



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND MANAGEMENT INFORMATION CIRCULAR

March 28, 2018

Leon's Furniture Limited/Meubles Leon Ltée

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LEON'S FURNITURE LIMITED/MEUBLES LEON LTÉE
NOTICE OF ANNUAL AND SPECIAL MEETING OF COMMON SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Common Shareholders of Leon's Furniture Limited/Meubles Leon Ltée ("Leon's" or the "Corporation") will be held at Fairmont Royal York at 100 Front Street West, Toronto, Ontario, on Thursday, May 10, 2018 at 2:00 p.m. (Toronto time) for the following purposes:

1. To receive the Consolidated Financial Statements of the Corporation for the year ended December 31, 2017 together with the report of the Auditors thereon;
2. To elect Directors;
3. To appoint Auditors and to authorize the Directors to fix their remuneration;
4. To consider and, if deemed advisable, approve, with or without variation, a resolution in the form attached as Appendix B to the Corporation's Management Information Circular March 28, 2018 approving a new Management Share Purchase Plan; and
5. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

An Annual Report, containing the 2017 Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, a financial statement request form, the Management Information Circular and a form of proxy accompany this notice.

Common Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of proxy and to return it in the envelope provided for that purpose prior to the time specified in the Management Information Circular.

Common Shareholders of record at the close of business on March 28, 2018 will be entitled to vote at the meeting.

Weston, Ontario
March 28, 2018

BY ORDER OF THE BOARD



Terrence T. Leon
Chief Executive Officer

LEON'S FURNITURE LIMITED / MEUBLES LEON LTÉE
MANAGEMENT INFORMATION CIRCULAR
MARCH 28, 2018

Unless otherwise noted below, the information in this Management Information Circular is provided as of March 28, 2018.

SOLICITATION OF PROXIES BY MANAGEMENT

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF LEON'S FURNITURE LIMITED / MEUBLES LEON LTÉE ("Leon's" or the "Corporation") of proxies to be used at the Annual and Special Meeting of the holders (the "Common Shareholders") of common shares of the Corporation ("Common Shares") to be held on the 10th day of May, 2018 at Toronto, Ontario, and at any adjournment or postponement thereof for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Common Shareholders (the "Meeting"). While management intends to solicit most proxies by mail, some proxies may be solicited by telephone or other personal contact by directors, officers, employees or agents of the Corporation at a nominal cost. The cost of such solicitation (except for the cost to return the proxy by mail) will be borne by the Corporation.

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors and officers of the Corporation. **A Common Shareholder has the right to appoint a person, who need not be a shareholder of the Corporation, other than the persons designated in the accompanying form of proxy, to attend and act on behalf of the Common Shareholder at the Meeting. To exercise this right, Common Shareholder may either insert such other person's name in the blank space provided in the accompanying form of proxy or complete another appropriate form of proxy.**

To be valid, a proxy must be dated and signed by the Common Shareholder, or by his or her attorney authorized in writing, as his or her name appears on the Corporation's register of Common Shareholders or, if the Common Shareholder is a corporation, a duly authorized officer or attorney of the corporation. The proxy, to be acted upon, must be deposited with the Corporation, 45 Gordon Mackay Road, Toronto, Ontario, M9N 3X3, by the close of business on the second last business day prior to the date on which the Meeting or any adjournment or postponement thereof is held, or with the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

A registered Common Shareholder who has given a proxy may revoke it by depositing an instrument in writing (including another proxy) executed by the Common Shareholder, or by the Common Shareholder's attorney authorized in writing, at the registered office of the Corporation, or by transmitting, by telephone or electronic means, a revocation that is signed by electronic signature, at any time up to and including the second last business day prior to the day that the Meeting or any adjournment or postponement thereof is to be held, or with the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law.

NON-REGISTERED SHAREHOLDERS

Non-registered shareholders, whose shares may be registered in the name of a third party, such as a broker or trust company, may exercise voting rights attached to Common Shares beneficially owned by them. Applicable securities laws require intermediaries or the Corporation, if it directly sends materials to non-registered holders, to seek voting instructions from non-registered shareholders. Accordingly, unless a non-registered shareholder has previously instructed their intermediaries that they do not wish to receive materials relating to shareholders' meetings, non-registered shareholders should receive or have already received from the Corporation or their intermediary either a request for voting instructions or a proxy form. In either case, non-registered shareholders have the right to exercise voting rights attached to Common Shares owned by them, including the right to attend and vote their Common Shares directly at the Meeting. These security holder materials are being sent to both registered and non-registered Common Shareholders. If you are a non-registered owner and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities legislation from the intermediary holding on your behalf.

There are two kinds of non-registered owners of Common Shares — those who object to their name being made known to the Corporation (called OBOs or Objecting Beneficial Owners) and those who do not object to the Corporation knowing who they are (called NOBOs or Non-Objecting Beneficial Owners). Canadian securities laws permit the Corporation to request and obtain a list of its NOBOs from intermediaries and use that list to distribute proxy-related materials directly to NOBOs. The Corporation has decided to take advantage of these provisions.

NOBOs

By choosing to send these materials to NOBOs directly, the Corporation (and not the intermediary holding on your behalf) has (if you are a NOBO) assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, if you are a NOBO, you can expect to receive a Voting Instruction Form ("VIF"). Please complete and return the VIF providing your specific voting instructions in accordance with the directions on the form.

If you wish to attend the Meeting and vote in person, or appoint another person to attend and vote on your behalf, write your name, or the name of your appointee, in the place provided for that purpose in the VIF.

OBOs

If you are an OBO, you should receive or have already received from your intermediary either a request for voting instructions or a proxy form. Intermediaries have their own mailing procedures and provide their own instructions. These procedures may allow voting by telephone, on the Internet, by mail or by fax. In these circumstances the non-registered holder should follow the procedure in the directions and instruction provided by or on behalf of the intermediary and insert their name in the space provided on the request for voting instructions or proxy form or request a form of proxy that will grant the non-registered holder the right to attend the meeting and vote in person. **Non-registered Common Shareholders should carefully follow the directions and instructions of their intermediary, including those regarding when and where the completed request for voting instructions or form of proxy is to be delivered.**

The Corporation does not intend to pay for intermediaries to forward to OBOs the proxy-related materials for the Meeting or a request for voting instructions, and an OBO will not receive these materials unless the OBO's intermediary assumes the cost of delivery.

Revocation of Proxies by NOBOs and OBOs

Only registered Common Shareholders have the right to revoke a proxy. Non-registered Common Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for the Corporation (where the non-registered shareholder is a NOBO) or for their intermediaries (where the non-registered shareholder is an OBO) to change the vote and, if necessary, revoke their proxy.

VOTING OF PROXIES

On any vote that may be called for, the Common Shares represented by properly executed proxies in favour of the persons specified in the enclosed form of proxy will be voted for or against or withheld from voting in accordance with the instructions of the shareholder indicated thereon. **In the absence of such instructions with respect to any matter to be voted on at the meeting, the Common Shares will be voted in FAVOUR of those matters set out in the enclosed proxy.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Common Shareholders and with respect to any other matter which properly comes before the Meeting, or any adjournment or postponement of the Meeting. As of the date of this Management Information Circular, management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. If any matters which are not now known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such other business in accordance with their judgment.

VOTING SHARES AND PRINCIPAL HOLDERS

Only holders of Common Shares are entitled to vote at the Meeting. As at March 14, 2018, the number of Common Shares outstanding was 76,341,341. Each Common Shareholder is entitled to one vote for each Common Share shown as registered in the Common Shareholder's name on the list of Common Shareholders to be prepared as of the close of business on March 28, 2018, such date being the record date for the Meeting.

Mr. Mark Leon is the depositary for 44,612,006 Common Shares of the Corporation, representing 58.4% of the Common Shares outstanding, pursuant to a Shareholders' Agreement dated September 2, 1987, as amended, and made between the companies listed below and Mark Joseph Leon, Terrence Thomas Leon, Edward Florian Leon, Joseph Michael Leon, the Corporation and related parties. As the depositary, he votes these Common Shares at the request of the management of the companies listed on page 4.

To the knowledge of the directors and officers of the Corporation, the persons who beneficially own shares carrying more than 10% of the voting rights attached to all of the shares of the Corporation entitled to be voted at the Meeting are as follows:

Name of Shareholder	Number of Common Shares	Percentage of Outstanding Common Shares
Antomel Limited	12,084,044	15.8%
Jomila Limited	11,478,400	15.0%
Midgemar Limited	12,052,521	15.8%
Timmyal Limited	10,527,404	13.8%

Midgemar Limited is controlled by the Lewie Leon family members. Timmyal Limited is controlled by the Edward Michael Leon family members. Jomila Limited is controlled by Dr. Joseph Leon and his family members. Antomel Limited is controlled by the Anthony Thomas Leon family members.

PARTICULARS OF MATTERS TO BE ACTED UPON

Appointment of Auditors

Upon the recommendation of the Audit Committee of the Board of Directors, the Board of Directors recommends that Ernst & Young LLP be appointed as the Corporation's auditors to hold office until the close of the next annual meeting and that the Directors be authorized to fix their remuneration. This appointment of Ernst & Young LLP as auditors must be approved by a majority of votes cast by Common Shareholders at the Meeting.

The following chart summarizes the fees of Ernst & Young LLP for services during 2017 for audit and non-audit related services:

Type of Work	Fees	Percentage
Audit	1,055,000	95.9%
Tax advisory	45,000	4.1%
Total	1,100,000	100.0%

Representatives of Ernst & Young LLP will be present at the Meeting and will be given the opportunity to make a statement if they so wish and will respond to appropriate questions.

Election of Directors

The number of Directors of the Corporation to be elected at the meeting is eight. All of the nominees for election as Directors are currently Directors of the Corporation. Information regarding these nominees is set out below.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

MAJORITY VOTING POLICY

The Corporation has adopted a majority voting policy for the election of Directors. The policy requires that any nominee for director who receives a greater number of votes "withheld" than votes "for" his or her election as a director shall submit his or her resignation to the Board for consideration promptly following the meeting. The Board shall promptly accept the resignation unless it determines that there are extraordinary circumstances relating to the composition of the board or the voting results that should delay the acceptance of the resignation or justify rejecting it. In any event, it is expected that the resignation will be accepted (or in rare cases rejected) within 90 days of the meeting and the Corporation will promptly issue a news release with the Board's decision including, if the resignation is not accepted, the reasons for that decision. A director who tenders his or her resignation will not participate in any meetings to consider whether the resignation shall be accepted. Shareholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee.

Management does not anticipate that any of the nominees for election as Directors will be unable to serve as a Director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

The following table lists certain information concerning the persons proposed to be nominated for election as Directors. The information as to Common Shares beneficially owned or controlled directly or indirectly by the nominees has been furnished by the respective nominees.

