Management's Discussion and Analysis

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The following Management's Discussion and Analysis ("MD&A") for George Weston Limited ("GWL" or the "Company") should be read in conjunction with the Company's second quarter 2024 unaudited interim period condensed consolidated financial statements and the accompanying notes ("interim financial statements") of this Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2023 and the related annual MD&A included in the Company's 2023 Annual Report.

The Company's second quarter 2024 interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. These interim financial statements include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars, except where otherwise noted.

Under International Financial Reporting Standards ("IFRS Accounting Standards" or "GAAP"), certain expenses and income must be recognized that are not necessarily reflective of the Company's underlying operating performance. Non-GAAP and other financial measures exclude the impact of certain items and are used internally when analyzing consolidated and segment underlying operating performance. These non-GAAP and other financial measures are also helpful in assessing underlying operating performance on a consistent basis. See Section 9, "Non-GAAP and Other Financial Measures", of this MD&A for more information on the Company's non-GAAP and other financial measures.

The Company operates through its two reportable operating segments: Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). The effect of consolidation includes eliminations, intersegment adjustments and other consolidation adjustments. Cash and short-term investments and other investments held by the Company, and all other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in GWL Corporate. For further details on the effect of consolidation, refer to Section 9, "Non-GAAP and Other Financial Measures", of this MD&A. 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 products, apparel, general merchandise and financial services. Choice Properties owns, manages and develops a high-quality portfolio of commercial and residential properties across Canada. In this MD&A, unless otherwise indicated, "Consolidated" refers to the consolidated results of GWL including its subsidiaries.

A glossary of terms and ratios used throughout this Quarterly Report can be found beginning on page 160 of the Company's 2023 Annual Report.

This MD&A contains forward-looking statements, which are subject to risks and uncertainties that could cause the Company's actual results to differ materially from the forward-looking statements. For additional information related to forward-looking statements, material assumptions and material risks associated with them, see Section 6, "Enterprise Risks and Risk Management", Section 8, "Outlook" and Section 10, "Forward-Looking Statements" of this MD&A.

The information in this MD&A is current to July 29, 2024, unless otherwise noted.

At a Glance

Key Financial Highlights

As at or for the 12 weeks ended June 15, 2024, June 17, 2023 and December 31, 2023
($ millions except where otherwise indicated)

Consolidated

REVENUE	OPERATING INCOME	ADJUSTED EBITDA[1]	ADJUSTED EBITDA MARGIN[1] (%)
$14,091	**$795**	**$1,806**	**12.8%**
+1.5% vs. Q2 2023	**-27.7%** vs. Q2 2023	**+4.2%** vs. Q2 2023	**+30bps** vs. Q2 2023

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS	ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1]	DILUTED NET EARNINGS PER COMMON SHARE ($)	ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1] ($)
$400	**$394**	**$2.97**	**$2.93**
-19.7% vs. Q2 2023	**+4.5%** vs. Q2 2023	**-16.3%** vs. Q2 2023	**+9.3%** vs. Q2 2023

GWL Corporate

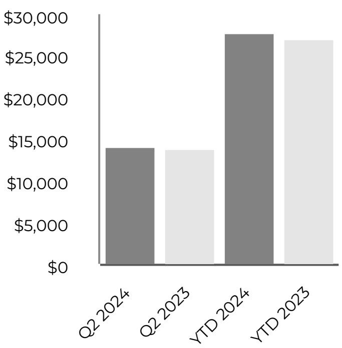
GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES[1]	GWL CORPORATE FREE CASH FLOW[1]	QUARTERLY DIVIDENDS DECLARED PER SHARE ($)	GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
$129	**$282**	**$0.820**	**$502**
-15.1% vs. Q2 2023	**-22.7%** vs. Q2 2023	**+15.0%** vs. Q2 2023	**-30.2%** vs. Q4 2023

(1) Refer to Section 9, "Non-GAAP and Other Financial Measures", of this MD&A.

Key Performance Indicators

For the 12 weeks and 24 weeks ended June 15, 2024 and June 17, 2023
($ millions except where otherwise indicated)

REVENUE

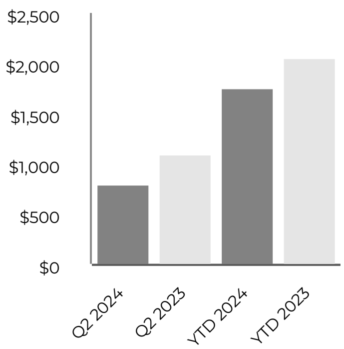


Q2 2024	**$**	**14,091**	**+1.5%**
Q2 2023	$	13,884	
YTD 2024	**$**	**27,826**	**+3.0%**
YTD 2023	$	27,017	

How we performed

Revenue increased in the second quarter of 2024 and year-to-date due to growth at Loblaw and Choice Properties.

OPERATING INCOME



Q2 2024	**$**	**795**	**-27.7%**
Q2 2023	$	1,099	
YTD 2024	**$**	**1,766**	**-14.1%**
YTD 2023	$	2,056	

How we performed

Operating income decreased in the second quarter of 2024 and year-to-date due to the unfavourable year-over-year net impact of adjusting items, partially offset by the improvement in the underlying operating performance of the Company driven by Loblaw and Choice Properties, and the favourable year-over-year impact of GWL Corporate.

ADJUSTED EBITDA[1]

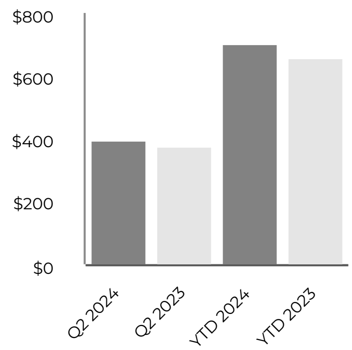
Q2 2024	**$**	**1,806**	**+4.2%**
Q2 2023	$	1,733	
YTD 2024	**$**	**3,429**	**+5.8%**
YTD 2023	$	3,240	

How we performed

Adjusted EBITDA[1] increased in the second quarter of 2024 and year-to-date due to an increase at Loblaw and Choice Properties, and the favourable year-over-year impact of GWL Corporate.

Adjusted EBITDA margin[1] in the second quarter of 2024 and year-to-date increased primarily due to an increase in Loblaw retail gross profit percentage primarily driven by improvements in shrink and an increase in drug retail gross margins mainly due to sales mix, partially offset by an increase in Loblaw retail selling, general and administrative expenses as a percentage of sales.

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1]



Q2 2024	**$**	**394**	**+4.5%**
Q2 2023	$	377	
YTD 2024	**$**	**706**	**+7.1%**
YTD 2023	$	659	

How we performed

Adjusted net earnings available to common shareholders[1] increased in the second quarter of 2024 and year-to-date due to an increase in the contribution from the publicly traded operating companies[i] and the favourable year-over-year impact of GWL Corporate.

Adjusted diluted net earnings per common share[1] increased in the second quarter of 2024 and year-to-date due to the growth in adjusted net earnings available to common shareholders[1] and lower weighted average common shares due to share repurchases.

ADJUSTED EBITDA MARGIN[1] (%)

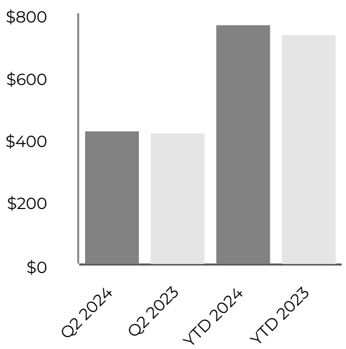
12.8%	**+30bps**
Q2 2024	vs. Q2 2023
12.3%	**+30bps**
YTD 2024	vs. 2023

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

$ 2.93	**+9.3%**
Q2 2024	vs. Q2 2023
$ 5.22	**+11.8%**
YTD 2024	vs. 2023

As at or for the 12 weeks and 24 weeks ended June 15, 2024, June 17, 2023 and December 31, 2023
($ millions except where otherwise indicated)

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



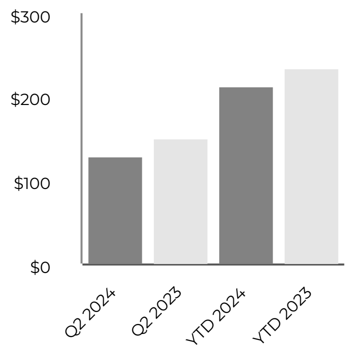
Q2 2024	**$**	**426**	**+1.4%**
Q2 2023	$	420	
YTD 2024	**$**	**771**	**+4.3%**
YTD 2023	$	739	

How we performed

Contribution to adjusted net earnings available to common shareholders of the Company[1] from the publicly traded operating companies[i] increased in the second quarter of 2024 due to the improvement in the underlying operating performance of Loblaw.

Year-to-date, the increase was due to the improvement in the underlying operating performance of Loblaw and Choice Properties.

GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES[1]

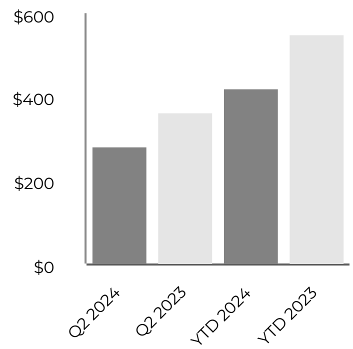


Q2 2024	**$**	**129**	**-15.1%**
Q2 2023	$	152	
YTD 2024	**$**	**213**	**-9.4%**
YTD 2023	$	235	

How we performed

GWL Corporate cash flow from operating businesses[1] decreased in the second quarter of 2024 and year-to-date driven by lower distributions received from Choice Properties due to timing.

GWL CORPORATE FREE CASH FLOW[1]



Q2 2024	**$**	**282**	**-22.7%**
Q2 2023	$	365	
YTD 2024	**$**	**423**	**-23.2%**
YTD 2023	$	551	

How we performed

The decrease in GWL Corporate free cash flow[1] in the second quarter of 2024 and year-to-date was primarily due to lower GWL Corporate cash flow from operating businesses[1], lower proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB") and higher income taxes paid.

GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

$ 502		**-30.2%**
Q2 2024		
$ 719		
Q4 2023		

How we performed

The decrease in GWL Corporate cash and cash equivalents and short-term investments since 2023 year end was primarily due to GWL share repurchases and income taxes paid, partially offset by proceeds received from GWL's participation in Loblaw's NCIB.

GWL Corporate Free Cash Flow[1]

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

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 15, 2024**	Jun. 17, 2023	**Jun. 15, 2024**	Jun. 17, 2023
Dividends from Loblaw	**$ 73**	$ 69	**$ 73**	$ 69
Distributions from Choice Properties	**56**	83	**140**	166
GWL Corporate cash flow from operating businesses[1]	**$ 129**	$ 152	**$ 213**	$ 235
Proceeds from participation in Loblaw's NCIB	**218**	250	**372**	438
GWL Corporate, financing, and other costs[ii]	**(21)**	(16)	**(42)**	(40)
Income taxes paid	**(44)**	(21)	**(120)**	(82)
GWL Corporate free cash flow[1]	**$ 282**	$ 365	**$ 423**	$ 551

(1) Refer to Section 9, "Non-GAAP and Other Financial Measures", of this MD&A.
(i) Publicly traded operating companies is the combined results from Loblaw and Choice Properties after the effect of consolidation.
(ii) GWL Corporate, financing, and other costs includes all other company level activities that are not allocated to the reportable operating segments such as net interest expense, corporate activities and administrative costs. Also included are preferred share dividends.

Management's Discussion and Analysis

1. Overall Financial Performance

The Company's results in the second quarter of 2024 reflected the strong performance of its operating companies and the impact of the settlement of the bread price-fixing class actions commenced in 2017 which negatively impacted net earnings by $253 million.

Loblaw delivered strong operational performance in the quarter, as Canadian consumers remained focused on value and responded favourably to Loblaw's market leading banners, private label brands, and personalized PC Optimum™ offers. Loblaw maintained its focus on retail excellence across its businesses, driving sales growth, and maintaining a careful focus on cost control. Drug retail sales continued to outperform food retail. Drug front store sales reflected continued strength in the beauty category but were pressured by Loblaw's exit from certain low margin electronics categories. Pharmacy sales growth rates returned to more normal levels, reflecting ongoing momentum in new healthcare services. Food retail sales reflected increased customer visits in the quarter, despite lapping very strong sales growth last year. Food sales growth was led by the ongoing strength of Loblaw's Maxi and NoFrills hard discount stores. A sharp focus on value was reflected in another sequential reduction in Loblaw's internal inflation rate. Food inflation rates have been declining and remain below Canada's total household inflation rate, as Canada's Consumer Price Index ("CPI") for Food Purchased From Stores declined for the sixth consecutive quarter.

