

Unaudited Interim Period Condensed Consolidated Financial Statements

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Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾
Revenue	\$ 15,226	\$ 14,862	\$ 38,002	\$ 36,851
Operating Expenses				
Cost of inventories sold (note 10)	10,446	10,261	25,937	25,355
Selling, general and administrative expenses	3,896	3,797	9,825	9,601
	14,342	14,058	35,762	34,956
Operating Income	884	804	2,240	1,895
Net Interest Expense and Other Financing Charges (note 5)	517	327	1,697	730
Earnings Before Income Taxes	367	477	543	1,165
Income Tax (note 6)	103	347	298	579
Net Earnings (Loss)	264	130	245	586
Attributable to:				
Shareholders of the Company (note 7)	83	65	(201)	293
Non-Controlling Interests	181	65	446	293
Net Earnings	\$ 264	\$ 130	\$ 245	\$ 586
Net Earnings (Loss) per Common Share (\$) (note 7)				
Basic	\$ 0.45	\$ 0.40	\$ (1.53)	\$ 2.03
Diluted	\$ 0.44	\$ 0.40	\$ (1.55)	\$ 2.01

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

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

Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Net earnings	\$ 264	\$ 130	\$ 245	\$ 586
Other comprehensive (loss) income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment (note 20)	(7)	(22)	(25)	28
Unrealized gains (losses) on cash flow hedges (note 20)	2	3	(13)	4
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial (losses) gains (note 18)	(10)	64	(66)	77
Other comprehensive (loss) income, net of taxes	(15)	45	(104)	109
Comprehensive Income	249	175	141	695
Attributable to:				
Shareholders of the Company	69	80	(272)	364
Non-Controlling Interests	180	95	413	331
Comprehensive Income	\$ 249	\$ 175	\$ 141	\$ 695

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

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at		
	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾	Dec. 31, 2018 ⁽ⁱ⁾
ASSETS			
Current Assets			
Cash and cash equivalents (note 8)	\$ 1,495	\$ 1,853	\$ 1,521
Short term investments (note 8)	222	240	281
Security Deposits (note 8)	—	402	—
Accounts receivable	1,298	1,284	1,329
Credit card receivables (note 9)	3,263	3,023	3,309
Inventories (note 10)	5,057	4,836	5,001
Prepaid expenses and other assets	382	345	370
Assets held for sale (note 11)	123	34	44
Total Current Assets	11,840	12,017	11,855
Fixed Assets	11,591	11,671	12,101
Right-of-Use Assets (note 2)	3,972	—	—
Investment Properties	4,763	4,998	4,847
Equity Accounted Joint Ventures	793	735	734
Intangible Assets	7,584	8,057	7,958
Goodwill	4,776	4,775	4,781
Deferred Income Taxes	282	289	286
Security Deposits (note 8)	59	82	87
Franchise Loans Receivable	33	108	78
Other Assets (note 12)	1,042	1,052	1,087
Total Assets	\$ 46,735	\$ 43,784	\$ 43,814
LIABILITIES			
Current Liabilities			
Bank indebtedness	\$ 152	\$ 266	\$ 56
Trade payables and other liabilities	5,205	5,428	5,762
Loyalty liability	238	267	228
Provisions	136	200	205
Income taxes payable	23	82	171
Short term debt (note 13)	1,252	1,342	1,579
Long term debt due within one year (note 14)	1,693	2,375	1,343
Lease liabilities due within one year (note 2)	791	—	—
Associate interest	257	238	260
Total Current Liabilities	9,747	10,198	9,604
Provisions	91	169	167
Long Term Debt (note 14)	12,853	13,204	13,975
Lease Liabilities (note 2)	4,150	—	—
Trust Unit Liability (note 20)	3,785	2,738	2,658
Deferred Income Taxes	2,261	2,598	2,515
Other Liabilities (note 15)	936	696	691
Total Liabilities	33,823	29,603	29,610
EQUITY			
Share Capital (note 16)	3,630	1,045	3,583
Retained Earnings	4,398	7,184	5,017
Contributed Surplus (notes 17 & 19)	(923)	(642)	(799)
Accumulated Other Comprehensive Income	203	171	239
Total Equity Attributable to Shareholders of the Company	7,308	7,758	8,040
Non-Controlling Interests	5,604	6,423	6,164
Total Equity	12,912	14,181	14,204
Total Liabilities and Equity	\$ 46,735	\$ 43,784	\$ 43,814

(i) Certain comparative figures have been restated to conform with current year presentation. Contingent liabilities (note 21).

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

Condensed Consolidated Statements of Changes in Equity

(unaudited) (millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Accumulated Other Comprehensive Income	Non- Controlling Interests	Total Equity
Balance as at Dec. 31, 2018	\$ 2,766	\$ 817	\$ 3,583	\$ 5,017	\$ (799)	\$ 224	\$ 7	\$ 8	\$ 239	\$ 6,164	\$ 14,204
Impact of adopting IFRS 16 (note 2)	—	—	—	(115)	—	—	—	—	—	(394)	(509)
Restated balance as at Jan. 1, 2019	\$ 2,766	\$ 817	\$ 3,583	\$ 4,902	\$ (799)	\$ 224	\$ 7	\$ 8	\$ 239	\$ 5,770	\$ 13,695
Net (loss) earnings	—	—	—	(201)	—	—	—	—	—	446	245
Other comprehensive loss ⁽ⁱ⁾	—	—	—	(35)	—	(26)	(10)	—	(36)	(33)	(104)
Comprehensive (loss) income	\$ —	\$ —	\$ —	\$ (236)	\$ —	\$ (26)	\$ (10)	\$ —	\$ (36)	\$ 413	\$ 141
Effect of share-based compensation (notes 16 & 19)	46	—	46	(1)	(16)	—	—	—	—	(6)	23
Net effect of shares held in trusts (notes 16 & 19)	1	—	1	4	—	—	—	—	—	—	5
Loblaw capital transactions and dividends (notes 17 & 19)	—	—	—	—	(108)	—	—	—	—	(573)	(681)
Dividends declared											
Per common share (\$)											
– \$1.565	—	—	—	(239)	—	—	—	—	—	—	(239)
Per preferred share (\$)											
– Series I – \$1.0875	—	—	—	(10)	—	—	—	—	—	—	(10)
– Series III – \$0.9750	—	—	—	(8)	—	—	—	—	—	—	(8)
– Series IV – \$0.9750	—	—	—	(7)	—	—	—	—	—	—	(7)
– Series V – \$0.890625	—	—	—	(7)	—	—	—	—	—	—	(7)
	\$ 47	\$ —	\$ 47	\$ (268)	\$ (124)	\$ —	\$ —	\$ —	\$ —	\$ (579)	\$ (924)
Balance as at Oct. 5, 2019	\$ 2,813	\$ 817	\$ 3,630	\$ 4,398	\$ (923)	\$ 198	\$ (3)	\$ 8	\$ 203	\$ 5,604	\$ 12,912

(unaudited) (millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Accumulated Other Comprehensive Income	Non- Controlling Interests	Total Equity
Balance as at Dec. 31, 2017	\$ 221	\$ 817	\$ 1,038	\$ 7,188	\$ (432)	\$ 139	\$ 1	\$ 140	\$ 6,861	\$ 14,795
Impact of adopting IFRS 9	—	—	—	(36)	—	—	—	—	(36)	(72)
Restated balance as at Jan. 1, 2018	\$ 221	\$ 817	\$ 1,038	\$ 7,152	\$ (432)	\$ 139	\$ 1	\$ 140	\$ 6,825	\$ 14,723
Net earnings	—	—	—	293	—	—	—	—	293	586
Other comprehensive income ⁽ⁱ⁾	—	—	—	40	—	29	2	31	38	109
Comprehensive income	\$ —	\$ —	\$ —	\$ 333	\$ —	\$ 29	\$ 2	\$ 31	\$ 331	\$ 695
Effect of share-based compensation (notes 16 & 19)	9	—	9	—	(11)	—	—	—	(4)	(6)
Shares purchased and cancelled (note 16 & 19)	(2)	—	(2)	(96)	—	—	—	—	—	(98)
Net effect of shares held in trusts (notes 16 & 19)	—	—	—	10	—	—	—	—	—	10
Loblaw capital transactions and dividends ⁽ⁱⁱ⁾ (notes 17 & 19)	—	—	—	—	(199)	—	—	—	(729)	(928)
Dividends declared										
Per common share (\$)										
– \$1.435	—	—	—	(183)	—	—	—	—	—	(183)
Per preferred share (\$)										
– Series I – \$1.0875	—	—	—	(10)	—	—	—	—	—	(10)
– Series III – \$0.9750	—	—	—	(8)	—	—	—	—	—	(8)
– Series IV – \$0.9750	—	—	—	(7)	—	—	—	—	—	(7)
– Series V – \$0.890625	—	—	—	(7)	—	—	—	—	—	(7)
	\$ 7	\$ —	\$ 7	\$ (301)	\$ (210)	\$ —	\$ —	\$ —	\$ (733)	\$ (1,237)
Balance as at Oct. 6, 2018	\$ 228	\$ 817	\$ 1,045	\$ 7,184	\$ (642)	\$ 168	\$ 3	\$ 171	\$ 6,423	\$ 14,181

(i) Other comprehensive (loss) income includes actuarial losses of \$66 million (2018 – gains of \$77 million), \$35 million (2018 – gains of \$40 million) of which is presented above in retained earnings and \$31 million (2018 – gains of \$37 million) in non-controlling interests. Also included in non-controlling interests is an unrealized loss on cash flow hedges of \$3 million (2018 – gain of \$2 million) and foreign currency translation gain of \$1 million (2018 – loss of \$1 million).

(ii) Loblaw capital transactions includes capital gains income tax expense of approximately \$4 million in contributed surplus and \$4 million in non-controlling interest recorded in connection with the acquisition of CREIT (note 4) in the second quarter of 2018.

