

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stock broker, bank manager, lawyer, accountant or other professional adviser. The Offer (as defined herein) has not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is unlawful.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Common Shares (as defined herein) in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, Leon's Furniture Limited may, in its sole discretion, take such action as it may deem necessary to extend the Offer to such Shareholders in such jurisdiction.



Leon's Furniture Limited

OFFER TO PURCHASE NOT MORE THAN \$200,000,000 IN VALUE OF ITS COMMON SHARES AT A PURCHASE PRICE OF NOT LESS THAN \$24.30 AND NOT MORE THAN \$25.05 PER COMMON SHARE

Leon's Furniture Limited (the "**Company**", "**we**", "**our**" or "**us**") hereby invites the holders of its common shares (the "**Common Shares**") to tender, for purchase and cancellation by the Company, up to \$200,000,000 in value of its Common Shares pursuant to (i) auction tenders in which the tendering holders of Common Shares (the "**Shareholders**") specify a price of not less than \$24.30 per Common Share and not more than \$25.05 per Common Share (in increments of \$0.05 per Common Share within such range) ("**Auction Tenders**"), or (ii) purchase price tenders in which the tendering Shareholders do not specify a price per Common Share, but rather agree to have Common Shares purchased at the Purchase Price (as defined below) that is determined as provided herein ("**Purchase Price Tenders**").

The invitation and all tenders of Common Shares are subject to the terms and conditions set forth in this offer to purchase (the "**Offer to Purchase**") and accompanying issuer bid circular (the "**Circular**"), letter of transmittal (the "**Letter of Transmittal**") and notice of guaranteed delivery (the "**Notice of Guaranteed Delivery**") and, together with the Offer to Purchase, Circular and Letter of Transmittal, each as amended or supplemented from time to time, the "**Offer**").

The Offer will commence on November 25, 2021 and expire at 5:00 p.m. (Eastern time) (the "Expiration Time") on December 30, 2021, or at such later time and date to which the Offer may be extended by the Company (such time on such date, the "Expiration Date"), unless terminated or withdrawn.

The Offer is not conditional upon any minimum number of Common Shares being tendered. The Offer is, however, subject to certain other conditions. The Company reserves the right, subject to applicable laws, to terminate the Offer and not take up and pay for any Common Shares tendered under the Offer unless the conditions described in Section 5 of the Offer to Purchase, "Conditions of the Offer", are satisfied or waived.

The Common Shares are listed and posted for trading on the Toronto Stock Exchange ("TSX") under the symbol "LNF.TO" (quoted in Canadian dollars). On November 16, 2021, the last trading day immediately prior to the announcement of the pricing of the Offer, the closing price per Common Share on the TSX was \$24.27.

Upon the terms and subject to the conditions of the Offer, promptly following the Expiration Time, the Company will determine a single price per Common Share (the "**Purchase Price**"), which will not be less than \$24.30 per Common Share and not more than \$25.05 per Common Share, that is the lowest price that enables it to purchase the maximum number of Common Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding \$200,000,000.

If the Purchase Price is determined to be \$24.30 per Common Share (which is the minimum Purchase Price under the Offer), the maximum number of Common Shares that may be purchased by the Company is 8,230,452 Common Shares. If the Purchase Price is determined to be \$25.05 per Common Share (which is the maximum Purchase Price under the Offer), the maximum number of Common Shares that may be purchased by the Company is 7,984,031 Common Shares. For the purpose of determining the Purchase Price,

Common Shares tendered pursuant to a Purchase Price Tender will be considered to have been tendered at \$24.30 per Common Share (which is the minimum Purchase Price under the Offer). If no Auction Tenders or Purchase Price Tenders are made pursuant to the Offer, no Common Shares will be purchased by the Company. Common Shares validly tendered by a Shareholder pursuant to an Auction Tender will not be purchased by the Company pursuant to the Offer if the price specified by the Shareholder is greater than the Purchase Price. A Shareholder who wishes to tender Common Shares, but who does not wish to specify a price at which such Common Shares may be purchased by the Company, should make a Purchase Price Tender. Each Shareholder who validly tenders Common Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

Each Shareholder who has validly tendered Common Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender, and who has not validly withdrawn such Common Shares, will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), without interest, for all Common Shares purchased upon the terms and subject to the conditions of the Offer, including the provisions relating to proration and the preferential acceptance of Odd Lots (as defined below), each as described herein.

If the aggregate purchase price for Common Shares validly tendered and not properly withdrawn pursuant to the Auction Tenders at prices at or below the Purchase Price and Purchase Price Tenders (collectively, the “**Successfully Tendered Shares**”) by Shareholders (the “**Successful Shareholders**”) would result in an aggregate purchase price in excess of \$200,000,000, then the Successfully Tendered Shares will be purchased as follows: (i) first, the Company will purchase all Common Shares tendered at or below the Purchase Price by Shareholders who own fewer than 100 Shares (the “**Odd Lot Holders**”) at the Purchase Price; and (ii) second, the Company will purchase at the Purchase Price on a pro rata basis according to the number of Common Shares tendered or deemed to be tendered at a price equal to or less than the Purchase Price by the tendering Shareholders, less the number of Common Shares purchased from Odd Lot Holders. All Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Common Shares. All payments to Shareholders will be subject to deduction of applicable withholding taxes, if any. See Section 2 of the Offer to Purchase, “Number of Common Shares; Proration”.

The Purchase Price will be denominated, and amounts payable for Common Shares accepted for purchase will be paid, in Canadian dollars. However, Shareholders may elect to have TSX Trust Company (the “Depository”) convert any amounts payable to them from Canadian dollars into U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depository at its typical banking institution on the date the funds are converted. Shareholders electing to have the payment for their Common Shares paid in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rate of the Canadian and U.S. dollars prior to conversion will be at the sole risk of the Shareholder. If a Shareholder wishes to receive cash payable in U.S. dollars, the box captioned “Currency of Payment” in the Letter of Transmittal must be completed. Otherwise, the consideration will be paid in Canadian dollars. See Section 6 of the Offer to Purchase, “Acceptance for Payment and Payment for Common Shares”.

Certificates for all Common Shares not purchased under the Offer (including Common Shares not purchased because of proration) or properly withdrawn before the Expiration Time will be returned (in the case of certificates representing Common Shares all of which are not purchased) or replaced with new certificates or DRS advices representing the balance of Common Shares not purchased (in the case of certificates representing Common Shares of which less than all are purchased), promptly after the Expiration Time or the date of withdrawal of the Common Shares, without expense to the Shareholder. In the case of Common Shares tendered through book-entry transfer into the Depository’s (as defined herein) account at DTC (as defined in the Offer to Purchase) or CDS (as defined in the Offer to Purchase), the Common Shares will be credited to the appropriate account maintained by the tendering Shareholder at DTC or CDS, as applicable, without expense to the Shareholder.

The Company has relied on the “liquid market exemption” specified in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and has determined that: (i) a liquid market existed for the Common Shares at the time the Offer was announced and as at the date hereof; and (ii) it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Common Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. The board of directors of the Company (the “**Board of Directors**”) has also, on a voluntary basis, obtained a liquidity opinion (the “**Liquidity Opinion**”) from CIBC World Markets Inc., dated November 16, 2021, to the effect that, as of November 16, 2021 and subject to the assumptions, limitations and qualifications contained therein, (a) a liquid market for the Common Shares existed on November 16, 2021; and (b) it is reasonable to conclude that, on completion of the Offer, there will be a market for Shareholders who do not tender their Common Shares to the Offer that is not materially less liquid than the market that existed on November 16, 2021. The full text of the Liquidity Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Liquidity Opinion, is attached hereto as Schedule A. The summary of the Liquidity Opinion herein is qualified in its entirety by reference to the full text of the Liquidity Opinion. The Board of Directors urges Shareholders to read the Liquidity Opinion in its entirety. The Liquidity Opinion is not a recommendation as to whether or not Shareholders should tender or refrain from tendering any or all of such Shareholder’s Common Shares pursuant to the Offer.

The Company has not purchased any Common Shares since the time the Offer was publicly announced and will not purchase any Common Shares prior to the expiration or earlier termination of the Offer. In 2021, the Company purchased a total of 2,861,740 Common Shares for cancellation under its existing normal course issuer bid commenced on September 15, 2021 and its predecessor normal course issuer bid. The Company has suspended further purchases of Common Shares pursuant to the existing normal course issuer bid until after the Expiration Time or the date of termination of the Offer.

The Board of Directors of the Company has approved the Offer. However, the Board of Directors and CIBC World Markets Inc., the dealer manager for the Offer (the “Dealer Manager”) are not making any recommendation to any Shareholder as to whether to tender or refrain from tendering any or all of such Shareholder’s Common Shares pursuant to the Offer. Shareholders are urged to evaluate carefully all information in the Offer to Purchase and Circular, consult their own investment and tax advisors and make their own decisions as to whether to tender Common Shares to the Offer and, if so, how many Common Shares to tender, if any.

The Company’s directors and officers have advised the Company that they do not intend to tender any Common Shares held by them pursuant to the Offer.

Shareholders should carefully consider the income tax consequences of accepting the Offer and tendering Common Shares to the Offer. Certain tax considerations are described in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY AS TO WHETHER SHAREHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING COMMON SHARES PURSUANT TO THE OFFER, OR AS TO THE PRICE OR PRICES AT WHICH TO TENDER SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THIS OFFER TO PURCHASE OR IN THE ACCOMPANYING CIRCULAR. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE BOARD OF DIRECTORS, THE DEALER MANAGER OR THE DEPOSITARY.

Any questions or requests for information regarding the Offer should be directed to the Depositary or the Dealer Manager at the address and telephone number set forth on the last page of this Offer to Purchase and the accompanying Circular.

Shareholders who wish to tender all or any portion of their Common Shares pursuant to the Offer must comply in all respects with the delivery procedures described herein. See Section 3 of the Offer to Purchase, “Procedure for Tendering Common Shares”.

November 17, 2021

Capitalized words and terms used in this Offer to Purchase and accompanying Circular, unless otherwise defined herein, have the meanings given to them under the heading “Glossary” of this Offer to Purchase.

FORWARD-LOOKING INFORMATION

Certain information in this Offer to Purchase and the accompanying Circular constitutes “forward-looking statements” within the meaning of applicable securities legislation. These statements reflect management’s expectations and include, but are not limited to: statements with respect to management’s beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts; our intention to undertake a substantial issuer bid (the Offer) and the terms thereof, including the number of Common Shares we may purchase under the Offer; the timing for completion of the Offer; the sources and availability of funding for the Offer; the market for the Common Shares after completion of the Offer not being materially less liquid than the market that exists at the time of the making of the Offer; future purchases of additional Common Shares following the expiry of the Offer; the date on which we will announce the final results of the Offer or pay for validly tendered Common Shares; and our belief that the Offer is a prudent use of the Company’s financial resources. Statements that contain words such as “could”, “should”, “would”, “can”, “anticipate”, “expect”, “does not expect”, “believe”, “plan”, “budget”, “schedule”, “estimate”, “intend”, “project”, “will”, “may”, “might”, “continue” and similar expressions or statements relating to matters that are not historical facts constitute forward-looking statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the Company’s current estimates and assumptions, which are subject to significant risks and uncertainties. The Company believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances reflected in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the “Risk Factors” section of the annual information form of the Company for the year ended December 31, 2020. Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: price and other competitive factors generally affecting our industry; managing our operations during uncertain market and economic conditions; responding to changes in demand, the Offer not occurring as expected, including failure to satisfy any condition to the Offer; our inability to finance the Offer in the manner we intend (including due to any failure to have available cash on hand, use of our credit facilities and/or other capital resources to fund the Offer); the extent to which Shareholders elect to tender their Common Shares under the Offer; our having sufficient financial resources and working capital following completion of the Offer (including to fund our currently anticipated financial obligations and pursue desirable business opportunities); the market for the Common Shares at the completion of the Offer being materially less liquid than the market that exists at the time we commence it; and the Offer being completed later than the last quarter of 2021.

Forward-looking statements included in this Offer to Purchase and the accompanying Circular are made as of November 17, 2021, and accordingly are subject to change after such date. The Company does not undertake to update any forward-looking statements that are included in this Offer to Purchase and the accompanying Circular, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws.