Choice Properties delivered another solid quarter operationally, as it continued to operate at a high level of occupancy and delivered strong leasing and same-asset NOI growth. Choice Properties further strengthened its balance sheet, completing $788 million in financings with an average term of 9.6 years and an average interest rate of approximately 5.0%.

1.1 Consolidated Results of Operations

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

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

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change	24 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change
Revenue	**$ 14,091**	**$ 13,884**	**$ 207**	**1.5%**	**$ 27,826**	**$ 27,017**	**$ 809**	**3.0%**
Operating income	**$ 795**	**$ 1,099**	**$ (304)**	**(27.7)%**	**$ 1,766**	**$ 2,056**	**$ (290)**	**(14.1)%**
Adjusted EBITDA[1]	**$ 1,806**	$ 1,733	$ 73	4.2%	**$ 3,429**	$ 3,240	$ 189	5.8%
Adjusted EBITDA margin[1]	**12.8%**	12.5%			**12.3%**	12.0%		
Depreciation and amortization	**$ 598**	**$ 585**	**$ 13**	**2.2%**	**$ 1,211**	**$ 1,167**	**$ 44**	**3.8%**
Net interest (income) expense and other financing charges	**$ (3)**	**$ 73**	**$ (76)**	**(104.1)%**	**$ 212**	**$ 144**	**$ 68**	**47.2%**
Adjusted net interest expense and other financing charges[1]	**$ 271**	$ 275	$ (4)	(1.5)%	**$ 545**	$ 538	$ 7	1.3%
Income taxes	**$ 131**	**$ 244**	**$ (113)**	**(46.3)%**	**$ 395**	**$ 478**	**$ (83)**	**(17.4)%**
Adjusted income taxes[1]	**$ 293**	$ 271	$ 22	8.1%	**$ 538**	$ 499	$ 39	7.8%
Adjusted effective tax rate[1]	**27.9%**	27.4%			**28.3%**	28.3%		
Net earnings attributable to shareholders of the Company	**$ 410**	**$ 508**	**$ (98)**	**(19.3)%**	**$ 656**	**$ 944**	**$ (288)**	**(30.5)%**
Loblaw[i]	**$ 241**	$ 267	$ (26)	(9.7)%	**$ 484**	$ 488	$ (4)	(0.8)%
Choice Properties	**$ 514**	$ 536	$ (22)	(4.1)%	**$ 656**	$ 807	$ (151)	(18.7)%
Effect of consolidation	**$ (154)**	$ (252)	$ 98	38.9%	**$ (218)**	$ (249)	$ 31	12.4%
Publicly traded operating companies	**$ 601**	$ 551	$ 50	9.1%	**$ 922**	$ 1,046	$ (124)	(11.9)%
GWL Corporate	**$ (201)**	$ (53)	$ (148)	(279.2)%	**$ (286)**	$ (122)	$ (164)	(134.4)%
Net earnings available to common shareholders of the Company	**$ 400**	**$ 498**	**$ (98)**	**(19.7)%**	**$ 636**	**$ 924**	**$ (288)**	**(31.2)%**
Diluted net earnings per common share ($)	**$ 2.97**	**$ 3.55**	**$ (0.58)**	**(16.3)%**	**$ 4.70**	**$ 6.56**	**$ (1.86)**	**(28.4)%**
Loblaw[i]	**$ 350**	$ 328	$ 22	6.7%	**$ 634**	$ 596	$ 38	6.4%
Choice Properties	**$ 105**	$ 105	$ —	—%	**$ 214**	$ 204	$ 10	4.9%
Effect of consolidation[1]	**$ (29)**	$ (13)	$ (16)	(123.1)%	**$ (77)**	$ (61)	$ (16)	(26.2)%
Publicly traded operating companies	**$ 426**	$ 420	$ 6	1.4%	**$ 771**	$ 739	$ 32	4.3%
GWL Corporate	**$ (32)**	$ (43)	$ 11	25.6%	**$ (65)**	$ (80)	$ 15	18.8%
Adjusted net earnings available to common shareholders of the Company[1]	**$ 394**	$ 377	$ 17	4.5%	**$ 706**	$ 659	$ 47	7.1%
Adjusted diluted net earnings per common share[1] ($)	**$ 2.93**	$ 2.68	$ 0.25	9.3%	**$ 5.22**	$ 4.67	$ 0.55	11.8%

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

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY

Net earnings available to common shareholders of the Company in the second quarter of 2024 were $400 million ($2.97 per common share), a decrease of $98 million ($0.58 per common share) compared to the same period in 2023. The decrease was due to the unfavourable year-over-year net impact of adjusting items totaling $115 million ($0.83 per common share), partially offset by an improvement of $17 million ($0.25 per common share) in the consolidated underlying operating performance of the Company.

The unfavourable year-over-year net impact of adjusting items totaling $115 million ($0.83 per common share) was primarily due to:
- the unfavourable impact of charges related to the settlement of class action lawsuits of $253 million ($1.89 per common share). Refer to Section 1.2, "Consolidated Other Business Matters", of this MD&A for more information; and
- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $21 million ($0.15 per common share) driven by Choice Properties, net of the effect of consolidation;

partially offset by,
- the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $72 million ($0.60 per common share) as a result of the decrease in Choice Properties' unit price;
- the favourable impact of the reversal of a transaction related provision of $39 million ($0.29 per common share) that was determined to be no longer required at Choice Properties;
- the favourable year-over-year impact of the deferred tax expense of $30 million ($0.22 per common share) related to the outside basis difference in certain Loblaw shares as a result of GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB") program; and
- the favourable year-over-year impact of the prior year charge related to a President's Choice Bank ("PC Bank") commodity tax matter at Loblaw of $15 million ($0.11 per common share).

Adjusted net earnings available to common shareholders of the Company[1] in the second quarter of 2024 were $394 million, an increase of $17 million, or 4.5%, compared to the same period in 2023. The increase was driven by the favourable year-over-year impact of $6 million from the contribution of the publicly traded operating companies and the favourable year-over-year impact of $11 million at GWL Corporate primarily due to the year-over-year impact of the fair value adjustment on other investments.

Adjusted diluted net earnings per common share[1] were $2.93 in the second quarter of 2024, an increase of $0.25 per common share, or 9.3%, compared to the same period in 2023. The increase was due to the performance in adjusted net earnings available to common shareholders[1] as described above and the favourable impact of shares purchased for cancellation over the last 12 months ($0.13 per common share) pursuant to the Company's NCIB program.

Year-to-date net earnings available to common shareholders of the Company were $636 million ($4.70 per common share) compared to $924 million ($6.56 per common share), a decrease of $288 million ($1.86 per common share) compared to the same period in 2023. The decrease was due to the unfavourable year-over-year net impact of adjusting items totaling $335 million ($2.41 per common share), partially offset by an improvement of $47 million ($0.55 per common share) in the consolidated underlying operating performance of the Company.

The unfavourable year-over-year net impact of adjusting items totaling $335 million ($2.41 per common share) was primarily due to:
- the unfavourable impact of charges related to the settlement of class action lawsuits of $253 million ($1.89 per common share);
- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $78 million ($0.56 per common share) driven by Choice Properties, net of the effect of consolidation; and
- the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $61 million ($0.33 per common share) as a result of the decrease in Choice Properties' unit price;

partially offset by,
- the favourable impact of the reversal of a transaction related provision of $39 million ($0.29 per common share) that was determined to be no longer required at Choice Properties; and
- the favourable year-over-year impact of the prior year charge related to a PC Bank commodity tax matter at Loblaw of $15 million ($0.11 per common share).

Year-to-date adjusted net earnings available to common shareholders of the Company[1] were $706 million, an increase of $47 million, or 7.1%, compared to the same period in 2023. The increase was driven by the favourable year-over-year impact of $32 million from the contribution of the publicly traded operating companies and the favourable year-over-year impact of $15 million at GWL Corporate primarily due to the year-over-year impact of the fair value adjustment on other investments.

Adjusted diluted net earnings per common share[1] were $5.22 per common share, an increase of $0.55 per common share, or 11.8%, compared to the same period in 2023. The increase was due to the performance in adjusted net earnings available to common shareholders[1] as described above and the favourable impact of shares purchased for cancellation over the last 12 months ($0.22 per common share) pursuant to the Company's NCIB program.

REVENUE

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change	24 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change
Loblaw	**$ 13,947**	$ 13,738	$ 209	1.5%	**$ 27,528**	$ 26,733	$ 795	3.0%
Choice Properties	**$ 336**	$ 330	$ 6	1.8%	**$ 685**	$ 655	$ 30	4.6%
Effect of consolidation[1]	**$ (192)**	$ (184)	$ (8)	(4.3)%	**$ (387)**	$ (371)	$ (16)	(4.3)%
Publicly traded operating companies	**$ 14,091**	$ 13,884	$ 207	1.5%	**$ 27,826**	$ 27,017	$ 809	3.0%
GWL Corporate	**$ —**	$ —			**$ —**	$ —		
Consolidated	**$ 14,091**	$ 13,884	$ 207	1.5%	**$ 27,826**	$ 27,017	$ 809	3.0%

Revenue in the second quarter of 2024 was $14,091 million, an increase of $207 million, or 1.5%, compared to the same period in 2023. The increase in revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 1.5% due to revenue growth of 1.5% at Loblaw, primarily driven by an increase in retail sales of $187 million, or 1.4%, and an increase in financial services revenue of $19 million, or 5.5%. The increase in retail sales was due to positive same-store sales growth.
- Positively by a nominal amount due to revenue growth of 1.8% at Choice Properties. The increase of $6 million was mainly due to higher rental rates, increased capital recoveries and the impact of acquisitions and completed developments, partially offset by lower lease surrender revenue.

Year-to-date revenue was $27,826 million, an increase of $809 million, or 3.0%, compared to the same period in 2023. The increase in revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 2.9% due to revenue growth of 3.0% at Loblaw, primarily driven by an increase in retail sales of $742 million, or 2.8%, and an increase in financial services revenue of $54 million, or 8.0%. The increase in retail sales was due to positive same-store sales growth.
- Positively by 0.1% due to revenue growth of 4.6% at Choice Properties. The increase of $30 million included revenue from the sale of residential inventory in the first quarter of 2024 of $11 million. Excluding the impact of the sale of residential inventory, revenue increased $19 million, or 2.9%, driven by higher rental rates, increased capital recoveries and the impact of acquisitions and completed developments, partially offset by lower lease surrender revenue.

OPERATING INCOME

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change	24 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change
Loblaw	**$ 866**	$ 925	$ (59)	(6.4)%	**$ 1,725**	$ 1,692	$ 33	2.0%
Choice Properties	**$ 273**	$ 290	$ (17)	(5.9)%	**$ 480**	$ 596	$ (116)	(19.5)%
Effect of consolidation[1]	**$ (82)**	$ (100)	$ 18	18.0%	**$ (168)**	$ (202)	$ 34	16.8%
Publicly traded operating companies	**$ 1,057**	$ 1,115	$ (58)	(5.2)%	**$ 2,037**	$ 2,086	$ (49)	(2.3)%
GWL Corporate	**$ (262)**	$ (16)	$ (246)	(1,537.5)%	**$ (271)**	$ (30)	$ (241)	(803.3)%
Consolidated	**$ 795**	$ 1,099	$ (304)	(27.7)%	**$ 1,766**	$ 2,056	$ (290)	(14.1)%

Operating income in the second quarter of 2024 was $795 million compared to $1,099 million in the same period in 2023, a decrease of $304 million, or 27.7%. The decrease was attributable to the unfavourable year-over-year net impact of adjusting items totaling $363 million, as described below, partially offset by an improvement in underlying operating performance of the Company of $59 million primarily driven by Loblaw and Choice Properties, and the favourable year-over-year impact of GWL Corporate.

