Management's Discussion and Analysis

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

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

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

The Company operates through its two reportable operating segments, Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation and cash and short-term investments held by the Company. All other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in Other and Intersegment. Loblaw has two reportable operating segments, retail and financial services. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise and financial services. Choice Properties owns, manages and develops a high-quality portfolio of commercial retail, industrial, mixed-use and residential properties across Canada.

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

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

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

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

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

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

At a Glance

Key Financial Highlights

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

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

Consolidated

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

GWL Corporate[2]

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

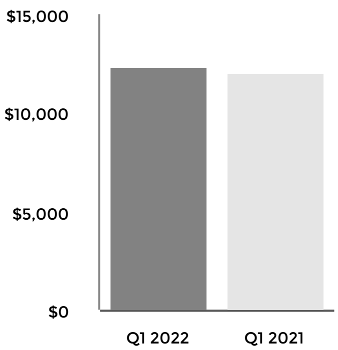
(1) See Section 8. "Non-GAAP Financial Measures", of this MD&A.
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.
(3) Comparative figures have been restated to conform with current year presentation.

Key Performance Indicators

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

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

REVENUE

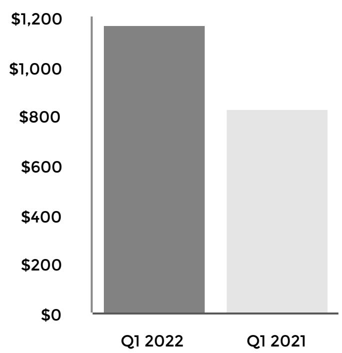


Q1 2022	**$**	**12,407**	**+3.2%**
Q1 2021[3]	$	12,017	

How we performed

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

OPERATING INCOME

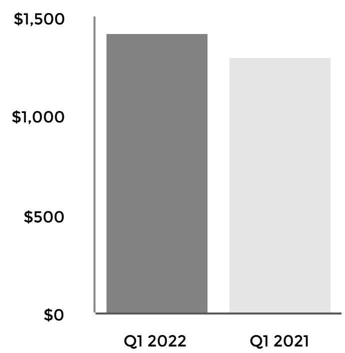


Q1 2022	**$**	**1,166**	**+40.8%**
Q1 2021[3]	$	828	

How we performed

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

ADJUSTED EBITDA[(1)]



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

How we performed

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

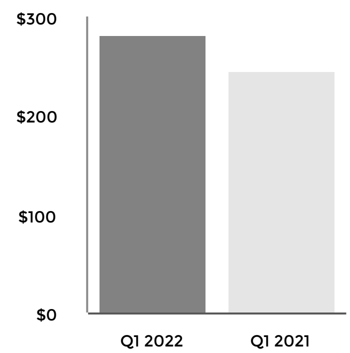
Adjusted EBITDA margin[(1)] in the first quarter of 2022 increased primarily driven by an improvement in Loblaw retail adjusted gross profit percentage[(1)] partially offset by an increase in selling, general and administrative expenses.

ADJUSTED EBITDA MARGIN[(1)] (%)

11.5% **+70bps**

Q1 2022 vs. Q1 2021[(3)]

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



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

How we performed

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

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

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

$ 1.90 **+18.8%**

Q1 2022 vs. Q1 2021[(3)]

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

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

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

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

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

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

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

$ 83 **–%**
Q1 2022 vs. Q1 2021

$ 83
Q1 2021(3)

How we performed

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

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

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

$ 213
Q1 2021(3)

How we performed

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

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

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

How we performed

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

Management's Discussion and Analysis

1. Overall Financial Performance

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

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

1.1 Consolidated Results of Operations

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

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

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

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

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

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

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

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

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

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

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

REVENUE

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

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

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

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

OPERATING INCOME

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

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

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

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

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

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

ADJUSTED EBITDA[1]

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

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

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

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

DEPRECIATION AND AMORTIZATION

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

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

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

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES

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

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

Adjusted net interest expense and other financing charges[1] decreased by $13 million. The decrease was primarily driven by:
- lower interest expense in Other and Intersegment adjustments, primarily due to the full settlement in the fourth quarter of 2021 of the net debt associated with the equity forward sale agreement;
- a reduction in interest expense from lease liabilities at Loblaw, including Other and Intersegment adjustments; and
- a decrease in interest expense in Choice Properties primarily due to a general reduction in indebtedness and refinancing over the past year at lower interest rates.

