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 audited annual consolidated financial statements and the accompanying notes on pages 89 to 157 of this Annual Report. The Company's audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP"). The audited annual 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 GAAP, certain expenses and income must be recognized that are not necessarily reflective of the Company's underlying operating performance. Non-GAAP and other financial measures exclude the impact of certain items and are used internally when analyzing consolidated and segment underlying operating performance. These non-GAAP and other financial measures are also helpful in assessing underlying operating performance on a consistent basis. See Section 13, "Non-GAAP and Other Financial Measures", of this MD&A for more information on the Company's non-GAAP and other financial measures.

The Company operates through its two reportable operating segments: Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). Effective in the fourth quarter of 2023, the effect of consolidation includes eliminations, intersegment adjustments and other consolidation adjustments. Cash and short-term investments and other investments held by the Company, and all other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in GWL Corporate. Effect of consolidation and GWL Corporate comparative figures have been restated to conform to the current year presentation. See note 35, "Segment Information" in the Company's audited annual consolidated financial statements and the accompanying notes of this Annual Report for details. In this MD&A, unless otherwise indicated, "Consolidated" refers to the consolidated results of GWL including its subsidiaries under continuing operations.

The information in this MD&A is current to February 28, 2024, unless otherwise noted.

Table of Contents

FOOTNOTE LEGEND

1 See Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2023 Management's Discussion and Analysis.
2 To be read in conjunction with "Forward-Looking Statements" beginning on page 86.
3 For financial definitions and ratios refer to Glossary beginning on page 160.

At a Glance

Key financial highlights

As at or for the year ended December 31, 2023
($ millions except where otherwise indicated)

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

Consolidated

REVENUE

$60,124

+5.4%
vs. 2022

OPERATING INCOME

$4,363

-4.2%
vs. 2022

ADJUSTED EBITDA[1]

$6,953

+6.1%
vs. 2022

ADJUSTED EBITDA MARGIN[1] (%)

11.6%

+10bps
vs. 2022

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS FROM CONTINUING OPERATIONS

$1,496

-15.9%
vs. 2022

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

$1,467

+2.4%
vs. 2022

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

$10.75

-11.9%
vs. 2022

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

$10.54

+7.4%
vs. 2022

GWL Corporate

GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES[1]

$624

+3.7%
vs. 2022

GWL CORPORATE FREE CASH FLOW[1]

$1,283

+43.7%
vs. 2022

ANNUALIZED DIVIDENDS DECLARED PER SHARE ($)

$2.85

+8.0%
vs. 2022

GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

$719

-12.1%
vs. 2022

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2023 Management's Discussion and Analysis.

Our Business

Our history as a family business

In 1882, a young Toronto bread salesman and former baker's apprentice named George Weston went into business for himself when he bought a bread route from his employer. By the turn of the century, Weston's Bread was known throughout the city and George Weston had become Canada's biggest baker.

In 1924, George's eldest son, Garfield Weston, followed in his father's footsteps and became president of George Weston Limited. In spite of war and the depression, Garfield transformed his father's Toronto bakery into a commercial food empire with holdings on several continents.

In 1953, George Weston Limited expanded its grocery business, acquiring majority control of Loblaws Inc. In 1956, Loblaw Companies Limited was incorporated, and over the next two decades, Loblaw continued to expand its operations throughout Canada and the United States.

In the early 1970s, a third generation took charge as W. Galen Weston successfully consolidated the large conglomerate, reinventing Loblaw in the process and transforming it into Canada's largest grocery chain and GWL's largest asset.

In 2006, Galen G. Weston assumed responsibility for Loblaw and guided Loblaw through a period of transformation and growth in response to a rapidly changing business environment, including the creation and initial public offering of Choice Properties Real Estate Investment Trust in 2013 and the acquisition of Shoppers Drug Mart shortly thereafter. In 2017, Galen G. Weston was appointed CEO of George Weston Limited.

In 2018, as part of GWL's transformation initiative and long-term commitment to create shareholder value, the Company completed a reorganization where Loblaw spun out its majority interest in Choice Properties to GWL. GWL's acquisition of a majority ownership of Choice Properties was a critical milestone in the recent history of the Company. With the addition of Choice Properties to the portfolio, the Company became more balanced, with three strong and well-positioned businesses in retail, real estate and consumer goods.

In 2021, George Weston Limited made the decision to sell its Weston Foods bakery business. The business had been the foundation for the Weston Group in Canada since its establishment in 1882. The sale of the business was completed at the end of 2021, positioning the Company to focus on its market-leading retail and real estate businesses.

For more than a century and a quarter, thousands of employees of George Weston Limited and its subsidiaries have built an enterprise that has persevered and prospered through good times and bad to become one of Canada's most successful companies.

What we do

George Weston Limited is a Canadian public company, founded in 1882 and listed on the Toronto Stock Exchange (TSX:WN) since January 1928. The Company owns two businesses in retail and real estate.

WESTON
GEORGE WESTON LIMITED

Loblaw

Loblaw (TSX: L) is Canada's food and pharmacy leader and the nation's largest retailer. Loblaw provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise and financial services, through its grocery banners, Shoppers Drug Mart, Joe Fresh and President's Choice Bank.

Choice Properties

Choice Properties REIT (TSX: CHP.UN) is a leading Real Estate Investment Trust that creates enduring value through the ownership, operation and development of high-quality commercial and residential properties. The Choice Properties portfolio is comprised of retail properties, primarily leased to necessity-based tenants, and high quality industrial, mixed-use and residential assets, concentrated in attractive markets across Canada.

Our Operating and Value Creation Strategy

George Weston Limited's mission is to build generational value with actively managed market-leading businesses in retail and real estate through expertise in strategy, mergers and acquisitions, capital allocation and talent development.

Over the years, the Company has successfully executed strategic transactions and has tightly managed its leverage and capital structure.

The Company is a leader in each of its operating segments, retail and real estate, with market-leading brands in retail and coveted locations in real estate.

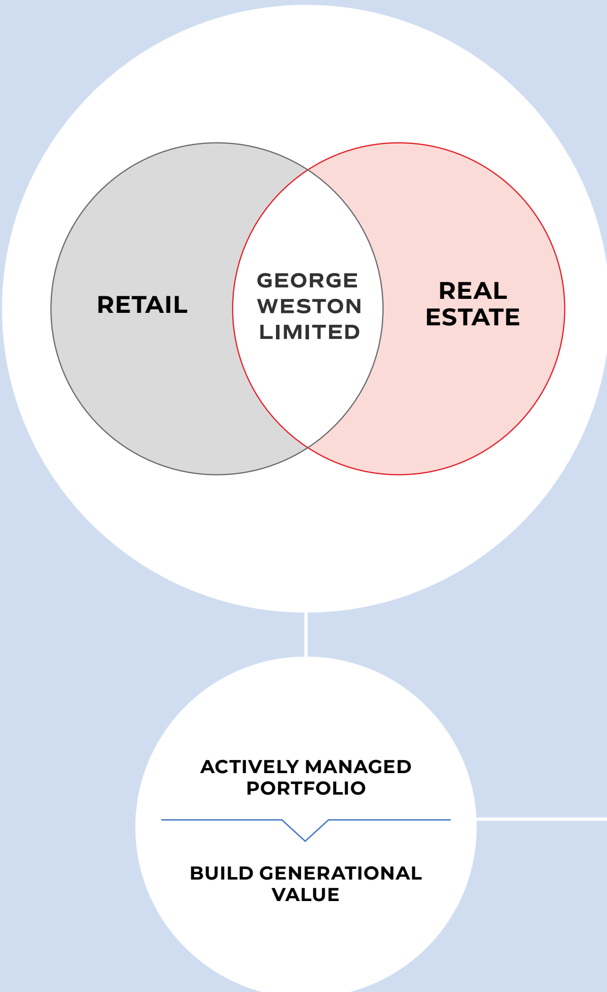
The Company is committed to supporting its portfolio of companies, providing expertise and decision support. This includes support in areas such as strategy, talent development, capital allocation and mergers and acquisitions.

The Company brings a unique perspective to the operating business level, having a viewpoint that spans across the retail and real estate categories, enabling the identification of opportunities and the sharing of best practices.

By accumulating capital from its existing businesses and prudently leveraging its debt capacity, the Company supports investments in strategic transactions that create value at its portfolio of companies. The Company also considers strategic initiatives where it can leverage its existing capabilities and expertise to create long-term value for shareholders.

The Company has a track record of providing stability and maintaining a long-term outlook. The Company seeks to deploy its capital optimally, including returning capital to shareholders and re-investing capital in its portfolio of companies, where it can further enhance earnings capability.

Our Operating and Value Creation Strategy



Built on what we have in common

Together, these four concepts unite our operating companies and are core to our identity:

CORE VALUES
Our actions are shaped by a set of CORE Values, which express a shared commitment to Care, Ownership, Respect and Excellence across the group of companies.

ETHICS & COMPLIANCE
Throughout our interactions, our decisions are grounded in a strong sense of Ethics & Compliance.

BLUE CULTURE
Represents how our values come to life every day in our interactions with our businesses, each other and our customers.

SOCIAL RESPONSIBILITY
As a generational investor, long-term social, demographic and environmental trends matter and underpin the importance we place on Social Responsibility.

Impacting

Through active management and by leveraging our culture and values we seek to positively impact:

SHAREHOLDERS
We create value for our shareholders by enhancing the value of our market-leading businesses, supporting operational excellence, investing in strategic transactions and by distributions in the form of dividends.

COLLEAGUES
Our talent is central to achieving our long-term goals. Our focus on attracting and developing exceptional leaders is a strategic imperative and we are proud to offer challenging and rewarding careers.

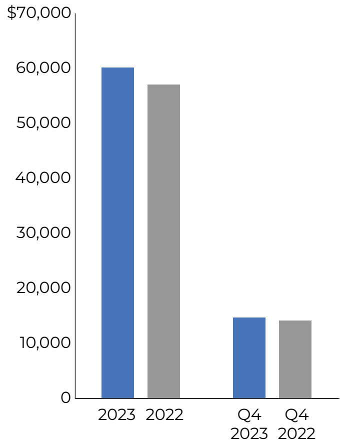
COMMUNITIES
Consistent with our heritage and values, we are focused on improving the quality of life in the communities where we live and work.

Key Performance Indicators

As at or for the unaudited quarters and audited years ended December 31
($ millions except where otherwise indicated)

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

REVENUE

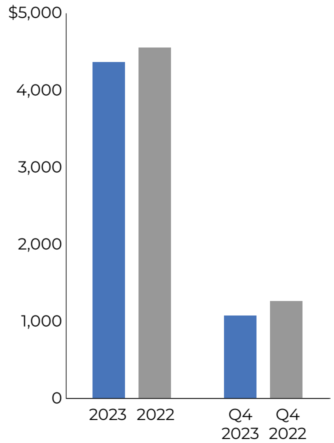


2023	**60,124**	**+5.4%**
2022	57,048	
Q4 2023	**14,700**	**+3.9%**
Q4 2022	14,142	

Performance in 2023

Revenue growth of $3,076 million driven by Loblaw and Choice Properties.

OPERATING INCOME

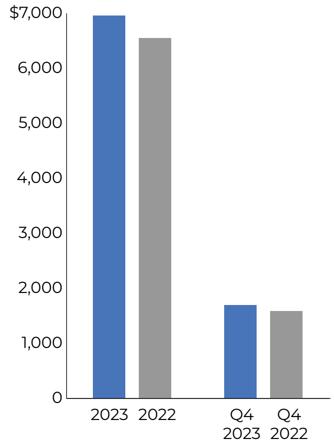


2023	**4,363**	**-4.2%**
2022	4,553	
Q4 2023	**1,076**	**-14.9%**
Q4 2022	1,264	

Performance in 2023

Operating income decreased by $190 million. The decrease was mainly attributable to the unfavourable year-over-year net impact of adjusting items, partially offset by the improvement in the underlying operating performance of Loblaw and Choice Properties.

ADJUSTED EBITDA[1]



2023	**6,953**	**+6.1%**
2022	6,551	
Q4 2023	**1,694**	**+6.5%**
Q4 2022	1,590	

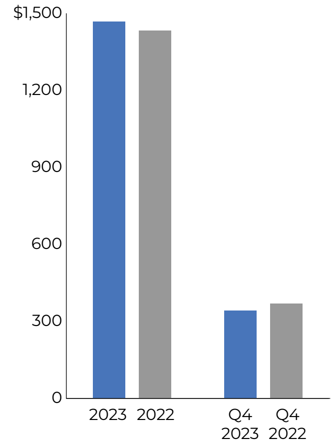
Performance in 2023

Adjusted EBITDA[1] increased by $402 million primarily driven by an improvement in the underlying operating performance at Loblaw and Choice Properties.

ADJUSTED EBITDA MARGIN[1] (%)

11.6%	**+10bps**
2023	vs. 2022
11.5%	**+30bps**
Q4 2023	vs. Q4 2022

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



2023	**1,467**	**+2.4%**
2022	1,432	
Q4 2023	**342**	**-7.3%**
Q4 2022	369	

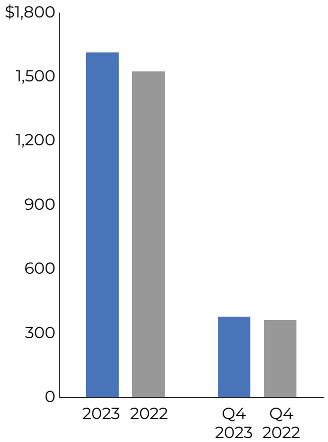
Performance in 2023

Adjusted net earnings available to common shareholders from continuing operations[1] increased by $35 million, due to an increase in the contribution from the publicly traded operating companies[i], partially offset by the unfavourable year-over-year impact of GWL Corporate.

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

$10.54	**+7.4%**
2023	vs. 2022
$2.51	**-3.1%**
Q4 2023	vs. Q4 2022

CONTRIBUTION TO ADJUSTED NET EARNINGS[1] FROM CONTINUING OPERATIONS FROM THE PUBLICLY TRADED OPERATING COMPANIES[i]

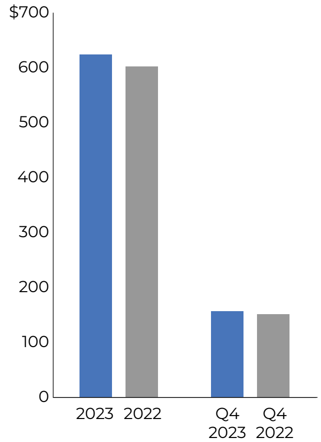


2023	1,614	+5.8%
2022	1,526	
Q4 2023	378	+5.0%
Q4 2022	360	

Performance in 2023

Contribution to adjusted net earnings[1] available to common shareholders of the Company from continuing operations from the publicly traded operating companies[i] increased by $88 million, or 5.8%, driven by an improvement in the underlying operating performance of Loblaw and Choice Properties.

GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES[1]

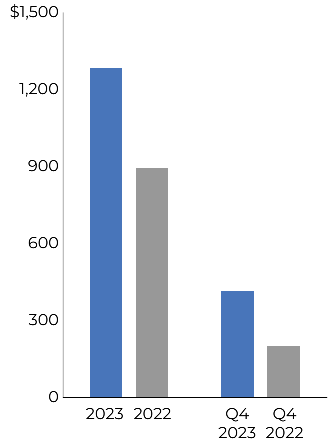


2023	624	+3.7%
2022	602	
Q4 2023	157	+4.0%
Q4 2022	151	

Performance in 2023

GWL Corporate cash flow from operating businesses[1] were higher due to the increase in dividends received from Loblaw and higher distributions received from Choice Properties.

GWL CORPORATE FREE CASH FLOW[1]



2023	1,283	+43.7%
2022	893	
Q4 2023	413	+105.5%
Q4 2022	201	

Performance in 2023

GWL Corporate free cash flow[1] increased, primarily due to higher proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB"), lower income taxes paid and a favourable year-over-year change in non-cash working capital included in GWL Corporate, financing, and other costs.

See page 11 of this MD&A for a calculation of this metric.

GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

$719 **-12.1%**
2023 vs. 2022

$818
2022

Performance in 2023

The decrease in GWL Corporate cash and cash equivalents and short-term investments since 2022 year end was primarily due to GWL share repurchases, dividends paid to shareholders and income taxes paid, partially offset by proceeds received from GWL's participation in Loblaw's NCIB.

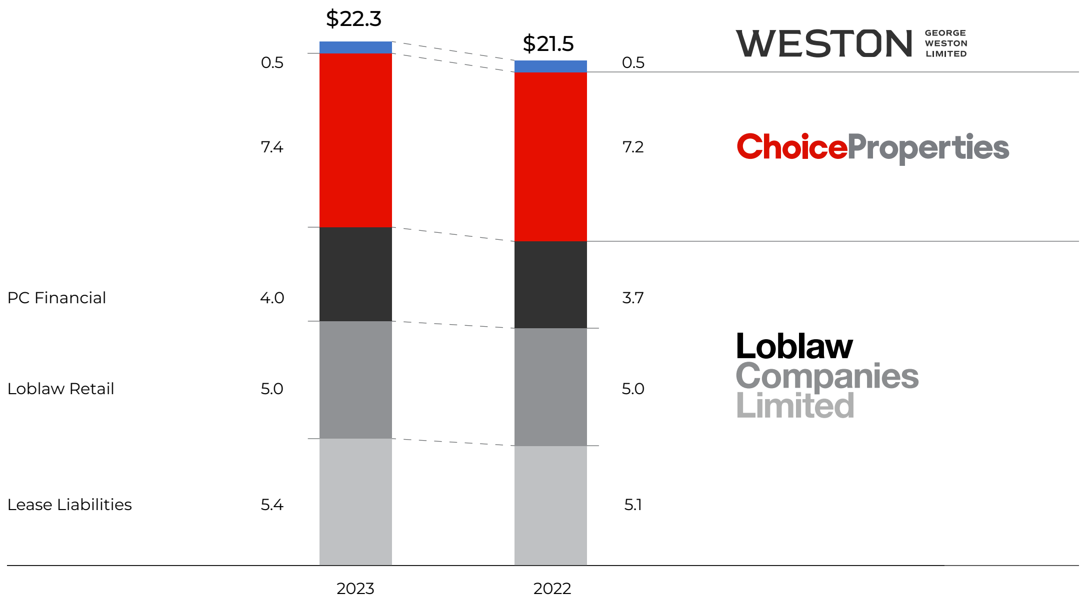
1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2023 Management's Discussion and Analysis.
(i) Publicly traded operating companies is the combined results from Loblaw and Choice after the effect of consolidation.

Total Debt

The Company manages its debt on a segmented basis to ensure that each of its businesses is employing leverage that is appropriate. The following chart presents total consolidated debt by reportable operating segment after the effect of consolidation as at December 31, 2023 and 2022. There is no recourse to the Company for debt incurred by its operating segments.

The consolidated debt for the group as at December 31, 2023 was $22.3 billion. Indebtedness of Loblaw and Choice Properties is fully serviced by their respective operating cash flows. Indebtedness of GWL Corporate is comprised of $450 million of senior unsecured debentures.

TOTAL DEBT
As at December 31
($ billions)



GWL Corporate Free Cash Flow[1]

GWL Corporate free cash flow[1] is generated from the dividends received from Loblaw, distributions received from Choice Properties, and proceeds from participation in Loblaw's NCIB, less corporate expenses, interest and income taxes paid.

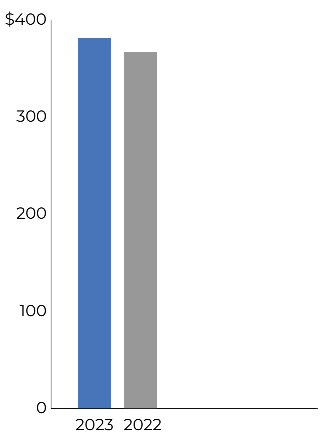
For the quarters and years ended December 31 ($ millions)	Quarters ended		Years ended	
	2023	**2022**	**2023**	**2022**
Dividends from Loblaw	**73**	69	**290**	272
Distributions from Choice Properties	**84**	82	**334**	330
GWL Corporate cash flow from operating businesses[1]	**157**	151	**624**	602
Proceeds from participation in Loblaw's NCIB	**238**	49	**847**	558
GWL Corporate, financing, and other costs[(i)]	**27**	2	**(77)**	(114)
Income taxes paid	**(9)**	(1)	**(111)**	(153)
GWL Corporate free cash flow[1]	**413**	201	**1,283**	893

(i) 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.

Dividends

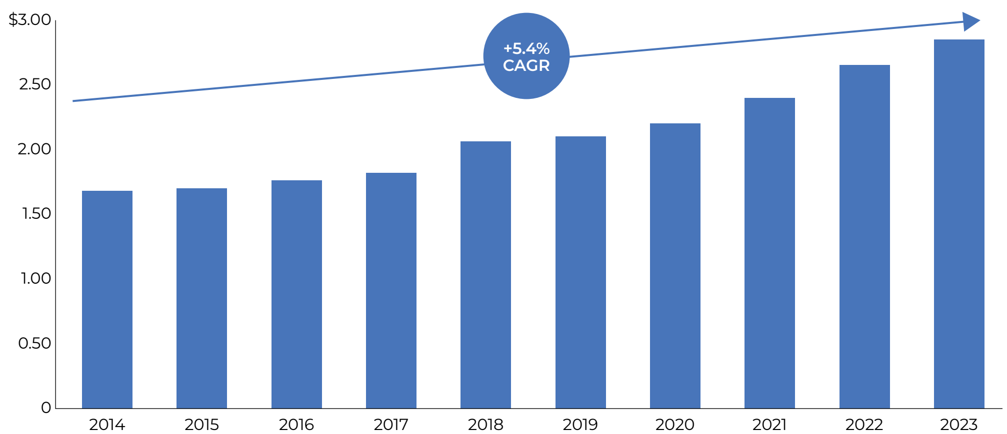
For the years ended December 31
($ millions except where otherwise indicated)

DIVIDENDS PAID



2023	**381**	**+3.8%**
2022	367	

DIVIDENDS PER COMMON SHARE ($)



Performance in 2023

Dividends paid to common shareholders were higher due to an increase in the dividend per common share of 8.0% in the second quarter of 2023.

10 Year Summary

GWL declared an annualized dividend of $2.85 per common share in 2023. The Company's objective is to increase the dividend per common share over time while retaining appropriate free cash flow to finance future growth. Since 2014, the dividend per common share has increased at a 5.4% Compound Average Growth Rate ("CAGR").

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2023 Management's Discussion and Analysis.

Loblaw

Loblaw (TSX: L) provides Canadians with grocery, pharmacy and health care services, health and beauty products, apparel, general merchandise and financial services.

Strategy

Loblaw is driven by its purpose to help Canadians *Live Life Well*® which guides its strategic framework. This framework centres around Loblaw's three strategic pillars of Delivering Retail Excellence, Driving Growth, and Investing for the Future, while embedding Environmental, Social, and Governance ("ESG") initiatives in everything it does. Underpinning these strategic pillars is a sharp focus on leveraging data driven insights and process efficiency excellence to deliver strong financial performance. The framework is supported by colleagues with a shared set of CORE values and culture principles that encourages colleagues to be authentic, build trust and make connections.

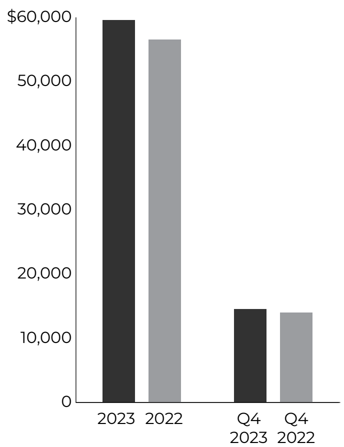
Loblaw strives to be the "best in food, health and beauty" and with its focus on retail excellence, it is constantly improving its retail operations to differentiate its customer offerings, to lower cost to serve and to deliver scale through its national logistics infrastructure. Building for the future, its purpose guides its investments in strategic growth initiatives to further differentiate its portfolio of assets, generate competitive advantages in products, services and price, improve its operational efficiencies, and create new areas of growth to service the changing needs of Canadians and to personalize their experiences.

Loblaw's purpose-led approach to addressing environmental, social and governance issues focuses on two priorities: fighting climate change and advancing social equity. ESG considerations are central to decisions made across Loblaw. By integrating consideration of environmental and social risks and good governance practices in its day-to-day business activities, implementing robust compliance and ethics programs and supporting its colleagues and the communities in which it operates, Loblaw aims to be a leading contributor to Canadian society both today and for generations to come.