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

Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾
Operating Activities				
Net earnings	\$ 264	\$ 130	\$ 245	\$ 586
Add (deduct):				
Net interest expense and other financing charges (note 5)	517	327	1,697	730
Income taxes (note 6)	103	347	298	579
Depreciation and amortization	701	530	1,770	1,330
Asset impairments, net of recoveries	1	15	4	17
Adjustment to fair value of investment properties	42	34	58	44
Foreign currency translation loss (gain) (note 20)	—	7	1	(16)
Change in provisions	(34)	(46)	(69)	(149)
	\$ 1,594	\$ 1,344	\$ 4,004	\$ 3,121
Change in credit card receivables (note 9)	(20)	(45)	46	(21)
Change in non-cash working capital	(307)	22	(246)	(362)
Income taxes paid	(230)	(161)	(546)	(512)
Interest received	12	15	28	33
Interest received from finance leases (note 2)	2	—	4	—
Other	2	30	(7)	5
Cash Flows from Operating Activities	\$ 1,053	\$ 1,205	\$ 3,283	\$ 2,264
Investing Activities				
Fixed asset and investment properties purchases	\$ (357)	\$ (336)	\$ (714)	\$ (704)
Intangible asset additions	(125)	(109)	(301)	(269)
Acquisition of CREIT, net of cash acquired (note 4)	—	—	—	(1,624)
Cash assumed on initial consolidation of franchises (note 4)	6	5	15	14
Proceeds from disposal of assets	11	48	50	65
Lease payments received from finance leases (note 2)	2	—	6	—
Change in short term investments	6	597	61	890
Change in security deposits (note 8)	18	(403)	25	(398)
Other	(21)	(38)	(129)	(113)
Cash Flows used in Investing Activities	\$ (460)	\$ (236)	\$ (987)	\$ (2,139)
Financing Activities				
Change in bank indebtedness	\$ 63	\$ 18	\$ 96	\$ 156
Change in short term debt (note 13)	(227)	112	(327)	84
Proceeds from other financing (note 15)	426	—	426	—
Interest paid	(254)	(485)	(710)	(768)
Long term debt – Issued (note 14)	443	955	1,315	3,860
– Retired (note 14)	(722)	(927)	(1,564)	(2,241)
Cash rent paid on lease liabilities – Interest (note 2)	(66)	—	(165)	—
Cash rent paid on lease liabilities – Principal (note 2)	(138)	—	(436)	—
Share capital – Issued (notes 16 & 19)	25	—	39	8
– Purchased and held in trusts (note 16)	(1)	—	(6)	—
– Purchased and cancelled (note 16)	—	(56)	—	(56)
Loblaw common share capital				
– Issued (notes 17 & 19)	25	24	80	62
– Purchased and held in trusts (note 17)	—	—	(20)	—
– Purchased and cancelled (note 17)	(309)	—	(774)	(844)
Choice Properties units – Issued (note 3)	—	—	345	—
– Issuance costs	—	—	(14)	—
Dividends – To common shareholders	(161)	(125)	(319)	(241)
– To preferred shareholders	(19)	(19)	(41)	(41)
– To minority shareholders	(117)	(116)	(228)	(228)
Other	20	16	(20)	(60)
Cash Flows used in Financing Activities	\$ (1,012)	\$ (603)	\$ (2,323)	\$ (309)
Effect of foreign currency exchange rate changes on cash and cash equivalents	1	—	1	3
Change in Cash and Cash Equivalents	\$ (418)	\$ 366	\$ (26)	\$ (181)
Cash and Cash Equivalents, Beginning of Period	1,913	1,487	1,521	2,034
Cash and Cash Equivalents, End of Period	\$ 1,495	\$ 1,853	\$ 1,495	\$ 1,853

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

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 1. Nature and Description of the Reporting Entity

George Weston Limited (“GWL” or the “Company”) is a Canadian public company incorporated in 1928, with its registered office located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S7. The Company’s parent is Wittington Investments, Limited.

On November 1, 2018, the Company and Loblaw Companies Limited (“Loblaw”) completed a reorganization under which Loblaw spun out its approximate 61.6% effective interest in Choice Properties Real Estate Investment Trust (“Choice Properties”) to the Company (the “reorganization”). In connection with the reorganization, the Company issued approximately 26.6 million common shares to Loblaw shareholders other than the Company and its subsidiaries (“Loblaw minority shareholders”). Following the reorganization, the Company owned an approximate 65.4% effective interest in Choice Properties directly (which includes the approximate 3.8% interest in Choice Properties directly owned by GWL prior to the reorganization) and Choice Properties became a reportable operating segment of the Company. During the second quarter of 2019, Choice Properties completed an equity offering. As at the end of the third quarter of 2019, the Company’s ownership interest in Choice Properties was 62.9%.

The Company operates through its three reportable operating segments, Weston Foods, Loblaw, and Choice Properties. Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation of Choice Properties and cash and short term investments held by the Company. Effective in the first quarter of 2019, all other company level activities that are not allocated to the reportable operating segments, such as interest expense, corporate activities and administrative costs are included in Other and Intersegment. Weston Foods and Other and Intersegment comparative figures have been restated to conform to the current year presentation.

The Weston Foods operating segment includes a leading North American bakery that offers packaged bread and rolls in Canada as well as frozen and artisan bread and rolls, cakes, donuts, pies, biscuits and alternatives throughout Canada and the U.S.

Loblaw has two reportable operating segments, Retail and Financial Services. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, financial services and wireless mobile products and services.

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

Quarterly net earnings are affected by foreign currency exchange rates, seasonality and the timing of holidays. Weston Foods seasonality is greatest in the third and fourth quarters and least in the first quarter. Loblaw seasonality is greatest in the fourth quarter and least in the first quarter.

Note 2. Significant Accounting Policies and Critical Accounting Estimates and Judgments

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company’s 2018 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements, with the exception of the accounting standard implemented in 2019. Changes to significant accounting policies are described below.

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

Statement of Compliance These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”) and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company’s 2018 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on November 18, 2019.

Accounting Standard Implemented in 2019

IFRS 16 In 2016, the IASB issued IFRS 16, "Leases" ("IFRS 16"), replacing IAS 17, "Leases" ("IAS 17") and related interpretations. The standard introduces a single, on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessees recognize a right-of-use asset representing its control of and right to use the underlying asset and a lease liability representing its obligation to make future lease payments. Lessor accounting remains similar to IAS 17.

IFRS 16 became effective for annual periods beginning on or after January 1, 2019. For leases where the Company is the lessee, it had the option of adopting a fully retrospective approach or a modified retrospective approach on transition to IFRS 16. The Company adopted the standard on January 1, 2019 using the modified retrospective approach. The Company applied the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening retained earnings as at January 1, 2019, and no restatement of the comparative period. Under the modified retrospective approach, the Company chose to measure all right-of-use assets retrospectively as if the standard had been applied since lease commencement dates.

Substantially all of the Company's operating leases are real estate leases for retail stores, production plants, distribution centers and corporate offices. Other leased assets include passenger vehicles, trucks and equipment. The Company recognized right-of-use assets and lease liabilities for its operating leases except for certain low-value leases and classes of underlying assets in which the lease terms are 12 months or less. The depreciation expense on right-of-use assets and interest expense on lease liabilities replaced rent expense, which was previously recognized on a straight-line basis under IAS 17 over the term of a lease. There are no significant impacts to the Company's existing finance leases under IAS 17 as a lessee.

The Company also has owned and leased properties which are leased and subleased to third parties, respectively. The subleases are mainly related to non-consolidated franchisees and ancillary tenants. As an intermediate lessor, the Company reassessed the classification of its subleases by reference to the right-of-use assets arising from the head lease and recognized a corresponding finance lease receivable when the reassessment concluded that the subleases were finance leases.

IFRS 16 permits the use of recognition exemptions and practical expedients. The Company applied the following recognition exemptions and practical expedients:

- grandfathered the definition of leases for existing contracts at the date of initial application;
- excluded certain low-value and short term leases from IFRS 16 lease accounting;
- used portfolio application for leases with similar characteristics, such as vehicle and equipment leases;
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics at the date of initial application;
- excluded initial direct costs from the measurement of right-of-use assets at the date of initial application; and
- used hindsight in determining lease term at the date of initial application.

The Company did not exercise the practical expedient wherein a lessee may rely on its assessment of whether leases are onerous applying IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application as an alternative to performing an impairment review. On the date of initial application, the Company applied the requirements of IAS 36, "Impairment of Assets" and recorded an impairment of \$62 million on right-of-use assets in opening retained earnings, which represents an incremental \$16 million to the previous onerous lease provision.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

The impact of adopting IFRS 16 on the Company's balance sheet as at January 1, 2019 was as follows:

Condensed Consolidated Balance Sheet	As at
Increase (Decrease) (\$ millions)	Jan. 1, 2019
Current Assets	
Prepaid expenses and other assets	\$ (62)
Total Current Assets	\$ (62)
Fixed Assets ⁽ⁱ⁾	(435)
Right-of-Use Assets ⁽ⁱ⁾	4,114
Intangible Assets	(82)
Deferred Income Taxes	32
Other Assets	85
Total Assets	\$ 3,652
Current Liabilities	
Trade payables and other liabilities	\$ (11)
Provisions	(4)
Long term debt due within one year ⁽ⁱ⁾	(37)
Lease liabilities due within one year ⁽ⁱ⁾⁽ⁱⁱ⁾	736
Total Current Liabilities	\$ 684
Provisions	(76)
Long Term Debt ⁽ⁱ⁾	(498)
Lease Liabilities ⁽ⁱ⁾⁽ⁱⁱ⁾	4,350
Deferred Income Taxes	(89)
Other Liabilities	(210)
Non-Controlling Interests	(394)
Retained Earnings	(115)
Total Liabilities and Equity	\$ 3,652

- (i) Leases previously classified as finance lease arrangements under IAS 17 were presented within fixed assets, long term debt due within one year and long term debt. Effective January 1, 2019, these balances are included in right-of-use assets and lease liabilities.
- (ii) Leases that are low-value, short term or where the lease payments are variable and do not depend on an index or rate are not included in the calculation of lease liabilities. These lease expenses are recognized in SG&A on the most systematic basis.