Name and Office Held	Biographical Information	DSU balance as of March 14, 2018	Common Shares of the Corporation Beneficially Owned or Controlled Directly or Indirectly as of March 14, 2018
Mark Joseph Leon Chairman of the Board and Director ⁽²⁾ Director since 1994 Ontario, Canada	Mr. Mark Leon, 66, is Chairman of the Corporation, a position he has held since 2005. He held the position of Chief Executive Officer from 1993 to 2005 and Vice Chairman from 2002 to 2005. Prior to this he was President (1989 to 2002). Mr. Mark Leon does not hold any other corporate directorships.	9,362.12	601,809
Terrence Thomas Leon Director ⁽²⁾ Director since 2009 Ontario, Canada	Mr. Terry Leon, 67, is Chief Executive Officer of the Corporation, a position he has held since May 2005. Prior to that he served as the President and Chief Executive Officer (May 2002 & May 2005), President and Chief Operating Officer (May 2002) and Vice-President and Chief Financial Officer (1989 to May 2002). He is a member of the Law Society of Upper Canada. Mr. Terry Leon also sits on the Board for The Humber River Regional Hospital.	14,979.38	1,082,694
Edward Florian Leon Director Director since 2001 Ontario, Canada	Mr. Edward Leon, 61, is President and Chief Operating Officer since June 2015. Prior to this he was Vice President of Merchandising (2002) and was a Director of Merchandising. Mr. Edward Leon does not hold any other corporate directorships.	14,979.38	147,095
Peter Eby Director ^{(1)*} Director since 1977 Ontario, Canada	Mr. Peter Eby, 79, is a corporate director. He is a retired Vice-Chairman of Nesbitt Burns Inc. and a retired Director of Nesbitt Burns Inc., George Weston Limited, and TD Asset Management U.S.A. Funds Inc. He is the Chair of the Audit Committee.	11,428.23	10,800
Alan John Lenczner, Q.C. Director ^{(2)*} Director since 1992 Ontario, Canada	Mr. Alan Lenczner, 75, is a corporate director. He is a founding partner in the law firm of Lenczner Slaght Royce Smith Griffin. Mr. Lenczner also sits on the Board and Audit Committee for Hudbay Minerals Inc. and is a former Commissioner of the Ontario Securities Commission. He is the Chair of Leon's Compensation Committee.	9,362.12	3,000
Mary Ann Leon, CPA, CA, ICD.D Director ⁽¹⁾ Director since 2004 Ontario, Canada	Ms. Mary Ann Leon, 63, is an accounting and financial services professional as well as a corporate director. She provides financial advisory and reporting services to a number of clients. Ms. Leon is also a director of Trans Global Insurance Company and Trans Global Life Insurance Company, as well as a member of the Collegium of the University of St. Michael's College. She is a former director of Sun Life Financial Trust Inc. and several non-profit organizations.	9,362.12	8,269

Name and Office Held	Biographical Information	DSU balance as of March 14, 2018	Common Shares of the Corporation Beneficially Owned or Controlled Directly or Indirectly as of March 14, 2018
Frank Gagliano Director ⁽¹⁾ Director since 2008 Ontario, Canada	Mr. Frank Gagliano, 69, is a corporate director. He is the Vice Chairman of St. Joseph Communications. Mr. Gagliano is also a director of Trans Global Insurance Company and Trans Global Life Insurance Company. He is a past board member of the RCMP Foundation and is a founding Director of CORE, the Center of Outsourcing Research and Education. Mr. Gagliano is also a board member of Catholic Charities of the Archdiocese of Toronto.	9,362.12	4,500
Joseph Michael Leon II Director Director since 2013 Ontario, Canada	Mr. Joseph Leon II, 58, is a corporate director. He was employed by Leon's Furniture Limited from 1980 until his retirement in 2008. His most recent position was as an Area Supervisor. Mr. Joseph Leon does not hold any other corporate directorships.	9,362.12	73,330

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

* Committee Chairman

SUMMARY OF THE BOARD AND COMMITTEE MEETINGS HELD DURING 2017

Board	4
Audit Committee	4
Compensation Committee	2
Total number of meetings held	10

All members of the Board of Directors and of each of its individual committee members attended each Board of Directors meeting and/or committee meeting, as the case may be, in the 2017 fiscal year.

PROPOSED NEW MANAGEMENT SHARE PURCHASE PLAN

The Corporation's current Management Share Purchase Plan (the "Existing MSPP") has been in existence since 2012. Management of the Corporation believes that the Existing MSPP can be replaced with a modernized and simplified share purchase plan. As a result, the shareholders of the Corporation will be asked to consider and if thought advisable, pass, with or without variation, a resolution (the "New MSPP Resolution") approving the proposed new Management Share Purchase Plan, entitled the 2018 Management Share Purchase Plan (the "Proposed MSPP") at the Meeting. The Existing MSPP will continue to apply to Non-Voting Convertible Shares issued prior to the Meeting, and the existing trust agreement with AST Trust Company (Canada) will continue to govern the Existing MSPP and the Non-Voting Convertible Shares issued thereunder. Notwithstanding such continuation, provided the Proposed MSPP is approved, any future awards will be made under the Proposed MSPP and no further awards will be made under the Existing MSPP. A copy of the New MSPP Resolution is attached as Appendix B to this Management Information Circular. Common Shareholders will be asked to vote for or against the New MSPP Resolution.

IN THE ABSENCE OF CONTRARY INSTRUCTIONS, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE FOR THE NEW MSPP RESOLUTION.

The following is a summary of the key terms of the Proposed MSPP. A complete copy of the Proposed MSPP can be found at Appendix C to this Management Information Circular entitled "2018 Management Share Purchase Plan of Leon's Furniture Limited". Shareholders are encouraged to read the full text of the Proposed MSPP. If the Proposed MSPP is approved, the Corporation will enter into a trust agreement with AST Trust Company (Canada) (the "Trustee"), the trustee for Common Shares under the Proposed MSPP. No securities have been granted under the Proposed MSPP. The Proposed MSPP is simpler than the Existing MSPP, as it provides loans to eligible participants to purchase Common Shares of the Corporation, rather than Convertible Non-Voting Shares.

Certain key differences between the 2012 MSPP and the Proposed MSPP are described under "*Compensation Discussion and Analysis – Executive Compensation – Compensation Components – Management Share Purchase Plan*".

PURPOSE AND PARTICIPATION

As with the Existing MSPP, the purpose of the Proposed MSPP is to reward selected employees over time for the long-term success of the Corporation. The selection of the employees of the Corporation who participate in the Proposed MSPP and the number of shares they are granted is based upon the following criteria: level of responsibility; length of service; past contributions; future potential; and current compensation.

The intention of the Proposed MSPP is to afford eligible full-time employees of the Corporation ("Associates") with the opportunity to obtain a proprietary interest in the Corporation by providing them with interest-free loans ("Associate Loans") for the subscription for Common Shares ("Associate Shares"). The Compensation Committee may designate Associates to participate in the Proposed MSPP and determine the amount of the Associate Loan (the "Loan Amount") granted to each such employee in accordance with the terms of the Proposed MSPP.

PURCHASE PRICE

The price at which an Associate Share may be purchased by an Associate is the "Market Value" of the Associate Share. "Market Value" means the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the day on which the Corporation allots and issues the Associate Shares to the Associate in accordance with the terms of the Proposed MSPP (the "Associate Purchase Date").

FINANCIAL ASSISTANCE

On the Associate Purchase Date, the Corporation will loan to the Associate, on an interest-free basis, an amount equal to the Loan Amount determined by the Compensation Committee and approved by the Board in accordance with Proposed MSPP. The Associate Loan will not bear interest and, subject to early maturity pursuant to the provisions of the Proposed MSPP, shall mature and be repayable in accordance with terms approved by the Board, but in any event no more than ten years from the Associate Purchase Date (the "Maturity Date").

Each Associate will direct the Corporation to pay the Loan Amount to the Trustee, and on the Associate Purchase Date the Trustee will, on behalf of the Associate, purchase from the Corporation a whole number of Associate Shares equal to the Loan Amount divided by the Market Value of one Associate Share. Any unused amount of the Associate Loan will be returned by the Trustee to the Corporation in partial repayment of such Associate Loan.

RELEASE OF SHARES

If at any time after the date that is three years from a particular Associate Purchase Date, all or any portion of the Associate Loan advanced on such Associate Purchase Date is repaid by the Associate, the corresponding number of Associate Shares purchased with such Associate Loan, or portion thereof, being repaid will automatically be released to such Associate.

In order to repay all or part of the Associate Loan advanced on a particular Associate Purchase Date, the Associate may, at any time after the date that is three years after such Associate Purchase Date, direct the Trustee to sell all or such part of the Associate Shares held by the Trustee as security for the Associate Loan that is necessary to repay to the Corporation the balance of the Associate Loan.

DEATH OR DISABILITY

In the event of the death of an Associate or in the event of the total and permanent disability of an Associate on or prior to the Maturity Date of a particular Associate Loan, the outstanding amount of the Associate Loan will mature and be payable on the date that is six months from the date of death or disability. If the Associate Loans are repaid in full within such six-month period, the Associate Shares will be released to the legal personal representatives of the deceased Associate or to the disabled Associate. If the Associate Loans of the Associate have not been repaid in full within the six month period, the Trustee will sell all or such part of the Associate Shares necessary to repay the aggregate balance of the Associate Loans then outstanding. Any proceeds from the sale of the Associate Shares

in excess of the amount required to repay the aggregate balance of the Associate Loans will be paid to the legal personal representatives of the deceased Associate or to the disabled Associate. The remainder of the Associate Shares, if any, shall be released to the legal personal representatives of the deceased Associate or to the disabled Associate. In the event that the proceeds of the sale of the Associate Shares are not sufficient to repay in full the Associate Loans, the legal personal representatives of the deceased Associate or the disabled Associate are required to pay to the Corporation the amount of the deficiency within three months from the date of the sale by the Trustee.

TERMINATION OF EMPLOYMENT AFTER THREE YEAR HOLD PERIOD

If the employment of an Associate is terminated after the date that is three years after a particular Associate Purchase Date but prior to the Maturity Date of the Associate Loan advanced on such Associate Purchase Date for any reason whatsoever (other than through death or disability), the outstanding amounts of all Associate Loans of the terminated Associate will be due and payable on the date that is thirty days from the date of termination. If the Associate Loans are repaid in full within such thirty-day period, the Associate Shares will be released to the terminated Associate. If the Associate Loans have not been repaid in full within the thirty-day period, the Trustee will sell all or such part of the Associate Shares necessary to repay the aggregate balance of the Associate Loans then outstanding. Any proceeds from the sale of the Associate Shares in excess of the amount required to repay the aggregate balance of the Associate Loans will be paid to the terminated Associate. The remainder of the Associate Shares, if any, will be released to the terminated Associate. In the event that the proceeds of the sale of the Associate Shares are not sufficient to repay in full the Associate Loans, the terminated Associate is required to pay to the Corporation the amount of the deficiency within thirty days from the date of the sale by the Trustee.

TERMINATION OF EMPLOYMENT WITHIN THREE YEARS OF ASSOCIATE PURCHASE DATE

In the event that the employment of an Associate is terminated or ceases for any reason whatsoever ("Employment Cessation") prior to the date which is three years following a particular Associate Purchase Date of the Associate, the Corporation will cause all of the Associate Shares held by the Trustee on behalf of the Associate as security for the Associate Loan advanced on the particular Associate Purchase Dates (the "Under Three Year Shares") to be sold. In the event that the proceeds of the sale of the Under Three Year Shares exceeds the amount required to repay the aggregate balance of the Associate Loans advanced to purchase the Under Three Year Shares, the terminated Associate will be deemed to have directed that the excess, less the amount of any taxes that the Associate is required to pay as a result of the sale of the Under Three Year Shares, be paid to and retained by the Corporation for its own use and purposes. In the event the proceeds of the sale of the Under Three Year Shares is less than the amount required to repay the aggregate balance of the Associate Loans secured by the Under Three Year Shares, the terminated Associate is required to pay to the Corporation the amount of the deficiency within thirty days from the date of the sale by the Trustee.

MATURITY OF ASSOCIATE LOAN

In the event that on the Maturity Date of an Associate Loan, the Associate Loan of an Associate is not repaid in full, then the Trustee will sell such number of the Associate Shares held as security for the Associate Loan to enable it to fully repay the Associate Loan on behalf of the Associate. The Trustee will pay to the Corporation from the proceeds of the sale of all or part of the Associate Shares the amount necessary to fully repay the Associate Loan, and the remainder of the Associate Shares, if any, will be released to the Associate. Any proceeds of the sale of the Associate Shares in excess of the amount required to repay the matured Associate Loan will be paid to the Associate. In the event that the proceeds of the sale of the Associate Shares are not sufficient to repay that Associate's Associate Loan in full, the Associate is required to pay to the Corporation the amount of the deficiency forthwith after the sale by the Trustee.