Key performance indicators

As at or for the unaudited quarters and audited years ended December 31 ($ millions except where otherwise indicated)

REVENUE

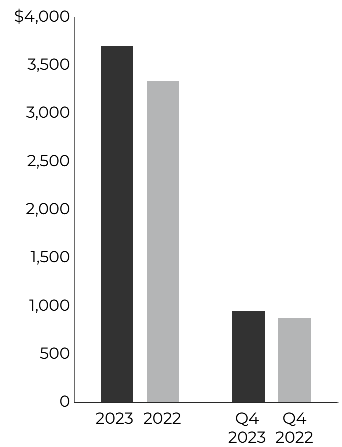


2023	**59,529**	**+5.4%**
2022	56,504	
Q4 2023	**14,531**	**+3.7%**
Q4 2022	14,007	

Performance in 2023

Revenue increased by $3,025 million driven by an increase in retail sales and in financial services revenue. The increase in retail sales was primarily due to positive same-store sales growth.

OPERATING INCOME



2023	**3,696**	**+10.9%**
2022	3,334	
Q4 2023	**941**	**+8.3%**
Q4 2022	869	

Performance in 2023

Operating income increased by $362 million compared to 2022. The increase was driven by an improvement in the underlying operating performance of retail and financial services, and the favourable year-over-year impact of adjusting items.

Key highlights for the year

Loblaw continued to deliver strong and consistent financial and operating results across its various businesses in 2023. Loblaw's ability to deliver everyday value and savings to Canadians was reflected in strong sales growth across its retail business as global inflationary pressures continued to impact customer behaviours. Loblaw's portfolio of best in class assets was well positioned to meet customer's everyday needs across food, health and wellness. With Loblaw's relentless focus on retail excellence, it leveraged these assets to deliver strong sales growth, gross margin improvements, and leverage its operating costs.

Loblaw Offerings

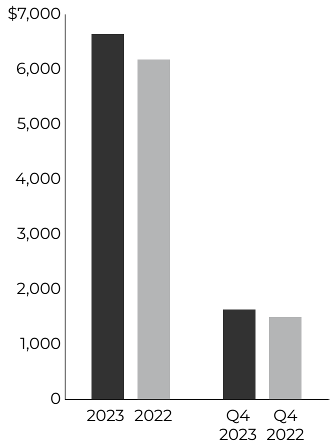
DIVISIONS:

Market
Hard Discount
Shoppers Drug Mart®
PC Financial®
Joe Fresh®

TOP BRANDS:

President's Choice®
no name®
Farmer's Market™
T&T®
Life Brand™
PC Optimum™

ADJUSTED EBITDA[1]



2023	**6,639**	**+7.5%**
2022	6,173	
Q4 2023	**1,631**	**+9.4%**
Q4 2022	1,491	

Performance in 2023

Adjusted EBITDA[1] increased by $466 million compared to 2022, due to an increase in retail and financial services.

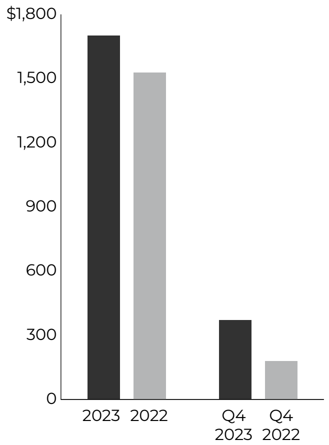
Adjusted EBITDA margin[1] increased due to an increase in retail gross profit percentage[1][i] driven by growth in higher margin drug retail front store categories and the scaling of the external freight business, partially offset by higher shrink, and a favourable decrease in selling, general and administrative expenses ("SG&A") as a percentage of sales due to operating leverage from higher sales.

ADJUSTED EBITDA MARGIN[1] (%)

11.2% **+30bps**
2023 vs. 2022

11.2% **+60bps**
Q4 2023 vs. Q4 2022

FREE CASH FLOW[1][i]



2023	**1,700**	**+11.3%**
2022	1,528	
Q4 2023	**371**	**+107.3%**
Q4 2022	179	

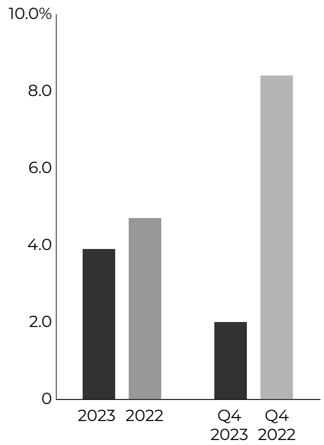
Performance in 2023

Free cash flow[1][i] increased primarily due to a favourable change in non-cash working capital and higher cash earnings, partially offset by higher capital investments and the unfavourable year-over-year change of income taxes paid. Free cash flow[1][i] also increased as credit card receivables increased year-over-year at a rate lower than prior year.

CAPITAL EXPENDITURES

2.1 billion **+34.2%**
2023 vs. 2022

FOOD RETAIL SAME-STORE SALES GROWTH[i] (%)

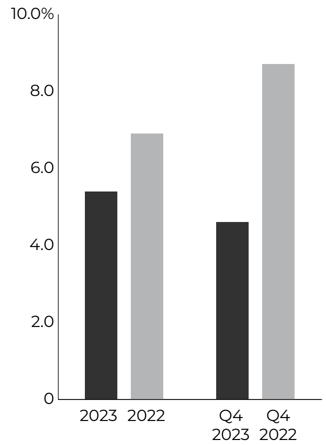


2023	**3.9%**	**-80bps**
2022	4.7%	
Q4 2023	**2.0%**	**-640bps**
Q4 2022	8.4%	

Performance in 2023

Food retail same-store sales growth[i] was 3.9%. Food retail traffic increased and basket size decreased.

DRUG RETAIL SAME-STORE SALES GROWTH[i] (%)



2023	**5.4%**	**-150bps**
2022	6.9%	
Q4 2023	**4.6%**	**-410bps**
Q4 2022	8.7%	

Performance in 2023

Drug retail same-store sales growth[i] was 5.4%. Pharmacy and healthcare services same-store sales growth benefited from the change in sales mix. Front store same-store sales growth benefited from higher consumer spending and economic re-opening.

RETAIL DEBT TO RETAIL ADJUSTED EBITDA[1][i]

2.3x **-0.1x**
2023 vs. 2022

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2023 Management's Discussion and Analysis.
(i) For more information on these measures, see the 2023 Annual Report filed by Loblaw, which is available on www.sedarplus.ca or at www.loblaw.ca.

Choice Properties

Choice Properties REIT (TSX: CHP.UN) is a leading Real Estate Investment Trust that creates enduring value through the ownership, operation and development of high-quality commercial and residential properties.

Strategy

Choice Properties continues to focus on improving the quality of its portfolio, delivering a best-in-class operational platform, and driving growth through development. Through these actions, Choice Properties is well-positioned to grow cash flows and deliver stable and growing distributions.

Key highlights for the year

Choice Properties delivered another year of strong financial and operational performance in 2023, reflecting the strength and resiliency of its portfolio. In 2023, Choice Properties continued to execute on its strategic priorities of maintaining a market leading portfolio, sustaining operational excellence, and delivering on its development pipeline. In addition, Choice Properties further strengthened its industry leading balance sheet, which continues to provide it with stability and flexibility. Choice Properties continued to lead the way in sustainability and made significant advancements on its two pillars of Fighting Climate Change and Strengthening Communities to Prosper. As part of its efforts, Choice Properties built a pathway to net zero and a social equity framework to guide their approach and drive impact in the years to come.

Top Retail tenants

1. Loblaw
2. Canadian Tire
3. TJX Companies
4. Dollarama
5. Goodlife
6. Liquor Control Board of Ontario (LCBO)
7. TD Canada Trust
8. Sobeys
9. Staples
10. Walmart

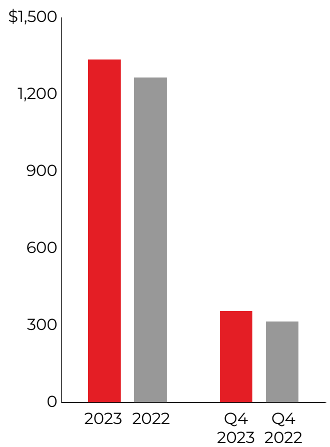
Top Industrial tenants

1. Loblaw
2. Amazon
3. Canada Cartage
4. Wonderbrands Inc.
5. Pet Valu
6. NFI IPD
7. Uline Canada Corporation
8. Canadian Tire
9. Kimberly-Clark
10. Alberta Gaming, Liquor & Cannabis

Key performance indicators

As at or for the unaudited quarters and audited years ended December 31
($ millions except where otherwise indicated)

REVENUE

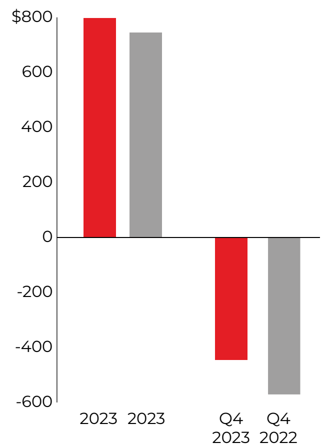


2023	**1,335**	**+5.5%**
2022	1,265	
Q4 2023	**355**	**+12.7%**
Q4 2022	315	

Performance in 2023

Revenue increased by $70 million driven by an increase in rental revenue of $44 million and revenue from the sale of residential inventory of $26 million. The increase of rental revenue was driven by higher rental rates in the retail and industrial portfolios, higher capital and operating recoveries, acquisitions and completed developments and higher lease surrender revenue, partially offset by foregone revenue following the disposition of six office assets (the "Office Asset Sale") to Allied Properties Real Estate Investment Trust ("Allied") in the second quarter of 2022 and other dispositions completed in the current and prior year.

NET INCOME (LOSS)



2023	**797**	**+7.1%**
2022	744	
Q4 2023	**(445)**	**+23.1%**
Q4 2022	(579)	

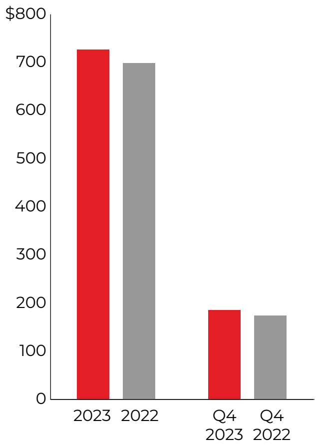
Performance in 2023

Net income increased by $53 million due to the favourable year-over-year impact of the fair value adjustment on investment in real estate securities of Allied, as a result of the decrease in Allied's unit price, the favourable year-over-year impact of the fair value adjustment of its Class B LP units ("Exchangeable Units"), as a result of a decrease in Choice Properties' Trust Unit price, increases in rental income, interest income and investment income, partially offset by the unfavourable year-over-year impact of the fair value adjustment of investment properties, and increases in interest expense and general and administrative expenses.

OCCUPANCY RATE[(ii)]

98.0% **+10bps** vs. 2022

FUNDS FROM OPERATIONS[1]

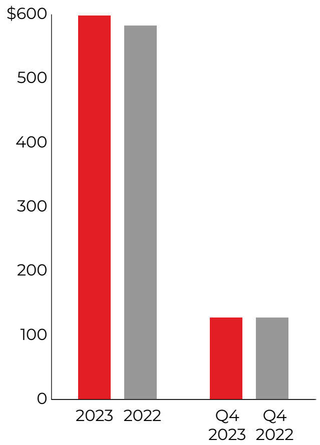


2023	**726**	**+4.0%**
2022	698	
Q4 2023	**185**	**+6.3%**
Q4 2022	174	

Performance in 2023

FFO[1] increased by $28 million primarily due to an increase in rental income, increased investment income as a result of the special distribution from Allied, income from the sale of residential inventory and an increase in interest income, partially offset by increases in interest expense, general and administrative expenses and the impact of the Office Asset Sale.

ADJUSTED FUNDS FROM OPERATIONS[i]

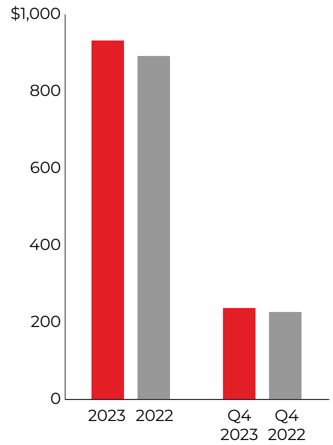


2023	**598**	**+2.7%**
2022	582	
Q4 2023	**127**	**–%**
Q4 2022	127	

Performance in 2023

AFFO[i] increased by $16 million primarily due to an increase in FFO[1] and a favourable change in the straight-line rental revenue adjustment, partially offset by an increase in maintenance spending.

SAME-ASSET NOI, CASH BASIS[i]

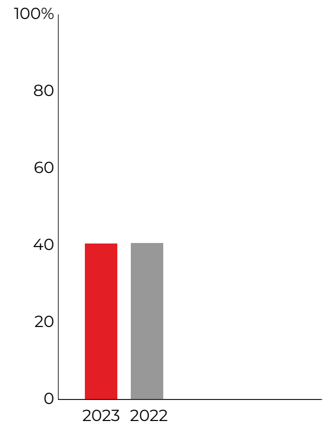


2023	**932**	**+4.6%**
2022	891	
Q4 2023	**237**	**+4.4%**
Q4 2022	227	

Performance in 2023

Same-asset NOI, cash basis[i] increased compared to 2022 primarily due to increased revenue from higher rental rates on renewals, contractual rent steps, and new leasing in the retail and industrial portfolios, as well as higher capital and operating recoveries.

ADJUSTED DEBT TO TOTAL ASSETS[i]



2023	**40.4%**	**-20bps**
2022	40.6%	

Performance in 2023

Adjusted debt to total assets[i] decreased primarily due to a higher total asset balance, partially offset by a marginal increase in the overall level of debt, as additional issuances of senior unsecured debentures and mortgages payable were used to fund development projects and acquisitions.

ADJUSTED DEBT TO EBITDAFV[i]

7.2x **2023** | **-0.3x** vs. 2022

DEBT SERVICE COVERAGE[i]

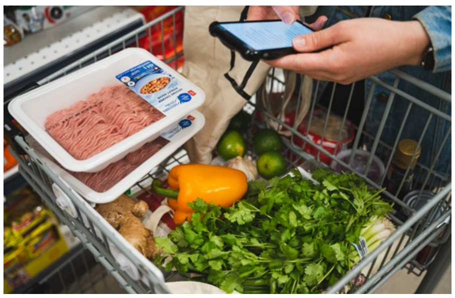
3.0x **2023** | **-0.1x** vs. 2022

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2023 Management's Discussion and Analysis.
(i) For more information on these measures, see the 2023 Annual Report filed by Choice Properties, which is available on www.sedarplus.ca or at www.choicereit.ca.
(ii) Effective in the fourth quarter of 2023, building area associated with Choice Properties' ground leases has been included in occupancy in the current and comparative period.


WANT MORE POINTS?
We can help!
Ask us how.

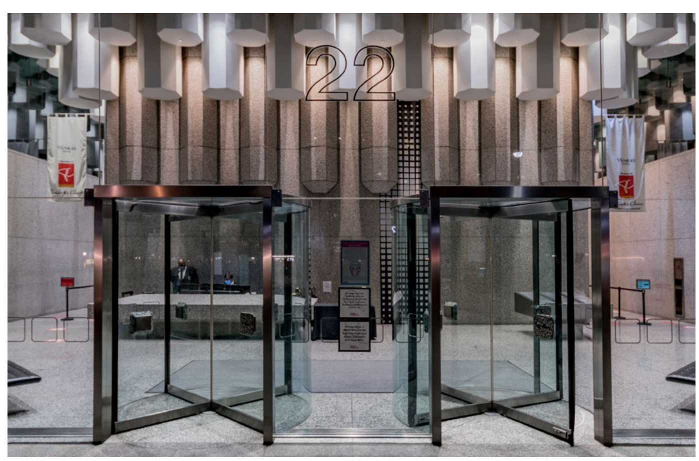

T&T


Loblaws
great food




Provigo


3052
SHOPPERS
DRUG MART
SHOPPERS
DRUG MART


22

Financial Highlights[3]

As at or for the years ended December 31 ($ millions except where otherwise indicated)		2023		2022	% Change
CONSOLIDATED OPERATING RESULTS					
Revenue	$	**60,124**	$	57,048	5.4%
Operating income		**4,363**		4,553	(4.2)%
Adjusted EBITDA(i)		**6,953**		6,551	6.1%
Depreciation and amortization		**2,532**		2,407	5.2%
Net interest expense and other financing charges		**889**		913	(2.6)%
Adjusted net interest expense and other financing charges(i)		**1,120**		1,022	9.6%
Income taxes		**849**		831	2.2%
Adjusted income taxes(i)		**1,019**		989	3.0%
Net earnings (loss)		**2,625**		2,803	(6.4)%
Continuing operations		**2,625**		2,809	(6.6)%
Discontinued operations(ii)		**–**		(6)	100.0 %
Net earnings attributable to shareholders of the Company(iii) from continuing operations		**1,540**		1,822	(15.5)%
Net earnings (loss) available to common shareholders of the Company		**1,496**		1,772	(15.6)%
Continuing operations		**1,496**		1,778	(15.9)%
Discontinued operations(ii)		**–**		(6)	100.0%
Adjusted net earnings available to common shareholders of the Company(i) from continuing operations		**1,467**		1,432	2.4%
Contribution to adjusted net earnings available to common shareholders(i) from continuing operations from the publicly traded operating companies(iv)		**1,614**		1,526	5.8%
GWL CORPORATE					
Cash flow from operating businesses(i)	$	**624**	$	602	3.7%
Free cash flow(i)	$	**1,283**	$	893	43.7%
CONSOLIDATED FINANCIAL POSITION AND CASH FLOWS					
Cash and cash equivalents, short-term investments and security deposits	$	**2,961**	$	2,852	3.8%
Cash flows from operating activities(v)		**5,851**		4,912	19.1%
Capital investments from continuing operations(v)(vi)		**2,379**		1,865	27.6%
Free cash flow(i)(v) from continuing operations		**1,706**		1,480	15.3%
Total debt including lease liabilities		**22,268**		21,523	3.5%
Total equity attributable to shareholders of the Company		**6,675**		6,841	(2.4)%
Total equity		**13,463**		13,180	2.1%
CONSOLIDATED PER COMMON SHARE ($)					
Diluted net earnings (loss) per common share	$	**10.75**	$	12.16	(11.6)%
Continuing operations		**10.75**		12.20	(11.9)%
Discontinued operations(ii)		**–**		(0.04)	100.0%
Adjusted diluted net earnings per common share(i) from continuing operations	$	**10.54**	$	9.81	7.4%
CONSOLIDATED FINANCIAL MEASURES AND RATIOS					
Adjusted EBITDA margin(i) (%)		**11.6%**		11.5%	
Adjusted return on average equity attributable to common shareholders of the Company(i) (%)		**24.7%**		23.5%	
Adjusted return on capital(i) (%)		**14.0%**		13.8%	
REPORTABLE OPERATING SEGMENTS					
Loblaw					
Revenue	$	**59,529**	$	56,504	5.4%
Operating income		**3,696**		3,334	10.9%
Adjusted EBITDA(i)		**6,639**		6,173	7.5%
Adjusted EBITDA margin(i) (%)		**11.2%**		10.9%	
Depreciation and amortization		**2,906**		2,795	4.0%
Choice Properties					
Revenue	$	**1,335**	$	1,265	5.5%
Net income		**797**		744	7.1%
Funds from operations(i)		**726**		698	4.0%

(i) See Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2023 Management's Discussion and Analysis.
(ii) In 2021, the Company completed the sale of the Weston Foods bakery business. The Company's interest in Weston Foods was presented separately as discontinued operations in the Company's 2022 results. Details are included in the Company's 2022 Annual Report available on the Company's website (www.weston.ca).
(iii) Includes net earnings available to common shareholders of the Company from continuing operations and preferred dividends.
(iv) Publicly traded operating companies is the combined results from Loblaw and Choice Properties after the effect of consolidation.
(v) Certain comparative figures have been restated to conform with current year presentation.
(vi) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the current year. Loblaw capital investments for the year ended December 31, 2023 include $37 million of prepayments transferred to fixed assets.

Management's Discussion and Analysis

1. Overall Financial Performance

1.1 Consolidated Results of Operations

The Company operates through its two reportable operating segments: Loblaw and Choice Properties, each of which are publicly traded entities. As such, the Company's financial statements reflect and are impacted by the consolidation of Loblaw and Choice Properties. The consolidation of these entities into the Company's financial statements reflect the impact of eliminations, intersegment adjustments and other consolidation adjustments, which can positively or negatively impact the Company's consolidated results. Additionally, cash and short-term investments and other investments held by the Company, and all other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in GWL Corporate. To help our investors and stakeholders understand the Company's financial statements and the effect of consolidation, the Company reports its results in a manner that differentiates between the Loblaw segment, the Choice Properties segment, the effect of consolidation of Loblaw and Choice Properties, and lastly, GWL Corporate.

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

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

($ millions except where otherwise indicated) For the years ended as indicated		2023		2022		$ Change	% Change
Revenue	**$**	**60,124**	**$**	**57,048**	**$**	**3,076**	**5.4%**
Operating income	**$**	**4,363**	**$**	**4,553**	**$**	**(190)**	**(4.2)%**
Adjusted EBITDA[1]	**$**	**6,953**	$	6,551	$	402	6.1%
Adjusted EBITDA margin[1]		**11.6%**		11.5%			
Depreciation and amortization	**$**	**2,532**	**$**	**2,407**	**$**	**125**	**5.2%**
Net interest expense and other financing charges	**$**	**889**	**$**	**913**	**$**	**(24)**	**(2.6)%**
Adjusted net interest expense and other financing charges[1]	**$**	**1,120**	$	1,022	$	98	9.6%
Income taxes	**$**	**849**	**$**	**831**	**$**	**18**	**2.2%**
Adjusted income taxes[1]	**$**	**1,019**	$	989	$	30	3.0%
Adjusted effective tax rate[1]		**26.8%**		27.3%			
Net earnings attributable to shareholders of the Company from continuing operations	**$**	**1,540**	**$**	**1,822**	**$**	**(282)**	**(15.5)%**
Loblaw[(i)]	**$**	**1,102**	$	1,007	$	95	9.4%
Choice Properties	**$**	**797**	$	744	$	53	7.1%
Effect of consolidation	**$**	**(248)**	$	127	$	(375)	(295.3)%
Publicly traded operating companies	**$**	**1,651**	$	1,878	$	(227)	(12.1)%
GWL Corporate	**$**	**(155)**	$	(100)	$	(55)	(55.0)%
Net earnings available to common shareholders of the Company from continuing operations	**$**	**1,496**	**$**	**1,778**	**$**	**(282)**	**(15.9)%**
Discontinued operations[(ii)]	**$**	**–**	**$**	**(6)**	**$**	**6**	**100.0%**
Net earnings available to common shareholders of the Company	**$**	**1,496**	**$**	**1,772**	**$**	**(276)**	**(15.6)%**
Diluted net earnings (loss) per common share ($)	**$**	**10.75**	**$**	**12.16**	**$**	**(1.41)**	**(11.6)%**
Continuing operations	**$**	**10.75**	**$**	**12.20**	**$**	**(1.45)**	**(11.9)%**
Discontinued operations[(ii)]	**$**	**–**	**$**	**(0.04)**	**$**	**0.04**	**100.0%**
Loblaw[(i)]	**$**	**1,309**	$	1,194	$	115	9.6%
Choice Properties	**$**	**409**	$	384	$	25	6.5%
Effect of consolidation	**$**	**(104)**	$	(52)	$	(52)	(100.0)%
Publicly traded operating companies	**$**	**1,614**	$	1,526	$	88	5.8%
GWL Corporate	**$**	**(147)**	$	(94)	$	(53)	(56.4)%
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$**	**1,467**	$	1,432	$	35	2.4%
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**$**	**10.54**	$	9.81	$	0.73	7.4%

(i) Contribution from Loblaw, net of non-controlling interests.

(ii) In 2021, the Company completed the sale of the Weston Foods bakery business. The Company's interest in Weston Foods was presented separately as discontinued operations in the Company's 2022 results. Details are included in the Company's 2022 Annual Report available on the Company's website (www.weston.ca).

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

Net earnings available to common shareholders of the Company from continuing operations in 2023 were $1,496 million ($10.75 per common share), a decrease of $282 million ($1.45 per common share) compared to $1,778 million ($12.20 per common share) in 2022.

