

Financial Results

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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. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Revenue	\$ 17,520	\$ 16,192	\$ 42,906	\$ 40,846
Operating Expenses				
Cost of inventories sold (note 11)	11,914	11,026	28,941	27,730
Selling, general and administrative expenses	4,132	4,041	10,676	10,098
	16,046	15,067	39,617	37,828
Operating Income	1,474	1,125	3,289	3,018
Net Interest Expense (Income) and Other Financing Charges (note 6)	13	412	(3)	1,460
Earnings Before Income Taxes	1,461	713	3,292	1,558
Income Taxes (note 7)	276	200	618	566
Net Earnings from Continuing Operations	1,185	513	2,674	992
Net Loss from Discontinued Operations (note 5)	–	(114)	(6)	(121)
Net Earnings	1,185	399	2,668	871
Attributable to:				
Shareholders of the Company (note 8)	903	138	1,920	204
Non-Controlling Interests	282	261	748	667
Net Earnings	\$ 1,185	\$ 399	\$ 2,668	\$ 871
Net Earnings (Loss) per Common Share - Basic (\$) (note 8)	\$ 6.20	\$ 0.83	\$ 13.00	\$ 1.13
Continuing Operations	\$ 6.20	\$ 1.59	\$ 13.04	\$ 1.93
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)
Net Earnings (Loss) per Common Share - Diluted (\$) (note 8)	\$ 6.14	\$ 0.82	\$ 12.89	\$ 1.10
Continuing Operations	\$ 6.14	\$ 1.58	\$ 12.93	\$ 1.90
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)

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. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021 ⁽ⁱ⁾
Net Earnings from Continuing Operations	\$ 1,185	\$ 513	\$ 2,674	\$ 992
Other comprehensive income (loss), net of taxes				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment (note 22)	1	3	4	(19)
(Losses) gains on cash flow hedges (note 22)	(4)	2	13	5
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial gains (losses) (note 20)	3	29	(165)	225
Adjustment to fair value of investment properties	43	–	90	(12)
Other comprehensive income (loss) from Continuing Operations	43	34	(58)	199
Comprehensive Income from Continuing Operations	1,228	547	2,616	1,191
Net Loss from Discontinued Operations (note 5)	–	(114)	(6)	(121)
Other comprehensive income from Discontinued Operations	–	–	–	1
Comprehensive Loss from Discontinued Operations	–	(114)	(6)	(120)
Total Comprehensive Income, net of taxes	1,228	433	2,610	1,071
Attributable to:				
Shareholders of the Company	943	159	1,935	299
Non-Controlling Interests	285	274	675	772
Total Comprehensive Income, net of taxes	\$ 1,228	\$ 433	\$ 2,610	\$ 1,071

(i) Comparative figures have been restated (note 5).

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

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents (note 9)	\$ 2,188	\$ 2,013	\$ 2,984
Short-term investments (note 9)	466	633	879
Security Deposits (note 9)	250	–	–
Accounts receivable	1,261	901	1,010
Credit card receivables (note 10)	3,679	3,154	3,443
Income taxes recoverable	–	–	301
Inventories (note 11)	5,763	5,214	5,166
Prepaid expenses and other assets	573	518	348
Assets held for sale and discontinued operations (note 5 & note 12)	49	1,938	91
Total Current Assets	14,229	14,371	14,222
Fixed Assets	10,730	10,856	10,782
Right-of-Use Assets	4,243	4,030	4,059
Investment Properties	4,962	5,190	5,344
Equity Accounted Joint Ventures	981	576	564
Intangible Assets	6,627	6,532	6,430
Goodwill	4,848	4,479	4,479
Deferred Income Taxes	99	116	113
Security Deposits (note 9)	36	74	75
Other Assets (note 13)	1,563	871	1,015
Total Assets	\$ 48,318	\$ 47,095	\$ 47,083
LIABILITIES			
Current Liabilities			
Bank indebtedness	\$ 16	\$ 166	\$ 52
Trade payables and other liabilities	6,375	5,726	5,923
Loyalty liability	236	220	190
Provisions (note 14)	151	130	119
Income taxes payable	224	253	269
Demand deposits from customers	109	59	75
Short-term debt (note 15)	600	549	450
Long-term debt due within one year (note 16)	1,416	1,874	1,520
Lease liabilities due within one year	830	813	742
Associate interest	438	387	433
Liabilities held for sale and discontinued operations (note 5 & note 12)	–	372	–
Total Current Liabilities	10,395	10,549	9,773
Provisions	84	88	90
Long-Term Debt (note 16)	13,244	12,228	12,490
Lease Liabilities	4,317	4,162	4,242
Trust Unit Liability (note 22)	3,450	4,086	4,209
Deferred Income Taxes	2,004	1,962	2,003
Other Liabilities (note 17)	1,109	1,120	1,139
Total Liabilities	34,603	34,195	33,946
EQUITY			
Share Capital (note 18)	3,443	3,524	3,529
Retained Earnings	5,543	4,704	4,808
Contributed Surplus (notes 19 & 21)	(1,768)	(1,404)	(1,462)
Accumulated Other Comprehensive Income	189	126	84
Total Equity Attributable to Shareholders of the Company	7,407	6,950	6,959
Non-Controlling Interests	6,308	5,950	6,178
Total Equity	13,715	12,900	13,137
Total Liabilities and Equity	\$ 48,318	\$ 47,095	\$ 47,083

Contingent liabilities (note 23).

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

Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2021	\$ 2,712	\$ 817	\$ 3,529	\$ 4,808	\$ (1,462)	\$ 25	\$ (14)	\$ 73	\$ 84	\$ 6,178	\$ 13,137
Net earnings	-	-	-	1,920	-	-	-	-	-	748	2,668
Other comprehensive income (loss) ⁽ⁱ⁾	-	-	-	(90)	-	3	12	90	105	(73)	(58)
Comprehensive income	\$ -	\$ -	\$ -	\$ 1,830	\$ -	\$ 3	\$ 12	\$ 90	\$ 105	\$ 675	\$ 2,610
Effect of equity-based compensation (notes 18 & 21)	25	-	25	(1)	(3)	-	-	-	-	-	21
Shares purchased and cancelled (note 18)	(110)	-	(110)	(781)	-	-	-	-	-	-	(891)
Net effect of shares held in trusts (notes 18 & 21)	(1)	-	(1)	(2)	-	-	-	-	-	-	(3)
Loblaw capital transactions and dividends (notes 19 & 21)	-	-	-	-	(303)	-	-	-	-	(545)	(848)
Dividends declared											
Per common share (\$) (note 18)											
- \$1.920	-	-	-	(278)	-	-	-	-	-	-	(278)
Per preferred share (\$) (note 18)											
- Series I - \$1.0875	-	-	-	(10)	-	-	-	-	-	-	(10)
- Series III - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series IV - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series V - \$0.890625	-	-	-	(7)	-	-	-	-	-	-	(7)
	\$ (86)	\$ -	\$ (86)	\$ (1,095)	\$ (306)	\$ -	\$ -	\$ -	\$ -	\$ (545)	\$ (2,032)
Balance as at Oct. 8, 2022	\$ 2,626	\$ 817	\$ 3,443	\$ 5,543	\$ (1,768)	\$ 28	\$ (2)	\$ 163	\$ 189	\$ 6,308	\$ 13,715

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2020	\$ 2,782	\$ 817	\$ 3,599	\$ 5,226	\$ (1,180)	\$ 153	\$ (22)	\$ 35	\$ 166	\$ 5,607	\$ 13,418
Net earnings	-	-	-	204	-	-	-	-	-	667	871
Other comprehensive income (loss) ⁽ⁱ⁾	-	-	-	123	-	(20)	4	(12)	(28)	105	200
Comprehensive income (loss)	\$ -	\$ -	\$ -	\$ 327	\$ -	\$ (20)	\$ 4	\$ (12)	\$ (28)	\$ 772	\$ 1,071
Effect of equity-based compensation (notes 18 & 21)	24	-	24	-	3	-	-	-	-	-	27
Shares purchased and cancelled (note 18)	(100)	-	(100)	(578)	-	-	-	-	-	-	(678)
Net effect of shares held in trusts (notes 18 & 21)	1	-	1	6	-	-	-	-	-	-	7
Loblaw capital transactions and dividends (notes 19 & 21)	-	-	-	-	(227)	-	-	-	-	(429)	(656)
Transfer of remeasurement gain on sale of investment properties	-	-	-	12	-	-	-	(12)	(12)	-	-
Dividends declared											
Per common share (\$) (note 18)											
- \$1.700	-	-	-	(257)	-	-	-	-	-	-	(257)
Per preferred share (\$) (note 18)											
- Series I - \$1.0875	-	-	-	(10)	-	-	-	-	-	-	(10)
- Series III - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series IV - \$0.9750	-	-	-	(7)	-	-	-	-	-	-	(7)
- Series V - \$0.890625	-	-	-	(7)	-	-	-	-	-	-	(7)
	\$ (75)	\$ -	\$ (75)	\$ (849)	\$ (224)	\$ -	\$ -	\$ (12)	\$ (12)	\$ (429)	\$ (1,589)
Balance as at Oct. 9, 2021	\$ 2,707	\$ 817	\$ 3,524	\$ 4,704	\$ (1,404)	\$ 133	\$ (18)	\$ 11	\$ 126	\$ 5,950	\$ 12,900

(i) Other comprehensive income (loss) includes an actuarial loss of \$165 million (2021 - gain of \$226 million), of which \$90 million (2021 - gain of \$123 million) is presented in retained earnings, and \$75 million (2021 - gain of \$103 million) in non-controlling interests. Also included in non-controlling interests was a gain of \$1 million on foreign currency translation adjustments (2021 - gain of \$1 million) and a gain of \$1 million on cash flow hedges (2021 - gain of \$1 million).