The Company used its incremental borrowing rates as at January 1, 2019 to measure lease liabilities. The weighted average incremental borrowing rate was 4.39%. The weighted average lease term remaining as at January 1, 2019 was approximately 10 years.

The following reconciliation is between lease liabilities recognized on January 1, 2019 and operating lease commitments disclosed under IAS 17 as at December 31, 2018 discounted using the weighted average incremental borrowing rate as at the date of initial application:

(\$ millions)	As at Jan. 1, 2019
Operating lease commitment as at December 31, 2018 as disclosed in the Company's notes to the consolidated financial statements	\$ 4,826
Discounted using the weighted average incremental borrowing rate as at January 1, 2019	\$ 3,932
Finance lease obligations recognized as at December 31, 2018	535
Extension and termination options reasonably certain to be exercised	619
Lease liabilities recognized as at January 1, 2019	\$ 5,086
Lease liabilities due within one year	\$ 736
Lease liabilities	4,350
Total lease liabilities	\$ 5,086

In 2019, the year-to-date movement in right-of-use assets and lease liabilities was as follows:

Right-Of-Use Assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets as at and for the period ended October 5, 2019:

(\$ millions)	40 Weeks Ended		
	Property	Other	Oct. 5, 2019 Total
Cost			
Balance, beginning of period	\$ 4,046	\$ 68	\$ 4,114
Lease additions	88	2	90
Lease extensions and other items	205	—	205
Balance, end of period	\$ 4,339	\$ 70	\$ 4,409
Accumulated depreciation			
Balance, beginning of period	\$ —	\$ —	\$ —
Depreciation	418	19	437
Balance, end of period	\$ 418	\$ 19	\$ 437
Carrying amount as at October 5, 2019	\$ 3,921	\$ 51	\$ 3,972

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Lease Liabilities

The following is the continuity of lease liabilities as at and for the period ended October 5, 2019:

(\$ millions)	40 Weeks Ended	
	Oct. 5, 2019	
Balance, beginning of period	\$	5,086
Lease additions		90
Lease extensions and other items		201
Lease payments		(601)
Interest expense on lease liabilities		165
Balance, end of period	\$	4,941
Lease liabilities due within one year		791
Lease liabilities		4,150
Total lease liabilities	\$	4,941

Changes to Significant Accounting Policies for Leases

The Company did not restate prior year comparative information under the modified retrospective approach. Therefore, the comparative information continues to be reported under IAS 17 and related interpretations.

Policy applicable from January 1, 2019

As a Lessee The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the lessor makes the leased asset available for use by the Company. Lease payments for assets that are exempt through the short term or low-value exemptions and variable payments not based on an index or rate are recognized in selling, general and administrative expenses (“SG&A”) on the most systematic basis.

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

The right-of-use assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets with the exception of the fair value model application to right-of-use assets that meet the definition of investment property in IAS 40, “Investment Property”. Right-of-use assets are measured at cost less accumulated depreciation, accumulated impairment losses governed by IAS 36 and any remeasurements of lease liabilities. The assets are depreciated on a straight-line basis over the earlier of the end of the assets’ useful lives or the end of the lease terms.

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

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

For sale and leaseback transactions, the Company applies the requirements of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15") to determine whether the transfer of the asset should be accounted for as a sale. If the transfer of the asset is a sale, the Company will measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company.

As a Lessor Significant accounting policies for the Company as a lessor remain substantially the same. As a lessor, the allocation of revenue to each component of the contract is accounted for under IFRS 15.

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

When the Company is an intermediate lessor, it will assess the sublease classification by reference to the right-of-use asset.

Critical Accounting Estimates and Judgments for Leases

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

Key Sources of Estimation In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 3. Subsidiaries

The table below summarizes the Company's principal subsidiaries. The proportion of ownership interests held equals the voting rights held by the Company.

	Oct. 5, 2019		As at Oct. 6, 2018		Dec. 31, 2018		
	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest	
Loblaw	Common shares ⁽ⁱ⁾	187,815,136	51.8%	187,815,136	50.1%	187,815,136	50.4%
	Class B LP Units ⁽ⁱⁱ⁾	389,961,783	n/a	389,961,783	n/a	389,961,783	n/a
	Trust Units ⁽ⁱⁱⁱ⁾	50,661,415	n/a	46,856,415	n/a	46,856,415	n/a
Choice Properties		440,623,198	62.9%	436,818,198	65.4%	436,818,198	65.4%

(i) Includes 9.6 million Loblaw common shares pledged under the equity forward sale agreement (note 20).

(ii) Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units. As at October 5, 2019 and December 31, 2018, all Exchangeable Units were held by GWL (October 6, 2018 – all Exchangeable Units were held by Loblaw).

(iii) Reflects Trust Units held directly by GWL at October 5, 2019 and December 31, 2018 of 50,661,415 and 46,856,415 units, respectively. As at October 6, 2018, GWL and Loblaw held 25,356,415 units and 21,500,000 units, respectively.

In the second quarter of 2019, Choice Properties completed a bought deal equity offering of 30,042,250 trust units (the "Units") at a price of \$13.15 per Unit, for aggregate gross proceeds of approximately \$395 million, and net proceeds of approximately \$381 million (the "Offering"). The Offering consisted of 26,237,250 Units sold on a bought deal basis to a syndicate of underwriters and 3,805,000 Units purchased by the Company for approximately \$50 million. Choice Properties incurred issuance costs of \$14 million recorded in net interest expense and other financing charges (note 5).

Note 4. Business Acquisitions

Consolidation of Franchises Loblaw accounts for the consolidation of existing franchises as business acquisitions and consolidates its franchises as of the date the franchisee enters into a new, simplified franchise agreement with Loblaw. The assets acquired and liabilities assumed through the consolidation were valued at the acquisition date using fair values, which approximate the franchise carrying values at the date of acquisition. The results of operations of the acquired franchises were included in Loblaw's results of operations from the date of acquisition.

The following table summarizes the amounts recognized for the assets acquired, the liabilities assumed and the non-controlling interests recognized at the acquisition dates:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Net assets acquired:				
Cash and cash equivalents	\$ 6	\$ 5	\$ 15	\$ 14
Inventories	14	20	38	53
Fixed assets	22	26	49	67
Trade payables and other liabilities ⁽ⁱ⁾	(14)	(12)	(38)	(28)
Other liabilities ⁽ⁱ⁾	(22)	(37)	(52)	(97)
Non-controlling interests	(6)	(2)	(12)	(9)
Total net assets acquired	\$ —	\$ —	\$ —	\$ —

(i) On consolidation, trade payables and other liabilities, and other liabilities eliminate against existing accounts receivable, franchise loans receivable and franchise investments held by Loblaw.

Choice Properties' Acquisition of Canadian Real Estate Investment Trust On May 4, 2018, Choice Properties acquired all the assets and assumed all the liabilities, including outstanding debt, of Canadian Real Estate Investment Trust ("CREIT") for total consideration of \$3,708 million. The consideration was comprised of \$1,652 million of cash and the issuance of 182,836,481 new Trust Units.

In the second quarter of 2019, the Company finalized the purchase price allocation, summarized below:

(\$ millions)	As at May 4, 2018
Net Assets Acquired:	
Cash and cash equivalents	\$ 32
Accounts receivable and other assets	50
Mortgages, loans and notes receivable	196
Equity accounted joint ventures	683
Investment properties	4,730
Intangible assets	30
Goodwill	366
Trade payables and other liabilities	(172)
Long term debt	(1,841)
Deferred income tax liabilities	(366)
Total Net Assets Acquired	\$ 3,708

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 5. Net Interest Expense and Other Financing Charges

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Interest expense:				
Long term debt	\$ 183	\$ 188	\$ 494	\$ 472
Lease liabilities (note 2)	66	—	165	—
Borrowings related to credit card receivables	16	12	33	30
Trust Unit distributions ⁽ⁱ⁾	48	43	137	83
Choice Properties issuance costs ⁽ⁱ⁾	—	—	14	—
Independent funding trusts	6	6	15	14
Post-employment and other long term employee benefits (note 18)	3	3	7	9
Bank indebtedness	2	2	6	6
Capitalized interest	(1)	(1)	(4)	(3)
	\$ 323	\$ 253	\$ 867	\$ 611
Interest income:				
Accretion income	\$ (6)	\$ (1)	\$ (8)	\$ (4)
Short term interest income	(12)	(13)	(29)	(33)
	\$ (18)	\$ (14)	\$ (37)	\$ (37)
Forward sale agreement ⁽ⁱⁱ⁾	\$ 43	\$ (33)	\$ 114	\$ (64)
Fair value adjustment of the Trust Unit liability (note 20)	169	(55)	753	44
Charge related to Glenhuron Bank Limited (note 6)	—	176	—	176
Net interest expense and other financing charges	\$ 517	\$ 327	\$ 1,697	\$ 730

- (i) Choice Properties issued 182,836,481 new Trust Units to Trust Unitholders other than the Company and Loblaw in connection with the acquisition of CREIT (note 4). In the second quarter of 2019, Choice Properties completed the Offering to sell 26,237,250 new Trust Units (note 3).
- (ii) Included in the third quarter of 2019 and year-to-date is a non-cash charge of \$52 million (2018 – non-cash income of \$25 million) and \$136 million (2018 – a non-cash income of \$44 million), respectively, related to the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares (note 20). The fair value adjustment of the forward sale agreement is non-cash and results from changes in the value of the underlying Loblaw common shares. At maturity, any cash paid under the forward sale agreement could be offset by the sale of the underlying Loblaw common shares. Also included in the third quarter of 2019 and year-to-date is forward accretion income of \$16 million (2018 – \$15 million) and \$39 million (2018 – \$36 million), respectively, and the forward fee of \$7 million (2018 – \$7 million) and \$17 million (2018 – \$16 million), respectively, associated with the forward sale agreement.