CURRENCY

All dollar references in the Offer to Purchase and the Circular are in Canadian dollars except where otherwise indicated.

NOTICE TO HOLDERS OF OTHER SECURITIES

The Offer is made only for Common Shares and is not made for any other securities or other rights to acquire Common Shares, such as Convertible Shares of the Company. Any holder of such securities who wishes to accept the Offer must, to the extent permitted by the terms thereof, duly convert, exercise or exchange, as applicable, such securities or rights in order to tender the resulting Common Shares in accordance with the terms and conditions of the Offer. Any such conversion, exercise or exchange must occur sufficiently in advance of the Expiration Time to assure holders of securities or other rights to acquire Common Shares that they will have sufficient time to comply with the procedures for tendering Common Shares to the Offer. Any holders considering such a conversion, exercise or exchange should consider the tax consequences to them of such a transaction. Such tax consequences are not described in the Circular and any such holders should consult their own tax advisors in this regard.

INFORMATION FOR UNITED STATES SHAREHOLDERS

The Offer for Common Shares is being made by the Company, a Canadian issuer, for its own securities, and while the Offer to Purchase and Circular are subject to the disclosure and other requirements of the provinces and territories of Canada, Shareholders in the United States should be aware that these requirements are different from those of the United States. Financial statements referenced in this Offer to Purchase and the Circular have been prepared in accordance with International Financial Reporting Standards, and are subject to Canadian auditing and auditor independence standards, and thus are not comparable in all respects to financial statements of United States companies. The enforcement by Shareholders

of civil liabilities under U.S. federal securities laws may be adversely affected by the fact that the Company is organized under the laws of Ontario, Canada, certain of the Company's assets may be located outside of the United States, most of the Company's directors and officers are not residents of the United States and all or a substantial portion of their respective assets may be located outside of the United States. Enforcement of civil liabilities under United States federal securities laws may further be adversely affected by the fact that some or all of the experts named in the Offer may be residents of Canada.

Shareholders in the United States should be aware that acceptance of the Offer will have certain tax consequences under United States and Canadian law. Such consequences are not described in the Circular and such holders should consult their own tax advisors with respect to such consequences. Certain Canadian tax considerations are described in the Circular. Refer to Section 9 thereof, "Income Tax Considerations – Certain Canadian Federal Income Tax Considerations".

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SUMMARY

The following is a summary of information contained elsewhere in this Offer to Purchase and Circular and does not fully describe all the details of the Offer. This summary is provided for convenience only and should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing or referred to elsewhere in this Offer to Purchase and Circular. Certain capitalized words and terms used in this summary are defined in the section under the heading "Glossary" in this Offer to Purchase.

WHO IS OFFERING TO PURCHASE MY COMMON SHARES

Leon's Furniture Limited is offering to purchase your Common Shares.

WHY IS LEON'S FURNITURE LIMITED MAKING THE OFFER?

The Company believes that the Common Shares are currently trading below their intrinsic value, but recognizes that some Shareholders may desire liquidity in their investment that would not otherwise be available in the market and, as such, wish to monetize their ownership in the Company. The Offer provides the Company an opportunity to return up to \$200,000,000 of capital to Shareholders who have their Common Shares taken up and paid for pursuant to the Offer while at the same time increasing the proportionate ownership of Shareholders who did not have their Common Shares taken up and paid for pursuant to the Offer. See Section 2 of the Circular, "Purpose and Effect of the Offer".

HOW WILL LEON'S FURNITURE LIMITED PAY FOR THE COMMON SHARES?

We have adequate cash on hand and availability under our existing credit facilities to pay for the Common Shares purchased in the Offer (to a maximum aggregate amount of \$200,000,000). See Section 11 of the Circular, "Source of Funds".

WHAT WILL THE PURCHASE PRICE FOR THE COMMON SHARES BE AND WHAT WILL BE THE FORM OF PAYMENT?

We are conducting the Offer through a procedure commonly called a "modified Dutch auction". This procedure allows Shareholders to select the price within a price range specified by the Company at which Shareholders are willing to sell their Common Shares. The price range for the Offer is \$24.30 to \$25.05 per Common Share (in increments of \$0.05 per Common Share within such range). We will select the lowest purchase price that will allow us to purchase the maximum number of Common Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding \$200,000,000. We will purchase all Common Shares purchased under the Offer at the same Purchase Price, even if some of the Common Shares are tendered below the Purchase Price, but we will not purchase any Common Shares above the Purchase Price. We will determine the Purchase Price for the tendered Common Shares promptly after the Offer expires. If a Shareholder's Common Shares are purchased under the Offer, that Shareholder will be paid the Purchase Price (subject to applicable withholding taxes, if any) in cash, without interest, promptly following the expiration of the Offer, for each such Share. Under no circumstances will we or the Depositary pay you interest on the Purchase Price, even if there is a delay in making payment. See Section 1 of the Offer to Purchase, "Purchase Price".

HOW MANY COMMON SHARES WILL LEON'S FURNITURE LIMITED PURCHASE IN THE OFFER?

We are offering to purchase Common Shares that have an aggregate purchase price not exceeding \$200,000,000. At the maximum purchase price of \$25.05 per Common Share, we could purchase a maximum of 7,984,031 Common Shares. At the minimum purchase price of \$24.30 per Common Share, we could purchase a maximum of 8,230,452 Common Shares. Since we will be unable to determine the Purchase Price until after the Expiration Time, we will not determine the exact number of Common Shares that we will purchase until after the Expiration Time.

WHAT WILL HAPPEN IF SHARES WITH AN AGGREGATE PURCHASE PRICE OF MORE THAN \$200,000,000 ARE TENDERED IN THE OFFER?

If the aggregate purchase price for the Common Shares validly tendered and not properly withdrawn pursuant to the Offer by Purchase Price Tender or by Auction Tender at a price per Common Share not greater than the Purchase Price exceeds \$200,000,000, then we will purchase the Successfully Tendered Shares on a pro rata basis according to the number of Common Shares tendered by the Successful Shareholders (with adjustments to avoid the purchase of fractional Common Shares), except that "Odd Lot" tenders of Successfully Tendered Shares will not be subject to proration. See Section 2 of this Offer to Purchase, "Number of Common Shares; Proration".

IN WHAT CURRENCY WILL LEON'S FURNITURE LIMITED PAY FOR THE COMMON SHARES I TENDER?

The Purchase Price is denominated in Canadian dollars. All Shareholders who tender their Common Shares to the Offer will receive the same Purchase Price. However, Shareholders may elect to have the Depositary convert any amounts payable to them from Canadian dollars into U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary at its typical banking institution on the date the funds are converted. See Section 6 of this Offer to Purchase, "Acceptance for Payment and Payment of Payment for Common Shares".

WHAT DO I DO IF I OWN AN "ODD LOT" OF COMMON SHARES?

If you beneficially own fewer than 100 Common Shares as of the Expiration Time and you tender all such Common Shares, we will accept for purchase, without proration but otherwise subject to the terms and conditions of the Offer, all of your Common Shares properly tendered. You should check the appropriate place in Box D captioned "Odd Lots" in the Letter of Transmittal. See Section 2 of this Offer to Purchase, "Number of Common Shares; Proration".

MAY I TENDER ONLY A PORTION OF THE COMMON SHARES I OWN?

Yes. You do not have to tender all of the Common Shares you own to participate in the Offer.

HOW LONG DO I HAVE TO TENDER MY COMMON SHARES?

You may tender your Common Shares until the Offer expires. The Offer will expire on December 30, 2021 at 5:00 p.m. (Eastern time), unless we extend it. We may choose to extend the Offer for any reason, subject to applicable laws. If a broker, dealer, commercial bank, trust company or other nominee holds your Common Shares, it is likely that it has an earlier deadline, for administrative reasons, for you to act to instruct them to tender Common Shares on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to confirm any earlier deadline. See Section 7 of this Offer to Purchase, "Extension and Variation of the Offer".

CAN THE OFFER BE TERMINATED, EXTENDED OR VARIED?

Yes. We may extend or vary the Offer in our sole discretion, subject to compliance with all applicable legal requirements. See Section 7 of this Offer to Purchase, "Extension and Variation of the Offer".

We may also terminate the Offer under certain circumstances. See Section 5 of this Offer to Purchase, "Conditions of the Offer".

HOW WILL I BE NOTIFIED IF LEON'S FURNITURE LIMITED EXTENDS OR AMENDS THE OFFER?

We will issue a public announcement of any extension, delay, termination or amendment of the Offer promptly. In the case of an extension of the Offer, we will issue a press release by 9:00 a.m. (Eastern time) on the Business Day following the previously scheduled Expiration Time. See Section 7 of this Offer to Purchase, "Extension and Variation of the Offer".

ARE THERE ANY CONDITIONS TO THE OFFER?

Yes. The Offer is subject to a number of conditions, such as the absence of court and governmental action prohibiting the Offer and changes in market and general economic conditions that, in our judgment, are or may be materially adverse to us, as well as certain other conditions that in each case must be satisfied or waived by us on or prior to the expiration of the Offer. See Section 5 of this Offer to Purchase, "Conditions of the Offer".

FOLLOWING THE OFFER, WILL LEON'S FURNITURE LIMITED CONTINUE AS A PUBLIC COMPANY?

Yes. The completion of the Offer in accordance with its terms and conditions will not cause the Common Shares to be de-listed from the TSX or cause us to no longer be subject to the periodic reporting requirements of applicable securities laws of the provinces and territories of Canada.

HOW DO I TENDER MY COMMON SHARES TO THE OFFER?

To tender Common Shares pursuant to the Offer, you must (i) deliver prior to the Expiration Time the certificate(s) for all tendered Common Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (with signatures that are guaranteed if so required in accordance with the Letter of Transmittal), and any other documents required by the Letter of Transmittal, to the Depositary at the address appearing on the back cover page of this Offer to Purchase and Circular, (ii) follow the guaranteed delivery procedure

described in the Offer to Purchase, or (iii) transfer all tendered Common Shares pursuant to the procedures for book-entry transfer described in the Offer to Purchase, provided that a confirmation of the book-entry transfer of such Common Shares through CDS Clearing and Depository Services Inc. (“CDS”) or an Agent’s Message transmitted through The Depository Trust Company (“DTC”) into the Depository’s account at CDS or DTC, respectively, is received by the Depository at its office prior to the Expiration Date. If your Common Shares are held through a broker, dealer, commercial bank, trust company or other nominee, you must request that your broker, dealer, commercial bank, trust company or other nominee tender your Common Shares for you.

You may contact the Depository or the Dealer Manager for assistance. See Section 3 of this Offer to Purchase, “Procedure for Tendering Common Shares” and the instructions to the Letter of Transmittal.

CAN I TENDER PART OF MY SHARES AT DIFFERENT PRICES?

Yes. You can elect to tender your Common Shares in separate lots at a different price and/or different type of tender for each lot. However, you cannot tender the same Common Shares at different prices. If you tender some Common Shares at one price and other Common Shares at another price, you must use a separate Letter of Transmittal for each lot you tender.

ONCE I HAVE TENDERED COMMON SHARES TO THE OFFER, CAN I WITHDRAW MY TENDER?

You may withdraw any Common Shares you have tendered at any time before we take up the Common Shares. In addition, if we have taken up but not paid for your Common Shares within three Business Days, you may withdraw your Common Shares. Furthermore, if we amend the Offer, you will have 10 days to withdraw your Common Shares from the date we give notice of the amendment in accordance with Section 7 of this Offer to Purchase, “Extension and Variation of the Offer”. However, if the amendment consists solely of an increase in the consideration offered for the Common Shares and the Offer is not extended for more than 10 days or the amendment consists solely of a waiver of a condition of the Offer, the amendment will not entitle you to withdraw your Common Shares. See Section 4 of this Offer to Purchase, “Withdrawal Rights”.

HOW DO I WITHDRAW COMMON SHARES I PREVIOUSLY TENDERED?

