driven by:
  - COVID-19 pandemic related impacts;
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the impact of the 53rd week in the fourth quarter of fiscal year 2020;
  - the timing of holidays; and
  - cost savings from operating efficiencies and benefits from strategic initiatives.

- change in Choice Properties' underlying operating performance was driven by:
  - the change in revenue as described above; and
  - a decline in expected credit loss provisions.

- the impact of asset impairments, net of recoveries and certain one-time gains related to Choice Properties' transactions recorded on consolidation in Other and Intersegment;

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

5. Internal Control Over Financial Reporting

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

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

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING There were no changes in the Company's internal control over financial reporting in the first quarter of 2022 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

6. Enterprise Risks and Risk Management

A detailed full set of risks inherent in the Company's business are included in the Company's Annual Information Form ("AIF") for the year ended December 31, 2021 and the MD&A included in the Company's 2021 Annual Report, which are hereby incorporated by reference. The Company's 2021 Annual Report and AIF are available at www.sedar.com. Those risks and risk management strategies remain unchanged.

7. Outlook[4]

For 2022, the Company expects adjusted net earnings[1] from continuing operations to increase due to the results from its operating segments, and to use excess cash to repurchase shares.

Loblaw Loblaw will continue to execute on retail excellence in its core grocery and pharmacy businesses while advancing its growth initiatives in 2022. In the third year of the pandemic, Loblaw's businesses remain well placed to service the everyday needs of Canadians. However, Loblaw cannot predict the precise impacts of COVID-19 and the current industry volatility on its 2022 financial results. Loblaw anticipates that in the first half of 2022 sales will benefit from the continued impact of the pandemic and elevated industry-wide inflation. As societies and economies reopen and Loblaw starts to lap elevated 2021 inflationary prices and COVID-19 related pharmacy services, year on year revenue growth will be more challenged.

Loblaw continues to expect:
- its retail business to grow earnings faster than sales;
- Earnings Per Share growth in the low double digits, with higher growth in the first half of the year;
- to invest approximately $1.4 billion in capital expenditures, net of proceeds from property disposals, reflecting incremental store and distribution network investments; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

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

At the end of the first quarter of 2022, Choice Properties' diversified portfolio of retail, industrial, residential and mixed-use properties was 97.0% occupied and leased to high-quality tenants across Canada. Choice Properties' portfolio is primarily leased to necessity-based tenants, and logistics providers, who are less sensitive to economic volatility and therefore provide stability to Choice Properties' overall portfolio. That stability is evident in Choice Properties' financial results over the past year and in the most recent quarter. Choice Properties is encouraged by the continued COVID-19 reopening measures and high vaccination rates. That optimism is reflected in Choice Properties' tenant base with positive leasing momentum observed across its portfolio.

Choice Properties continues to advance its development program, which provides Choice Properties with the best opportunity to add high-quality real estate to its portfolio at a reasonable cost and drive net asset value appreciation over time. Choice Properties has a mix of active development projects ranging in size, scale, and complexity, including retail intensification projects, industrial development and rental residential projects located in urban markets with a focus on transit accessibility.

Since the start of 2022, there has been a significant increase in interest rates. Choice Properties continues to monitor the impact of the overall rising rate environment on Choice Properties' operating results and financial condition. Choice Properties' strong balance sheet, ample liquidity, unencumbered assets and staggered debt maturity provides the Trust with flexibility in the current environment.

8. Non-GAAP Financial Measures

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

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

Management uses these and other non-GAAP financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing underlying consolidated and segment operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company 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. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

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

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

	12 Weeks Ended							
				Mar. 26, 2022				Mar. 27, 2021[3]
(unaudited) ($ millions)	Loblaw	Choice Properties	Other & Intersegment	Consolidated	Loblaw	Choice Properties	Other & Intersegment	Consolidated
Net earnings (loss) attributable to shareholders of the Company from continuing operations				$ 373				$ (52)
Add impact of the following:								
Non-controlling interests				242				170
Income taxes				229				165
Net interest expense and other financing charges				322				545
Operating income	$ 736	$ 629	$ (199)	$ 1,166	$ 615	$ 285	$ (72)	$ 828
Add impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	$ 117	$ –	$ –	$ 117	$ 117	$ –	$ –	$ 117
Fair value adjustment on investment properties	–	(410)	119	(291)	–	(61)	15	(46)
Fair value adjustment of derivatives	(14)	–	–	(14)	(8)	–	–	(8)
Restructuring and other related (recoveries) costs	(15)	–	19	4	4	–	–	4
Lifemark transaction costs	3	–	–	3	–	–	–	–
Transaction costs and other related expenses	–	5	–	5	–	–	–	–
(Gain) loss on sale of non-operating properties	–	–	–	–	(5)	–	2	(3)
Adjusting items	$ 91	$ (405)	$ 138	$ (176)	$ 108	$ (61)	$ 17	$ 64
Adjusted operating income	$ 827	$ 224	$ (61)	$ 990	$ 723	$ 224	$ (55)	$ 892
Depreciation and amortization excluding the impact of the above adjustments[(i)]	514	1	(83)	432	493	1	(86)	408
Adjusted EBITDA	$ 1,341	$ 225	$ (144)	$ 1,422	$ 1,216	$ 225	$ (141)	$ 1,300

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes $117 million (2021 – $117 million) of amortization of intangible assets, acquired with Shoppers Drug Mart, recorded by Loblaw.

The following items impacted adjusted EBITDA in the first quarters of 2022 and 2021:

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

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

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

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

In the first quarter of 2022, Loblaw recorded approximately $15 million (2021 – $4 million costs) of restructuring and other related recoveries in connection to the previously announced closure of two distribution centres in Laval and Ottawa. Loblaw disposed of one of the distribution centres for proceeds of $26 million and recognized a gain of $19 million, which was partially offset by $4 million of restructuring and other related costs. Loblaw is investing to build a modern and efficient expansion to its Cornwall distribution centre to serve its food and drug retail businesses in Ontario and Quebec. Volumes from the distribution centre in Laval were transferred to Cornwall and Loblaw will record any remaining restructuring costs in the second quarter of 2022 related to these closures.

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

Lifemark transaction costs In connection with the agreement to acquire Lifemark Health Group, in the first quarter of 2022 Loblaw recorded $3 million of acquisition costs.

Transaction costs and other related expenses During the first quarter of 2022, Choice Properties recorded advisory, legal, personnel, and other costs related to the disposal of its interests in a portfolio of six office assets to Allied totaling $5 million.

(Gain) loss on sale of non-operating properties In the first quarter of 2021, Loblaw disposed of non-operating properties to a third party and recorded a gain of $5 million related to the sale.

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

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

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

(unaudited) **($ millions)**	12 Weeks Ended **Mar. 26, 2022**	**Mar. 27, 2021**[3]
Net interest expense and other financing charges	**$ 322**	$ 545
Add: Fair value adjustment of the Trust Unit liability	**(93)**	(239)
Recovery related to Glenhuron	**11**	–
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	(53)
Adjusted net interest expense and other financing charges	**$ 240**	$ 253

In addition to certain items described in the "Adjusted EBITDA" section above, the following items impacted adjusted net interest expense and other financing charges in the first quarters of 2022 and 2021:

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

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

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

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

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

(unaudited)	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2022**	**Mar. 27, 2021(3)**
Adjusted operating income(i)	**$ 990**	$ 892
Adjusted net interest expense and other financing charges(i)	**240**	253
Adjusted earnings before taxes	**$ 750**	$ 639
Income taxes	**$ 229**	$ 165
Add: Tax impact of items excluded from adjusted earnings before taxes(ii)	**(20)**	28
Recovery related to Glenhuron	**33**	–
Outside basis difference in certain Loblaw shares	**(37)**	(16)
Adjusted income taxes	**$ 205**	$ 177
Effective tax rate applicable to earnings before taxes	**27.1%**	58.3%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**27.3%**	27.7%

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

In addition to certain items described in the "Adjusted EBITDA" and "Adjusted Net Interest Expense and Other Financing Charges" sections above, the following items impacted adjusted income taxes and the adjusted effective tax rate in the first quarters of 2022 and 2021:

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

Outside basis difference in certain Loblaw shares The Company recorded a deferred tax expense of $37 million (2021 – $16 million) in the first quarter of 2022 on temporary differences in respect of GWL's investment in certain Loblaw shares that are expected to reverse in the foreseeable future as a result of GWL's participation in Loblaw's NCIB.