DIVIDENDS AND OTHER DISTRIBUTIONS

All cash dividends received by the Trustee in respect of Associate Shares held by it on behalf of an Associate in respect of a particular Associate Loan will be remitted by the Trustee to the Corporation in reduction or repayment of the Associate Loan. All stock dividends or dividends in specie received by the Trustee on behalf of an Associate will be held by the Trustee as security for the repayment of that Associate's Associate Loan, and will not be released or transferred to the Associate until the Associate Loan is repaid in full. All warrants, options, rights, or other distributions received by the Trustee on any Associate Shares held by the Trustee pursuant to the Proposed MSPP will be held by the Trustee, on behalf of the applicable Associate.

CHANGE OF CONTROL

In the event of a proposed change of control, the Board may, as deemed necessary or equitable by the directors in their sole discretion, determine the manner in which all Associate Shares held by the Trustee on behalf of Associates subject to the terms of the Proposed MSPP, will be treated. All determinations of the Board will be binding for all purposes of the Proposed MSPP. In the event of a change of control, the Associate Loans outstanding at the time of the change of control will remain outstanding and be payable by the applicable Associate in accordance with the terms of the Associate Loan and the Proposed MSPP.

SHAREHOLDER RIGHTS

The Trustee will take steps to enable the Associate, or the Associate's legal personal representatives, to attend and vote the Associate Shares held by the Trustee on behalf of the Associate at any meeting of shareholders of the Corporation at which holders of Associate Shares are entitled to attend or vote. In the event that, at any time, an offer to purchase is made to all holders of Common Shares, notice of such offer will be given by the Trustee to each Associate to enable the Associate to tender his or her Associate Shares if desired. Each Associate whose Associate Shares are being held by the Trustee will be entitled to receive all information otherwise made available to the Corporation's shareholders pursuant to applicable securities regulatory requirements and the Trustee will take such steps as are necessary to facilitate the delivery to the Associate.

WITHHOLDING TAX

The issuance, sale or trade of any Associate Shares under the Proposed MSPP are subject to the condition that, if at any time the Board determined in its discretion that either the satisfaction of withholding tax or other withholding liabilities or the consent or approval of any regulatory body is necessary or desirable in connection with the issuance, sale or trade, then the issuance, sale or trade will not be effective unless the withholding or consent or approval has been effected or obtained on terms acceptable to the Board.

BLACKOUT PERIOD

If the Maturity Date of an Associate Loan falls during or within five days after the last day of a period (each a "Blackout Period") during which a policy of the Corporation prevents an Associate from trading in securities of the Corporation, the Maturity Date will be deemed to be extended to the date that is five Business Days after the end of such Blackout Period.

RESTRICTIONS ON SECURITIES SUBJECT TO THE PROPOSED MSPP

The securities subject to the Proposed MSPP will be subject to the following limits:

- (a) no Common Shares will be issued under the Proposed MSPP if such issuance, together with all Common Shares issued under the Corporation's security based compensation arrangements, would result in the issuance, within a one-year period, to insiders of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares of the Corporation;
- (b) the number of Common Shares issuable to insiders of the Corporation, at any time, under the Proposed MSPP, when combined with all of the Corporation's security based compensation arrangements, will not exceed 10% of the issued and outstanding Common Shares of the Corporation; and
- (c) the number of Associate Shares that can be issued pursuant to the Proposed MSPP, together with all Common Shares issuable under the Corporation's equity based compensation arrangements, is fixed at 10% of the issued and outstanding Common Shares, as determined from time to time.

ASSIGNABILITY

The interest of any Associate under the Proposed MSPP is not transferable by the Associate either by assignment or in any other manner whatsoever and, during the Associate's lifetime, shall be vested only to the Associate, but will enure to the benefit of and be binding upon the legal personal representatives of the Associate.

AMENDMENT AND TERMINATION OF THE PROPOSED MSPP

Subject to the following paragraph, the Board may, on the recommendation of the Compensation Committee and without the approval of the Common Shareholders, amend, suspend or terminate the Proposed MSPP, including amendments for any of the following purposes:

- (i) amendments of a technical, clerical or "housekeeping" nature or to clarify any provision of the Proposed MSPP;
- (ii) amendments respecting the administration of the Proposed MSPP;
- (iii) amendments to the vesting provisions of the Proposed MSPP;
- (iv) amendments to respond to changes in legislation, regulations, stock exchange rules or accounting or auditing requirements; and
- (v) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under any applicable laws or the rules, regulations and policies of the Toronto Stock Exchange,

provided that no such amendment, suspension or termination (A) may be made without obtaining any required approval of any regulatory authority or stock exchange, (B) materially prejudice the rights of any Associate with respect to any previously approved participation in the Proposed MSPP, and (C) may affect any Associate Shares issued under the Proposed MSPP prior to the date of such amendment, suspension or termination.

The Board may not, without the approval of the Common Shareholders, make amendments to the Plan for any of the following purposes:

- (i) to increase the maximum number of Associate Shares that may be issued pursuant to the Proposed MSPP;
- (ii) to increase the maximum number of Associate Shares issuable to insiders pursuant to the Proposed MSPP, or to remove the limit on the maximum number of Associate Shares issuable to insiders under the Proposed MSPP;
- (iii) to reduce the purchase price of any Associate Share;
- (iv) to amend the provisions of Section 12 of the Proposed MSPP, which address amendments to the Proposed MSPP; and
- (v) to extend the Maturity Date other than as already set forth in the Proposed MSPP.

CORPORATE GOVERNANCE

The Board of Directors believes it has always acted in the best interests of the Corporation's shareholders and it will remain committed to doing so. The Board of Directors fulfils its role either directly or through delegation of certain responsibilities to its committees. The Board of Directors has two committees: the Audit Committee and the Compensation Committee. In conjunction with these two committees and with management, the Board of Directors constantly reviews developments in corporate governance and acts accordingly in light of evolving best practices and regulatory guidance.

The corporate governance disclosure in this Management Information Circular has been expanded in order to provide more information to shareholders. This disclosure can be found at Appendix A to this Management Information Circular entitled "Statement of Corporate Governance Practices".

BOARD COMPOSITION

The Board of Directors reviews the competence, experience and skills of each of the nominees for the position of Director and recommends the nominees who best meet such criteria, standards and identified needs. The Board of Directors also takes into consideration the profiles of each director already serving on the Board, as it aims to foster diversity, particularly in terms of competence, experience, skills and personal attributes.

For a discussion of diversity within the Board of Directors and senior management, please see Appendix A, Sections 11 to 15.

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors is currently composed of three members. Mr. Mark J. Leon, the Chairman of the Corporation has been employed by the Corporation since 1974, and therefore, is not considered independent. During his time with the Corporation, he has held various positions, including President and Chief Executive Officer. Mr. Terrence T. Leon, President and Chief Executive Officer of the Corporation, has been employed by Leon's since 1978 (except for 1985), and therefore, is not considered independent. He is a licensed lawyer and has previously held various positions within the Corporation, including Vice-President, Chief Financial Officer and Chief Operating Officer. The depth of experience of Mr. Mark J. Leon and Mr. Terrence T. Leon within the Corporation and in the Corporation's industry, provide them with the perspective and knowledge with which to assist the Compensation Committee in determining appropriate compensation packages for the Corporation's executives. Mr. Alan Lenczner, an independent director, is a very experienced lawyer who has assisted businesses in various industries. In addition to his current directorships, Mr. Lenczner has lent his talents to other boards. He has been a member of the Corporation's Board of Directors since 1992. Through his wealth of experience in dealing with the Corporation, and with many other corporations and organizations, Mr. Lenczner is qualified to provide input to the Compensation Committee. For additional information regarding the Compensation Committee, please see Appendix A to this Management Information Circular.

The Compensation Committee's compensation decisions are based on payment for performance, responsibility and the need to provide a competitive level of compensation. Executive salary ranges are reviewed and adjusted periodically. The Compensation Committee oversees all aspects of succession planning, career development and compensation for salaried employees of the Corporation. One of the responsibilities of the Compensation Committee is to approve a total compensation package for its NEOs (defined below), including an annual cash salary, bonus, as well as other short-term and long-term incentives. Annual compensation is determined based on Board discussion regarding the Corporation's performance, the performance of the individual NEO and the significance of the individual NEO's role to the Corporation. Consultants are retained as necessary to obtain compensation information for the Corporation's industry group in order to assess the Corporation's relative position.

The Compensation Committee and the Board of Directors considered the implications of the risks associated with the Corporation's compensation policies and practices. The role of the Board of Directors in oversight of these risks is conducted as with risks to the Corporation generally, as set out in Section 2 of Appendix A to this Management Information Circular. Neither the Board of Directors nor the Compensation Committee have identified any risks arising from the Corporation's compensation policies and procedures that are reasonably likely to have a material adverse effect on the Corporation.

No NEO or Director is permitted to purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Presented by the Compensation Committee:

Mark J. Leon, Chairman

Alan J. Lenczner, Director

Terrence T. Leon, Director

PHILOSOPHY

The underlying philosophy and objective of the Corporation's executive compensation policy is to attract and retain talented senior management, reward management performance and reinforce business strategies and corporate priorities. This philosophy recognizes that a motivated and committed management team is essential to achieving the Corporation's mission of protecting and enhancing shareholder value.

The base salary of the NEOs is reviewed periodically so that their salaries remain competitive with other companies of a similar size and business focus in Canada. Much of the NEOs' overall compensation is closely tied to the performance of the Corporation, both annually and on a long-term basis, insofar as: (i) their bonus, if applicable, is determined based on a percentage of the Corporation's income before taxes as shown on its annual financial statements; (ii) the value of the shares granted under the Management Share Purchase Plan (both the 1998 MSPP and the 2012 MSPP) are linked to the price of Leon's Common Shares, insofar as they are convertible into Common Shares on a one-for-one basis; and (iii) provided the Proposed MSPP is approved at the Meeting, the value of the shares granted under the Proposed MSPP will be Common Shares.

COMPENSATION COMPONENTS

Salary and Bonus

The main components for NEO compensation are base salary and incentive bonus plans. The base salary is determined for each NEO to reward skills, capabilities, knowledge and experience that reflect the level of responsibility, as well as the contribution expected from each NEO. The Chief Executive Officer, President and Chief Operating Officer, the former Executive Vice President and Chief Financial Officer, and the Chief Financial Officer participate in a formal bonus plan that has historically paid between 0.25% and 1% of the Corporation's income before taxes to such individuals. The Compensation Committee believes that these overall compensation packages correctly reflect management performance. The bonus percentages are determined based on discussion among the Compensation Committee and the significance of the role of the NEO to the Corporation. For 2017, the Chief Executive Officer received a bonus equal to 1% of income before taxes, the President and Chief Operating Officer received a bonus equal to 0.9% of income before taxes and the former Executive Vice President and Chief Financial Officer received a bonus equal to 0.65% of income before taxes.

Compensation of Named Executive Officers

Under applicable securities legislation, Leon's is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer, Chief Financial Officer and its three most highly paid executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation exceeded \$150,000 in the most recently completed financial year.

For the year ended December 31, 2017, the Named Executive Officers of the Corporation ("NEOs") are Terry Leon, Edward Leon, Dominic Scarangella, Dave Freeman and Michael Walsh.

Management Share Purchase Plan

Members of senior management also participate in the Corporation's Management Share Purchase Plans ("MSPP"). The Corporation currently has two MSPPs, the 1998 MSPP and the 2012 MSPP. At the May 2015 Annual Meeting of the Shareholders, the 2012 MSPP was renewed for another three years as required by the TSX. While the 1998 MSPP continues to apply to Convertible Non-Voting Shares issued prior to the approval of the 2012 MSPP (i.e. the 2009 series and the 2012 series), all issuances of new Convertible Non-Voting Shares from the date of approval of the 2012 MSPP to the date hereof have been made under the 2012 MSPP and no additional shares were issued under the 1998 MSPP. Provided the Proposed MSPP is approved at the Meeting, all future issuances will be made under the Proposed MSPP and no further issuances will be made under the 2012 MSPP. The selection of the employees of the Corporation who participate in the MSPP and the number of shares they are granted is based upon the following criteria: level of responsibility; length of service; past contributions; future potential; and current compensation. The consistent policy of Leon's has been to issue a majority of shares under the MSPP to non-executive officers. Participation in the MSPP is designated by the Compensation Committee and approved by the Board of Directors. A principal objective of the MSPP is to create a long-term incentive whereby the Corporation has the ability to retain the members of its senior management team. Previous grants are taken into account when considering new grants under the MSPP.