The adjusting items in 2023 had an unfavourable year-over-year net impact on net earnings available to common shareholders of the Company from continuing operations totaling $317 million ($2.18 per common share), primarily due to:

- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $579 million ($3.97 per common share) driven by Choice Properties, net of the effect of consolidation; and
- the unfavourable year-over-year impact of the prior year income tax recovery related to the remeasurement of deferred tax balances for the Choice Properties' disposition of six office assets (the "Office Asset Sale") to Allied Properties Real Estate Investment Trust ("Allied") of $46 million ($0.32 per common share);

partially offset by,

- the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $169 million ($1.15 per common share) as a result of the decrease in Allied's unit price; and
- the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $133 million ($0.99 per common share) as a result of the decrease in Choice Properties' unit price during 2023.

Adjusted net earnings available to common shareholders of the Company[(1)] from continuing operations in 2023 were $1,467 million, an increase of $35 million, or 2.4%, compared to 2022. The increase was due to:

- the favourable year-over-year impact of $88 million from the contribution of the publicly traded operating companies;

partially offset by,

- the unfavourable year-over-year impact of $53 million at GWL Corporate primarily driven by the unfavourable year-over-year impact of the fair value adjustment on other investments and an increase in income tax expense as a result of GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB") program and lapping certain recoveries realized for prior taxation periods.

Adjusted diluted net earnings per common share[(1)] from continuing operations in 2023 were $10.54 per common share, an increase of $0.73 per common share, or 7.4%, compared to 2022. 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 shares purchased for cancellation over the last 12 months ($0.49 per common share) pursuant to the Company's NCIB.

REVENUE

($ millions except where otherwise indicated) For the years ended as indicated		2023		2022		$ Change	% Change
Loblaw	**$**	**59,529**	$	56,504	$	3,025	5.4%
Choice Properties	**$**	**1,335**	$	1,265	$	70	5.5%
Effect of consolidation	**$**	**(740)**	$	(721)	$	(19)	(2.6)%
Publicly traded operating companies	**$**	**60,124**	$	57,048	$	3,076	5.4%
GWL Corporate	**$**	**–**	$	–			
Consolidated	**$**	**60,124**	$	57,048	$	3,076	5.4%

The Company's 2023 consolidated revenue was $60,124 million, an increase of $3,076 million, or 5.4%, compared to 2022. The Company's consolidated revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 5.3% due to revenue growth of 5.4% at Loblaw, primarily driven by an increase in retail sales of $2,853 million, or 5.1%, and an improvement in financial services revenue of $202 million, or 15.1%. The increase in retail sales was due to positive same-store sales growth.

- Positively by 0.1% due to growth in revenue of 5.5% at Choice Properties. The increase of $70 million included revenue from the sale of residential inventory in the fourth quarter of 2023 of $26 million. Excluding the impact of the sale of residential inventory, revenue increased $44 million, or 3.5%, driven by higher rental rates, increased capital and operating recoveries, the impact of acquisitions and completed developments, and higher lease surrender revenue, partially offset by foregone rental revenue following the Office Asset Sale to Allied in the second quarter of 2022 and other dispositions completed in the current and prior year.

OPERATING INCOME

($ millions except where otherwise indicated) For the years ended as indicated	2023	2022	$ Change	% Change
Loblaw	**$ 3,696**	$ 3,334	$ 362	10.9%
Choice Properties	**$ 1,001**	$ 1,083	$ (82)	(7.6)%
Effect of consolidation	**$ (284)**	$ 159	$ (443)	(278.6)%
Publicly traded operating companies	**$ 4,413**	$ 4,576	$ (163)	(3.6)%
GWL Corporate	**$ (50)**	$ (23)	$ (27)	(117.4)%
Consolidated	**$ 4,363**	$ 4,553	$ (190)	(4.2)%

The Company's 2023 operating income was $4,363 million compared to $4,553 million in 2022, a decrease of $190 million, or 4.2%. The decrease was mainly attributable to the unfavourable year-over-year net impact of adjusting items totaling $469 million described below, partially offset by an improvement in underlying operating performance of $279 million.

The unfavourable year-over-year net impact of adjusting items totaling $469 million was primarily due to:

- the unfavourable year-over-year impact of the fair value adjustment of investment properties of $693 million driven by Choice Properties, net of the effect of consolidation; and
- the unfavourable year-over-year impact from the gains on the sale of non-operating properties of $37 million;

partially offset by,

- the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $184 million; and
- the favourable year-over-year impact of the charges related to the commodity tax matters at Loblaw of $87 million.

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated) For the years ended as indicated	2023	2022	$ Change	% Change
Loblaw	**$ 6,639**	$ 6,173	$ 466	7.5%
Choice Properties	**$ 940**	$ 897	$ 43	4.8%
Effect of consolidation	**$ (579)**	$ (503)	$ (76)	(15.1)%
Publicly traded operating companies	**$ 7,000**	$ 6,567	$ 433	6.6%
GWL Corporate	**$ (47)**	$ (16)	$ (31)	(193.8)%
Consolidated	**$ 6,953**	$ 6,551	$ 402	6.1%

The Company's 2023 adjusted EBITDA[1] was $6,953 million compared to $6,551 million in 2022, an increase of $402 million, or 6.1%. The increase was impacted by each of the Company's reportable operating segments as follows:

- positively by 7.1% due to an increase of 7.5% in adjusted EBITDA[1] at Loblaw driven by an increase in retail and an increase in financial services. The increase in Loblaw retail adjusted EBITDA[1] was driven by an increase in retail gross profit, partially offset by an increase in retail selling, general and administrative expenses ("SG&A"); and
- positively by 0.7% due to an increase of 4.8% in adjusted EBITDA[1] at Choice Properties, primarily driven by the growth in revenue described above, higher distribution income from the investment in real estate securities of Allied and income from the sale of residential inventory, partially offset by higher general and administrative expenses;

partially offset by,

- the impact of GWL Corporate, primarily due to the unfavourable year-over-year impact of the fair value adjustment on other investments.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated) For the years ended as indicated		2023		2022		$ Change	% Change
Loblaw	**$**	**2,906**	$	2,795	$	111	4.0%
Choice Properties	**$**	**3**	$	3	$	–	–%
Effect of consolidation	**$**	**(380)**	$	(395)	$	15	3.8%
Publicly traded operating companies	**$**	**2,529**	$	2,403	$	126	5.2%
GWL Corporate	**$**	**3**	$	4	$	(1)	(25.0)%
Consolidated	**$**	**2,532**	$	2,407	$	125	5.2%

Depreciation and amortization in 2023 was $2,532 million, an increase of $125 million compared to 2022. Depreciation and amortization in 2023 included $499 million (2022 – $497 million) of amortization of intangible assets related to the acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark Health Group ("Lifemark"), recorded by Loblaw. Excluding these amounts, depreciation and amortization increased by $123 million due to:

- an increase at Loblaw driven by an increase in depreciation of leased assets and information technology ("IT") assets, accelerated depreciation of $24 million as a result of network optimization and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets at Loblaw; and
- the unfavourable year-over-year effect of consolidation, driven by the prior year elimination of Loblaw's accelerated depreciation on certain IT assets, as these assets were classified as fixed assets on consolidation and continued to be depreciated by the Company.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES

($ millions except where otherwise indicated) For the years ended as indicated		2023		2022		$ Change	% Change
Net interest expense and other financing charges	**$**	**889**	$	913	$	(24)	(2.6)%
Add impact of the following:							
Fair value adjustment of the Trust Unit liability		**231**		98		133	135.7%
Recovery related to Glenhuron		**–**		11		(11)	(100.0)%
Adjusted net interest expense and other financing charges[(1)]	**$**	**1,120**	$	1,022	$	98	9.6%

Net interest expense and other financing charges in 2023 were $889 million, a decrease of $24 million compared to 2022. The decrease was due to the favourable year-over-year net impact of adjusting items totaling $122 million, itemized in the table above, partially offset by an increase in adjusted net interest expense and other financing charges[(1)] of $98 million. Included in the adjusting items in 2023 was the favourable year-over-year fair value adjustment of the Trust Unit liability of $133 million, as a result of the decrease in Choice Properties' unit price during 2023. 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)] in 2023 increased by $98 million, primarily driven by:
- an increase in interest expense on long-term debt at Loblaw and Choice Properties due to higher interest rates and a higher average balance compared to 2022;
- an increase in interest expense from borrowings related to credit card receivables at Loblaw;
- an increase in interest expense from lease liabilities at Loblaw, net of the effect of consolidation; and
- interest expense from post-employment and other long-term employee benefits compared to interest income in 2022;

partially offset by,
- an increase in interest income on certain short-term investments due to higher interest rates, and on mortgages and loans receivable at Choice Properties due to a higher average outstanding balance.

INCOME TAXES

($ millions except where otherwise indicated) For the years ended as indicated	2023	2022	$ Change	% Change
Income taxes	$ 849	$ 831	$ 18	2.2%
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes[i]	178	83	95	114.5%
Outside basis difference in certain Loblaw shares	(8)	(4)	(4)	(100.0)%
Remeasurement of deferred tax balances	–	46	(46)	(100.0)%
Recovery related to Glenhuron	–	33	(33)	(100.0)%
Adjusted income taxes[(1)]	$ 1,019	$ 989	$ 30	3.0%
Effective tax rate applicable to earnings before taxes	24.4%	22.8%		
Adjusted effective tax rate applicable to adjusted earnings before taxes[(1)]	26.8%	27.3%		

(i) See the adjusted EBITDA[(1)] table and the adjusted net interest expense and other financing charges[(1)] table included in Section 13, "Non-GAAP and Other Financial Measures", of this MD&A for a complete list of items excluded from adjusted earnings before taxes[(1)].

The effective tax rate in 2023 was 24.4%, compared to 22.8% in 2022. The increase was primarily attributable to the prior year remeasurement of deferred tax balances as a result of the Office Asset Sale, the recovery of income taxes related to Glenhuron Bank Limited ("Glenhuron") in 2022 and an increase in income tax expense related to the Company's participation in Loblaw's NCIB, partially offset by the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability and adjustments to certain tax provisions.

The adjusted effective tax rate[(1)] in 2023 was 26.8%, compared to 27.3% in 2022. The decrease was primarily attributable to adjustments to certain tax provisions and the non-taxable portion of the gain from real estate dispositions in the year, partially offset by an increase in current tax expense related to the Company's participation in Loblaw's NCIB.

1.2 Selected Annual Information

The selected information presented below has been derived from and should be read in conjunction with the annual consolidated financial statements of the Company dated December 31, 2023, 2022 and 2021 included within the 2023 and 2022 Annual Reports. The analysis of the data contained in the table focuses on the trends and significant events or items affecting the results of operations and financial condition of the Company over the latest three year period.

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

For the years ended December 31 ($ millions except where otherwise indicated)		2023		2022		2021
Revenue	$	60,124	$	57,048	$	53,748
Operating income	$	4,363	$	4,553	$	4,027
Adjusted EBITDA(1)	$	6,953	$	6,551	$	5,995
Adjusted EBITDA margin(1)		11.6%		11.5%		11.2%
Depreciation and amortization	$	2,532	$	2,407	$	2,307
Net interest expense and other financing charges	$	889	$	913	$	1,650
Adjusted net interest expense and other financing charges(1)	$	1,120	$	1,022	$	1,050
Income taxes	$	849	$	831	$	630
Adjusted income taxes(1)	$	1,019	$	989	$	851
Adjusted effective tax rate(1)		26.8%		27.3%		27.1%
Net earnings (loss)	$	2,625	$	2,803	$	1,425
Continuing operations	$	2,625	$	2,809	$	1,747
Discontinued operations(ii)	$	–	$	(6)	$	(322)
Net earnings attributable to shareholders of the Company	$	1,540	$	1,816	$	431
Loblaw(i)	$	1,102	$	1,007	$	982
Choice Properties	$	797	$	744	$	24
Effect of consolidation	$	(248)	$	127	$	(2)
Publicly traded operating companies	$	1,651	$	1,878	$	1,004
GWL Corporate	$	(155)	$	(100)	$	(295)
Net earnings available to common shareholders of the Company from continuing operations	$	1,496	$	1,778	$	709
Discontinued operations(ii)	$	–	$	(6)	$	(322)
Net earnings available to common shareholders of the Company	$	1,496	$	1,772	$	387
Net earnings (loss) per common share ($) - diluted	$	10.75	$	12.16	$	2.52
Continuing operations	$	10.75	$	12.20	$	4.66
Discontinued operations(ii)	$	–	$	(0.04)	$	(2.14)
Loblaw(i)	$	1,309	$	1,194	$	1,007
Choice Properties	$	409	$	384	$	385
Effect of consolidation	$	(104)	$	(52)	$	(34)
Publicly traded operating companies	$	1,614	$	1,526	$	1,358
GWL Corporate	$	(147)	$	(94)	$	(126)
Adjusted net earnings available to common shareholders of the Company(1) from continuing operations	$	1,467	$	1,432	$	1,232
Adjusted diluted net earnings per common share(1) from continuing operations	$	10.54	$	9.81	$	8.14
Dividends declared per share ($):						
Common shares	$	2.799	$	2.580	$	2.300
Preferred shares – Series I	$	1.45	$	1.45	$	1.45
Preferred shares – Series III	$	1.30	$	1.30	$	1.30
Preferred shares – Series IV	$	1.30	$	1.30	$	1.30
Preferred shares – Series V	$	1.1875	$	1.1875	$	1.1875
Total Assets and Long-Term Financial Liabilities						
Total assets	$	49,770	$	48,958	$	47,083
Total long-term debt	$	14,996	$	14,784	$	14,010
Financial liabilities		716		668		664
Lease liabilities		5,443		5,158		4,984
Trust Unit liability		3,881		4,112		4,209
Total long-term financial liabilities	$	25,036	$	24,722	$	23,867

(i) Contribution from Loblaw, net of non-controlling interests.

(ii) In 2021, the Company completed the sale of the Weston Foods bakery business. The Company's interest in Weston Foods was presented separately as discontinued operations in the Company's 2022 and 2021 results. Details are included in the Company's 2022 Annual Report available on the Company's website (www.weston.ca).

REVENUE The Company's reportable operating segments had the following sales trends over the last three years:

- Loblaw's retail sales have continued to grow despite the pressure of a highly competitive retail market, impacts of global economic uncertainties, and regulatory environment over the last three years. In 2021, COVID-19 continued to have a significant impact on Loblaw, continuing to accelerate some long-term trends, enabling Loblaw to advance its strategic growth areas of Everyday Digital Retail, Connected Healthcare and Payments and Rewards. In food retail, sales remained strong as eat-at-home trends remained elevated even in periods where social restrictions loosened. In drug retail, sales benefited from growth in pharmacy services as COVID-19 testing and vaccinations ramped up throughout the year. Higher margin front-store categories within drug retail, that had previously negatively impacted earnings, increased sales momentum as the economy opened up. In 2022, COVID-19 continued to impact Loblaw's retail sales through the first half of the year. Food retail benefited from elevated eat-at-home trends, and drug retail from strong cosmetics and over-the-counter ("OTC") product sales, as customers returned to pre-pandemic activities, while COVID-19 related testing and vaccines continued at elevated levels. Loblaw's retail sales growth in the second half of 2022 benefited from global inflationary pressures and reflected continued strength in cosmetics and OTC sales in drug retail. In 2023, amidst global inflationary pressures, consumers increased their focus on value, which benefited Loblaw's sales due to its strength in private label products, discount banners, and personalized promotions, including its *PC Optimum* loyalty program. In drug retail, strong cosmetics and OTC product sales continued, while pharmacy services demonstrated strong growth, partially off-setting a decline in COVID-19 related services.

  Loblaw's financial services revenue has continued to grow. In 2021, Loblaw's financial services benefited from an increase in customer spending and higher sales attributable to *The Mobile Shop* kiosks. In 2022, Loblaw's financial services continued to benefit from an increase in customer spending. Further, Loblaw's financial services benefited from growing credit card receivables in 2022 driven by growth in the active customer base. In 2023, Loblaw's financial services benefited from an increase in customer spending and higher sales attributable to *The Mobile Shop* kiosk and continued to benefit from growing credit card receivables driven by growth in the active customer base and an increase in customer spending.

- Choice Properties revenue increased in 2021 primarily due to the contribution from acquisition and development transfers completed in 2020 and 2021, partially offset by foregone revenue from dispositions and vacancies in select office assets. In 2022, Choice Properties revenue declined due to foregone revenue following the Office Asset Sale, partially offset by an increase in rental revenues from the retail and industrial portfolios driven by improved occupancy and higher rental rates and increased capital recoveries. In 2023, Choice Properties revenue increased due to higher rental rates in the retail and industrial portfolios, higher capital and operating recoveries, acquisitions and completed developments and higher lease surrender revenue, partially offset by foregone revenue following dispositions completed in 2023 and 2022 including the impact of the Office Asset Sale. The increase in Choice Properties revenue in 2023 included revenue from the sale of residential inventory.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS AND DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS

Net earnings available to common shareholders of the Company from continuing operations and diluted net earnings per common share from continuing operations for the last three years were impacted by certain adjusting items as described in Section 13, "Non-GAAP and Other Financial Measures", of this MD&A and by the underlying operating performance of each of the Company's reportable operating segments.

Over the last three years, the Company's underlying operating performance was impacted by the following:

- changes in the underlying operating performance of Loblaw due to:
  - changes in underlying operating performance of Loblaw retail due to COVID-19. Loblaw's financial results for 2023 and 2022 had higher revenue and cost of sales when compared to 2021;
  - cost savings and operating efficiencies and investments in and benefits from strategic initiatives; and
  - fluctuations in the performance of Loblaw's financial services driven by the impact of the increase in customer spending and growth in active customer base, the year-over-year movements of certain commodity taxes accrued, the expected credit loss provision, and operating costs.

- changes in the underlying operating performance of Choice Properties due to:
  - fluctuations in rental income from the favourable impact of contributions from acquisition and development transfers, the year-over-year improvement in rental income from the retail and industrial portfolios driven by improved occupancy in 2021, an increase in rental rates in 2022 and 2023, higher capital and operating recoveries and lease surrender revenue in 2023, and the unfavourable impact due to foregone rental income from vacancies in select office assets in 2021 and dispositions;
  - in 2022 and 2023, the underlying operating performance was impacted by the Office Asset Sale which resulted in the unfavourable impact of foregone rental income, partially offset by the favourable impact from distribution income from Choice Properties' investment in real estate securities of Allied; and
  - an increase in general and administrative expenses.

- the year-over-year impact of changes in the effect of consolidation as described in note 35, “Segment Information”, of the Company’s audited annual consolidated financial statements and the accompanying notes of this Annual Report.

- the year-over-year impact of changes in GWL Corporate due to:
  - the fair value adjustment on other investments; and
  - higher income tax expense as a result of GWL’s participation in Loblaw’s NCIB.

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

TOTAL ASSETS AND LONG-TERM FINANCIAL LIABILITIES

In 2023, total assets of $49,770 million increased by 1.7% compared to 2022. The increase was primarily driven by an increase in fixed assets, investments properties, right-of-use assets, credit card receivables and cash and cash equivalents. This was partially offset by a decrease in intangible assets and equity accounted joint ventures. Total long-term financial liabilities of $25,036 million increased by 1.3% compared to 2022 driven by an increase in lease liabilities and long-term debt due to an increase in guaranteed investment certificates (“GICs”) at Loblaw and the issuances of senior unsecured debentures at Choice Properties. The increase in long-term financial liabilities was partially offset by a decline in the Trust Unit liability due to a decrease in the unit price.

In 2022, total assets of $48,958 million increased by 4.0% compared to 2021. The increase was primarily driven by an increase in inventory, credit card receivables, goodwill and equity accounted joint ventures. This was partially offset by a decrease in cash and cash equivalents and short-term investments, and a decrease in income tax recoverable due to collection of income tax refunds from Glenhuron. Total long-term financial liabilities of $24,722 million increased by 3.6% compared to 2021 driven by higher long-term debt due to an increase in GICs at Loblaw and debt drawn on Choice Properties’ credit facility. The increase in long-term financial liabilities was partially offset by a decline in the Trust Unit liability due to a decrease in the unit price.

The Trust Unit liability is recognized at fair value on the consolidated balance sheets and fluctuates due to issuances and changes in the fair value of Choice Properties’ Trust Units. As at December 31, 2023, 277,198,557 Units were held by unitholders other than the Company (2022 – 277,109,734; 2021 – 276,927,432) and the Company held an approximate 61.7% (2022 – 61.7%; 2021 – 61.7%) effective ownership interest in Choice Properties.

1.3 Consolidated Other Business Matters

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

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
GWL's NCIB – purchased and cancelled[i]	**$ (165)**	$ (276)	**$ (1,001)**	$ (994)
GWL's participation in Loblaw's NCIB	**238**	49	**847**	558
GWL's credit facility repayment	**–**	–	**–**	(121)
Net cash flow from (used) in above activities	**$ 73**	$ (227)	**$ (154)**	$ (557)

(i) There were no net cash timing adjustments in the fourth quarter of 2023 (2022 – $6 million) and year-to-date (2022 – $6 million) of common shares repurchased under the NCIB for cancellation.

NCIB - Purchased and Cancelled Shares In the fourth quarter and year-to-date 2023, the Company purchased and cancelled 1.1 million shares (2022 – 1.7 million shares) for aggregate consideration of $165 million (2022 – $270 million) and 6.3 million shares (2022 – 6.4 million shares) for aggregate consideration of $1,001 million (2022 – $988 million), respectively, under its NCIB. As at December 31, 2023, the Company had 134.4 million shares issued and outstanding, net of shares held in trusts (December 31, 2022 – 140.6 million shares).

In the third quarter of 2023, the Toronto Stock Exchange ("TSX") accepted an amendment to the Company's NCIB to allow Wittington Investments, Limited ("Wittington"), the Company's controlling shareholder, to participate in the NCIB in a fixed proportion of 50% of Wittington's pro rata share of the issued and outstanding common shares of the Company.

In the fourth quarter of 2023, 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.

Participation in Loblaw's NCIB The Company participates in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. In the fourth quarter and year-to-date 2023, the Company received proceeds of $238 million (2022 – $49 million) and $847 million (2022 – $558 million), respectively, from the sale of Loblaw common shares.

2. Results of Reportable Operating Segments

The following discussion provides details of the 2023 results of operations of each of the Company's reportable operating segments.

2.1 Loblaw Operating Results

($ millions except where otherwise indicated) For the years ended as indicated		2023		2022		$ Change	% Change
Revenue	**$**	**59,529**	$	56,504	$	3,025	5.4%
Operating income	**$**	**3,696**	$	3,334	$	362	10.9%
Adjusted EBITDA[1]	**$**	**6,639**	$	6,173	$	466	7.5%
Adjusted EBITDA margin[1]		**11.2%**		10.9%			
Depreciation and amortization	**$**	**2,906**	$	2,795	$	111	4.0%

REVENUE Loblaw revenue in 2023 was $59,529 million, an increase of $3,025 million, or 5.4%, compared to 2022, driven by an increase in retail sales and in financial services revenue.

Retail sales were $58,345 million, an increase of $2,853 million, or 5.1%, compared to 2022. The increase was primarily driven by the following factors:

- food retail sales were $41,188 million (2022 – $39,398 million) and food retail same-store sales growth was 3.9% (2022 – 4.7%);
  - the Consumer Price Index ("CPI") as measured by The Consumer Price Index for Food Purchased from Stores was 7.8% (2022 – 9.7%), which was generally in line with Loblaw's internal food inflation; and
  - food retail traffic increased and basket size decreased.

- drug retail sales were $17,157 million (2022 – $16,094 million) and drug retail same-store sales growth was 5.4% (2022 – 6.9%);
  - pharmacy and healthcare services same-store sales growth was 6.8% (2022 – 5.7%). Pharmacy and healthcare services same-store sales growth benefited from the change in sales mix. The number of prescriptions dispensed increased by 0.6% (2022 – 2.5%). On a same-store basis, the number of prescriptions dispensed increased by 0.9% (2022 – 2.6%) and the average prescription value increased by 4.8% (2022 – 2.4%); and
  - front store same-store sales growth was 4.2% (2022 – 8.2%). Front store same-store sales growth benefited from higher consumer spending and economic re-opening.

In 2023, 23 food and drug stores were opened, and 12 food and drug stores were closed, and net retail square footage has remained constant at 71.2 million square feet.