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

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

(unaudited) ($ millions except where otherwise indicated)	12 Weeks Ended Mar. 26, 2022	 Mar. 27, 2021[3]
Net earnings (loss) attributable to shareholders of the Company	**$ 373**	$ (52)
Less: Net earnings from discontinued operations	**–**	–
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**$ 373**	$ (52)
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Net earnings (loss) available to common shareholders of the Company from continuing operations	**$ 363**	$ (62)
Less: Reduction in net earnings due to dilution at Loblaw	**(2)**	(1)
Net earnings (loss) available to common shareholders from continuing operations for diluted earnings per share	**$ 361**	$ (63)
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**$ 373**	$ (52)
Adjusting items (refer to the following table)	**(81)**	307
Adjusted net earnings attributable to shareholders of the Company from continuing operations	**$ 292**	$ 255
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Adjusted net earnings available to common shareholders of the Company from continuing operations	**$ 282**	$ 245
Less: Reduction in net earnings due to dilution at Loblaw	**(2)**	(1)
Adjusted net earnings available to common shareholders for diluted earnings per share from continuing operations	**$ 280**	$ 244
Diluted weighted average common shares outstanding (in millions)	**147.3**	152.1

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

	12 Weeks Ended							
	Mar. 26, 2022				Mar. 27, 2021[3]			
(unaudited) ($ except where otherwise indicated)		Net Earnings Available to Common Shareholders of the Company ($ millions)		Diluted Net Earnings Per Common Share		Net Earnings (Loss) Available to Common Shareholders of the Company ($ millions)		Diluted Net Earnings (Loss) Per Common Share
Continuing Operations	**$**	**363**	**$**	**2.45**	$	(62)	$	(0.41)
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart	**$**	**46**	**$**	**0.31**	$	45	$	0.29
Fair value adjustment on investment properties		**(243)**		**(1.65)**		(38)		(0.25)
Fair value adjustment of derivatives		**(6)**		**(0.04)**		(3)		(0.02)
Restructuring and other related costs		**10**		**0.08**		2		0.01
Lifemark transaction costs		**1**		**0.01**		–		–
Transaction costs and other related expenses		**4**		**0.02**		–		–
Fair value adjustment of the Trust Unit liability		**93**		**0.63**		239		1.57
Fair value adjustment of the forward sale agreement for Loblaw common shares		**–**		**–**		46		0.30
Outside basis difference in certain Loblaw shares		**37**		**0.25**		16		0.11
Recovery related to Glenhuron		**(23)**		**(0.16)**		–		–
Adjusting items Continuing Operations	**$**	**(81)**	**$**	**(0.55)**	$	307	$	2.01
Adjusted Continuing Operations	**$**	**282**	**$**	**1.90**	$	245	$	1.60

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

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

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

(unaudited) ($ millions)	12 Weeks Ended Mar. 26, 2022		Mar. 27, 2021[3]		$ Change	
Cash flows from operating activities	**$**	**757**	$	911	$	(154)
Less: Cash flows used in operating activities from discontinued operations		**–**		(3)		3
Cash flows from operating activities from continuing operations	**$**	**757**	$	914	$	(157)
Less: Interest paid		**214**		244		(30)
Capital investments[i]		**207**		223		(16)
Lease payments, net		**143**		140		3
Free cash flow from continuing operations	**$**	**193**	$	307	$	(114)

(i) In the first quarter of 2021, additions to fixed assets in Loblaw included prepayments that were made in 2020 and transferred from other assets of $1 million.

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

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

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

(unaudited) ($ millions)	12 Weeks Ended **Mar. 26, 2022**	 Mar. 27, 2021
Net income (loss)	**$ 387**	$ (62)
Add (deduct) impact of the following:		
Fair value adjustment on Exchangeable Units	**119**	218
Unit distributions on Exchangeable Units	**73**	73
Fair value adjustment on investment properties	**(303)**	(59)
Fair value adjustment on investment property held in equity accounted joint ventures	**(110)**	(2)
Internal expenses for leasing	**2**	2
Capitalized interest on equity accounted joint ventures	**–**	1
Transaction costs and other related expenses	**5**	–
Other fair value gains, net	**1**	–
Other	**1**	–
Funds from Operations	**$ 175**	$ 171

8.1 Non-GAAP Financial Measures - Selected Comparative Reconciliation

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

(unaudited) ($ millions)	First Quarter 2022 (12 weeks)	First Quarter 2021[3] (12 weeks)	Fourth Quarter 2021 (12 weeks)	Fourth Quarter 2020[3] (13 weeks)	Third Quarter 2021 (16 weeks)	Third Quarter 2020[3] (16 weeks)	Second Quarter 2021[3] (12 weeks)	Second Quarter 2020[3] (12 weeks)
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**$ 373**	$ (52)	$ 428	$ 274	$ 252	$ 303	$ 125	$ (210)
Add impact of the following:								
Non-controlling interests	**$ 242**	$ 170	$ 327	$ 214	$ 261	$ 181	$ 236	$ 73
Income taxes	**$ 229**	$ 165	$ 64	$ 137	$ 200	$ 157	$ 201	$ 64
Net interest expense and other financing charges	**$ 322**	$ 545	$ 190	$ 244	$ 412	$ 323	$ 503	$ 520
Operating income	**$ 1,166**	$ 828	$ 1,009	$ 869	$ 1,125	$ 964	$ 1,065	$ 447
Add impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	**$ 117**	$ 117	$ 117	$ 117	$ 155	$ 155	$ 117	$ 118
Fair value adjustment on investment properties	**(291)**	(46)	(87)	(3)	(41)	(7)	(149)	93
Fair value adjustment of derivatives	**(14)**	(8)	6	(7)	(8)	–	(3)	(3)
Fair value adjustment on non-operating properties	**–**	–	(2)	9	–	–	–	–
Restructuring and other related costs (recoveries)	**4**	4	(8)	8	9	6	8	9
Lifemark transaction costs	**3**	–	–	–	—	—	–	–
Transaction costs and other related expenses	**5**	–	–	–	—	–	–	–
Gain on sale of non-operating properties	**–**	(3)	(2)	(8)	(9)	(1)	–	–
Foreign currency translation and other company level activities	**–**	–	–	(4)	–	–	–	1
Adjusting items	**$ (176)**	$ 64	$ 24	$ 112	$ 106	$ 153	$ (27)	$ 218
Adjusted operating income	**$ 990**	$ 892	$ 1,033	$ 981	$ 1,231	$ 1,117	$ 1,038	$ 665
Depreciation and amortization excluding the impact of the above adjustments[(i)]	**$ 432**	$ 408	$ 420	$ 415	$ 549	$ 527	$ 424	$ 405
Adjusted EBITDA	**$ 1,422**	$ 1,300	$ 1,453	$ 1,396	$ 1,780	$ 1,644	$ 1,462	$ 1,070

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

Management's Discussion and Analysis

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

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(unaudited) ($ millions)	2022 (12 weeks)	2021[3] (12 weeks)	2021 (12 weeks)	2020[3] (13 weeks)	2021 (16 weeks)	2020[3] (16 weeks)	2021[3] (12 weeks)	2020[3] (12 weeks)
Continuing Operations	**$ 363**	**$ (62)**	**$ 418**	**$ 264**	**$ 238**	**$ 289**	**$ 115**	**$ (220)**
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart	**$ 46**	$ 45	$ 47	$ 45	$ 58	$ 59	$ 46	$ 45
Fair value adjustment on investment properties	**(243)**	(38)	(72)	(3)	(35)	(5)	(125)	78
Fair value adjustment of derivatives	**(6)**	(3)	1	(3)	(3)	–	(1)	(1)
Fair value adjustment on non-operating properties	**–**	–	–	4	–	–	–	–
Restructuring and other related costs (recoveries)	**10**	2	(4)	3	5	3	2	3
Lifemark transaction costs	**1**	–	–	–	–	–	–	–
Transaction costs and other related expenses	**4**	–	–	–	–	–	–	–
Gain on sale of non-operating properties	**–**	–	(2)	(3)	(5)	(1)	–	–
Fair value adjustment of the Trust Unit liability	**93**	239	122	20	52	(12)	188	257
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	46	3	(53)	64	23	50	(2)
Outside basis difference in certain Loblaw shares	**37**	16	(1)	(4)	(9)	(4)	–	(4)
Remeasurement of deferred tax balances	**–**	–	–	2	–	(9)	–	–
Recovery related to Glenhuron	**(23)**	–	(165)	–	–	–	–	–
Foreign currency translation and other company level activities	**–**	–	–	(4)	–	–	–	1
Adjusting items Continuing Operations	**$ (81)**	$ 307	$ (71)	$ 4	$ 127	$ 54	$ 160	$ 377
Adjusted Continuing Operations	**$ 282**	**$ 245**	**$ 347**	**$ 268**	**$ 365**	**$ 343**	**$ 275**	**$ 157**

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

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(unaudited) ($ except where otherwise indicated)	2022 (12 weeks)	2021[3] (12 weeks)	2021 (12 weeks)	2020[3] (13 weeks)	2021 (16 weeks)	2020[3] (16 weeks)	2021[3] (12 weeks)	2020[3] (12 weeks)
Continuing Operations	**$ 2.45**	**$ (0.41)**	**$ 2.80**	**$ 1.72**	**$ 1.58**	**$ 1.87**	**$ 0.74**	**$ (1.43)**
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart	**$ 0.31**	$ 0.29	$ 0.31	$ 0.29	$ 0.39	$ 0.38	$ 0.31	$ 0.29
Fair value adjustment on investment properties	**(1.65)**	(0.25)	(0.48)	(0.02)	(0.24)	(0.03)	(0.82)	0.51
Fair value adjustment of derivatives	**(0.04)**	(0.02)	0.01	(0.02)	(0.02)	–	(0.01)	(0.01)
Fair value adjustment on non-operating properties	**–**	–	–	0.03	–	–	–	–
Restructuring and other related costs (recoveries)	**0.08**	0.01	(0.03)	0.02	0.03	0.03	0.01	0.02
Lifemark transaction costs	**0.01**	–	–	–	–	–	–	–
Transaction costs and other related expenses	**0.02**	–	–	–	–	–	–	–
Gain on sale of non-operating properties	**–**	–	(0.01)	(0.02)	(0.03)	(0.01)	–	–
Fair value adjustment of the Trust Unit liability	**0.63**	1.57	0.83	0.13	0.35	(0.08)	1.24	1.68
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	0.30	0.02	(0.34)	0.43	0.15	0.33	(0.01)
Outside basis difference in certain Loblaw shares	**0.25**	0.11	(0.01)	(0.03)	(0.06)	(0.03)	–	(0.03)
Remeasurement of deferred tax balances	**–**	–	–	0.01	–	(0.06)	–	–
Recovery related to Glenhuron	**(0.16)**	–	(1.12)	–	–	–	–	–
Foreign currency translation and other company level activities	**–**	–	–	(0.03)	–	–	–	0.01
Adjusting items Continuing Operations	**$ (0.55)**	$ 2.01	$ (0.48)	$ 0.02	$ 0.85	$ 0.35	$ 1.06	$ 2.46
Adjusted Continuing Operations	**$ 1.90**	**$ 1.60**	**$ 2.32**	**$ 1.74**	**$ 2.43**	**$ 2.22**	**$ 1.80**	**$ 1.03**
Diluted Weighted Average Common Shares	**147.3**	**152.1**	**147.6**	**153.3**	**149.7**	**153.5**	**151.8**	**153.4**