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. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021 ⁽ⁱ⁾
Operating Activities				
Net earnings	\$ 1,185	\$ 399	\$ 2,668	\$ 871
Add (deduct):				
Net interest expense (income) and other financing charges (note 6)	13	413	(3)	1,462
Income taxes (note 7)	276	203	618	568
Depreciation and amortization	729	753	1,830	1,886
Loss on sale of discontinued operations, after income taxes (note 5)	–	87	6	87
Asset impairments, net of recoveries	6	7	8	8
Adjustment to fair value of investment properties and assets held for sale	(313)	(41)	(502)	(236)
Adjustment to fair value of investment in real estate securities (note 22)	69	–	228	–
Change in allowance for credit card receivables (note 10)	6	–	(3)	(32)
Change in provisions (note 14)	(54)	18	26	19
Change in gross credit card receivables (note 10)	(59)	(121)	(233)	(13)
Change in non-cash working capital	(61)	(148)	(820)	(175)
Net income taxes paid	(251)	(228)	(436)	(511)
Interest received	18	3	51	14
Interest received from finance leases	2	2	3	3
Other	12	(8)	12	1
Cash Flows from Operating Activities	1,578	1,339	3,453	3,952
Investing Activities				
Fixed asset and investment properties purchases	(395)	(311)	(785)	(675)
Intangible asset additions	(129)	(119)	(308)	(294)
Acquisition of Lifemark, net of cash acquired (note 4)	–	–	(813)	–
Proceeds from disposal of assets	86	39	170	90
Lease payments received from finance leases	4	2	10	6
Change in short-term investments (note 9)	(24)	10	413	(27)
Change in security deposits (note 9)	(209)	–	(209)	–
Other	(148)	3	(308)	(66)
Cash Flows used in Investing Activities	(815)	(376)	(1,830)	(966)
Financing Activities				
Change in bank indebtedness	(7)	28	(36)	80
Change in short-term debt (note 15)	100	5	150	(251)
Change in demand deposits from customers	10	9	34	35
Change in other financing	(1)	–	5	(1)
Interest paid	(225)	(241)	(623)	(680)
Settlement of net debt associated with equity forward sale agreement	–	(462)	–	(515)
Long-term debt – Issued (note 16)	1,695	469	2,229	778
– Repayments (note 16)	(1,213)	(471)	(1,559)	(802)
Cash rent paid on lease liabilities – Interest	(58)	(56)	(141)	(145)
Cash rent paid on lease liabilities – Principal	(210)	(203)	(479)	(460)
Share capital – Issued (notes 18 & 21)	6	11	23	20
– Purchased and held in trusts (note 18)	(14)	–	(14)	–
– Purchased and cancelled (note 18)	(393)	(411)	(718)	(577)
Loblaw common share capital – Issued (notes 19 & 21)	20	29	72	78
– Purchased and held in trusts (note 19)	–	–	(63)	–
– Purchased and cancelled (note 19)	(212)	(164)	(621)	(526)
Dividends – To common shareholders	(190)	(172)	(359)	(335)
– To preferred shareholders	(19)	(19)	(41)	(41)
– To non-controlling interests	(131)	(117)	(192)	(174)
Other	(12)	19	(86)	(38)
Cash Flows used in Financing Activities	(854)	(1,746)	(2,419)	(3,554)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(2)	1	–	–
Change in Cash and Cash Equivalents	(93)	(782)	(796)	(568)
Cash and Cash Equivalents, Beginning of Period	2,281	2,795	2,984	2,581
Cash and Cash Equivalents, End of Period	\$ 2,188	\$ 2,013	\$ 2,188	\$ 2,013

(i) Comparative figures have been restated to conform with current year presentation. See accompanying notes to the unaudited interim period condensed consolidated financial statements. See note 5. Discontinued Operations for additional cash flow information.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 1. Nature and Description of the Reporting Entity

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

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

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

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

In December 2021, the Company completed the sale of the Weston Foods bakery business. Refer to note 5, "Discontinued Operations" for details.

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

Note 2. Significant Accounting Policies

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

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

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

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on November 21, 2022.

Note 3. Subsidiaries

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

		Oct. 8, 2022		As at Oct. 9, 2021		Dec. 31, 2021	
		Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest
Loblaw	Common shares ⁽ⁱ⁾	170,890,498	52.6%	176,394,602	52.6%	175,475,019	52.6%
	Class B LP Units ⁽ⁱⁱ⁾	395,786,525	n/a	395,786,525	n/a	395,786,525	n/a
	Trust Units	50,661,415	n/a	50,661,415	n/a	50,661,415	n/a
Choice Properties		446,447,940	61.7%	446,447,940	61.7%	446,447,940	61.7%

- (i) In 2021, GWL settled the equity forward sale agreement, releasing all Loblaw common shares pledged under the equity forward sale agreement (October 9, 2021 – 3.02 million Loblaw common shares pledged). Additionally, GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program, in order to maintain its proportionate percentage ownership (see note 19).
- (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.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 4. Business Acquisitions

ACQUISITION OF LIFEMARK HEALTH GROUP On May 10, 2022, Loblaw acquired all of the outstanding common shares of Lifemark Health Group ("Lifemark") for total purchase consideration of \$829 million. Lifemark is the Canadian leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services through its more than 300 clinics across Canada. The acquisition of Lifemark adds to Loblaw's growing role as a healthcare service provider, with a network of health and wellness solutions, accessible in-person and digitally.

The Lifemark acquisition was accounted for using the acquisition method in accordance with IFRS 3, "Business Combinations", with the results of operations consolidated with those of Loblaw effective May 10, 2022.

In the third quarter of 2022, Loblaw finalized the purchase price allocation and revised its fair value estimate of the goodwill acquired with Lifemark. The result decreased goodwill by \$5 million to \$365 million and decreased deferred income tax liabilities by \$2 million to \$145 million. The final purchase price allocation is summarized as follows:

(\$ millions)	
Net Assets Acquired	
Cash and cash equivalents	\$ 15
Accounts receivable ⁽ⁱ⁾	54
Prepaid expenses and other assets	2
Fixed assets	16
Right-of-use assets	75
Intangible assets	564
Goodwill	365
Trade payables and other liabilities	(38)
Lease liabilities	(75)
Deferred income tax liabilities	(145)
Other liabilities	(4)
Total Net Assets Acquired	\$ 829

(i) Trade and other receivables is net of loss allowance of \$2 million.

Goodwill is attributable to expected growth in customers and expansion of the Lifemark footprint. The goodwill arising from this acquisition is not deductible for tax purposes.

Intangible assets are comprised of the following:

(\$ millions)		Estimated Useful Life
Intangible Assets:		
Brand	\$ 265	Indefinite
Customer Relationships	295	10-20 years
Computer Software	4	3 years
Total Intangible Assets	\$ 564	

Year-to-date selling, general and administrative expense include \$16 million of transaction costs related to the acquisition.

Included in the unaudited interim period condensed consolidated statement of earnings in the third quarter is \$120 million of revenue and nominal net earnings contributed by Lifemark. Since the date of acquisition, \$169 million of revenue and nominal net earnings were contributed by Lifemark. Net earnings for the third quarter include amortization related to the acquired intangible assets of \$3 million (year-to-date - \$5 million). On a combined pro forma basis, Loblaw's year-to-date revenue and net earnings would have amounted to \$42,639 million and \$1,382 million, respectively. This pro forma information incorporates the effect of the final purchase price equation as if Lifemark had been acquired on January 2, 2022. Included in the pro forma net earnings is the amortization related to the acquired intangible assets of \$10 million year-to-date.

Note 5. Discontinued Operations

WESTON FOODS On December 10, 2021, the Company completed the sale of Weston Foods' fresh and frozen bakery business to FGF Brands Inc. and on December 29, 2021, the Company completed the sale of Weston Foods' ambient business to affiliated entities of Hearthside Foods Solution, LLC. In the second quarter of 2022, final closing adjustments of \$6 million, after income taxes, were recorded in discontinued operations within the consolidated statement of earnings.