Participants under the 2012 MSPP are provided with interest-free loans by the Corporation to enable them to purchase Convertible Non-Voting Shares of the Corporation. If the Proposed MSPP is approved, participants under the Proposed MSPP will be provided with interest-free loans by the Corporation to enable them to purchase Common Shares. The Compensation Committee may designate eligible full-time employees of the Corporation to participate in the MSPP and determine the number of shares each such employee may purchase in accordance with the terms of the MSPP. Participation in the MSPP is voluntary. Shares purchased under the MSPP are held in trust by a trustee for the benefit of the participant until the later of three years from the date of issue (five years in the case of the 2009 Series and 2012 Series) and the date the related loan to acquire such shares is repaid in full. While such shares are held in trust, any dividends paid on such shares are credited against the related loan.

The Convertible Non-Voting Shares are issuable in series. The purchase price for Convertible Non-Voting Shares under the 2012 MSPP is calculated as the weighted average of the closing price of a board lot of Common Shares on the TSX for the five days on which a board lot traded immediately preceding the date on which such shares are authorized for issue. The purchase price for Common Shares under the Proposed MSPP will be calculated as the weighted average of the closing price of a board lot of Common Shares on the TSX for the five days on which a board lot traded immediately preceding the date on which such shares are acquired by the participant. Dividends may be paid on Convertible Non-Voting Shares provided, however, that the Board of Directors is not permitted to declare and pay on any such share a dividend exceeding 50% of the dividends declared and paid on each Common Share. Holders of Convertible Non-Voting Shares may convert such shares into Common Shares on a one-for-one basis at any time after the third anniversary of issue (the fifth anniversary of issue in the case of the 2009 Series and 2012 Series) and prior to the tenth anniversary of issue provided any related loan to acquire such shares is first repaid. The Corporation may redeem Convertible Non-Voting Shares at the initial issue price under certain conditions at any time prior to the tenth anniversary of issue.

The aggregate maximum number of Convertible Non-Voting Shares that may be issued under the 1998 MSPP, the 2012 MSPP and, if approved, the Proposed MSPP is fixed at 10% of the issued and outstanding Common Shares from time to time. As of March 14, 2018, 10% of the issued and outstanding Common Shares is 7,634,134. As of March 14, 2018, there were 2,560,321 Convertible Non-Voting Shares issued and outstanding, representing approximately 3.4% of the 76,341,341 issued and outstanding Common Shares.

2009 Series

A total of 1,224,000 shares of the 2009 Series of Convertible Non-Voting Shares were issued under the 1998 MSPP in 2009 to senior management employees (including executive officers) at \$8.85 per share. As at March 14, 2018, there were 335,056 series outstanding with loans totalling \$2,965,695 due to the Corporation by participants in respect of such shares.

2012 Series

A total of 306,500 shares of the 2012 Series of Convertible Non-Voting Shares were issued under the 1998 MSPP in 2012 to senior management employees at \$12.41 per share. As at March 14, 2018, there were 134,537 shares of such series outstanding with loans totalling \$1,669,617 due to the Corporation by participants in respect of such shares.

2013 Series

A total of 1,485,000 shares of the 2013 Series of Convertible Non-Voting Shares were issued under the 2012 MSPP to senior management employees (including executive officers) at \$11.39 per share. As at March 14, 2018, there were 853,914 shares of such series outstanding with loans totalling \$9,726,080 due to the Corporation by participants in respect of such shares.

2014 Series

A total of 740,000 of the 2014 Series of Convertible Non-Voting Shares were issued under the 2012 MSPP to senior management employees (including executive officers) at \$15.05 per share. As at March 14, 2018, there were 524,751 shares of such series outstanding with loans totalling \$7,897,503 due to the Corporation by participants in respect of such shares.

2015 Series

A total of 880,000 of the 2015 Series of Convertible Non-Voting Shares were issued under the 2012 MSPP to senior management employees (including executive officers) at \$13.46 per share. As at March 14, 2018, there were 712,063 shares of such series outstanding with loans totalling \$9,584,368 due to the Corporation by participants in respect of such shares.

No shares may be issued under the 2012 MSPP if such issuance:

- (a) could result, at any time, in a number of shares issuable to insiders that exceeds 100% of the issued and outstanding Common Shares, determined on the basis of the number of Common Shares outstanding immediately prior to the issuance in question; or
- (b) could result, in the issuance, within a one-year period to insiders, of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares, determined on the basis of the number of Common Shares outstanding immediately prior to the issuance in question.

All loans to acquire shares must be repaid within 10 years of issue. In order to repay a loan, a participant may direct the trustee to sell on his or her behalf all or part of the Convertible Non-Voting Shares (or, in respect of the Proposed MSPP, if approved, the Common Shares) which have been fully paid for by the participant and the trustee shall apply the proceeds of such sale against the loan. In the event of the death of a participant or in the event of the total and permanent disability of a participant (as determined by the Compensation Committee), his or her loan shall mature and be payable six months from the date of death or such determination of disability by the Compensation Committee, as the case may be. In the event that the employment of a participant is terminated for any reason whatsoever (other than through death or disability) at any time within three years after the issue date of the loan (five years after the issue date in the case of the 2009 Series and 2012 Series), Leon's will redeem all of the unpaid Convertible Non-Voting Shares of such participant. If the employment of a participant is terminated after the date that is three years after the issue date of the loan (five years after the issue date in the case of the 2009 Series and 2012 Series) but prior to the maturity date of such loan, the outstanding balance of the loan will mature and be payable thirty days from the date of such termination. If the participant's loan is repaid in full within thirty days from the date of termination, the participant's Convertible Non-Voting Shares will be converted into Common Shares and will be delivered to such terminated participant. If the loan of such terminated participant has not been repaid in full within such thirty-day period, the participant's Convertible Non-Voting Shares will be converted into Common Shares and sold on behalf of such terminated participant as necessary to repay the balance of the loan then outstanding. In the event the proceeds of the sale of the converted shares (net of commissions and expenses) are not sufficient to repay the loan in full, the terminated participant must pay to Leon's the amount of such deficiency within thirty days from the date of such sale. For the treatment of Common Shares which may be issued under the Proposed MSPP, if approved, see "*Proposed New Management Share Purchase Plan*" above.

Dilution impact of the Corporation's Management Share Purchase Plan

The Corporation monitors the outstanding number of Convertible Non-Voting Shares (dilution) and the number of Convertible Non-Voting Shares issued each year (burn rate). The table below shows this key measure and the management of Convertible Non-Voting Share awards to minimize the dilutive effect on Common Shareholders.

	2017	2016	2015
Burn rate – the number of convertible non-voting shares granted in the applicable fiscal year, expressed as a percentage of the weighted average number of outstanding Common Shares for the applicable fiscal year.	0.0%	0.0%	1.2%

SUMMARY COMPENSATION TABLE

The following table sets out, for the financial years ended December 31, 2015, December 31, 2016 and December 31, 2017, the compensation paid or granted by the Corporation and its subsidiaries to the NEOs for services rendered in all capacities in these financial years:

Name and Principal Position	Financial Year	Salary as at Dec 31, 2017 (\$)	Paid Salary 2017	Non-equity incentive plan compensation (\$) / Annual incentive plans	All other compensation (\$) **	Total compensation (\$)
Terrence Thomas Leon Chief Executive Officer	2017	750,000	750,000	1,314,290	107,699 ^{^^}	2,171,989
	2016	750,000	750,000	1,141,800	108,669 ^{^^}	2,000,469
	2015	750,000	750,000	1,014,190	82,136 [^]	1,846,326
Edward Florian Leon President & Chief Operating Officer	2017	700,000	687,500	1,182,861	107,511 ^{^^}	1,977,872
	2016	650,000	650,000	913,504	108,371 ^{^^}	1,671,875
	2015	650,000	525,000	659,223	77,107 [^]	1,261,330
Dominic Scarangella Executive Vice President and Chief Financial Officer	2017	435,000	431,000	854,289	26,848	1,312,137
	2016	420,000	415,000	742,222	27,698	1,184,390
	2015	400,000	393,000	659,223	20,375	1,072,598
Dave Freeman President, The Brick	2017	510,000	507,000	349,581 ⁽¹⁾⁽²⁾	8,432	865,013
	2016	500,000	277,000	200,000	8,712	487,712
	2015	225,000	225,000	120,000	–	345,000
Mike Walsh ⁽³⁾ President, Leon's	2017	480,000	475,000	377,332 ⁽¹⁾	9,282	861,614
	2016	465,000	462,000	310,000 ⁽¹⁾	9,422	781,422
	2015	450,000	263,000	180,000 ⁽¹⁾	–	443,000

** This amount includes taxable benefits (consisting of imputed interest) on employee loans under the MSPP described above plus any fees paid to an NEO who is a Director (as further described under "Director Compensation" below).

[^] includes \$56,732 in DSUs paid for role as Director of the Corporation

^{^^} includes \$80,000 in DSUs paid for role as Director of the Corporation

Notes:

(1) These amounts include bonuses paid out pursuant to the Corporation's 2015 Incentive Bonus Plan ("IBP"). Under this plan, senior managers of the Corporation are paid a bonus, within a range based upon a percentage of their salary. The bonus is calculated based upon seventy-five percent (75%) of their division's profits before taxes for the year and twenty-five percent (25%) of the Corporation's overall profits before taxes for the year. These amounts also include grants under the Long Term Stock Incentive Plan for the Corporation ("LTSIP"). The LTSIP is a plan to reward the Corporation's senior managers with a long term incentive which is over and above bonuses. The LTSIP is based upon a pre-set percentage of the manager's salary and is paid out two (2) years following the year it is awarded, with the exception of the initial year of enrollment for the NEO. The LTSIP for any particular year is only payable in the event that the Corporation's profit before tax is at the average of the profit before tax for the previous two years.

(2) Mr. Freeman was appointed President of The Brick division on November 1, 2016. As such his non-equity incentive plan amount includes a prorated LTSIP for 2017.

(3) Mr. Walsh began employment with the Corporation during the month of June 2015.

PERFORMANCE GRAPH

The following graph compares the financial returns to the Common Shareholders of the Corporation for the period which commenced on December 31, 2005 and ended on December 31, 2017 as compared to the financial returns generally of the S&P/TSX Composite Total Return Index. The graph assumes that (i) the initial value of the investment was \$100 on December 31, 2001 (2001 not shown on graph); and (ii) reinvestment of dividends at 100% of the market price on each of the dividend payment dates.

LEON'S FURNITURE LIMITED RETURN ON INVESTMENT



EMPLOYMENT AGREEMENTS

There are no employment agreements currently in place for NEOs other than Michael Walsh and Dave Freeman. These employment agreements require that the Corporation pay Michael Walsh twelve (12) months' salary and benefits and Dave Freeman fourteen (14) months' salary and benefits in the event of termination in certain circumstances.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

The only indebtedness of current or former officers, directors or employees of the Corporation consists of loans made by the Corporation under the MSPP. As at March 14, 2018, the total aggregate amount of these loans is \$31,843,263.

TABLE OF INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER MANAGEMENT SHARE PURCHASE PLAN⁽¹⁾

The following table sets out the indebtedness of each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of Leon's or any associate of any such director or executive officer. All such indebtedness consists of loans made by Leon's under the MSPP.