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

9. Forward-Looking Statements

This Quarterly Report, including this MD&A, contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this Quarterly Report include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of IT systems implementation. These specific forward-looking statements are contained throughout this Quarterly Report including, without limitation, in Section 3, "Liquidity and Capital Resources", Section 7, "Outlook", and Section 8, "Non-GAAP Financial Measures", of this MD&A. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Enterprise Risks and Risk Management" of the Company's 2021 Annual Report and the Company's AIF for the year ended December 31, 2021. Such risks and uncertainties include:

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

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including without limitation, the section entitled "Operating and Financial Risks and Risk Management" in the Company's AIF for the year ended December 31, 2021. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

10. Additional Information

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

This Quarterly Report includes selected information on Loblaw, a public company with shares trading on the TSX. For information regarding Loblaw, readers should also refer to the materials filed by Loblaw on SEDAR from time to time. These filings are also maintained on Loblaw's website at www.loblaw.ca.

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

Toronto, Canada
May 9, 2022

Financial Results

Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended Mar. 26, 2022	 Mar. 27, 2021[(i)]
Revenue	**$ 12,407**	$ 12,017
Operating Expenses		
Cost of inventories sold (note 10)	**8,334**	8,175
Selling, general and administrative expenses	**2,907**	3,014
	11,241	11,189
Operating Income	**1,166**	828
Net Interest Expense and Other Financing Charges (note 5)	**322**	545
Earnings Before Income Taxes	**844**	283
Income Taxes (note 6)	**229**	165
Net Earnings from Continuing Operations	**615**	118
Net Earnings from Discontinued Operations (note 4)	**–**	–
Net Earnings	**615**	118
Attributable to:		
Shareholders of the Company (note 7)	**373**	(52)
Non-Controlling Interests	**242**	170
Net Earnings	**$ 615**	$ 118
Net Earnings (Loss) per Common Share - Basic ($) (note 7)	**$ 2.47**	$ (0.41)
Continuing Operations	**$ 2.47**	$ (0.41)
Discontinued Operations	**$ –**	$ –
Net Earnings (Loss) per Common Share - Diluted ($) (note 7)	**$ 2.45**	$ (0.41)
Continuing Operations	**$ 2.45**	$ (0.41)
Discontinued Operations	**$ –**	$ –

(i) Comparative figures have been restated (note 4).

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

Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	12 Weeks Ended Mar. 26, 2022	 Mar. 27, 2021(i)
Net Earnings from Continuing Operations	$ 615	$ 118
Other comprehensive income (loss), net of taxes		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment (note 20)	(1)	(13)
Gains on cash flow hedges (note 20)	6	–
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gains (note 18)	13	67
Adjustment to fair value of investment properties	17	–
Other comprehensive income from continuing operations	35	54
Comprehensive Income from Continuing Operations	650	172
Net Earnings from Discontinued Operations (note 4)	–	–
Other comprehensive income from discontinued operations	–	–
Comprehensive Income from Discontinued Operations	–	–
Total Comprehensive Income, net of taxes	650	172
Attributable to:		
Shareholders of the Company	403	(30)
Non-Controlling Interests	247	202
Total Comprehensive Income, net of taxes	$ 650	$ 172

(i) Comparative figures have been restated (note 4).

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

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	Mar. 26, 2022	As at Mar. 27, 2021	Dec. 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents (note 8)	**$ 2,828**	$ 2,827	$ 2,984
Short-term investments (note 8)	**962**	314	879
Accounts receivable	**1,002**	1,057	1,010
Credit card receivables (note 9)	**3,333**	2,902	3,443
Income taxes recoverable	**128**	–	301
Inventories (note 10)	**5,288**	5,404	5,166
Prepaid expenses and other assets	**504**	333	348
Assets held for sale (note 11)	**840**	99	91
Total Current Assets	**14,885**	12,936	14,222
Fixed Assets	**10,665**	11,905	10,782
Right-of-Use Assets	**4,086**	4,095	4,059
Investment Properties	**4,780**	5,043	5,344
Equity Accounted Joint Ventures	**700**	414	564
Intangible Assets	**6,305**	6,921	6,430
Goodwill	**4,482**	4,770	4,479
Deferred Income Taxes	**100**	124	113
Security Deposits (note 8)	**77**	75	75
Other Assets (note 12)	**1,077**	1,255	1,015
Total Assets	**$ 47,157**	$ 47,538	$ 47,083
LIABILITIES			
Current Liabilities			
Bank indebtedness	**$ 250**	$ 282	$ 52
Trade payables and other liabilities	**5,914**	5,548	5,923
Loyalty liability	**218**	209	190
Provisions	**99**	90	119
Income taxes payable	**75**	85	269
Demand deposits from customers	**87**	36	75
Short-term debt (note 13)	**400**	1,070	450
Long-term debt due within one year (note 14)	**1,865**	1,244	1,520
Lease liabilities due within one year	**801**	799	742
Associate interest	**418**	339	433
Total Current Liabilities	**10,127**	9,702	9,773
Provisions	**88**	118	90
Long-Term Debt (note 14)	**12,054**	13,175	12,490
Lease Liabilities	**4,246**	4,294	4,242
Trust Unit Liability (note 20)	**4,303**	3,838	4,209
Deferred Income Taxes	**2,056**	2,079	2,003
Other Liabilities (note 15)	**1,117**	1,136	1,139
Total Liabilities	**33,991**	34,342	33,946
EQUITY			
Share Capital (note 16)	**3,519**	3,599	3,529
Retained Earnings	**4,873**	5,076	4,808
Contributed Surplus (notes 17 & 19)	**(1,560)**	(1,269)	(1,462)
Accumulated Other Comprehensive Income	**106**	153	84
Total Equity Attributable to Shareholders of the Company	**6,938**	7,559	6,959
Non-Controlling Interests	**6,228**	5,637	6,178
Total Equity	**13,166**	13,196	13,137
Total Liabilities and Equity	**$ 47,157**	$ 47,538	$ 47,083

Contingent liabilities (note 21). Subsequent events (note 24).

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

Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2021	$ 2,712	$ 817	**$ 3,529**	**$ 4,808**	**$ (1,462)**	$ 25	$ (14)	$ 73	**$ 84**	**$ 6,178**	**$ 13,137**
Net earnings	–	–	**–**	**373**	**–**	–	–	–	**–**	**242**	**615**
Other comprehensive income (loss)[i]	–	–	**–**	**8**	**–**	(1)	6	17	**22**	**5**	**35**
Comprehensive income (loss)	$ –	$ –	**$ –**	**$ 381**	**$ –**	$ (1)	$ 6	$ 17	**$ 22**	**$ 247**	**$ 650**
Effect of equity-based compensation (notes 16 & 19)	20	–	**20**	**–**	**(21)**	–	–	–	**–**	**(10)**	**(11)**
Shares purchased and cancelled (note 16)	(32)	–	**(32)**	**(225)**	**–**	–	–	–	**–**	**–**	**(257)**
Net effect of shares held in trusts (notes 16 & 19)	2	–	**2**	**8**	**–**	–	–	–	**–**	**–**	**10**
Loblaw capital transactions and dividends (notes 17 & 19)	–	–	**–**	**–**	**(77)**	–	–	–	**–**	**(187)**	**(264)**
Dividends declared											
Per common share ($) (note 16)											
– $0.600	–	–	**–**	**(88)**	**–**	–	–	–	**–**	**–**	**(88)**
Per preferred share ($) (note 16)											
– Series I – $0.3625	–	–	**–**	**(4)**	**–**	–	–	–	**–**	**–**	**(4)**
– Series III – $0.3250	–	–	**–**	**(3)**	**–**	–	–	–	**–**	**–**	**(3)**
– Series IV – $0.3250	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
– Series V – $0.296875	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
	$ (10)	$ –	**$ (10)**	**$ (316)**	**$ (98)**	$ –	$ –	$ –	**$ –**	**$ (197)**	**$ (621)**
Balance as at Mar. 26, 2022	$ 2,702	$ 817	**$ 3,519**	**$ 4,873**	**$ (1,560)**	$ 24	$ (8)	$ 90	**$ 106**	**$ 6,228**	**$ 13,166**