Note 6. Income Taxes

In the third quarter of 2019, income tax expense was \$103 million (2018 – \$347 million) and the effective income tax rate was 28.1% (2018 – 72.7%). The decrease in the effective income tax rate was primarily attributable to a charge of \$191 million in the third quarter of 2018 related to Glenhuron Bank Limited (“Glenhuron”), the impact of the non-taxable portion of the gain from the sale of a portfolio of properties by Choice Properties (note 15), the reversal of certain tax reserves following the completion of a tax audit that included a review of the Shoppers Drug Mart Corporation (“Shoppers Drug Mart”) acquisition costs incurred in 2014, and a decrease in certain other non-deductible items; partially offset by an increase in the non-deductible fair value adjustment of the Trust Unit liability.

On a year-to-date basis, income tax expense was \$298 million (2018 – \$579 million) and the effective income tax rate was 54.9% (2018 – 49.7%). The increase in the effective income tax rate was primarily attributable to an increase in the non-deductible fair value adjustment of the Trust Unit liability; partially offset by a charge of \$191 million in the third quarter of 2018 related to Glenhuron, the impact of the non-taxable portion of the gain from the sale of a portfolio of properties by Choice Properties, the reversal of certain tax reserves following the completion of a tax audit that included a review of the Shoppers Drug Mart acquisition costs incurred in 2014, and a decrease in certain non-deductible items.

On September 7, 2018, the Tax Court of Canada (“Tax Court”) released its decision relating to Glenhuron, a wholly-owned Barbadian subsidiary of Loblaw that was wound up in 2013. The Tax Court ruled that certain income earned by Glenhuron should be taxed in Canada based on a technical interpretation of the applicable legislation.

On October 4, 2018, Loblaw filed a Notice of Appeal with the Federal Court of Appeal (note 21). Although Loblaw believes in the merits of its position, it recorded a charge during the third quarter of 2018 of \$367 million, of which \$176 million was recorded in interest and \$191 million was recorded in income taxes. Loblaw believes that this provision will be sufficient to cover its ultimate liability if the appeal is unsuccessful.

In the third quarter of 2018, Loblaw made a cash payment of \$235 million to fund the tax and interest owing in light of the decision of the Tax Court.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 7. Basic and Diluted Net Earnings (Loss) per Common Share

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Net earnings (loss) attributable to shareholders of the Company	\$ 83	\$ 65	\$ (201)	\$ 293
Prescribed dividends on preferred shares in share capital	(14)	(14)	(34)	(34)
Net earnings (loss) available to common shareholders of the Company	\$ 69	\$ 51	\$ (235)	\$ 259
Reduction in net earnings due to dilutive instruments at Loblaw	(1)	—	(3)	(2)
Net earnings (loss) available to common shareholders for diluted earnings per share	\$ 68	\$ 51	\$ (238)	\$ 257
Weighted average common shares outstanding (in millions) (note 16)	153.6	127.7	153.5	127.7
Dilutive effect of share-based compensation ⁽ⁱ⁾ (in millions)	0.2	0.4	0.2	0.4
Weighted average common shares outstanding ⁽ⁱⁱ⁾ (in millions)	153.8	128.1	153.7	128.1
Basic net earnings (loss) per common share (\$)	\$ 0.45	\$ 0.40	\$ (1.53)	\$ 2.03
Diluted net earnings (loss) per common share (\$)	\$ 0.44	\$ 0.40	\$ (1.55)	\$ 2.01

(i) In the third quarter of 2019 and year-to-date, 519,812 (2018 – 576,944) and 1,256,301 (2018 – 663,477) potentially dilutive instruments, respectively, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

(ii) Includes impact of dilutive instruments for purposes of calculating diluted net earnings (loss) per common share.

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

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

Cash and Cash Equivalents

(\$ millions)	As at		
	Oct. 5, 2019	Oct. 6, 2018	Dec. 31, 2018
Cash	\$ 700	\$ 774	\$ 661
Cash equivalents:			
Bankers' acceptances	345	393	258
Government treasury bills	394	568	405
Corporate commercial paper	56	118	197
Cash and cash equivalents	\$ 1,495	\$ 1,853	\$ 1,521

Short Term Investments

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Bankers' acceptances	\$ 23	\$ 110	\$ 85
Government treasury bills	150	83	143
Corporate commercial paper	49	47	52
Other	—	—	1
Short term investments	\$ 222	\$ 240	\$ 281

Security Deposits

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Cash	\$ 46	\$ 47	\$ 48
Government treasury bills ⁽ⁱ⁾	13	168	39
Bankers' acceptances ⁽ⁱ⁾	—	269	—
Security deposits	\$ 59	\$ 484	\$ 87

(i) Security deposits as at October 6, 2018 include government treasury bills of \$133 million and bankers' acceptances of \$269 million related to President's Choice Bank for repayment of *Eagle Credit Card Trust* notes repaid on October 17, 2018 (note 9).

Note 9. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018 ⁽ⁱ⁾	Dec. 31, 2018 ⁽ⁱ⁾
Gross credit card receivables	\$ 3,451	\$ 3,186	\$ 3,476
Allowance on credit card receivables	(188)	(163)	(167)
Credit card receivables	\$ 3,263	\$ 3,023	\$ 3,309
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> [®] (note 14)	\$ 1,000	\$ 1,150	\$ 750
Securitized to Other Independent Securitization Trusts (note 13)	550	690	915
Total securitized to independent securitization trusts	\$ 1,550	\$ 1,840	\$ 1,665

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

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

During the third quarter of 2019, *Eagle* issued \$250 million of senior and subordinated term notes with a maturity date of July 17, 2024 at a weighted average interest rate of 2.28%. In connection with this issuance, \$250 million of bond forward agreements were settled, resulting in a realized fair value loss of \$8 million and a net effective interest rate of 2.94% on the *Eagle* note issued.

During the third quarter of 2018, *Eagle* issued \$250 million of senior and subordinated term notes with a maturity date of July 17, 2023 at a weighted average interest rate of 3.10%. In connection with this issuance, \$250 million of bond forward agreements were settled, resulting in a realized fair value loss of \$1 million and a net effective interest rate of 3.15% on the *Eagle* notes issued.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

On a year-to-date basis in 2019, PC Bank recorded a \$365 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts as a result of lower funding requirements.

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 third quarter of 2019 and throughout year-to-date of 2019.

Note 10. Inventories

The components of inventories were as follows:

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Raw materials and supplies	\$ 68	\$ 70	\$ 68
Finished goods	4,989	4,766	4,933
Inventories	\$ 5,057	\$ 4,836	\$ 5,001

As at the end of the third quarter of 2019, Loblaw recorded an inventory provision of \$31 million (October 6, 2018 – \$35 million; December 31, 2018 – \$37 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during the quarter and year-to-date ended October 5, 2019 and October 6, 2018.

Note 11. Assets Held for Sale

Loblaw classifies certain assets, primarily land and buildings, that it intends to dispose of in the next 12 months and meet the criteria under IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”, as assets held for sale. These assets were previously used in Loblaw’s retail business segment. In the third quarter of 2019, Loblaw recorded a loss of 2 million (2018 – nominal loss) from the sale of these assets. On a year-to-date basis, Loblaw recorded a net gain of \$4 million (2018 – nominal loss) from the sale of these assets. No impairment charges were recognized on these properties in 2019 (2018 – nominal).

Note 12. Other Assets

The components of other assets were as follows:

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Fair value of equity forward (note 20)	\$ 459	\$ 515	\$ 556
Sundry investments and other receivables	88	65	51
Net accrued benefit plan asset (note 18)	178	215	233
Finance lease receivable	62	—	—
Mortgages, loans and notes receivable	278	197	187
Other	183	119	159
Total other assets	\$ 1,248	\$ 1,111	\$ 1,186
Current portion of mortgages, loans and notes receivable ⁽ⁱ⁾	(206)	(59)	(99)
Other assets	\$ 1,042	\$ 1,052	\$ 1,087

(i) Current portion of mortgages, loans and notes receivable are included in prepaid expenses and other assets in the condensed consolidated balance sheets.

Note 13. Short Term Debt

The components of short term debt were as follows:

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Other Independent Securitization Trusts (note 9)	\$ 550	\$ 690	\$ 915
Series B Debentures ⁽ⁱ⁾	702	652	664
Short term debt	\$ 1,252	\$ 1,342	\$ 1,579

(i) Series B Debentures issued by GWL are due on demand and are secured by a pledge of 9.6 million Loblaw common shares.

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

As at the end of the third quarter of 2019, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$50 million (October 6, 2018 – \$62 million; December 31, 2018 – \$89 million), which represented 9% (October 6, 2018 – 9%; December 31, 2018 – 10%) of the securitized credit card receivables amount.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 14. Long Term Debt

The components of long term debt were as follows:

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Debentures	\$ 10,377	\$ 9,908	\$ 9,918
Unsecured term loan facilities	—	800	800
Long term debt secured by mortgage	1,236	1,329	1,328
Construction loans	25	18	21
Guaranteed investment certificates	1,327	981	1,141
Independent securitization trust (note 9)	1,000	1,150	750
Independent funding trusts	501	545	536
Committed credit facilities	117	340	325
Finance lease obligations ⁽ⁱ⁾	—	546	535
Transaction costs and other	(37)	(38)	(36)
Total long term debt	\$ 14,546	\$ 15,579	\$ 15,318
Long term debt due within one year	(1,693)	(2,375)	(1,343)
Long term debt	\$ 12,853	\$ 13,204	\$ 13,975

(i) As a result of the implementation of IFRS 16, finance lease obligations are included in lease liabilities (note 2).

The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of the third quarter and throughout year-to-date 2019, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

Debentures The following table summarizes the debentures issued or assumed in the periods ended as indicated:

(\$ millions)	Interest Rate	Maturity Date	40 Weeks Ended	
			Oct. 5, 2019	Oct. 6, 2018
			Principal Amount	Principal Amount
Choice Properties senior unsecured debentures				
– Series I	3.01%	March 21, 2022	\$ —	\$ 300
– Series J	3.55%	January 10, 2025	—	350
– Series K	3.56%	September 9, 2024	—	550
– Series L	4.18%	March 8, 2028	—	750
– Series M	3.53%	June 11, 2029	750	—
– Series A-C	3.68%	July 24, 2018	—	125
– Series B-C	4.32%	January 15, 2021	—	100
– Series C-C	2.56%	November 30, 2019	—	100
– Series D-C	2.95%	January 18, 2023	—	125
Total debentures issued			\$ 750	\$ 2,400

There were no debentures issued or assumed in the third quarters of 2019 and 2018.