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

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

(\$ millions)	16 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021		
	Weston Foods	Intersegment Eliminations	Discontinued Operations	Weston Foods	Intersegment Eliminations	Discontinued Operations
Revenue	\$ -	\$ -	\$ -	\$ 584	\$ (181)	\$ 403
Operating Expenses						
Cost of inventories sold	-	-	-	442	(178)	264
Selling, general and administrative expenses	-	-	-	152	(7)	145
	\$ -	\$ -	\$ -	\$ 594	\$ (185)	\$ 409
Operating Loss			\$ -			\$ (6)
Net interest expense and other financing charges			-			1
Loss before Income Taxes			\$ -			\$ (7)
Income tax recovery			-			(2)
Net Loss after Income Taxes			\$ -			\$ (5)
Loss on sale after income taxes			-			(109)
Net Loss from Discontinued Operations			\$ -			\$ (114)

(\$ millions)	40 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021		
	Weston Foods	Intersegment Eliminations	Discontinued Operations	Weston Foods	Intersegment Eliminations	Discontinued Operations
Revenue	\$ -	\$ -	\$ -	\$ 1,487	\$ (455)	\$ 1,032
Operating Expenses						
Cost of inventories sold	-	-	-	1,100	(447)	653
Selling, general and administrative expenses	-	-	-	403	(15)	388
	\$ -	\$ -	\$ -	\$ 1,503	\$ (462)	\$ 1,041
Operating Loss			\$ -			\$ (9)
Net interest expense and other financing charges			-			2
Loss before Income Taxes			\$ -			\$ (11)
Income tax recovery			-			(3)
Net Loss after Income Taxes			\$ -			\$ (8)
Loss on sale after income taxes			(6)			(113)
Net Loss from Discontinued Operations			\$ (6)			\$ (121)

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Cash flows used in operating activities	\$ –	\$ (28)	\$ –	\$ (12)
Cash flows used in investing activities	\$ –	\$ (37)	\$ –	\$ (76)
Cash flows used in financing activities	\$ –	\$ (2)	\$ –	\$ (6)
Effect of foreign currency rate changes on cash and cash equivalents	\$ –	\$ –	\$ –	\$ 2
Cash flows used in Discontinued Operations	\$ –	\$ (67)	\$ –	\$ (92)

Note 6. Net Interest Expense and Other Financing Charges

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Interest expense:				
Long-term debt	\$ 164	\$ 159	\$ 429	\$ 446
Lease liabilities	58	58	141	147
Borrowings related to credit card receivables	19	10	36	27
Trust Unit distributions	51	51	154	154
Independent funding trusts	8	4	15	10
Post-employment and other long-term employee benefits (note 20)	–	3	(1)	7
Bank indebtedness	–	1	1	3
Financial liabilities (note 17)	10	11	32	33
Capitalized interest	(1)	(1)	(2)	(2)
	\$ 309	\$ 296	\$ 805	\$ 825
Interest income:				
Accretion income	\$ (2)	\$ (1)	\$ (4)	\$ (4)
Interest income	(17)	(7)	(33)	(16)
	\$ (19)	\$ (8)	\$ (37)	\$ (20)
Fair value adjustment of the Trust Unit liability (note 22)	\$ (277)	\$ 52	\$ (760)	\$ 479
Recovery related to Glenhuron Bank Limited (note 7)	–	–	(11)	–
Forward sale agreement ⁽ⁱ⁾	–	72	–	176
Net interest expense (income) and other financing charges from Continuing Operations	\$ 13	\$ 412	\$ (3)	\$ 1,460

- (i) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, which was fully settled in the fourth quarter of 2021. Included in the third quarter of 2021 and year-to-date is a charge of \$73 million and \$184 million, respectively, related to the fair value adjustment of the forward sale agreement for the Loblaw common shares. The fair value adjustment of the forward sale agreement results from changes in the value of the underlying Loblaw common shares. Also included in the third quarter of 2021 and year-to-date is forward accretion income of \$7 million and \$24 million, respectively, and the forward fee of \$6 million and \$16 million, respectively, associated with the forward sale agreement.

Note 7. Income Taxes

For the third quarter of 2022, income tax expense from continuing operations was \$276 million (2021 – \$200 million) and the effective tax rate was 18.9% (2021 – 28.1%). The decrease in the effective tax rate was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability, and the impact of certain recoveries realized for prior taxation periods.

On a year-to-date basis, income tax expense from continuing operations was \$618 million (2021 – \$566 million) and the effective tax rate was 18.8% (2021 – 36.3%). The decrease in the effective tax rate was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability, the remeasurement of deferred tax balances as a result of Choice Properties' disposition of six office assets (see note 13), and the recovery of income taxes related to Glenhuron Bank Limited ("Glenhuron") in the first quarter of 2022.

Loblaw was reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. In 2021, the Supreme Court of Canada ("Supreme Court") ruled in favour of Loblaw on the Glenhuron matter. As a result of related reassessments received during the first quarter of 2022, Loblaw reversed \$35 million of previously recorded charges in the year, of which \$33 million was recorded as income tax recovery and \$2 million was recorded as interest income. In addition, interest of \$9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds (see note 23).

Note 8. Basic and Diluted Net Earnings per Common Share

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Net earnings attributable to shareholders of the Company	\$ 903	\$ 138	\$ 1,920	\$ 204
Less: Discontinued Operations (note 5)	–	(114)	(6)	(121)
Net earnings from continuing operations attributable to shareholders of the Company	903	252	1,926	325
Prescribed dividends on preferred shares in share capital	(14)	(14)	(34)	(34)
Net earnings from continuing operations available to common shareholders of the Company	\$ 889	\$ 238	\$ 1,892	\$ 291
Reduction in net earnings due to dilution at Loblaw	(4)	(1)	(8)	(4)
Net earnings from continuing operations available to common shareholders for diluted earnings per share	\$ 885	\$ 237	\$ 1,884	\$ 287
Weighted average common shares outstanding (in millions) (note 18)	143.5	149.2	145.1	150.8
Dilutive effect of equity-based compensation ⁽ⁱ⁾ (in millions)	0.6	0.5	0.6	0.2
Diluted weighted average common shares outstanding (in millions)	144.1	149.7	145.7	151.0
Net earnings (loss) per common share - Basic (\$)				
Continuing Operations	\$ 6.20	\$ 1.59	\$ 13.04	\$ 1.93
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)
Net earnings (loss) per common share - Diluted (\$)				
Continuing Operations	\$ 6.14	\$ 1.58	\$ 12.93	\$ 1.90
Discontinued Operations	\$ –	\$ (0.76)	\$ (0.04)	\$ (0.80)

(i) In the third quarter of 2022 and year-to-date, nominal (2021 – nominal) and nominal (2021 – 0.5 million) potentially dilutive instruments, respectively, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 9. 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)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Cash	\$ 1,237	\$ 1,028	\$ 1,255
Cash equivalents:			
Government treasury bills	631	421	632
Bankers' acceptances	318	557	1,073
Corporate commercial paper	–	3	3
Guaranteed Investment Certificates	–	–	21
Other	2	4	–
Cash and cash equivalents	\$ 2,188	\$ 2,013	\$ 2,984

SHORT-TERM INVESTMENTS

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Government treasury bills	\$ 401	\$ 587	\$ 776
Bankers' acceptances	43	12	97
Corporate commercial paper	–	2	1
Guaranteed Investment Certificates	21	27	5
Other	1	5	–
Short-term investments	\$ 466	\$ 633	\$ 879

SECURITY DEPOSITS

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Cash	\$ 11	\$ 70	\$ 46
Government treasury bills	275	4	29
Total Security Deposits	\$ 286	\$ 74	\$ 75
Current portion	(250)	–	–
Security deposits	\$ 36	\$ 74	\$ 75

Security Deposits During the third quarter of 2022, a repayment accumulation process was triggered due to the upcoming maturity of the *Eagle Credit Card Trust*® (“Eagle”) \$250 million senior and subordinated term notes due October 17, 2022. These notes have a weighted average interest rate of 2.71%. As at October 8, 2022, \$250 million had been accumulated and was recorded in security deposits.

Note 10. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Gross credit card receivables	\$ 3,881	\$ 3,359	\$ 3,648
Allowance for credit card receivables	(202)	(205)	(205)
Credit card receivables	\$ 3,679	\$ 3,154	\$ 3,443
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> [®] (note 16)	\$ 1,600	\$ 1,350	\$ 1,350
Securitized to Other Independent Securitization Trusts (note 15)	600	300	450
Total securitized to independent securitization trusts	\$ 2,200	\$ 1,650	\$ 1,800

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

The associated liability of *Eagle* is recorded in long-term debt (see note 16). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short-term debt (see note 15).