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2020	$ 2,782	$ 817	**$ 3,599**	**$ 5,226**	**$ (1,180)**	$ 153	$ (22)	$ 35	**$ 166**	**$ 5,607**	**$ 13,418**
Net earnings	–	–	**–**	**(52)**	**–**	–	–	–	**–**	**170**	**118**
Other comprehensive income (loss)[i]	–	–	**–**	**35**	**–**	(13)	–	–	**(13)**	**32**	**54**
Comprehensive income (loss)	$ –	$ –	**$ –**	**$ (17)**	**$ –**	$ (13)	$ –	$ –	**$ (13)**	**$ 202**	**$ 172**
Effect of equity-based compensation (notes 16 & 19)	8	–	**8**	**–**	**(9)**	–	–	–	**–**	**(6)**	**(7)**
Shares purchased and cancelled (note 16)	(9)	–	**(9)**	**(46)**	**–**	–	–	–	**–**	**–**	**(55)**
Net effect of shares held in trusts (notes 16 & 19)	1	–	**1**	**7**	**–**	–	–	–	**–**	**–**	**8**
Loblaw capital transactions and dividends (notes 17 & 19)	–	–	**–**	**–**	**(80)**	–	–	–	**–**	**(166)**	**(246)**
Dividends declared											
Per common share ($) (note 16)											
– $0.550	–	–	**–**	**(83)**	**–**	–	–	–	**–**	**–**	**(83)**
Per preferred share ($) (note 16)								–			
– Series I – $0.3625	–	–	**–**	**(4)**	**–**	–	–		**–**	**–**	**(4)**
– Series III – $0.3250	–	–	**–**	**(3)**	**–**	–	–	–	**–**	**–**	**(3)**
– Series IV – $0.3250	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
– Series V – $0.296875	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
	$ –	$ –	**$ –**	**$ (133)**	**$ (89)**	$ –	$ –	$ –	**$ –**	**$ (172)**	**$ (394)**
Balance as at Mar. 27, 2021	$ 2,782	$ 817	**$ 3,599**	**$ 5,076**	**$ (1,269)**	$ 140	$ (22)	$ 35	**$ 153**	**$ 5,637**	**$ 13,196**

(i) Other comprehensive income (loss) includes actuarial gains of $13 million (2021 – $67 million), of which $8 million (2021 – $35 million) is presented in retained earnings, and $5 million (2021 – $32 million) in non-controlling interests. There were no foreign currency translation adjustments or unrealized gains or losses on cash flow hedges included in non-controlling interests in the first quarter of 2022 and 2021.

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

Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	12 Weeks Ended Mar. 26, 2022	 Mar. 27, 2021
Operating Activities		
Net earnings	**$ 615**	$ 118
Add (deduct):		
Net interest expense and other financing charges (note 5)	**322**	546
Income taxes (note 6)	**229**	166
Depreciation and amortization	**549**	560
Asset impairments, net of recoveries	**3**	1
Adjustment to fair value of investment properties and assets held for sale	**(291)**	(46)
Change in allowance for credit card receivables (note 9)	**(5)**	(20)
Change in provisions	**(21)**	(2)
Change in gross credit card receivables (note 9)	**115**	227
Change in non-cash working capital	**(602)**	(451)
Income taxes paid	**(191)**	(196)
Interest received	**18**	5
Interest received from finance leases	**1**	1
Other	**15**	2
Cash Flows from Operating Activities	**757**	911
Investing Activities		
Fixed asset and investment properties purchases	**(126)**	(151)
Intangible asset additions	**(81)**	(84)
Proceeds from disposal of assets	**47**	41
Lease payments received from finance leases	**3**	2
Change in short-term investments (note 8)	**(83)**	261
Other	**(106)**	54
Cash Flows (used in) from Investing Activities	**(346)**	123
Financing Activities		
Change in bank indebtedness	**198**	196
Change in short-term debt (note 13)	**(50)**	(265)
Change in demand deposits from customers	**12**	12
Change in other financing	**7**	–
Interest paid	**(214)**	(244)
Long-term debt – Issued (note 14)	**97**	30
– Repayments (note 14)	**(176)**	(55)
Cash rent paid on lease liabilities – Interest	**(42)**	(46)
Cash rent paid on lease liabilities – Principal	**(104)**	(97)
Share capital – Issued (notes 16 & 19)	**17**	7
– Purchased and cancelled (note 16)	**(47)**	(25)
Loblaw common share capital – Issued (notes 17 & 19)	**43**	7
– Purchased and held in trusts (note 17)	**(28)**	–
– Purchased and cancelled (note 17)	**(115)**	(155)
Dividends – To common shareholders	**(81)**	(79)
– To preferred shareholders	**(11)**	(11)
Other	**(74)**	(63)
Cash Flows used in Financing Activities	**(568)**	(788)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**1**	–
Change in Cash and Cash Equivalents	**(156)**	246
Cash and Cash Equivalents, Beginning of Period	**2,984**	2,581
Cash and Cash Equivalents, End of Period	**$ 2,828**	$ 2,827

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

See note 4. Discontinued Operations for additional cash flow information.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 1. Nature and Description of the Reporting Entity

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

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

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

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

In December 2021, the Company completed the sale of the entire Weston Foods bakery business. Refer to note 4, "Discontinued Operations" for details.

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

Note 2. Significant Accounting Policies

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company's 2021 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements.

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

STATEMENT OF COMPLIANCE These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company's 2021 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on May 9, 2022.

Note 3. Subsidiaries

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

		As at					
		Mar. 26, 2022		Mar. 27, 2021		Dec. 31, 2021	
		Number of shares / units held	**Ownership interest**	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest
Loblaw	Common shares[(i)]	**175,273,168**	**52.6%**	180,096,379	52.6%	175,475,019	52.6%
	Class B LP Units[(ii)]	395,786,525	n/a	395,786,525	n/a	395,786,525	n/a
	Trust Units	50,661,415	n/a	50,661,415	n/a	50,661,415	n/a
Choice Properties		**446,447,940**	**61.7%**	446,447,940	61.8%	446,447,940	61.7%

(i) In 2021, GWL settled the equity forward sale agreement, releasing all Loblaw common shares pledged under the equity forward sale agreement (March 27, 2021 – 9.6 million Loblaw common shares pledged). Additionally, GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program, in order to maintain its proportionate percentage ownership (see note 17).

(ii) Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.

Note 4. Discontinued Operations

WESTON FOODS On December 10, 2021, the Company completed the sale of Weston Foods' fresh and frozen bakery business to FGF Brands Inc. for gross proceeds of $1,100 million, and on December 29, 2021, the Company completed the sale of Weston Foods' ambient business to affiliated entities of Hearthside Foods Solution, LLC for gross proceeds of $370 million. In aggregate, the Company sold its entire Weston Foods bakery business for total gross proceeds of $1,470 million. After closing adjustments, net consideration was $1,207 million, and a loss on sale of $317 million, after income taxes, was recorded in discontinued operations in 2021. Net consideration reflects management's best estimate of working capital adjustments and is subject to finalization, in accordance with the sale agreements. There were no adjustments recorded during the first quarter of 2022.

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

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

	12 Weeks Ended					
	Mar. 26, 2022			Mar. 27, 2021		
($ millions)	**Weston Foods**	**Intersegment Eliminations**	**Discontinued Operations**	Weston Foods	Intersegment Eliminations	Discontinued Operations
Revenue	**$ –**	**$ –**	**$ –**	$ 472	$ (137)	$ 335
Operating Expenses						
Cost of inventories sold	**–**	**–**	**–**	345	(134)	211
Selling, general and administrative expenses	**–**	**–**	**–**	127	(5)	122
	$ –	**$ –**	**$ –**	$ 472	$ (139)	$ 333
Operating Income			**$ –**			$ 2
Net interest expense and other financing charges			–			1
Earnings before Income Taxes			**$ –**			$ 1
Income tax expense			–			1
Net Earnings from Discontinued Operations			**$ –**			$ –

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Cash flows from operating activities	**$ –**	$ (3)
Cash flows used in investing activities	**$ –**	$ (13)
Cash flows used in financing activities	**$ –**	$ (1)
Effect of foreign currency rate changes on cash and cash equivalents	**$ –**	$ 1
Cash flows used in Discontinued Operations	**$ –**	$ (16)

Note 5. Net Interest Expense and Other Financing Charges

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021[i]
Interest expense:		
Long-term debt	**$ 130**	$ 140
Lease liabilities	**42**	45
Borrowings related to credit card receivables	**10**	9
Trust Unit distributions	**51**	51
Independent funding trusts	**3**	3
Post-employment and other long-term employee benefits (note 18)	**–**	2
Bank indebtedness	**1**	–
Financial liabilities (note 15)	**11**	12
Capitalized interest	**(1)**	(1)
	$ 247	$ 261
Interest income:		
Accretion income	**$ (1)**	$ (1)
Short-term interest income	**(6)**	(4)
	$ (7)	$ (5)
Forward sale agreement[ii]	**$ –**	$ 50
Fair value adjustment of the Trust Unit liability (note 20)	**93**	239
Recovery related to Glenhuron Bank Limited (note 6)	**(11)**	–
Net interest expense and other financing charges from Continuing Operations	**$ 322**	$ 545

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, and was fully settled in the fourth quarter of 2021. Included in the first quarter of 2021 is a charge of $53 million related to the fair value adjustment of the forward sale agreement for the Loblaw common shares. The fair value adjustment of the forward sale agreement results from changes in the value of the underlying Loblaw common shares. Also included in the first quarter of 2021 is forward accretion income of $8 million and the forward fee of $5 million associated with the forward sale agreement.