The following table summarizes the debentures and unsecured term loan facilities repaid in the periods ended as indicated:

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Shoppers Drug Mart Corporation Notes	2.36%	May 24, 2018	\$ —	\$ —	\$ —	\$ 275
Loblaw Companies Limited - Term Loan ⁽ⁱ⁾	Variable	March 28, 2019	—	48	—	48
Loblaw Companies Limited - Term Loan ⁽ⁱⁱ⁾	Variable	March 28, 2019	—	250	—	250
Choice Properties senior unsecured debentures						
– Series A-C	3.68%	July 24, 2018	—	125	—	125
– Series A	3.55%	July 5, 2018 ⁽ⁱⁱⁱ⁾	—	—	—	400
– Series 7	3.00%	September 20, 2019 ⁽ⁱⁱⁱ⁾	200	—	200	—
– Series C-C	2.56%	November 30, 2019 ⁽ⁱⁱⁱ⁾	100	—	100	—
Choice Properties - Term Loan ^(iv)	Variable	May 4, 2022	—	—	175	—
Choice Properties - Term Loan ^(v)	Variable	May 4, 2023	400	—	625	—
Total debentures and unsecured term loan facilities repaid			\$ 700	\$ 423	\$ 1,100	\$ 1,098

- (i) Loblaw unsecured term loan facility bearing interest at variable rates of either Prime plus 0.45% or Bankers' Acceptance rate plus 1.45% were redeemed on August 29, 2018.
- (ii) Loblaw unsecured term loan facility bearing interest at variable rates of either Prime plus 0.13% or Bankers' Acceptance rate plus 1.13% were redeemed on August 29, 2018.
- (iii) Choice Properties senior unsecured debentures Series A were redeemed on February 12, 2018 and Series 7 and Series C-C were redeemed on June 27, 2019.
- (iv) Choice Properties term loan facility bearing interest at variable rates of either Prime plus 0.45% or Bankers' Acceptance rate plus 1.45% were redeemed on June 11, 2019.
- (v) Choice Properties term loan facility bearing interest at variable rates of either Prime plus 0.45% or Bankers' Acceptance rate plus 1.45% were redeemed on June 11, 2019 and September 30, 2019.

Guaranteed Investment Certificates ("GICs") The following table summarizes PC Bank's GICs activity, before commissions, for the periods ended as indicated:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Balance, beginning of period	\$ 1,225	\$ 950	\$ 1,141	\$ 852
GICs issued	154	117	338	269
GICs matured	(52)	(86)	(152)	(140)
Balance, end of period	\$ 1,327	\$ 981	\$ 1,327	\$ 981

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Independent Funding Trusts Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts in the amount of \$64 million (October 6, 2018 and December 31, 2018 – \$64 million), representing not less than 10% (October 6, 2018 and December 31, 2018 – not less than 10%) of the principal amount of loans outstanding.

During the second quarter of 2019, Loblaw renewed the revolving committed credit facility relating to the independent funding trusts until May 27, 2022.

Committed Credit Facilities The components of the committed lines of credit available were as follows:

(\$ millions)	Maturity Date	Oct. 5, 2019		As at			
		Available Credit	Drawn	Oct. 6, 2018		Dec. 31, 2018	
				Available Credit	Drawn	Available Credit	Drawn
Loblaw committed credit facility	June 10, 2021	\$ 1,000	\$ —	\$ 1,000	\$ —	\$ 1,000	\$ —
Choice Properties committed syndicated credit facility	May 4, 2023	1,500	117	1,500	340	1,500	325
Total committed lines of credit		\$ 2,500	\$ 117	\$ 2,500	\$ 340	\$ 2,500	\$ 325

Long Term Debt Due within One Year The components of long term debt due within one year were as follows:

(\$ millions)	As at		
	Oct. 5, 2019	Oct. 6, 2018	Dec. 31, 2018
Debentures	\$ 899	\$ 1,000	\$ 300
GICs	394	209	274
Independent securitization trust	250	400	—
Independent funding trusts	—	545	536
Finance lease obligations	—	41	37
Long term debt secured by mortgage	125	180	182
Construction loans	25	—	14
Long term debt due within one year	\$ 1,693	\$ 2,375	\$ 1,343

Reconciliation of Long Term Debt The following table reconciles the changes in cash flows from financing activities for long term debt in the periods ended as indicated:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Total long term debt, beginning of period	\$ 14,816	\$ 15,541	\$ 15,318	\$ 12,092
Reclassification of Finance Lease Obligations due to IFRS 16 (note 2)	—	—	(535)	—
Long term debt after reclassification, beginning of period	14,816	15,541	14,783	12,092
Long term debt assumed on acquisition of CREIT (note 4)	—	—	—	1,840
Long term debt issuances ⁽ⁱ⁾⁽ⁱⁱ⁾	443	955	1,315	3,860
Long term debt repayments ⁽ⁱ⁾	(722)	(927)	(1,564)	(2,241)
Total cash flow (used in) from long term debt financing activities	(279)	28	(249)	1,619
Finance lease additions	—	6	—	13
Other non-cash changes	9	4	12	15
Total non-cash long term debt activities	9	10	12	28
Total long term debt, end of period	\$ 14,546	\$ 15,579	\$ 14,546	\$ 15,579

(i) Includes net issuances or repayments from Choice Properties' credit facilities depending on the activity in the period.

(ii) Includes net repayments from the Independent Funding Trust, which are revolving debt instruments.

Note 15. Other Liabilities

The components of other liabilities were as follows:

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Financial liability	\$ 397	\$ —	\$ —
Net defined benefit plan obligation (note 18)	387	344	347
Other long term employee benefit obligation	115	108	115
Deferred lease obligation ⁽ⁱ⁾	—	144	148
Fair value of acquired leases ⁽ⁱ⁾	—	57	54
Share-based compensation liability (note 19)	14	5	6
Other ⁽ⁱ⁾	23	38	21
Other liabilities	\$ 936	\$ 696	\$ 691

(i) Certain balances were impacted as a result of the implementation of IFRS 16 (note 2).

Choice Properties' Portfolio Transaction On September 30, 2019, Choice Properties sold a portfolio of 30 properties across Canada to a third party for aggregate consideration of \$426 million. The portfolio consisted of 27 Loblaw stand-alone retail properties and 3 Loblaw distribution centres. On consolidation, the transaction was not recognized as a sale of assets as under the terms of the leases, Loblaw did not relinquish control of the properties for purposes of IFRS 16 and IFRS 15. Instead, the proceeds were recognized as a financial liability and as at October 5, 2019, \$29 million was recorded in trade payables and other liabilities and \$397 million was recorded in other liabilities.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 16. Share Capital

Common Share Capital The following table summarizes the activity in the Company's common shares issued and outstanding for the periods ended as indicated:

(\$ millions except where otherwise indicated)	16 Weeks Ended				40 Weeks Ended			
	Oct. 5, 2019		Oct. 6, 2018		Oct. 5, 2019		Oct. 6, 2018	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	153,568,888	\$ 2,782	128,004,251	\$ 230	153,370,108	\$ 2,766	127,905,581	\$ 221
Issued for settlement of stock options (note 19)	322,709	30	—	—	523,114	46	100,298	9
Purchased and cancelled	—	—	(566,962)	(2)	(1,625)	—	(568,590)	(2)
Issued and outstanding, end of period	153,891,597	\$ 2,812	127,437,289	\$ 228	153,891,597	\$ 2,812	127,437,289	\$ 228
Shares held in trusts, beginning of period	(81,576)	\$ 1	(129,796)	\$ —	(120,305)	\$ —	(228,803)	\$ —
Purchased for future settlement of RSUs and PSUs	(10,000)	—	—	—	(60,000)	(1)	—	—
Released for settlement of RSUs and PSUs (note 19)	2,339	—	9,221	—	91,068	2	108,228	—
Shares held in trusts, end of period	(89,237)	\$ 1	(120,575)	\$ —	(89,237)	\$ 1	(120,575)	\$ —
Issued and outstanding net of shares held in trusts, end of period	153,802,360	\$ 2,813	127,316,714	\$ 228	153,802,360	\$ 2,813	127,316,714	\$ 228
Weighted average outstanding, net of shares held in trusts (note 7)	153,616,739		127,702,237		153,469,027		127,746,599	

Normal Course Issuer Bid ("NCIB") Program The following table summarizes the activity under its NCIB program:

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾
Purchased for future settlement of RSUs and PSUs (number of shares)	10,000	—	60,000	—
Purchased for current settlement of RSUs and DSUs (number of shares)	29,524	2,961	60,880	17,667
Purchased and cancelled (number of shares)	—	566,962	—	568,590
Cash consideration paid				
Purchased and held in trusts	\$ (1)	\$ —	\$ (6)	\$ —
Purchased and settled	(3)	—	(6)	(2)
Purchased and cancelled	—	(56)	—	(56)
Premium charged to retained earnings	\$ —	\$ 96	\$ 5	\$ 96
Reduction in share capital	\$ —	\$ 2	\$ —	\$ 2

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

In the second quarter of 2019, GWL renewed its NCIB program to purchase on the Toronto Stock Exchange (“TSX”) or through alternative trading systems up to 7,676,458 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. As of October 5, 2019, the Company purchased 39,524 common shares under its current NCIB program.