Management's Discussion and Analysis

The unfavourable year-over-year net impact of adjusting items totaling $363 million was primarily driven by:
- the unfavourable impact of charges related to the settlement of class action lawsuits of $420 million; and
- the unfavourable year-over-year impact of the fair value adjustment of investment properties of $23 million driven by Choice Properties, net of the effect of consolidation;

partially offset by,
- the favourable impact of the reversal of a transaction related provision of $39 million that was determined to be no longer required at Choice Properties; and
- the favourable year-over-year impact of a prior year charge related to a PC Bank commodity tax matter at Loblaw of $37 million.

Year-to-date operating income was $1,766 million compared to $2,056 million in the same period in 2023, a decrease of $290 million, or 14.1%. The decrease was attributable to the unfavourable year-over-year net impact of adjusting items totaling $434 million, as described below, partially offset by an improvement in underlying operating performance of the Company of $144 million driven by Loblaw, Choice Properties and the favourable year-over-year impact of GWL Corporate.

The unfavourable year-over-year net impact of adjusting items totaling $434 million was primarily driven by:
- the unfavourable impact of charges related to the settlement of class action lawsuits of $420 million; and
- the unfavourable year-over-year impact of the fair value adjustment of investment properties of $88 million driven by Choice Properties, net of the effect of consolidation;

partially offset by,
- the favourable impact of the reversal of a transaction related provision of $39 million that was determined to be no longer required at Choice Properties; and
- the favourable year-over-year impact of a prior year charge related to a PC Bank commodity tax matter at Loblaw of $37 million.

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended				24 Weeks Ended			
	Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change	**Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change
Loblaw	**$ 1,711**	$ 1,638	$ 73	4.5%	**$ 3,253**	$ 3,084	$ 169	5.5%
Choice Properties	**$ 240**	$ 238	$ 2	0.8%	**$ 481**	$ 468	$ 13	2.8%
Effect of consolidation[1]	**$ (140)**	$ (128)	$ (12)	(9.4)%	**$ (292)**	$ (284)	$ (8)	(2.8)%
Publicly traded operating companies	**$ 1,811**	$ 1,748	$ 63	3.6%	**$ 3,442**	$ 3,268	$ 174	5.3%
GWL Corporate	**$ (5)**	$ (15)	$ 10	66.7%	**$ (13)**	$ (28)	$ 15	53.6%
Consolidated	**$ 1,806**	$ 1,733	$ 73	4.2%	**$ 3,429**	$ 3,240	$ 189	5.8%

Adjusted EBITDA[1] in the second quarter of 2024 was $1,806 million compared to $1,733 million in the same period in 2023, an increase of $73 million, or 4.2%. The increase was impacted by each of the Company's segments as follows:

- positively by 4.2% due to growth of 4.5% in adjusted EBITDA[1] at Loblaw, driven by an increase in retail and in financial services. The increase in Loblaw retail adjusted EBITDA[1] was driven by an increase in retail gross profit, partially offset by an increase in retail selling, general and administrative expenses ("SG&A");
- positively by 0.1% due to an increase of 0.8% in adjusted EBITDA[1] at Choice Properties, primarily driven by the increase in revenue described above and the impact of a provision reversal following the resolution of a tenant dispute, partially offset by higher general and administrative expenses; and
- positively by 0.6% due to an increase of 66.7% at GWL Corporate primarily due to the favourable year-over-year impact of the fair value adjustment on other investments.

Year-to-date adjusted EBITDA[1] was $3,429 million compared to $3,240 million in the same period in 2023, an increase of $189 million, or 5.8%. The increase was impacted by each of the Company's segments as follows:

- positively by 5.2% due to growth of 5.5% in adjusted EBITDA[1] at Loblaw, driven by an increase in retail and in financial services. The increase in Loblaw retail adjusted EBITDA[1] was driven by an increase in retail gross profit, partially offset by an increase in retail SG&A;
- positively by 0.4% due to an increase of 2.8% in adjusted EBITDA[1] at Choice Properties, primarily driven by the increase in revenue described above, income from the sale of residential inventory and the impact of a provision reversal following the resolution of a tenant dispute, partially offset by higher general and administrative expenses; and
- positively by 0.5% due to an increase of 53.6% at GWL Corporate primarily due to the favourable year-over-year impact of the fair value adjustment on other investments.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change	24 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change
Loblaw	**$ 679**	$ 671	$ 8	1.2%	**$ 1,369**	$ 1,346	$ 23	1.7%
Choice Properties	**$ 1**	$ 1	$ —	—%	**$ 2**	$ 2	$ —	—%
Effect of consolidation	**$ (83)**	$ (88)	$ 5	5.7%	**$ (162)**	$ (183)	$ 21	11.5%
Publicly traded operating companies	**$ 597**	$ 584	$ 13	2.2%	**$ 1,209**	$ 1,165	$ 44	3.8%
GWL Corporate	**$ 1**	$ 1	$ —	—%	**$ 2**	$ 2	$ —	—%
Consolidated	**$ 598**	$ 585	$ 13	2.2%	**$ 1,211**	$ 1,167	$ 44	3.8%

Depreciation and amortization in the second quarter of 2024 and year-to-date was $598 million and $1,211 million, respectively, an increase of $13 million and $44 million compared to the same periods in 2023, primarily driven by:

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

Depreciation and amortization in the second quarter of 2024 and year-to-date included $115 million (2023 – $116 million) and $229 million (2023 – $230 million), respectively, of amortization of intangible assets related to the acquisitions of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark Health Group ("Lifemark"), recorded by Loblaw.

NET INTEREST (INCOME) EXPENSE AND OTHER FINANCING CHARGES

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change	24 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change
Net interest (income) expense and other financing charges	**$ (3)**	$ 73	$ (76)	(104.1)%	**$ 212**	$ 144	$ 68	47.2%
Add impact of the following:								
Fair value adjustment of the Trust Unit liability	**274**	202	72	35.6%	**333**	394	(61)	(15.5)%
Adjusted net interest expense and other financing charges[1]	**$ 271**	$ 275	$ (4)	(1.5)%	**$ 545**	$ 538	$ 7	1.3%

Net interest income and other financing charges in the second quarter of 2024 was $3 million, an increase of $76 million compared to the same period in 2023. The increase was primarily due to the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $72 million, as a result of the decrease in Choice Properties' unit price in the second quarter of 2024.

In the second quarter of 2024, adjusted net interest expense and other financing charges[1] decreased by $4 million, primarily driven by:

- a decrease in interest expense from borrowing related to credit card receivables at Loblaw;
- the capitalization of interest expense related to Loblaw's automated distribution facility; and
- an increase in interest income at Loblaw and Choice Properties;

partially offset by,

- an increase in interest expense on long-term debt at Loblaw and Choice Properties; and
- an increase in interest expense from lease liabilities at Loblaw, net of the effect of consolidation.

Year-to-date net interest expense and other financing charges were $212 million, an increase of $68 million compared to the same period in 2023. The increase was primarily due to the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $61 million, as a result of the decrease in Choice Properties' unit price.

Management's Discussion and Analysis

Year-to-date, adjusted net interest expense and other financing charges[1] increased by $7 million primarily driven by:

- an increase in interest expense on long-term debt at Loblaw and Choice Properties; and
- an increase in interest expense from lease liabilities at Loblaw, net of the effect of consolidation;

partially offset by,

- a decrease in interest expense from borrowing related to credit card receivables at Loblaw;
- the capitalization of interest expense related to Loblaw's automated distribution facility; and
- an increase in interest income at Loblaw and Choice Properties.

INCOME TAXES

($ millions except where otherwise indicated)	12 Weeks Ended				24 Weeks Ended			
For the periods ended as indicated	**Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change	**Jun. 15, 2024**	Jun. 17, 2023	$ Change	% Change
Income taxes	**$ 131**	$ 244	$ (113)	(46.3)%	**$ 395**	$ 478	$ (83)	(17.4)%
Add (deduct) impact of the following:								
Tax impact of items excluded from adjusted earnings before taxes[i]	**142**	37	105	283.8%	**175**	63	112	177.8%
Outside basis difference in certain Loblaw shares	**20**	(10)	30	300.0%	**(32)**	(42)	10	23.8%
Adjusted income taxes[1]	**$ 293**	$ 271	$ 22	8.1%	**$ 538**	$ 499	$ 39	7.8%
Effective tax rate applicable to earnings before taxes	**16.4%**	23.8%			**25.4%**	25.0%		
Adjusted effective tax rate applicable to adjusted earnings before taxes[1]	**27.9%**	27.4%			**28.3%**	28.3%		

(i) See the adjusted EBITDA[1] table and the adjusted net interest expense and other financing charges[1] table included in Section 9, "Non-GAAP and Other Financial Measures", of this MD&A for a complete list of items excluded from adjusted earnings before taxes[1].

The effective tax rate in the second quarter of 2024 was 16.4%, compared to 23.8% in the same period in 2023. The decrease was primarily attributable to a decrease in tax expense related to temporary differences in respect of the Company's investment in certain Loblaw shares as a result of GWL's participation in Loblaw's NCIB and the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability.

The adjusted effective tax rate[1] in the second quarter of 2024 was 27.9%, compared to 27.4% in the same period in 2023. The increase was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the second quarter of 2023.

The year-to-date effective tax rate was 25.4%, compared to 25.0% in the same period in 2023. The increase was primarily attributable to the year-over-year impact of the non-taxable portion of the gain from real estate dispositions during 2023.

The year-to-date adjusted effective tax rate[1] was 28.3%, consistent with the same period in 2023.

1.2 Consolidated Other Business Matters

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

($ millions)	12 Weeks Ended Jun. 15, 2024	12 Weeks Ended Jun. 17, 2023	24 Weeks Ended Jun. 15, 2024	24 Weeks Ended Jun. 17, 2023
NCIB – purchased and cancelled(i)	**$ (345)**	$ (233)	**$ (490)**	$ (460)
Participation in Loblaw's NCIB(ii)	**218**	250	**372**	438
Net cash flow (used in) from above activities	**$ (127)**	$ 17	**$ (118)**	$ (22)

(i) Included in the second quarter of 2024 and year-to-date is a net cash timing adjustment of $6 million (2023 – $(8) million) and $(7) million (2023 – $(12) million), respectively, of common shares repurchased under the NCIB for cancellation.
(ii) In the second quarter of 2024, GWL Corporate received $28 million (2023 – nil) of cash consideration related to the Loblaw shares sold in the first quarter of 2024.

NCIB - Purchased and Cancelled Shares In the second quarter of 2024 and year-to-date, the Company purchased and cancelled 1.8 million common shares (2023 – 1.5 million common shares) for aggregate consideration of $339 million (2023 – $241 million) and 2.7 million common shares (2023 – 2.8 million common shares) for aggregate consideration of $497 million (2023 – $472 million). As at June 15, 2024, the Company had 132.1 million common shares issued and outstanding, net of shares held in trusts (June 17, 2023 – 137.9 million shares).

In the second quarter of 2024, the Company entered into an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market.

Refer to note 11, "Share Capital" of the Company's second quarter 2024 interim financial statements for more information.

Participation in Loblaw's NCIB The Company participates in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. In the second quarter of 2024 and year-to-date, Loblaw repurchased 1.3 million common shares (2023 – 2.1 million common shares) from the Company for aggregate consideration of $190 million (2023 – $250 million) and 2.5 million common shares (2023 – 3.7 million common shares) for aggregate consideration of $372 million (2023 – $438 million).

SUBSEQUENT EVENTS

Debenture Repayment Subsequent to the end of the second quarter of 2024, the Company redeemed in full, at par, plus accrued and unpaid interest thereon, the $200 million aggregate principal amount of senior unsecured debenture outstanding bearing interest at 4.12% with a maturity date of June 17, 2024.

Settlement of Class Action Lawsuits On July 24, 2024, the Company and Loblaw entered into binding Minutes of Settlement to resolve nationwide class action lawsuits against them relating to their role in an industry-wide price-fixing arrangement involving certain packaged bread products which occurred between 2001 and 2015. The binding Minutes of Settlement provide for a total settlement of $500 million. The Company will pay $247 million and Loblaw will pay $253 million (made up of $157 million in cash and credit for $96 million previously paid to customers by Loblaw under the Loblaw Card Program). The $500 million settlement amount was negotiated with lawyers representing consumers in a mediation presided over by the Chief Justice of the Ontario Superior Court of Justice. The settlement is subject to finalizing a binding Settlement Agreement between the Company and Loblaw, and the lawyers representing consumers, and Court approval. If the settlement is approved, it will resolve all of the consumers' claims against the Company and Loblaw relating to this matter. In the second quarter of 2024, charges of $420 million ($253 million, net of income taxes and non-controlling interests) were recorded in SG&A, relating to the settlement and related costs.