Note 6. Income Taxes

For the first quarter of 2022, income tax expense from continuing operations was $229 million (2021 – $165 million) and the effective tax rate was 27.1% (2021 – 58.3%). The decrease was primarily attributable to a decrease in the non-taxable fair value adjustment of the Trust Unit liability, the recovery of income taxes related to Glenhuron Bank Limited ("Glenhuron") and the impact of certain non-deductible items.

Loblaw had been reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. In 2021, the Supreme Court of Canada ("Supreme Court") ruled in favour of Loblaw on the Glenhuron matter. As a result of related assessments received during the first quarter of 2022, Loblaw reversed in the quarter $35 million of previously recorded charges, of which $33 million is recorded as income tax recovery and $2 million is recorded as interest income. In addition, interest of $9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds (see note 21).

Note 7. Basic and Diluted Net Earnings per Common Share

	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2022**	Mar. 27, 2021[i]
Net earnings (loss) attributable to shareholders of the Company	**$ 373**	$ (52)
Less: Discontinued Operations (note 4)	**–**	–
Net earnings (loss) from continuing operations attributable to shareholders of the Company	**373**	(52)
Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Net earnings (loss) from continuing operations available to common shareholders of the Company	**$ 363**	$ (62)
Reduction in net earnings due to dilution at Loblaw	**(2)**	(1)
Net earnings (loss) from continuing operations available to common shareholders for diluted earnings per share	**$ 361**	$ (63)
Weighted average common shares outstanding (in millions) (note 16)	**146.7**	152.1
Dilutive effect of equity-based compensation[ii] (in millions)	**0.6**	–
Diluted weighted average common shares outstanding (in millions)	**147.3**	152.1
Net earnings (loss) per common share - Basic ($)		
Continuing Operations	**$ 2.47**	$ (0.41)
Discontinued Operations	**$ –**	$ –
Net earnings (loss) per common share - Diluted ($)		
Continuing Operations	**$ 2.45**	$ (0.41)
Discontinued Operations	**$ –**	$ –

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) In the first quarter of 2022, nominal (2021 – 1.9 million) potentially dilutive instruments, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

Note 8. Cash and Cash Equivalents, Short-Term Investments and Security Deposits

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

CASH AND CASH EQUIVALENTS

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Cash	**$ 832**	$ 993	$ 1,255
Cash equivalents:			
Government treasury bills	**717**	883	632
Bankers' acceptances	**1,256**	944	1,073
Corporate commercial paper	**2**	7	3
Guaranteed investment certificates	**21**	–	21
Cash and cash equivalents	**$ 2,828**	$ 2,827	$ 2,984

SHORT-TERM INVESTMENTS

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Government treasury bills	**$ 928**	$ 228	$ 776
Bankers' acceptances	**31**	60	97
Corporate commercial paper	**–**	–	1
Guaranteed Investment Certificates	**3**	26	5
Short-term investments	**$ 962**	$ 314	$ 879

SECURITY DEPOSITS

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Cash	**$ 48**	$ 56	$ 46
Government treasury bills	**29**	19	29
Total security deposits	**$ 77**	$ 75	$ 75

Note 9. Credit Card Receivables

The components of credit card receivables were as follows:

($ millions)	Mar. 26, 2022		Mar. 27, 2021		Dec. 31, 2021	
			As at			
Gross credit card receivables	**$**	**3,533**	$	3,119	$	3,648
Allowance for credit card receivables		**(200)**		(217)		(205)
Credit card receivables	**$**	**3,333**	$	2,902	$	3,443
Securitized to independent securitization trusts:						
Securitized to *Eagle Credit Card Trust*® (note 14)	**$**	**1,350**	$	1,050	$	1,350
Securitized to Other Independent Securitization Trusts (note 13)		**400**		300		450
Total securitized to independent securitization trusts	**$**	**1,750**	$	1,350	$	1,800

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

The associated liability of *Eagle* is recorded in long-term debt (see note 14). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short-term debt (see note 13).

During the first quarter of 2022, PC Bank recorded a $50 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

As at the end of the first quarter of 2022, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was $36 million (March 27, 2021 – $27 million; December 31, 2021 – $41 million), which represented 9% (March 27, 2021 – 9%; December 31, 2021 – 9%) of the securitized credit card receivables amount.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at the end of the first quarter of 2022 and throughout the quarter.

Note 10. Inventories

The components of inventories were as follows:

($ millions)	Mar. 26, 2022		Mar. 27, 2021		Dec. 31, 2021	
			As at			
Finished goods	**$**	**5,288**	$	5,340	$	5,166
Raw materials and supplies		**–**		64		–
Inventories	**$**	**5,288**	$	5,404	$	5,166

As at the end of the first quarter of 2022, Loblaw recorded an inventory provision of $68 million (March 27, 2021 – $41 million; December 31, 2021 – $67 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during the quarters ended March 26, 2022 and March 27, 2021.

Note 11. Assets Held for Sale

	As at		
($ millions)	Mar. 26, 2022	Mar. 27, 2021	Dec. 31, 2021
Loblaw	$ 101	$ 99	$ 91
Choice Properties	739	–	–
Assets Held for Sale	$ 840	$ 99	$ 91

LOBLAW Loblaw classifies certain assets, primarily land and buildings, that it intends to dispose of in the next 12 months, as assets held for sale. These assets were either originally used in Loblaw's retail business segment or held in investment properties. In the first quarter of 2022, Loblaw recorded a gain of $19 million (2021 – net gain of $5 million) from the sale of these assets. On consolidation, the gain recognized in the first quarter of 2022 was reversed as it was an intercompany transaction. No fair value changes or impairment charges were recognized on assets held for sale in the first quarters of 2022 and 2021.

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

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

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

At the end of the first quarter of 2022, these properties were classified as Assets Held for Sale on the Company's consolidated balance sheet.

Note 12. Other Assets

The components of other assets were as follows:

	As at		
($ millions)	Mar. 26, 2022	Mar. 27, 2021(i)	Dec. 31, 2021(i)
Sundry investments and other receivables	$ 217	$ 132	$ 206
Net accrued benefit plan asset (note 18)	467	231	495
Finance lease receivable	69	77	70
Mortgages, loans and notes receivable	207	152	185
Other	210	167	137
Fair value of equity forward	–	585	–
Total Other Assets	$ 1,170	$ 1,344	$ 1,093
Current portion of mortgages, loans, note and finance lease receivable(ii)	(93)	(43)	(78)
Current portion of fair value of equity forward(iii)	–	(46)	–
Other Assets	$ 1,077	$ 1,255	$ 1,015

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Current portion of mortgages, loans, note and finance lease receivable is included in prepaid expenses and other assets in the consolidated balance sheets.
(iii) Current portion of fair value of equity forward is included in prepaid expenses and other assets in the consolidated balance sheets.

Note 13. Short-Term Debt

The components of short-term debt were as follows:

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Other Independent Securitization Trusts (note 9)	**$ 400**	$ 300	$ 450
Series B Debentures	**–**	770	–
Short-term debt	**$ 400**	$ 1,070	$ 450

OTHER INDEPENDENT SECURITIZATION TRUSTS The outstanding short-term debt balances relate to credit card receivables securitized to the Other Independent Securitization Trusts with recourse (see note 9).

Note 14. Long-Term Debt

The components of long-term debt were as follows:

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Debentures	**$ 9,887**	$ 10,504	$ 9,888
Long-term debt secured by mortgage	**1,052**	1,225	1,112
Construction loans	**16**	5	13
Guaranteed Investment Certificates	**1,023**	1,159	996
Independent Securitization Trusts (note 9)	**1,350**	1,050	1,350
Independent funding trusts	**573**	514	570
Committed credit facilities	**55**	–	121
Transaction costs and other	**(37)**	(38)	(40)
Total long-term debt	**$ 13,919**	$ 14,419	$ 14,010
Long-term debt due within one year	**(1,865)**	(1,244)	(1,520)
Long-term debt	**$ 12,054**	$ 13,175	$ 12,490

The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the first quarter of 2022, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

DEBENTURES There were no debentures issued or repaid in the first quarters of 2022 and 2021.

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Balance, beginning of period	**$ 996**	$ 1,185
GICs issued	**34**	1
GICs matured	**(7)**	(27)
Balance, end of period	**$ 1,023**	$ 1,159

INDEPENDENT FUNDING TRUSTS Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts in the amount of $64 million (March 27, 2021 and December 31, 2021 – $64 million), representing not less than 10% (March 27, 2021 and December 31, 2021 – not less than 10%) of the principal amount of loans outstanding.

The revolving committed credit facility that is the source of funding to the independent funding trusts has a maturity date of May 27, 2022. Subsequent to the end of the first quarter of 2022, Loblaw extended the maturity date to April 14, 2025 with all other terms and conditions remaining substantially the same.