During the third quarter of 2022, *Eagle* issued \$250 million of senior and subordinated term notes with a maturity date of July 17, 2027. These notes have a weighted average interest rate of 4.89%. In connection with this issuance, \$140 million of bond forward agreements were settled during the third quarter of 2022. This resulted in a realized fair value gain of \$8 million before income taxes, which was cumulatively recorded in other comprehensive loss as unrealized prior to the settlement of the agreement. The gain will be reclassified to net earnings over the life of the *Eagle* notes. This settlement resulted in a net effective interest rate of 4.24% on the *Eagle* notes issued.

During the second quarter of 2022, *Eagle* filed a Short Form Base Shelf Prospectus, which allows for the issuance of up to \$1.25 billion of notes over a 25-month period.

During the third quarter of 2021, *Eagle* issued \$300 million of senior and subordinated term notes with a maturity date of June 17, 2026. These notes have a weighted average interest rate of 1.61%. In connection with this issuance, \$175 million of bond forward agreements were settled during the second quarter of 2021. This resulted in a realized fair value loss of \$1 million before income taxes, which was cumulatively recorded in other comprehensive loss as unrealized prior to the settlement of the agreement. The loss will be reclassified to net earnings over the life of the *Eagle* notes. This settlement resulted in a net effective interest rate of 1.65% on the *Eagle* notes issued.

On a year-to-date basis in 2022, PC Bank recorded a \$150 million net increase of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

As at the end of the third quarter of 2022, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$54 million (October 9, 2021 – \$27 million; December 31, 2021 – \$41 million), which represented 9% (October 9, 2021 – 9%; December 31, 2021 – 9%) of the securitized credit card receivables amount.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at October 8, 2022 and throughout the first three quarters of 2022.

Note 11. Inventories

As at the end of the third quarter of 2022, Loblaw has an inventory provision of \$55 million (October 9, 2021 – \$56 million; December 31, 2021 – \$67 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during the first three quarters of 2022 and 2021.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 12. Assets Held for Sale

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Loblaw	\$ 49	\$ 85	\$ 91
Assets Held for Sale	\$ –	\$ 1,853	\$ –
Liabilities Held for Sale	–	372	–
Discontinued Operations (note 5)	\$ –	\$ 1,481	\$ –
Assets Held for Sale and Discontinued Operations	\$ 49	\$ 1,938	\$ 91
Liabilities Held for Sale and Discontinued Operations	\$ –	\$ 372	\$ –

LOBLAW Loblaw classifies certain assets, primarily land and buildings, that it intends to dispose of in the next 12 months, as assets held for sale. These assets were either originally used in Loblaw's retail business segment or held in investment properties. In the third quarter of 2022, Loblaw recorded a net gain of \$4 million (2021 – net gain of \$7 million) from the sale of these assets. On a year-to-date basis, Loblaw recorded a net gain of \$27 million (2021 – net gain of \$12 million). On consolidation, the gain recognized in the first quarter of 2022 of \$19 million was reversed as it was an intercompany transaction. No fair value changes or impairment charges were recognized on assets held for sale in the first three quarters of 2022 and 2021.

Note 13. Other Assets

The components of other assets were as follows:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021 ⁽ⁱ⁾	Dec. 31, 2021 ⁽ⁱ⁾
Investment in real estate securities	\$ 323	\$ –	\$ –
Sundry investments and other receivables ⁽ⁱⁱ⁾	256	155	206
Net accrued benefit plan asset (note 20)	188	393	495
Finance lease receivable	62	71	70
Mortgages, loans and notes receivable ⁽ⁱⁱⁱ⁾	501	181	187
Other	354	125	137
Fair value of equity forward	–	126	–
Total Other Assets	\$ 1,684	\$ 1,051	\$ 1,095
Current portion of mortgages, loans, note and finance lease receivable ⁽ⁱⁱⁱ⁾	(121)	(54)	(80)
Current portion of fair value of equity forward ^(iv)	–	(126)	–
Other Assets	\$ 1,563	\$ 871	\$ 1,015

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

(ii) In the third quarter of 2022, Loblaw agreed to invest a total of \$42 million in Rapid Retail Canada Inc. ("Rapid"). Rapid will provide on-demand grocery and convenience items to customers in Canada. As at October 8, 2022, Loblaw has invested \$18 million in exchange for a minority ownership interest in Rapid.

(iii) Current portion of mortgages, loans, note and finance lease receivable is included in prepaid expenses and other assets in the consolidated balance sheets.

(iv) Current portion of fair value of equity forward is included in prepaid expenses and other assets in the consolidated balance sheets.

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

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

The Allied Class B Units are recorded at their fair value based on market trading prices of Allied’s publicly traded trust units. As at quarter-end, Choice Properties held 11,809,145 Allied Class B Units with a fair value of \$323 million, which are included in investment in real estate securities in the table above.

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

Note 14. Provisions

LOBLAW In July 2022, the Tax Court of Canada (“Tax Court”) released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal. Although Loblaw believes in the merits of its position, Loblaw recorded a charge of \$111 million, inclusive of interest, in the second quarter of 2022. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

Note 15. Short-Term Debt

The components of short-term debt were as follows:

(\$ millions)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Other Independent Securitization Trusts (note 10)	\$ 600	\$ 300	\$ 450
Series B Debentures	–	249	–
Short-term debt	\$ 600	\$ 549	\$ 450

OTHER INDEPENDENT SECURITIZATION TRUSTS The outstanding short-term debt balances relate to credit card receivables securitized to the Other Independent Securitization Trusts with recourse (see note 10).

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 16. Long-Term Debt

The components of long-term debt were as follows:

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021	Dec. 31, 2021
Debentures	\$ 10,086	\$ 9,984	\$ 9,888
Long-term debt secured by mortgage	950	1,174	1,112
Construction loans	33	9	13
Guaranteed investment certificates	1,311	949	996
Independent securitization trusts (note 10)	1,600	1,350	1,350
Independent funding trusts	573	574	570
Committed credit facilities	150	100	121
Transaction costs and other	(43)	(38)	(40)
Total long-term debt	\$ 14,660	\$ 14,102	\$ 14,010
Long-term debt due within one year	(1,416)	(1,874)	(1,520)
Long-term debt	\$ 13,244	\$ 12,228	\$ 12,490

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

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

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Loblaw						
- Senior Unsecured Note	5.008%	September 13, 2032	\$ 400	\$ -	\$ 400	\$ -
- Senior Unsecured Note	5.336%	September 13, 2052	400	-	400	-
Choice Properties senior unsecured debenture						
- Series R	6.003%	June 24, 2032	500	-	500	-
Total debentures issued			\$ 1,300	\$ -	\$ 1,300	\$ -

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

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
George Weston debenture – Series A	7.00%	November 10, 2031 ⁽ⁱ⁾	\$ –	\$ 283	\$ –	\$ 319
Loblaw senior unsecured note	4.86%	September 12, 2023 ⁽ⁱⁱⁱ⁾	800	–	800	–
Choice Properties senior unsecured debentures						
– Series 9	3.60%	September 20, 2021	–	200	–	200
– Series 10	3.84%	September 20, 2022 ⁽ⁱⁱⁱ⁾	300	–	300	–
Total debentures repaid			\$ 1,100	\$ 483	\$ 1,100	\$ 519

(i) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, which was fully settled in the fourth quarter of 2021. In the third quarter of 2021 (year-to-date 2021), the Company paid \$462 million (\$515 million), net of the \$298 million gain (\$341 million gain) on the settlement of 5.83 million (6.58 million) of the 9.6 million shares under the agreement, to redeem \$283 million (\$319 million) of the Series A Debentures and \$475 million (\$535 million) of the Series B Debentures (note 15), plus accrued interest.

(ii) Loblaw senior unsecured debenture was redeemed on September 21, 2022.

(iii) Choice Properties senior unsecured Series 10 debenture was redeemed on June 26, 2022.

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Balance, beginning of period	\$ 1,075	\$ 1,048	\$ 996	\$ 1,185
GICs issued	282	40	461	196
GICs matured	(46)	(139)	(146)	(432)
Balance, end of period	\$ 1,311	\$ 949	\$ 1,311	\$ 949

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 9, 2021 and December 31, 2021 – \$64 million), representing not less than 10% (October 9, 2021 and December 31, 2021 – not less than 10%) of the principal amount of loans outstanding.

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

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

(\$ millions)	Maturity Date	As at					
		Oct. 8, 2022		Oct. 9, 2021		Dec. 31, 2021	
		Available Credit	Drawn	Available Credit	Drawn	Available Credit	Drawn
George Weston	September 13, 2024	\$ 350	\$ –	\$ 350	\$ –	\$ 350	\$ 121
Loblaw	July 15, 2027	1,000	–	1,000	–	1,000	–
Choice Properties ⁽ⁱ⁾	September 1, 2027	1,500	150	1,500	100	1,500	–
Total committed credit facilities		\$ 2,850	\$ 150	\$ 2,850	\$ 100	\$ 2,850	\$ 121

(i) Choice Properties repaid \$45 million of its committed credit facility on October 3, 2022.