Name and Principal Position in 2017	Largest Amount Outstanding from the Corporation in 2017	Amount Outstanding as at March 14, 2018	Financially Assisted Securities Purchases of Convertible Non-Voting Shares During 2017 ⁽¹⁾	
Mark Joseph Leon Chairman and Director Etobicoke, Ontario	\$ 227,303 539,533	216,400 519,373	24,452 45,599	2009 Series Shares 2013 Series Shares
Terrence Thomas Leon Chief Executive Officer and Director Toronto, Ontario	378,815 1,079,032 1,025,507 336,500	360,638 1,038,688 996,054 325,759	40,750 91,193 66,183 24,202	2009 Series Shares 2013 Series Shares 2014 Series Shares 2015 Series Shares
Edward Florian Leon President and Chief Operating Officer and Director King, Ontario	303,051 809,282 879,010 807,600	288,519 779,030 853,771 781,811	32,601 68,396 56,729 58,084	2009 Series Shares 2013 Series Shares 2014 Series Shares 2015 Series Shares
Dominic Scarangella Executive Vice President and Chief Financial Officer Kleinburg, Ontario	303,051 809,282 879,010 740,300	288,519 779,030 853,771 716,664	32,601 68,396 56,729 53,244	2009 Series Shares 2013 Series Shares 2014 Series Shares 2015 Series Shares
	\$ 9,117,276	\$ 8,798,027		

(1) See "Executive Compensation – Management Share Purchase Plan" for a description of the terms of these loans and securities.

TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS

Other than the termination provisions for Michael Walsh and Dave Freeman discussed above under the heading "Employment Agreements", there is no provision in any agreement which would trigger any payment to any of the NEOs upon either the termination of their employment, their resignation or retirement, a change in their responsibilities or a change in control of the Corporation.

DIRECTOR COMPENSATION

Name ⁽¹⁾	Fees Earned (\$)	DSU Grants (\$)	Total (\$)
Mark Joseph Leon	30,000	50,000	80,000
Joseph Michael Leon	30,000	50,000	80,000
Peter Eby	40,000	50,000	90,000
Alan John Lenczner	33,000	50,000	83,000
Mary Ann Leon	40,000	50,000	90,000
Frank Gagliano	40,000	50,000	90,000

(1) Fees paid to directors that are also NEOs are included in the column "Total Compensation" of the Summary Compensation table and the amount is identified in the text immediately following that table.

The aggregate remuneration paid or payable by the Corporation and its subsidiaries to its Directors for attending meetings of the Board of Directors in 2017 was \$213,000 in cash and \$460,000 in DSU grants. Effective January 1, 2015, some members of the Board of Directors were compensated \$12,500 in DSU grants plus \$7,500 in cash or \$20,000 DSU grants for each Board of Directors meeting they attended. This amount is based on the individual Director's election at the beginning of 2015. Audit Committee members who were not also officers or former officers of the Corporation received \$2,500 and Compensation Committee who were not also officers or former officers of the Corporation members received \$1,500 for each committee meeting they attended.

Effective January 1, 2015, the Corporation adopted a deferred share unit plan (the "DSU Plan"), under which members of the Board of Directors (each a "Director") are allocated compensation in the form of Deferred Share Units ("DSUs"). The purposes of the DSU Plan are to: (i) enhance the Corporation's ability to provide long-term incentive compensation to Directors that is linked to performance of the Corporation and not dilutive to shareholders; (ii) assist the Corporation in attracting, retaining and motivating its Directors; and (iii) promote a closer alignment of interests between Directors and the shareholders of the Corporation.

Under the DSU Plan, on the 15th day following the end of each fiscal quarter, the Corporation will determine the volume weighted average price of the Corporation's Common Shares reported by the TSX for the five trading days immediately preceding such date (the "Market Price"), which will be designated the Market Price for the DSUs to be allocated. The Corporation will then divide the director's compensation designated for DSUs by the Market Price to determine the number of DSUs to be allocated to the director. The Corporation will keep an accounting of all DSUs allocated to a Director while he or she remains a director of the Corporation. Following the date on which the Director ceases to serve on the Board of Directors of the Corporation, the Corporation will pay out the cash equivalent of the DSUs allocated to that Director based upon the Market Price of the Corporation's shares on the date when the individual ceases to be a Director. The DSUs are deferred share units credited by means of a bookkeeping entry to a notional account maintained for the Director in accordance with the DSU Plan, and are only redeemable for cash. The DSUs do not provide holders thereof with any rights as a shareholder of the Corporation, nor do they provide any Director or any other person with any claim or right to be issued shares of the Corporation.

In conjunction with the adoption of the DSU Plan, the Corporation elected to increase the annual fee for members of the Board of Directors. Effective January 1, 2015, each member of the Board of Directors of the Corporation is entitled to receive \$50,000 in DSUs per year in addition to the existing director compensation of \$30,000 which, at the discretion of the applicable Director, may be received either as cash or as DSUs. The compensation of \$2,500 per Audit Committee meeting attended (for Audit Committee members that are not officers or former officers of the Corporation) and \$1,500 per Compensation Committee meeting attended (for Compensation Committee members that are not officers or former officers of the Corporation) will continue to be paid in cash.

DIRECTORS' AND OFFICERS' INSURANCE

The Corporation maintains, and pays the premium for, directors' and officers' liability insurance which, subject to the provisions and exclusions contained in the policy, protects the directors and officers, as such, against any claims made during the term of their office against any of them for a wrongful act. Such insurance provides for an aggregate \$25,000,000 annual protection against liability for and reimbursement of amounts paid. The policy carries a \$50,000 deductible for each claim made under the indemnification liability coverage of the Corporation. Under the terms of the policy, in circumstances where a director or officer has a claim against the Corporation in respect of a loss covered by the policy, the Corporation may claim on the policy for 100% of the loss less the deductible of \$50,000 applicable to a claim which may be indemnified by the Corporation under the policy. In addition, when a director or officer has a claim against the insurer in respect of a loss covered by the policy, the director or officer may claim on the policy for 100% of the loss in excess of the \$50,000 deductible. For this coverage, the Corporation paid a premium of \$65,880 for the period January 1, 2017 to December 31, 2017.

ADDITIONAL INFORMATION

Additional information relating to Leon's can be found on SEDAR at www.sedar.com. Certain information concerning the Audit Committee of the Corporation may be found under the heading "Audit Committee" of Leon's Annual Information Form dated March 28, 2018, which is available on SEDAR. Financial information is provided in the Corporation's consolidated comparative financial statements and management's discussion and analysis for the year ended December 31, 2017. Security holders may request copies of the Corporation's financial statements and management's discussion and analysis by contacting Constantine Pefanis at (416) 243-4073.

The contents and the sending of this Management Information Circular have been approved by the Directors of the Corporation. This Management Information Circular has been sent to each Director, each shareholder entitled to notice of the Meeting and the auditors of the Corporation.

Dated at Weston, Ontario, March 28, 2018.



Terrence T. Leon
Chief Executive Officer

APPENDIX A

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Leon's is committed to good corporate governance. The Board of Directors and its various committees continuously evaluate and improve the Corporation's corporate governance policies and procedures. Over the last several years, there has been extensive regulatory change in Canada based on reforms arising out of developments in the United States. Leon's continues to monitor these changes and as clarification of each instrument or policy is available, action will be taken, including the adoption of appropriate policies and procedures.

In accordance with applicable securities legislation in Canada, the Corporation annually discloses its corporate governance practices. Those practices are discussed in the context of the disclosure requirements set out below which reflect the current corporate governance disclosure guidelines of the Canadian Securities Administrators.

Corporate Governance Disclosure Requirement	Leon's Governance Practices
1. (a) Disclose the identity of Directors who are independent.	<p>The following are independent Directors within the meaning of applicable securities legislation as they do not have a direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of their independent judgment:</p> <ul style="list-style-type: none"> • Peter Eby • Alan Lenczner • Mary Ann Leon • Frank Gagliano • Joseph Michael Leon
(b) Disclose the identity of Directors who are not independent, and describe the basis for that determination.	<p>The following Directors are not independent within the meaning of applicable securities legislation for the reasons indicated:</p> <ul style="list-style-type: none"> • Mark Joseph Leon is considered to have a material relationship with the Corporation by virtue of his Chairman position with the Corporation since May 2005. • Terrence Thomas Leon is considered to have a material relationship with the Corporation by virtue of his CEO position with the Corporation since May 2005. • Edward Florian Leon is considered to have a material relationship with the Corporation by virtue of his President & COO position with the Corporation since June 2015.
(c) Disclose whether or not a majority of the Directors are independent. If a majority of Directors are not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.	A majority of the Board of Directors are independent.
(d) If a Director is presently a Director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Director and the other issuer.	Alan Lenczner is a Director of Hudbay Minerals Inc.

Corporate Governance Disclosure Requirement

Leon's Governance Practices

(e) Disclose whether or not the independent Directors hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance. If the independent Directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent Directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent Directors.

The independent Directors periodically hold meetings without management and non-independent Directors, and have a mandate to have such meetings at their discretion.

All members of the Audit Committee of the Board of Directors are independent within the meaning of applicable securities legislation, and unless invited to meetings, meetings of this committee are held without the presence of management or non-independent Directors.

Among other things, during meetings of the Audit Committee, non-independent directors, executive officers who are not members of the Board and other guests attending these meetings are asked to withdraw from these meetings for a certain period in order to allow the independent directors to discuss issues freely among themselves. In 2017, four (4) of these meetings were held.

(f) Disclose whether or not the chair of the Board is an independent Director. If the Board has a chair or lead Director who is an independent Director, disclose the identity of the independent chair or lead Director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead Director that is independent, describe what the Board does to provide leadership for its independent Directors.

The Chairman is not an independent Director within the meaning of applicable securities legislation because he makes senior management decisions and receives a salary from the Corporation.

While the Board of Directors has not appointed a lead Director, the breadth and depth of experience of the independent Directors as a whole provides the Board of Directors with important leadership qualities. All directors, including independent directors, are invited to openly provide their thoughts and opinions. The Board does not take any specific steps to provide leadership for its independent directors.

(g) Disclose the attendance record of each Director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

Board of Directors meetings:

Joseph Leon: 4/4
Mark Leon: 4/4
Terrence Leon: 4/4
Edward Leon: 4/4
Peter Eby: 4/4
Alan Lenczner: 4/4
Mary Ann Leon: 4/4
Frank Gagliano: 4/4

Audit Committee meetings:

Peter Eby: 4/4
Mary Ann Leon: 4/4
Frank Gagliano: 4/4

Compensation Committee meetings:

Mark Leon: 2/2
Alan Lenczner: 2/2
Terrence Leon: 2/2

Corporate Governance Disclosure Requirement

Leon's Governance Practices

2. Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The Board of Directors supervises the management of the business and affairs of the Corporation. It does so directly and through committees that it has established. Specifically, the Board of Directors, directly and with management, is responsible for identifying the principal risks and opportunities of the business and making sure that the Corporation has systems in place that allow for the monitoring and management of these risks and opportunities and that provide appropriate internal financial controls and management information.

The Board of Directors also ensures clear communication between the Corporation, its stakeholders and the public in general.

The responsibilities of the Board of Directors are not limited to those outlined above. Any responsibility, which is not delegated to senior management or to a committee of the Board of Directors remains with the full Board of Directors.

3. (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

The Board has developed written position descriptions for the Chair and the Chair of each Board Committee. Copies can be made available upon request.

(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

The Board has developed a written position description for the CEO.

4. (a) Briefly describe what measures the Board takes to orient new members regarding:
(i) the role of the Board, its committees and its Directors, and
(ii) the nature and operation of the issuer's business.

While no formal orientation program has been designed, management and existing Board of Directors members are responsible for the orientation of new directors. In addition, presentations are given from time to time to the Board of Directors on legal and other matters applicable to the Corporation and Directors' duties.

New Directors are provided with an opportunity to ask questions about the role of the Board and its committees, examine key documents and assets and learn about the industry. Presentations are made regularly to the Board on different aspects of Leon's business and operations.

(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its Directors. If the Board does not provide continuing education, describe how the Board ensures that its Directors maintain the skill and knowledge necessary to meet their obligations as Directors.

Presentations are given from time to time to the Board of Directors on legal and other matters applicable to the Corporation and Directors' duties.