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

		As at					
		Mar. 26, 2022		Mar. 27, 2021		Dec. 31, 2021	
($ millions)	**Maturity Date**	**Available Credit**	**Drawn**	**Available Credit**	**Drawn**	**Available Credit**	**Drawn**
George Weston	September 13, 2024	**$ 350**	**$ –**	$ –	$ –	$ 350	$ 121
Loblaw	October 7, 2023	**1,000**	**–**	1,000	–	1,000	–
Choice Properties	June 24, 2026	**1,500**	**55**	1,500	–	1,500	–
Total committed credit facilities		**$ 2,850**	**$ 55**	$ 2,500	$ –	$ 2,850	$ 121

These facilities contain certain financial covenants.

In the third quarter of 2021, GWL entered into a $350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. As at December 31, 2021, $121 million was drawn on the facility which was repaid in the first quarter of 2022. As at March 26, 2022, no amounts were drawn on the facility.

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

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Debentures	**$ 670**	$ 532	$ 296
GICs	**204**	576	182
Independent Securitization Trusts	**250**	–	250
Independent funding trusts	**573**	–	570
Long-term debt secured by mortgage	**163**	131	217
Construction Loans	**5**	5	5
Long-term debt due within one year	**$ 1,865**	$ 1,244	$ 1,520

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Long-term debt, beginning of period	**$ 14,010**	$ 14,443
Long-term debt issuances[i]	**97**	30
Long-term debt repayments	**(176)**	(55)
Total cash flow from long-term debt financing activities	**(79)**	(25)
Other non-cash changes	**(12)**	1
Total long-term debt, end of period	**$ 13,919**	$ 14,419

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

Note 15. Other Liabilities

The components of other liabilities were as follows:

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Financial liabilities[(i)]	**$ 667**	$ 663	$ 660
Net defined benefit plan obligation (note 18)	**310**	346	340
Other long-term employee benefit obligation	**115**	128	115
Equity-based compensation liability (note 19)	**5**	5	6
Other	**20**	(6)	18
Other liabilities	**$ 1,117**	$ 1,136	$ 1,139

(i) Financial liabilities represent land and buildings disposed or partially disposed of by Choice Properties to third parties. On consolidation, these transactions were not recognized as a sale of assets as under the terms of the leases, the Company did not relinquish control of the properties for purposes of IFRS 16 "Leases" and IFRS 15 "Revenue from Contracts with Customers". Instead, the proceeds from the transactions were recognized as financial liabilities and as at March 26, 2022, $4 million (March 27, 2021 – $3 million; December 31, 2021 – $4 million) was recorded in trade payables and other liabilities and $667 million (March 27, 2021 – $663 million; December 31, 2021 – $660 million) was recorded in other liabilities.

Note 16. Share Capital

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

	12 Weeks Ended					
			Mar. 26, 2022			Mar. 27, 2021
($ millions except where otherwise indicated)	**Number of Common Shares**		**Common Share Capital**	Number of Common Shares		Common Share Capital
Issued and outstanding, beginning of period	**146,789,503**	**$**	**2,714**	152,374,416	$	2,786
Issued for settlement of stock options (note 19)	**168,052**		**20**	90,495		8
Purchased and cancelled[(i)]	**(369,500)**		**(32)**	(531,164)		(9)
Issued and outstanding, end of period	**146,588,055**	**$**	**2,702**	151,933,747	$	2,785
Shares held in trusts, beginning of period	**(141,106)**	**$**	**(2)**	(254,525)	$	(4)
Released for settlement of RSUs and PSUs (note 19)	**75,740**		**2**	72,900		1
Shares held in trusts, end of period	**(65,366)**	**$**	**–**	(181,625)	$	(3)
Issued and outstanding, net of shares held in trusts, end of period	**146,522,689**	**$**	**2,702**	151,752,122	$	2,782
Weighted average outstanding, net of shares held in trusts (note 7)	**146,721,667**			152,092,797		

(i) Number of common shares repurchased and cancelled as at March 26, 2022, does not include shares that may be repurchased subsequent to the end of the quarter under the automatic share purchase plan ("ASPP"), as described below.

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

	12 Weeks Ended			
($ millions except where otherwise indicated)		**Mar. 26, 2022**		Mar. 27, 2021
Purchased for current settlement of RSUs and DSUs (number of shares)		**–**		1,588
Purchased and cancelled (number of shares)		**369,500**		531,164
Cash consideration paid				
Purchased and cancelled[(i)(ii)]	**$**	**(47)**	$	(25)
Premium charged to retained earnings				
Purchased and cancelled[(iii)]	**$**	**225**	$	46
Reduction in share capital[(iv)]	**$**	**32**	$	9

(i) $16 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2022 was paid in the second quarter of 2022. $6 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the fourth quarter of 2021 was paid in the first quarter of 2022.

(ii) $30 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2021 was paid in the second quarter of 2021.

(iii) Includes $176 million related to the ASPP, as described below.

(iv) Includes $24 million related to the ASPP, as described below.

In the second quarter of 2021, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,596,891 of its common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, the Company may purchase its common shares from time to time at the then market price of such shares.

In the first quarter of 2022, the Company entered into an ASPP with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at March 26, 2022, an obligation to repurchase shares of $200 million was recognized under the ASPP in trade payables and other liabilities.

As of March 26, 2022, 5,320,918 common shares were purchased under the Company's current NCIB.

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

	12 Weeks Ended	
($)	**Mar. 26, 2022**	Mar. 27, 2021
Dividends declared per share[i]:		
Common share	**$ 0.600**	$ 0.550
Preferred share:		
Series I	**$ 0.3625**	$ 0.3625
Series III	**$ 0.3250**	$ 0.3250
Series IV	**$ 0.3250**	$ 0.3250
Series V	**$ 0.296875**	$ 0.296875

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

Note 17. Loblaw Capital Transactions

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

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

	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2022**	Mar. 27, 2021
Issued (number of shares)	**1,170,693**	555,769
Purchased and held in trusts (number of shares)	**(252,000)**	–
Purchased and cancelled (number of shares)	**(1,339,251)**	(5,371,864)
	(420,558)	(4,816,095)
Cash consideration received (paid)		
Equity-based compensation	**$ 43**	$ 7
Purchased and held in trusts	**(28)**	–
Purchased and cancelled[i]	**(125)**	(321)
	$ (110)	$ (314)
Increase (decrease) in contributed surplus		
Equity-based compensation	**$ 19**	$ 7
Purchased and held in trusts	**(10)**	–
Purchased and cancelled	**(86)**	(87)
	$ (77)	$ (80)

(i) $23 million of cash consideration related to common shares repurchased under the NCIB in the first quarter of 2022 was paid in the second quarter of 2022.

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

In the second quarter of 2021, Loblaw renewed its NCIB to purchase on the TSX or through alternative trading systems up to 17,106,459 of Loblaw's common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, Loblaw may purchase its common shares from time to time at the then market price of such shares. Loblaw will continue to be permitted to purchase its common shares from GWL in accordance with the exemption granted by the TSX. Purchases from GWL will be made pursuant to the ADP Agreement. As at March 26, 2022, Loblaw had purchased 11,615,273 common shares for cancellation under its current NCIB.

In the first quarter of 2022, 1,339,251 (2021 – 5,371,864) Loblaw common shares were purchased under the Loblaw NCIB for cancellation, for aggregate consideration of $148 million (2021 – $350 million), including 201,851 (2021 – 2,778,077) Loblaw common shares purchased from GWL, for aggregate consideration of $22 million (2021 – $181 million).

In the first quarter of 2022, Loblaw entered into an ASPP with a broker in order to facilitate the repurchase of the Loblaw's common shares under its NCIB. During the effective period of the ASPP, Loblaw's broker may purchase common shares at times when Loblaw would not be active in the market. As at March 26, 2022, an obligation to repurchase shares of $150 million was recognized under the ASPP in trade payables and other liabilities.

Note 18. Post-Employment and Other Long-Term Employee Benefits

The costs and actuarial gains from Continuing Operations related to the Company's post-employment and other long-term employee benefits were as follows:

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Post-employment benefit costs recognized in operating income(i)	**$ 44**	$ 46
Other long-term employee benefit costs recognized in operating income(ii)	**$ 8**	$ 8
Net interest on net defined benefit obligation included in net interest expense and other financing charges (note 5)	**$ –**	$ 2
Actuarial gains before income taxes recognized in other comprehensive income	**$ 18**	$ 91

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

The actuarial gains recognized in the first quarter of 2022 and 2021 were primarily driven by an increase in discount rates, partially offset by lower than expected returns on assets.

Note 19. Equity-Based Compensation

The Company's equity-based compensation arrangements include Stock Option, Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), Director Deferred Share Unit ("DSU") and Executive Deferred Share Unit ("EDSU") plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its equity-based compensation arrangements for the first quarter of 2022 were $24 million (2021 – $21 million).

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

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Trade payables and other liabilities	**$ 11**	$ 9	$ 11
Other liabilities (note 15)	**$ 5**	$ 5	$ 6
Contributed surplus	**$ 110**	$ 116	$ 131

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

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

	12 Weeks Ended	
	Mar. 26, 2022	Mar. 27, 2021
Outstanding options, beginning of period	**1,817,548**	1,746,483
Granted	**167,657**	397,183
Exercised (note 16)	**(168,052)**	(90,495)
Forfeited/cancelled	**–**	(2,352)
Outstanding options, end of period	**1,817,153**	2,050,819

During the first quarter of 2022, GWL issued common shares on the exercise of stock options with a weighted average market share price of $150.63 (2021 – $106.88) per common share with cash consideration of $17 million (2021 – $7 million).