INCOME TAXES

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

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

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

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

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

1.2 Consolidated Other Business Matters

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

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

(i) $16 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2022 was paid in the second quarter of 2022. $6 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the fourth quarter of 2021 was paid in the first quarter of 2022.
(ii) $30 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2021 was paid in the second quarter of 2021.
(iii) $12 million ($15 million) of cash consideration related to GWL's participation in Loblaw's NCIB in the first quarter of 2022 (first quarter of 2021) was received in the second quarter of 2022 (second quarter of 2021).

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

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

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

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

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

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

2. Results of Reportable Operating Segments

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

2.1 Loblaw Operating Results

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

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

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

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

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

In the last 12 months, 26 food and drug stores were opened and 30 food and drug stores were closed, resulting in a net increase in retail square footage of 0.1 million square feet, or 0.1%.

Financial services revenue in the first quarter of 2022 increased by $21 million compared to the same period in 2021. The increase was primarily driven by higher interest income from growth in credit card receivables and higher interchange income from an increase in customer spending, partially offset by lower sales attributable to *The Mobile Shop*.

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

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

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

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

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

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

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

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

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

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

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

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

LOBLAW OTHER BUSINESS MATTERS

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

2.2 Choice Properties Operating Results

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

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

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

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

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

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

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

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

CHOICE PROPERTIES OTHER BUSINESS MATTERS

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

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

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

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

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

3. Liquidity and Capital Resources

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

3.1 Cash Flows

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

MAJOR CASH FLOW COMPONENTS

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

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

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

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

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

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

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

FREE CASH FLOW[(1)]

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

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

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

3.2 Liquidity

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

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

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

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

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

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

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

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

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

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

- Loblaw targets maintaining retail segment credit metrics consistent with those of investment grade retailers. Loblaw monitors the retail segment's debt to retail adjusted EBITDA[1] ratio as a measure of the leverage being employed. Loblaw retail segment debt to retail adjusted EBITDA[1] ratio decreased compared to 2021 primarily due to an improvement in adjusted EBITDA[1].
- PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory requirements as defined by the Office of the Superintendent of Financial Institutions.

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

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

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

3.3 Components of Total Debt

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

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

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

These facilities contain certain financial covenants.

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

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

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

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

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

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

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

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

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

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

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

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

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

3.4 Financial Condition

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

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

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

3.5 Credit Ratings

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

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

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

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

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

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

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

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

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

3.6 Share Capital

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.7 Off-Balance Sheet Arrangements

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

4. Quarterly Results of Operations

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

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

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

SELECTED QUARTERLY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

5. Internal Control Over Financial Reporting

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

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

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

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

6. Enterprise Risks and Risk Management

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

7. Outlook[4]

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

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

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

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

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

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

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

8. Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.1 Non-GAAP Financial Measures - Selected Comparative Reconciliation

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

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

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

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

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

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

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

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

9. Forward-Looking Statements

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

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

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

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

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

10. Additional Information

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

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

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

Toronto, Canada

May 9, 2022

Footnote Legend

(1) See Section 8, “Non-GAAP Financial Measures”, of the Company’s 2022 First Quarter Management’s Discussion and Analysis.

(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.

(3) Comparative figures have been restated to conform with current year presentation.

(4) To be read in conjunction with Section 9, “Forward-Looking Statements”, of the Company’s 2022 First Quarter Management’s Discussion and Analysis.