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

(\$)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Dividends declared per share ⁽ⁱ⁾ :				
Common share	\$ 0.525	\$ 0.490	\$ 1.565	\$ 1.435
Preferred share:				
Series I	\$ 0.3625	\$ 0.3625	\$ 1.0875	\$ 1.0875
Series III	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series IV	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series V	\$ 0.296875	\$ 0.296875	\$ 0.890625	\$ 0.890625

- (i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on October 1, 2019. Dividends declared on Preferred Shares, Series I were paid on September 15, 2019.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 17. Loblaw Capital Transactions

Loblaw Preferred Shares As at the end of the third quarter of 2019, the Second Preferred Shares, Series B in the amount of \$221 million net of \$4 million of after-tax issuance costs and related cash dividends, were presented as a component of non-controlling interests in the Company's condensed consolidated balance sheet. In the third quarter of 2019 and year-to-date, Loblaw declared dividends of \$3 million (2018 – \$3 million) and \$9 million (2018 – \$9 million), respectively, related to the Second Preferred Shares, Series B.

Loblaw Common Shares The following table summarizes Loblaw's common share activity under its share-based compensation arrangements and NCIB program, and includes the impact on the Company's condensed consolidated financial statements for the periods ended as indicated:

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Issued (number of shares)	543,782	699,897	2,339,451	2,163,976
Purchased and held in trusts (number of shares)	—	—	(300,000)	—
Purchased and cancelled (number of shares)	(4,313,300)	—	(11,320,227)	(12,666,709)
	(3,769,518)	699,897	(9,280,776)	(10,502,733)
Cash consideration received (paid)				
Share-based compensation	\$ 25	\$ 24	\$ 80	\$ 62
Purchased and held in trusts	—	—	(20)	—
Purchased and cancelled	(309)	—	(774)	(844)
	\$ (284)	\$ 24	\$ (714)	\$ (782)
Increase (decrease) in contributed surplus				
Share-based compensation	\$ 6	\$ 1	\$ 25	\$ 15
Purchased and held in trusts	—	—	(5)	—
Purchased and cancelled	(92)	—	(128)	(210)
	\$ (86)	\$ 1	\$ (108)	\$ (195)

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

The costs and actuarial (losses) gains related to the Company's post-employment and other long term employee benefits were as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Post-employment benefit costs recognized in operating income ⁽ⁱ⁾	\$ 52	\$ 46	\$ 141	\$ 124
Other long term employee benefit costs recognized in operating income ⁽ⁱⁱⁱ⁾	14	9	28	21
Net interest on net defined benefit obligation included in net interest expense and other financing charges (note 5)	3	3	7	9
Actuarial (losses) gains before income taxes recognized in other comprehensive income	(12)	88	(88)	106

- (i) Includes costs related to the Company's defined benefit plans, defined contribution pension plans and the multi-employer pension plans in which it participates. Also includes settlement charges in the year-to-date of 2019 of \$10 million (2018 – \$1 million).
(ii) Includes costs related to the Company's long term disability plans.

The actuarial losses recognized in the third quarter of 2019 and in the year-to-date were primarily driven by a decline in discount rates, partially offset by higher than expected returns on assets. The actuarial gains recognized in the third quarter of 2018 and year-to-date were primarily driven by an increase in discount rates, partially offset by lower than expected returns on assets.

In the first quarter of 2019, Loblaw completed several annuity purchases and paid \$187 million from the impacted plans' assets to settle \$177 million of pension obligations and recorded settlement charges of \$10 million in SG&A. In the second quarter of 2018, Loblaw completed an annuity purchase and paid \$228 million from the impacted plans' assets to settle \$227 million of pension obligations and recorded settlement charges of \$1 million in SG&A.

Note 19. Share-Based Compensation

The Company's share-based compensation arrangements include stock option plans, restricted share unit ("RSU") plans, performance share unit ("PSU") plans, director deferred share unit ("DSU") plans, executive deferred share unit plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its share-based compensation arrangements for the third quarter of 2019 and year-to-date were \$22 million (2018 – \$18 million) and \$57 million (2018 – \$44 million), respectively.

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

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018	Dec. 31, 2018
Trade payables and other liabilities	\$ 3	\$ 8	\$ 7
Other liabilities (note 15)	14	5	6
Contributed surplus	107	121	123

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

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

Stock Option Plans The following is a summary of GWL's stock option plan activity:

(number of options)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Outstanding options, beginning of period	1,657,626	1,592,822	1,548,044	1,527,125
Granted	—	—	427,523	234,517
Exercised	(322,709)	—	(523,114)	(100,298)
Forfeited/cancelled	(13,204)	—	(50,483)	(67,878)
Expired	—	—	(80,257)	(644)
Outstanding options, end of period	1,321,713	1,592,822	1,321,713	1,592,822

In the third quarter of 2019, GWL issued common shares on the exercise of stock options with a weighted average share price of \$107.19 per common share and received cash consideration of \$25 million. There were no stock options exercised in the third quarter of 2018. In the year-to-date of 2019, GWL issued common shares on the exercise of stock options with a weighted average share price of \$102.89 (2018 – \$105.55) per common share and received cash consideration of \$39 million (2018 – \$8 million).

There were no stock options granted in the third quarter of 2019 and 2018.

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the third quarter of 2019 was 0.8% (2018 – 0.7%).

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

(number of options)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Outstanding options, beginning of period	7,424,410	7,917,849	7,509,631	7,487,774
Granted	8,229	8,140	1,548,550	1,643,933
Exercised	(745,304)	(666,171)	(2,061,701)	(1,621,089)
Forfeited/cancelled	(61,437)	(517,622)	(370,582)	(768,422)
Outstanding options, end of period	6,625,898	6,742,196	6,625,898	6,742,196

In the third quarter of 2019, Loblaw issued common shares on the exercise of stock options with a weighted average share price of \$72.61 (2018 – \$67.49) per common share and received cash consideration of \$25 million (2018 – \$24 million). In the year-to-date of 2019, Loblaw issued common shares on the exercise of stock options with a weighted average share price of \$69.12 (2018 – \$66.73) per common share and received cash consideration of \$80 million (2018 – \$62 million).

In the third quarter of 2019, Loblaw granted stock options with a weighted average exercise price of \$68.42 (2018 – \$68.43) per common share and a nominal fair value (2018 – nominal). The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	16 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018
Expected dividend yield	1.8%	1.7%
Expected share price volatility	14.1% - 15.3%	15.2% - 17.1%
Risk-free interest rate	1.5%	2.2% - 2.3%
Expected life of options	3.5 - 5.3 years	3.9 - 6.3 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the third quarter of 2019 was 9.0% (2018 – 8.0%).

Restricted Share Unit Plans The following is a summary of GWL’s RSU plan activity:

(number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾
Outstanding RSUs, beginning of period	142,914	182,509	166,034	183,960
Granted	2,360	123	36,653	61,275
Reinvested	1,363	1,073	2,749	1,810
Settled	(5,075)	(12,159)	(54,452)	(68,304)
Forfeited	(2,422)	(5,646)	(11,844)	(12,841)
Outstanding RSUs, end of period	139,140	165,900	139,140	165,900

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

In the third quarter of 2019, the fair value of GWL’s granted RSUs was nominal (2018 – nominal). In the year-to-date of 2019, the fair value of GWL’s granted RSUs was \$3 million (2018 – \$6 million).

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

(number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Outstanding RSUs, beginning of period	1,024,386	887,704	1,024,275	824,705
Granted	26,671	38,476	332,043	338,562
Reinvested	8,904	5,466	17,125	7,954
Settled	(17,596)	(23,449)	(257,747)	(243,217)
Forfeited	(9,966)	(23,907)	(83,297)	(43,714)
Outstanding RSUs, end of period	1,032,399	884,290	1,032,399	884,290

In the third quarter of 2019, the fair value of Loblaw’s granted RSUs was \$2 million (2018 – \$2 million). In the year-to-date of 2019, the fair value of Loblaw’s granted RSUs was \$22 million (2018 – \$22 million).

Performance Share Unit Plans The following is a summary of GWL’s PSU plan activity:

(number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Outstanding PSUs, beginning of period	114,203	89,167	89,656	100,263
Granted	—	3	69,951	36,769
Reinvested	1,134	508	2,074	848
Settled	(433)	(22)	(40,259)	(44,695)
Forfeited	(79)	—	(6,597)	(3,529)
Outstanding PSUs, end of period	114,825	89,656	114,825	89,656

There were no PSUs granted in the third quarter of 2019 (the fair value of GWL’s granted PSUs in 2018 – nominal). In the year-to-date of 2019, the fair value of GWL’s granted PSUs was \$6 million (2018 – \$3 million).

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

(number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018	Oct. 5, 2019	Oct. 6, 2018
Outstanding PSUs, beginning of period	665,627	638,403	674,945	631,528
Granted	1,923	2,753	253,114	311,941
Reinvested	5,887	3,630	11,264	5,409
Settled	(6,202)	(11,151)	(234,121)	(300,544)
Forfeited	(5,098)	(17,203)	(43,065)	(31,902)
Outstanding PSUs, end of period	662,137	616,432	662,137	616,432

In the third quarter of 2019, the fair value of Loblaw's granted PSUs was nominal (2018 – nominal). In the year-to-date of 2019, the fair value of Loblaw's granted PSUs was \$15 million (2018 – \$14 million).

Settlement of Awards from Shares Held in Trusts The following table summarizes GWL's settlement of RSUs and PSUs from shares held in trusts for the periods ended as indicated:

(number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾	Oct. 5, 2019	Oct. 6, 2018 ⁽ⁱ⁾
Settled	5,508	12,181	94,711	112,999
Released from trusts (note 16)	2,339	9,221	91,068	108,228

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

The settlement of awards from shares held in trusts in the third quarter of 2019 and year-to-date resulted in a nominal increase (2018 – \$1 million) and \$9 million increase (2018 – \$10 million) in retained earnings, respectively. In the third quarter of 2019 and year-to-date, there was a nominal increase (2018 – nominal) and \$2 million increase (2018 – nominal) in share capital respectively related to these settlements.

Note 20. Financial Instruments

The following table presents the fair values and fair value hierarchy of the Company's financial assets and financial liabilities, excluding those classified as amortized cost that are short term in nature. The carrying values of the Company's financial instruments approximate their fair values except for long term debt.