Financial services revenue increased by $202 million, or 15.1%, compared to 2022. The increase was primarily driven by higher interest income from growth in credit card receivables, higher interchange income and other credit card related revenue due to an increase in customer spending and higher sales attributable to *The Mobile Shop.*

OPERATING INCOME Loblaw operating income in 2023 was $3,696 million, an increase of $362 million, or 10.9%, compared to 2022. The increase was driven by an improvement in underlying operating performance of $357 million, and the favourable year-over-year net impact of adjusting items totaling $5 million, as described below:

- the improvement in underlying operating performance of $357 million was primarily due to:
  - 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.

- the favourable year-over-year net impact of adjusting items totaling $5 million was primarily due to:
  - the favourable year-over-year impact of charges related to President's Choice Bank ("PC Bank") commodity tax matters of $87 million; and
  - the favourable year-over-year impact of prior year Lifemark transaction costs of $16 million;

  partially offset by,
  - the unfavourable year-over-year impact of the gains on sale of non-operating properties of $45 million;
  - the unfavourable year-over-year impact of fair value adjustments on fuel and foreign currency contracts of $21 million;
  - the unfavourable year-over-year impact of prior year restructuring and other related recoveries of $15 million; and
  - the unfavourable year-over-year impact of fair value adjustments on non-operating properties of $15 million.

ADJUSTED EBITDA[(1)] Loblaw adjusted EBITDA[(1)] in 2023 was $6,639 million, an increase of $466 million, or 7.5%, compared to 2022. The increase was driven by an increase in retail of $422 million, and an increase in financial services of $44 million.

Retail adjusted EBITDA[(1)] increased by $422 million compared to 2022, driven by an increase in retail gross profit of $918 million, partially offset by an increase in retail SG&A of $496 million.

- Retail gross profit percentage of 31.0% increased by 10 basis points compared to 2022, primarily driven by growth in higher margin drug retail front store categories and the scaling of the external freight business, partially offset by higher shrink.
- Retail SG&A as a percentage of sales was 20.1%, a favourable decrease of 10 basis points compared to 2022. The favourable decrease was primarily due to operating leverage from higher sales.

Financial services adjusted EBITDA[(1)] increased by $44 million compared to 2022, primarily driven by higher revenue as described above, lower operating costs, including benefits associated with the renewal of a long-term agreement with Mastercard and lower customer acquisition expenses, partially offset by higher contractual charge-offs and loyalty program costs from an increase in customer spending and growth in the credit card portfolio, and the year-over-year impact of the expected credit loss provision from the prior year increase of $1 million versus the current year increase of $50 million.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in 2023 was $2,906 million, an increase of $111 million compared to 2022. The increase in depreciation and amortization was primarily driven by an increase in depreciation of leased assets and IT assets, accelerated depreciation of $24 million as a result of network optimization and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets. Depreciation and amortization in 2023 included $499 million (2022 – $497 million) of amortization of intangible assets related to the acquisition of Shoppers Drug Mart and Lifemark.

CONSOLIDATION OF FRANCHISES Loblaw has more than 500 franchise food retail stores in its network. Non-controlling interests at Loblaw represents the share of earnings that relates to Loblaw's food retail franchisees 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 $87 million in 2023. When compared to 2022, this represented an increase of $14 million or 19.2%. The increase in non-controlling interests at Loblaw was primarily driven by an increase in franchisee earnings after profit sharing.

LOBLAW OTHER BUSINESS MATTERS

Network Optimization During the fourth quarter of 2023 and on a full-year basis, Loblaw recorded charges of $25 million and $70 million associated with network optimization, respectively. Included in the charges was accelerated depreciation of $7 million and $24 million, as described above, and other charges. Loblaw finalized plans for 2024 that are expected to result in the conversion of 30 Provigo stores to Maxi discount stores in Quebec. Charges associated with store conversions will be recorded as incurred and are expected to include equipment, severance, lease related and other costs and will not be considered an adjusting item.

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

In July 2022, the Tax Court of Canada ("Tax Court") released a decision relating to PC Bank. Although Loblaw believes in the merits of its position, Loblaw recorded a charge of $111 million, inclusive of interest, in the second quarter of 2022. In September 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal. Subsequent to December 30, 2023, the Federal Court of Appeal scheduled the hearing of the appeal for March 6, 2024. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

2.2 Choice Properties Operating Results

($ millions except where otherwise indicated) For the years ended as indicated	2023	2022	$ Change	% Change
Revenue	**$ 1,335**	$ 1,265	$ 70	5.5%
Net interest expense and other financing charges	**$ 204**	$ 339	$ (135)	(39.8)%
Net income	**$ 797**	$ 744	$ 53	7.1%
Funds from Operations(1)	**$ 726**	$ 698	$ 28	4.0%

REVENUE Choice Properties revenue in 2023 was $1,335 million, an increase of $70 million, or 5.5%, compared to 2022 and included revenue from the sale of residential inventory in the fourth quarter of 2023 of $26 million and revenue of $748 million (2022 – $728 million) generated from tenants within Loblaw.

Excluding the impact of the sale of residential inventory, revenue was $1,309 million, an increase of $44 million, or 3.5%, compared to 2022, driven by:

- higher rental rates primarily in the retail and industrial portfolios;
- higher capital and operating recoveries;
- acquisitions and completed developments; and
- higher lease surrender revenue;

partially offset by,

- foregone rental revenue following the Office Asset Sale to Allied in the second quarter of 2022 and other dispositions completed in the current and prior year.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES Choice Properties net interest expense and other financing charges in 2023 were $204 million compared to $339 million in 2022. The decrease of $135 million was primarily driven by:

- the favourable year-over-year impact of the fair value adjustment on the Exchangeable Units of $151 million as a result of the decrease in Choice Properties' unit price;
- an increase in interest income due to a higher average outstanding balance on mortgages and loans receivable; and
- an increase in interest income earned from financial real estate assets;

partially offset by,

- an increase in interest expense on long-term debt due to higher interest rates and a higher average balance compared to 2022.

NET INCOME Choice Properties recorded net income of $797 million in 2023, compared to $744 million in 2022. The increase of $53 million was primarily driven by:

- the favourable year-over-year change of the fair value adjustment on investment in real estate securities of $184 million as a result of a decrease in Allied's unit price;
- lower net interest expense and other financing charges as described above; and
- an increase in revenue as described above;

partially offset by,

- the unfavourable year-over-year change of the fair value adjustment of investment properties, including those held within equity accounted joint ventures, of $314 million as a result of lower fair value gains recognized in the current year.

FUNDS FROM OPERATIONS(1) Funds from Operations(1) in 2023 were $726 million, an increase of $28 million compared to 2022. The increase was primarily due to an increase in rental income, an increase in investment income as a result of the special distribution from Allied, income from the sale of residential inventory and an increase in interest income. This was partially offset by increases in interest expense and general and administrative expenses and the impact of the Office Asset Sale. The impact of the Office Asset Sale includes foregone rental income, partially offset by the distributions from Choice Properties' investment in real estate securities of Allied and interest income from the consideration received in exchange for assets sold.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

Subsequent Events On February 8, 2024, Choice Properties paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the $200 million aggregate principal amount of the Series D senior unsecured debentures outstanding. The repayment of the Series D senior unsecured debentures was funded by proceeds received from the repayment of the Allied promissory note.

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

3. Liquidity and Capital Resources

3.1 Cash Flows

The following Cash Flow components are inclusive of continuing and discontinued operations.

($ millions) For the years ended as indicated	2023	2022[i]	$ Change
Cash and cash equivalents, beginning of year	**$ 2,313**	$ 2,984	$ (671)
Cash flows from operating activities	**$ 5,851**	$ 4,912	$ 939
Cash flows used in investing activities	**$ (1,666)**	$ (2,580)	$ 914
Cash flows used in financing activities	**$ (4,049)**	$ (3,006)	$ (1,043)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 2**	$ 3	$ (1)
Cash and cash equivalents, end of year	**$ 2,451**	$ 2,313	$ 138

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

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $5,851 million in 2023, an increase of $939 million compared to 2022. The increase in cash flows from operating activities was primarily driven by higher cash earnings and a favourable year-over-year change in non-cash working capital, partially offset by the unfavourable year-over-year change of income taxes paid due to the prior year recovery of cash taxes related to Glenhuron. Cash flows from operating activities also increased as credit card receivables increased year-over-year at a rate lower than prior year.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were $1,666 million in 2023, a decrease of $914 million compared to 2022. The decrease in cash flows used in investing activities was primarily driven by Loblaw's acquisition of Lifemark in 2022, higher repayments of mortgages, loans and notes receivable in the current year and an increase in proceeds from disposal of assets, partially offset by an increase in capital investments.

The following table summarizes the Company's capital investments:

($ millions) For the years ended as indicated	2023	2022[i]
Loblaw	**$ 2,109**	$ 1,571
Choice Properties	**459**	335
Effect of consolidation	**(191)**	(42)
Publicly traded operating companies	**$ 2,377**	$ 1,864
GWL Corporate	**2**	1
Total capital investments[ii]	**$ 2,379**	$ 1,865

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

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $4,049 million in 2023, an increase of $1,043 million compared to 2022. The increase in cash flows used in financing activities was primarily driven by higher issuance of long-term debt net of repayments in the prior year, higher repurchases of Loblaw common shares in the current year and higher issuance of short-term debt in the prior year.

The Company's significant long-term debt transactions are set out in Section 3.3, "Components of Total Debt".

FREE CASH FLOW[1]

($ millions) For the years ended as indicated		2023		2022[i]		$ Change
Cash flows from operating activities	**$**	**5,851**	$	4,912	$	939
Less: Interest paid		**918**		818		100
Capital investments[ii]		**2,379**		1,865		514
Lease payments, net		**848**		749		99
Free cash flow[1]	**$**	**1,706**	$	1,480	$	226

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

Free cash flow[1] in 2023 was $1,706 million, an increase of $226 million compared to 2022. The increase in free cash flow[1] was primarily driven by higher cash earnings and a favourable change in non-cash working capital, partially offset by an increase in capital investments and the unfavourable year-over-year change of income taxes paid due to the prior year recovery of cash taxes related to Glenhuron. Free cash flow[1] also increased as credit card receivables increased year-over-year at a rate lower than prior year.

3.2 Liquidity

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

Loblaw expects that cash and cash equivalents, short-term investments, future operating cash flows and the amounts available to be drawn against committed credit facilities will enable it to finance its capital investment program and fund its ongoing business requirements over the next 12 months, including working capital, pension plan funding requirements and financial obligations. PC Bank expects to obtain long-term financing for its credit card portfolio through the issuance of *Eagle Credit Card Trust*® *("Eagle")* notes and 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 at									
					Dec. 31, 2023					Dec. 31, 2022
($ millions)	**Loblaw**	**Choice Properties**	**Effect of consolidation**	**GWL Corporate**	**Total**	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Total
Bank indebtedness	**$ 13**	**$ –**	**$ –**	**$ –**	**$ 13**	$ 8	$ –	$ –	$ –	$ 8
Demand deposits from customers	**166**	**–**	**–**	**–**	**166**	125	–	–	–	125
Short-term debt(i)	**850**	**–**	**–**	**–**	**850**	700	–	–	–	700
Long-term debt due within one year	**1,191**	**964**	**–**	**200**	**2,355**	727	656	–	–	1,383
Long-term debt	**6,661**	**5,731**	**–**	**249**	**12,641**	7,056	5,896	–	449	13,401
Certain other liabilities(ii)	**280**	**–**	**520**	**–**	**800**	153	–	595	–	748
Total debt excluding lease liabilities	**$ 9,161**	**$ 6,695**	**$ 520**	**$ 449**	**$ 16,825**	$ 8,769	$ 6,552	$ 595	$ 449	$ 16,365
Lease liabilities due within one year	**$ 1,455**	**$ –**	**$ (575)**	**$ –**	**$ 880**	$ 1,401	$ 2	$ (570)	$ 2	$ 835
Lease liabilities	**$ 8,003**	**$ 1**	**$ (3,444)**	**$ 3**	**$ 4,563**	$ 7,714	$ 2	$ (3,398)	$ 5	$ 4,323
Total debt including total lease liabilities	**$ 18,619**	**$ 6,696**	**$ (3,499)**	**$ 452**	**$ 22,268**	$ 17,884	$ 6,556	$ (3,373)	$ 456	$ 21,523

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

(ii) Certain other liabilities include financial liabilities of $716 million related to the sale and leaseback of retail and industrial properties (December 31, 2022 – $668 million) (see note 23, "Other Liabilities" of the Company's consolidated financial statements).

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 $452 million (December 31, 2022 – $456 million) and cash and cash equivalents and short-term investments of $719 million (December 31, 2022 – $818 million), resulting in a net cash position of $267 million (December 31, 2022 – net cash of $362 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 adjusted EBITDA[1] ratio decreased compared to 2022 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 year end 2023 and throughout the year, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

As at year end 2023 and throughout the year, PC Bank and Choice Properties met all applicable regulatory requirements.

3.3 Components of Total Debt

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

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

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

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

(i) Loblaw senior unsecured debenture was redeemed on September 21, 2022.
(ii) Choice Properties senior unsecured Series 10 debenture was redeemed on June 26, 2022.

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

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

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

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

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

Choice Properties Choice Properties has a $1.5 billion senior unsecured committed revolving credit facility maturing September 1, 2028, provided by a syndicate of lenders. During 2023, Choice Properties extended the maturity date for the credit facility from September 1, 2027 to September 1, 2028. As at December 31, 2023, no amounts (December 31, 2022 – $260 million) were drawn under the facility.

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

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

	As at	
($ millions)	**Dec. 31, 2023**	Dec. 31, 2022
Securitized to independent securitization trusts:		
Securitized to *Eagle Credit Card Trust* ®	**$ 1,350**	$ 1,350
Securitized to Other Independent Securitization Trusts	**850**	700
Total securitized to independent securitization trusts	**$ 2,200**	$ 2,050

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at year end 2023 and throughout the year.

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

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

INDEPENDENT FUNDING TRUSTS As at year end 2023, the independent funding trusts had drawn $558 million (2022 – $574 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts. Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts. As at year end 2023, Loblaw has agreed to provide a credit enhancement of $64 million (2022 – $64 million) for the benefit of the independent funding trusts representing not less than 10% (2022 – not less than 10%) of the principal amount of loans outstanding.

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

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

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

As at year end 2023, $541 million in GICs were recorded as long-term debt due within one year (2022 – $477 million).

GWL CORPORATE DEBT The following table summarizes the debt in GWL Corporate:

		As at	
($ millions)	Maturity Date	Dec. 31, 2023	Dec. 31, 2022
Debentures	2024 - 2033	**$ 450**	$ 450
George Weston credit facility	2026	**–**	–
Transaction costs and other	n/a	**(1)**	(1)
GWL Corporate debt		**$ 449**	$ 449

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

3.4 Financial Condition

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Adjusted return on average equity attributable to common shareholders of the Company[1]	**24.7%**	23.5%
Adjusted return on capital[1]	**14.0%**	13.8%

The adjusted return on average equity attributable to common shareholders of the Company[1] increased as at year end 2023 compared to 2022, primarily due to an improvement in the Company's consolidated underlying performance and a decrease in average equity attributable to common shareholders of the Company[1].

The adjusted return on capital[1] increased as at year end 2023 compared to 2022, primarily due to an improvement in the Company's consolidated underlying performance, partially offset by an increase in average capital[1].

3.5 Credit Ratings

During 2023, S&P Global Ratings ("S&P") confirmed the following ratings and outlooks, and Dominion Bond Rating Service Morningstar ("DBRS") confirmed the following ratings and trends.

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
Preferred shares	Pfd-3	Stable	P-3 (high)	n/a

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
Second Preferred shares, Series B	Pfd-3 (high)	Stable	P-3 (high)	n/a

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

3.6 Share Capital

OUTSTANDING SHARE CAPITAL AND CAPITAL SECURITIES GWL's outstanding share capital is comprised of common shares and preferred shares. The following table details the authorized and outstanding common shares and preferred shares as at December 31, 2023:

(number of common shares)		Authorized	Outstanding
Common shares		Unlimited	134,546,581
Preferred shares	– Series I	10,000,000	9,400,000
	– Series II	10,600,000	–
	– Series III	10,000,000	8,000,000
	– Series IV	8,000,000	8,000,000
	– Series V	8,000,000	8,000,000

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

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

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

PREFERRED SHARE CAPITAL GWL may, at its option, redeem for cash, in whole or in part, the preferred shares Series I, Series III, Series IV and Series V outstanding on or after the redemption dates specified by the terms of each series of preferred shares. GWL may, at any time after issuance, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

Management’s Discussion and Analysis

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

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

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

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

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

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

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 CRA.

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

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

(i) In 2023, there were no net cash timing adjustments (2022 – $6 million) of common shares repurchased under the NCIB for cancellation.
(ii) Includes $124 million (2022 – $133 million) related to the ASPP, as described below.
(iii) Includes $16 million (2022 – $17 million) related to the ASPP, as described below.

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

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

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

From time to time, the Company participates in an ASPP with a broker in order to facilitate the purchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at December 31, 2023, an obligation to repurchase shares of $140 million was recognized under the ASPP in trade payables and other liabilities.

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

3.7 Off-Balance Sheet Arrangements

The following is a summary of the Company's off-balance sheet arrangements. Certain significant arrangements have also been discussed in Section 3.3, "Components of Total Debt".

LETTERS OF CREDIT Standby and documentary letters of credit are used in connection with certain obligations mainly related to real estate transactions, benefit programs, purchase orders and other performance guarantees, surety bond, securitization of PC Bank's credit card receivables, letters of credit and third-party financing made available to Loblaw's franchisees. As at year end 2023, the aggregate gross potential liability related to the Company's letters of credit was approximately $557 million (2022 – $556 million).

GUARANTEES In addition to the letters of credit mentioned above, the Company has entered into various guarantee arrangements including obligations to indemnify third parties in connection with leases and other transactions in the normal course of the Company's business. Additionally, Loblaw has provided a guarantee on behalf of PC Bank to Mastercard International Incorporated ("Mastercard") for accepting PC Bank as a card member and licensee of Mastercard. As at year end 2023, the guarantee on behalf of PC Bank to Mastercard was U.S. dollars $190 million (2022 – U.S. dollars $190 million).

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

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

3.8 Contractual Obligations

The following table summarizes certain of the Company's significant contractual obligations and other obligations as at year end 2023:

SUMMARY OF CONTRACTUAL OBLIGATIONS

	Payments due by year						
($ millions)	2024	2025	2026	2027	2028	Thereafter	Total
Total debt (including interest payments)(i)	$ 3,757	$ 2,410	$ 1,497	$ 1,701	$ 2,340	$ 9,080	$ 20,785
Foreign exchange forward contracts	498	–	–	–	–	–	498
Financial liabilities(ii)	54	60	54	52	45	168	433
Lease obligations	897	882	703	603	462	2,043	5,590
Contracts for purchases of real property and capital investment projects(iii)	749	135	67	157	40	7	1,155
Purchase obligations(iv)	886	626	577	39	1	1	2,130
Total contractual obligations	$ 6,841	$ 4,113	$ 2,898	$ 2,552	$ 2,888	$ 11,299	$ 30,591

(i) Includes short-term debt, bank indebtedness, demand deposits and Loblaw's certain other liabilities. Total debt also includes fixed interest payments on long-term debt which are based on the maturing face values and annual interest for each instrument, including GICs, long term independent securitization trusts and an independent funding trust, as well as annual payment obligations for consolidated structured entities and mortgages. Variable interest payments are based on the forward rates as at year end 2023.

(ii) Represents the contractual payments that Loblaw is committed to related to properties disposed of to third parties.

(iii) Includes agreements for the purchase of equipment, real property and capital commitments for construction, expansion and renovation of buildings. These agreements may contain conditions that may or may not be satisfied. If the conditions are not satisfied, it is possible the Company will no longer have the obligation to proceed with the underlying transactions.

(iv) Includes contractual obligations of a material amount to purchase goods or services where the contract prescribes fixed or minimum volumes to be purchased or payments to be made within a fixed period of time for a set or variable price. These are only estimates of anticipated financial commitments under these arrangements and the amount of actual payments will vary. The purchase obligations do not include purchase orders issued or agreements made in the ordinary course of business which are solely for goods that are meant for resale, nor do they include any contracts which may be terminated on relatively short notice or with relatively insignificant cost or liability to the Company.

As at year end 2023, the Company had additional long-term liabilities which included post-employment and other long-term employee benefit plan liabilities, deferred vendor allowances, deferred income tax liabilities, Trust Unit liability and provisions, including insurance liabilities. These long-term liabilities have not been included in the table above as the timing and amount of future payments are uncertain.

Management's Discussion and Analysis

4. Quarterly Results of Operations

4.1 Quarterly Financial Information

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. Each of the years ended December 31, 2023 and December 31, 2022 contained 52 weeks. 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 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.

					2023					2022
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Total**	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
($ millions except where otherwise indicated)	(12 weeks)	(12 weeks)	(16 weeks)	(12 weeks)	(52 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(12 weeks)	(52 weeks)
Revenue	**$ 13,133**	**$ 13,884**	**$ 18,407**	**$ 14,700**	**$ 60,124**	$ 12,407	$ 12,979	$ 17,520	$ 14,142	$ 57,048
Operating income	**$ 957**	**$ 1,099**	**$ 1,231**	**$ 1,076**	**$ 4,363**	$ 1,166	$ 649	$ 1,474	$ 1,264	$ 4,553
Adjusted EBITDA[1]	**$ 1,507**	**$ 1,733**	**$ 2,019**	**$ 1,694**	**$ 6,953**	$ 1,422	$ 1,588	$ 1,951	$ 1,590	$ 6,551
Depreciation and amortization	**$ 582**	**$ 585**	**$ 763**	**$ 602**	**$ 2,532**	$ 549	$ 552	$ 729	$ 577	$ 2,407
Net earnings from continuing operations	**$ 652**	**$ 782**	**$ 944**	**$ 247**	**$ 2,625**	$ 615	$ 874	$ 1,185	$ 135	$ 2,809
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**$ 436**	**$ 508**	**$ 624**	**$ (28)**	**$ 1,540**	$ 373	$ 650	$ 903	$ (104)	$ 1,822
Loblaw[(i)]	**$ 221**	**$ 267**	**$ 329**	**$ 285**	**$ 1,102**	$ 231	$ 204	$ 293	$ 279	$ 1,007
Choice Properties	**$ 271**	**$ 536**	**$ 435**	**$ (445)**	**$ 797**	$ 387	$ (12)	$ 948	$ (579)	$ 744
Effect of consolidation	**$ 3**	**$ (252)**	**$ (141)**	**$ 142**	**$ (248)**	$ (194)	$ 474	$ (333)	$ 180	$ 127
Publicly traded operating companies	**$ 495**	**$ 551**	**$ 623**	**$ (18)**	**$ 1,651**	$ 424	$ 666	$ 908	$ (120)	$ 1,878
GWL Corporate	**$ (69)**	**$ (53)**	**$ (13)**	**$ (20)**	**$ (155)**	$ (61)	$ (26)	$ (19)	$ 6	$ (100)
Net earnings (loss) available to common shareholders of the Company from continuing operations	**$ 426**	**$ 498**	**$ 610**	**$ (38)**	**$ 1,496**	$ 363	$ 640	$ 889	$ (114)	$ 1,778
Discontinued operations[(ii)]	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	$ –	$ (6)	$ –	$ –	$ (6)
Net earnings (loss) available to common shareholders of the Company	**$ 426**	**$ 498**	**$ 610**	**$ (38)**	**$ 1,496**	$ 363	$ 634	$ 889	$ (114)	$ 1,772
Net earnings (loss) per common share ($) - basic	**$ 3.04**	**$ 3.59**	**$ 4.46**	**$ (0.28)**	**$ 10.88**	$ 2.47	$ 4.35	$ 6.20	$ (0.81)	$ 12.29
Continuing operations	**$ 3.04**	**$ 3.59**	**$ 4.46**	**$ (0.28)**	**$ 10.88**	$ 2.47	$ 4.39	$ 6.20	$ (0.81)	$ 12.33
Discontinued operations[(ii)]	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	$ –	$ (0.04)	$ –	$ –	$ (0.04)
Net earnings (loss) per common share ($) - diluted	**$ 3.01**	**$ 3.55**	**$ 4.41**	**$ (0.30)**	**$ 10.75**	$ 2.45	$ 4.32	$ 6.14	$ (0.83)	$ 12.16
Continuing operations	**$ 3.01**	**$ 3.55**	**$ 4.41**	**$ (0.30)**	**$ 10.75**	$ 2.45	$ 4.36	$ 6.14	$ (0.83)	$ 12.20
Discontinued operations[(ii)]	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	$ –	$ (0.04)	$ –	$ –	$ (0.04)
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**$ 1.99**	**$ 2.68**	**$ 3.36**	**$ 2.51**	**$ 10.54**	$ 1.90	$ 2.23	$ 3.12	$ 2.59	$ 9.81

(i) Contribution from Loblaw, net of non-controlling interests.