You must deliver a written notice of withdrawal to the Depository at the address shown on the back cover of this Offer to Purchase and Circular. The notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal or Notice of Guaranteed Delivery that accompanied the Common Shares being withdrawn and must specify the name of the person who tendered the Common Shares, the name of the registered holder, if different from that of the person who tendered the Common Shares, and the number of Common Shares to be withdrawn. Additional requirements apply if the certificates representing the Common Shares withdrawn have been delivered to the Depository. The withdrawal will take effect only upon actual timely receipt by the Depository of the properly completed and executed written notice. See Section 4 of this Offer to Purchase, “Withdrawal Rights”.

HAS LEON’S FURNITURE LIMITED OR ITS BOARD OF DIRECTORS ADOPTED A POSITION ON THE OFFER?

Our Board of Directors has approved the Offer. However, none of Leon’s Furniture Limited, our Board of Directors, the Dealer Manager, nor the Depository is making any recommendation to you as to whether you should tender or refrain from tendering your Common Shares. You must make your own decision as to whether to tender your Common Shares and, if so, how many Common Shares to tender. Our directors and officers have advised us that they will not be tendering Common Shares to the Offer. See Section 2 of the Circular, “Purpose and Effect of the Offer”.

WHEN WILL LEON’S FURNITURE LIMITED PAY FOR THE COMMON SHARES I TENDER?

Promptly after the Expiration Time, we will take up and pay for Common Shares to be purchased pursuant to the Offer. See Section 6 of this Offer to Purchase, “Acceptance for Payment and Payment for Common Shares”.

WILL I HAVE TO PAY BROKERAGE COMMISSIONS IF I TENDER MY COMMON SHARES?

If you are a Shareholder of record and you tender your Common Shares directly to the Depository, you will not be obligated to pay any brokerage fees or commissions. If you hold your Common Shares through an investment dealer, stock broker,

commercial bank, trust company or other nominee, you should consult with such persons regarding whether transaction costs will apply.

HOW DO HOLDERS OF CONVERTIBLE SHARES PARTICIPATE IN THE OFFER?

The Offer is made only for Common Shares and not made for any convertible securities. Any holder of Convertible Shares who wishes to accept the Offer should, to the extent permitted by the terms thereof, duly exercise such securities in order to tender the resulting Common Shares in accordance with the terms and conditions of the Offer. Any such exercise must occur sufficiently in advance of the Expiration Time to assure that holders of Convertible Shares will have sufficient time to comply with the procedures for tendering Common Shares under the Offer. An exercise of Convertible Shares cannot be revoked even if the Common Shares received upon exercise thereof and tendered in the Offer are not purchased in the Offer for any reason. Holders of Convertible Shares that exercise those Convertible Shares and then tender the Common Shares received on such exercise pursuant to the Offer could suffer adverse tax consequences. The tax consequences of such an exercise are not described in the Circular. Holders of Convertible Shares are urged to seek tax advice from their own tax advisors in this regard.

ARE THERE INCOME TAX CONSEQUENCES IF I TENDER MY COMMON SHARES?

Yes. For Canadian federal income tax purposes, a Shareholder who sells Common Shares to the Company under the Offer will be deemed to receive a dividend equal to the excess of the Purchase Price paid by the Company over the “paid-up capital” of the Common Shares for purposes of the Tax Act. Shareholders who sell Common Shares under the Offer are generally expected to realize deemed dividends for purposes of the Tax Act. Refer to Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”. In view of the deemed dividend tax treatment under the Tax Act of a sale of Common Shares pursuant to the Offer as opposed to the capital gain or capital loss tax treatment that would generally apply to a sale of shares in the market, Shareholders who wish to sell their Common Shares should consult their own tax advisors regarding selling their Common Shares in the market as an alternative to accepting the Offer. The selling price for such market sales may be different from the Purchase Price.

A Non-Resident Shareholder will generally be subject to withholding tax under the Tax Act in respect of a deemed dividend realized in connection with a sale of Common Shares under the Offer. Such Shareholders should consult their own tax advisors in this regard and in relation to an alternative transaction of selling their shares in the market.

Shareholders should carefully review the information in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations” and should consult their own tax advisors in relation to the tax consequences to them of selling their Common Shares pursuant to the Offer, having regard to their own circumstances.

HOW DO I GET MY COMMON SHARES BACK IF I HAVE TENDERED THEM PURSUANT TO THE OFFER BUT THEY ARE NOT TAKEN UP?

All Common Shares tendered but not taken up, including Common Shares not taken up due to proration, improper tenders or Common Shares not taken up due to the termination of the Offer, will be returned promptly after the Expiration Time or termination of the Offer without expense to the tendering Shareholder. See Section 3 of this Offer to Purchase, “Procedure for Tendering Common Shares”.

WHAT IMPACT WILL THE OFFER HAVE ON THE LIQUIDITY OF THE MARKET FOR THE COMMON SHARES?

The Board of Directors has determined that it is reasonable to conclude that, following completion of the Offer, there will be a market for Shareholders who do not tender their Common Shares to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. The Board of Directors has, on a voluntary basis, obtained the Liquidity Opinion from CIBC World Markets Inc. to the effect that, as of November 16, 2021 and subject to the assumptions, limitations and qualifications contained therein, (a) a liquid market for the Common Shares existed on November 16, 2021; and (b) it is reasonable to conclude that, on completion of the Offer, there will be a market for Shareholders who do not tender their Common Shares to the Offer that is not materially less liquid than the market that existed on November 16, 2021. The full text of the Liquidity Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Liquidity Opinion, is attached hereto

as Schedule A. The summary of the Liquidity Opinion herein is qualified in its entirety by reference to the full text of the Liquidity Opinion. The Board of Directors urges Shareholders to read the Liquidity Opinion in its entirety. The Liquidity Opinion is not a recommendation as to whether or not Shareholders should tender or refrain from tendering any or all of such Shareholder's Common Shares pursuant to the Offer.

CIBC World Markets Inc. has been engaged to act as Dealer Manager and to provide the Liquidity Opinion in connection with the Offer, and may receive fees for such services. See Section 15 of the Circular "Fees and Expenses". CIBC World Markets Inc. is not independent of Leon's Furniture Limited in connection with the Offer for purposes of MI 61-101. See Section 2 of the Circular "Purpose and Effect of the Offer".

WHAT WILL HAPPEN IF I DO NOT
TENDER MY COMMON SHARES?

Upon the completion of the Offer, non-tendering Shareholders, and Shareholders who retain an equity interest in Leon's Furniture Limited as a result of a partial tender of Common Shares or proration, will realize a proportionate increase in their relative ownership interest in Leon's Furniture Limited and thus in its future profits or losses and assets, subject to Leon's Furniture Limited's right to issue additional Common Shares and other equity securities (and securities exercisable for, or convertible into, equity securities) in the future. The amount of the Company's cash assets will be reduced and/or its liabilities increased by the amount paid and expenses incurred in connection with the Offer. See Section 2 of the Circular, "Purpose and Effect of the Offer".

WHOM CAN I TALK TO IF I HAVE
QUESTIONS?

You may contact the Depositary or the Dealer Manager or you may consult your own dealer, broker, bank manager, trust company or other nominee. The contact information for the Depositary and the Dealer Manager appears on the back cover of this Offer to Purchase and Circular.

GLOSSARY

In the Offer to Purchase and the Circular, including the Summary, unless the subject matter or context is inconsistent therewith, the following terms have the meanings set forth below:

“**2009 Series**” means the ninth series of 1,224,000 Convertible Shares and tenth series of 20,000 Convertible Shares issued April 23, 2009 pursuant to the Company’s articles;

“**2012 Series**” means the eleventh series of 306,500 Convertible Shares issued April 3, 2012 pursuant to the Company’s articles;

“**2013 Series**” means the twelfth series of 1,485,000 Convertible Shares issued January 3, 2013 pursuant to the Company’s articles;

“**2014 Series**” means the thirteenth series of 740,000 Convertible Shares issued March 28, 2014 pursuant to the Company’s articles;

“**2015 Series**” means the fourteenth series of 880,000 Convertible Shares issued December 8, 2015 pursuant to the Company’s articles;

“**allowable capital loss**” has the meaning ascribed thereto in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**ATOP**” means DTC’s Automated Tender Offer Program;

“**Auction Tenders**” means the Common Shares tendered for not less than \$24.30 and not more than \$25.05 per Common Share;

“**Board of Directors**” means the board of directors of the Company;

“**Business Day**” means any day of the year, other than a Saturday, Sunday or day observed as a statutory holiday in Toronto, Ontario;

“**CDS**” means CDS Clearing and Depository Services Inc. or its nominee;

“**CDSX**” has the meaning ascribed thereto in Section 3 of the Offer to Purchase, “Procedure for Tendering Common Shares”;

“**Circular**” means the issuer bid circular accompanying and forming part of the Offer to Purchase;

“**Common Shares**” means the common shares in the capital of the Company;

“**Convertible Shares**” means the non-voting common shares issued in series by the Company pursuant to the 1998 and 2012 Management Share Purchase Plans that are convertible into Common Shares on a one-for-one basis at any time after the fifth anniversary of issue, in the case of the 2009 Series and the 2012 Series and after the third anniversary of issue in the case of the 2013 Series, 2014 Series and 2015 Series (or, in each case, prior thereto in certain circumstances with the consent of the Company) and in each case prior to the thirteenth anniversary of issue;

“**Corporate Resident Shareholder**” has the meaning ascribed thereto in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**CRA**” means Canada Revenue Agency;

“**Dealer Manager**” means CIBC World Markets Inc., the dealer manager of the Offer;

“**Depository**” means TSX Trust Company or such other person as is appointed to act as Depository for the purposes of the Offer by the Company;

“**DRS**” means the Direct Registration System;

“**DTC**” means Depository Trust Company;

“**Eligible Institution**” means a Canadian Schedule I chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or a bank or trust company in the United States;

“**Expiration Date**” means December 30, 2021, or at such later time and date to which the Offer may be extended by the Company.

“**Expiration Time**” means 5:00 p.m. (Eastern time) on December 30, 2021, unless the Company extends the Offer, in which event the term “Expiration Time” refers to the date and time on which the Offer, as so extended by the Company, will expire;

“**Letter of Transmittal**” means the letter of transmittal in the form accompanying the Offer to Purchase;

“**Liquidity Opinion**” means the liquidity opinion, dated November 16, 2021, provided by CIBC World Markets Inc. and attached hereto as Schedule A;

“**MI 61-101**” means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*;

“**Non-Resident Shareholder**” has the meaning ascribed thereto in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**Notice of Guaranteed Delivery**” means the notice of guaranteed delivery in the form accompanying the Offer;

“**Odd Lot**” means a shareholding of fewer than 100 Common Shares in the aggregate;

“**Odd Lot Holders**” means Shareholders holding Odd Lots;

“**Offer**” means the offer by the Company hereunder to purchase from Shareholders a value of up to \$200,000,000 of Common Shares at a price not less than \$24.30 per Common Share and not more than \$25.05 per Common Share, on and subject to the terms and conditions set forth in the Offer to Purchase and the accompanying Letter of Transmittal;

“**Offer to Purchase**” means the offer to purchase which is accompanied by the Circular, and which, together with the Letter of Transmittal and the Notice of Guaranteed Delivery, sets forth the terms and conditions of the Offer;

“**Purchase Price**” means the single price per Common Share that the Company will determine promptly following the Expiration Time, which will not be less than \$24.30 per Common Share and not more than \$25.05 per Common Share, that is the lowest price that enables the Company to purchase the maximum number of Common Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding \$200,000,000;

“**Purchase Price Tenders**” means the Common Shares tendered in which the tendering Shareholders do not specify a price per Common Share, but rather agree to have the Common Shares purchased at the Purchase Price;

“**Resident Shareholder**” has the meaning ascribed thereto in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**Shareholder**” means a holder of Common Shares;

“**Successful Shareholders**” means the Shareholders tendering Common Shares that are purchased by the Company;

“**Successfully Tendered Shares**” means the Common Shares validly tendered and not properly withdrawn pursuant to the Auction Tenders at prices at or below the Purchase Price and Purchase Price Tenders;

“**Tax Act**” means the *Income Tax Act* (Canada) and the *Income Tax Regulations*, all as amended, re-enacted or replaced from time to time;

“**Tax Proposals**” has the meaning ascribed thereto in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**taxable capital gain**” has the meaning ascribed thereto in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”;

“**Tendered Shares**” means Common Shares validly tendered pursuant to the Offer;

“**Trading Day**” means any day on which trading occurs on the TSX;

“**TSX**” means the Toronto Stock Exchange;

“**U.S.**” or “**United States**” means the United States of America; and

“**U.S. Treaty**” has the meaning ascribed thereto in Section 9 of the Circular, “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”.