2. Results of Reportable Operating Segments

The following discussion provides details of the second quarter of 2024 results of operations of each of the Company's reportable operating segments.

2.1 Loblaw Operating Results

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change	24 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change
Revenue	**$ 13,947**	$ 13,738	$ 209	1.5%	**$ 27,528**	$ 26,733	$ 795	3.0%
Operating income	**$ 866**	$ 925	$ (59)	(6.4)%	**$ 1,725**	$ 1,692	$ 33	2.0%
Adjusted EBITDA[(1)]	**$ 1,711**	$ 1,638	$ 73	4.5%	**$ 3,253**	$ 3,084	$ 169	5.5%
Adjusted EBITDA margin[(1)]	**12.3%**	11.9%			**11.8%**	11.5%		
Depreciation and amortization	**$ 679**	$ 671	$ 8	1.2%	**$ 1,369**	$ 1,346	$ 23	1.7%

REVENUE Loblaw revenue in the second quarter of 2024 was $13,947 million, an increase of $209 million, or 1.5%, compared to the same period in 2023, driven by an increase in retail sales and in financial services revenue.

Retail sales were $13,658 million, an increase of $187 million, or 1.4%, compared to the same period in 2023. The increase was primarily driven by the following factors:

- food retail sales were $9,653 million (2023 – $9,560 million) and food retail same-store sales growth was 0.2% (2023 – 6.1%);
  - the CPI for Food Purchased from Stores was 1.7% (2023 – 9.1%), which was in line with Loblaw's internal food inflation; and
  - food retail traffic increased and basket size decreased.

- drug retail sales were $4,005 million (2023 – $3,911 million) and drug retail same-store sales growth was 1.5% (2023 – 5.7%);
  - pharmacy and healthcare services same-store sales growth was 5.4% (2023 – 6.3%). Pharmacy and healthcare services same-stores sales growth benefited from an increase in chronic and specialty prescription volumes and increased delivery of healthcare services. The number of prescriptions increased by 2.1% (2023 – 0.4%). On a same-store basis, the number of prescriptions increased by 2.1% (2023 – 0.9%) and the average prescription value increased by 1.9% (2023 – 4.7%);

  partially offset by,
  - front store same-store sales decline of 2.4% (2023 – growth of 5.0%). The decline in front store same-store sales was primarily driven by lower sales of food and household items and the decision to exit certain low margin electronics categories, partially offset by the continued strength in beauty products.

In the last 12 months, 27 food and drug stores were opened, and 12 food and drug stores were closed, resulting in a net increase in retail square footage of 0.1 million square feet, or 0.1%.

Financial services revenue was $367 million, an increase of $19 million, or 5.5%, compared to the same period in 2023, primarily driven by higher interest income from growth in credit card receivables and higher sales attributable to *The Mobile Shop*.

On a year-to-date basis, Loblaw revenue was $27,528 million, an increase of $795 million, or 3.0%, compared to the same period in 2023, driven by an increase in retail sales and in financial services revenue.

Retail sales were $26,948 million, an increase of $742 million, or 2.8% when compared to the same period in 2023. Food retail sales were $19,062 million, an increase of $491 million, or 2.6%, compared to the same period in 2023. Food retail same-store sales growth was 1.8% (2023 – 4.6%). Drug retail sales were $7,886 million, an increase of $251 million, or 3.3%, compared to the same period in 2023. Drug retail same-store sales growth was 2.8% (2023 – 6.5%), with pharmacy and healthcare services same-store sales growth of 6.4% (2023 – 5.5%), partially offset by front store sales decline of 0.9% (2023 – growth of 7.5%).

Year-to-date financial services revenue was $728 million, an increase of $54 million compared to the same period in 2023. The increase was primarily driven by higher interest income from growth in credit card receivables and higher sales attributable to *The Mobile Shop*.

OPERATING INCOME Loblaw operating income in the second quarter of 2024 was $866 million, a decrease of $59 million, or 6.4%, compared to the same period in 2023. The decrease was driven by an unfavourable year-over-year net impact of adjusting items totaling $123 million, partially offset by an improvement in underlying operating performance of $64 million as described below:

- the unfavourable year-over-year net impact of adjusting items totaling $123 million was primarily due to:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of $164 million;

  partially offset by,
  - the favourable year-over-year impact of the prior year charge related to a PC Bank commodity tax matter of $37 million; and
  - the favourable year-over-year impact of fair value adjustments on fuel and foreign currency contracts of $3 million.

- the improvement in underlying operating performance of $64 million was primarily due to:
  - an improvement in the underlying operating performance of retail due to an increase in retail gross profit, partially offset by an increase in retail SG&A and depreciation and amortization; and
  - an improvement in the underlying operating performance of financial services.

Year-to-date Loblaw operating income was $1,725 million, an increase of $33 million, or 2.0%, compared to the same period in 2023. The increase was driven by an improvement in underlying operating performance of $145 million, partially offset by an unfavourable year-over-year net impact of adjusting items totaling $112 million, as described below:

- the improvement in underlying operating performance of $145 million was primarily due to:
  - an improvement in the underlying operating performance of retail due to an increase in retail gross profit, partially offset by an increase in retail SG&A and depreciation and amortization; and
  - an improvement in the underlying operating performance of financial services.

- the unfavourable year-over-year net impact of adjusting items totaling $112 million was primarily due to:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of $164 million;

  partially offset by,
  - the favourable year-over-year impact of the prior year charge related to a PC Bank commodity tax matter of $37 million; and
  - the favourable year-over-year impact of fair value adjustments on fuel and foreign currency contracts of $13 million.

ADJUSTED EBITDA[(1)] Loblaw adjusted EBITDA[(1)] in the second quarter of 2024 was $1,711 million, an increase of $73 million, or 4.5%, compared to the same period in 2023, driven by an increase in retail of $62 million and an increase in financial services of $11 million.

Retail adjusted EBITDA[(1)] increased by $62 million compared to the same period in 2023, driven by an increase in retail gross profit of $178 million, partially offset by an increase in retail SG&A of $116 million.

- Retail gross profit percentage of 32.0% increased by 90 basis points compared to the same period in 2023, primarily driven by improvements in shrink, and an increase in drug retail gross margins mainly due to sales mix.

- Retail SG&A as a percentage of sales was 19.9%, an increase of 60 basis points compared to the same period in 2023, primarily due to lower operating leverage, the year-over-year impact of labour costs and certain real estate activities, and costs related to network optimization.

Financial services adjusted EBITDA[(1)] increased by $11 million compared to the same period in 2023, primarily driven by higher revenue as described above, and the year-over-year favourable impact of the expected credit loss provision, partially offset by higher contractual charge-offs due to the current macro-economic environment.

Year-to-date Loblaw adjusted EBITDA[(1)] was $3,253 million, an increase of $169 million, or 5.5%, compared to the same period in 2023, driven by an increase in retail of $124 million and an increase in financial services of $45 million.

Year-to-date retail adjusted EBITDA[(1)] increased by $124 million, driven by an increase in retail gross profit of $402 million, partially offset by an increase in retail SG&A of $278 million.

- Retail gross profit percentage of 31.8% increased by 60 basis points compared to the same period in 2023, primarily driven by improvements in shrink, and an increase in drug retail gross margins mainly due to sales mix.

- Retail SG&A as a percentage of sales was 20.3%, an increase of 50 basis points compared to the same period in 2023, primarily driven by the year-over-year impact of certain real estate activities and labour costs, and lower operating leverage.

Year-to-date financial services adjusted EBITDA[(1)] increased by $45 million compared to the same period in 2023, primarily driven by higher revenue as described above, lower customer acquisition expenses and operating costs, including the ongoing benefits associated with the renewal of a long-term agreement with Mastercard, and the year-over-year favourable impact of the expected credit loss provision, partially offset by higher contractual charge-offs due to the current macro-economic environment.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in the second quarter of 2024 was $679 million, an increase of $8 million compared to the same period in 2023. The increase was primarily driven by an increase in depreciation of leased assets and IT assets, and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets. Year-to-date depreciation and amortization was $1,369 million, an increase of $23 million compared to the same period in 2023, primarily driven by an increase in depreciation of leased assets and IT assets and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets.

Depreciation and amortization in the second quarter of 2024 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $115 million (2023 – $116 million) and $229 million (2023 – $230 million), respectively.

CONSOLIDATION OF FRANCHISES Loblaw has more than 500 franchise food retail stores in its network. Non-controlling interests at Loblaw represents the share of earnings that relates to Loblaw's food retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements. In the second quarter of 2024 and year-to-date, Loblaw's net earnings attributable to non-controlling interests were $38 million and $65 million, respectively, an increase of $8 million or 26.7%, and $19 million or 41.3%, when compared to the same period in 2023. The increase in non-controlling interests in the second quarter of 2024 and year-to-date was primarily driven by an increase in franchisee earnings after profit sharing.

2.2 Choice Properties Operating Results

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change	24 Weeks Ended Jun. 15, 2024	Jun. 17, 2023	$ Change	% Change
Revenue	**$ 336**	$ 330	$ 6	1.8%	**$ 685**	$ 655	$ 30	4.6%
Net interest income and other financing charges	**$ (241)**	$ (246)	$ 5	2.0%	**$ (176)**	$ (211)	$ 35	16.6%
Net income	**$ 514**	$ 536	$ (22)	(4.1)%	**$ 656**	$ 807	$ (151)	(18.7)%
Funds from Operations[1]	**$ 185**	$ 184	$ 1	0.5%	**$ 372**	$ 360	$ 12	3.3%

REVENUE Choice Properties revenue in the second quarter of 2024 was $336 million, an increase of $6 million, or 1.8%, compared to the same period in 2023 and included revenue of $193 million (2023 – $186 million) generated from tenants within Loblaw.

The increase in revenue in the second quarter of 2024 was primarily driven by:

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

partially offset by,

- lower lease surrender revenue.

Year-to-date, revenue was $685 million, an increase of $30 million, or 4.6%, compared to the same period in 2023 and included revenue from the sale of residential inventory of $11 million and revenue of $390 million (2023 – $375 million) generated from tenants within Loblaw.

Excluding the impact of the sale of residential inventory, year-to-date revenue was $674 million, an increase of $19 million, or 2.9%, compared to the same period in 2023, primarily driven by:

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

partially offset by,

- lower lease surrender revenue.

NET INTEREST INCOME AND OTHER FINANCING CHARGES Choice Properties net interest income and other financing charges in the second quarter of 2024 were $241 million compared to $246 million in the same period in 2023. The decrease of $5 million was primarily driven by the unfavourable year-over-year change of the fair value adjustment on the Class B LP units ("Exchangeable Units") of $4 million as a result of the decrease in the unit price in the quarter.

Year-to-date, net interest income and other financing charges were $176 million compared to $211 million in the same period in 2023. The decrease of $35 million was primarily driven by the unfavourable year-over-year change of the fair value adjustment on the Exchangeable Units of $32 million.

NET INCOME Choice Properties recorded net income of $514 million in the second quarter of 2024, compared to $536 million in the same period in 2023. The decrease of $22 million was primarily driven by:

- the unfavourable year-over-year change in the adjustment to fair value of investment properties, including those held within equity accounted joint ventures of $61 million;

partially offset by,

- the favourable impact of the reversal of a transaction related provision of $39 million that was determined to be no longer required.

Year-to-date, net income was $656 million, compared to $807 million in the same period in 2023. The decrease of $151 million was primarily driven by:

- the unfavourable year-over-year change in the adjustment to fair value of investment properties, including those held within equity accounted joint ventures of $156 million;
- lower net interest income and other financing charges as described above; and
- the unfavourable year-over-year change in the adjustment to fair value of investment in real estate securities of $12 million as a result of the decrease in Allied Properties Real Estate Investment Trust ("Allied") unit price;

partially offset by,

- the favourable impact of the reversal of a transaction related provision of $39 million that was determined to be no longer required; and
- an increase in rental revenue as described above.