These facilities contain certain financial covenants.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

George Weston In the third quarter of 2021, GWL entered into a \$350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. As at December 31, 2021, \$121 million was drawn on the facility which was repaid in the first quarter of 2022. As at October 8, 2022, no amounts were drawn on the facility.

Loblaws Loblaws has a \$1 billion committed credit facility with a maturity date of July 15, 2027, provided by a syndicate of lenders. In the third quarter of 2022, Loblaws extended the maturity date with all other terms and conditions remaining substantially the same. As at October 8, 2022, there were no amounts drawn under this facility (October 9, 2021 and December 31, 2021 – no amounts were drawn).

Choice Properties On June 30, 2022, Choice Properties completed an irrevocable defeasance payment of \$180 million against its outstanding credit facility balance. The credit facility balance outstanding at June 30, 2022, included \$180 million of banker's acceptances maturing on July 4, 2022. The administrative agent for the credit facility distributed the defeasance payment to the lenders on July 4, 2022. During the third quarter of 2022, the maturity for the credit facility was extended to September 1, 2027 with all other terms and conditions remaining substantially the same. As at October 8, 2022, \$150 million was drawn under the facility.

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

(\$ millions)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Debentures	\$ 572	\$ 742	\$ 296
GICs	298	307	182
Independent securitization trusts	500	–	250
Independent funding trusts	–	574	570
Long-term debt secured by mortgage	41	246	217
Construction loans	5	5	5
Long-term debt due within one year	\$ 1,416	\$ 1,874	\$ 1,520

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Long-term debt, beginning of period	\$ 14,183	\$ 14,385	\$ 14,010	\$ 14,443
Long-term debt issuances ⁽ⁱ⁾	1,695	469	2,229	778
Long-term debt repayments ⁽ⁱⁱ⁾	(1,213)	(754)	(1,559)	(1,121)
Total cash flow from (used in) long-term debt financing activities	482	(285)	670	(343)
Other non-cash changes	(5)	2	(20)	2
Total long-term debt, end of period	\$ 14,660	\$ 14,102	\$ 14,660	\$ 14,102

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

(ii) Includes George Weston Series A debenture repayments of \$283 million in the third quarter of 2021 and \$319 million year-to-date 2021 which are presented within the line "Settlement of net debt associated with equity forward sale agreement" in the condensed consolidated statement of cash flows.

Note 17. Other Liabilities

The components of other liabilities were as follows:

(\$ millions)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Financial liabilities ⁽ⁱ⁾	\$ 664	\$ 661	\$ 660
Net defined benefit plan obligation (note 20)	297	321	340
Other long-term employee benefit obligation	111	123	115
Equity-based compensation liability (note 21)	6	7	6
Other	31	8	18
Other liabilities	\$ 1,109	\$ 1,120	\$ 1,139

- (i) Financial liabilities represent land and buildings disposed or partially disposed of by Choice Properties to third parties. On consolidation, these transactions were not recognized as a sale of assets as under the terms of the leases, the Company did not relinquish control of the properties for purposes of IFRS 16 "Leases" and IFRS 15 "Revenue from Contracts with Customers". Instead, the proceeds from the transactions were recognized as financial liabilities and as at October 8, 2022, \$4 million (October 9, 2021 – \$3 million; December 31, 2021 – \$4 million) was recorded in trade payables and other liabilities and \$664 million (October 9, 2021 – \$661 million; December 31, 2021 – \$660 million) was recorded in other liabilities.

Note 18. 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. 8, 2022		Oct. 9, 2021		Oct. 8, 2022		Oct. 9, 2021	
	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	144,746,752	\$ 2,671	150,781,841	\$ 2,742	146,789,503	\$ 2,714	152,374,416	\$ 2,786
Issued for settlement of stock options (note 21)	47,921	5	111,384	13	216,096	25	215,929	24
Purchased and cancelled ⁽ⁱ⁾⁽ⁱⁱ⁾	(2,472,575)	(47)	(3,203,339)	(45)	(4,683,501)	(110)	(4,900,459)	(100)
Issued and outstanding, end of period	142,322,098	\$ 2,629	147,689,886	\$ 2,710	142,322,098	\$ 2,629	147,689,886	\$ 2,710
Shares held in trusts, beginning of period	(64,263)	\$ (1)	(181,099)	\$ (3)	(141,106)	\$ (2)	(254,525)	\$ (4)
Purchased for future settlement of RSUs and PSUs	(99,000)	(2)	–	–	(99,000)	(2)	–	–
Released for settlement of RSUs and PSUs (note 21)	2,500	–	158	–	79,343	1	73,584	1
Shares held in trusts, end of period	(160,763)	\$ (3)	(180,941)	\$ (3)	(160,763)	\$ (3)	(180,941)	\$ (3)
Issued and outstanding, net of shares held in trusts, end of period	142,161,335	\$ 2,626	147,508,945	\$ 2,707	142,161,335	\$ 2,626	147,508,945	\$ 2,707
Weighted average outstanding, net of shares held in trusts (note 8)	143,540,343		149,194,965		145,138,574		150,755,363	

- (i) Number of common shares repurchased and cancelled as at October 8, 2022, does not include shares that may be repurchased subsequent to the end of the quarter under the automatic share purchase plan ("ASPP"), as described below.
- (ii) Includes 1,930 shares cancelled during the third quarter of 2021 in a private transaction and are excluded from the Company's Normal Course Issuer Bid.

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

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Purchased for future settlement of RSUs and PSUs (number of shares)	99,000	–	99,000	–
Purchased for current settlement of RSUs and DSUs (number of shares)	–	–	15,716	1,588
Purchased and cancelled (number of shares)	2,472,575	3,201,409	4,683,501	4,898,529
Cash consideration paid				
Purchased and held in trusts	\$ (14)	\$ –	\$ (14)	\$ –
Purchased and settled	\$ –	\$ –	\$ (2)	\$ –
Purchased and cancelled ⁽ⁱ⁾	\$ (393)	\$ (411)	\$ (718)	\$ (577)
Premium charged to retained earnings				
Purchased and held in trusts	\$ 12	\$ –	\$ 12	\$ –
Purchased and settled	\$ –	\$ –	\$ 1	\$ –
Purchased and cancelled ⁽ⁱⁱ⁾	\$ 335	\$ 286	\$ 781	\$ 578
Reduction in share capital ⁽ⁱⁱⁱ⁾	\$ 49	\$ 45	\$ 112	\$ 100

(i) Included in the third quarter of 2022 and year-to-date is a net cash timing adjustment of \$17 million (2021 – \$(5) million) and a nominal amount (2021 – \$(31) million), respectively, of common shares repurchased under the NCIB for cancellation.

(ii) Includes \$152 million (2021 – \$60 million) related to the ASPP, as described below.

(iii) Includes \$23 million (2021 – \$10 million) related to the ASPP, as described below.

In the second quarter of 2022, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,304,927 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.

The Company participates in an ASPP with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at October 8, 2022, an obligation to repurchase shares of \$175 million (2021 – \$70 million) was recognized under the ASPP in trade payables and other liabilities.

As of October 8, 2022, 3,081,117 common shares were purchased under the Company's current NCIB.

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

(\$)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Dividends declared per share ⁽ⁱ⁾ :				
Common share	\$ 0.660	\$ 0.600	\$ 1.920	\$ 1.700
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, 2022. Dividends declared on Preferred Shares, Series I were paid on September 15, 2022.

Note 19. Loblaw Capital Transactions

LOBLAW PREFERRED SHARES As at the end of the third quarter of 2022, the Second Preferred Shares, Series B in the amount of \$221 million net of \$4 million of after-tax issuance costs, and related cash dividends, were presented as a component of non-controlling interests in the Company's condensed consolidated balance sheet. In the third quarter of 2022 and year-to-date, Loblaw declared dividends of \$3 million (2021 - \$3 million) and \$9 million (2021 - \$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 equity-based compensation arrangements and NCIB, and includes the impact on the Company's unaudited interim period condensed consolidated financial statements for the periods ended as indicated:

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Issued (number of shares)	361,195	556,177	1,721,664	1,960,081
Purchased and held in trusts (number of shares)	–	–	(557,000)	–
Purchased and cancelled (number of shares)	(3,429,543)	(3,426,200)	(10,138,169)	(13,604,162)
	(3,068,348)	(2,870,023)	(8,973,505)	(11,644,081)
Cash consideration received (paid)				
Equity-based compensation	\$ 20	\$ 29	\$ 72	\$ 78
Purchased and held in trusts	–	–	(63)	–
Purchased and cancelled ⁽ⁱ⁾	(402)	(300)	(1,130)	(1,000)
	\$ (382)	\$ (271)	\$ (1,121)	\$ (922)
Increase (decrease) in contributed surplus				
Equity-based compensation	\$ 5	\$ 8	\$ 30	\$ 29
Purchased and held in trusts	–	–	(24)	–
Purchased and cancelled	(89)	(79)	(309)	(256)
	\$ (84)	\$ (71)	\$ (303)	\$ (227)

(i) \$28 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the third quarter of 2022 was paid in the fourth quarter of 2022.