OFFER TO PURCHASE

To the Holders of Common Shares of Leon's Furniture Limited:

Leon's Furniture Limited hereby invites Shareholders to tender, for purchase and cancellation by the Company, Common Shares pursuant to (i) Auction Tenders in which the tendering Shareholders specify a price of not less than \$24.30 per Common Share and not more than \$25.05 per Common Share (in increments of \$0.05 per Common Share within such range), or (ii) Purchase Price Tenders, in either case on the terms and subject to the conditions set forth in this Offer to Purchase, the Circular, and the related Letter of Transmittal and Notice of Guaranteed Delivery.

The Offer will commence on November 25, 2021, the date of mailing and filing of the Offer to Purchase and Circular, and will expire at 5:00 p.m. (Eastern time) on December 30, 2021, or at such later time and date to which the Offer may be extended. The Company may choose to extend the Offer for any reason, subject to applicable laws.

The Offer is not conditional upon any minimum number of Common Shares being tendered. The Offer is, however, subject to certain other conditions. The Company reserves the right, subject to applicable laws, to terminate the Offer and not take up and pay for any Common Shares tendered under the Offer if the conditions of the Offer are not satisfied. See Section 5 of this Offer to Purchase, "Conditions of the Offer".

Subject to the satisfaction or waiver by the Company of the conditions of the Offer, each Shareholder who has validly tendered Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender, and has not withdrawn their Common Shares under the Offer, will receive the Purchase Price, payable in cash (but subject to applicable withholding taxes, if any), for each Common Share purchased, upon the terms of the Offer, including the provisions relating to proration and the preferential acceptance of Odd Lots described herein.

The Offer is made only for Common Shares and not made for any other securities or rights to acquire Common Shares, such as Convertible Shares of the Company. Any holder of such securities who wishes to accept the Offer should, to the extent permitted by the terms thereof, duly convert, exercise or exchange, as applicable, such securities or rights in order to tender the resulting Common Shares in accordance with the terms and conditions of the Offer. Any such conversion, exercise or exchange must occur sufficiently in advance of the Expiration Time to assure holders of such securities or rights that they will have sufficient time to comply with the procedures for tendering Common Shares in the Offer as described under Section 3 of the Offer to Purchase, "Procedure for Tendering Common Shares". A conversion, exercise or exchange of securities or rights cannot be revoked even if the Common Shares received upon conversion, exercise or exchange thereof and tendered in the Offer are not purchased in the Offer for any reason. Holders that convert, exercise or exchange such securities or rights and then tender the resulting Common Shares pursuant to the Offer could suffer adverse tax consequences. The tax consequences of such conversion, exercise or exchange are not described in the Circular. Holders of such securities or rights should consult their own tax advisors in this regard.

The Company will return all Common Shares not purchased under the Offer, including Common Shares not purchased because of proration, promptly after the Expiration Time. Shareholders of record who tender their Common Shares directly to the Depositary will not be obligated to pay any brokerage fees or commissions. Shareholders who hold their Common Shares through an investment dealer, stock broker, commercial bank, trust company or other nominee should consult with such persons regarding whether transaction costs will apply.

The Board of Directors has approved the Offer. However, the Board of Directors is not making any recommendation to any Shareholder as to whether to tender or refrain from tendering any or all of such Shareholder's Common Shares pursuant to the Offer. Shareholders are urged to evaluate carefully all information in this Offer to Purchase and the Circular, consult their own investment and tax advisors and make their own decisions as to whether to tender Common Shares to the Offer and, if so, how many Common Shares to tender, if any.

The Company's directors and officers have advised the Company that they do not intend to tender any Common Shares held by them pursuant to the Offer.

Shareholders should carefully consider the income tax consequences of accepting the Offer and tendering Common Shares to the Offer. See Section 9 of the Circular, "Income Tax Considerations – Certain Canadian Federal Income Tax Considerations".

The accompanying Circular, Letter of Transmittal and Notice of Guaranteed Delivery contain important information and should be read carefully before making a decision with respect to the Offer.

1. PURCHASE PRICE

Promptly following the Expiration Time, upon the terms and subject to the conditions of the Offer, the Company will determine the Purchase Price, which will not be less than \$24.30 per Common Share and not more than \$25.05 per Common Share, that it will pay for Common Shares validly tendered pursuant to the Offer and not withdrawn, taking into account the number of Common Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Common Shares pursuant to Auction Tenders. For the purpose of determining the Purchase Price, Common Shares tendered pursuant to a Purchase Price Tender will be considered to have been tendered at \$24.30 per Share (which is the minimum Purchase Price under the Offer). The Purchase Price will be the lowest price per Common Share that enables the Company to purchase the maximum number of Common Shares validly deposited and not properly withdrawn pursuant to the Offer having an aggregate purchase price not to exceed \$200,000,000. Shareholders are urged to obtain current market quotations for the Common Shares before deciding whether, and at price or prices, to tender Common Shares pursuant to the Offer.

If no Auction Tenders or Purchase Price Tenders are made pursuant to the Offer, no Common Shares will be purchased by the Company. If the Purchase Price is determined to be \$24.30 per Common Share (which is the minimum price per Common Share under the Offer), the maximum number of Common Shares that may be purchased by the Company is 8,230,452 Common Shares. If the Purchase Price is determined to be \$25.05 per Common Share (which is the maximum price per Common Share under the Offer), the maximum number of Common Shares that may be purchased by the Company is 7,984,031 Common Shares. Shareholders who tender Common Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

All Common Shares purchased by the Company pursuant to the Offer (including Common Shares tendered at prices below the Purchase Price) will be purchased at the Purchase Price. The Company will return all Common Shares not purchased under the Offer (including Common Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Common Shares not purchased because of proration, invalid tenders, or Common Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, promptly after the Expiration Time or termination of the Offer, or the date of withdrawal of the Common Shares, in any case without expense to the tendering Shareholder. All payments to Shareholders will be subject to deduction of applicable withholding taxes, if any.

The Purchase Price is stated and will be paid in Canadian dollars. However, Shareholders may elect to have the Depositary convert any amounts payable to them from Canadian dollars into U.S. dollars by checking the appropriate box in the Letter of Transmittal. See Section 6 of this Offer to Purchase, "Acceptance for Payment and Payment for Common Shares".

2. NUMBER OF COMMON SHARES; PRORATION

As at November 16, 2021, there were 76,793,896 Common Shares issued and outstanding. If the Purchase Price is determined to be \$24.30 per Common Share (being the minimum Purchase Price under the Offer), the Offer is for a maximum of 8,230,452 Common Shares, which represents approximately 10.7% of the total number of issued and outstanding Common Shares. If the Purchase Price is determined to be \$25.05 per Common Share (which is the maximum Purchase Price under the Offer), the Offer is for a maximum of 7,984,031 Common Shares, which represents approximately 10.4% of the total number of issued and outstanding Common Shares. The Offer is not conditional upon any minimum number of Common Shares being tendered under the Offer and the Company will use available cash on hand and availability under our existing credit facilities to make full payment for the Common Shares it has offered to acquire under the Offer.

If the aggregate purchase price for the Successfully Tendered Shares would result in an aggregate purchase price in excess of \$200,000,000, then the Successfully Tendered Shares will be purchased as follows: (i) first, the Company will purchase all Common Shares tendered at or below the Purchase Price by Odd Lot Holders at the Purchase Price; and (ii) second, the Company will purchase at the Purchase Price on a pro rata basis according to the number of Common Shares tendered or deemed to be tendered at a price equal to or less than the Purchase Price by the tendering Shareholders, less the number of Common Shares purchased from Odd Lot Holders. All Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Common Shares. All payments to Shareholders will be subject to deduction of applicable withholding taxes, if any.

For purposes of the Offer, the term "Odd Lots" means all Successfully Tendered Shares tendered by or on behalf of the Successful Shareholders who individually beneficially own, as of the Expiration Time, an aggregate of fewer than 100 Common Shares ("Odd Lot Holders"). As set forth above, Odd Lots will be accepted for purchase before any proration. In order to qualify for this preference, an Odd Lot Holder must validly tender, pursuant to an Auction Tender at a price at or below the Purchase Price or pursuant to a Purchase Price Tender, all Common Shares beneficially owned by such Odd Lot Holder. Partial tenders will not qualify for this preference. This preference is not available to holders of 100 or more Common Shares even if holders have separate certificates for fewer than 100 Common Shares or hold fewer than 100 Common Shares in different accounts. Any Odd Lot Holder wishing to tender all Common Shares beneficially owned, without proration, must check the appropriate box on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. Shareholders owning an aggregate of less than 100 Shares whose Common Shares

are purchased pursuant to the Offer will avoid any Odd Lot discounts, which may be applicable on a sale of their Common Shares in a transaction on the TSX.

3. PROCEDURE FOR TENDERING COMMON SHARES

Valid Tender of Common Shares

To tender Common Shares pursuant to the Offer, (i) the certificates for all tendered Common Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) with any required signatures guaranteed by an Eligible Institution, and any other documents required by the Letter of Transmittal, must be received by the Depository at its address set forth on the back cover of this Offer, prior to the Expiration Time, (ii) the guaranteed delivery procedure described below must be followed, or (iii) such Common Shares must be transferred pursuant to the procedures for book-entry transfer described below (and a confirmation of such transfer must be received by the Depository, including either a Book-Entry Confirmation or an Agent's Message (each defined below) if the tendering Shareholder has not delivered a Letter of Transmittal). The term "Book-Entry Confirmation" means a confirmation of a book-entry transfer of a Shareholder's Common Shares into the Depository's account at CDS Clearing and Depository Services Inc. ("CDS"). The term "Agent's Message" means a message, transmitted by the Depository Trust Company ("DTC") to and received by the Depository and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by the Letter of Transmittal and that the Company may enforce such Letter of Transmittal against such participant.

In accordance with the Letter of Transmittal or the Book-Entry Confirmation, each Shareholder desiring to tender Common Shares pursuant to the Offer should indicate, in Box A captioned "Type of Tender" on such Letter of Transmittal or, if applicable, the Notice of Guaranteed Delivery: (i) whether the Shareholder is tendering Common Shares pursuant to an Auction Tender or a Purchase Price Tender, and (ii) each Shareholder desiring to tender Common Shares pursuant to an Auction Tender must further indicate, in the appropriate box in such Letter of Transmittal or the Book-Entry Confirmation, the price per Common Share (in increments of \$0.05 per within such range) at which such Common Shares are being tendered. Under each of (i) and (ii) respectively, only one box may be checked. If a Shareholder desires to tender Common Shares in separate lots at a different price and/or different type of tender for each lot, such Shareholder must complete a separate Letter of Transmittal or Book-Entry Confirmation (and, if applicable, a Notice of Guaranteed Delivery) for each lot. The same Common Shares cannot be tendered (unless previously properly withdrawn) pursuant to both an Auction Tender and a Purchase Price Tender, or pursuant to an Auction Tender at more than one price. Shareholders who validly tender Common Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender. In addition, Odd Lot Holders who wish to tender all their Common Shares must check the appropriate box in the Letter of Transmittal in order to qualify for the preferential treatment available to Odd Lot holders. See Section 2 of this Offer to Purchase, "Number of Common Shares; Proration".

If your Common Shares are held through a broker, dealer, commercial bank, trust company or other nominee, you must request that your broker, dealer, commercial bank, trust company or other nominee tender your Common Shares for you. If your Common Shares are so held, you should immediately contact such nominee in order to take the necessary steps to be able to tender such Common Shares under the Offer. In addition, it is likely that such broker, dealer, commercial bank, trust company or other nominee has an earlier deadline, for administrative reasons, for you to act to instruct such nominee to tender Common Shares on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to confirm any earlier deadline.

Participants of CDS and DTC should contact such depository to obtain instructions as to the method of depositing Common Shares under the terms of the Offer. CDS and DTC will each be issuing instructions to participants as to the method of depositing Common Shares under the terms of the Offer.