Corporate Governance Disclosure Requirement

Leon's Governance Practices

<p>5. (a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:</p>	<p>The Board of Directors has adopted such a code.</p>
<p>(i) disclose how an interested party may obtain a copy of the written code;</p>	<p>An interested party may obtain a copy of the written code by writing to:</p> <p>Leon's Furniture Limited 45 Gordon Mackay Road Toronto, Ontario M9N 3X3</p>
<p>(ii) describe how the Board monitors compliance with its code or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and</p>	<p>At its meetings, the Board reviews concerns regarding the conduct of the associates of the Corporation. In addition, the Corporation uses a confidential and anonymous reporting system that allows officers and employees to report suspected illegal, unethical or improper conduct in violation of the code to members of management by mail. The reporting system is run by an oversight committee consisting of non-senior management who report directly to the chair of the Audit Committee. The oversight committee reviews and deals with these concerns as they are reported.</p> <p>The Board believes that providing a procedure for employees and officers to raise concerns about ethical conduct on an anonymous and confidential basis fosters a culture of ethical conduct within the Corporation. To date, the Corporation has not been required to file a material change report relating to a departure from the code.</p>
<p>(iii) provide a cross-reference to any material change report(s) filed since the beginning of the issuers most recently completed financial year that pertains to any conduct of a Director or executive officer that constitutes a departure from the code.</p>	<p>N/A</p>
<p>(b) Describe any steps the Board takes to ensure Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest.</p>	<p>Generally speaking, other than as shareholders, directors and officers do not have material interests in commercial relationships with the Corporation. If a member of the Board of Directors were to have such a material interest, he or she would not be permitted to participate in the discussion or approval of the matter.</p>
<p>(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Leon's has always encouraged a culture of ethical business conduct. In addition, four of the eight Directors and a majority of the senior officers of the Corporation are significant shareholders, which the Board of Directors believes is an important safeguard for the interests of all shareholders.</p>

Corporate Governance Disclosure Requirement

Leon's Governance Practices

6. (a) Describe the process by which the Board identifies new candidates for Board nomination.

The Board as a whole participates in the process of nominating new directors, as required. In selecting new candidates for the Board of Directors, the Board considers the competence, experience and skills of each potential Director and those required by the Board as a whole. These skills and competencies are considered when proposing new candidates. The Board of Directors also ensures that new nominees will have adequate time to dedicate to being an effective member of the Board.

Potential candidates are screened to ensure that they possess the requisite qualities, including integrity, business judgment and experience, business or professional expertise, independence from management, financial literacy, excellent communication skills and the ability to work well with the Board and the Corporation.

(b) Disclose whether or not the Board has a nominating committee composed entirely of independent Directors. If the Board does not have a nominating committee composed entirely of independent Directors, describe what steps the Board takes to encourage an objective nomination process.

As the Board of Directors does not have a nominating committee, the Board of Directors as a whole has responsibility for nominating new candidates for the Board. See also response to 6(a) above.

(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

N/A

7. (a) Describe the process by which the Board determines the compensation for your company's Directors and officers.

The Compensation Committee is responsible for reviewing recommendations for the appointment of persons to senior executive positions, considering terms of employment (including succession planning) and matters of compensation and for matters relating to the administration of the Corporation's profit sharing for associates. This committee is also responsible for the compensation of the Board of Directors. The functions of this committee include maintaining an effective working relationship between the Board of Directors and management of the Corporation.

(b) Disclose whether or not the Board has a compensation committee composed entirely of independent Directors. If the Board does not have a compensation committee composed entirely of independent Directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The Compensation Committee is not composed entirely of independent Directors. Those committee members who are not independent have or oversee significant shareholdings in the Corporation which ensures that the best interest of the Corporation's shareholders weigh heavily in their decision-making.

Corporate Governance Disclosure Requirement	Leon's Governance Practices
(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	See the response to item 7(a) above.
8. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	N/A
9. Disclose whether or not the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual Directors are performing effectively.	The Board, its committees and individual Directors are not formally assessed on a regular basis with respect to their effectiveness and contribution as the Board believes that such assessments are more appropriate for corporations with significantly larger boards. When needed, time is set aside at a meeting of the Board for discussion of the effectiveness of the Board and its committees. If appropriate, the Board would then consider changes to increase effectiveness. On an informal basis, the chair is also responsible for reporting to the Board on areas where improvements can be made. A more formal assessment process will be instituted as, if and when the Board considers it to be necessary.
10. Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The Board has not adopted term limits or other mechanisms for Board renewal due to the Corporation's view that these are typically not in shareholders' best interests.

Corporate Governance Disclosure Requirement

Leon's Governance Practices

11. (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Board does not specifically define diversity, but values diversity of experience, perspective, education, and gender as part of its overall annual evaluation of director nominees for election or re-election as well as candidates for management positions. Recommendations concerning director nominees are, foremost, based on merit and performance, but diversity is taken into consideration, as it is beneficial that a diversity of backgrounds, views and experiences be present at the Board and management levels.

The Corporation does not have a formal policy on the representation of women on the Board or senior management of the Corporation. The Board already takes gender into consideration as part of its overall recruitment and selection process in respect of its Board and senior management. However, the Board does not believe that a formal policy will necessarily result in the identification or selection of the best candidates. As such, the Corporation does not see any meaningful value in adopting a formal policy in this respect at this time as it does not believe that it would further enhance gender diversity beyond the current recruitment and selection process carried out by the Board. However, the Board is mindful of the benefit of diversity on the Board and management of the Corporation and the need to maximize the effectiveness of the Board and management and their respective decision-making abilities. Accordingly, in searches for new directors, the Board will consider the level of female representation and diversity on the Board and management and this will be one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation on the Board and in senior management positions and, where appropriate, recruiting qualified female candidates as part of the Corporation's overall recruitment and selection process to fill Board or senior management positions, as the need arises, through vacancies, growth or otherwise. Where a qualified female candidate can offer the Corporation a unique skill set or perspective (whether by virtue of such candidate's gender or otherwise), the Board anticipates that it would typically select such a female candidate over a male candidate. Where the Board believes that a male candidate and a female candidate each offer the Corporation substantially the same skill set and perspective, such Committee anticipates that it will consider numerous other factors beyond gender and the overall level of female representation in deciding to which candidate to offer a position.

(b) Disclose If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:

- (i) a short summary of its objectives and key provisions,
- (ii) the measures taken to ensure that the policy has been effectively implemented,
- (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and
- (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

N/A

Corporate Governance Disclosure Requirement

Leon's Governance Practices

<p>12. Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>See 11. above.</p>
<p>13. Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>See 11. above.</p>
<p>14.(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p>	
<p>(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>The Board does not support fixed percentages for any selection criteria, as the composition of the Board and management is based on numerous factors and it is ultimately the skills, experience, character and behavioral qualities that are most important to determining the value which an individual could bring to the Board or management of the Corporation.</p>
<p>(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>The Corporation has not adopted such a target. For reasons, please see 14.(b) above.</p>
<p>(d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.</p>	<p>N/A</p>
<p>15.(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p>	<p>Currently one of the eight directors, Ms. Mary Ann Leon, is female (12.5%). Currently, one of the three members of the Audit Committee, Ms. Mary Ann Leon, is female (33.3%).</p>
<p>(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	<p>At the senior management level, none of the four executive officers of the Corporation and its subsidiaries (0%), is female.</p>

APPENDIX B
RESOLUTION TO APPROVE THE RENEWAL OF THE 2018
MANAGEMENT SHARE PURCHASE PLAN

BE IT RESOLVED THAT:

1. subject to the approval of the Toronto Stock Exchange and all other applicable regulatory authorities, the 2018 Management Share Purchase Plan of Leon's Furniture Limited, as described in and attached to the management information circular of the Corporation dated March 28, 2018 be and is hereby approved until May 10, 2021, being the date that is three years from the date of the shareholder approval provided hereby;
2. notwithstanding that this resolution has been passed by the Corporation's Common Shareholders, the Board may revoke such resolution at any time before it has been effected without further action by the Corporation's Common Shareholders; and
3. any director or officer of the Corporation is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in their discretion determine to be necessary in order to give full effect to the intent and purpose of this resolution.

APPENDIX C
2018 MANAGEMENT SHARE PURCHASE PLAN
of
LEON'S FURNITURE LIMITED

1. PURPOSE OF PLAN

- (a) The purpose of this plan (the "**Plan**") is to afford selected Associates with the opportunity to obtain a proprietary interest in Leon's Furniture Limited (the "**Corporation**") by providing them with interest-free loans for the subscription for common shares in the capital of the Corporation ("**Common Shares**") to be held by the trustee appointed by the Corporation from time to time (the "**Trustee**") as security for such loans.
- (b) The Plan shall not give any Associate the right to be employed by the Corporation or to continue to be employed by the Corporation.
- (c) For greater certainty, participation in the Plan shall be entirely voluntary and the decision of an Associate not to participate in the Plan shall in no way affect his or her employment with the Corporation.

2. DEFINITIONS

- (a) "**Act**" means the *Securities Act* (Ontario), R.S.O. 1990, c.S.5, as amended from time to time, and any rules, policies, regulations and instruments promulgated thereunder.
- (b) "**Approval Date**" means the date on which the Board approves participation in the Plan in accordance with Section 3(a).
- (c) "**Associate**" means an individual who is a full-time employee of the Corporation approved by the Board and who has elected to participate in the Plan.
- (d) "**Associate Loan**" means the loan or loans made by the Corporation at any time or from time to time to an Associate to be used by the Associate to subscribe for Associate Shares of the Corporation to be held by the Trustee as security in accordance with the terms of the Plan.
- (e) "**Associate Purchase Date**" means the day on which the Corporation allots and issues the Associate Shares to the Associate in accordance with the terms of the Plan, which will be no later than 30 days after the Approval Date; provided that, with respect to the first issuance of Associate Shares under the Plan to a particular Associate, the Associate Purchase Date will be no later than 45 days after the Approval Date.
- (f) "**Associate Shares**" means the number of Common Shares purchased by the Associate with the Associate Loan and held by the Trustee as security for the repayment of the Associate Loan in accordance with the terms of the Plan and any shares or securities of the Corporation into which such shares are changed, classified, reclassified, subdivided, consolidated or converted, and "**Associate Share**" means any one such Common Share as the context requires.

- (g) “**Blackout Period**” has the meaning given to it in Section 4(d).
- (h) “**Board**” means the board of directors of the Corporation, as constituted from time to time.
- (i) “**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in Toronto, Ontario.
- (j) “**Change of Control**” means, at any time the occurrence of any of the following, in one transaction or a series of related transactions:
 - (i) the acquisition by any person or persons acting jointly or in concert (as determined by the Act), whether directly or indirectly, of beneficial ownership of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such persons, constitute in the aggregate more than 50% of all of the then outstanding voting securities of the Corporation;
 - (ii) an amalgamation, arrangement, consolidation, share exchange, take-over bid or other form of business combination of the Corporation with another person that results in the holders of voting securities of that other person holding, in the aggregate, more than 50% of all outstanding voting securities of the person resulting from the business combination;
 - (iii) the sale, lease, exchange or other disposition of all or substantially all of the property of the Corporation (determined on a consolidated basis) to another person, other than (A) in the ordinary course of business of the Corporation or of an affiliate of the Corporation or (B) to the Corporation or any one or more of its affiliates;
 - (iv) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
 - (v) as a result of, or in connection, with: (A) a contested election of directors of the Corporation, or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its affiliates and another person, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or
 - (vi) any other transaction that is deemed to be a “Change of Control” for the purposes of this Plan by the Board in its sole and absolute discretion.

Notwithstanding the foregoing, a transaction or a series of related transactions will not constitute a Change of Control if such transaction(s) result(s) in the Corporation, any successor to the Corporation, or any successor to the Corporation’s business, being controlled, directly or indirectly, by the same person or persons who controlled the Corporation, directly or indirectly, immediately before such transaction(s).