(\$ millions)	Oct. 5, 2019				As at Oct. 6, 2018				Dec. 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Amortized cost:												
Franchise loans receivable	\$ —	\$ —	\$ 33	\$ 33	\$ —	\$ —	\$ 108	\$ 108	\$ —	\$ —	\$ 78	\$ 78
Certain other assets ⁽ⁱ⁾	—	—	101	101	—	—	133	133	—	—	154	154
Fair value through other comprehensive income:												
Certain long term investments and other assets ⁽ⁱ⁾	50	21	—	71	50	20	—	70	50	20	—	70
Derivatives included in prepaid expenses and other assets	—	—	—	—	—	2	—	2	—	2	—	2
Fair value through profit and loss:												
Security deposits	59	—	—	59	82	—	—	82	87	—	—	87
Certain other assets ⁽ⁱ⁾	—	—	115	115	—	—	73	73	—	—	76	76
Derivatives included in accounts receivable	—	1	—	1	(1)	3	—	2	(2)	7	—	5
Derivatives included in prepaid expenses and other assets	—	2	—	2	4	2	—	6	2	11	—	13
Derivatives included in other assets	—	459	—	459	—	515	—	515	—	556	—	556
Financial liabilities												
Amortized cost:												
Long term debt	—	15,972	—	15,972	—	16,288	—	16,288	—	16,012	—	16,012
Certain other liabilities ⁽ⁱ⁾	—	—	435	435	—	—	14	14	—	—	13	13
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	—	8	—	8	—	1	—	1	—	7	—	7
Fair value through profit and loss:												
Trust Unit liability	3,785	—	—	3,785	2,738	—	—	2,738	2,658	—	—	2,658
Derivatives included in trade payables and other liabilities	—	4	—	4	—	—	—	—	11	—	3	14

(i) Certain other assets, certain long term investments and other assets, and certain other liabilities are included in the condensed consolidated balance sheets in other assets and other liabilities, respectively.

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

During the third quarter of 2019 and year-to-date, a net loss of \$225 million (2018 – gain of \$82 million) and \$889 million (2018 – gain of \$30 million), respectively, was recognized in earnings before income taxes on financial instruments classified as fair value through profit or loss. This amount was primarily related to the fair value loss of the Trust Unit liability and forward sale agreement for 9.6 million Loblaw common shares.

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Cash and Cash Equivalents, Short Term Investments and Security Deposits As at the end of the third quarter of 2019, the Company had cash and cash equivalents, short term investments and security deposits of \$1,776 million (October 6, 2018 – \$2,577 million; December 31, 2018 – \$1,889 million), including U.S. dollars of \$42 million (October 6, 2018 – U.S. \$168 million; December 31, 2018 – U.S. \$161 million) that was held primarily by Dunedin Holdings GmbH, a subsidiary of GWL, and certain of its affiliates (note 8).

In the third quarter of 2019 and year-to-date, a loss of \$7 million (2018 – loss of \$22 million) and a loss of \$25 million (2018 – gain of \$28 million), respectively, was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's U.S. net investment in foreign operations.

In addition, in the third quarter of 2019 and year-to-date, a nominal loss (2018 – loss of \$7 million) and a loss of \$1 million (2018 – gain of \$16 million), respectively, was recorded in operating income related to the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations that have the same functional currency as that of the Company.

Franchise Loans Receivable and Franchise Investments in Other Assets As at the end of the third quarter of 2019, the value of Loblaw franchise loans receivable of \$33 million (October 6, 2018 – \$108 million; December 31, 2018 – \$78 million) was recorded in the condensed consolidated balance sheets. In the third quarter of 2019 and year-to-date, Loblaw recorded a nominal gain (2018 – gain of \$1 million) and a gain of \$1 million (2018 – gain of \$3 million) in operating income related to these loans receivable.

As at the end of the third quarter of 2019, the value of Loblaw franchise investments was \$7 million (October 6, 2018 – \$10 million; December 31, 2018 – \$14 million) and was recorded in other assets. In the third quarter of 2019 and year-to-date, Loblaw recorded a nominal gain (2018 – gain of \$1 million) and a gain of \$1 million (2018 – gain of \$2 million) in operating income related to these investments.

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

In the third quarter of 2019 and year-to-date, a nominal loss (2018 – gain of \$2 million) and a gain of \$3 million (2018 – loss of \$2 million), respectively, was recognized in operating income related to these derivatives. In addition, a corresponding nominal liability was included in trade payables and other liabilities as at October 5, 2019 (October 6, 2018 – nominal asset; December 31, 2018 – \$3 million). As at October 5, 2019, 1% increase (decrease) in foreign currency exchange rates would result in a gain (loss) of \$1 million in fair value.

Equity Derivative Contracts As at the end of the third quarter of 2019, Weston Holdings Limited, a subsidiary of GWL, held an outstanding equity forward sale agreement based on 9.6 million Loblaw common shares at an original forward price of \$48.50 per Loblaw common share. As at the end of the third quarter of 2019, the forward price had increased to \$122.44 (October 6, 2018 – \$117.23; December 31, 2018 – \$118.42) per Loblaw common share under the terms of the agreement. In the third quarter of 2019 and year-to-date, a fair value loss of \$52 million (2018 – gain of \$25 million) and a fair value loss of \$136 million (2018 – gain of \$44 million) was recorded in net interest expense and other financing charges related to this agreement (note 5).

Trust Unit Liability In the third quarter of 2019 and year-to-date, a fair value loss of \$169 million (2018 – gain of \$55 million) and a fair value loss of \$753 million (2018 – loss of \$44 million), respectively, was recognized in net interest expense and other financing charges (note 5).

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

	Oct. 5, 2019					
	As at		16 Weeks Ended		40 Weeks Ended	
	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	
(\$ millions)						
Derivatives designated as cash flow hedges						
Foreign Exchange Currency Risk - Foreign Exchange Forwards ⁽ⁱ⁾	\$ —	\$ —	\$ 1	\$ (1)	\$ 1	
Interest Rate Risk - Bond Forwards ⁽ⁱⁱ⁾	(1)	2	—	(6)	—	
Interest Rate Risk - Interest Rate Swaps ⁽ⁱⁱⁱ⁾	(6)	1	(1)	(5)	(1)	
Total derivatives designated as cash flow hedges	\$ (7)	\$ 3	\$ —	\$ (12)	\$ —	
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ (2)	\$ —	\$ (6)	\$ —	\$ (12)	
Other Non-Financial Derivatives	—	—	4	—	11	
Total derivatives not designated in a formal hedging relationship	\$ (2)	\$ —	\$ (2)	\$ —	\$ (1)	
Total derivatives	\$ (9)	\$ 3	\$ (2)	\$ (12)	\$ (1)	

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$3 million USD, to manage its foreign exchange currency risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid and other assets.
- (ii) PC Bank uses bond forwards, with a notional value of \$90 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and liabilities.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$300 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and liabilities. Choice Properties uses interest rate swaps, with a notional value of \$277 million, to manage its interest rate risk related to variable rate mortgages. The fair value of the derivatives is included in other assets and other liabilities.

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	As at		16 Weeks Ended		40 Weeks Ended	
	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	
(\$ millions)						
Derivatives designated as cash flow hedges⁽ⁱ⁾						
Foreign Exchange Currency Risk - Foreign Exchange Forwards ⁽ⁱⁱⁱ⁾	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ —
Interest Rate Risk - Bond Forwards ⁽ⁱⁱⁱ⁾	—	—	—	(1)	—	—
Interest Rate Risk - Interest Rate Swaps ^(iv)	1	3	—	3	—	—
Total derivatives designated as cash flow hedges	\$ 1	\$ 3	\$ —	\$ 4	\$ —	\$ —
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ 5	\$ —	\$ (3)	\$ —	\$ 22	\$ 22
Other Non-Financial Derivatives	3	—	2	—	8	8
Total derivatives not designated in a formal hedging relationship	\$ 8	\$ —	\$ (1)	\$ —	\$ 30	\$ 30
Total derivatives	\$ 9	\$ 3	\$ (1)	\$ 4	\$ 30	\$ 30

- (i) Includes interest rate swap agreements with a notional value of \$100 million that matured during the first quarter of 2018. A nominal unrealized fair value loss was recorded in OCI relating to these agreements.
- (ii) PC Bank uses foreign exchange forwards, with notional value of \$16 million USD, to manage its foreign exchange currency risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid and other assets.
- (iii) PC Bank uses bond forwards, with a notional value of \$53 million, which were entered into during the first quarter of 2018, to manage its interest risk related to future debt issuances. The fair value of derivatives is included in trade payables and liabilities.
- (iv) Choice Properties uses interest rate swaps, with a notional value of \$322 million, which were assumed during the second quarter of 2018 in connection with the acquisition of CREIT, to manage its interest rate risk related to variable rate mortgages. The fair value of the derivatives is included in other assets and other liabilities.

Note 21. Contingent Liabilities

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

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

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

On August 26, 2015, the Company was served with a proposed class action, which was commenced in the Ontario Superior Court of Justice ("Superior Court") against the Company, Loblaw and certain of its subsidiaries and others in connection with the collapse of the Rana Plaza complex in Dhaka, Bangladesh in 2013. The claim sought approximately \$2 billion in damages. In July 2017, the Superior Court dismissed the action and the plaintiffs appealed. The decision of the Ontario Court of Appeal, released December 20, 2018, upheld the Superior Court's dismissal of the action. In February 2019, the plaintiffs sought leave to appeal to the Supreme Court of Canada ("Supreme Court"), with such leave to appeal denied by the Supreme Court on August 8, 2019. The Company considers this matter closed as the Supreme Court's decision cannot be appealed.

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

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's cash balances far exceed any realistic damages scenario and therefore it does not anticipate any impacts on its dividend, dividend policy or share buyback plan. The Company has not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2019 on the basis that a reliable estimate of the liability cannot be determined at this time. The Company will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

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In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks damages (unquantified) for the expenses incurred by the province in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in British Columbia. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. The allegations in the Ontario and Quebec class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 claims seek recovery of damages on behalf of opioid users directly. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the interim period condensed consolidated financial statements.