Signature Guarantees

No signature guarantee is required on the Letter of Transmittal if either (i) the Letter of Transmittal is signed by the registered holder of the Common Shares exactly as the name of the registered holder appears on the share certificate tendered therewith, and payment and delivery are to be made directly to such registered holder, or (ii) Common Shares are tendered for the account of an Eligible Institution. In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 4 in the Letter of Transmittal.

If a certificate representing Common Shares is registered in the name of a person other than the signatory to a Letter of Transmittal, or if payment is to be made, or certificates representing Common Shares not purchased or tendered are to be issued to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered holder appears on the certificate with the signature on the certificate or stock power signature guaranteed by an Eligible Institution.

Book-Entry Transfer Procedures – CDS

Any financial institution that is a participant in CDS may make book-entry delivery of the Common Shares through the CDS online tendering system pursuant to which book-entry transfers may be effected (“**CDSX**”) by causing CDS to deliver such Common Shares to the Depository in accordance with the applicable CDS procedures. Delivery of Common Shares to the Depository by means of book-entry through CDSX will constitute a valid tender under the Offer.

Shareholders may accept the Offer by following the procedures for a book-entry transfer of Common Shares established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depository prior to the Expiration Time in connection with the tender of such Common Shares. Shareholders, through their respective CDS participants, who utilize CDSX to accept the Offer via book-entry of their holdings with CDS, shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and therefore such instructions received by the Depository are considered to be a valid tender in accordance with the terms of the Offer. **Delivery of documents to CDS does not constitute delivery to the Depository.**

Book Entry Transfer Procedures – DTC

The Depository intends to establish an account with respect to the Common Shares at DTC for purposes of the Offer. Any financial institution that is a participant in DTC may make book entry delivery of the Common Shares by causing DTC to transfer such Common Shares into the Depository’s account in accordance with DTC procedures for such transfer. Although delivery of the Common Shares may be effected under the Offer through book entry transfer into the Depository’s account at DTC, the Letter of Transmittal (or a manually signed photocopy thereof) with any required signature guarantees, or (in the case of a book entry transfer) an Agent’s Message in lieu of the Letter of Transmittal and any other required documents must, in any case, be transmitted to and received by the Depository at its address set forth on the back cover page of this Offer and Circular prior to the Expiration Time in connection with the tender of such Common Shares. **Delivery of documents to DTC does not constitute delivery to the Depository.**

Shareholders who are depositing their Common Shares by book entry transfer to the Depository’s account at DTC may execute their tender through DTC’s Automated Tender Offer Program (“**ATOP**”) by transmitting their acceptance to DTC in accordance with DTC’s ATOP procedures. DTC will then verify the acceptance, execute a book entry delivery to the Depository’s account at DTC and send an Agent’s Message to the Depository. Delivery of the Agent’s Message by DTC will satisfy the terms of the Offer in lieu of execution and delivery of a Letter of Transmittal by the participant identified in the Agent’s Message. Accordingly, the Letter of Transmittal need not be completed by a Shareholder tendering through ATOP.

Method of Delivery

The method of delivery of certificates representing Common Shares and all other required documents is at the option and sole risk of the tendering Shareholder. If delivery is by mail, registered mail that is properly insured is recommended and it is suggested that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depository prior to such time. Delivery is only effective upon receipt by the Depository.

Guaranteed Delivery

If a Shareholder wishes to tender Common Shares pursuant to the Offer and cannot deliver certificates for such Common Shares, or time will not permit all required documents to reach the Depository prior to the Expiration Time, or the procedures for book-entry transfer cannot be completed on a timely basis, such Common Shares may nevertheless be tendered if all of the following conditions are met:

- (a) such tender is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery in the form provided by the Company with this Offer to Purchase, including (where required) a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery is received by the Depository prior to the Expiration Time; and
- (c) the certificate(s) for all tendered Common Shares in proper form for transfer (or confirmation of book-entry transfer), together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof), or a Book-Entry Confirmation in lieu thereof in the case of a book-entry transfer relating to such Common Shares, with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal, are received by the Depository, before 5:00 p.m. (Eastern time) on or before the second Trading Day on the TSX after the Expiration Time.

The Notice of Guaranteed Delivery may be hand delivered, couriered, mailed or transmitted by e-mail transmission to the office of the Depository listed in the Notice of Guaranteed Delivery, and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Common Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (i) certificates for such Common Shares, or timely confirmation of the book-entry transfer of such Common Shares, (ii) a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Common Shares, with signatures that are guaranteed if so required, or a Book-Entry Confirmation in the case of a book-entry transfer, and (iii) any other documents required by the Letter of Transmittal.

The tender information specified in a Notice of Guaranteed Delivery by a person completing such Notice of Guaranteed Delivery will, in all circumstances, take precedence over the tender information that is specified in the related Letter of Transmittal that is subsequently delivered.

Return of Unpurchased Common Shares

Common Shares not purchased under the Offer (including Common Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Common Shares not purchased because of proration, invalid tenders, or Common Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, will be returned (in the case of certificate(s) representing Common Shares all of which are not purchased), or replaced with new certificate(s) or DRS advices representing the balance of Common Shares not purchased (in the case of certificate(s) representing Common Shares of which less than all are purchased), promptly after the Expiration Time or termination of the Offer or the date of withdrawal of the Common Shares without expense to the tendering Shareholder. In the case of Common Shares tendered through book-entry transfer into the Depository's account at DTC or CDS, the Common Shares will be credited to the appropriate account maintained by the tendering Shareholder at DTC or CDS without expense to the Shareholder.

Determination of Validity, Rejection; Waiver of Defects; No Obligation to Give Notice of Defect

All questions as to the number of Common Shares to be taken up, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any tender of Common Shares will be determined by the Company, in its sole discretion, which determination will be final and binding on all parties, except as otherwise finally determined in a subsequent judicial proceeding in a court of competent jurisdiction or as required by law. The Company reserves the absolute right to reject any or all tenders of Common Shares determined by it in its sole discretion not to be in proper form or not completed in accordance with the instructions set forth herein and in the Letter of Transmittal or the acceptance for payment of, or payment for, which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Common Shares, in each case prior to the Expiration Time. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as the Company shall determine. No individual tender of Common Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. The Company will not be liable for failure to waive any condition of the Offer or any defect or irregularity in any tender of Common Shares. None of the Company, the Depository, the Dealer Manager or any other person will be obligated to give notice of defects or irregularities in tenders, nor shall any of them incur any liability for failure to give any such notice. The Company's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding, except as otherwise finally determined in a subsequent judicial proceeding in a court of competent jurisdiction or as required by law.

Under no circumstances will interest accrue or be paid by the Company or the Depository by reason of any delay in making payment to any person, including persons using the guaranteed delivery procedures. The amount paid for Common Shares tendered pursuant to the guaranteed delivery procedures will be the same as that for Common Shares delivered to the Depository on or prior to the Expiration Time.

Formation of Agreement

A valid tender of Common Shares pursuant to any one of the procedures described above will constitute a binding agreement between the tendering Shareholder and the Company, effective as of the Expiration Time, upon the terms and conditions of the Offer.

Lost or Destroyed Share Certificates

If any certificate representing Common Shares has been lost or destroyed, the Shareholder should promptly notify the Depository at the phone number or address set forth on the back cover page of this Offer to Purchase and Circular. The Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed. Shareholders are requested to contact the Depository immediately in order to permit timely processing of this documentation.

Further Assurances

Each Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of the Company, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of any Common Shares proposed to be taken up by the Company. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Shareholder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

4. WITHDRAWAL RIGHTS

Except as otherwise provided in this Section 4, tenders of Common Shares pursuant to the Offer will be irrevocable. Common Shares tendered pursuant to the Offer may be withdrawn by the Shareholder:

- (a) at any time prior to the Expiration Time;
- (b) at any time if the Common Shares have not been taken up by the Company before actual receipt by the Depository of a notice of withdrawal in respect of such Common Shares;
- (c) if the Common Shares have not been paid for by the Company within three Business Days of being taken up; or
- (d) at any time before the expiration of 10 days from the date that a notice of change or notice of variation has been given in accordance with this Offer to Purchase (other than a variation that (i) consists solely of an increase in the consideration offered for the Common Shares under the Offer where the time for tender is not extended for greater than 10 days, or (ii) consists solely of the waiver of a condition of the Offer). See Section 7 of the Offer to Purchase, "Extension and Variation of the Offer".

For a withdrawal to be effective, a written or printed copy of a notice of withdrawal must be actually received by the Depository prior to 5:00 p.m. (Eastern time) on the applicable date specified above at the place of tender of the relevant Common Shares. Any such notice of withdrawal must (i) be signed by or on behalf of the person who signed the Letter of Transmittal that accompanied the Common Shares being withdrawn or, in the case of Common Shares tendered by a DTC or CDS participant, be signed by such participant in the same manner as the participant's name is listed on the applicable Book-Entry Confirmation, or be accompanied by evidence sufficient to the Depository that the person withdrawing the tender has succeeded to the beneficial ownership of the Common Shares, and (ii) specify the name of the person who tendered the Common Shares to be withdrawn, the name of the registered holder (if different from that of the person who tendered such Common Shares) and the number of Common Shares to be withdrawn. If the certificates for the Common Shares tendered pursuant to the Offer have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the tendering Shareholder must submit the serial numbers shown on the particular certificates evidencing the Common Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution, except in the case of Common Shares tendered by an Eligible Institution. If Common Shares have been tendered pursuant to the procedure for book-entry transfer described in Section 3 of this Offer to Purchase, "Procedure for Tendering Common Shares", the notice of withdrawal must also specify the name and number of the account at DTC or CDS, as applicable, to be credited with the withdrawn Common Shares, and must otherwise comply with DTC's or CDS' procedures. **A withdrawal of Common Shares tendered pursuant to the Offer can only be accomplished in accordance with the foregoing procedure. The withdrawal shall take effect only upon actual receipt by the Depository of a properly completed and executed notice of withdrawal in writing.**

A Shareholder who wishes to withdraw Common Shares under the Offer and who holds Common Shares through a broker, dealer, commercial bank, trust company or other nominee should immediately contact such broker, dealer, commercial bank, trust company or other nominee in order to take the necessary steps to be able to withdraw such Common Shares under the Offer. Please be advised that such nominees may have their own deadlines relating to the withdrawal of your Common Shares that differ from those set out in this Offer to Purchase. We recommend that you contact any such nominee to find out its deadline.

Participants of DTC and CDS should contact such depository with respect to the withdrawal of Common Shares under the Offer.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding, except as otherwise finally determined in a subsequent judicial proceeding in a court of competent jurisdiction or as required by law. None of the Company, the Depository, the Dealer Manager nor any other person will be obligated to give notice of defects or irregularities in notices of withdrawal, nor shall any of them incur any liability for failure to give any such notice.

Any Common Shares properly withdrawn will thereafter be deemed not tendered for purposes of the Offer. However, withdrawn Common Shares may be re-tendered prior to the Expiration Time by again following the procedures described herein.

If the Company extends the period of time during which the Offer is open, is delayed in its purchase of Common Shares or is unable to purchase Common Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depositary may, subject to applicable law, retain on behalf of the Company all tendered Common Shares. In the event of such retention, such Common Shares may not be withdrawn except to the extent tendering Shareholders are entitled to withdrawal rights as described under this Section.