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

In the second quarter of 2022, Loblaw renewed its NCIB to purchase on the TSX or through alternative trading systems up to 16,647,384 of Loblaw's common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, Loblaw may purchase its common shares from time to time at the then market price of such shares. Loblaw will continue to be permitted to purchase its common shares from GWL in accordance with the exemption granted by the TSX. As at October 8, 2022, Loblaw had purchased 8,798,918 common shares for cancellation under its current NCIB.

In the third quarter of 2022, 3,429,543 (2021 - 3,410,805) Loblaw common shares were purchased under the Loblaw NCIB for cancellation, for aggregate consideration of \$403 million (2021 - \$300 million), including 1,632,756 (2021 - 1,542,706) Loblaw common shares purchased from GWL, for aggregate consideration of \$191 million (2021 - \$136 million). On a year-to-date basis, 10,138,169 (2021 - 13,588,767) Loblaw common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$1,158 million (2021 - \$1 billion), including 4,584,521 (2021 - 6,479,854) Loblaw common shares purchased from GWL for aggregate consideration of \$523 million (2021 - \$474 million).

From time to time, Loblaw participates in an ASPP with a broker in order to facilitate the repurchase of Loblaw's common shares under its NCIB. During the effective period of the ASPP, Loblaw's broker may purchase common shares at times when Loblaw would not be active in the market.

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Note 20. Post-Employment and Other Long-Term Employee Benefits

The net cost recognized in earnings before income taxes from Continuing Operations for the Company's post-employment and other long-term benefit plans during the periods was as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Current service cost				
Post-employment benefit costs ⁽ⁱ⁾	\$ 50	\$ 51	\$ 132	\$ 144
Other long-term employee benefit costs ⁽ⁱⁱ⁾	10	11	18	29
Net interest (income) cost on net defined benefit plan obligations	–	3	(1)	7
Total post-employed defined benefit cost	\$ 60	\$ 65	\$ 149	\$ 180

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

(ii) Includes costs related to the Company's long-term disability plans.

The actuarial gains (losses) recognized in other comprehensive income (loss) net of taxes from Continuing Operations for defined benefit plans during the periods were as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Return (loss) on plan assets, excluding amounts included in net interest expense and other financing charges	\$ 8	\$ (69)	\$ (713)	\$ (143)
Actuarial (losses) gains from changes in financial assumptions ⁽ⁱ⁾	(10)	108	605	449
Change in liability arising from asset ceiling	7	–	(116)	–
Total net actuarial gains (losses) recognized in other comprehensive income (loss) before income taxes	\$ 5	\$ 39	\$ (224)	\$ 306
Income tax (expenses) recoveries on actuarial gains (losses)	(2)	(10)	59	(81)
Actuarial gains (losses), net of income tax (expenses) recoveries	\$ 3	\$ 29	\$ (165)	\$ 225

(i) The actuarial gains and the change in liability arising from asset ceiling were primarily driven by an increase in discount rates, while the losses were mainly due to lower than expected returns on assets.

Note 21. Equity-Based Compensation

The Company's equity-based compensation arrangements include Stock Option, Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), Director Deferred Share Unit ("DSU") and Executive Deferred Share Unit ("EDSU") plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its equity-based compensation arrangements for the third quarter of 2022 and year-to-date were \$27 million (2021 - \$22 million) and \$68 million (2021 - \$61 million), respectively.

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

(\$ millions)	As at		
	Oct. 8, 2022	Oct. 9, 2021	Dec. 31, 2021
Trade payables and other liabilities	\$ 9	\$ 11	\$ 11
Other liabilities (note 17)	\$ 6	\$ 7	\$ 6
Contributed surplus	\$ 128	\$ 128	\$ 131

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

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

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding options, beginning of period	1,817,030	2,035,691	1,817,548	1,746,483
Granted	3,840	–	171,497	397,183
Exercised (note 18)	(47,921)	(111,384)	(216,096)	(215,929)
Forfeited/cancelled	(2,664)	–	(2,664)	(3,430)
Outstanding options, end of period	1,770,285	1,924,307	1,770,285	1,924,307

During the third quarter of 2022, GWL issued common shares on the exercise of stock options with a weighted average market share price of \$159.46 (2021 - \$132.97) per common share and received \$6 million cash consideration (2021 - \$11 million).

On a year-to-date basis, GWL issued common shares on the exercise of stock options with a weighted average market share price of \$152.28 (2021 - \$120.91) per common share and received cash consideration of \$23 million (2021 - \$20 million).

During the third quarter of 2022, GWL granted stock options with a weighted average exercise price of \$152.18 per common share and a nominal fair value. There were no stock options granted during the third quarter of 2021. On a year-to-date basis, GWL granted stock options with a weighted average exercise price of \$152.95 (2021 - \$100.86) per common share and a fair value of \$5 million (2021 - \$6 million). The assumptions used to measure the grant date fair value of the GWL options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Expected dividend yield	1.8%	–%	1.6%	2.2%
Expected share price volatility	19.1% - 20.6%	–%	19.0% - 20.6%	19.1% - 19.5%
Risk-free interest rate	2.7% - 2.9%	–%	1.6% - 2.9%	0.9% - 1.1%
Expected life of options	4.9 - 6.6 years	–	4.9 - 6.6 years	4.9 - 6.7 years

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

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

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding options, beginning of period	6,532,669	7,653,843	6,431,449	7,259,645
Granted	13,037	21,019	1,152,257	1,891,187
Exercised	(328,215)	(500,839)	(1,207,639)	(1,407,615)
Forfeited/cancelled	(66,884)	(267,634)	(225,460)	(836,828)
Outstanding options, end of period	6,150,607	6,906,389	6,150,607	6,906,389

During the third quarter of 2022, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of \$120.68 (2021 – \$86.19) per common share and received cash consideration of \$20 million (2021 – \$29 million). On a year-to-date basis, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of \$112.61 (2021 – \$77.05) per common share and received cash consideration of \$72 million (2021 – \$78 million).

During the third quarter of 2022, Loblaw granted stock options with a weighted average exercise price of \$117.67 (2021 – \$86.30) per common share and a nominal fair value (2021 – nominal). On a year-to-date basis, Loblaw granted stock options with a weighted average exercise price of \$99.92 (2021 – \$63.65) per common share and a \$20 million fair value (2021 – \$17 million). The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Expected dividend yield	1.4%	1.6%	1.4%	1.8%
Expected share price volatility	18.9% - 21.7%	18.3% - 20.3%	18.4% - 21.7%	18.3% - 20.4%
Risk-free interest rate	2.7% - 3.0%	0.7% - 0.9%	1.6% - 3.0%	0.6% - 1.2%
Expected life of options	3.7 - 6.2 years	3.8 - 6.2 years	3.7 - 6.2 years	3.8 - 6.2 years

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

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. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding RSUs, beginning of period	28,485	113,146	29,777	133,038
Granted	–	–	6,498	31,721
Reinvested	241	1,029	512	2,364
Settled	(2,500)	(158)	(8,886)	(51,566)
Forfeited	(607)	(3,298)	(2,282)	(4,838)
Outstanding RSUs, end of period ⁽ⁱ⁾	25,619	110,719	25,619	110,719

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

During the third quarter of 2022 and 2021, there were no GWL RSUs granted. On a year-to-date basis, the fair value of GWL RSUs granted was \$1 million (2021 – \$3 million).

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

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding RSUs, beginning of period	735,587	888,056	799,345	894,272
Granted	13,489	20,998	214,526	350,685
Reinvested	5,181	7,472	7,730	11,994
Settled	(26,410)	(49,244)	(271,894)	(328,617)
Forfeited	(10,885)	(38,058)	(32,745)	(99,110)
Outstanding RSUs, end of period	716,962	829,224	716,962	829,224

During the third quarter of 2022, the fair value of Loblaw's RSUs granted was \$2 million (2021 - \$2 million). On a year-to-date basis, the fair value of Loblaw's RSUs granted was \$22 million (2021 - \$23 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. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding PSUs, beginning of period	142,141	182,041	183,841	151,058
Granted	665	119	28,131	58,335
Reinvested	1,277	1,681	2,576	3,455
Settled	—	—	(70,457)	(23,606)
Forfeited	—	—	(8)	(5,401)
Outstanding PSUs, end of period	144,083	183,841	144,083	183,841

During the third quarter of 2022, the fair value of GWL's PSUs granted was nominal (2021 - nominal). On a year-to-date basis, the fair value of GWL's PSUs granted was \$4 million (2021 - \$6 million).