(ii) In 2021, the Company completed the sale of the Weston Foods bakery business. The Company's interest in Weston Foods was presented separately as discontinued operations in the Company's 2022 results. Details are included in the Company's 2022 Annual Report available on the Company's website (www.weston.ca).

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

- Loblaw's revenue was impacted by various factors including the following:
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays;
  - macro-economic conditions impacting food and drug retail prices;
  - COVID-19 pandemic related impacts; and
  - changes in net retail square footage. Over the past eight quarters, net retail square footage has remained constant at 71.2 million square feet.

- Choice Properties revenue was impacted by the following:
  - foregone revenue from dispositions;
  - increased capital and operating recoveries;
  - higher rental rates in the retail and industrial portfolio;
  - contribution from acquisitions and development transfers;
  - an increase in lease surrender revenue; and
  - the sale of residential inventory.

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 13.1, "Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation", of this MD&A.

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

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

- change in Choice Properties' underlying operating performance was driven by:
  - changes in revenue as described above;
  - the impact of the Office Asset Sale in the second quarter of 2022 which resulted in the unfavourable impact of foregone rental income, partially offset by the favourable impact from distribution income from Choice Properties' investment in real estate securities of Allied; and
  - an increase in general and administrative expenses.

- the year-over-year impact of changes in the effect of consolidation as described in note 35, "Segment Information", of the Company's audited annual consolidated financial statements and the accompanying notes of this Annual Report.

- the year-over-year impact of changes in GWL Corporate due to:
  - the fair value adjustment on other investments; and
  - higher income tax expense as a result of GWL's participation in Loblaw's NCIB.

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

4.2 Fourth Quarter Results

Loblaw delivered another quarter of strong operational and financial results as it maintained its focus on retail excellence. Loblaw's value proposition, private label brands, and personalized PC Optimum™ offers continued to resonate with customers seeking quality and value. This resulted in traffic growth and continued market share momentum in food retail. Loblaw recorded an internal food inflation lower than Canada's food CPI again this quarter, demonstrating the impact of its continuing investments in value. Additionally, Loblaw opened 8 more Maxi and No Frills discount stores in the fourth quarter. Drug retail sales reflected continued strength in front store beauty products, and strong sales of cough and cold medications. Canadians reacted very positively to the convenience and level of care offered across Loblaw's 74 new pharmacy-based clinics, resulting in strong growth of new pharmacist led healthcare services. Operational excellence across Loblaw's businesses supported sales growth, provided sequential shrink improvements, and continued Loblaw's focused cost discipline, to drive earnings growth. Loblaw's strategy, unique assets, and dedicated colleagues position it well to best serve the needs of Canadians today and in the future.

Choice Properties delivered strong financial and operational performance for the quarter, reflecting the strength and resilience of its grocery-anchored and necessity-based retail portfolio and demand for its well-located industrial assets. In 2023, Choice Properties continued to execute on its strategic priorities, further improving the quality of its portfolio by completing over $600 million of real estate transactions and by delivering over $425 million of development projects, adding 1.8 million square feet of new commercial retail and industrial space and a new purpose-built residential rental building to its portfolio. Supported by stable and growing cash flows and a solid financial position, Choice Properties announced another annual distribution increase for unitholders.

The Company operates through its two reportable operating segments: Loblaw and Choice Properties, each of which are publicly traded entities. As such, the Company's financial statements reflect and are impacted by the consolidation of Loblaw and Choice Properties. The consolidation of these entities into the Company's financial statements reflect the impact of eliminations, intersegment adjustments and other consolidation adjustments, which can positively or negatively impact the Company's consolidated results. Additionally, cash and short-term investments and other investments held by the Company, and all other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in GWL Corporate. To help our investors and stakeholders understand the Company's financial statements and the effect of consolidation, the Company reports its results in a manner that differentiates between the Loblaw segment, the Choice Properties segment, the effect of consolidation of Loblaw and Choice Properties, and lastly, GWL Corporate.

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

The Company's results reflect the year-over-year impact of the fair value adjustment of Trust Unit liability.

	Quarters Ended			
($ millions except where otherwise indicated)	Dec. 31, 2023	Dec. 31, 2022	$ Change	% Change
Revenue	**$ 14,700**	**$ 14,142**	**$ 558**	**3.9%**
Operating income	**$ 1,076**	**$ 1,264**	**$ (188)**	**(14.9)%**
Adjusted EBITDA[1]	**$ 1,694**	$ 1,590	$ 104	6.5%
Adjusted EBITDA margin[1]	**11.5%**	11.2%		
Depreciation and amortization	**$ 602**	**$ 577**	**$ 25**	**4.3%**
Net interest expense and other financing charges	**$ 660**	**$ 916**	**$ (256)**	**(27.9)%**
Adjusted net interest expense and other financing charges[1]	**$ 278**	$ 254	$ 24	9.4%
Income taxes	**$ 169**	**$ 213**	**$ (44)**	**(20.7)%**
Adjusted income taxes[1]	**$ 260**	$ 235	$ 25	10.6%
Adjusted effective tax rate[1]	**28.0%**	26.9%		
Net loss attributable to shareholders of the Company from continuing operations	**$ (28)**	**$ (104)**	**$ 76**	**73.1%**
Loblaw[(i)]	**$ 285**	$ 279	$ 6	2.2%
Choice Properties	**$ (445)**	$ (579)	$ 134	23.1%
Effect of consolidation	**$ 142**	$ 180	$ (38)	(21.1)%
Publicly traded operating companies	**$ (18)**	$ (120)	$ 102	85.0%
GWL Corporate	**$ (20)**	$ 6	$ (26)	(433.3)%
Net loss available to common shareholders of the Company from continuing operations	**$ (38)**	**$ (114)**	**$ 76**	**66.7%**
Diluted net loss per common share from continuing operations ($)	**$ (0.30)**	**$ (0.83)**	**$ 0.53**	**63.9%**
Loblaw[(i)]	**$ 332**	$ 304	$ 28	9.2%
Choice Properties	**$ 103**	$ 92	$ 11	12.0%
Effect of consolidation	**$ (57)**	$ (36)	$ (21)	(58.3)%
Publicly traded operating companies	**$ 378**	$ 360	$ 18	5.0%
GWL Corporate	**$ (36)**	$ 9	$ (45)	(500.0)%
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$ 342**	$ 369	$ (27)	(7.3)%
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**$ 2.51**	$ 2.59	$ (0.08)	(3.1)%
Dividends declared per share ($):				
Common shares	**$ 0.713**	$ 0.660		
Preferred shares – Series I	**$ 0.3625**	$ 0.3625		
Preferred shares – Series III	**$ 0.3250**	$ 0.3250		
Preferred shares – Series IV	**$ 0.3250**	$ 0.3250		
Preferred shares – Series V	**$ 0.296875**	$ 0.296875		

(i) Contribution from Loblaw, net of non-controlling interests.

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

In the fourth quarter of 2023, net loss available to common shareholders of the Company from continuing operations was $38 million ($0.30 per common share), compared to net loss available to common shareholders of the Company from continuing operations of $114 million ($0.83 per common share) in the same period of 2022, an improvement of $76 million ($0.53 per common share).

The adjusting items in the fourth quarter of 2023 had a favourable year-over-year net impact on net loss available to common shareholders of the Company from continuing operations totaling $103 million ($0.61 per common share), primarily due to:

- the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $280 million ($1.86 per common share) as a result of the increase in Choice Properties' unit price; and
- the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $43 million ($0.32 per common share) as a result of the increase in Allied's unit price;

partially offset by,

- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $218 million ($1.55 per common share) driven by Choice Properties, net of the effect of consolidation.

Adjusted net earnings available to common shareholders of the Company[1] from continuing operations in the fourth quarter of 2023 were $342 million, a decrease of $27 million, or 7.3%, compared to the same period in 2022. The decrease was driven by:

- the unfavourable year-over-year impact of $45 million at GWL Corporate primarily due to the unfavourable year-over-year impact of the fair value adjustment on other investments and an increase in income tax expense as a result of GWL's participation in Loblaw's NCIB program and lapping certain recoveries realized for prior taxation periods;

partially offset by

- the favourable year-over-year impact of $18 million from the contribution of the publicly traded operating companies.

Adjusted diluted net earnings per common share[1] from continuing operations were $2.51 per common share in the fourth quarter of 2023, a decrease of $0.08 per common share, or 3.1%, compared to the same period in 2022. The decrease was due to the performance in adjusted net earnings available to common shareholders[1] from continuing operations as described above, partially offset by the favourable impact of shares purchased for cancellation over the last 12 months ($0.11 per common share) pursuant to the Company's NCIB.

REVENUE

	Quarters Ended			
($ millions except where otherwise indicated)	**Dec. 31, 2023**	Dec. 31, 2022	$ Change	% Change
Loblaw	**$ 14,531**	$ 14,007	$ 524	3.7%
Choice Properties	**$ 355**	$ 315	$ 40	12.7%
Effect of consolidation	**$ (186)**	$ (180)	$ (6)	(3.3)%
Publicly traded operating companies	**$ 14,700**	$ 14,142	$ 558	3.9%
GWL Corporate	**$ –**	$ –		
Consolidated	**$ 14,700**	$ 14,142	$ 558	3.9%

Revenue in the fourth quarter of 2023 was $14,700 million, an increase of $558 million, or 3.9%, compared to the same period in 2022. The increase in revenue was impacted by each of its reportable operating segments as follows:

- Positively by 3.7% due to revenue growth of 3.7% at Loblaw, primarily driven by an increase in retail sales of $463 million, or 3.4%, and an improvement in financial services revenue of $70 million. The increase in retail sales was due to positive same-store sales growth.

- Positively by 0.3% due to revenue growth of 12.7% at Choice Properties. The increase of $40 million included revenue from the sale of residential inventory in the fourth quarter of 2023 of $26 million. Excluding the impact of the sale of residential inventory, revenue increased $14 million, or 4.4%, driven by higher rental rates, increased capital and operating recoveries and the impact of acquisitions and completed developments.

OPERATING INCOME

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2023	Dec. 31, 2022	$ Change	% Change
Loblaw	**$ 941**	$ 869	$ 72	8.3%
Choice Properties	**$ 191**	$ 404	$ (213)	(52.7)%
Effect of consolidation	**$ (45)**	$ (16)	$ (29)	(181.3)%
Publicly traded operating companies	**$ 1,087**	$ 1,257	$ (170)	(13.5)%
GWL Corporate	**$ (11)**	$ 7	$ (18)	(257.1)%
Consolidated	**$ 1,076**	$ 1,264	$ (188)	(14.9)%

Operating income in the fourth quarter of 2023 was $1,076 million compared to $1,264 million in the same period in 2022, a decrease of $188 million, or 14.9%. The decrease was mainly attributable to the unfavourable year-over-year net impact of adjusting items totaling $267 million described below, partially offset by an improvement in underlying operating performance of $79 million.

- the unfavourable year-over-year net impact of adjusting items totaling $267 million was primarily due to:
  - the unfavourable year-over-year impact of the fair value adjustment of investment properties of $260 million driven by Choice Properties, net of the effect of consolidation; and
  - the unfavourable year-over-year impact from the gains on the sale of non-operating properties of $49 million;

  partially offset by,
  - the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $47 million.

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2023	Dec. 31, 2022	$ Change	% Change
Loblaw	**$ 1,631**	$ 1,491	$ 140	9.4%
Choice Properties	**$ 238**	$ 223	$ 15	6.7%
Effect of consolidation	**$ (164)**	$ (132)	$ (32)	(24.2)%
Publicly traded operating companies	**$ 1,705**	$ 1,582	$ 123	7.8%
GWL Corporate	**$ (11)**	$ 8	$ (19)	(237.5)%
Consolidated	**$ 1,694**	$ 1,590	$ 104	6.5%

Adjusted EBITDA[1] in the fourth quarter of 2023 was $1,694 million compared to $1,590 million in the same period in 2022, an increase of $104 million, or 6.5%. The increase was impacted by each of the Company's reportable operating segments as follows:

- positively by 8.8% due to an increase of 9.4% in adjusted EBITDA[1] at Loblaw, driven by an increase in retail and an increase in financial services. The increase in Loblaw retail adjusted EBITDA[1] was driven by an increase in retail gross profit, partially offset by an increase in retail SG&A; and
- positively by 0.9% due to an increase of 6.7% in adjusted EBITDA[1] at Choice Properties, primarily driven by the growth in revenue described above, higher distribution income from the investment in real estate securities of Allied and income from the sale of residential inventory, partially offset by higher general and administrative expenses;

partially offset by,

- the impact of GWL Corporate, primarily due to the unfavourable year-over-year impact of the fair value adjustment on other investments.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2023	Dec. 31, 2022	$ Change	% Change
Loblaw	**$ 680**	$ 667	$ 13	1.9%
Choice Properties	**$ –**	$ 1	$ (1)	(100.0)%
Effect of consolidation	**$ (78)**	$ (92)	$ 14	15.2%
Publicly traded operating companies	**$ 602**	$ 576	$ 26	4.5%
GWL Corporate	**$ –**	$ 1	$ (1)	(100.0)%
Consolidated	**$ 602**	$ 577	$ 25	4.3%

Depreciation and amortization in the fourth quarter of 2023 was $602 million, an increase of $25 million compared to the same period in 2022. Depreciation and amortization in the fourth quarter included $115 million (2022 – $115 million) of amortization of intangible assets related to the acquisition of Shoppers Drug Mart and Lifemark, recorded by Loblaw. Excluding these amounts, depreciation and amortization increased by $25 million due to:

- an increase at Loblaw driven by an increase in depreciation of leased assets and IT assets, accelerated depreciation of $7 million as a result of network optimization and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets at Loblaw; and
- the unfavourable year-over-year impact of the effect of consolidation, driven by the prior year elimination of Loblaw's accelerated depreciation on certain IT assets, as these assets were classified as fixed assets on consolidation and continued to be depreciated by the Company.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2023	Dec. 31, 2022	$ Change	% Change
Net interest expense and other financing charges	**$ 660**	$ 916	$ (256)	(27.9)%
Add (deduct) impact of the following:				
Fair value adjustment of the Trust Unit liability	**(382)**	(662)	280	42.3%
Adjusted net interest expense and other financing charges[(1)]	**$ 278**	$ 254	$ 24	9.4%

Net interest expense and other financing charges in the fourth quarter of 2023 were $660 million, a decrease of $256 million compared to the same period in 2022. The decrease was primarily due to the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $280 million, as a result of the increase in Choice Properties' unit price during the fourth quarter of 2023.

In the fourth quarter of 2023, adjusted net interest expense and other financing charges[(1)] increased by $24 million, primarily driven by:

- an increase in interest expense on long-term debt at Choice Properties due to higher interest rates and a higher average balance compared to the same period in 2022;
- an increase in interest expense from lease liabilities at Loblaw, net of the effect of consolidation;
- an increase in interest expense from borrowings related to credit card receivables at Loblaw; and
- interest expense from post-employment and other long-term employee benefits compared to interest income in the same period in 2022.

INCOME TAXES

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2023	Dec. 31, 2022	$ Change	% Change
Income taxes	**$ 169**	$ 213	$ (44)	(20.7)%
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes(i)	**75**	25	50	200.0%
Outside basis difference in certain Loblaw shares	**16**	(3)	19	633.3%
Adjusted income taxes(1)	**$ 260**	$ 235	$ 25	10.6%
Effective tax rate applicable to earnings before taxes	**40.6%**	61.2%		
Adjusted effective tax rate applicable to adjusted earnings before taxes(1)	**28.0%**	26.9%		

(i) See the adjusted EBITDA(1) table and the adjusted net interest expense and other financing charges(1) table included in Section 13, "Non-GAAP and Other 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 fourth quarter of 2023 was 40.6%, compared to 61.2% in the same period in 2022. The decrease was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability, partially offset by the impact of other non-deductible items.

The adjusted effective tax rate(1) for the fourth quarter of 2023 was 28.0%, compared to 26.9% in the same period in 2022. The increase was primarily attributable to an increase in current tax expense related to the Company's participation in Loblaw's NCIB.

CASH FLOWS

The following Cash Flow components are inclusive of continuing and discontinued operations.

($ millions)	Quarters Ended Dec. 31, 2023	Dec. 31, 2022(i)	$ Change
Cash and cash equivalents, beginning of period	**$ 1,767**	$ 2,188	$ (421)
Cash flows from operating activities	**$ 1,513**	$ 1,266	$ 247
Cash flows used in investing activities	**$ (140)**	$ (553)	$ 413
Cash flows used in financing activities	**$ (692)**	$ (591)	$ (101)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 3**	$ 3	$ –
Cash and cash equivalents, end of period	**$ 2,451**	$ 2,313	$ 138

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

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $1,513 million in the fourth quarter of 2023, an increase of $247 million compared to the fourth quarter of 2022. The increase in cash flows from operating activities was primarily due to higher cash earnings and a cash payment made in the fourth quarter of 2022 in relation to PC Bank commodity tax matters, partially offset by an unfavourable change in non-cash working capital. Cash flows from operating activities also increased as credit card receivables increased year-over-year at a rate lower than prior year.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were $140 million in the fourth quarter of 2023, a decrease of $413 million compared to the fourth quarter of 2022. The decrease in cash flows used in investing activities was primarily due to higher repayments of mortgages, loans and notes receivable, an increase in proceeds from disposal of assets, a decrease in capital investments and a favourable change in short-term investments, partially offset by the release of $250 million in security deposits to repay *Eagle* notes maturing in the fourth quarter of 2022.

The following table summarizes the Company's capital investments for the quarters ended as indicated:

	Quarters Ended	
($ millions)	**Dec. 31, 2023**	Dec. 31, 2022[i]
Loblaw	**$ 676**	$ 651
Choice Properties	**165**	141
Effect of consolidation	**(95)**	–
Publicly traded operating companies	**$ 746**	$ 792
GWL Corporate	**1**	–
Capital investments[ii]	**$ 747**	$ 792

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the current year. Loblaw capital investments in the fourth quarter of 2023 includes $37 million of prepayments transferred to fixed assets.

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $692 million in the fourth quarter of 2023, an increase of $101 million compared to the fourth quarter of 2022. The increase in cash flows used in financing activities was primarily driven by higher issuance of long-term debt net of repayments in the prior year and higher repurchases of Loblaw common shares in the current year, partially offset by higher issuance of short-term debt in the current year and lower repurchases of the Company's common shares under its NCIB.

FREE CASH FLOW[1]

	Quarters Ended		
($ millions)	**Dec. 31, 2023**	Dec. 31, 2022[i]	$ Change
Cash flows from operating activities	**$ 1,513**	$ 1,266	$ 247
Less: Interest paid	**212**	195	17
Capital investments[ii]	**747**	792	(45)
Lease payments, net	**157**	139	18
Free cash flow[1]	**$ 397**	$ 140	$ 257

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the current year. Loblaw capital investments in the fourth quarter of 2023 includes $37 million of prepayments transferred to fixed assets.

Free cash flow[1] from continuing operations in the fourth quarter of 2023 was $397 million, an increase of $257 million compared to the fourth quarter of 2022. The increase in free cash flow[1] from continuing operations is primarily driven by higher cash earnings, lower capital investments and a cash payment made in the fourth quarter of 2022 in relation to PC Bank commodity tax matters, partially offset by an unfavourable change in non-cash working capital. Free cash flow[1] also increased as credit card receivables increased year-over-year at a rate lower than prior year.

5. Fourth Quarter Results of Reportable Operating Segments

The following discussion provides details of the 2023 fourth quarter results of operations of each of the Company's reportable operating segments.

5.1 Loblaw Fourth Quarter Operating Results

	Quarters Ended			
($ millions except where otherwise indicated)	**Dec. 31, 2023**	Dec. 31, 2022	$ Change	% Change
Revenue	**$ 14,531**	$ 14,007	$ 524	3.7%
Operating income	**$ 941**	$ 869	$ 72	8.3%
Adjusted EBITDA[1]	**$ 1,631**	$ 1,491	$ 140	9.4%
Adjusted EBITDA margin[1]	**11.2%**	10.6%		
Depreciation and amortization	**$ 680**	$ 667	$ 13	1.9%

REVENUE Loblaw revenue in the fourth quarter of 2023 was $14,531 million, an increase of $524 million, or 3.7%, compared to the same period in 2022, driven by an increase in retail sales and in financial services revenue.

Retail sales in the fourth quarter of 2023 were $14,157 million, an increase of $463 million, or 3.4%, compared to the same period in 2022. The increase was primarily driven by the following factors:

- food retail sales were $9,774 million (2022 – $9,514 million) and food retail same-store sales grew by 2.0% (2022 – 8.4%) for the quarter;
  - the CPI as measured by The Consumer Price Index for Food Purchased from Stores was 4.9% (2022 – 11.2%) which was higher than Loblaw's internal food inflation; and
  - food retail traffic increased and basket size decreased.

- drug retail sales were $4,383 million (2022 – $4,180 million) and drug retail same-store sales grew by 4.6% (2022 – 8.7%) for the quarter;
  - pharmacy and healthcare services same-store sales growth was 8.0% (2022 – 5.4%). Pharmacy and healthcare services same-store sales growth benefited from the change in sales mix. The number of prescriptions dispensed increased by 3.5% (2022 – 2.0%). On a same-store basis, the number of prescriptions dispensed increased by 3.4% (2022 – 2.2%) and the average prescription value increased by 3.4% (2022 – 2.3%); and
  - front store same-store sales growth was 1.7% (2022 – 11.5%). Front store same-store sales growth benefited from higher consumer spending.

Financial services revenue in the fourth quarter of 2023 was $487 million, an increase of $70 million compared to the same period in 2022. The increase was primarily driven by higher sales attributable to *The Mobile Shop*, higher interest income from growth in credit card receivables and higher interchange income and other credit card related revenue from an increase in customer spending.

OPERATING INCOME Loblaw operating income in the fourth quarter of 2023 was $941 million, an increase of $72 million, or 8.3%, compared to the same period in 2022. The increase was driven by an improvement in the underlying operating performance of $127 million, partially offset by the unfavourable year-over-year net impact of adjusting items totaling $55 million, as described below:

- the improvement in underlying operating performance of $127 million was primarily due to an increase in retail gross profit, partially offset by an increase in retail SG&A and depreciation and amortization;

- the unfavourable year-over-year net impact of adjusting items totaling $55 million was primarily due to:
  - the unfavourable year-over-year impact of the prior year gain on sale of non-operating properties of $50 million; and
  - the unfavourable year-over-year impact of fair value adjustments on non-operating properties of $15 million;

  partially offset by,
  - the favourable year-over-year impact of recoveries related to PC Bank commodity tax matters of $13 million.

ADJUSTED EBITDA[1] Loblaw adjusted EBITDA[1] in the fourth quarter of 2023 was $1,631 million, an increase of $140 million, or 9.4%, compared to the same period in 2022. The increase was due to an increase in retail of $114 million, and an increase in financial services of $26 million.

Retail adjusted EBITDA[1] in the fourth quarter of 2023 increased by $114 million, driven by an increase in retail gross profit of $221 million, partially offset by an increase in retail SG&A of $107 million.

- Retail gross profit percentage in the fourth quarter of 2023 was 31.1%, which was in line with the full-year gross profit percentage of 31.0%, and was higher by 50 basis points compared to the same period in 2022 (2022 – decreased by 30 basis points). The increase was driven by lapping of high-intensity prior year promotional activities and the scaling of the external freight business, partially offset by higher shrink.
- Retail SG&A as a percentage of sales was 20.3%, an increase of 10 basis points compared to the same period in 2022, driven by the year-over-year impact of labour costs including expenses related to the ratification of union labour agreements, partially offset by operating leverage from higher sales.

Financial services adjusted EBITDA[1] increased by $26 million compared to the same period in 2022, primarily driven by higher revenue as described above and lower operating costs, including benefits associated with the renewal of a long-term agreement with Mastercard, partially offset by higher contractual charge-offs and loyalty program costs from growth in the credit card portfolio and the year-over-year unfavourable impact of the expected credit loss provision.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in the fourth quarter of 2023 was $680 million, an increase of $13 million compared to the same period in 2022. The increase in depreciation and amortization in the fourth quarter of 2023 was primarily driven by an increase in depreciation of leased assets and IT assets, accelerated depreciation of $7 million as a result of network optimization, and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets. Depreciation and amortization in the fourth quarter of 2023 included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $115 million (2022 – $115 million).