5. CONDITIONS OF THE OFFER

The Offer is not conditioned upon any minimum number of Common Shares being tendered. Notwithstanding any other provision of the Offer, the Company will not be required to accept for purchase, purchase or, subject to applicable law, pay for any Common Shares tendered and may terminate, extend or vary the Offer or may, subject to applicable law, postpone the payment for Common Shares tendered if, at any time before the payment for any such Common Shares, any of the following events has occurred (or has been determined by the Company, in its sole judgment, acting reasonably, to have occurred):

- (a) there has been threatened, instituted or is pending any action or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction:
 - (i) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment for some or all of the Common Shares by the Company or otherwise directly or indirectly relating in any manner to or affecting the Offer, or seeking to obtain material damages in respect of the Offer, or
 - (ii) that, in the sole judgment of the Company, acting reasonably, has or may have a material adverse effect on the value or trading price of Common Shares or the business, income, assets, liabilities, condition (financial or otherwise), properties, operations, results of operations or prospects of the Company or its subsidiaries or joint ventures taken as a whole or has or may materially impair the contemplated benefits of the Offer to the Company;
- (b) there has been any approval withheld or any action or proceeding threatened, pending or taken or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Company or any of its subsidiaries or joint ventures by or before any court, government or governmental authority or regulatory or administrative agency or any statute, rule or regulation has become operative or applicable in any jurisdiction that, in the sole judgment of the Company, acting reasonably, might directly or indirectly result in any of the consequences referred to in clauses (i) or (ii) of paragraph (a) above or that, in the sole judgment of the Company, acting reasonably, would or might prohibit, prevent, restrict or delay consummation of the Offer or would or might materially impair the contemplated benefits of the Offer to the Company or make it inadvisable to proceed with the Offer;
- (c) there has occurred (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada or the United States, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory), (iii) a natural disaster or the commencement or material worsening of a war, armed hostilities or other international or national calamity directly or indirectly involving Canada or the United States, (iv) any limitation (whether or not mandatory) by any governmental, regulatory or administrative authority or agency or any other event that, in the sole judgment of the Company, acting reasonably, could negatively affect the extension of credit by banks or other lending institutions, (v) any significant decrease in the market price of the Common Shares since the close of business on November 16, 2021, (vi) any change in the general political, market, economic or financial conditions that, in the sole judgment of the Company, acting reasonably, has or may have a material adverse effect on the Company's or its subsidiaries', taken as a whole, business, operations or prospects or the trading in, or value of, the Common Shares, (vii) any decline in any of the S&P/TSX Composite Index, the NYSE Composite Index, the Dow Jones Industrial Average or the S&P 500 Composite Index by an amount in excess of 10%, measured from the close of business on November 16, 2021; or (viii) in the case of any of the foregoing existing at the time of commencement of the Offer, an acceleration or worsening thereof;
- (d) any change has occurred (or any development has occurred involving any prospective change or changes) in (i) general, political, market, economic, financial or industry conditions in the United States or Canada, or (ii) the business, earnings, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of the Company or its subsidiaries or joint ventures that, in the sole judgment of the Company, acting

reasonably, has or may have, individually or in the aggregate, a material adverse effect with respect to the Company or its subsidiaries or joint ventures taken as a whole;

- (e) the Company has concluded, in its sole judgment, acting reasonably, that the Offer or the taking up and payment for any or all of the Common Shares by the Company is illegal or not in compliance with applicable law or stock exchange requirements and, if required under any such legislation or requirements, the Company has not received the necessary exemptions from or approvals or waivers of the appropriate courts or applicable securities regulatory authorities or stock exchange(s) in respect of the Offer;
- (f) any changes has occurred or been proposed to the Tax Act or the Internal Revenue Code (United States), to the publicly available administrative policies or assessing practices of the CRA or the Internal Revenue Service or to relevant tax jurisprudence that, in the sole judgment of the Company, are detrimental to the Company and its subsidiaries taken as a whole or any one or more Shareholders, or with respect to making the Offer or taking up and paying for Common Shares deposited under the Offer;
- (g) the Company has determined that the Company would be subject to Part VI.1 tax under the Tax Act in connection with the Offer;
- (h) the completion of the Offer subjects the Company to any material tax liability;
- (i) any take-over bid or tender or exchange offer with respect to some or all of the securities of the Company, or any merger, business combination or acquisition proposal, disposition of assets outside of the ordinary course of business, or other similar transaction with or involving the Company or its subsidiaries, other than the Offer, or any solicitation of proxies, other than by management, to seek to control or influence the Board of Directors, has been proposed, announced or made by any individual or entity;
- (j) the Company shall have determined, in its sole judgment, acting reasonably, that the Purchase Price for a Common Share exceeds the fair market value of such Common Share at the time of the acquisition of such Common Share by the Company pursuant to the Offer, determined without reference to the Offer;
- (k) a material change in United States, Canadian or any other currency exchange rates or a suspension of or limitation on the markets for such currencies that could have, in the Company's sole judgment, acting reasonably, a material adverse effect on the business, properties, assets, liabilities, capitalization, Shareholders' equity, condition (financial or otherwise), operations, results of operations or prospects of the Company and its subsidiaries, taken as a whole, or on the trading in the Common Shares;
- (l) the Company has determined that the consummation of the Offer is reasonably likely to cause the Common Shares to be delisted from the TSX;
- (m) no Auction Tenders or Purchase Price Tenders have been made pursuant to the Offer; or
- (n) CIBC World Markets Inc. shall have withdrawn or amended the Liquidity Opinion provided by it in connection with the Offer.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company, in its sole discretion, regardless of the circumstances (including any action or inaction by the Company) giving rise to any such conditions, or may be waived by the Company, in its sole discretion, in whole or in part at any time. The failure by the Company any time to exercise its rights under any of the foregoing conditions will not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right will be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by the Company concerning the events described in this Section 5 will be final and binding on all parties, except as otherwise finally determined in a subsequent judicial proceeding or as required by law.

Any waiver of a condition by the Company, or the termination of the Offer by the Company, will be deemed to be effective on the date on which written notice of such waiver or termination is delivered or otherwise communicated to the Depositary. The Company, after giving notice to the Depositary of any waiver of a condition or the termination of the Offer, will forthwith thereafter make a public announcement of such waiver or termination and provide or cause to be provided notice of such waiver or termination to the TSX and the applicable Canadian securities regulatory authorities. If the Offer is terminated, the Company will not be obligated to take up, accept for purchase or pay for any of the Tendered Shares, and the Depositary will, as soon as practicable, return all certificates for Tendered Shares, Letters of Transmittal and Notices of Guaranteed Delivery and any related documents to the parties by whom they were tendered.

6. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR COMMON SHARES

If all conditions referred to in Section 5 of this Offer to Purchase, “Conditions of the Offer”, have been satisfied or waived by the Company at or prior to the Expiration Time, the Company will, subject to the terms and conditions of the Offer (including the proration provisions and the preferential acceptance of Odd Lots described herein) take up Common Shares validly tendered pursuant to the Offer in accordance with the terms thereof and subject to and in accordance with applicable Canadian securities laws promptly after the Expiration Time. The Company will pay for Common Shares promptly, and in any event within three Business Days after taking up such Common Shares.

For the purposes of the Offer, the Company will be deemed to have taken up and accepted for payment, subject to proration and the preferential acceptance of Odd Lots, Successfully Tendered Shares having an aggregate purchase price not exceeding \$200,000,000 if, as and when the Company gives written notice to the Depository to that effect.

The Company reserves the right, in its sole discretion, subject to applicable Canadian securities laws, to delay taking up or paying for any Common Shares or to terminate the Offer and not take up or pay for any Common Shares if any event specified under Section 5 of this Offer to Purchase, “Conditions of the Offer”, occurs on or prior to the Expiration Time, by giving written notice thereof or other communication confirmed in writing to the Depository. The Company also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer but subject to all applicable laws, to delay taking up and paying for Common Shares in order to comply, in whole or in part, with any applicable law.

Each registered holder of Common Shares who has tendered Common Shares under the Offer will receive payment of the Purchase Price for accepted Common Shares in Canadian dollars. However, Shareholders may elect to have the Depository convert any amounts payable to them from Canadian dollars into U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depository at its typical banking institution on the date the funds are converted. Shareholders electing to have the payment for their Common Shares paid in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rate of the Canadian and U.S. dollars prior to the conversion will be at the sole risk of the Shareholder. If a Shareholder wishes to receive cash payable in U.S. dollars, the box captioned “Currency of Payment” in the Letter of Transmittal must be completed. Otherwise, the consideration will be paid in Canadian dollars. There is no additional fee payable by Shareholders who elect to use the Depository’s currency exchange services.

Each non-registered holder of Common Shares who has tendered Common Shares under the Offer will receive payment of the Purchase Price for accepted Common Shares in Canadian dollars, unless such Shareholder contacts the intermediary in whose name its Common Shares are registered to request the intermediary make an election on such Shareholder’s behalf. If the intermediary does not make an election on such non-registered holder’s behalf, such Shareholder will receive payment of the Purchase Price for the Tendered Shares in Canadian dollars.

If a certificate representing Common Shares is registered in the name of a person other than the person tendering the Common Shares to the Offer, the Purchase Price for the Tendered Shares will be paid in Canadian dollars unless the registered holder of Common Shares instructs the Depository to make a currency election on their behalf (as described above). If the Depository is not so instructed to make a currency election on the behalf of such registered holder of Common Shares pursuant to the election procedures in the Letter of Transmittal, the registered holder of Common Shares will receive payment of the Purchase Price of the tendered Common Shares in Canadian dollars.

Tendering Shareholders will not be obligated to pay brokerage fees or commissions to the Company, the Dealer Manager or the Depository. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their brokers or other intermediaries in connection with a tender of Common Shares pursuant to the Offer. The Company will pay all fees and expenses of the Depository in connection with the Offer.

The Common Shares taken up and paid for by the Company pursuant to the Offer will immediately be cancelled by the Company.

Payment for Common Shares accepted for purchase, and not withdrawn, pursuant to the Offer will be made by tendering the aggregate amount of the Purchase Price for all such Common Shares with the Depository by bank transfer or other means satisfactory to the Depository, who will act as agent for the tendering Shareholders for the purpose of receiving payment from the Company and transmitting such payment to the tendering Shareholders. Receipt of payment by the Depository will be deemed to constitute receipt of payment by persons tendering Common Shares. The Depository will also coordinate with DTC and CDS with respect to Shareholders who have tendered Common Shares by way of book-entry transfer which are taken up and accepted by the Company, to arrange for payment to be made to such Shareholders in accordance with the settlement procedures of DTC and CDS, as applicable, including a currency election if made available by DTC and CDS. Under no circumstances will interest accrue or be paid by the Company or the Depository to persons tendering Common Shares regardless of any delay in paying for any Common Shares or otherwise.

In the event of proration of Tendered Shares, the Company will determine the proration factor and pay for those Tendered Shares accepted for payment promptly after the Expiration Time in accordance with this Section 6. However, the Company does not expect to be able to announce the final results of any such proration until approximately three Trading Days after the Expiration Time.

Common Shares not purchased under the Offer (including Common Shares tendered pursuant to an Auction Tender at prices greater than the Purchase Price, Common Shares not purchased because of proration, invalid tenders, or Common Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, will be returned (in the case of certificate(s) representing Common Shares all of which are not purchased) or replaced with new certificate(s) or DRS advices representing the balance of Common Shares not purchased (in the case of certificate(s) representing Common Shares of which less than all are purchased), or in the case of Common Shares tendered by book-entry transfer, credited to the account maintained with DTC or CDS, as applicable, by the participant who delivered the Common Shares, promptly after the Expiration Time (or termination of the Offer) or the date of withdrawal of the Common Shares, in any case without expense to the Shareholder.

The settlement with each Shareholder who has tendered Common Shares under the Offer will be effected by the Depositary by forwarding a cheque representing the cash payment (less any applicable withholding taxes) for such Shareholder's Common Shares taken up under the Offer. The cheque will be issued in the name of the person signing the Letter of Transmittal or in the name of such other person as specified by the person signing the Letter of Transmittal by properly completing the appropriate box in such Letter of Transmittal. Unless the tendering Shareholder instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque will be forwarded by prepaid mail to the payee at the address specified in the Letter of Transmittal. If no such delivery instructions are specified, the cheque will be sent to the address of the tendering Shareholder as it appears in the registers maintained in respect of the Common Shares. Cheques mailed or transmitted in accordance with this paragraph will be deemed to have been delivered at the time of mailing, or transmission.

7. EXTENSION AND VARIATION OF THE OFFER

The Company expressly reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice or other communication confirmed in writing of extension or variation to the Depositary and by causing the Depositary to provide, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth under Section 10 of this Offer to Purchase, "Notice", to all Shareholders. Promptly after giving notice of an extension or variation to the Depositary, the Company will make a public announcement of the extension or variation and provide or cause to be provided notice of such extension or variation to the TSX and the applicable securities regulatory authorities. In the case of an extension of the Offer, the Company will also issue a press release announcing the extension by 9:00 a.m. (Eastern time) on the Business Day following the previously scheduled Expiration Time. Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated in writing to the Depositary.