During the first quarter of 2022, GWL granted stock options with a weighted average exercise price of $152.97 (2021 – $100.86) per common share and a fair value of $4 million (2021 – $6 million). The assumptions used to measure the grant date fair value of the GWL options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	2022	2021
Expected dividend yield	**1.6%**	2.2%
Expected share price volatility	**19.0% - 20.0%**	19.1% - 19.5%
Risk-free interest rate	**1.6%**	0.9% - 1.1%
Expected life of options	**4.9 - 6.6 years**	4.9 - 6.7 years

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

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

	12 Weeks Ended	
	Mar. 26, 2022	Mar. 27, 2021
Outstanding options, beginning of period	**6,431,449**	7,259,645
Granted	**1,112,762**	1,714,053
Exercised	**(733,355)**	(124,674)
Forfeited/cancelled	**(69,652)**	(24,629)
Outstanding options, end of period	**6,741,204**	8,824,395

During the first quarter of 2022, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of $108.54 (2021 – $65.87) per common share and received cash consideration of $43 million (2021 – $7 million).

During the first quarter of 2022, Loblaw granted stock options with a weighted average exercise price of $99.33 (2021 – $62.67) per common share and a $20 million fair value (2021 – $15 million). The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	12 Weeks Ended	
	Mar. 26, 2022	Mar. 27, 2021
Expected dividend yield	**1.4%**	2.1%
Expected share price volatility	**18.4% - 20.9%**	18.6 - 20.3%
Risk-free interest rate	**1.6%**	0.6 - 1.0%
Expected life of options	**3.7 - 6.2 years**	3.8 - 6.2 years

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

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

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding RSUs, beginning of period	**29,777**	133,038
Granted	**6,498**	31,286
Reinvested	**156**	771
Settled	**(5,283)**	(50,882)
Forfeited	**(1,574)**	(428)
Outstanding RSUs, end of period(i)	**29,574**	113,785

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

During the first quarter of 2022, the fair value of GWL RSUs granted was $1 million (2021 – $3 million).

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

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding RSUs, beginning of period	**799,345**	894,272
Granted	**181,322**	278,117
Settled	**(210,577)**	(234,437)
Forfeited	**(7,630)**	(5,446)
Outstanding RSUs, end of period	**762,460**	932,506

During the first quarter of 2022, the fair value of Loblaw's RSUs granted was $18 million (2021 – $17 million).

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

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding PSUs, beginning of period	**183,841**	151,058
Granted	**27,466**	58,216
Reinvested	**747**	872
Settled	**(70,457)**	(23,606)
Forfeited	**(8)**	(5,401)
Outstanding PSUs, end of period	**141,589**	181,139

During the first quarter of 2022, the fair value of GWL's PSUs granted was $4 million (2021 – $6 million).

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

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding PSUs, beginning of period	**616,417**	666,400
Granted	**220,344**	245,874
Settled	**(234,069)**	(196,658)
Forfeited	**(6,801)**	(14,288)
Outstanding PSUs, end of period	**595,891**	701,328

During the first quarter of 2022, the fair value of Loblaw's PSUs granted was $16 million (2021 – $15 million).

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

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Settled	**75,740**	74,488
Released from trusts (note 16)	**75,740**	72,900

The settlement of awards from shares held in trusts in the first quarter of 2022 resulted in a $5 million increase (2021 – $7 million) in retained earnings and a $2 million increase (2021 – $1 million) in share capital.

Note 20. Financial Instruments

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

					As at							
	Mar. 26, 2022				Mar. 27, 2021[i]				Dec. 31, 2021[i]			
($ millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Amortized cost:												
Certain other assets[ii]	**$ –**	**$ –**	**$ 298**	**$ 298**	$ –	$ –	$ 97	$ 97	$ –	$ –	$ 89	$ 89
Fair value through other comprehensive income:												
Certain long-term investments and other assets[ii]	**95**	**–**	**–**	**95**	117	–	–	117	96	–	–	96
Derivatives included in prepaid expenses and other assets	**–**	**9**	**–**	**9**	–	1	–	1	–	1	–	1
Fair value through profit and loss:												
Security deposits	**77**	**–**	**–**	**77**	75	–	–	75	75	–	–	75
Certain long-term investments and other assets[ii]	**–**	**20**	**126**	**146**	–	21	84	105	–	20	119	139
Derivatives included in prepaid expenses and other assets	**14**	**8**	**2**	**24**	5	–	3	8	3	4	–	7
Derivatives included in other assets	**–**	**–**	**–**	**–**	–	585	–	585	–	–	–	–
Financial liabilities												
Amortized cost:												
Long-term debt	**–**	**8,161**	**6,165**	**14,326**	–	9,030	6,858	15,888	–	8,643	6,527	15,170
Certain other liabilities[ii]	**–**	**–**	**674**	**674**	–	–	672	672	–	–	668	668
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	**–**	**8**	**–**	**8**	–	–	–	–	–	5	–	5
Fair value through profit and loss:												
Trust Unit liability	**4,303**	**–**	**–**	**4,303**	3,838	–	–	3,838	4,209	–	–	4,209
Derivatives included in trade payables and other liabilities	**–**	**1**	**–**	**1**	–	14	–	14	–	–	–	–

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Certain other assets, certain other long-term investments and other assets, and certain other liabilities are included in the consolidated balance sheets in Other Assets and Other Liabilities, respectively.

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

During the first quarter of 2022 a loss of $1 million (2021 – loss of $1 million) was recognized in operating income on financial instruments designated as amortized cost. In addition, during the first quarter of 2022, a net gain of $77 million (2021 – net loss of $288 million) was recognized in earnings before income taxes from continuing operations on financial instruments required to be classified as fair value through profit or loss.

Cash and Cash Equivalents, Short-Term Investments and Security Deposits As at the end of the first quarter of 2022, the Company had cash and cash equivalents, short-term investments and security deposits of $3,867 million (March 27, 2021 – $3,216 million; December 31, 2021 – $3,938 million), including U.S. dollars of $121 million (March 27, 2021 – $224 million; December 31, 2021 – $221 million).

During the first quarter of 2022, a loss of $1 million (2021 – loss of $13 million) was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's U.S. net investment in foreign operations.

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

In the first quarter of 2022, a gain of $3 million (2021 – nominal loss) was recorded in operating income related to these derivatives. In addition, a corresponding $2 million asset was included in prepaid expense and other assets as at March 26, 2022 (March 27, 2021 – $3 million asset included in prepaid expenses and other assets; December 31, 2021 – $1 million liability included in trade payables and other liabilities). As at March 26, 2022, a 1% increase (decrease) in foreign currency exchange rates would result in a gain (loss) in fair value of $1 million.

Trust Unit Liability In the first quarter of 2022, a fair value loss of $93 million (2021 – loss of $239 million) was recorded in net interest expense and other financing charges (see note 5).

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

		March 26, 2022	
		12 Weeks Ended	
($ 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 Currency Risk - Foreign Exchange Forwards(i)	**$ (8)**	**$ (8)**	**$ –**
Interest Rate Risk - Bond Forwards(ii)	**7**	**9**	**(1)**
Interest Rate Risk - Interest Rate Swaps(iii)	**9**	**7**	**–**
Total derivatives designated as cash flow hedges	**$ 8**	**$ 8**	**$ (1)**
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	**$ (1)**	**$ –**	**$ (4)**
Other Non-Financial Derivatives	**14**	**–**	**17**
Total derivatives not designated in a formal hedging relationship	**$ 13**	**$ –**	**$ 13**
Total derivatives	**$ 21**	**$ 8**	**$ 12**

(i) PC Bank uses foreign exchange forwards, with a notional amount of $32 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in trade payables and other liabilities. During the first quarter of 2022, Loblaw entered into foreign exchange forwards, as described below.

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

(iii) PC Bank uses interest rate swaps, with notional value of $225 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of $68 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in the other assets or other liabilities.

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

			Mar. 27, 2021
			12 Weeks Ended
($ millions)	Net asset (liability) fair value	Gain/ (loss) recorded in OCI	Gain/ (loss) recorded in operating income
Derivatives designated as cash flow hedges			
Interest Rate Risk - Bond Forwards[(i)]	$ 1	$ 2	$ (2)
Interest Rate Risk - Interest Rate Swaps[(ii)]	(6)	(1)	–
Total derivatives designated as cash flow hedges	$ (5)	$ 1	$ (2)
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	$ (6)	$ –	$ (5)
Other Non-Financial Derivatives	5	–	11
Total derivatives not designated in a formal hedging relationship	$ (1)	$ –	$ 6
Total derivatives	$ (6)	$ 1	$ 4

(i) PC Bank uses bond forwards, with a notional value of $100 million, to manager its interest risk related to future debt issuances. The fair value of derivatives is included in prepaid expenses and other assets.

(ii) Choice Properties uses interest rate swaps, with a notional value of $194 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in the other assets or other liabilities.

Note 21. Contingent Liabilities

In the ordinary course of business, the Company is involved in and potentially subject to, legal actions and proceedings. In addition, the Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments.

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

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

Shoppers Drug Mart has been served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by two licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement, in the amount of $500 million. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who are parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. The Superior Court imposed a class closing date based on the date of certification. New Associates after July 9, 2013 are not members of the class. Loblaw believes this claim is without merit and is vigorously defending it. Loblaw does not currently have any significant accruals or provisions for this matter recorded in the consolidated financial statements.