FUNDS FROM OPERATIONS[(1)] Funds from Operations[(1)] in the second quarter of 2024 were $185 million, an increase of $1 million compared to the same period in 2023. The increase was primarily due to an increase in rental income, partially offset by higher general and administrative expenses and an increase in interest expense net of an increase in interest income.

Funds from Operations[(1)] year-to-date were $372 million, an increase of $12 million, compared to the same period in 2023. The increase was primarily due to an increase in rental income and income from the sale of residential inventory, partially offset by higher general and administrative expenses and increases in interest expense net of increases in interest income.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

Subsequent Events On June 19, 2024, Choice Properties disposed of its interest in two retail properties held within equity accounted joint ventures for proceeds of $37 million. Consideration included a vendor take-back mortgage of $4 million, bearing interest at a rate of 6.50%. Choice Properties retained its share of mortgages payable of $26 million previously secured by the disposed properties. Choice Properties also assumed mortgages payable of $33 million from its partner, previously secured by the partner's interest in the disposed properties. These mortgages have been secured by other properties held by Choice Properties.

On June 20, 2024, Choice Properties acquired a retail property for $12 million.

On June 21, 2024, Choice Properties acquired its partner's interest in a retail property for $21 million.

On June 21, 2024, Choice Properties advanced a $20 million loan to a development partner, bearing interest at a rate of 7.00%.

3. Liquidity and Capital Resources

3.1 Cash Flows

($ millions) For the periods ended as indicated	12 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	24 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change
Cash and cash equivalents, beginning of period	**$ 1,941**	$ 1,874	$ 67	**$ 2,451**	$ 2,313	$ 138
Cash flows from operating activities	**$ 1,406**	$ 1,324	$ 82	**$ 2,260**	$ 2,238	$ 22
Cash flows used in investing activities	**$ (775)**	$ (608)	$ (167)	**$ (1,000)**	$ (970)	$ (30)
Cash flows used in financing activities	**$ (153)**	$ (621)	$ 468	**$ (1,296)**	$ (1,612)	$ 316
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 1**	$ 1	$ —	**$ 5**	$ 1	$ 4
Cash and cash equivalents, end of period	**$ 2,420**	$ 1,970	$ 450	**$ 2,420**	$ 1,970	$ 450

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $1,406 million in the second quarter of 2024, an increase of $82 million compared to the same period in 2023. The increase in cash flows from operating activities for the second quarter of 2024 was primarily driven by credit card receivables increasing year-over-year at a rate lower than prior year and higher cash earnings, partially offset by an unfavourable year-over-year change in non-cash working capital.

Year-to-date cash flows from operating activities were $2,260 million in 2024, an increase of $22 million compared to the same period in 2023. The increase in cash flows from operating activities was primarily driven by higher cash earnings and credit card receivables increasing year-over-year at a rate lower than prior year, partially offset by an an unfavourable year-over-year change in non-cash working capital.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were $775 million in the second quarter of 2024, an increase of $167 million compared to the same period in 2023. The increase in cash flows used in investing activities was primarily driven by higher purchases of short-term investments, an increase in capital investments and higher repayments from mortgages, loans, and notes receivable in the prior year, partially offset by higher disposals of long-term securities.

Year-to-date cash flows used in investing activities were $1,000 million in 2024, an increase of $30 million compared to the same period in 2023. The increase in cash flows used in investing activities was primarily driven by a decrease in proceeds from disposal of assets and an increase in capital investments, partially offset by higher disposals of both short-term investments and long-term securities.

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

($ millions) For the periods ended as indicated	12 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change	24 Weeks Ended **Jun. 15, 2024**	Jun. 17, 2023	$ Change
Loblaw	**$ 495**	$ 423	$ 72	**$ 882**	$ 738	$ 144
Choice Properties	**42**	54	(12)	**122**	234	(112)
Effect of consolidation	**(20)**	1	(21)	**(58)**	(97)	39
Publicly traded operating companies	**$ 517**	$ 478	$ 39	**$ 946**	$ 875	$ 71
GWL Corporate	**—**	1	(1)	**—**	1	(1)
Total capital investments(i)	**$ 517**	$ 479	$ 38	**$ 946**	$ 876	$ 70

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's condensed consolidated statements of cash flows, and prepayments transferred to fixed assets in the current period.

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $153 million in the second quarter of 2024, a decrease of $468 million compared to the same period in 2023. The decrease in cash flows used in financing activities was primarily driven by higher issuance of long-term debt net of repayments in the current year, partially offset by higher repurchases of GWL common shares in the current year.

Year-to-date cash flows used in financing activities were $1,296 million in 2024, a decrease of $316 million compared to the same period in 2023. The decrease in cash flows used in financing activities was primarily driven by higher issuance of long-term debt net of repayments in the current year, partially offset by higher repayments of short-term debt.

FREE CASH FLOW[(1)]

($ millions) For the periods ended as indicated	12 Weeks Ended			24 Weeks Ended		
	Jun. 15, 2024	Jun. 17, 2023	$ Change	**Jun. 15, 2024**	Jun. 17, 2023	$ Change
Cash flows from operating activities	**$ 1,406**	$ 1,324	$ 82	**$ 2,260**	$ 2,238	$ 22
Less: Interest paid	**205**	199	6	**450**	438	12
Capital investments[(i)]	**517**	479	38	**946**	876	70
Lease payments, net	**227**	205	22	**447**	409	38
Free cash flow[(1)]	**$ 457**	$ 441	$ 16	**$ 417**	$ 515	$ (98)

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's condensed consolidated statements of cash flows, and prepayments transferred to fixed assets in the current period.

Free cash flow[(1)] from the second quarter 2024 was $457 million, an increase of $16 million compared to the same period in 2023. The increase in free cash flow[(1)] was primarily driven by credit card receivables increasing year-over-year at a rate lower than prior year and higher cash earnings, partially offset by an unfavourable year-over-year change in non-cash working capital.

On a year-to-date basis, free cash flow[(1)] was $417 million, a decrease of $98 million compared to the same period in 2023. The decrease in free cash flow[(1)] was primarily driven by an unfavourable year-over-year change in non-cash working capital, higher income taxes paid and an increase in capital investments, partially offset by credit card receivables increasing year-over-year at a rate lower than prior year and higher cash earnings.

3.2 Liquidity

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

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

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

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

TOTAL DEBT The following table presents total debt:

	As at														
	Jun. 15, 2024					Jun. 17, 2023					Dec. 31, 2023				
($ millions)	**Loblaw**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Total**	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Total	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Total
Bank indebtedness	**$ 38**	**$ —**	**$ —**	**$ —**	**$ 38**	$ 18	$ —	$ —	$ —	$ 18	$ 13	$ —	$ —	$ —	$ 13
Demand deposits from customers	**175**	**—**	**—**	**—**	**175**	137	—	—	—	137	166	—	—	—	166
Short-term debt(i)	**650**	**—**	**—**	**—**	**650**	650	—	—	—	650	850	—	—	—	850
Long-term debt due within one year(ii)	**741**	**1,012**	**—**	**200**	**1,953**	833	554	—	200	1,587	1,191	964	—	200	2,355
Long-term debt	**7,741**	**6,138**	**(83)**	**249**	**14,045**	7,325	6,096	—	249	13,670	6,661	5,731	—	249	12,641
Certain other liabilities(iii)	**290**	**—**	**518**	**—**	**808**	270	—	506	—	776	280	—	520	—	800
Total debt excluding lease liabilities	**$ 9,635**	**$ 7,150**	**$ 435**	**$ 449**	**$17,669**	$ 9,233	$ 6,650	$ 506	$ 449	$ 16,838	$ 9,161	$ 6,695	$ 520	$ 449	$ 16,825
Lease liabilities due within one year	**1,477**	**—**	**(586)**	**—**	**891**	1,425	—	(569)	2	858	1,455	—	(575)	—	880
Lease liabilities	**7,968**	**1**	**(3,354)**	**2**	**4,617**	7,772	2	(3,319)	3	4,458	8,003	1	(3,444)	3	4,563
Total debt including lease liabilities	**$19,080**	**$ 7,151**	**$ (3,505)**	**$ 451**	**$ 23,177**	$ 18,430	$ 6,652	$ (3,382)	$ 454	$ 22,154	$ 18,619	$ 6,696	$ (3,499)	$ 452	$ 22,268

(i) During the second quarter of 2024, PC Bank recorded a $200 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

(ii) Subsequent to the end of second quarter of 2024, GWL Corporate redeemed in full, at par, plus accrued and unpaid interest thereon, the $200 million aggregate principal amount of senior unsecured debenture outstanding bearing interest at 4.12% with a maturity date of June 17, 2024.

(iii) As at June 15, 2024, certain other liabilities include financial liabilities of $708 million related to the sale and leaseback of retail and industrial properties (June 17, 2023 – $695 million; December 31, 2023 – $710 million).

Management targets credit metrics consistent with those of an investment grade profile. GWL Corporate holds cash and cash equivalents and short-term investments and as a result monitors its leverage on a net debt basis. GWL Corporate has total debt including lease liabilities of $451 million (June 17, 2023 – $454 million; December 31, 2023 – $452 million) and cash and cash equivalents and short-term investments of $502 million (June 17, 2023 – $737 million; December 31, 2023 – $719 million), resulting in a net cash position of $51 million (June 17, 2023 – $283 million; December 31, 2023 – $267 million).

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

- Loblaw targets maintaining retail segment credit metrics consistent with those of investment grade retailers. Loblaw monitors the retail segment's debt to rolling year retail adjusted EBITDA(1) ratio as a measure of the leverage being employed. Loblaw retail segment debt to rolling year retail adjusted EBITDA(1) ratio as at June 15, 2024 remained consistent compared to June 17, 2023 and December 31, 2023.

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

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

COVENANTS AND REGULATORY REQUIREMENTS The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the second quarter of 2024, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

As at the end of and throughout the second quarter of 2024, PC Bank and Choice Properties met all applicable regulatory requirements.

3.3 Components of Total Debt

For details on the Company's components of total debt, refer to note 10, "Long-Term Debt", of the Company's second quarter 2024 interim financial statements.

3.4 Financial Condition

	As at		
	Jun. 15, 2024	Jun. 17, 2023	Dec. 31, 2023
Rolling year adjusted return on average equity attributable to common shareholders of the Company(1)	**25.7%**	23.9%	24.7%
Rolling year adjusted return on capital(1)	**13.9%**	13.5%	14.0%

The rolling year adjusted return on average equity attributable to common shareholders of the Company(1) increased as at the end of the second quarter of 2024, primarily due to a decrease in average equity attributable to common shareholders of the Company(1) when compared to the end of the second quarter of 2023 and primarily due to an improvement in the Company's consolidated underlying performance when compared to year end 2023.

As at the end of the second quarter of 2024, the rolling year adjusted return on capital(1) increased compared to the end of the second quarter of 2023, primarily due to an improvement in the Company's consolidated underlying performance, partially offset by an increase in average capital(1). As at the end of the second quarter of 2024, the rolling year adjusted return on capital(1) decreased compared to year end 2023, primarily due to an increase in average capital(1), partially offset by an improvement in the Company's consolidated underlying performance.

3.5 Credit Ratings

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

	DBRS		S&P	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB	Stable	BBB+	Stable
Medium term notes	BBB	Stable	BBB	n/a
Preferred shares	Pfd-3	Stable	P-2 (low)	n/a

In the second quarter of 2024, Morningstar DBRS ("DBRS") confirmed the credit ratings and trends of GWL. Standard and Poor's Global Ratings ("S&P") reaffirmed the outlook of GWL and upgraded the ratings from BBB to BBB+ for issuer rating, from BBB- to BBB for medium term notes, and from P-3 (high) to P-2 (low) for preferred shares.

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

	DBRS		S&P	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB (high)	Stable	BBB+	Stable
Medium term notes	BBB (high)	Stable	BBB+	n/a
Second Preferred shares, Series B	Pfd-3 (high)	Stable	P-2 (low)	n/a

In the second quarter of 2024, DBRS confirmed the credit ratings and trend of Loblaw. S&P reaffirmed the outlook of Loblaw and upgraded the ratings from BBB to BBB+ for issuer rating and medium term notes, and from P-3 (high) to P-2 (low) for second preferred shares, Series B.