CONSOLIDATION OF FRANCHISES Loblaw's net earnings attributable to non-controlling interests were $16 million in the fourth quarter of 2023, compared to net losses attributable to non-controlling interests of $14 million in the same period of 2022. This represented an increase of $30 million, or 214.3%, primarily driven by an increase in franchisee earnings after profit sharing.

LOBLAW OTHER BUSINESS MATTERS

For details see Section 2.1, "Loblaw Operating Results", of this MD&A.

5.2 Choice Properties Fourth Quarter Operating Results

	Quarters Ended			
($ millions except where otherwise indicated)	**Dec. 31, 2023**	Dec. 31, 2022	$ Change	% Change
Revenue	**$ 355**	$ 315	$ 40	12.7%
Net interest expense and other financing charges	**$ 636**	$ 983	$ (347)	(35.3)%
Net loss	**$ (445)**	$ (579)	$ 134	23.1%
Funds from Operations[1]	**$ 185**	$ 174	$ 11	6.3%

REVENUE Choice Properties revenue in the fourth quarter of 2023 was $355 million, an increase of $40 million, or 12.7%, compared to the same period in 2022 and included revenue from the sale of residential inventory of $26 million and revenue of $187 million (2022 – $181 million) generated from tenants within Loblaw.

Excluding the impact of the sale of residential inventory, revenue in the fourth quarter of 2023 was $329 million, an increase of $14 million, or 4.4%, compared to the same period in 2022, primarily driven by:

- higher rental rates primarily in the retail and industrial portfolios;
- higher capital and operating recoveries; and
- acquisitions and completed developments.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES Choice Properties net interest expense and other financing charges in the fourth quarter of 2023 were $636 million compared to $983 million in the same period in 2022. The decrease of $347 million was primarily driven by:

- the favourable year-over-year change of the fair value adjustment on the Exchangeable Units of $357 million as a result of the increase in Choice Properties' unit price in the quarter;

partially offset by,

- the unfavourable year-over-year change of the fair value adjustment on the financial real estate assets; and
- an increase in interest expense on long-term debt due to higher interest rates and a higher average debt balance compared to the same period in 2022.

NET LOSS Choice Properties net loss in the fourth quarter of 2023 was $445 million, compared to $579 million in the same period in 2022. The change of $134 million was primarily driven by:

- lower net interest expense and other financing charges as described above;
- the favourable year-over-year change of the fair value adjustment of investment in real estate securities of $47 million as a result of an increase in Allied's unit price; and
- an increase in revenues as described above;

partially offset by,

- the unfavourable year-over-year change of the fair value adjustment of investment properties, including those held within equity accounted joint ventures, of $276 million as a result of a fair value loss recognized in the fourth quarter of 2023 compared to a fair value gain in the same period in 2022.

FUNDS FROM OPERATIONS[1] Funds from Operations[1] in the fourth quarter of 2023 increased by $11 million to $185 million compared to the same period in 2022. The increase was primarily due to an increase in rental income, an increase in investment income as a result of the special distribution from Allied, income from the sale of residential inventory and an increase in interest income. This was partially offset by an increase in interest expense and higher general and administrative expenses.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

For details see Section 2.2, "Choice Properties Operating Results", of this MD&A.

6. Disclosure Controls and Procedures

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.

As required by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have caused the effectiveness of the disclosure controls and procedures to be evaluated. Based on that evaluation, management, under the supervision of the CEO and the CFO, have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2023.

7. Internal Control Over Financial Reporting

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 Accounting Standards.

As required by NI 52-109, the Chairman and CEO and the CFO have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework established in 'Internal Control - Integrated Framework (COSO Framework)' published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013. Based on that evaluation, management, under the supervision of the CEO and the CFO, have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2023.

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. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. 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 controls over financial reporting in 2023 that materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

8. Enterprise Risks and Risk Management

The Company is committed to maintaining a framework that ensures risk management is an integral part of its activities. The Company's Enterprise Risk Management ("ERM") program assists all areas of the business in managing risks within appropriate levels of tolerance by bringing a systematic approach and methodology for evaluating, measuring and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Company, prioritize risk mitigation activities and develop a risk-based internal audit plan.

Risks are not eliminated through the ERM program, but rather, are identified and managed in line with the Company's Risk Appetite Statement and within approved risk tolerances. The Risk Appetite Statement articulates key aspects of the Company's businesses, values, and brands and provides directional guidance on risk taking.

RESPONSIBILITIES / OUTCOMES		**KEY ACTIVITIES**
Oversight of the ERM program and the alignment between strategy and risk	**The Board**	• Review of strategy plans, including capital allocation • Review both inherent and residual risks and mitigation plans • Annual approval of the ERM policy and Risk Appetite Statement
Based on risk ownership assigned by the Board, responsible for managing risk and implementing risk mitigation strategies and operating within the approved risk appetite thresholds	**Management**	• Periodic updates to the Board by the ERM function on the status of key risks(i) • Long-term risk levels are assessed to monitor potential long-term risk impacts
The ERM Program • Facilitate effective corporate governance by providing a consolidated view of risks • Focus on key risks that could impact strategic objectives(ii) • Ensure risk appetite and tolerances are defined and understood • Promote a culture of awareness of risk management and compliance • Assist in developing risk management tools and methodologies • Anticipate and provide early warnings of risks through key risk indicators	**ERM Program**	**ERM assessment:** • Continuous update and risk identification • Carried out in parallel with strategic planning • Includes interviews surveys, workshops with management and the Board • Monitor changes to enterprise risk • Mitigation plan updates and review key risk indicators against tolerances • Completed for each operating business and aggregated where appropriate
Mitigation of risks(ii)	**Risk Owners**	• Managing risk and implementation of risk mitigation strategies for Operating and Financial Risks

(i) Risks are assessed and evaluated based on the Company's vulnerability to the risk and the potential impact that the underlying risks would have on the Company's ability to execute on its strategies and achieve its objectives.

(ii) Any of the key risks have the potential to negatively affect the Company and its financial performance. The Company has risk management strategies in place for key risks. However, there can be no assurance that the risks will be mitigated or will not materialize or that events or circumstances will not occur that could adversely affect the reputation, operations or financial condition or performance of the Company.

8.1 Operating Risks and Risk Management

OPERATING RISKS The following discussion of risks identifies significant factors that could have a material adverse effect on the Company's business, operations, financial condition or future financial performance.

The following risks are a subset of the key risks identified through the ERM program. They should be read in conjunction with the full set of risks inherent in the Company's business, as included in the Company's Annual Information Form ("AIF") for the year ended December 31, 2023, which is hereby incorporated by reference:

Economic Conditions	Labour Relations
Cybersecurity, Privacy and Data Breaches	Asset Management
Regulatory Compliance	Business Continuity
Inventory Management and Shrink	Food, Drug, Product and Services Safety
IT Systems Implementations and Data Management	Change Management, Process and Efficiency
Property Development and Construction	Environmental and Social
Property Valuation	Service Providers
Capitalization Rate Risk	Legal Proceedings
Electronic Commerce and Disruptive Technologies	Franchisee Relationships
Colleague Attraction, Development and Succession Planning	Associate-owned Drug Store Network and Relationships with Associates
Healthcare Reform	Competitive Environment and Strategy
Distribution and Supply Chain	Execution of Strategic Initiatives

ECONOMIC CONDITIONS The Company's revenue, profitability, brand and reputation may be impacted by general economic conditions. These economic conditions include inflation, price increases from suppliers, levels of employment, costs of borrowing, household debt, political uncertainty and government regulation, the impact of natural disasters, war or acts of terrorism, pandemics, changes in interest rates, tax rates, or exchange rates and access to consumer credit. A number of these conditions could negatively impact consumer spending. As a result, these economic conditions may adversely impact demand for the Company's products and services which could adversely affect the Company's operations, financial performance, brand or reputation.

CYBERSECURITY, PRIVACY AND DATA BREACHES The Company depends on the uninterrupted operation of its IT systems, networks and services including internal and public internet sites, data hosting and processing facilities, and cloud-based services and hardware, such as point-of-sale processing at stores, to operate its business.

In the ordinary course of business, the Company collects, processes, transmits and retains confidential, sensitive and personal information ("Confidential Information"), including payment card industry data and personal health and financial information regarding the Company and its employees, franchisees, Associates, vendors, customers, patients, credit card and *PC Money* Account holders and loyalty program members. Some of this Confidential Information is held and managed by third party service providers. As with other large companies, the Company is regularly subject to cyberattacks and such attempts are occurring more frequently, are constantly evolving in nature and are becoming more sophisticated.

The Company has implemented security measures, including employee training, monitoring and testing, maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to its IT systems. The Company continues to make strategic investments in this area in order to mitigate cyber threats. The Company also has security processes, protocols and standards that are applicable to its third party service providers.

Despite these measures, all of the Company's information systems, including its back-up systems and any third party service provider systems that it employs, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events.

The Company or its third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the Company's security measures or its third party service providers' information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the Company's security measures or those of its third party service providers. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the Company's or its third party service providers' security measures, which could result in a breach of employee, franchisee, Associate, customer, patient, credit card or *PC Money* Account holder or loyalty program member privacy or Confidential Information.

If the Company does not allocate and effectively manage the resources necessary to build and sustain reliable IT infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the Company's or its third party service providers' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the Company's business could be disrupted and the Company could, among other things, be subject to: transaction errors; processing inefficiencies; the loss of, or failure to attract new customers; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to intellectual property or trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs. Any such occurrences could adversely affect the reputation, operations or financial performance of the Company.

REGULATORY COMPLIANCE The Company is subject to a wide variety of laws, regulations and orders across all countries in which it does business, including those laws involving product liability, labour and employment, anti-trust and competition, pharmacy, food safety, intellectual property, privacy, environmental and other matters.

The Company is subject to taxation by various taxation authorities in Canada and a number of foreign jurisdictions. Changes to any of the laws, rules, regulations or policies applicable to the Company's business, including tax laws, minimum wage laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, pharmaceuticals, and general merchandise products, could adversely affect the operations, financial condition or performance of the Company.

Failure by the Company to comply with applicable laws, regulations and orders could subject the Company to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect the reputation, operations or financial condition or performance of the Company. In the course of complying with changes to laws, the Company could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict the Company's operations or profitability and thereby threaten the Company's competitive position and ability to efficiently conduct business.

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.

Loblaw is subject to capital requirements from the Office of the Superintendent of Financial Institutions ("OSFI"), the primary regulator of PC Bank. PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory capital requirements as defined by OSFI. PC Bank uses Basel III as its regulatory capital management framework which includes a target common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%. In addition to the regulatory capital ratios requirement, PC Bank is subject to the Basel III Leverage ratio and OSFI's Guideline on Liquidity Adequacy Requirements ("LARs"). The LARs guideline establishes standards based on the Basel III framework. PC Bank would be assessed fines and other penalties for non-compliance with these and other regulations. In addition, failure by PC Bank to comply, understand, acknowledge and effectively respond to applicable regulations could result in regulatory intervention and reputational damage.

Choice Properties is currently classified as a "unit trust" and a "mutual fund trust" under the Income Tax Act (Canada). It also qualifies for the Real Estate Investment Trust Exception under the Income Tax Act (Canada) and as such is not subject to specified investment flow-through rules. There can be no assurance that the Canadian federal income tax laws will not be changed in a manner which adversely affects Choice Properties. If Choice Properties ceases to qualify for these and other classifications and exceptions, the taxation of Choice Properties and unitholders, including the Company, could be materially adversely different in certain respects, which could in turn materially adversely affect the trading price of the Trust Units.

INVENTORY MANAGEMENT AND SHRINK Loblaw is subject to risks associated with managing its inventory and controlling shrink. Failure to successfully manage such risks could result in shortages of inventory, excess or obsolete inventory which cannot be sold profitably or increases in levels of inventory shrink. Any of these outcomes could adversely affect the financial performance of the Company. Although Loblaw has implemented new IT systems, which are intended to provide increased visibility to integrated inventory and sales information at store level, Loblaw's failure to effectively implement such new IT systems and applicable processes may increase the risks associated with managing inventory, including the risk that inaccurate inventory could result in inaccurate financial statements.

Loblaw's retail segment is also examining its fundamental processes related to article lifecycle management, with the goal of making existing processes more efficient. This will impact existing workflow and system processes across procurement, supply chain and merchandising. Such simplification and efficiency processes are critical to Loblaw's ability to implement longer term system solutions and achieve efficiencies across its retail divisions. Any failure to effectively deliver this enterprise core solution could negatively impact Loblaw's operations or financial performance.

IT SYSTEMS IMPLEMENTATIONS AND DATA MANAGEMENT The operations of the Company are reliant on the continuous and uninterrupted operations of critical technology systems. Any technology failure/outage pertaining to the availability, capacity or sustainability of the Company's IT systems may result in disruptions impacting the Company's customers or financial performance, or may negatively impact the Company's reputation. The Company continues to make investments in new IT systems to improve the operating effectiveness of the organization. Failure to successfully migrate from legacy systems to new IT systems or a significant disruption in the Company's current IT systems during the implementation of new systems could result in a lack of accurate data to effectively manage day-to-day operations of the business or achieve its operational objectives, causing significant disruptions to the business and potential financial losses.

Failure to successfully adopt or implement appropriate processes to support the new IT systems, or failure to effectively leverage or convert data from one system to another, may preclude the Company from optimizing its overall performance and could result in inefficiencies and duplication in processes, which in turn could adversely affect the reputation, operations or financial performance of the Company. Failure to realize the anticipated strategic benefits including revenue growth, anticipated cost savings or operating efficiencies associated with new IT systems could adversely affect the reputation, operations or financial performance of the Company.

The Company also depends on relevant and reliable information to operate its business. As the volume of data being generated and reported continues to increase across the Company, data accuracy, quality and governance are required for effective decision making. Failure by the Company to leverage data, including customer data, in a timely manner may adversely affect the Company's ability to execute its strategy and therefore its financial performance. Moreover, lack of sensitive data classification, protection and use case approval may result in operational or reputational risk.

PROPERTY DEVELOPMENT AND CONSTRUCTION Choice Properties engages in development, redevelopment and major renovation activities with respect to certain properties. It is subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or availability at all; (b) the availability and timely receipt of zoning, occupancy, land use and other regulatory and governmental approvals; (c) changes in zoning and land use laws; (d) the ability to achieve an acceptable level of occupancy upon completion; (e) the potential that Choice Properties may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (f) the potential that Choice Properties may expend funds on and devote management time to projects which are not completed; (g) construction or redevelopment costs of a project, including rising construction costs and development charges and shortages of experienced labour in certain construction related trades, may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (h) the time required to complete the construction or redevelopment of a project or to lease-up the completed project may be greater than originally anticipated, thereby adversely affecting Choice Properties' cash flows and liquidity; (i) the cost and timely completion of construction (including risks beyond Choice Properties' control, such as weather, labour conditions or material shortages); (j) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and (l) Choice Properties' ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development activities or the completion of development activities once undertaken. In addition, development projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its accompanying risks) with contractors, subcontractors, suppliers, partners and others. Any failure by Choice Properties to develop quality assets and effectively manage all development, redevelopment and major renovation initiatives may negatively impact the reputation and financial performance of the Company.

PROPERTY VALUATION Choice Properties conducts a valuation assessment of its properties on a quarterly basis. As property values fluctuate over time in response to market factors, or as underlying assumptions and inputs to the valuation model change, the fair value of Choice Properties' portfolio could change materially. Choice Properties is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the property valuation model. Errors in the inputs to the valuation model or inappropriate assumptions may result in an inaccurate valuation of the properties. In addition to a market activity report that is tailored to Choice Properties' portfolio, management uses the market information obtained in external appraisals, across multiple firms, commissioned during the reporting period to assess whether changes to market-related assumptions are required for the balance of the portfolio. Choice Properties is responsible for monitoring the value of its portfolio going forward and evaluating the impact of any changes in property value over time. Any changes in the value of the properties may impact unitholder value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the above-mentioned valuations.

CAPITALIZATION RATE RISK The fair market property valuation process is dependent on several inputs, including the current market capitalization rate. Risks associated with Choice Properties' property valuation model include fluctuations in the current market capitalization rate which can significantly impact the value of Choice Properties' overall real estate portfolio. In addition, Choice Properties is subject to certain financial and non-financial covenants in Choice Properties' existing financial instruments that include maintaining certain leverage ratios. Changes in the market capitalization rate could impact Choice Properties' property valuation which in turn could impact financial covenants.

ELECTRONIC COMMERCE AND DISRUPTIVE TECHNOLOGIES Loblaw's e-commerce strategy is a growing business initiative. Customers expect innovative concepts and a positive customer experience, including a user-friendly website, customer offerings that are integrated with Loblaw's loyalty program, reliable data, safe and reliable processing of payments and a well-executed merchandise pick up or delivery process. If systems are damaged or cease to function properly, capital investment may be required. Loblaw is also vulnerable to various additional uncertainties associated with e-commerce including website downtime and other technical failures, changes in applicable federal and provincial regulations, security breaches, and consumer privacy concerns. If these technology-based systems and related processes do not function effectively, or if Loblaw is unable to identify and adapt to technological efficiencies, such as artificial/cognitive intelligence or automation in a timely manner, Loblaw's ability to grow its e-commerce business could be adversely affected. Loblaw has increased its investment in improving the digital customer experience, but there can be no assurances that Loblaw will be able to recover the costs incurred to date.

A large portion of Choice Properties' existing real estate portfolio is comprised of necessity-based retail tenants. Shifting consumer preferences toward e-commerce may result in a decrease in the demand for physical space by retail tenants. The failure of Choice Properties to adapt to changes in the retail landscape, including finding new tenants to replace any lost income stream from existing tenants that reduce the amount of physical space they rent from Choice Properties, could adversely affect Choice Properties' operations or financial performance.

COLLEAGUE ATTRACTION, DEVELOPMENT AND SUCCESSION PLANNING The Company's operations and continued growth are dependent on its ability to hire, retain and develop colleagues, including leaders. Any failure to effectively attract and retain colleagues and leaders, including those with scarce and/or specialized skills, and to establish adequate leadership succession planning, could result in a lack of requisite knowledge, skill and experience. This could erode the Company's competitive position or result in increased costs due to the competition for, or high turn-over of, colleagues. Any of the foregoing could negatively affect the Company's ability to operate its business, which in turn, could adversely affect the Company's reputation, operations or financial performance.

HEALTHCARE REFORM Loblaw is reliant on prescription drug sales for a significant portion of its sales and profits. Prescription drugs and their sales are subject to numerous federal, provincial, territorial and local laws and regulations. Changes to these laws and regulations, including the potential implementation of a national pharmacare system, changes in the models used to fund prescription drugs such as the introduction of a pharmacare system, or non-compliance with these laws and regulations, could adversely affect the reputation, operations or financial performance of the Company.

Federal and provincial laws and regulations that establish public drug plans typically regulate prescription drug coverage, patient eligibility, pharmacy reimbursement, drug product eligibility and drug pricing. With respect to pharmacy reimbursement, such laws and regulations typically regulate the allowable drug cost of a prescription drug product, the permitted mark-up on a prescription drug product and the professional or dispensing fees that may be charged on prescription drug sales to patients eligible under the public drug plan. With respect to drug product eligibility, such laws and regulations typically regulate the requirements for listing the manufacturer's products as a benefit or partial benefit under the applicable governmental drug plan, drug pricing and, in the case of generic prescription drug products, the requirements for designating the product as interchangeable with a branded prescription drug product. In addition, other federal, provincial, territorial and local laws and regulations govern the approval, packaging, labeling, sale, marketing, advertising, handling, storage, distribution, dispensing and disposal of prescription drugs.

Sales of prescription drugs, pharmacy reimbursement and drug prices may be affected by changes to the health care industry, including legislative or other changes that impact patient eligibility, drug product eligibility, the allowable cost of a prescription drug product, the mark-up permitted on a prescription drug product, the amount of professional or dispensing fees paid by payers or the provision or receipt of manufacturer allowances by pharmacies and pharmacy suppliers.

The majority of prescription drug sales are reimbursed or paid by three types of payers: (i) government or public, (ii) private insurers or employers, and (iii) out-of-pocket by the patient. These payers have pursued and continue to pursue measures to manage the costs of their drug plans. Canada and each of the provinces has implemented legislative and/or other measures directed towards managing pharmacy service costs and controlling increasing drug costs incurred by public drug plans and private payers, which impact pharmacy reimbursement levels and the availability of manufacturer allowances. Legislative measures to control drug costs include lowering of generic drug pricing. Additionally, the pan-Canadian Pharmaceutical Alliance continues its work regarding cost reduction initiatives for pharmaceutical products and services.

Legislation in certain provincial jurisdictions establishes listing requirements that ensure that the selling price for a prescription drug product will not be higher than any selling price established by the manufacturer for the same prescription drug product under other provincial drug insurance programs. In some provinces, elements of the laws and regulations that impact pharmacy reimbursement and manufacturer allowances for sales to the public drug plans are extended by legislation to sales to private payers. Also, private payers (such as corporate employers and their insurers) are looking or may look to benefit from any measures implemented by government payers to reduce prescription drug costs for public plans by attempting to extend these measures to prescription drug plans they own or manage. Accordingly, changes to pharmacy reimbursement and manufacturer allowances for a public drug plan could also impact pharmacy reimbursement and manufacturer allowances for private payers. In addition, private payers could reduce pharmacy reimbursement for prescription drugs provided to their members or could elect to reimburse members only for products included on closed formularies or available from preferred providers.

Changes impacting pharmacy reimbursement programs and prescription drug pricing, legislative or otherwise, are expected to continue to put downward pressure on the value of prescription drug sales. These changes may have a material adverse effect on Loblaw's business, sales and profitability. In addition, Loblaw could incur significant costs in the course of complying with any changes in the regulatory regime affecting prescription drugs and pharmacy services. Non-compliance with any such existing or proposed laws or regulations, particularly those that provide for the licensing and conduct of wholesalers, the licensing and conduct of pharmacists, the regulation and ownership of pharmacies, the advertising of pharmacies and prescription services, the provision of information concerning prescription drug products, the pricing of prescription drugs, privacy and confidentiality and interactions with provincial drug and eHealth systems, could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

DISTRIBUTION AND SUPPLY CHAIN Loblaw's ability to satisfy its customers' demands and achieve its cost objectives depends on its ability to maintain key logistic and transport arrangements. Loblaw's distribution and supply chain could be negatively affected by unforeseen disruptions due to fire, severe weather conditions, natural disasters, or other catastrophic events, public health events, labour disagreements, or other transportation problems. The loss of or disruption to these types of arrangements could interrupt product supply, which in turn could adversely affect the assortment and product availability at the store and digital retail level. If not effectively managed or remedied, these events could negatively impact customer experience and Loblaw's ability to attract and retain customers, and could adversely affect the Company's operations or financial performance.

LABOUR RELATIONS Loblaw's workforce is comprised of both unionized and non-unionized colleagues. With respect to those colleagues that are covered by collective agreements, there can be no assurance as to the outcome of any labour negotiations or the timing of their completion. Renegotiating collective agreements or the failure to successfully renegotiate collective agreements and changes to business operations could result in strikes, work stoppages or business interruptions, and if any of these events were to occur, they could adversely affect the reputation, operations and financial performance of Loblaw and the financial performance of the Company. If non-unionized colleagues become unionized, the terms of the resulting collective agreements would have implications for the affected operations such as higher labour costs.

ASSET MANAGEMENT Certain significant expenditures, including property taxes, maintenance costs, debt service payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space, increase tenant demand and to generate adequate revenue over the long-term, Choice Properties must maintain or, in some cases, improve each property's condition to meet market demand. Property management services, including lease management and facility repairs and maintenance must be executed in a timely and cost-effective manner. Maintaining a rental property in accordance with market standards can entail significant costs, which Choice Properties may not be able to recover from its tenants. All the Loblaw Leases contain exclusions on certain operating costs and/or tax recoveries. In addition, property tax reassessments based on updated appraised values may occur, which Choice Properties may not be able to recover from its tenants. As a result, Choice Properties may bear the economic cost of such operating costs and/or taxes which may adversely impact the financial condition and results of operations and decrease the amount of cash available for distribution to unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, the timing and amount of capital expenditures may indirectly affect the amount of cash available for distribution to unitholders. Distributions may be reduced, or even eliminated, at times when Choice Properties deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed Choice Properties' estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, additional and unexpected costs may be incurred. If similar properties located in the vicinity of one of the properties in Choice Properties' portfolio are substantially refurbished and the property is not similarly refurbished, the net operating income derived from, and the value of, such property could be reduced. Any failure by Choice Properties to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income that is earned from such properties. Any such event could have a material adverse effect on Choice Properties' business, cash flows, financial condition or results of operations and its ability to make distributions to unitholders.