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

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Outstanding PSUs, beginning of period	601,853	654,532	616,417	666,400
Granted	51,613	3,251	294,179	272,862
Reinvested	4,450	5,586	6,427	8,974
Settled	(6,570)	(6,460)	(249,439)	(224,215)
Forfeited	(6,358)	(24,003)	(22,596)	(91,115)
Outstanding PSUs, end of period	644,988	632,906	644,988	632,906

During the third quarter of 2022, the fair value of Loblaw's PSUs granted was \$6 million (2021 - nominal). On a year-to-date basis, the fair value of Loblaw's PSUs granted was \$24 million (2021 - \$17 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. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Settled	2,500	158	79,343	75,172
Released from trusts (note 18)	2,500	158	79,343	73,584

The settlement of awards from shares held in trusts in the third quarter of 2022 resulted in a nominal increase (2021 - nominal) in retained earnings and a nominal increase (2021 - nominal) in share capital. The settlement of awards from shares held in trusts on a year-to-date basis resulted in a \$7 million increase (2021 - \$6 million) in retained earnings and a \$1 million increase (2021 - \$1 million) in share capital.

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Note 22. Financial Instruments

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

(\$ millions)	Oct. 8, 2022				As at Oct. 9, 2021 ⁽ⁱ⁾				Dec. 31, 2021 ⁽ⁱ⁾			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Amortized cost:												
Certain other assets ⁽ⁱⁱ⁾	\$ -	\$ -	\$ 303	\$ 303	\$ -	\$ -	\$ 88	\$ 88	\$ -	\$ -	\$ 89	\$ 89
Fair value through other comprehensive income:												
Certain long-term investments and other assets ⁽ⁱⁱ⁾	221	-	-	221	116	-	-	116	96	-	-	96
Derivatives included in prepaid expenses and other assets	-	5	-	5	-	1	-	1	-	1	-	1
Fair value through profit and loss:												
Security deposits	286	-	-	286	74	-	-	74	75	-	-	75
Certain long-term investments and other assets ⁽ⁱⁱ⁾	323	18	212	553	-	20	116	136	-	20	119	139
Derivatives included in prepaid expenses and other assets	7	34	-	41	10	2	1	13	3	5	-	8
Derivatives included in other assets	-	-	-	-	-	126	-	126	-	-	-	-
Financial liabilities												
Amortized cost:												
Long-term debt	-	8,377	5,903	14,280	-	8,832	6,586	15,418	-	8,643	6,527	15,170
Certain other liabilities ⁽ⁱⁱ⁾	-	-	673	673	-	-	667	667	-	-	668	668
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	-	13	-	13	-	-	-	-	-	1	-	1
Fair value through profit and loss:												
Trust Unit liability	3,450	-	-	3,450	4,086	-	-	4,086	4,209	-	-	4,209
Derivatives included in trade payables and other liabilities	-	-	7	7	-	5	-	5	-	2	1	3

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

(ii) Certain other assets, certain other long-term investments and other assets, and certain other liabilities are included in the consolidated balance sheets in Other Assets and Other Liabilities, respectively.

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

During the third quarter of 2022 and year-to-date, a gain of \$5 million (2021 – nil) and a gain of \$5 million (2021 – loss of \$2 million) was recognized in operating income on financial instruments designated as amortized cost. In addition, during the third quarter of 2022 and year-to-date, a net gain of \$232 million (2021 – net loss of \$117 million) and a net gain of \$584 million (2021 – net loss of \$650 million) was recognized in earnings before income taxes from continuing operations on financial instruments required to be classified as fair value through profit or loss.

Cash and Cash Equivalents, Short-Term Investments and Security Deposits As at the end of the third quarter of 2022, the Company had cash and cash equivalents, short-term investments and security deposits of \$2,940 million (October 9, 2021 – \$2,720 million; December 31, 2021 – \$3,938 million), including U.S. dollars of \$117 million (October 9, 2021 – \$122 million; December 31, 2021 – \$221 million).

During the third quarter of 2022 and year-to-date, a gain of \$1 million (2021 – gain of \$3 million) and a gain of \$4 million (2021 – loss of \$19 million) was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's U.S. net investment in foreign operations.

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

In the third quarter of 2022, a loss of \$3 million (2021 – loss of \$1 million) and a loss of \$6 million (2021 – loss of \$2 million) year-to-date were recorded in operating income related to these derivatives. In addition, a corresponding liability of \$7 million was included in trade payables and other liabilities as at October 8, 2022 (October 9, 2021 – \$1 million asset included in prepaid expenses and other assets; December 31, 2021 – \$1 million liability included in trade payables and other liabilities). As at October 8, 2022, a 1% increase (decrease) in foreign currency exchange rates would result in a gain (loss) in fair value of \$1 million.

Investments in Real Estate Securities The Allied Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units, and included in the balance certain long-term investments and other assets in the table above. As at the end of the third quarter of 2022, Choice Properties, held 11,809,145 Allied Class B Units with a value of \$323 million. In the third quarter of 2022 and year-to-date, a fair value loss of \$69 million (2021 – nil) and a fair value loss of \$228 million (2021 – nil) were recorded in SG&A (2021 – nil) (see note 13).

Trust Unit Liability In the third quarter of 2022 and year-to-date, a fair value gain of \$277 million (2021 – loss of \$52 million) and a fair value gain of \$760 million (2021 – loss of \$479 million) were recorded in net interest expense and other financing charges (see note 6).

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

(\$ millions)	16 Weeks Ended			Oct. 8, 2022 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	
Derivatives designated as cash flow hedges						
Foreign Exchange Forwards ⁽ⁱ⁾	\$ (10)	\$ 9	\$ 1	\$ 1	\$ 1	\$ 1
Bond Forwards ⁽ⁱⁱ⁾	–	1	(1)	17		(4)
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	15	(2)	2	12		2
Total derivatives designated as cash flow hedges	\$ 5	\$ 8	\$ 2	\$ 30		\$ (1)
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ 21	–	\$ 22	–	\$ 37	
Other Non-Financial Derivatives	7	–	5	–	20	
Total derivatives not designated in a formal hedging relationship	\$ 28	\$ –	\$ 27	\$ –	\$ 57	
Total derivatives	\$ 33	\$ 8	\$ 29	\$ 30		\$ 56

- (i) PC Bank uses foreign exchange forwards, with a notional amount of \$30 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in trade payables and other liabilities. During the first quarter of 2022, Loblaw entered into foreign exchange forwards, as described below.
- (ii) PC Bank settled \$140 million of bond forwards in the third quarter of 2022 (see note 10). The purpose of the bond forward was to hedge the interest rate risk for the \$250 million *Eagle* notes issued in the third quarter of 2022. Loblaw has concluded that the hedge was effective as at the settlement date which resulted in a \$8 million fair value gain being reclassified to net earnings over the life of the *Eagle* notes.
- (iii) PC Bank uses interest rate swaps, with notional value of \$225 million, to mitigate the impact of increases in interest rate. The fair value of the derivatives is included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of \$159 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives are included in other assets.

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

(\$ millions)	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	
Derivatives designated as cash flow hedges						
Foreign Exchange Forwards ⁽ⁱ⁾	\$ –	\$ –	\$ –	\$ –	\$ –	(1)
Bond Forwards ⁽ⁱⁱ⁾	–	2	(2)	5	–	(5)
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	(1)	(1)	–	3	–	–
Total derivatives designated as cash flow hedges	\$ (1)	\$ 1	\$ (2)	\$ 8	\$ –	(6)
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ (1)	\$ –	\$ 2	\$ –	\$ –	(4)
Other Non-Financial Derivatives	10	–	7	–	–	19
Total derivatives not designated in a formal hedging relationship	\$ 9	\$ –	\$ 9	\$ –	\$ –	15
Total derivatives	\$ 8	\$ 1	\$ 7	\$ 8	\$ –	9

- (i) PC Bank uses foreign exchange forwards, with a notional amount of \$29 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in trade payables and other liabilities.
- (ii) PC Bank uses bond forwards with a notional value of \$30 million, to manage interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets.
- (iii) Choice Properties uses interest rate swaps, with a notional value of \$111 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in other assets or other liabilities.

Note 23. Contingent Liabilities

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

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

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

Shoppers Drug Mart has been served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by two licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement, in the amount of \$500 million. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who are parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. The Superior Court imposed a class closing date based on the date of certification. New Associates after July 9, 2013 are not members of the class. Loblaw believes this claim is without merit and is vigorously defending it. Loblaw does not currently have any significant accruals or provisions for this matter recorded in the unaudited 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 or Loblaw's dividend, dividend policy or share buyback plans. The Company has not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2022 or prior on the basis that a reliable estimate of the liability cannot be

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determined at this time. The Company and Loblaw will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the Ontario, Quebec and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc., and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. 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 unaudited interim period condensed consolidated financial statements.