Loblaw has been reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. The reassessments, which were received between 2015 and 2017, are for the 2000 to 2012 taxation years. On September 7, 2018, the Tax Court released its decision relating to the 2000 to 2010 taxation years. The Tax Court ruled that certain income earned by Glenhuron should be taxed in Canada based on a technical interpretation of the applicable legislation. On October 4, 2018, Loblaw filed a Notice of Appeal with the Federal Court of Appeal. Subsequent to the end of the third quarter of 2019, the appeal was heard by the Federal Court of Appeal, with the court reserving judgment until a later date.

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

Note 22. Segment Information

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

The accounting policies of the reportable segments are the same as those described herein and in the Company's 2018 audited annual consolidated financial statements. The Company measures each reportable operating segment's performance based on adjusted EBITDA⁽ⁱⁱ⁾ and adjusted operating income⁽ⁱⁱ⁾. No reportable operating segment is reliant on any single external customer.

(\$ millions)	16 Weeks Ended					Oct. 6, 2018				
	Oct. 5, 2019									
	Weston Foods	Loblaw	Choice Properties	Other and Intersegment	Total	Weston Foods ⁽ⁱ⁾	Loblaw ⁽ⁱ⁾	Choice Properties	Other and Intersegment ⁽ⁱ⁾	Total
Revenue	\$ 638	\$ 14,655	\$ 324	\$ (391)	\$ 15,226	\$ 630	\$ 14,319	\$ 315	\$ (402)	\$ 14,862
Operating income	\$ 23	\$ 688	\$ 221	\$ (48)	\$ 884	\$ 31	\$ 590	\$ 179	\$ 4	\$ 804
Net interest expense and other financing charges	1	223	434	(141)	517	—	292	117	(82)	327
Earnings before income tax	\$ 22	\$ 465	\$ (213)	\$ 93	\$ 367	\$ 31	\$ 298	\$ 62	\$ 86	\$ 477
Operating income	\$ 23	\$ 688	\$ 221	\$ (48)	\$ 884	\$ 31	\$ 590	\$ 179	\$ 4	\$ 804
Depreciation and amortization	44	775	—	(118)	701	43	459	—	28	530
Adjusting items ⁽ⁱⁱⁱ⁾	5	27	5	39	76	8	9	44	(4)	57
Adjusted EBITDA ⁽ⁱⁱ⁾	\$ 72	\$ 1,490	\$ 226	\$ (127)	\$ 1,661	\$ 82	\$ 1,058	\$ 223	\$ 28	\$ 1,391
Depreciation and amortization ⁽ⁱⁱⁱ⁾	40	618	—	(118)	540	38	298	—	28	364
Adjusted operating income⁽ⁱⁱ⁾	\$ 32	\$ 872	\$ 226	\$ (9)	\$ 1,121	\$ 44	\$ 760	\$ 223	\$ —	\$ 1,027

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

(ii) Certain items are excluded from operating income to derive adjusted EBITDA⁽¹⁾. Adjusted EBITDA⁽¹⁾ is used internally by management when analyzing segment underlying operating performance.

(iii) Excludes \$157 million (2018 – \$161 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw and \$4 million (2018 – \$5 million) of accelerated depreciation recorded by Weston Foods, related to restructuring and other related costs.

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40 Weeks Ended

Oct. 6, 2018

(\$ millions)	Oct. 5, 2019					Oct. 6, 2018				
	Weston Foods	Loblaw	Choice Properties	Other and Intersegment	Total	Weston Foods ⁽ⁱ⁾	Loblaw ⁽ⁱ⁾	Choice Properties	Other and Intersegment ⁽ⁱ⁾	Total
Revenue	\$ 1,633	\$ 36,447	\$ 971	\$ (1,049)	\$ 38,002	\$ 1,615	\$ 35,475	\$ 825	\$ (1,064)	\$ 36,851
Operating income	\$ 45	\$ 1,723	\$ 670	\$ (198)	\$ 2,240	\$ 62	\$ 1,472	\$ 391	\$ (30)	\$ 1,895
Net interest expense and other financing charges	1	571	1,546	(421)	1,697	—	469	23	238	730
Earnings before income tax	\$ 44	\$ 1,152	\$ (876)	\$ 223	\$ 543	\$ 62	\$ 1,003	\$ 368	\$ (268)	\$ 1,165
Operating income	\$ 45	\$ 1,723	\$ 670	\$ (198)	\$ 2,240	\$ 62	\$ 1,472	\$ 391	\$ (30)	\$ 1,895
Depreciation and amortization	111	1,935	1	(277)	1,770	102	1,141	—	87	1,330
Adjusting items ⁽ⁱⁱⁱ⁾	11	43	18	50	122	10	14	200	(67)	157
Adjusted EBITDA ⁽ⁱⁱⁱ⁾	\$ 167	\$ 3,701	\$ 689	\$ (425)	\$ 4,132	\$ 174	\$ 2,627	\$ 591	\$ (10)	\$ 3,382
Depreciation and amortization ⁽ⁱⁱⁱ⁾	105	1,543	1	(277)	1,372	93	740	—	87	920
Adjusted operating income⁽ⁱⁱⁱ⁾	\$ 62	\$ 2,158	\$ 688	\$ (148)	\$ 2,760	\$ 81	\$ 1,887	\$ 591	\$ (97)	\$ 2,462

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

(ii) Certain items are excluded from operating income to derive adjusted EBITDA⁽¹⁾. Adjusted EBITDA⁽¹⁾ is used internally by management when analyzing segment underlying operating performance.

(iii) Excludes \$392 million (2018 – \$401 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw, and \$6 million (2018 – \$9 million) of accelerated depreciation recorded by Weston Foods, related to restructuring and other related costs.

Other and Intersegment includes the following items:

	16 Weeks Ended					
	Oct. 5, 2019			Oct. 6, 2018 ⁽ⁱ⁾		
(\$ millions)	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	\$ (134)	\$ 2	\$ (54)	\$ (133)	\$ 33	\$ —
Elimination of cost recovery	(50)	—	—	(47)	—	—
Elimination of lease surrender	(2)	—	—	—	—	—
Loblaw's net gain on sale leaseback of property to Choice Properties	—	(2)	—	—	3	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(1)	—	—	(28)	—
Fair value adjustment on investment properties	—	(39)	—	—	—	—
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	(297)	—	—	15
Fair value adjustment on Trust Unit liability	—	—	169	—	—	(55)
Unit distributions on Exchangeable Units paid by Choice Properties to GWL and Loblaw	—	—	(72)	—	—	(72)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL and Loblaw	—	—	48	—	—	43
Intercompany sales	(205)	—	—	(222)	—	—
Foreign currency translation ⁽ⁱⁱ⁾	—	—	—	—	(7)	—
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	—	—	52	—	—	(25)
Other	—	(8)	13	—	3	12
Total Other and Intersegment	\$ (391)	\$ (48)	\$ (141)	\$ (402)	\$ 4	\$ (82)

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

(ii) Represents the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

	40 Weeks Ended					
	Oct. 5, 2019			Oct. 6, 2018 ⁽ⁱ⁾		
	Net Interest Expense and Other			Net Interest Expense and Other		
(\$ millions)	Revenue	Operating Income	Financing Charges	Revenue	Operating Income	Financing Charges
Elimination of internal lease arrangements	\$ (406)	\$ (96)	\$ (137)	\$ (400)	\$ 10	\$ —
Elimination of cost recovery	(156)	—	—	(147)	—	—
Elimination of lease surrender	(2)	—	—	(10)	(10)	—
Loblaw's net gain on sale leaseback of property to Choice Properties	—	(7)	—	—	2	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(24)	—	—	(87)	—
Fair value adjustment on investment properties	—	(51)	—	—	27	—
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	(1,139)	—	—	379
Fair value adjustment on Trust Unit liability	—	—	753	—	—	44
Unit distributions on Exchangeable Units paid by Choice Properties to GWL and Loblaw	—	—	(216)	—	—	(199)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL and Loblaw	—	—	137	—	—	83
Interest on debt due from Choice Properties to Loblaw and accretion income earned on intercompany Class C Units	—	—	—	—	—	(53)
Intercompany sales	(485)	—	—	(507)	—	—
Foreign currency translation ⁽ⁱⁱ⁾	—	(1)	—	—	16	—
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	—	—	136	—	—	(44)
Choice Properties issuance costs	—	—	14	—	—	—
Other	—	(19)	31	—	12	28
Total Other and Intersegment	\$ (1,049)	\$ (198)	\$ (421)	\$ (1,064)	\$ (30)	\$ 238

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

(ii) Represents the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations.

(\$ millions)	Oct. 5, 2019	As at	
		Oct. 6, 2018 ⁽ⁱ⁾	Dec. 31, 2018 ⁽ⁱ⁾
Total Assets			
Weston Foods	\$ 3,765	\$ 2,851	\$ 3,001
Loblaw	35,615	33,571	30,228
Choice Properties	15,482	15,671	15,518
Other ⁽ⁱⁱ⁾	358	395	305
Intersegment	(8,485)	(8,704)	(5,238)
Consolidated	\$ 46,735	\$ 43,784	\$ 43,814

- (i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Other includes cash and cash equivalents and short term investments held by foreign operations.

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2019 ⁽ⁱ⁾	Oct. 6, 2018 ⁽ⁱⁱ⁾	Oct. 5, 2019 ⁽ⁱ⁾	Oct. 6, 2018 ⁽ⁱⁱ⁾
Additions to Fixed Assets and Intangible Assets				
Weston Foods	\$ 55	\$ 61	\$ 124	\$ 121
Loblaw	407	300	790	656
Choice Properties	27	84	108	196
Other	3	—	3	—
Consolidated	\$ 492	\$ 445	\$ 1,025	\$ 973

- (i) Loblaw additions to fixed assets include a \$10 million prepayment that was made in 2018. The balance was transferred from other assets in the third quarter of 2019.
(ii) Certain comparative figures have been restated to conform with current year presentation.