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

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

In 2023, DBRS confirmed the credit ratings and trend of Choice Properties. During the second quarter of 2024, Standard and Poor's Global Ratings reaffirmed the outlook of Choice Properties and upgraded the ratings from BBB to BBB+ for issuer rating and senior unsecured debentures.

3.6 Dividends and Share Repurchases

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

	12 Weeks Ended		24 Weeks Ended	
($)	**Jun. 15, 2024**	Jun. 17, 2023	**Jun. 15, 2024**	Jun. 17, 2023
Dividends declared per share(i):				
Common share	**$ 0.820**	$ 0.713	**$ 1.533**	$ 1.373
Preferred share:				
Series I	**$ 0.3625**	$ 0.3625	**$ 0.7250**	$ 0.7250
Series III	**$ 0.3250**	$ 0.3250	**$ 0.6500**	$ 0.6500
Series IV	**$ 0.3250**	$ 0.3250	**$ 0.6500**	$ 0.6500
Series V	**$ 0.296875**	$ 0.296875	**$ 0.593750**	$ 0.593750

(i) Dividends declared in the second quarter of 2024 on common shares and Preferred Shares, Series III, Series IV and Series V were payable on July 1, 2024. Dividends declared in the second quarter of 2024 on Preferred Shares, Series I were payable on June 15, 2024.

The following table summarizes the Company's quarterly dividends declared subsequent to the end of the second quarter of 2024:

($)		
Dividends declared per share(i)	– Common share	$ 0.820
	– Preferred share:	
	Series I	$ 0.3625
	Series III	$ 0.3250
	Series IV	$ 0.3250
	Series V	$ 0.296875

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

SHARE REPURCHASES In the second quarter of 2024 and year-to-date, the Company purchased and cancelled 1.8 million common shares (2023 – 1.5 million common shares) for aggregate consideration of $339 million (2023 – $241 million) and 2.7 million common shares (2023 – 2.8 million common shares) for aggregate consideration of $497 million (2023 – $472 million), respectively, under its NCIB. As at June 15, 2024, the Company had 132.1 million common shares issued and outstanding, net of shares held in trusts (June 17, 2023 – 137.9 million common shares).

For details on the Company's share capital, refer to note 11, "Share Capital", of the Company's second quarter 2024 interim financial statements.

3.7 Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements including letters of credit, guarantees and cash collateralization in connection with certain obligations. There were no significant changes to these off-balance sheet arrangements during 2024. For a discussion of the Company's significant off-balance sheet arrangements, see Section 3.7, "Off-Balance Sheet Arrangements", of the Company's 2023 Annual Report.

4. Quarterly Results of Operations

The Company's year end is December 31. Activities are reported on a fiscal year ending on the Saturday closest to December 31. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years. Each of the years ended December 31, 2023 and December 31, 2022 contained 52 weeks. The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. When a fiscal year contains 53 weeks, the fourth quarter is 13 weeks in duration.

The following is a summary of selected consolidated quarterly financial information for each of the eight most recently completed quarters.

SELECTED QUARTERLY INFORMATION

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024	2023	2024	2023	2023	2022	2023	2022
($ millions except where otherwise indicated)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)
Revenue	**$ 14,091**	$ 13,884	$ 13,735	$ 13,133	$ 14,700	$ 14,142	$ 18,407	$ 17,520
Operating income	**795**	1,099	971	957	1,076	1,264	1,231	1,474
Adjusted EBITDA[(1)]	**1,806**	1,733	1,623	1,507	1,694	1,590	2,019	1,951
Depreciation and amortization	**598**	585	613	582	602	577	763	729
Net earnings	**$ 667**	$ 782	$ 492	$ 652	$ 247	$ 135	$ 944	$ 1,185
Net earnings (loss) attributable to shareholders of the Company	**410**	508	246	436	(28)	(104)	624	903
Loblaw[(i)]	**$ 241**	$ 267	$ 243	$ 221	$ 285	$ 279	$ 329	$ 293
Choice Properties	**514**	536	142	271	(445)	(579)	435	948
Effect of consolidation	**(154)**	(252)	(64)	3	142	180	(141)	(333)
Publicly traded operating companies	**$ 601**	$ 551	$ 321	$ 495	$ (18)	$ (120)	$ 623	$ 908
GWL Corporate	**(201)**	(53)	(85)	(69)	(20)	6	(13)	(19)
Net earnings (loss) available to common shareholders of the Company	**$ 400**	$ 498	$ 236	$ 426	$ (38)	$ (114)	$ 610	$ 889
Net earnings (loss) per common share ($) - basic	**$ 3.01**	$ 3.59	$ 1.76	$ 3.04	$ (0.28)	$ (0.81)	$ 4.46	$ 6.20
Net earnings (loss) per common share ($) - diluted	**$ 2.97**	$ 3.55	$ 1.73	$ 3.01	$ (0.30)	$ (0.83)	$ 4.41	$ 6.14
Adjusted diluted net earnings per common share[(1)] ($)	**$ 2.93**	$ 2.68	$ 2.30	$ 1.99	$ 2.51	$ 2.59	$ 3.36	$ 3.12

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

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

- Loblaw revenue was impacted by various factors including the following:
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays;
  - macro-economic conditions impacting food and drug retail prices; and
  - changes in net retail square footage. Over the past eight quarters, net retail square footage has increased by 0.1 million square feet to 71.3 million square feet.
- Choice Properties revenue was impacted by the following:
  - foregone revenue from dispositions;
  - increased capital and operating recoveries;
  - higher rental rates in the retail and industrial portfolio;
  - contribution from acquisitions and development transfers;
  - lease surrender revenue; and
  - the sale of residential inventory.

NET EARNINGS (LOSS) AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY AND DILUTED NET EARNINGS (LOSS) PER COMMON SHARE Net earnings (loss) available to common shareholders of the Company and diluted net earnings (loss) per common share for the last eight quarters were impacted by the underlying operating performance of each of the Company's reportable operating segments and certain adjusting items as described in Section 9.1, "Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation", of this MD&A.

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

- change in Loblaw's underlying operating performance driven by:
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays; and
  - cost savings from operating efficiencies and benefits from strategic initiatives.
- change in Choice Properties' underlying operating performance driven by:
  - changes in revenue as described above;
  - the impact of acquisitions and dispositions of investment properties and development transfers; and
  - changes in general and administrative expenses.
- the year-over-year impact of changes in the effect of consolidation. Refer to Section 9, "Non-GAAP and Other Financial Measures", of this MD&A for a breakdown of effect of consolidation.
- the year-over-year impact of changes in GWL Corporate due to:
  - the fair value adjustment on other investments.
- diluted net earnings (loss) per common share included the favourable impact of shares purchased for cancellation.

5. Internal Control Over Financial Reporting

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

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

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING There were no changes in the Company's internal control over financial reporting in the second quarter of 2024 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

6. Enterprise Risks and Risk Management

A detailed full set of risks inherent in the Company's business are included in the Company's Annual Information Form ("AIF") for the year ended December 31, 2023 and the MD&A included in the Company's 2023 Annual Report, which are hereby incorporated by reference. The Company's 2023 Annual Report and AIF are available at www.sedarplus.ca. Those risks and risk management strategies remain unchanged.

7. IFRS Accounting Standards and Amendments

Amendments to IAS 7 and IFRS 7 In May 2023, amendments to IAS 7, "Statement of Cash Flows" and IFRS 7, "Financial Instruments: Disclosures" were issued to enhance the transparency of supplier finance arrangements. The amendments require further disclosure for supplier finance arrangements regarding the terms and conditions, the range of payment due dates, and how they affect an entity's cash flows, liabilities and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and required disclosures will be included in the notes to the Company's 2024 audited annual consolidated financial statements.

For details on future IFRS accounting standards and amendments not yet in effect, refer to note 3, "Future IFRS Accounting Standard and Amendments", of the Company's second quarter 2024 interim financial statements.

8. Outlook[(2)]

The Company's 2024 outlook remains unchanged and it continues to expect adjusted net earnings[(1)] to increase due to the results from its operating segments, and to use excess cash to repurchase shares.

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

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

Choice Properties Choice Properties is focused on capital preservation, delivering stable and growing cash flows and net asset value appreciation, all with a long-term focus. Its high-quality portfolio is primarily leased to necessity-based tenants and logistics providers, who are less sensitive to economic volatility and therefore provide stability to its overall portfolio. Choice Properties continues to experience positive leasing momentum across its portfolio and is well positioned to complete its 2024 lease renewals. Choice Properties also continues to advance its development program, with a focus on commercial developments in the near term, which provides the best opportunity to add high-quality real estate to its portfolio at a reasonable cost and drive net asset value appreciation over time.

Choice Properties is confident that its business model, stable tenant base, strong balance sheet and disciplined approach to financial management will continue to position the business well for future success. In 2024, Choice Properties will continue to focus on its core business of essential retail and industrial, its growing residential platform and its robust development pipeline, and is targeting:

- stable occupancy across the portfolio, resulting in 2.5% - 3.0% year-over-year growth in Same-Asset NOI, cash basis[(i)];
- annual FFO[(1)] per unit diluted[(i)] in a range of $1.02 to $1.03, reflecting 2.0% - 3.0% year-over-year growth; and
- strong leverage metrics, targeting Adjusted Debt to EBITDAFV[(i)] below 7.5x.

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

9. Non-GAAP and Other Financial Measures

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

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

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

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

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

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

	12 Weeks Ended									
					Jun. 15, 2024					Jun. 17, 2023
($ millions)	**Loblaw**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consolidated**	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consolidated
Net earnings attributable to shareholders of the Company					**$ 410**					$ 508
Add (deduct) impact of the following:										
Non-controlling interests					**257**					274
Income taxes					**131**					244
Net interest (income) expense and other financing charges					**(3)**					73
Operating income	**$ 866**	**$ 273**	**$ (82)**	**$ (262)**	**$ 795**	$ 925	$ 290	$ (100)	$ (16)	$ 1,099
Add (deduct) impact of the following:										
Charges related to settlement of class action lawsuits	**$ 164**	**$ —**	**$ —**	**$ 256**	**$ 420**	$ —	$ —	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**115**	**—**	**—**	**—**	**115**	116	—	—	—	116
Fair value adjustment of investment in real estate securities	**—**	**28**	**—**	**—**	**28**	—	31	—	—	31
Fair value adjustment on investment properties	**—**	**(23)**	**25**	**—**	**2**	—	(84)	63	—	(21)
Fair value adjustment of derivatives	**2**	**—**	**—**	**—**	**2**	5	—	—	—	5
Transaction costs and other related recoveries	**—**	**(39)**	**—**	**—**	**(39)**	—	—	—	—	—
Charge related to PC Bank commodity tax matter	**—**	**—**	**—**	**—**	**—**	37	—	—	—	37
Gain on sale of non-operating properties	**—**	**—**	**—**	**—**	**—**	—	—	(3)	—	(3)
Adjusting items	**$ 281**	**$ (34)**	**$ 25**	**$ 256**	**$ 528**	$ 158	$ (53)	$ 60	$ —	$ 165
Adjusted operating income	**$ 1,147**	**$ 239**	**$ (57)**	**$ (6)**	**$ 1,323**	$ 1,083	$ 237	$ (40)	$ (16)	$ 1,264
Depreciation and amortization excluding the impact of the above adjustment(i)	**564**	**1**	**(83)**	**1**	**483**	555	1	(88)	1	469
Adjusted EBITDA	**$ 1,711**	**$ 240**	**$ (140)**	**$ (5)**	**$ 1,806**	$ 1,638	$ 238	$ (128)	$ (15)	$ 1,733

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

($ millions)	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consolidated
	24 Weeks Ended									
					Jun. 15, 2024					Jun. 17, 2023
Net earnings attributable to shareholders of the Company					**$ 656**					$ 944
Add impact of the following:										
Non-controlling interests					**503**					490
Income taxes					**395**					478
Net interest expense and other financing charges					**212**					144
Operating income	**$ 1,725**	**$ 480**	**$ (168)**	**$ (271)**	**$ 1,766**	$ 1,692	$ 596	$ (202)	$ (30)	$ 2,056
Add (deduct) impact of the following:										
Charges related to settlement of class action lawsuits	**$ 164**	**$ —**	**$ —**	**$ 256**	**$ 420**	$ —	$ —	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**229**	**—**	**—**	**—**	**229**	230	—	—	—	230
Fair value adjustment of investment in real estate securities	**—**	**58**	**—**	**—**	**58**	—	46	—	—	46
Fair value adjustment on investment properties	**—**	**(20)**	**38**	**—**	**18**	—	(176)	106	—	(70)
Fair value adjustment of derivatives	**(5)**	**—**	**—**	**—**	**(5)**	8	—	—	—	8
Transaction costs and other related recoveries	**—**	**(39)**	**—**	**—**	**(39)**	—	—	—	—	—
Charge related to PC Bank commodity tax matter	**—**	**—**	**—**	**—**	**—**	37	—	—	—	37
Loss (gain) on sale of non-operating properties	**—**	**—**	**—**	**—**	**—**	1	—	(5)	—	(4)
Adjusting items	**$ 388**	**$ (1)**	**$ 38**	**$ 256**	**$ 681**	$ 276	$ (130)	$ 101	$ —	$ 247
Adjusted operating income	**$ 2,113**	**$ 479**	**$ (130)**	**$ (15)**	**$ 2,447**	$ 1,968	$ 466	$ (101)	$ (30)	$ 2,303
Depreciation and amortization excluding the impact of the above adjustment(i)	**1,140**	**2**	**(162)**	**2**	**982**	1,116	2	(183)	2	937
Adjusted EBITDA	**$ 3,253**	**$ 481**	**$ (292)**	**$ (13)**	**$ 3,429**	$ 3,084	$ 468	$ (284)	$ (28)	$ 3,240

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

The following items impacted adjusted EBITDA in 2024 and 2023:

Charges related to settlement of class action lawsuits On July 24, 2024, the Company and Loblaw entered into binding Minutes of Settlement to resolve nationwide class action lawsuits against them relating to their role in an industry-wide price-fixing arrangement. In the second quarter of 2024, the Company and Loblaw recorded charges of $256 million and $164 million, respectively, in SG&A, relating to the settlement and related costs.