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

In July 2022, the Tax Court released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal. Although Loblaw believes in the merits of its position, Loblaw recorded a charge of \$111 million, inclusive of interest, in the second quarter of 2022. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

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 24. Segment Information

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

The accounting policies of the reportable operating segments are the same as those described in the Company's 2021 audited annual consolidated financial statements and accompanying notes. The Company measures each reportable operating segment's performance based on adjusted EBITDA⁽ⁱ⁾ and adjusted operating income⁽ⁱ⁾. No reportable operating segment is reliant on any single external customer.

(\$ millions)	16 Weeks Ended							
	Oct. 8, 2022				Oct. 9, 2021			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	\$ 17,388	\$ 309	\$ (177)	\$ 17,520	\$ 16,050	\$ 316	\$ (174)	\$ 16,192
Operating income	\$ 989	\$ 501	\$ (16)	\$ 1,474	\$ 861	\$ 276	\$ (12)	\$ 1,125
Net interest expense (income) and other financing charges	217	(447)	243	13	203	113	96	412
Earnings before income taxes from continuing operations	\$ 772	\$ 948	\$ (259)	\$ 1,461	\$ 658	\$ 163	\$ (108)	\$ 713
Operating income	\$ 989	\$ 501	\$ (16)	\$ 1,474	\$ 861	\$ 276	\$ (12)	\$ 1,125
Depreciation and amortization	864	–	(135)	729	817	1	(114)	704
Adjusting items ⁽ⁱ⁾	(9)	(278)	35	(252)	(6)	(51)	8	(49)
Adjusted EBITDA ⁽ⁱ⁾	\$ 1,844	\$ 223	\$ (116)	\$ 1,951	\$ 1,672	\$ 226	\$ (118)	\$ 1,780
Depreciation and amortization ⁽ⁱⁱⁱ⁾	713	–	(135)	578	662	1	(114)	549
Adjusted operating income⁽ⁱ⁾	\$ 1,131	\$ 223	\$ 19	\$ 1,373	\$ 1,010	\$ 225	\$ (4)	\$ 1,231

- (i) Certain items are excluded from operating income to derive adjusted EBITDA⁽¹⁾ and adjusted operating income⁽¹⁾. These metrics are used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$151 million (2021 – \$155 million) of amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

(\$ millions)	40 Weeks Ended							
	Oct. 8, 2022				Oct. 9, 2021			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	\$ 42,497	\$ 950	\$ (541)	\$ 42,906	\$ 40,413	\$ 967	\$ (534)	\$ 40,846
Operating income	\$ 2,465	\$ 679	\$ 145	\$ 3,289	\$ 2,226	\$ 1,064	\$ (272)	\$ 3,018
Net interest expense (income) and other financing charges	511	(644)	130	(3)	524	878	58	1,460
Earnings before income taxes from continuing operations	\$ 1,954	\$ 1,323	\$ 15	\$ 3,292	\$ 1,702	\$ 186	\$ (330)	\$ 1,558
Operating income	\$ 2,465	\$ 679	\$ 145	\$ 3,289	\$ 2,226	\$ 1,064	\$ (272)	\$ 3,018
Depreciation and amortization	2,128	2	(300)	1,830	2,041	3	(274)	1,770
Adjusting items ⁽ⁱ⁾	89	(7)	(240)	(158)	(10)	(393)	157	(246)
Adjusted EBITDA ⁽ⁱ⁾	\$ 4,682	\$ 674	\$ (395)	\$ 4,961	\$ 4,257	\$ 674	\$ (389)	\$ 4,542
Depreciation and amortization ⁽ⁱⁱⁱ⁾	1,746	2	(300)	1,448	1,652	3	(274)	1,381
Adjusted operating income⁽ⁱ⁾	\$ 2,936	\$ 672	\$ (95)	\$ 3,513	\$ 2,605	\$ 671	\$ (115)	\$ 3,161

- (i) Certain items are excluded from operating income to derive adjusted EBITDA⁽¹⁾ and adjusted operating income⁽¹⁾. These metrics are used internally by management when analyzing segment underlying operating performance.
- (ii) Excludes \$382 million (2021 – \$389 million) of amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

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Other and Intersegment includes the following items:

(\$ millions)	16 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021 ⁽ⁱ⁾		
	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	\$ (125)	\$ 19	\$ (36)	\$ (127)	\$ 20	\$ (35)
Elimination of cost recovery	(52)	–	–	(47)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	12	–	–	(9)	–
Fair value adjustment on investment properties	–	(34)	(3)	–	(10)	–
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	578	–	–	16
Fair value adjustment on Trust Unit liability	–	–	(277)	–	–	52
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(73)	–	–	(74)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	51	–	–	52
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	–	–	–	73
Other	–	(13)	3	–	(13)	12
Total	\$ (177)	\$ (16)	\$ 243	\$ (174)	\$ (12)	\$ 96

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

(\$ millions)	40 Weeks Ended					
	Oct. 8, 2022			Oct. 9, 2021 ⁽ⁱ⁾		
	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	\$ (378)	\$ (54)	\$ (81)	\$ (382)	\$ (55)	\$ (85)
Elimination of cost recovery	(163)	–	–	(152)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	(10)	–	–	(33)	–
Fair value adjustment on investment properties	–	262	(5)	–	(157)	–
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	1,029	–	–	(491)
Fair value adjustment on Trust Unit liability	–	–	(760)	–	–	479
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(220)	–	–	(220)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	154	–	–	154
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	–	–	–	184
Reversal of Loblaw gain on the sale of disposition of property to Choice Properties	–	(19)	–	–	–	–
Other	–	(34)	13	–	(27)	37
Total	\$ (541)	\$ 145	\$ 130	\$ (534)	\$ (272)	\$ 58

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

(\$ millions)	Oct. 8, 2022	As at	
		Oct. 9, 2021 ⁽ⁱ⁾	Dec. 31, 2021 ⁽ⁱ⁾
Total Assets			
Loblaw	\$ 37,695	\$ 35,958	\$ 36,614
Choice Properties	16,446	16,164	16,173
Other and Intersegment	(5,823)	(6,880)	(5,704)
Assets held for sale from discontinued operations	–	1,853	–
Consolidated	\$ 48,318	\$ 47,095	\$ 47,083

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 8, 2022	Oct. 9, 2021	Oct. 8, 2022	Oct. 9, 2021
Additions to Fixed Assets, Investment Properties and Intangible Assets				
Loblaw ⁽ⁱ⁾	\$ 432	\$ 330	\$ 920	\$ 791
Choice Properties	92	63	172	101
Other and Intersegment	–	–	1	2
Discontinued Operations	–	37	–	76
Consolidated	\$ 524	\$ 430	\$ 1,093	\$ 970

(i) During 2022, there were no additions to Loblaw fixed assets related to prepayments that were made in 2021 and transferred from other assets. During 2021, additions to Loblaw fixed assets included prepayments that were made in 2020 and transferred from other assets of nil in the third quarter of 2021 and \$1 million year-to-date 2021.

Note 25. Related Party Transactions

VENTURE FUNDS During 2020, GWL, Loblaw and a wholly-owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington ("Venture Fund I"). A wholly owned subsidiary of Wittington is the general partner of Venture Fund I, which hired an external fund manager to oversee it. The purpose of Venture Fund I is to pursue venture capital investing in innovative businesses that are in technology-oriented companies at all stages of the start-up life cycle that operate in commerce, healthcare, and food sectors and are based in North America. Each of the three limited partners have a 33% interest in Venture Fund I. To date, the Company has invested \$45 million in the Venture Fund I, of which \$8 million was invested in the third quarter of 2022 (2021 – \$4 million) and \$13 million year-to-date (2021 – \$16 million) and recorded in Other Assets.

During the third quarter of 2022, Loblaw became a limited partner in another limited partnership formed by Wittington ("Venture Fund II"). A wholly owned subsidiary of Wittington is also the general partner of Venture Fund II, and the general purpose of Venture Fund II is consistent with Venture Fund I. Loblaw has a 50% interest in Venture Fund II and has a total capital commitment of \$60 million over a 10-year period. No investments were made in the third quarter of 2022.

TRANSACTION BETWEEN LOBLAW AND CHOICE PROPERTIES In the second quarter of 2022, Loblaw announced that it intends to build an industrial facility on part of a property in East Gwillimbury, Ontario owned by a joint venture in which Choice Properties has an ownership interest. Loblaw expects to bring the industrial facility into its operations in the first quarter of 2024. For the first phase of the development, Loblaw entered into a 25-year land lease with the joint venture. Loblaw took possession of the land on October 1, 2022, and as a result recorded a right-of-use asset and lease liability of \$120 million. The land lease includes a 15-month construction period with lease payments commencing in 2024.