- (k) “**Committee**” means the Compensation Committee appointed from time to time by the Board.
- (l) “**Document Delivery Date**” has the meaning given to it in Section 3(c).
- (m) “**Insider**” has the meaning given to “reporting insider” in National Instrument 55-104 – Insider Reporting Requirements and Exemptions.
- (n) “**Loan Amount**” has the meaning given to it in Section 3(a).
- (o) “**Market Value**” of an Associate Share means the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the Associate Purchase Date.
- (p) “**Maturity Date**” means the date of maturity of an Associate Loan as determined in accordance with Section 4(b), as extended or modified in accordance with Section 4(d), 5(c) or 5(d), if applicable.
- (q) “**Share Compensation Arrangement**” means a security based compensation arrangement referred to in Section 613(b) of the TSX Company Manual.
- (r) “**Termination Date**” means:
 - (i) if the Associate’s employment is terminated on account of the Associate’s death, the date of the Associate’s death;
 - (ii) if the Associate’s employment is terminated on account of the Associate’s permanent disability (as determined by the Corporation), the date set out in the notice of termination provided to the Associate; and
 - (iii) if the Associate’s employment is terminated on account of any other reason, including, without limitation, by the Associate, or by the Corporation with or without cause and with or without prior notice, the date on which the Associate’s employment terminates as set out in a notice of termination provided by the Associate to the Corporation or the Corporation to the Associate, as applicable.

For greater certainty, the "Termination Date" shall not include, or be deemed to be at the conclusion of, any period following the actual date on which the Associate's employment terminates in which the Associate is in receipt of or is eligible to receive any statutory, contractual or common law, or as provided by the Civil Code of Quebec (as applicable), pay in lieu of notice of termination, severance payments and/or any other amounts or benefits following such actual date of termination, with the exception of any period following the actual date on which the Associate's employment terminates which the Corporation is required to recognize as forming part of the Associate's period of employment in order to comply with the minimum standards set out in applicable employment standards legislation.

3. ELIGIBILITY AND GRANT OF AWARDS

- (a) The Committee may from time to time in the manner herein provided designate and the Board may approve eligible Associates to participate in the Plan and determine the amount of the Associate Loan (the "**Loan Amount**") and the maximum number of Associate Shares each such Associate may purchase in accordance with the terms of the Plan. Subject to Section 3(b), each such Associate may elect to participate in the Plan by signing and delivering to the Corporation the following:
- (i) a non-interest bearing promissory note in proper form payable to the Corporation, with a principal amount equal to the Loan Amount;
 - (ii) a direction to the Corporation to advance the Associate Loan to the Trustee on behalf of the Associate; and
 - (iii) two executed copies of the agreement of such Associate accepting the terms of the Plan.
- (b) The Committee may determine from time to time, with approval of the Board, that an Associate who has purchased Associate Shares in accordance with the Plan is entitled to further participation. In the event of any such further participation, the Associate may elect to participate in the Plan by: (i) delivering a new non-interest bearing note and direction to the Corporation, as referred to in Sections 3(a)(i) and (ii) in respect of such additional participation; and (ii) signing and delivering an acknowledgement that the terms of the agreement referred to in Section 3(a)(iii) apply to such additional participation.
- (c) If an Associate wishes to participate in the Plan, the Associate must deliver the documents set out in Section 3(a) or (b), as applicable, to the Corporation within (i) 30 days of receipt thereof with respect to the first issuance of Associate Shares under the Plan; or (ii) within 15 days of receipt thereof with respect to any subsequent issuance of Associate Shares under the Plan (in each case, the final day of such 30 day or 15 day period, as applicable, is the "**Document Delivery Date**").
- (d) No Common Shares shall be issued under the Plan if such issuance, together with all Common Shares issued under the Corporation's Share Compensation Arrangements, could result in the issuance, within a one-year period, to Insiders of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares of the Corporation.
- (e) The number of Common Shares issuable to Insiders, at any time, under the Plan, when combined with all of the Corporation's Share Compensation Arrangements, will not exceed 10% of the issued and outstanding Common Shares.
- (f) The number of Associate Shares that can be issued pursuant to this Plan, together with all Common Shares issuable under the Corporation's Share Compensation Arrangements, is fixed at 10% of the issued and outstanding Common Shares, as determined from time to time.
- (g) Share Price

The price at which an Associate Share may be purchased by an Associate is the Market Value of the Associate Share.

4. ACQUISITION OF ASSOCIATE SHARES

- (a) On the Associate Purchase Date, the Corporation shall loan to the Associate the Loan Amount, on an interest-free basis, as determined by the Committee and approved by the Board in accordance with Section 3(a) or (b), as applicable. On such date, the Corporation shall advance the Loan Amount to the Trustee pursuant to the direction of the Associate, and the Trustee, on behalf of the Associate, shall forthwith purchase from the Corporation such whole number of Associate Shares as is equal to the Loan Amount divided by the Market Value of one Associate Share. The Corporation shall deliver to the Trustee, on behalf of the Associate, a share certificate registered in the name of the Trustee representing the Associate Shares purchased by the Trustee on behalf of the Associate, or make an entry on the central securities register of the Corporation reflecting the Associate Shares registered in the name of the Trustee. Any amount of the Associate Loan that is not used to acquire Associate Shares in accordance with this Section 4(a) shall be returned by the Trustee to the Corporation in partial repayment of such Associate Loan.

- (b) The Associate Loan shall not bear interest and, subject to early maturity pursuant to the provisions of Section 5, shall mature and be repayable in accordance with terms approved by the Board on the Approval Date, but in any event not to exceed ten years from the Associate Purchase Date.
- (c) Notwithstanding Section 4(b), payments toward repayment of the Associate Loan may be made at any time following the Associate Purchase Date, provided that, subject to Sections 5(b), (c) and (d), no Associate Shares acquired on a particular Associate Purchase Date will be released to the Associate until the date that is three years after the particular Associate Purchase Date.
- (d) Notwithstanding Section 4(b), if the Maturity Date of an Associate Loan falls during or within 5 days after the last day of a period (each a "Blackout Period") during which a policy of the Corporation prevents an Associate from trading in securities of the Corporation, the Maturity Date will be deemed to be extended to the date that is five Business Days after the end of such Blackout Period. This deemed extension will not be subject to discretion by the Board.

5. DELIVERY OF ASSOCIATE SHARES AND REPAYMENT OF ASSOCIATE LOAN

(a) Delivery of Associate Shares

If at any time after the date that is three years from a particular Associate Purchase Date, all or any portion of the Associate Loan advanced on such Associate Purchase Date is repaid by the Associate, the number of Associate Shares purchased with such Associate Loan equal to the amount of the repayment divided by the Market Value of such Associate Shares shall be automatically transferred and delivered to such Associate (and in the case of fractional share, the number of Associate Shares transferred and released shall be rounded down to the nearest whole number of Associate Shares). On such date, the Trustee will release such number of Associate Shares and deliver to the Corporation the share certificate(s) representing such Associate Shares, if any, and the Corporation will deliver a share certificate representing the Associate Shares issued to and registered in the name of the Associate.

(b) General – Repayment of Associate Loan by sale of Common Shares

In order to repay all or part of the Associate Loan advanced on a particular Associate Purchase Date, the Associate may, at any time after the date that is three years after such Associate Purchase Date, direct the Trustee in writing to sell on his or her behalf all or such part of the Associate Shares held by the Trustee as security for the Associate Loans as shall be necessary to repay to the Corporation the aggregate balance of the Associate Loans then outstanding, and the Trustee shall apply the proceeds of such sale (net of commissions and expenses incurred by the Trustee) against such Associate Loan.

(c) Termination Due to Death or Disability

Subject to Section 5(e), in the event that the employment of an Associate is terminated due to the death of an Associate or the total disability of an Associate (as determined by the Corporation) on or prior to the Maturity Date of a particular Associate Loan, the Associate Loan, or the amount remaining outstanding, shall mature and be payable on the date that is six months following the Termination Date. In such event, the Corporation shall give written notice to the Trustee of such death or disability, and shall give written notice to such Associate or the legal representatives of such deceased Associate, as applicable, of the new Maturity Date.

- (i) If the Associate Loans of such deceased or disabled Associate have been repaid in full to the Corporation within six months following the Termination Date, the Associate Shares held as security for such Associate Loans shall be released by the Trustee and the Trustee will deliver to the Corporation the share certificate(s) representing such Associate Shares, if any, and the Corporation will deliver a share certificate representing the Associate Shares issued to and registered in the name of the legal representatives of such deceased Associate or to the disabled Associate, as applicable.
- (ii) If the Associate Loans of such deceased or disabled Associate have not been repaid in full to the Corporation within six months following the Termination Date, the disabled Associate or the legal representatives of the deceased Associate, as applicable, shall be deemed to have instructed the Trustee to sell, on behalf of the disabled Associate or the estate of such deceased Associate, as the case may be, all or such part of the Associate Shares held by the Trustee as security for the Associate Loans as shall be necessary to repay to the Corporation the aggregate balance of the Associate Loans then outstanding. Any proceeds from the sale of the Associate Shares (net of commissions and expenses incurred by the Trustee) in excess of the amount required to repay the aggregate balance of the Associate Loans will be paid to the legal representatives of the deceased Associate or to the disabled Associate, as applicable.

- (1) The Trustee shall pay to the Corporation from the proceeds of the sale of all or part of the Associate Shares the amount necessary to fully repay the Associate Loans, and the remainder of the Associate Shares, if any, shall be released by the Trustee and the Trustee will deliver to the Corporation the share certificate(s) representing such Associate Shares, if any, and the Corporation will deliver a share certificate representing such Associate Shares issued to and registered in the name of the legal representatives of such deceased Associate or to the disabled Associate, as applicable.
- (2) In the event that the proceeds of the sale of the Associate Shares then held by it on behalf of a deceased or disabled Associate (net of commissions and expenses incurred by the Trustee) by the Trustee as provided for in Section 5(c)(ii) hereof are not sufficient to repay in full the Associate Loans of such deceased or disabled Associate, the legal representatives of such deceased Associate or the disabled Associate, as the case may be, shall pay to the Corporation the amount of such deficiency within three months following the date of such sale by the Trustee. The Corporation shall be entitled to withhold and deduct the amount of such deficiency from any amounts owing to the deceased Associate or the disabled Associate as of the Termination Date.

(d) Termination of Employment For Any Reason Other than Death or Permanent Disability – After Three Year Hold Period

Subject to Section 5(e), if the employment of an Associate is terminated, for any reason other than the death or permanent disability of the Associate as contemplated in Section 5(c), after the date that is three years after a particular Associate Purchase Date but prior to the Maturity Date of the Associate Loan advanced on such Associate Purchase Date for any reason whatsoever, the outstanding amounts of all Associate Loans of such Associate shall be due and payable on the date that is thirty days following the Termination Date. In such event, the Corporation shall give written notice to the Trustee and the terminated Associate of the new Maturity Dates of the Associate's Associate Loans.

- (i) If the Associate Loans of such terminated Associate have been repaid in full to the Corporation within thirty days following the Termination Date, the Associate Shares then held by the Trustee on behalf of such terminated Associate shall be released and the Trustee will deliver to the Corporation the share certificate(s) representing such Associate Shares, if any, and the Corporation will deliver a share certificate representing the Associate Shares issued to and registered in the name of the terminated Associate.
- (ii) If the Associate Loans of such terminated Associate have not been repaid in full to the Corporation within thirty days following the Termination Date, the terminated Associate shall be deemed to have instructed the Trustee to sell, on behalf of such terminated Associate, all or such part of the Associate Shares then held by the Trustee on his or her behalf as shall be necessary to repay to the Corporation the aggregate balance of the Associate Loans of such terminated Associate then outstanding. Any proceeds of the sale of the Associate Shares (net of commissions and expenses incurred by the Trustee) in excess of the amount required to repay the aggregate balance of the Associate Loans will be paid to such terminated Associate.
 - (1) The Trustee shall pay to the Corporation from the proceeds of the sale of all or part of the Associate Shares the amount necessary to fully repay the Associate Loans, and the remainder of such Associate Shares, if any, shall be released by the Trustee and the Trustee will deliver to the Corporation the share certificate(s) representing such Associate Shares, if any, and the Corporation will deliver a share certificate representing the Associate Shares issued to and registered in the name of the terminated Associate.
 - (2) In the event that the proceeds of the sale (net of commissions and expenses incurred by the Trustee) of all of the Associate Shares, as provided for in Section 5(d)(ii), are not sufficient to repay in full the Associate Loans of the terminated Associate, such terminated Associate shall pay to the Corporation the amount of such deficiency within thirty days following the date of such sale by the Trustee. The Corporation shall be entitled to withhold and deduct the amount of such deficiency from any amounts owing to the terminated Associate as of the Termination Date.