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

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

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

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

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

Transaction costs and other related recoveries In the second quarter of 2024, Choice Properties recorded a reversal of a transaction related provision for $39 million that was determined to be no longer required.

Charge related to PC Bank commodity tax matter In the second quarter of 2023, the Federal government enacted certain commodity tax legislation that applied to PC Bank on a retroactive basis. A charge of $37 million, inclusive of interest, was recorded for this matter. In the fourth quarter of 2023, the Company reversed $13 million of previously recorded charges. The reversal was a result of new guidance issued by the Canada Revenue Agency.

Loss (gain) on sale of non-operating properties Year-to-date, Loblaw did not record any gain or loss related to the sale of non-operating properties (2023 – loss of $1 million).

In the first and second quarter of 2023, Choice Properties disposed of a property and incurred a loss which was recognized in fair value adjustment on investment properties. On consolidation, the Company recorded these properties as fixed assets, which were recognized at cost less accumulated depreciation. As a result, in the first and second quarter of 2023, on consolidation, an incremental gain of $2 million and $3 million, respectively, was recognized in operating income.

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

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

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 15, 2024**	Jun. 17, 2023	**Jun. 15, 2024**	Jun. 17, 2023
Net interest (income) expense and other financing charges	**$ (3)**	$ 73	**$ 212**	$ 144
Add impact of the following:				
Fair value adjustment of the Trust Unit liability	**274**	202	**333**	394
Adjusted net interest expense and other financing charges	**$ 271**	$ 275	**$ 545**	$ 538

The following item impacted adjusted net interest expense and other financing charges in 2024 and 2023:

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

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

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

	12 Weeks Ended		24 Weeks Ended	
($ millions except where otherwise indicated)	**Jun. 15, 2024**	Jun. 17, 2023	**Jun. 15, 2024**	Jun. 17, 2023
Adjusted operating income(i)	**$ 1,323**	$ 1,264	**$ 2,447**	$ 2,303
Adjusted net interest expense and other financing charges(i)	**271**	275	**545**	538
Adjusted earnings before taxes	**$ 1,052**	$ 989	**$ 1,902**	$ 1,765
Income taxes	**$ 131**	$ 244	**$ 395**	$ 478
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes(ii)	**142**	37	**175**	63
Outside basis difference in certain Loblaw shares	**20**	(10)	**(32)**	(42)
Adjusted income taxes	**$ 293**	$ 271	**$ 538**	$ 499
Effective tax rate applicable to earnings before taxes	**16.4%**	23.8%	**25.4%**	25.0%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**27.9%**	27.4%	**28.3%**	28.3%

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

In addition to certain items described in the "Adjusted EBITDA" and "Adjusted Net Interest Expense and Other Financing Charges" sections above, the following item impacted adjusted income taxes and the adjusted effective tax rate in 2024 and 2023:

Outside basis difference in certain Loblaw shares The Company recorded a deferred tax recovery of $20 million in the second quarter of 2024 (2023 – expense of $10 million) and a deferred tax expense of $32 million year-to-date (2023 – $42 million) on temporary differences in respect of GWL's investment in certain Loblaw shares that are expected to reverse in the foreseeable future as a result of GWL's participation in Loblaw's NCIB.

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

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

	12 Weeks Ended		24 Weeks Ended	
($ millions except where otherwise indicated)	**Jun. 15, 2024**	Jun. 17, 2023	**Jun. 15, 2024**	Jun. 17, 2023
Net earnings attributable to shareholders of the Company	**$ 410**	$ 508	**$ 656**	$ 944
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(20)**	(20)
Net earnings available to common shareholders of the Company	**$ 400**	$ 498	**$ 636**	$ 924
Less: Reduction in net earnings due to dilution at Loblaw	**(3)**	(3)	**(5)**	(5)
Net earnings available to common shareholders for diluted earnings per share	**$ 397**	$ 495	**$ 631**	$ 919
Net earnings attributable to shareholders of the Company	**$ 410**	$ 508	**$ 656**	$ 944
Adjusting items (refer to the following tables)	**(6)**	(121)	**70**	(265)
Adjusted net earnings attributable to shareholders of the Company	**$ 404**	$ 387	**$ 726**	$ 679
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(20)**	(20)
Adjusted net earnings available to common shareholders of the Company	**$ 394**	$ 377	**$ 706**	$ 659
Less: Reduction in net earnings due to dilution at Loblaw	**(3)**	(3)	**(5)**	(5)
Adjusted net earnings available to common shareholders for diluted earnings per share	**$ 391**	$ 374	**$ 701**	$ 654
Diluted weighted average common shares outstanding (in millions)	**133.6**	139.5	**134.2**	140.1

Management's Discussion and Analysis

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

	12 Weeks Ended											
	Jun. 15, 2024						Jun. 17, 2023					
	Net Earnings Available to Common Shareholders of the Company					**Diluted Net Earnings Per Common Share ($)**	Net Earnings Available to Common Shareholders of the Company					Diluted Net Earnings Per Common Share ($)
($ millions except where otherwise indicated)	**Loblaw(i)**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consol-idated**	**Consol-idated**	Loblaw(i)	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Consol-idated
As reported	**$ 241**	**$ 514**	**$ (154)**	**$ (201)**	**$ 400**	**$ 2.97**	$ 267	$ 536	$ (252)	$ (53)	$ 498	$ 3.55
Add (deduct) impact of the following(ii):												
Charges related to settlement of class action lawsuits	**$ 64**	**$ —**	**$ —**	**$ 189**	**$ 253**	**$ 1.89**	$ —	$ —	$ —	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**43**	**—**	**—**	**—**	**43**	**0.33**	44	—	—	—	44	0.32
Fair value adjustment of investment in real estate securities	**—**	**28**	**(3)**	**—**	**25**	**0.19**	—	31	(3)	—	28	0.20
Fair value adjustment on investment properties	**—**	**(26)**	**30**	**—**	**4**	**0.03**	—	(86)	69	—	(17)	(0.12)
Fair value adjustment of derivatives	**2**	**—**	**—**	**—**	**2**	**0.01**	2	—	—	—	2	0.01
Transaction costs and other related recoveries	**—**	**(39)**	**—**	**—**	**(39)**	**(0.29)**	—	—	—	—	—	—
Charge related to PC Bank commodity tax matter	**—**	**—**	**—**	**—**	**—**	**—**	15	—	—	—	15	0.11
Gain on sale of non-operating properties	**—**	**—**	**—**	**—**	**—**	**—**	—	—	(1)	—	(1)	(0.01)
Fair value adjustment of the Trust Unit liability	**—**	**—**	**(274)**	**—**	**(274)**	**(2.05)**	—	—	(202)	—	(202)	(1.45)
Outside basis difference in certain Loblaw shares	**—**	**—**	**—**	**(20)**	**(20)**	**(0.15)**	—	—	—	10	10	0.07
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**(372)**	**372**	**—**	**—**	**—**	—	(376)	376	—	—	—
Adjusting items	**$ 109**	**$ (409)**	**$ 125**	**$ 169**	**$ (6)**	**$ (0.04)**	$ 61	$ (431)	$ 239	$ 10	$ (121)	$ (0.87)
Adjusted	**$ 350**	**$ 105**	**$ (29)**	**$ (32)**	**$ 394**	**$ 2.93**	$ 328	$ 105	$ (13)	$ (43)	$ 377	$ 2.68

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

($ millions except where otherwise indicated)	24 Weeks Ended Jun. 15, 2024 Net Earnings Available to Common Shareholders of the Company Loblaw[(i)]	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Diluted Net Earnings Per Common Share ($) Consol-idated	Jun. 17, 2023 Net Earnings Available to Common Shareholders of the Company Loblaw[(i)]	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Diluted Net Earnings Per Common Share ($) Consol-idated
As reported	**$ 484**	**$ 656**	**$ (218)**	**$ (286)**	**$ 636**	**$ 4.70**	$ 488	$ 807	$ (249)	$ (122)	$ 924	$ 6.56
Add (deduct) impact of the following[(ii)]:												
Charges related to settlement of class action lawsuits	**$ 64**	**$ —**	**$ —**	**$ 189**	**$ 253**	**$ 1.89**	$ —	$ —	$ —	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**88**	**—**	**—**	**—**	**88**	**0.65**	89	—	—	—	89	0.63
Fair value adjustment of investment in real estate securities	**—**	**58**	**(5)**	**—**	**53**	**0.39**	—	46	(4)	—	42	0.30
Fair value adjustment on investment properties	**—**	**(22)**	**40**	**—**	**18**	**0.13**	—	(178)	118	—	(60)	(0.43)
Fair value adjustment of derivatives	**(2)**	**—**	**—**	**—**	**(2)**	**(0.01)**	3	—	—	—	3	0.02
Transaction costs and other related recoveries	**—**	**(39)**	**—**	**—**	**(39)**	**(0.29)**	—	—	—	—	—	—
Charge related to PC Bank commodity tax matter	**—**	**—**	**—**	**—**	**—**	**—**	15	—	—	—	15	0.11
Loss (gain) on sale of non-operating properties	**—**	**—**	**—**	**—**	**—**	**—**	1	—	(3)	—	(2)	(0.01)
Fair value adjustment of the Trust Unit liability	**—**	**—**	**(333)**	**—**	**(333)**	**(2.48)**	—	—	(394)	—	(394)	(2.81)
Outside basis difference in certain Loblaw shares	**—**	**—**	**—**	**32**	**32**	**0.24**	—	—	—	42	42	0.30
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**(439)**	**439**	**—**	**—**	**—**	—	(471)	471	—	—	—
Adjusting items	**$ 150**	**$ (442)**	**$ 141**	**$ 221**	**$ 70**	**$ 0.52**	$ 108	$ (603)	$ 188	$ 42	$ (265)	$ (1.89)
Adjusted	**$ 634**	**$ 214**	**$ (77)**	**$ (65)**	**$ 706**	**$ 5.22**	$ 596	$ 204	$ (61)	$ (80)	$ 659	$ 4.67

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

EFFECT OF CONSOLIDATION The Company believes that a breakdown of the effect of consolidation is useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

The following table provides a breakdown of the effect of consolidation for certain key performance metrics.