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's cash balances far exceed any realistic damages scenario and therefore it does not anticipate any impacts on its or Loblaw's dividend, dividend policy or share buyback plans. The Company has not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2022 or prior on the basis that a reliable estimate of the liability cannot be determined at this time. The Company and Loblaw will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement requires the approval of the court, which is pending. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the Ontario, Quebec and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc., and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

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

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

Note 22. Segment Information

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

The accounting policies of the reportable operating segments are the same as those described in the Company's summary of significant accounting policies (see note 2). The Company measures each reportable operating segment's performance based on adjusted EBITDA[ii] and adjusted operating income[ii]. No reportable operating segment is reliant on any single external customer.

	12 Weeks Ended							
				Mar. 26, 2022				Mar. 27, 2021[i]
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	**$ 12,262**	**$ 328**	**$ (183)**	**$ 12,407**	$ 11,872	$ 327	$ (182)	$ 12,017
Operating income	**$ 736**	**$ 629**	**$ (199)**	**$ 1,166**	$ 615	$ 285	$ (72)	$ 828
Net interest expense and other financing charges	**142**	**242**	**(62)**	**322**	160	347	38	545
Earnings (loss) before income taxes from continuing operations	**$ 594**	**$ 387**	**$ (137)**	**$ 844**	$ 455	$ (62)	$ (110)	$ 283
Operating income	**$ 736**	**$ 629**	**$ (199)**	**$ 1,166**	$ 615	$ 285	$ (72)	$ 828
Depreciation and amortization	**631**	**1**	**(83)**	**549**	610	1	(86)	525
Adjusting items[ii]	**(26)**	**(405)**	**138**	**(293)**	(9)	(61)	17	(53)
Adjusted EBITDA[ii]	**$ 1,341**	**$ 225**	**$ (144)**	**$ 1,422**	$ 1,216	$ 225	$ (141)	$ 1,300
Depreciation and amortization[iii]	**514**	**1**	**(83)**	**432**	493	1	(86)	408
Adjusted operating income[ii]	**$ 827**	**$ 224**	**$ (61)**	**$ 990**	$ 723	$ 224	$ (55)	$ 892

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Certain items are excluded from operating income to derive adjusted EBITDA[1]. Adjusted EBITDA[1] is used internally by management when analyzing segment underlying operating performance.
(iii) Excludes $117 million (2021 – $117 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw.

Other and Intersegment includes the following items:

	12 Weeks Ended					
	Mar. 26, 2022			Mar. 27, 2021(i)		
($ millions)	**Revenue**	**Operating Income**	**Net Interest Expense and Other Financing Charges**	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	**$ (134)**	**$ (38)**	**$ (22)**	$ (128)	$ (39)	$ (25)
Elimination of cost recovery	**(49)**	**–**	**–**	(54)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**–**	**(10)**	**–**	–	(6)	–
Fair value adjustment on investment properties	**–**	**(119)**	**3**	–	(15)	–
Fair value adjustment on Choice Properties' Exchangeable Units	**–**	**–**	**(119)**	–	–	(218)
Fair value adjustment on Trust Unit liability	**–**	**–**	**93**	–	–	239
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	**–**	**–**	**(73)**	–	–	(74)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	**–**	**–**	**51**	–	–	51
Reversal of Loblaw gain on sale of disposition of property to Choice Properties	**–**	**(19)**	**–**	–	–	–
Fair value adjustment of the forward sale agreement of Loblaw common shares	**–**	**–**	**–**	–	–	53
Other	**–**	**(13)**	**5**	–	(12)	12
Total	**$ (183)**	**$ (199)**	**$ (62)**	$ (182)	$ (72)	$ 38

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

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021(i)	Dec. 31, 2021(i)
Total Assets			
Loblaw	**$ 36,613**	$ 35,248	$ 36,614
Choice Properties	**16,430**	15,739	16,173
Other and Intersegment	**(5,886)**	(3,449)	(5,704)
Consolidated	**$ 47,157**	$ 47,538	$ 47,083

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Additions to Fixed Assets, Investment Properties and Intangible Assets		
Loblaw(i)	**$ 186**	$ 203
Choice Properties	**20**	18
Other and Intersegment	**1**	2
Discontinued Operations	**–**	13
Consolidated	**$ 207**	$ 236

(i) In the first quarter of 2022, there were no additions to fixed assets in Loblaw related to prepayments in 2021 and transferred from other assets. In the first quarter of 2021, additions to fixed assets in Loblaw includes prepayments that were made in 2020 and transferred from other assets in 2021 of $1 million.

Note 23. Related Party Transaction

VENTURE FUND During 2020, GWL, Loblaw and a wholly-owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington (the "Venture Fund"). A wholly-owned subsidiary of Wittington is the general partner of the Venture Fund, which hired an external fund manager to oversee the Venture Fund. The purpose of the Venture Fund 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 the Venture Fund. The Company participates in the Venture Fund's Investment Committee which, among other items, approves the initial investments. The Company uses the equity method of accounting to record its consolidated 66% interest in the Venture Fund. The Company has a consolidated capital commitment of $66 million over a 10-year period. To date, on a consolidated basis, the Company has invested $34 million in the Venture Fund, of which $3 million (2021 – $6 million) was invested in the first quarter of 2022 and recorded in Other Assets.

Note 24. Subsequent Events

LOBLAW During the first quarter of 2022, Loblaw agreed to acquire Lifemark Health Group ("Lifemark") for aggregate cash consideration of $845 million. Lifemark is the leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services through its more than 300 clinics across Canada. Regulatory approvals have been received and the transaction is expected to close on or about May 10, 2022.

CHOICE PROPERTIES On April 19, 2022, Choice Properties completed the acquisition of land in Caledon, Ontario within one of its equity accounted joint ventures. Choice Properties' share of the purchase price, at its 85% ownership interest, was $85 million.

Financial Summary[(i)]

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

As at or for the periods ended as indicated	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2022**	Mar. 27, 2021[(ii)]
Consolidated Operating Results		
Revenue	**$ 12,407**	$ 12,017
Operating income	**1,166**	828
Adjusted EBITDA[(iii)]	**1,422**	1,300
Depreciation and amortization[(iv)]	**549**	525
Net interest expense and other financing charges	**322**	545
Adjusted net interest expense and other financing charges[(iii)]	**240**	253
Income taxes	**229**	165
Adjusted income taxes[(iii)]	**205**	177
Net earnings from continuing operations	**615**	118
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**373**	(52)
Net earnings (loss) available to common shareholders of the Company from continuing operations	**363**	(62)
Adjusted net earnings available to common shareholders of the Company[(iii)] from continuing operations	**282**	245
Consolidated Financial Position and Cash Flows		
Cash and cash equivalents, short-term investments and security deposits	**$ 3,867**	$ 3,216
Cash flows from operating activities[(v)]	**757**	911
Capital investments[(v)]	**207**	236
Free cash flow[(iii)]	**193**	307
Total debt including lease liabilities	**20,448**	21,052
Total equity attributable to shareholders of the Company	**6,938**	7,559
Total equity	**13,166**	13,196
Consolidated Per Common Share ($)		
Diluted net earnings (loss) per common share from continuing operations	**$ 2.45**	$ (0.41)
Adjusted diluted net earnings per common share from continuing operations[(iii)]	**1.90**	1.60
Consolidated Financial Measures and Ratios		
Adjusted EBITDA margin[(iii)] (%)	**11.5**	10.8
Rolling year adjusted return on average equity attributable to common shareholders of the Company[(ii)(iii)] (%)	**19.7**	14.4
Rolling year adjusted return on capital[(ii)(iii)] (%)	**12.7**	10.2
Reportable Operating Segments		
Loblaw		
Revenue	**$ 12,262**	$ 11,872
Operating income	**736**	615
Adjusted EBITDA[(iii)]	**1,341**	1,216
Adjusted EBITDA margin[(iii)] (%)	**10.9**	10.2
Depreciation and amortization[(iv)]	**631**	610
Choice Properties		
Revenue	**$ 328**	$ 327
Net interest expense and other financing charges	**242**	347
Net income	**387**	(62)
Funds from operations[(iii)]	**175**	171

(i) For financial definitions and ratios refer to the Glossary beginning on page 180 of the Company's 2021 Annual Report.
(ii) Certain comparative figures have been restated to conform with current year presentation.
(iii) See section 8, "Non-GAAP Financial measures" of the Company's First Quarter Management Discussion and Analysis.
(iv) Depreciation and amortization for the calculation of EBITDA excludes $117 million (2021 – $117 million) of amortization of intangible assets, acquired with Shoppers Drug Mart Corporation, recorded by Loblaw.
(v) Inclusive of discontinued operations.

Corporate Profile

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

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

Shareholder Information

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Investor Relations

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

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

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

Annual Meeting

The George Weston Limited Annual Meeting of Shareholders will be held on Tuesday, May 10, 2022 at 11:00 a.m. (ET) at the Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada. Shareholders who are not able to attend in person will be able to listen, participate and vote at the meeting in real time through a web-based platform at **https://web.lumiagm.com/209646589** (meeting password: george2022).To access via audio-conference please dial (416) 764-8688 or 1-888-390-0546. Playback will be available two hours after the event at (416) 764-8677 or 1-888-390-0541, password: 347847#.

Ce rapport est disponible en français.

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