(e) Sale of Associate Shares within Three Years of Associate Purchase Date

- (i) Notwithstanding Sections 5(c) and 5(d) hereof, in the event that the employment of an Associate is terminated for any reason whatsoever (“**Employment Cessation**”) prior to the date which is three years following a particular Associate Purchase Date of the Associate, the Corporation shall cause all of the Associate Shares held by the Trustee on behalf of such terminated Associate as security for the Associate Loan advanced on such Associate Purchase Dates (“**Under Three Year Shares**”) to be sold. The Corporation shall notify the Trustee in writing of the Employment Cessation and direct the Trustee to sell the Under Three Year Shares.

(ii) In the event the proceeds of the sale of the Under Three Year Shares (net of commissions and expenses incurred by the Trustee) exceeds the amount required to repay the aggregate balance of the Associate Loans secured by the Under Three Year Shares, the terminated Associate will be deemed to have directed that the excess, less the amount of income tax that such terminated Associate would be required to remit to the Canada Revenue Agency as a result of the gain realized on the sale of such Associate Shares, be paid to and retained by the Corporation for its own use and purposes. In the event the proceeds of the sale of the Under Three Year Shares (net of commissions and expenses incurred by the Trustee) is less than the amount required to repay the aggregate balance of the Associate Loans secured by the Under Three Year Shares, the terminated Associate shall pay to the Corporation the amount of such deficiency within thirty days following the date of such sale by the Trustee. The Corporation shall be entitled to withhold and deduct the amount of such deficiency from any amounts owing to the terminated Associate as of the Termination Date.

(f) Maturity of Associate Loan

(i) In the event that on the Maturity Date of an Associate Loan, the Associate Loan of an Associate is not repaid in full, then subject to Sections 5(b) and (c) hereof, the Trustee shall sell such number of the Associate Shares held as security for the Associate Loan to enable it to fully repay the Associate Loan on behalf of the Associate.

(ii) The Trustee shall pay to the Corporation from the proceeds of the sale of all or part of the Associate Shares the amount necessary to fully repay the Associate Loan, and the remainder of such Associate Shares, if any, shall be released by the Trustee and the Trustee will deliver to the Corporation the share certificate(s) representing such Associate Shares, if any, and the Corporation will deliver a share certificate representing such Associate Shares issued to and registered in the name of the Associate.

(iii) Any proceeds of the sale of the Associate Shares (net of commissions and expenses incurred by the Trustee) in excess of the amount required to repay the matured Associate Loan will be paid to the Associate.

(iv) In the event that the proceeds of the sale (net of commissions and expenses incurred by the Trustee) by the Trustee of the Associate Shares, as provided for in Section 5(f)(i), are not sufficient to repay that Associate's Associate Loan in full, the Associate shall pay to the Corporation the amount of such deficiency forthwith after the sale by the Trustee.

6. DIVIDENDS AND REPAYMENT OF THE ASSOCIATE LOAN

(a) All cash dividends received by the Trustee in respect of Associate Shares held by it on behalf of an Associate in respect of a particular Associate Loan shall be remitted by the Trustee to the Corporation in reduction or repayment of such Associate Loan.

(b) An amount equal to the value of all stock dividends or dividends in specie which an Associate elects to receive in lieu of cash dividends on Associate Shares held as security for a particular Associate Loan shall be paid to the Trustee by the Associate forthwith upon receipt of such stock dividends or dividends in specie by the Trustee, and such amount shall be remitted by the Trustee to the Corporation in reduction or repayment of such Associate Loan, whereupon, subject to Sections 5 and 6, such Associate shall be entitled to receive from the Trustee the stock or other property which was the subject of the dividend. All other stock dividends or dividends in specie received by the Trustee on behalf of an Associate shall be held by the Trustee as security for the repayment of that Associate's Associate Loan, and shall not be released or transferred to the particular Associate until the Associate Loan is repaid in full.

(c) All warrants, options, rights, or other distributions received by the Trustee on any Associate Shares held by the Trustee pursuant to the Plan shall be held by the Trustee, on behalf of the applicable Associate. An Associate may, at any time, exercise or otherwise convert such warrants, options, rights or other distributions, as applicable, by providing written notice to the Trustee of such exercise or conversion, and by paying to Trustee the full amount of an exercise or conversion price, or other costs required in connection with such exercise or conversion. The Common Share or other securities or property received upon such exercise or conversion shall be held by the Trustee, on behalf of the Associate, until the time that the Associate Shares pursuant to which the original warrants, options, rights or other distributions were received are released to the Associate in accordance with this Plan. In the event such warrants, options, rights or other distributions are not exercised or converted (to the extent applicable) and have not expired or been terminated in accordance with their terms, such warrants, options, rights or other distributions will be released to the Associate at the time the Associate Shares pursuant to which the same were received are released to the Associate in accordance with this Plan.

7. CONSOLIDATIONS, SUBDIVISIONS AND RECLASSIFICATIONS

If the Common Shares are consolidated, subdivided or reclassified or if any other action of a similar nature affecting such shares is taken, then in respect of such shares thereafter available for purchase under or issued pursuant to this Plan, the number and class of such shares available to purchase and the purchase price thereof shall be adjusted to such extent as may be determined by the Committee to be necessary to preserve, so far as possible, unimpaired, the rights of participants under the Plan.

8. CHANGE OF CONTROL

Notwithstanding any other provision herein, unless otherwise prescribed in the applicable agreement described in Section 3(a)(iii), in the event of a proposed Change of Control, the Board may, as deemed necessary or equitable by the directors in their sole discretion, determine the manner in which all Associate Shares held by the Trustee on behalf of Associates subject to the terms of the Plan, shall be treated. All determinations of the directors under this Section 8 will be binding for all purposes of the Plan. In the event of a Change of Control, the Associate Loans outstanding at such time shall remain outstanding and be payable by the applicable Associate in accordance with the terms of such Associate Loan and this Plan.

9. SHAREHOLDER RIGHTS

- (a) The Trustee shall from time to time at the request of an Associate execute and deliver to such Associate all proxies necessary to enable the Associate, or the Associate's legal representatives, to attend and vote the Associate Shares held by the Trustee on behalf of such Associate at any meeting of shareholders of the Corporation at which holders of Associate Shares are entitled to attend or vote.
- (b) In the event that, at any time, an offer to purchase is made to all holders of Common Shares, notice of such offer shall be given by the Trustee to each Associate to enable such Associate to tender his or her Associate Shares should he or she so desire.
- (c) Each Associate whose Associate Shares are being held by the Trustee shall be entitled to receive all information otherwise made available to the Corporation's shareholders pursuant to applicable securities regulatory requirements and the Trustee shall take such steps as are necessary to facilitate same.

10. WITHHOLDING TAX AND REGULATORY REQUIREMENTS

- (a) The issuance, sale or trade of any Associate Shares under this Plan shall be subject to the condition that, if at any time the Board shall determine in its discretion that either the satisfaction of withholding tax or other withholding liabilities or the consent or approval of any regulatory body is necessary or desirable in connection with such issuance, sale or trade, then in any such event such issuance, sale or trade shall not be effective unless such withholding or consent or approval shall have been effected or obtained on terms acceptable to the Board.
- (b) Any issuance, sale or trade of Associate Shares pursuant to this Plan is subject to the Act, any other applicable laws, the requirements of the Toronto Stock Exchange or any other stock exchange on which shares of the Corporation are listed or posted for trading and the insider trading policy of the Corporation. The Associate shall be responsible for complying with the Corporation's disclosure and insider trading policies as well as applicable insider trading prohibitions and reporting requirements under the Act and any other applicable laws.

11. AMENDMENT OF PLAN AND TRUST AND TERMINATION OF PLAN

- (a) Subject to Section 11(b) below, the Board, on the recommendation of the Committee, may, in its sole discretion and without approval of the shareholders of the Corporation, at any time and from time to time amend, suspend or terminate the Plan, including amendments to the Plan for any of the following purposes:
 - (i) amendments of a technical, clerical or "housekeeping" nature or to clarify any provision of the Plan;
 - (ii) amendments respecting the administration of the Plan;
 - (iii) amendments to the vesting provisions of the Plan;
 - (iv) amendments to respond to changes in legislation, regulations, stock exchange rules or accounting or auditing requirements; and
 - (v) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under any applicable laws or the rules, regulations and policies of the Toronto Stock Exchange, *provided that* no such amendment, suspension or termination (A) may be made without obtaining any required approval of any regulatory authority or stock exchange, (B) materially prejudice the rights of any Associate with respect to any previously approved participation in the Plan or (C) may affect any Associate Shares issued under the Plan prior to the date of such amendment, suspension or termination.

- (b) Notwithstanding the provisions of Section 11(a), the Board may not, without the approval of the shareholders of the Corporation, make amendments to the Plan for any of the following purposes:
 - (i) to increase the maximum number of Associate Shares that may be issued pursuant to the Plan as set out in Section 5(c);
 - (ii) to increase the maximum number of Associate Shares issued or issuable to Insiders pursuant to Sections 5(a) and 3(e), or to remove the limit on the maximum number of Associate Shares issued or issuable to Insiders under the Plan;
 - (iii) to reduce the purchase price of any Associate Share;
 - (iv) to amend the provisions of this Section 11; and
 - (v) to extend the Maturity Date other than as already set forth herein.

12. GENERAL

- (a) The Trustee shall be entitled to rely on the certificate of the Secretary of the Corporation for the time being as to any of the following matters:
 - (i) whether an Associate has repaid to the Corporation any Associate Loan made to the Associate;
 - (ii) whether the employment of an Associate with the Corporation has terminated;
 - (iii) the date of death or permanent disability of any Associate of the Corporation and whether the Associate Loans made to such Associate have been repaid in full within six months following the Termination Date; and
 - (iv) the balance owing to the Corporation at the date of such certificate in respect of any Associate Loan.
- (b) The Board, on the recommendation of the Committee, may:
 - (i) make, amend and repeal at any time and from time to time such regulations not inconsistent herewith as it may deem necessary or advisable for the issuance of shares of the Corporation under the Plan, the carrying out of any sales made pursuant to the Plan and generally for the proper administration and operation of the Plan;
 - (ii) construe and interpret the Plan and the procedures, rules and regulations under the Plan; and
 - (iii) make any and all other determinations it deems necessary or advisable for the administration of the Plan.

The Board's interpretation and construction of any provision of the Plan or of any procedures, rules and regulations hereunder shall be final and conclusive and shall be binding upon the Associates.
- (c) The directors and/or the proper officers of the Corporation are hereby authorized to sign and execute all instruments and documents and do all things necessary or desirable for carrying out the provisions of the Plan, including the allotment and issuance of shares of the Corporation under the Plan.
- (d) The Corporation shall pay all fees and expenses of the Trustee relating to the administration of the Plan.
- (e) The Plan is established under the laws of the Province of Ontario and the rights of all parties and the construction and effect of each and every provision of the Plan shall be according to the laws of the Province of Ontario.
- (f) Except as expressly provided herein, the terms of the Plan shall not restrict or limit or be deemed to restrict or limit the rights or powers of the Board in connection with any allotment and issuance of shares in the capital of the Corporation which are not allotted and issued hereunder.
- (g) The Plan shall enure to the benefit of and be binding upon the Corporation, its successors and assigns. The interest hereunder of any Associate shall not be transferable or alienable by the Associate either by assignment or in any other manner whatsoever and, during his lifetime, shall be vested only in him, but shall enure to the benefit of and be binding upon the legal representatives of the Associate.