	12 Weeks Ended									
	Jun. 15, 2024					Jun. 17, 2023				
($ millions)	**Revenue**	**Operating Income**	Adjusted EBITDA(i)	**Net Interest Expense and Other Financing Charges**	Adjusted Net Earnings Available to Common Shareholders(i)	Revenue	Operating Income	Adjusted EBITDA(i)	Net Interest Expense and Other Financing Charges	Adjusted Net Earnings Available to Common Shareholders(i)
Elimination of intercompany rental revenue	**$ (195)**	**$ (13)**	$ (13)	**$ —**	$ (11)	$ (188)	$ (6)	$ (6)	$ —	$ (5)
Elimination of internal lease arrangements	**3**	**(30)**	(125)	**(30)**	1	4	(30)	(125)	(26)	(3)
Elimination of intersegment real estate transactions	**—**	**(2)**	(2)	**—**	(2)	—	6	3	—	10
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**—**	**(12)**	—	**—**	(12)	—	(7)	—	—	(8)
Fair value adjustment on investment properties	**—**	**(25)**	—	**3**	—	—	(63)	—	2	—
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	**—**	**—**	—	**(75)**	75	—	—	—	(74)	74
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	**—**	**—**	—	**52**	(52)	—	—	—	51	(51)
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**—**	—	**372**	—	—	—	—	376	—
Fair value adjustment of the Trust Unit liability	**—**	**—**	—	**(274)**	—	—	—	—	(202)	—
Tax expense on Choice Properties related earnings	**—**	**—**	—	**—**	(28)	—	—	—	—	(30)
Total	**$ (192)**	**$ (82)**	$ (140)	**$ 48**	$ (29)	$ (184)	$ (100)	$ (128)	$ 127	$ (13)

(i) See reconciliation of adjusted EBITDA and adjusted net earnings available to common shareholders of the Company above.

	24 Weeks Ended									
					Jun. 15, 2024					Jun. 17, 2023
($ millions)	**Revenue**	**Operating Income**	Adjusted EBITDA(i)	**Net Interest Expense and Other Financing Charges**	Adjusted Net Earnings Available to Common Shareholders(i)	Revenue	Operating Income	Adjusted EBITDA(i)	Net Interest Expense and Other Financing Charges	Adjusted Net Earnings Available to Common Shareholders(i)
Elimination of intercompany rental revenue	**$ (393)**	**$ (27)**	$ (27)	**$ —**	$ (23)	$ (377)	$ (34)	$ (34)	$ —	$ (28)
Elimination of internal lease arrangements	**6**	**(44)**	(233)	**(58)**	11	6	(51)	(241)	(52)	1
Elimination of intersegment real estate transactions	**—**	**(32)**	(32)	**—**	(28)	—	(4)	(9)	—	(11)
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**—**	**(27)**	—	**—**	(27)	—	(7)	—	—	(12)
Fair value adjustment on investment properties	**—**	**(38)**	—	**2**	—	—	(106)	—	2	—
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	**—**	**—**	—	**(150)**	150	—	—	—	(148)	148
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	**—**	**—**	—	**105**	(105)	—	—	—	103	(103)
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**—**	—	**439**	—	—	—	—	471	—
Fair value adjustment of the Trust Unit liability	**—**	**—**	—	**(333)**	—	—	—	—	(394)	—
Tax expense on Choice Properties related earnings	**—**	**—**	—	**—**	(55)	—	—	—	—	(56)
Total	**$ (387)**	**$ (168)**	$ (292)	**$ 5**	$ (77)	$ (371)	$ (202)	$ (284)	$ (18)	$ (61)

(i) See reconciliation of adjusted EBITDA and adjusted net earnings available to common shareholders of the Company above.

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

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

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 15, 2024**	Jun. 17, 2023	**Jun. 15, 2024**	Jun. 17, 2023
Cash flows from operating activities	**$ 1,406**	$ 1,324	**$ 2,260**	$ 2,238
Less: Interest paid	**205**	199	**450**	438
Capital investments(i)	**517**	479	**946**	876
Lease payments, net	**227**	205	**447**	409
Free cash flow	**$ 457**	$ 441	**$ 417**	$ 515

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's condensed consolidated statements of cash flows, and prepayments transferred to fixed assets in the current period.

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

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

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

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

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

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

	12 Weeks Ended		24 Weeks Ended	
($ millions)	**Jun. 15, 2024**	Jun. 17, 2023	**Jun. 15, 2024**	Jun. 17, 2023
Net income	**$ 514**	$ 536	**$ 656**	$ 807
Add (deduct) impact of the following:				
Amortization of intangible assets	**1**	1	**1**	1
Transaction costs and other related recoveries	**(39)**	—	**(39)**	—
Adjustment to fair value of unit-based compensation	**(1)**	(1)	**(2)**	(2)
Fair value adjustment on Exchangeable Units	**(372)**	(376)	**(439)**	(471)
Fair value adjustment on investment properties	**(28)**	(86)	**(27)**	(162)
Fair value adjustment on investment property held in equity accounted joint ventures	**2**	—	**5**	(16)
Fair value adjustment of investment in real estate securities	**28**	31	**58**	46
Capitalized interest on equity accounted joint ventures	**3**	3	**5**	5
Unit distributions on Exchangeable Units	**75**	74	**150**	148
Internal expenses for leasing	**2**	2	**4**	4
Funds from Operations	**$ 185**	$ 184	**$ 372**	$ 360

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

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

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024	2023	2024	2023	2023	2022	2023	2022
($ millions)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)
Net earnings (loss) attributable to shareholders of the Company	**$ 410**	$ 508	$ 246	$ 436	$ (28)	$ (104)	$ 624	$ 903
Add (deduct) impact of the following:								
Non-controlling interests	**$ 257**	$ 274	$ 246	$ 216	$ 275	$ 239	$ 320	$ 282
Income taxes	**$ 131**	$ 244	$ 264	$ 234	$ 169	$ 213	$ 202	$ 276
Net interest (income) expense and other financing charges	**$ (3)**	$ 73	$ 215	$ 71	$ 660	$ 916	$ 85	$ 13
Operating income	**$ 795**	$ 1,099	$ 971	$ 957	$ 1,076	$ 1,264	$ 1,231	$ 1,474
Add (deduct) impact of the following:								
Charges related to settlement of class action lawsuits	**$ 420**	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**115**	116	114	114	115	115	154	151
Fair value adjustment of investment in real estate securities	**28**	31	30	15	(27)	20	45	69
Fair value adjustment on investment properties	**2**	(21)	16	(49)	34	(226)	1	(313)
Fair value adjustment of derivatives	**2**	5	(7)	3	14	11	(6)	(6)
Transaction costs and other related recoveries	**(39)**	—	—	—	—	—	—	—
Charges (recoveries) related to PC Bank commodity tax matters	**—**	37	—	—	(13)	—	—	—
Gain on sale of non-operating properties	**—**	(3)	—	(1)	(1)	(50)	(15)	(3)
Fair value adjustment on non-operating properties	**—**	—	—	—	9	(6)	—	—
Foreign currency translation and other company level activities	**—**	—	—	—	—	—	—	1
Adjusting items	**$ 528**	$ 165	$ 153	$ 82	$ 131	$ (136)	$ 179	$ (101)
Adjusted operating income	**$ 1,323**	$ 1,264	$ 1,124	$ 1,039	$ 1,207	$ 1,128	$ 1,410	$ 1,373
Depreciation and amortization excluding the impact of the above adjustment(i)	**$ 483**	$ 469	$ 499	$ 468	$ 487	$ 462	$ 609	$ 578
Adjusted EBITDA	**$ 1,806**	$ 1,733	$ 1,623	$ 1,507	$ 1,694	$ 1,590	$ 2,019	$ 1,951

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

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS AND ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE The following tables reconcile adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share to GAAP net earnings (loss) available to common shareholders of the Company and diluted net earnings (loss) per common share as reported for the periods ended as indicated.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024	2023	2024	2023	2023	2022	2023	2022
($ millions)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)
As reported	**$ 400**	$ 498	$ 236	$ 426	$ (38)	$ (114)	$ 610	$ 889
Add (deduct) impact of the following(i):								
Charges related to settlement of class action lawsuits	**$ 253**	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**43**	44	45	45	45	41	60	60
Fair value adjustment of investment in real estate securities	**25**	28	28	14	(25)	18	42	64
Fair value adjustment on investment properties	**4**	(17)	14	(43)	(7)	(225)	1	(262)
Fair value adjustment of derivatives	**2**	2	(4)	1	5	5	(2)	(3)
Transaction costs and other related recoveries	**(39)**	—	—	—	—	—	—	—
Charges (recoveries) related to PC Bank commodity tax matters	**—**	15	—	—	(6)	—	—	—
Gain on sale of non-operating properties	**—**	(1)	—	(1)	(1)	(19)	(8)	(1)
Fair value adjustment of the Trust Unit liability	**(274)**	(202)	(59)	(192)	382	662	(219)	(277)
Outside basis difference in certain Loblaw shares	**(20)**	10	52	32	(16)	3	(18)	(18)
Fair value adjustment on non-operating properties	**—**	—	—	—	3	(2)	—	—
Foreign currency translation and other company level activities	**—**	—	—	—	—	—	—	1
Adjusting items	**$ (6)**	$ (121)	$ 76	$ (144)	$ 380	$ 483	$ (144)	$ (436)
Adjusted	**$ 394**	$ 377	$ 312	$ 282	$ 342	$ 369	$ 466	$ 453

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

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024	2023	2023	2022	2023	2022	2023	2022
($ except where otherwise indicated)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)
As reported	**$ 2.97**	$ 3.55	$ 1.73	$ 3.01	$ (0.30)	$ (0.83)	$ 4.41	$ 6.14
Add (deduct) impact of the following(i):								
Charges related to settlement of class action lawsuits	**$ 1.89**	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**0.33**	0.32	0.34	0.32	0.33	0.29	0.43	0.42
Fair value adjustment of investment in real estate securities	**0.19**	0.20	0.21	0.10	(0.19)	0.13	0.30	0.45
Fair value adjustment on investment properties	**0.03**	(0.12)	0.10	(0.30)	(0.05)	(1.60)	0.01	(1.82)
Fair value adjustment of derivatives	**0.01**	0.01	(0.03)	0.01	0.04	0.03	(0.01)	(0.02)
Transaction costs and other related recoveries	**(0.29)**	—	—	—	—	—	—	—
Charges (recoveries) related to PC Bank commodity tax matters	**—**	0.11	—	—	(0.04)	—	—	—
Gain on sale of non-operating properties	**—**	(0.01)	—	(0.01)	(0.01)	(0.13)	(0.05)	(0.01)
Fair value adjustment of the Trust Unit liability	**(2.05)**	(1.45)	(0.44)	(1.37)	2.83	4.69	(1.60)	(1.92)
Outside basis difference in certain Loblaw shares	**(0.15)**	0.07	0.39	0.23	(0.12)	0.02	(0.13)	(0.13)
Fair value adjustment on non-operating properties	**—**	—	—	—	0.02	(0.01)	—	—
Foreign currency translation and other company level activities	**—**	—	—	—	—	—	—	0.01
Adjusting items	**$ (0.04)**	$ (0.87)	$ 0.57	$ (1.02)	$ 2.81	$ 3.42	$ (1.05)	$ (3.02)
Adjusted	**$ 2.93**	$ 2.68	$ 2.30	$ 1.99	$ 2.51	$ 2.59	$ 3.36	$ 3.12
Diluted weighted average common shares outstanding (in millions)	**133.6**	139.5	134.9	140.7	134.8	141.3	137.3	144.1

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

10. Forward-Looking Statements

This Quarterly Report, including this MD&A, contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this Quarterly Report include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of IT systems implementations. These specific forward-looking statements are contained throughout this Quarterly Report including, without limitation, in Section 3, "Liquidity and Capital Resources", Section 8, "Outlook", and Section 9, "Non-GAAP and Other Financial Measures", of this MD&A. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to the Company and its management.

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

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Enterprise Risks and Risk Management" sections of the Company's 2023 Annual Report and the Company's AIF for the year ended December 31, 2023. Such risks and uncertainties include:

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

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including without limitation, the section entitled "Operating and Financial Risks and Risk Management" in the Company's AIF for the year ended December 31, 2023. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

11. Additional Information

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

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

Toronto, Canada

July 29, 2024

Footnote Legend

(1) Refer to Section 9, “Non-GAAP and Other Financial Measures”, of the Company’s 2024 Second Quarter Management’s Discussion and Analysis.

(2) To be read in conjunction with Section 10, “Forward-Looking Statements”, of the Company’s 2024 Second Quarter Management’s Discussion and Analysis.