In addition, a failure by Choice Properties to allocate operational capital adequately could negatively impact occupancy levels, attraction of high-quality tenants and lease renewals, which could have a material adverse effect on Choice Properties' operations and financial performance.

BUSINESS CONTINUITY The Company's ability to continue critical operations and processes could be negatively impacted by adverse events resulting from various incidents, including severe weather, work stoppages, prolonged IT systems failure, terrorist activity, power failures, border closures or a pandemic or other national or international catastrophe. The Company has business continuity plans in place to manage any such events. Despite this, ineffective contingency planning, business interruptions, crises or potential disasters could adversely affect the reputation, operations or financial performance of the Company.

FOOD, DRUG, PRODUCT AND SERVICES SAFETY Loblaw's products may expose it to risks associated with product safety and defects and product handling in relation to the manufacturing, design, packaging and labeling, storage, distribution, and display of products. Loblaw cannot be certain that active management of these risks, including maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems, will eliminate all the risks related to food and product safety. Loblaw could be adversely affected in the event of a significant outbreak of food-borne illness or food safety issues, including food tampering or contamination. In addition, failure to trace or locate any contaminated or defective products could affect Loblaw's ability to be effective in a recall situation. Loblaw is also subject to risk associated with the distribution of drug products, errors related to medication dispensing or compounding, injections, patient services or consultation. The occurrence of such events or incidents, as well as any failure to maintain the cleanliness and health standards at Loblaw's store level, could result in harm to customers and negative publicity, could adversely affect the Company's brands, reputation, operations or financial performance and could lead to unforeseen liabilities from legal claims or otherwise.

CHANGE MANAGEMENT, PROCESS AND EFFICIENCY Many initiatives are underway to reduce the complexity and cost of the Company's business operations, ensuring a low cost operating structure that allows for continued investments in the Company's strategic growth areas. These efforts include initiatives focused on improving processes and generating efficiencies across the Company's administrative, store, and distribution network infrastructures.

The success of these initiatives is dependent on effective leadership and realizing intended benefits. Ineffective change management could result in a lack of integrated processes and procedures, unclear accountabilities and decision-making rights, decreased colleague engagement, ineffective communication and training or a lack of requisite knowledge. Any of the foregoing could disrupt operations, increase the risk of customer dissatisfaction, adversely affect the Company's reputation or financial performance or adversely affect the ability of the Company to implement and achieve its long-term strategic objectives.

ENVIRONMENTAL AND SOCIAL The Company and its operating segments are committed to creating positive environmental and social change by focusing on issues that matter most to the Company's customers, employees, communities and other stakeholders, with a particular focus on combatting climate change and advancing social equity. Any failure or perceived failure to advance the environmental or social priorities of the Company or its stakeholders may negatively affect the Company's reputation, operations or financial performance.

Environmental

The Company and its operating segments face environmental risks that could, directly or indirectly, negatively impact the Company's reputation, operations or performance over the short or long-term.

In particular, the Company and its operating segments are confronted with issues relating to climate change. The Company has the opportunity to make a significant positive impact on the environment. To address this opportunity, the Company and its operating segments are focused on several strategic initiatives, including reducing emissions, food and plastic waste. Federal and provincial governments are also striving to combat climate change, including through the consideration and/or implementation of carbon reduction targets and financial mechanisms to reduce carbon emissions, such as carbon taxes, carbon pricing and caps and trade. In addition to its own initiatives, the Company and its operating segments may be required to make operational changes and/or incur significant financial costs to comply with the various governmental reforms, which may differ across jurisdictions. Additionally, certain global climate change patterns (e.g. rising sea levels, changing rain fall) may impact sourcing of food and food ingredients. Any failure to meet its strategic objectives, adhere to climate change reforms or to adapt to the impacts of climate change, such as failure to reduce emissions, eliminate food and plastic waste or mitigate sourcing and supply chain disruptions, could result in fines or could adversely affect the Company's reputation, operations or financial performance.

The Company and its operating segments maintain a portfolio of real estate and other facilities and are subject to environmental risks associated with the contamination of such properties and facilities, whether by previous owners or occupants, neighbouring properties or by the Company itself. In particular, Loblaw has a number of underground fuel storage tanks, the majority of which are used for its supply chain transport fleets. Contamination resulting from leaks from these tanks is possible. Additional environmental issues relating to matters or sites may require the Company to incur significant additional costs. Loblaw also operates refrigeration equipment in its stores and distribution centres to preserve perishable products as they pass through the supply chain and ultimately to consumers. These systems contain refrigerant gases which could be released if equipment fails or leaks. A release of these gases could have adverse effects on the environment. Failure to properly manage any of these environmental risks could adversely affect the reputation, operations or financial performance of the Company.

Loblaw is subject to legislation that imposes liabilities on retailers, brand owners and importers for costs associated with recycling and disposal of consumer goods packaging and printed materials distributed to consumers. There is a risk that the Company will be subject to increased costs associated with these laws. In addition, the Company could be subject to increased or unexpected costs associated with environmental incidents and the related remediation activities, including litigation and regulatory related costs, all of which could adversely affect the reputation or financial performance of the Company.

Social

The Company and its operating segments face risks associated with social issues and have established certain priorities in response, including achieving adequate representation of traditionally under-represented groups in management positions and the colleague population as a whole, building a culture of inclusion and investing in communities, particularly by supporting women's and children's health. In the event that the Company is not perceived to have robust diversity and inclusion programs, its ability to attract, develop and retain colleagues could be compromised. The Company recognizes its responsibility to respect and protect the human rights of all people who support and intersect with the business, and is committed to not tolerating abuse, discrimination or harassment in any form. Ineffective action or inaction in response to social matters, including a failure or perceived failure to adequately address its priorities, could adversely affect the Company's reputation or financial performance.

SERVICE PROVIDERS The Company has a wide range of key business relationships with third parties including vendors, suppliers, distributors and contractors. The Company relies on vendors, including offshore vendors in both mature and developing markets, to provide the Company with goods and services. Offshore sourcing increases certain risks to the Company, including risks associated with food safety and general merchandise product defects, non-compliance with ethical and safe business practices and inadequate supply of products. The Company has no direct influence over how vendors are managed. Negative events affecting vendors or inefficient, ineffective or incomplete vendor management strategies, policies and/or procedures, including those related to ethical sourcing, could adversely impact the Company's reputation and impair the Company's ability to meet customer needs or control costs and quality, which could adversely affect the reputation, operations or financial performance of the Company.

Loblaw relies on service providers including transport carriers or other delivery service providers, logistic service providers and operators of warehouses and distribution facilities. Ineffective selection, contractual terms or relationship management could impact Loblaw's ability to source products (both national brand and control brand products), to have products available for customers, to market to customers or to operate efficiently and effectively. Disruption in services from suppliers could interrupt the delivery of merchandise to stores or customers, which in turn could adversely affect the operations or financial performance of the Company.

PC Bank uses third party service providers to process credit card transactions, operate call centres and operationalize certain risk management strategies for the ***President's Choice Financial Mastercard*** and *PC Money* Account. A significant disruption in the services provided by third party service providers could adversely affect the financial performance of PC Bank and the Company.

The Company has outsourced certain administrative functions of its business to service providers including account payments, payroll services, IT support, investment management and custodial relationships, and benefit plan administration. Any disruption in the services provided by these suppliers could adversely affect the return on these assets or liquidity of the Company.

LEGAL PROCEEDINGS In the ordinary course of business, the Company is involved in and potentially subject to legal proceedings. The proceedings may involve suppliers, customers, patients, Associates, franchisees, regulators, tax authorities or other persons. The potential outcome of legal proceedings and claims is uncertain.

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

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

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the Ontario, Quebec, and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid "dealers" and Sanis Health Inc. is a proposed supplier class member. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

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

FRANCHISEE RELATIONSHIPS Loblaw has entered into agreements with third party franchisees that permit the franchisees to own and operate retail stores in accordance with prescribed procedures and standards. A substantial portion of Loblaw's revenues and earnings comes from amounts paid by franchisees in connection with their store operations and leased property. Franchisees are independent operators and their operations may be negatively affected by factors beyond Loblaw's control. If franchisees do not operate their stores in accordance with Loblaw's standards or otherwise in accordance with good business practices, franchisee fees and rent paid to Loblaw could be negatively affected, which in turn could adversely affect the Company's reputation, operations or financial performance. In addition, the Company's reputation could be harmed if a significant number of franchisees were to experience operational failures, health and safety exposures or were unable to pay Loblaw for products, fees or rent.

Loblaw's franchise system is also subject to franchise legislation enacted by a number of provinces. Any new legislation or failure to comply with existing legislation could adversely affect operations and could add administrative costs and burdens, any of which could affect Loblaw's relationship with its franchisees.

Supply chain or system changes by Loblaw could cause or be perceived to cause disruptions to franchised store operations and could result in negative effects on the financial performance of franchisees. Relationships with franchisees could pose significant risks if they are disrupted, which could adversely affect the reputation, operations or financial performance of the Company.

ASSOCIATE-OWNED DRUG STORE NETWORK AND RELATIONSHIPS WITH ASSOCIATES The success of Loblaw and the reputation of its brands are closely tied to the performance of the Shoppers Drug Mart Associate-owned drug stores. Accordingly, Loblaw relies on Associates to successfully operate, manage and execute retail programs and strategies at their respective drug store locations. Associates are independent business operators that have entered into agreements with Loblaw to own and operate retail stores in accordance with prescribed procedures and standards. The success of the operations and financial performance of their respective drug stores may be beyond Loblaw's control. In addition, Associates are subject to franchise legislation. Disruptions to Loblaw's relationships with Shoppers Drug Mart Associate-owned drug stores or changes in legislation could negatively affect revenue from Associates, which in turn, could adversely affect the reputation, operations or financial performance of the Company.

COMPETITIVE ENVIRONMENT AND STRATEGY The Company operates in highly competitive industries.

Loblaw competes against a wide variety of retailers including supermarket and retail drug store operators, as well as mass merchandisers, warehouse clubs, online retailers, mail order prescription drug distributors, limited assortment stores, discount stores, convenience stores and specialty stores. Many of these competitors offer a selection of food, drug and general merchandise, while others remain focused on supermarket-type merchandise. In addition, Loblaw is subject to competitive pressures from new entrants into the marketplace and from the expansion or renovation of existing competitors, particularly those expanding into the grocery and retail drug markets and those offering e-commerce retail platforms. Loblaw's loyalty program is a valuable offering to customers and provides a key differentiating marketing tool for the business. The marketing, promotional and other business activities related to Loblaw's loyalty program must be well managed and coordinated to preserve positive customer perception. Loblaw has made significant investments in support of its strategic growth areas of Everyday Digital Retail, Payments and Rewards and Connected Healthcare, which are all subject to competitive pressures. Failure to achieve these or other strategic priorities could adversely affect the Company's financial position and its competitiveness.

Loblaw's inability to effectively predict market activity, leverage customer preferences and spending patterns and respond in a timely manner to trends, or compete effectively with its current or future competitors could result in, among other things, reduced market share and reduced profitability. If Loblaw is ineffective in responding to consumer trends or in executing its strategic plans, its financial performance could be adversely affected. Loblaw's failure to effectively respond to customer trends may adversely impact Loblaw's relationship with its customers. Loblaw closely monitors market developments and market share trends.

Choice Properties competes with other investors, developers, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Competitors may have newer or better located properties, greater financial or other resources, or greater operating flexibility than Choice Properties. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for real estate property investments, thereby increasing purchase prices and reducing the yield on the investment. Increased competition to lease properties could adversely impact Choice Properties' ability to find suitable tenants at the appropriate rent and may negatively impact the financial performance of Choice Properties.

Failure by Loblaw or Choice Properties to sustain their competitive position could adversely affect the Company's financial performance.

EXECUTION OF STRATEGIC INITIATIVES The Company undertakes from time to time acquisitions and dispositions that meet its strategic objectives. The Company holds cash and short-term investments and is continuing to evaluate strategic opportunities for the use or deployment of these funds. The use or deployment of the funds and the execution of the Company's capital plans could pose a risk if they do not align with the Company's strategic objectives or if the Company experiences integration difficulties on the acquisition of any businesses. Execution of the strategic plan requires prudent operational planning, availability and attention of key personnel, timely implementation and effective change management. In addition, the Company may not be able to realize upon the synergies, business opportunities and growth prospects expected from any such investment opportunities or from the execution of the Company's strategies. Finally, any acquisition or divestiture activities may present unanticipated costs and managerial and operational risks, including the diversion of management's time and attention from day-to-day activities. If the Company's strategies are not effectively developed and executed, it could negatively affect the reputation, operations or financial performance of the Company.

8.2 Financial Risks and Risk Management

FINANCIAL RISKS The Company is exposed to a number of financial risks, including those associated with financial instruments, which have the potential to affect its operating and financial performance. The Company uses OTC derivative instruments to offset certain of these risks. Policies and guidelines prohibit the use of any derivative instrument for trading or speculative purposes. The fair value of derivative instruments is subject to changing market conditions which could adversely affect the financial performance of the Company.

The following is a summary of the Company's financial risks which are discussed in detail below:

Liquidity	Trust Unit Prices
Commodity Prices	Interest Rates
Currency Exchange Rates	Credit Ratings
Credit	

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

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

COMMODITY PRICES Loblaw is exposed to increases in the prices of commodities in operating its stores and distribution networks, as well as to the indirect effect of changing commodity prices on the price of consumer products. Rising commodity prices could adversely affect the financial performance of Loblaw. To manage a portion of this exposure, Loblaw uses purchase commitments and derivative instruments in the form of exchange traded futures contracts and forward contracts to minimize cost volatility related to commodities.

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

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

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

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

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

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

Despite the mitigation strategies described above, it is possible that the Company's financial performance could be negatively impacted by the failure of a counterparty to fulfill its obligations.

TRUST UNIT PRICES The Company is exposed to market price risk from Choice Properties' Trust Units that are held by unitholders other than the Company. These Trust Units are presented as a liability on the Company's consolidated balance sheets as they are redeemable for cash at the option of the holders. The liability is recorded at fair value at each reporting period based on the market price of Trust Units. The change in the fair value of the liability negatively impacts net earnings when the Trust Unit price increases and positively impacts net earnings when the Trust Unit price declines.

INTEREST RATES The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt, and from the refinancing of existing financial instruments. An increase in interest rates could adversely affect the operations or financial performance of the Company. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions, with the objective of maintaining the majority of its debt at fixed interest rates.

CREDIT RATINGS Credit ratings assigned to the Company and any of its securities may be changed at any time based on the judgment of the credit rating agencies and may also be impacted by a change in the credit rating of Loblaw, Choice Properties and their respective affiliates. In addition, the Company, Loblaw, Choice Properties and their respective affiliates may incur additional indebtedness in the future, which could impact current and future credit ratings. A reduction in credit ratings could materially adversely affect the market value of the Company's outstanding securities and the Company's access to and cost of financing.

9. Related Party Transactions

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

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

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

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

During 2022, Loblaw became a limited partner in another limited partnership formed by Wittington ("Venture Fund II"). A wholly owned subsidiary of Wittington is also the general partner of Venture Fund II, and the general purpose of Venture Fund II is consistent with Venture Fund I. Loblaw has a 50% interest in Venture Fund II and has a total capital commitment of $60 million over a 10-year period.

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

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

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

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

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

10. Critical Accounting Estimates and Judgments

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

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

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

BASIS OF CONSOLIDATION

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

BUSINESS COMBINATIONS - VALUATION OF INTANGIBLE ASSETS

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

INVENTORIES

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

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

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

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

IMPAIRMENT OF CREDIT CARD RECEIVABLES

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

- Movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on credit card receivables. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- Thresholds for significant increase in credit risk based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- Forecasts of future economic conditions, namely the unemployment rate. Management uses an average of unemployment rate forecasts published by major Canadian Chartered Banks and the Conference Board of Canada to establish the base case scenario and other representative ranges of possible forecast scenarios.

FAIR VALUE OF INCOME PRODUCING PROPERTIES

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

INCOME AND OTHER TAXES

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

PROVISIONS

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

LEASES

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

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

11. Amendments to IFRS Accounting Standards

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

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

12. Outlook[2]

For 2024, the Company expects adjusted net earnings[1] to increase due to the results from its operating segments, and to use excess cash to repurchase shares.

Loblaw Loblaw will execute on retail excellence while advancing its growth initiatives with the goal of continuing to deliver consistent operational and financial results in 2024. Loblaw's businesses remain well positioned to meet the everyday needs of Canadians.

For the full-year 2024, Loblaw expects:
- its retail business to grow earnings faster than sales;
- adjusted net earnings per common share[1] growth in the high single-digits;
- to continue investing in its store network and distribution centres by investing a net amount of $1.8 billion in capital expenditures, which reflects gross capital investments of approximately $2.2 billion, net of approximately $400 million of proceeds from property disposals; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

Choice Properties Choice Properties is focused on capital preservation, delivering stable and growing cash flows and net asset value appreciation, all with a long-term focus. Its high-quality portfolio is primarily leased to necessity-based tenants and logistics providers, who are less sensitive to economic volatility and therefore provide stability to its overall portfolio. Choice Properties continues to experience positive leasing momentum across its portfolio and is well positioned to complete its 2024 lease renewals. Choice Properties also continues to advance its development program, with a focus on commercial developments in the near term, which provides 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 is confident that its business model, stable tenant base, strong balance sheet and disciplined approach to financial management will continue to position the business well for future success. In 2024, Choice Properties will continue to focus on its core business of essential retail and industrial, its growing residential platform and its robust development pipeline, and is targeting:
- stable occupancy across the portfolio, resulting in 2.5% - 3.0% year-over-year growth in Same-Asset NOI, cash basis[i];
- annual FFO[1] per unit diluted[i] in a range of $1.02 to $1.03, reflecting 2.0% - 3.0% year-over-year growth; and
- strong leverage metrics, targeting Adjusted Debt to EBITDAFV[i] slightly below 7.5x.

(i) For more information on these measures see the 2023 Annual Report filed by Choice Properties, which is available on www.sedarplus.ca or at www.choicereit.ca.

13. Non-GAAP and Other Financial Measures

The Company uses non-GAAP and other 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, adjusted return on average equity attributable to common shareholders of the Company, 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 earnings before income taxes, adjusted income taxes and adjusted effective tax rate. The Company believes these non-GAAP and other financial measures 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 and other financial 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 www.sedarplus.ca or at www.loblaw.ca or www.choicereit.ca, respectively.

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

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

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

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

	Quarters Ended									
					Dec. 31, 2023					**Dec. 31, 2022**
($ millions)	**Loblaw**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consolidated**	**Loblaw**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consolidated**
Net loss attributable to shareholders of the Company from continuing operations					**$ (28)**					$ (104)
Add impact of the following:										
Non-controlling interests					**275**					239
Income taxes					**169**					213
Net interest expense and other financing charges					**660**					916
Operating income	**$ 941**	**$ 191**	**$ (45)**	**$ (11)**	**$ 1,076**	$ 869	$ 404	$ (16)	$ 7	$ 1,264
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 115**	**$ –**	**$ –**	**$ –**	**$ 115**	$ 115	$ –	$ –	$ –	$ 115
Fair value adjustment on investment properties	**–**	**74**	**(40)**	**–**	**34**	–	(202)	(24)	–	(226)
Fair value adjustment of derivatives	**14**	**–**	**–**	**–**	**14**	11	–	–	–	11
Fair value adjustment on non-operating properties	**9**	**–**	**–**	**–**	**9**	(6)	–	–	–	(6)
Fair value adjustment of investment in real estate securities	**–**	**(27)**	**–**	**–**	**(27)**	–	20	–	–	20
Recoveries related to PC Bank commodity tax matters	**(13)**	**–**	**–**	**–**	**(13)**	–	–	–	–	–
Gain on sale of non-operating properties	**–**	**–**	**(1)**	**–**	**(1)**	(50)	–	–	–	(50)
Adjusting items	**$ 125**	**$ 47**	**$ (41)**	**$ –**	**$ 131**	$ 70	$ (182)	$ (24)	$ –	$ (136)
Adjusted operating income	**$ 1,066**	**$ 238**	**$ (86)**	**$ (11)**	**$ 1,207**	$ 939	$ 222	$ (40)	$ 7	$ 1,128
Depreciation and amortization excluding the impact of the above adjustment[(i)]	**565**	**–**	**(78)**	**–**	**487**	552	1	(92)	1	462
Adjusted EBITDA	**$ 1,631**	**$ 238**	**$ (164)**	**$ (11)**	**$ 1,694**	$ 1,491	$ 223	$ (132)	$ 8	$ 1,590

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

	Years Ended									
					Dec. 31, 2023					Dec. 31, 2022
($ millions)	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations					$ 1,540					$ 1,822
Add impact of the following:										
Non-controlling interests					1,085					987
Income taxes					849					831
Net interest expense and other financing charges					889					913
Operating income	$ 3,696	$ 1,001	$ (284)	$ (50)	$ 4,363	$ 3,334	$ 1,083	$ 159	$ (23)	$ 4,553
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	$ 499	$ –	$ –	$ –	$ 499	$ 497	$ –	$ –	$ –	$ 497
Fair value adjustment on investment properties	–	(128)	93	–	(35)	–	(442)	(286)	–	(728)
Fair value adjustment of derivatives	16	–	–	–	16	(5)	–	–	–	(5)
Fair value adjustment on non-operating properties	9	–	–	–	9	(6)	–	–	–	(6)
Fair value adjustment of investment in real estate securities	–	64	–	–	64	–	248	–	–	248
Charges related to PC Bank commodity tax matters	24	–	–	–	24	111	–	–	–	111
Gain on sale of non-operating properties	(12)	–	(8)	–	(20)	(57)	–	–	–	(57)
Transaction costs and other related expenses	–	–	–	–	–	16	5	–	–	21
Restructuring and other related (recoveries) costs	–	–	–	–	–	(15)	–	19	–	4
Foreign currency translation and other company level activities	–	–	–	–	–	–	–	–	3	3
Adjusting items	$ 536	$ (64)	$ 85	$ –	$ 557	$ 541	$ (189)	$ (267)	$ 3	$ 88
Adjusted operating income	$ 4,232	$ 937	$ (199)	$ (50)	$ 4,920	$ 3,875	$ 894	$ (108)	$ (20)	$ 4,641
Depreciation and amortization excluding the impact of the above adjustment(i)	2,407	3	(380)	3	2,033	2,298	3	(395)	4	1,910
Adjusted EBITDA	$ 6,639	$ 940	$ (579)	$ (47)	$ 6,953	$ 6,173	$ 897	$ (503)	$ (16)	$ 6,551

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

The following items impacted adjusted EBITDA in 2023 and 2022:

Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark 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.

The acquisition of Lifemark in 2022 included approximately $299 million of definite life intangible assets, which are being amortized over their estimated useful lives.

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

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

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

Fair value adjustment of investment in real estate securities Choice Properties received Allied Class B Units as part of the consideration for the Office Asset Sale on March 31, 2022. Choice Properties recognized these units as investments in real estate securities. The investment in real estate securities is exposed to market price fluctuations of Allied trust units. An increase (decrease) in the market price of Allied trust units results in income (a charge) to operating income.

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

In the second quarter of 2022, Loblaw recorded a charge of $111 million, inclusive of interest. In July 2022, the Tax Court released its decision and ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. In September 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal. Subsequent to December 30, 2023, the Federal Court of Appeal scheduled the hearing of the appeal for March 6, 2024.

Gain on sale of non-operating properties In the fourth quarter of 2023, Loblaw did not record any gain or loss related to the sale of non-operating properties (2022 – gain of $50 million). In 2023, Loblaw recorded a gain related to the sale of non-operating properties of $12 million (2022 – $57 million).

In the fourth quarter of 2023 and year-to-date, Choice Properties disposed of properties and incurred a loss which was recognized in fair value adjustment of investment properties. On consolidation, the Company recorded these properties as fixed assets, which were recognized at cost less accumulated depreciation. As a result, in the fourth quarter of 2023 and year-to-date, on consolidation, an incremental gain of $1 million and $8 million, respectively, was recognized in operating income.

Transaction costs and other related expenses In connection with the acquisition of Lifemark during 2022, Loblaw recorded acquisition costs of $16 million in operating income.

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

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 of restructuring and other related recoveries mainly 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 invested to build a modern and efficient expansion to its Cornwall distribution centre to serve its food and drug retail businesses in Ontario and Quebec and volumes have been transferred.