If the Company varies the terms of the Offer or a change occurs in the information concerning the Offer that would reasonably be expected to affect the decision of the Shareholders to accept or reject the Offer (other than a change that is not within the control of the Company or its affiliates), or if otherwise required by applicable Canadian securities laws, the Company will extend the time during which the Offer is open to the extent required under such laws.

If, prior to the Expiration Time, a variation in the terms of the Offer increases the consideration offered to Shareholders by the Company, such increase will be applicable to all Tendered Shares that are taken up pursuant to the Offer. The Purchase Price to be paid by the Company for any Common Shares taken up and paid for as a result of an extension of the Offer will be the same Purchase Price paid to Shareholders whose Common Shares are taken up and paid for pursuant to, and prior to the extension of, the Offer.

The Company also expressly reserves the right, in its sole discretion and subject to applicable law: (i) to terminate the Offer and not to accept for purchase any Common Shares upon the occurrence of any of the events specified in Section 5 of this Offer to Purchase, "Conditions of the Offer", or (ii) at any time or from time to time, to amend the Offer in any respect, including increasing or decreasing the number of Common Shares that the Company may purchase or the Purchase Price per Common Share it may pay pursuant to the Offer.

8. PAYMENT IN THE EVENT OF MAIL SERVICE INTERRUPTION

Notwithstanding the provisions of the Offer, cheques in payment for Common Shares purchased under the Offer and certificates for any Common Shares to be returned will not be mailed if the Company determines that delivery by mail may be delayed. Persons entitled to cheques or certificates which are not mailed for this reason may take delivery at the office of the Depositary at which the tendered certificates for the Common Shares were delivered until the Company has determined that delivery by mail will no longer be delayed. The Company will provide notice as provided under Section 10 of this Offer to Purchase, "Notice", of any determination not to mail under this Section 8 as soon as reasonably practicable after such determination is made.

9. LIENS; DISTRIBUTIONS

Common Shares acquired pursuant to the Offer will be acquired by the Company free and clear of all hypothecs, liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any distributions which may be declared, paid, issued, distributed, made or transferred on or in respect of such Common Shares to Shareholders of record on or prior to the date upon which the Common Shares are taken up and accepted for purchase under the Offer will be for the account of such Shareholders. Each Shareholder of record on that date will be entitled to receive that distribution, whether or not such Shareholder tenders Common Shares pursuant to the Offer.

A tender of Common Shares tendered pursuant to any method of delivery set forth herein will also constitute a representation and warranty to the Company that the tendering Shareholder has full power and authority to tender, sell, assign and transfer such Common Shares and any and all distributions, payments, securities, rights, assets or other interests which may be declared, paid, issued, distributed, made or transferred on or in respect of the Common Shares with a record date on or after the date that the Company takes up and accepts for purchase the tendered Common Shares and that, if the tendered Common Shares are taken up and accepted for purchase by the Company, the Company will acquire good and marketable title thereto, free and clear of all liens, charges, claims, encumbrances, security interests, restrictions and equities whatsoever, together with all rights and benefits arising therefrom. Any such Shareholder will, on request by the Depositary or the Company, execute and deliver any additional documents deemed by the Depositary or the Company to be necessary or desirable to complete the sale, assignment and transfer of the tendered Common Shares, all in accordance with the terms of the Offer.

All authority conferred or agreed to be conferred by delivery of the Letter of Transmittal will be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the Shareholder and will not be affected by, and will survive, the death or incapacity of such Shareholder.

10. NOTICE

Without limiting any other lawful means of giving notice, any notice to be given by the Company or the Depositary under the Offer will be deemed to have been properly and validly given if it is mailed by first-class mail, postage prepaid, to the Shareholders of record at their respective addresses as shown on the share registers maintained in respect of the Common Shares and will be deemed to have been received on the first Business Day following the date of mailing. These provisions apply despite: (i) any accidental omission to give notice to any one or more Shareholders; and (ii) an interruption of mail service in Canada following mailing. In the event of an interruption of mail service following mailing, the Company will use reasonable efforts to disseminate the notice by other means, such as publication. In the event that post offices in Canada are not open for tender of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice that the Company or the Depositary may give or cause to be given under the Offer will be deemed to have been properly and validly given and to have been received by Shareholders if it is issued by way of a news release and if it is published once in the National Edition of the *Globe & Mail* or the *National Post* and in a French language daily newspaper of general circulation in the Province of Québec.

11. OTHER TERMS

- (a) No broker, dealer or other person has been authorized to give any information or to make any representation on behalf of the Company, the Board of Directors, the Dealer Manager or the Depositary other than as contained in this Offer to Purchase and the Letter of Transmittal, and, if any such information or representation is given or made, it must not be relied upon as having been authorized by the Company, the Board of Directors, the Dealer Manager or the Depositary.
- (b) It is a term of the Offer that for the purposes of subsection 191(4) of the Tax Act, the “specified amount” in respect of each Common Share shall be an amount equal to the closing trading price for the Common Shares on the TSX on the Expiration Date. We will publicly announce the specified amount when we announce the Purchase Price pursuant to the Offer.
- (c) The Offer and all contracts resulting from the acceptance thereof will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- (d) The Company, in its sole discretion, is entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer, the *pro rata* entitlement of each tendering Shareholder, if applicable, and the validity of any withdrawals of Common Shares, except as otherwise finally determined in a subsequent judicial proceeding in a court of competent jurisdiction or as required by law.
- (e) The Offer is not being made to, nor will tenders of Common Shares be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance

with the laws of such jurisdiction. The Company may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Shareholders in any such jurisdiction.

The accompanying Circular, together with this Offer to Purchase, constitutes the issuer bid circular required under Canadian securities laws with respect to the Offer. **Shareholders are urged to carefully review the accompanying Circular for additional information relating to the Offer and the Company.**

DIRECTORS OF LEON'S FURNITURE LIMITED

By: (signed) "Mark J. Leon"
Name: Mark J. Leon
Title: Chairman, Board of Directors,
Leon's Furniture Limited

CIRCULAR

This Circular is being furnished in connection with the Offer by Leon's Furniture Limited to purchase for not more than \$200,000,000 in value of its Common Shares at a Purchase Price of not less than \$24.30 per Common Share and not more than \$25.05 per Common Share. Terms defined in the Offer to Purchase and not otherwise defined herein have the same meaning in this Circular. The terms and conditions of the Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of the terms and conditions of the Offer.

Capitalized words and terms used in this Circular, unless otherwise defined herein, have the meanings given to them under the heading "Glossary" of the Offer to Purchase. The terms and conditions of the Offer to Purchase are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of the terms and conditions of the Offer.

1. LEON'S FURNITURE LIMITED

General

Leon's Furniture Limited was incorporated as a private company by Letters Patent of the Province of Ontario on February 28, 1969, under the name Ablan Leon Distributors Limited. By Supplementary Letters Patent dated June 19, 1969, Leon's was converted to a public company in Ontario and the name was changed to its present form, Leon's Furniture Limited / Meubles Leon Ltée.

The principal head office of the Company is located at 45 Gordon Mackay Road, Toronto, Ontario M9N 3X3. Our web site is www.lflgroup.ca. Information contained on the Company's web site is not part of this Circular or the Offer to Purchase.

The Company is subject to the information and reporting requirements of Canadian securities laws and the rules of the TSX and in accordance therewith files periodic reports and other information with the Canadian securities regulatory authorities and the TSX relating to its business, financial condition and other matters. The Company files reports, statements and other information with the Canadian Securities Administrators, which may be accessed on the SEDAR web site at www.sedar.com.

Authorized Capital

The Company's authorized share capital consists of Common Shares and Convertible Shares. The holders of Common Shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Company and to one vote in respect of each Common Share held at all such meetings. The holders of the Common Shares are entitled, at the discretion of the Board of Directors, to receive out of any or all profits or surplus of the Company properly available for the payment of dividends, any dividend declared by the Board of Directors and payable by the Company on the Common Shares. The holders of the Common Shares will participate rateably in any distribution of the assets of the Company upon the liquidation, dissolution or winding-up of the Company or other distribution of its assets among its shareholders for the purpose of winding up its affairs.

On May 31, 1990, the Company's articles were amended to change its authorized capital to an unlimited number of Common Shares and an unlimited number of non-voting Convertible Shares, issuable in series. The Company's articles were further amended to designate the following series of Convertible Shares: 245,000 Convertible Shares as the first series (June 1, 1990); 89,400 Convertible Shares as the second series (December 3, 1993); 350,000 Convertible Shares as the third series (March 18, 1998); 423,000 Convertible Shares as the fourth series, 50,000 Convertible Shares as the fifth series, 50,000 Convertible Shares as the sixth series and 50,000 Convertible Shares as the seventh series (August 29, 2002); 201,500 Convertible Shares as the eighth series (September 6, 2005); 1,224,000 Convertible Shares as the ninth series and 20,000 Convertible Shares as the tenth series (April 23, 2009) (the "**2009 Series**"); 306,500 Convertible Shares as the eleventh series (April 3, 2012) (the "**2012 Series**"); 1,485,000 Convertible Shares as the twelfth series (January 3, 2013) (the "**2013 Series**"); 740,000 Convertible Shares as the thirteenth series (March 28, 2014) (the "**2014 Series**"); 880,000 Convertible Shares as the fourteenth series (December 8, 2015) (the "**2015 Series**").

In addition, the articles were amended on June 21, 2007 to reflect the following increases in authorized capital and share splits: increase the authorized number of shares of the 1998 Series to 1,216,000 and to authorize a share split of the same; increase the authorized number of shares of the 2002 Series A to 1,684,000 and to authorize a share split of the same; and to increase the authorized number of shares of the 2005 Series to 798,000 and to authorize a share split of the same.

Holders of Convertible Shares may convert their Convertible Shares into Common Shares on a one-for-one basis at any time after the fifth anniversary of issue, in the case of the 2009 Series and the 2012 Series and after the third anniversary of issue in the case of the 2013 Series, 2014 Series and 2015 Series (or, in each case, prior thereto in certain circumstances with the consent of the Company) and in each case prior to the thirteenth anniversary of issue; provided that any loan granted by the Company to purchase such Convertible Shares is first repaid. The Company may redeem the Convertible Shares at the initial issuance price under certain conditions. The Convertible Shares are issued in series. There are currently five series of Convertible Shares outstanding: the 2009 Series, the 2012 Series, the 2013 Series, the 2014 Series, the 2015 Series.

Common Shares were issued pursuant to the Company's 2018 Management Share Purchase Plan (the "2018 MSPP"). These Common Shares are voting shares held in trust. Dividends may be paid on these Common Shares when declared. Holders may convert their Common Shares from the trust to direct holdings on a one-for-one basis at any time after the third anniversary of issue and in each case prior to the tenth anniversary of issue; provided that any loan granted by the Company to purchase such Common Shares is first repaid. These Common Shares are issued in series. There is currently one series of Common Shares outstanding being the 2018 series.

2. PURPOSE AND EFFECT OF THE OFFER

The Company believes that the Common Shares are currently trading below their intrinsic value, but recognizes that some Shareholders may desire liquidity in their investment that would not otherwise be available in the market and, as such, wish to monetize their ownership in the Company. The Offer provides the Company an opportunity to return up to \$200,000,000 of capital to Shareholders who have their Common Shares taken up and paid for pursuant to the Offer while at the same time increasing the proportionate ownership of Shareholders who did not have their Common Shares taken up and paid for pursuant to the Offer. Our Board of Directors believes that the Offer is an advisable use of our financial resources given our business profile and assets, the current market price of the Common Shares, our cash requirements and our borrowing costs. In addition, as the purchase of Common Shares pursuant to the Offer will reduce the number of outstanding Common Shares, the Offer will be accretive to any future earnings per Common Share that we may record, although there can be no assurance of such earnings. During the nine-month period ended September 30, 2021, the Company purchased a total of 2,247,410 Common Shares for cancellation under its existing normal course issuer bid commenced on September 15, 2021 and its predecessor normal course issuer bid. The Offer is a continuation of such repurchase efforts.