In the first quarter of 2022, 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.

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.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Net interest expense and other financing charges	**$ 660**	$ 916	**$ 889**	$ 913
(Deduct) add impact of the following:				
Fair value adjustment of the Trust Unit liability	**(382)**	(662)	**231**	98
Recovery related to Glenhuron	**–**	–	**–**	11
Adjusted net interest expense and other financing charges	**$ 278**	$ 254	**$ 1,120**	$ 1,022

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 2023 and 2022:

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

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.

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Adjusted operating income(i)	**$ 1,207**	$ 1,128	**$ 4,920**	$ 4,641
Adjusted net interest expense and other financing charges(i)	**278**	254	**1,120**	1,022
Adjusted earnings before taxes	**$ 929**	$ 874	**$ 3,800**	$ 3,619
Income taxes	**$ 169**	$ 213	**$ 849**	$ 831
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes(ii)	**75**	25	**178**	83
Outside basis difference in certain Loblaw shares	**16**	(3)	**(8)**	(4)
Remeasurement of deferred tax balances	**–**	–	**–**	46
Recovery related to Glenhuron	**–**	–	**–**	33
Adjusted income taxes	**$ 260**	$ 235	**$ 1,019**	$ 989
Effective tax rate applicable to earnings before taxes	**40.6%**	61.2%	**24.4%**	22.8%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**28.0%**	26.9%	**26.8%**	27.3%

(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 2023 and 2022:

Outside basis difference in certain Loblaw shares The Company recorded a deferred tax recovery of $16 million quarter-to-date (2022 – expense of $3 million) and a deferred tax expense of $8 million year-to-date (2022 – $4 million) on temporary differences in respect of GWL's investment in certain Loblaw shares that are expected to reverse in the foreseeable future as a result of GWL's participation in Loblaw's NCIB.

Remeasurement of deferred tax balances In the second quarter of 2022, the Company remeasured certain deferred tax balances as a result of the Office Asset Sale which resulted in an income tax recovery of $46 million.

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

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Net (loss) earnings attributable to shareholders of the Company	**$ (28)**	$ (104)	**$ 1,540**	$ 1,816
Less: Net loss from discontinued operations	**–**	–	**–**	(6)
Net (loss) earnings attributable to shareholders of the Company from continuing operations	**$ (28)**	$ (104)	**$ 1,540**	$ 1,822
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(44)**	(44)
Net (loss) earnings available to common shareholders of the Company from continuing operations	**$ (38)**	$ (114)	**$ 1,496**	$ 1,778
Less: Reduction in net earnings due to dilution at Loblaw	**(3)**	(3)	**(12)**	(11)
Net (loss) earnings available to common shareholders from continuing operations for diluted earnings per share	**$ (41)**	$ (117)	**$ 1,484**	$ 1,767
Net (loss) earnings attributable to shareholders of the Company from continuing operations	**$ (28)**	$ (104)	**$ 1,540**	$ 1,822
Adjusting items (refer to the following table)	**380**	483	**(29)**	(346)
Adjusted net earnings attributable to shareholders of the Company from continuing operations	**$ 352**	$ 379	**$ 1,511**	$ 1,476
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(44)**	(44)
Adjusted net earnings available to common shareholders of the Company from continuing operations	**$ 342**	$ 369	**$ 1,467**	$ 1,432
Less: Reduction in net earnings due to dilution at Loblaw	**(3)**	(3)	**(12)**	(11)
Adjusted net earnings available to common shareholders for diluted earnings per share from continuing operations	**$ 339**	$ 366	**$ 1,455**	$ 1,421
Diluted weighted average common shares outstanding (in millions)	**134.8**	141.3	**138.0**	144.8

Management's Discussion and Analysis

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

	Quarters Ended											
	Dec. 31, 2023						Dec. 31, 2022					
	Net (Loss) Earnings Available to Common Shareholders of the Company					Diluted Net (Loss) Earnings Per Common Share ($)	Net (Loss) Earnings Available to Common Shareholders of the Company					Diluted Net (Loss) Earnings Per Common Share ($)
($ millions except where otherwise indicated)	Loblaw(i)	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Consol-idated	Loblaw(i)	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Consol-idated
Continuing Operations	**$ 285**	**$ (445)**	**$ 142**	**$ (20)**	**$ (38)**	**$ (0.30)**	$ 279	$ (579)	$ 180	$ 6	$ (114)	$ (0.83)
Add (deduct) impact of the following(ii):												
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 45**	**$ –**	**$ –**	**$ –**	**$ 45**	**$ 0.33**	$ 41	$ –	$ –	$ –	$ 41	$ 0.29
Fair value adjustment on investment properties	**–**	**73**	**(80)**	**–**	**(7)**	**(0.05)**	–	(208)	(17)	–	(225)	(1.60)
Fair value adjustment of derivatives	**5**	**–**	**–**	**–**	**5**	**0.04**	5	–	–	–	5	0.03
Fair value adjustment on non-operating properties	**3**	**–**	**–**	**–**	**3**	**0.02**	(2)	–	–	–	(2)	(0.01)
Fair value adjustment of investment in real estate securities	**–**	**(27)**	**2**	**–**	**(25)**	**(0.19)**	–	20	(2)	–	18	0.13
Recoveries related to PC Bank commodity tax matters	**(6)**	**–**	**–**	**–**	**(6)**	**(0.04)**	–	–	–	–	–	–
Gain on sale of non-operating properties	**–**	**–**	**(1)**	**–**	**(1)**	**(0.01)**	(19)	–	–	–	(19)	(0.13)
Fair value adjustment of the Trust Unit liability	**–**	**–**	**382**	**–**	**382**	**2.83**	–	–	662	–	662	4.69
Fair value adjustment on Choice Properties' Exchangeable Units	**–**	**502**	**(502)**	**–**	**–**	**–**	–	859	(859)	–	–	–
Outside basis difference in certain Loblaw shares	**–**	**–**	**–**	**(16)**	**(16)**	**(0.12)**	–	–	–	3	3	0.02
Adjusting items Continuing Operations	**$ 47**	**$ 548**	**$ (199)**	**$ (16)**	**$ 380**	**$ 2.81**	$ 25	$ 671	$ (216)	$ 3	$ 483	$ 3.42
Adjusted Continuing Operations	**$ 332**	**$ 103**	**$ (57)**	**$ (36)**	**$ 342**	**$ 2.51**	$ 304	$ 92	$ (36)	$ 9	$ 369	$ 2.59

(i) Contribution from Loblaw, net of non-controlling interests.
(ii) Net of income taxes and non-controlling interests, as applicable.

($ millions except where otherwise indicated)	Dec. 31, 2023 Net Earnings Available to Common Shareholders of the Company: Loblaw[(i)]	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Diluted Net Earnings Per Common Share ($): Consol-idated	Dec. 31, 2022 Net Earnings Available to Common Shareholders of the Company: Loblaw[(i)]	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Diluted Net Earnings Per Common Share ($): Consol-idated
Continuing Operations	**$ 1,102**	**$ 797**	**$ (248)**	**$ (155)**	**$ 1,496**	**$ 10.75**	$ 1,007	$ 744	$ 127	$ (100)	$ 1,778	$ 12.20
Add (deduct) impact of the following[(ii)]:												
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 194**	**$ –**	**$ –**	**$ –**	**$ 194**	**$ 1.41**	$ 191	$ –	$ –	$ –	$ 191	$ 1.32
Fair value adjustment on investment properties	**–**	**(131)**	**65**	**–**	**(66)**	**(0.48)**	–	(443)	(202)	–	(645)	(4.45)
Fair value adjustment of derivatives	**6**	**–**	**–**	**–**	**6**	**0.04**	(2)	–	–	–	(2)	(0.01)
Fair value adjustment on non-operating properties	**3**	**–**	**–**	**–**	**3**	**0.02**	(2)	–	–	–	(2)	(0.01)
Fair value adjustment of investment in real estate securities	**–**	**64**	**(5)**	**–**	**59**	**0.42**	–	248	(20)	–	228	1.57
Charges related to PC Bank commodity tax matters	**9**	**–**	**–**	**–**	**9**	**0.07**	45	–	–	–	45	0.31
Gain on sale of non-operating properties	**(5)**	**–**	**(6)**	**–**	**(11)**	**(0.08)**	(22)	–	–	–	(22)	(0.15)
Transaction costs and other related expenses	**–**	**–**	**–**	**–**	**–**	**–**	7	5	–	–	12	0.08
Restructuring and other related costs	**–**	**–**	**–**	**–**	**–**	**–**	(7)	–	17	–	10	0.07
Fair value adjustment of the Trust Unit liability	**–**	**–**	**(231)**	**–**	**(231)**	**(1.67)**	–	–	(98)	–	(98)	(0.68)
Fair value adjustment on Choice Properties' Exchangeable Units	**–**	**(321)**	**321**	**–**	**–**	**–**	–	(170)	170	–	–	–
Outside basis difference in certain Loblaw shares	**–**	**–**	**–**	**8**	**8**	**0.06**	–	–	–	4	4	0.03
Remeasurement of deferred tax balances	**–**	**–**	**–**	**–**	**–**	**–**	–	–	(46)	–	(46)	(0.32)
Recovery related to Glenhuron	**–**	**–**	**–**	**–**	**–**	**–**	(23)	–	–	–	(23)	(0.16)
Foreign currency translation and other company level activities	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	2	2	0.01
Adjusting items Continuing Operations	**$ 207**	**$ (388)**	**$ 144**	**$ 8**	**$ (29)**	**$ (0.21)**	$ 187	$ (360)	$ (179)	$ 6	$ (346)	$ (2.39)
Adjusted Continuing Operations	**$ 1,309**	**$ 409**	**$ (104)**	**$ (147)**	**$ 1,467**	**$ 10.54**	$ 1,194	$ 384	$ (52)	$ (94)	$ 1,432	$ 9.81

(i) Contribution from Loblaw, net of non-controlling interests.
(ii) Net of income taxes and non-controlling interests, as applicable.

FREE CASH FLOW 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.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2023**	Dec. 31, 2022[i]	**Dec. 31, 2023**	Dec. 31, 2022[i]
Cash flows from operating activities	**$ 1,513**	$ 1,266	**$ 5,851**	$ 4,912
Less: Interest paid	**212**	195	**918**	818
Capital investments[ii]	**747**	792	**2,379**	1,865
Lease payments, net	**157**	139	**848**	749
Free cash flow	**$ 397**	$ 140	**$ 1,706**	$ 1,480

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Capital investments are the sum of fixed asset and investment properties additions and intangible asset additions as presented in the Company's consolidated statements of cash flows, plus prepayments transferred to fixed assets in the current year, as applicable. Capital investments in the fourth quarter of 2023 and the year ended December 31, 2023 includes $37 million of prepayments transferred to fixed assets.

ADJUSTED RETURN ON AVERAGE EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS OF THE COMPANY AND ADJUSTED RETURN ON CAPITAL The Company uses the following metrics to measure its leverage and profitability. The definitions of these ratios are presented below.

Adjusted Return on Average Equity Attributable to Common Shareholders of the Company Adjusted net earnings available to common shareholders of the Company for the last four quarters divided by average total equity attributable to common shareholders of the Company. Refer to Section 3.4, "Financial Condition", of this MD&A.

Adjusted Return on Capital Tax-effected adjusted operating income for the last four quarters divided by average capital where capital is defined as total debt, plus equity attributable to shareholders of the Company, less cash and cash equivalents, and short-term investments. Refer to Section 3.4, "Financial Condition", of this MD&A.

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 Accounting Standards issued in January 2022.

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

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Net (loss) income	**$ (445)**	$ (579)	**$ 797**	$ 744
Add (deduct) impact of the following:				
Amortization of intangible assets	**–**	–	**1**	1
Transaction costs and other related expenses	**–**	–	**–**	5
Adjustment to fair value of unit-based compensation	**1**	2	**(1)**	1
Fair value adjustment on Exchangeable Units	**503**	859	**(321)**	(170)
Fair value adjustment on investment properties	**74**	(193)	**(114)**	(113)
Fair value adjustment on investment property held in equity accounted joint ventures	**(1)**	(14)	**(17)**	(329)
Fair value adjustment of investment in real estate securities	**(27)**	21	**64**	248
Capitalized interest on equity accounted joint ventures	**3**	3	**12**	9
Unit distributions on Exchangeable Units	**74**	73	**296**	293
Internal expenses for leasing	**3**	2	**9**	9
Funds from Operations	**$ 185**	$ 174	**$ 726**	$ 698

Management’s Discussion and Analysis

13.1 Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation

ADJUSTED EBITDA 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.

($ millions)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	2023 Total (52 weeks)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	2022 Total (52 weeks)	2021 Total (52 weeks)
Net earnings (loss) attributable to shareholders of the Company from continuing operations	$ 436	$ 508	$ 624	$ (28)	$ 1,540	$ 373	$ 650	$ 903	$ (104)	$ 1,822	$ 753
Add (deduct) impact of the following:											
Non-controlling interests	$ 216	$ 274	$ 320	$ 275	$ 1,085	$ 242	$ 224	$ 282	$ 239	$ 987	$ 994
Income taxes	$ 234	$ 244	$ 202	$ 169	$ 849	$ 229	$ 113	$ 276	$ 213	$ 831	$ 630
Net interest expense (income) and other financing charges	$ 71	$ 73	$ 85	$ 660	$ 889	$ 322	$ (338)	$ 13	$ 916	$ 913	$ 1,650
Operating income	$ 957	$ 1,099	$ 1,231	$ 1,076	$ 4,363	$ 1,166	$ 649	$ 1,474	$ 1,264	$ 4,553	$ 4,027
Add (deduct) impact of the following:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	$ 114	$ 116	$ 154	$ 115	$ 499	$ 117	$ 114	$ 151	$ 115	$ 497	$ 506
Fair value adjustment on investment properties	(49)	(21)	1	34	(35)	(291)	102	(313)	(226)	(728)	(323)
Fair value adjustment of derivatives	3	5	(6)	14	16	(14)	4	(6)	11	(5)	(13)
Fair value adjustment on non-operating properties	–	–	–	9	9	–	–	–	(6)	(6)	(2)
Fair value adjustment of investment in real estate securities	15	31	45	(27)	64	–	159	69	20	248	–
Charges (recoveries) related to PC Bank commodity tax matters	–	37	–	(13)	24	–	111	–	–	111	–
Gain on sale of non-operating properties	(1)	(3)	(15)	(1)	(20)	–	(4)	(3)	(50)	(57)	(14)
Transaction costs and other related expenses	–	–	–	–	–	8	13	–	–	21	–
Restructuring and other related costs	–	–	–	–	–	4	–	–	–	4	13
Foreign currency translation and other company level activities	–	–	–	–	–	–	2	1	–	3	–
Adjusting items	$ 82	$ 165	$ 179	$ 131	$ 557	$ (176)	$ 501	$ (101)	$ (136)	$ 88	$ 167
Adjusted operating income	$ 1,039	$ 1,264	$ 1,410	$ 1,207	$ 4,920	$ 990	$ 1,150	$ 1,373	$ 1,128	$ 4,641	$ 4,194
Depreciation and amortization excluding the impact of the above adjustments[(i)]	$ 468	$ 469	$ 609	$ 487	$ 2,033	$ 432	$ 438	$ 578	$ 462	$ 1,910	$ 1,801
Adjusted EBITDA	$ 1,507	$ 1,733	$ 2,019	$ 1,694	$ 6,953	$ 1,422	$ 1,588	$ 1,951	$ 1,590	$ 6,551	$ 5,995

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

ADJUSTED NET INTEREST EXPENSE AND OTHER FINANCING CHARGES 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.

($ millions)	Years Ended Dec. 31, 2023 (52 weeks)	Dec. 31, 2022 (52 weeks)	Dec. 31, 2021 (52 weeks)
Net interest expense and other financing charges	**$ 889**	$ 913	$ 1,650
Add (deduct) impact of the following:			
Fair value adjustment of the Trust Unit liability	**231**	98	(601)
Recovery related to Glenhuron	**–**	11	189
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	–	(188)
Adjusted net interest expense and other financing charges	**$ 1,120**	$ 1,022	$ 1,050

ADJUSTED INCOME TAXES AND ADJUSTED EFFECTIVE TAX RATE 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.

($ millions except where otherwise indicated)	Years Ended Dec. 31, 2023 (52 weeks)	Dec. 31, 2022 (52 weeks)	Dec. 31, 2021 (52 weeks)
Adjusted operating income(i)	**$ 4,920**	$ 4,641	$ 4,194
Adjusted net interest expense and other financing charges(i)	**1,120**	1,022	1,050
Adjusted earnings before taxes	**$ 3,800**	$ 3,619	$ 3,144
Income taxes	**$ 849**	$ 831	$ 630
Add (deduct) impact of the following:			
Tax impact of items excluded from adjusted earnings before taxes(ii)	**178**	83	99
Outside basis difference in certain Loblaw shares	**(8)**	(4)	(6)
Remeasurement of deferred tax balances	**–**	46	–
Recovery related to Glenhuron	**–**	33	128
Adjusted income taxes	**$ 1,019**	$ 989	$ 851
Effective tax rate applicable to earnings before taxes	**24.4%**	22.8%	26.5%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**26.8%**	27.3%	27.1%

(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.

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS FROM CONTINUING OPERATIONS AND ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS 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.

					2023					2022	2021
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	Total
($ millions)	(12 weeks)	(12 weeks)	(16 weeks)	(12 weeks)	(52 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(12 weeks)	(52 weeks)	(52 weeks)
Continuing Operations	$ 426	$ 498	$ 610	$ (38)	$ 1,496	$ 363	$ 640	$ 889	$ (114)	$ 1,778	$ 709
Add (deduct) impact of the following[i]:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	$ 45	$ 44	$ 60	$ 45	$ 194	$ 46	$ 44	$ 60	$ 41	$ 191	$ 196
Fair value adjustment on investment properties	(43)	(17)	1	(7)	(66)	(243)	85	(262)	(225)	(645)	(270)
Fair value adjustment of derivatives	1	2	(2)	5	6	(6)	2	(3)	5	(2)	(6)
Fair value adjustment on non-operating properties	–	–	–	3	3	–	–	–	(2)	(2)	–
Fair value adjustment of investment in real estate securities	14	28	42	(25)	59	–	146	64	18	228	–
Charges (recoveries) related to PC Bank commodity tax matters	–	15	–	(6)	9	–	45	–	–	45	–
Gain on sale of non-operating properties	(1)	(1)	(8)	(1)	(11)	–	(2)	(1)	(19)	(22)	(7)
Transaction costs and other related expenses	–	–	–	–	–	5	7	–	–	12	–
Restructuring and other related costs	–	–	–	–	–	10	–	–	–	10	5
Fair value adjustment of the Trust Unit liability	(192)	(202)	(219)	382	(231)	93	(576)	(277)	662	(98)	601
Outside basis difference in certain Loblaw shares	32	10	(18)	(16)	8	37	(18)	(18)	3	4	6
Remeasurement of deferred tax balances	–	–	–	–	–	–	(46)	–	–	(46)	–
Recovery related to Glenhuron	–	–	–	–	–	(23)	–	–	–	(23)	(165)
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	–	–	–	–	–	–	–	–	163
Foreign currency translation and other company level activities	–	–	–	–	–	–	1	1	–	2	–
Adjusting items Continuing Operations	$ (144)	$ (121)	$ (144)	$ 380	$ (29)	$ (81)	$ (312)	$ (436)	$ 483	$ (346)	$ 523
Adjusted Continuing Operations	$ 282	$ 377	$ 466	$ 342	$ 1,467	$ 282	$ 328	$ 453	$ 369	$ 1,432	$ 1,232

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

($ except where otherwise indicated)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	2023 Total (52 weeks)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	2022 Total (52 weeks)	2021 Total (52 weeks)
Continuing Operations	$ 3.01	$ 3.55	$ 4.41	$ (0.30)	$ 10.75	$ 2.45	$ 4.36	$ 6.14	$ (0.83)	$ 12.20	$ 4.66
Add (deduct) impact of the following[i]:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	$ 0.32	$ 0.32	$ 0.43	$ 0.33	$ 1.41	$ 0.31	$ 0.31	$ 0.42	$ 0.29	$ 1.32	$ 1.30
Fair value adjustment on investment properties	(0.30)	(0.12)	0.01	(0.05)	(0.48)	(1.65)	0.58	(1.82)	(1.60)	(4.45)	(1.80)
Fair value adjustment of derivatives	0.01	0.01	(0.01)	0.04	0.04	(0.04)	0.01	(0.02)	0.03	(0.01)	(0.04)
Fair value adjustment on non-operating properties	–	–	–	0.02	0.02	–	–	–	(0.01)	(0.01)	–
Fair value adjustment of investment in real estate securities	0.10	0.20	0.30	(0.19)	0.42	–	0.99	0.45	0.13	1.57	–
Charges (recoveries) related to PC Bank commodity tax matters	–	0.11	–	(0.04)	0.07	–	0.31	–	–	0.31	–
Gain on sale of non-operating properties	(0.01)	(0.01)	(0.05)	(0.01)	(0.08)	–	(0.02)	(0.01)	(0.13)	(0.15)	(0.04)
Transaction costs and other related expenses	–	–	–	–	–	0.03	0.05	–	–	0.08	–
Restructuring and other related costs	–	–	–	–	–	0.08	–	–	–	0.07	0.03
Fair value adjustment of the Trust Unit liability	(1.37)	(1.45)	(1.60)	2.83	(1.67)	0.63	(3.94)	(1.92)	4.69	(0.68)	4.00
Outside basis difference in certain Loblaw shares	0.23	0.07	(0.13)	(0.12)	0.06	0.25	(0.12)	(0.13)	0.02	0.03	0.04
Remeasurement of deferred tax balances	–	–	–	–	–	–	(0.31)	–	–	(0.32)	–
Recovery related to Glenhuron	–	–	–	–	–	(0.16)	–	–	–	(0.16)	(1.10)
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	–	–	–	–	–	–	–	–	1.09
Foreign currency translation and other company level activities	–	–	–	–	–	–	0.01	0.01	–	0.01	–
Adjusting items Continuing Operations	$ (1.02)	$ (0.87)	$ (1.05)	$ 2.81	$ (0.21)	$ (0.55)	$ (2.13)	$ (3.02)	$ 3.42	$ (2.39)	$ 3.48
Adjusted Continuing Operations	$ 1.99	$ 2.68	$ 3.36	$ 2.51	$ 10.54	$ 1.90	$ 2.23	$ 3.12	$ 2.59	$ 9.81	$ 8.14
Diluted weighted average common shares outstanding (in millions)	140.7	139.5	137.3	134.8	138.0	147.3	146.3	144.1	141.3	144.8	150.2

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

14. Forward-Looking Statements

This Annual 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 Annual 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 implementations. These specific forward-looking statements are contained throughout this Annual Report including, without limitation, in Section 3, "Liquidity and Capital Resources", Section 12, "Outlook", and Section 13, "Non-GAAP and Other 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" sections of the Company's 2023 Annual Report and the Company's AIF for the year ended December 31, 2023. Such risks and uncertainties include:

- changes in economic conditions, including inflation, price increases from suppliers, levels of employment, costs of borrowing, household debt, political uncertainty and government regulation, the impact of natural disasters, war or acts of terrorism, pandemics, changes in interest rates, tax rates, or exchange rates, and access to consumer credit;
- 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;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- failure to realize benefits from investments in the Company's new IT systems and related processes;
- 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 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 attract and retain colleagues may impact the Company's ability to effectively operate and achieve financial performance goals;
- 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 maintain an effective supply chain and consequently an appropriate assortment of available product at the store and digital retail level;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- failure by Choice Properties to effectively and efficiently manage its property and leasing management process;
- 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 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;
- failure to adapt to environmental and social risks, including failure to execute against the Company's climate change and social equity initiatives;
- 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;
- adverse outcomes of legal and regulatory proceedings and related matters;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace; and
- the inability of the Company to effectively develop and execute its strategy.

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, 2023. 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.

15. Additional Information

Additional information about the Company has been filed electronically with various securities regulators in Canada through SEDAR+ and is available online at www.sedarplus.ca.

This Annual Report includes selected information on Loblaw, a public company with shares trading on the TSX, and selected information on Choice Properties, a public real estate investment trust with units trading on the TSX. For information regarding Loblaw or Choice Properties, readers should also refer to the respective materials filed on SEDAR+ from time to time. These filings are also maintained on the respective companies' corporate website at www.loblaw.ca and www.choicereit.ca.

Toronto, Canada
February 27, 2024