The Offer provides Shareholders with an efficient way to sell their Common Shares without incurring broker's fees or commissions associated with open market sales. However, Shareholders who hold Common Shares through brokers, dealers, commercial banks, trust companies or other nominee shareholders are urged to consult their brokers, dealers, commercial banks, trust companies or other nominee shareholders to determine whether transaction costs may apply if Shareholders tender Common Shares through the brokers, dealers, commercial banks, trust companies or other nominee shareholders and not directly to the Depository.

Based upon the liquidity opinion of CIBC World Markets Inc. and a number of other factors taken into consideration by the Board of Directors, the Board of Directors believes that the Offer is beneficial to the Company.

The Offer is not expected to preclude the Company from completing any foreseeable or planned business opportunities. After giving effect to the Offer, the Company believes that it will continue to have sufficient financial resources and working capital to conduct its business.

Neither the Company nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Common Shares. Shareholders must make their own decisions as to whether to deposit Common Shares under the Offer, and if so, how many Common Shares to deposit.

Applicable Canadian securities laws generally prohibit the Company and persons or companies acting jointly or in concert with the Company from acquiring or offering to acquire beneficial ownership of any Common Shares, other than pursuant to the Offer, from the period commencing on the date of announcement of the Company's intention to make the Offer until the Expiration Time. In addition, the Company and persons or companies acting jointly or in concert with the Company are prohibited from acquiring or offering to acquire beneficial ownership of any Common Shares during the period commencing with the Expiration Time and ending on the 20th Business Day after that, except, in the case of acquisitions during the period following the Expiration Time, pursuant to certain acquisitions effected in the normal course on a published market or as otherwise permitted by applicable law.

Accordingly, the Company has not purchased and will not purchase Common Shares since the time the Offer was publicly announced until its expiration, whether pursuant to the existing normal course issuer bid or otherwise. The Company has also suspended its automatic share purchase plan that it implemented in order to facilitate repurchases of Common Shares under its existing normal course issuer bid.

The Company may in the future, subject to applicable law, purchase additional Common Shares on the open market, in private transactions, through normal course issuer bids, other issuer bids or otherwise. Any such purchases may be on the same terms or on terms which are more or less favourable to Shareholders than the terms of the Offer. Any possible future purchases by the Company will depend on many factors, including the market price of the Common Shares, the Company's business and financial position, the results of the Offer and general economic and market conditions.

Background to the Offer

The Board of Directors considered the proposed Offer and whether to proceed. In evaluating the Offer, the Board of Directors gave careful consideration to a number of factors, including, without limitation, the following:

- (a) after giving effect to the Offer, the Company believes it will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and expects that it will continue to have sufficient financial resources to pursue its foreseeable or planned business opportunities;
- (b) the anticipated positive impact that the purchase of Common Shares would have on the Company's earnings and cash flow calculated on a per share basis, as well as on the return on equity on the Common Shares;
- (c) the Offer provides Shareholders with an opportunity to realize on all or a portion of their investment in the Company, should they desire liquidity, in quantities which might not otherwise be available in the market without incurring brokerage fees or commissions (subject to any fees or commissions that non-registered Shareholders may be charged by the nominee holding their Common Shares on their behalf) which might otherwise be payable on a sale of their Common Shares on the TSX;
- (d) Shareholders wishing to tender Common Shares may do so pursuant to Auction Tenders or Purchase Price Tenders;
- (e) the deposit of Common Shares under the Offer is optional for and available to all Shareholders, and all Shareholders are free to accept or reject the Offer;
- (f) the Offer is not conditional on any minimum number of Common Shares being deposited;
- (g) Shareholders who did not have their Common Shares taken up and paid for under the Offer will realize a proportionate increase in their equity interest in the Company to the extent that Common Shares are purchased by the Company pursuant to the Offer;
- (h) generally, Shareholders owning Odd Lots, whose Common Shares are purchased under the Offer, will not only avoid the payment of any brokerage fees and commissions (subject to any fees or commissions that non-registered Shareholders may be charged by the nominee holding their Common Shares on their behalf) but also any Odd Lot discounts, each of which may otherwise be applicable on a sale of their Common Shares on the TSX;
- (i) the advice of CIBC World Markets Inc., in respect of the Offer, including the Liquidity Opinion; and
- (j) whether it would be reasonable to conclude that, following the completion of the Offer, there will be a market for holders of the Common Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer (see "Liquidity of Market" below).

The foregoing summary of the factors considered by the Board of Directors is not intended to be exhaustive of the factors considered by the Board of Directors in making the decision to present the Offer to Shareholders, but includes the material factors considered by the Board of Directors. The Board of Directors evaluated various factors, including those summarized above, in light of their own knowledge of the business, assets, financial condition, operations and prospects of the Company and based upon the advice of their advisors. In view of the numerous factors considered, the Board of Directors did not find it practicable to, and did not quantify or otherwise attempt to assign relative weight to specific factors in reaching its recommendation and decision, as applicable. In addition, individual members of the Board of Directors may have given different weight to different factors.

None of the Company, its Board of Directors, the Depositary or the Dealer Manager makes any recommendation to Shareholders as to whether to deposit or refrain from depositing any or all of such Shareholder's Common Shares under the Offer. No person has been authorized to make any such recommendation. Shareholders are strongly urged to review and evaluate carefully all information in the Offer to Purchase and Circular, to consult their own investment, tax and legal advisors, and to make their own decisions as to whether to deposit Common Shares under the Offer and, if so, how many Common Shares to deposit. Future values and liquidity of the Common Shares cannot be assured and are subject to risks. Shareholders should carefully consider the income tax consequences of accepting the Offer. Refer to Section 9 of the Circular, "Income Tax Considerations – Certain Canadian Federal Income Tax Considerations".

On November 16, 2021, the Company's Board of Directors approved the making of the Offer, the terms and conditions of the Offer, the Offer to Purchase, this Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery.

Notwithstanding the foregoing considerations, before making any decision to tender their Common Shares to the Offer, Shareholders should carefully consider the risks associated with the Company's business, including the risks described under the heading "Risk Factors" in the Company's most recent annual information form which has been filed with the Canadian Securities Administrators and is available under the Company's SEDAR profile at www.sedar.com.

Liquidity of Market

As at November 16, 2021 the Company had 76,793,896 Common Shares issued and outstanding, of which approximately 28,706,769 Common Shares comprise the “public float”, which excludes the currently issued Common Shares beneficially owned, or over which control or direction is exercised, by “related parties” of the Company, as defined under applicable Canadian securities laws. For the purpose of the Offer, “related parties” on that date include the directors and officers of the Company and its subsidiaries and their respective directors and senior officers, as well as any person that beneficially owns or exercises control or direction over 10% or more of the issued and outstanding Common Shares. The maximum number of Common Shares that the Company is offering to purchase pursuant to the Offer represents approximately 10.7% of the Common Shares issued and outstanding on that date. In the event that the Company purchases 8,230,452 Common Shares (the maximum number of Common Shares that may be purchased pursuant to the Offer) and none of the “related parties” tender their currently issued Common Shares pursuant to the Offer, immediately following take up and payment for such Common Shares pursuant to the Offer, the “public float” will comprise approximately 20,476,317 Common Shares.

The Company is relying on the “liquid market exemption” specified in MI 61-101 from the requirement to obtain a formal valuation in connection with the Offer.

The Company has determined that there is a liquid market in the Common Shares because:

- (a) there is a published market for the Common Shares, namely the TSX;
- (b) during the 12-month period before November 17, 2021 (the date the Offer was first publicly announced):
 - (i) the number of outstanding Common Shares was at all times not less than 5,000,000, excluding Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties and Common Shares that were not freely tradeable;
 - (ii) the aggregate trading volume of the Common Shares on the TSX, being the published market on which the Common Shares are principally traded, was at least 1,000,000 Common Shares;
 - (iii) there were at least 1,000 trades in Common Shares on the TSX; and
 - (iv) the aggregate trading value of the trades in Common Shares on the TSX was at least \$15,000,000; and
- (c) the market value of the Common Shares on the TSX, as determined in accordance with MI 61-101, was at least \$75,000,000 for October 2021, being the calendar month preceding the calendar month in which the pricing of the Offer was first publicly announced.

While not required under applicable securities laws, the Board of Directors has voluntarily obtained the Liquidity Opinion from CIBC World Markets Inc. to the effect that, as of November 16, 2021 and subject to the assumptions, limitations and qualifications contained in the Liquidity Opinion, (a) a liquid market for the Common Shares existed on November 16, 2021; and (b) it is reasonable to conclude that, on completion of the Offer, there will be a market for Shareholders who do not tender their Common Shares to the Offer that is not materially less liquid than the market that existed on November 16, 2021. The full text of the Liquidity Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Liquidity Opinion, is attached hereto as Schedule A. The summary of the Liquidity Opinion in this Circular is qualified in its entirety by reference to the full text of the Liquidity Opinion. The Board of Directors urges Shareholders to read the Liquidity Opinion in its entirety. The Liquidity Opinion is not a recommendation as to whether or not Shareholders should tender or refrain from tendering any or all of such Shareholder’s Common Shares pursuant to the Offer. CIBC World Markets Inc. is not independent of the Company within the meaning of MI 61-101.

The Company also determined that it is reasonable to conclude that, following the completion of the Offer, there will be a market for holders of the Common Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of making the Offer.

Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

3. WITHDRAWAL RIGHTS

The withdrawal rights of Shareholders are described under Section 4 of the Offer to Purchase, “Withdrawal Rights”, and are incorporated into and form part of this Circular.

4. FINANCIAL STATEMENTS

A copy of the Company's most recent unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 are available on the web site maintained by the Canadian Securities Administrators at www.sedar.com and on the Company's web site at www.lflgroup.ca. Shareholders who wish to obtain a copy of these financial statements may do so, without charge, upon written request to the Company, 45 Gordon Mackay Road, Toronto, Ontario M9N 3X3, Attention: Constantine Pefanis, or by calling (416) 243-4073.

5. PRICE RANGE; DISTRIBUTIONS; PREVIOUS SALES AND PURCHASES

Trading of Common Shares on Principal Markets

The Common Shares are listed and posted for trading on the TSX under the symbols "LFN.TO" (quoted in Canadian dollars). The following table sets forth for the periods indicated the high and low closing prices per Common Share and volumes of Common Shares traded on such exchange as compiled from published financial sources for the periods indicated:

LFN.TO

| <u>Period</u> | <u>High (\$)</u> | <u>Low (\$)</u> | <u>Volume</u> |
|------------------------------|------------------|-----------------|---------------|
| May 2021..... | 23.85 | 20.76 | 289,718 |
| June 2021..... | 23.63 | 21.41 | 377,316 |
| July 2021..... | 23.19 | 21.77 | 236,316 |
| August 2021..... | 25.29 | 22.4 | 274,407 |
| September 2021..... | 25 | 22.14 | 405,592 |
| October 2021..... | 26.78 | 22.55 | 266,292 |
| Up to November 16, 2021..... | 25.34 | 23.77 | 154,208 |

On November 16, 2021, being the last day on which the Common Shares traded prior to the announcement of the pricing of the Offer, the closing price per Common Share on the TSX was \$24.27.

Dividend Policy

The Company has adopted a policy of declaring a quarterly dividend on the Common Shares, effective with the dividend payable in July 1994. The Company has no stated dividend policy for its Convertible Shares; however, the Board of Directors reviews dividends periodically. The Board of Directors may declare and pay dividends on any Convertible Shares in an amount not exceeding 50% of the dividends declared and paid on any Common Share.

Between January 1, 2021 and November 16, 2021, the Company declared dividends in the amount \$1.89 per Common Share and \$0.32 per Convertible Share, which includes the special dividend of \$1.25 per Common Share paid on October 8, 2021. In 2020, the Company declared dividends in the amount of \$0.88 per Common Share and \$0.29 per Convertible Share, which includes the special dividend of \$0.30 per Common Share paid on January 7, 2021. In 2019, the Company declared dividends in the amount of \$0.56 per Common Share and \$0.28 per Convertible Share.

Previous Purchases and Sales

During the 12 months preceding the date of the Offer, the Company purchased a total of 2,932,790 Common Shares for cancellation under its existing normal course issuer bid commenced on September 15, 2021 and its predecessor normal course issuer bid. The Common Shares were purchased for a total cost of \$65,910,359.23, including transaction costs, at an average price of \$22.47. Except as pursuant to its existing normal course issuer bid and excluding Common Shares issued upon the conversion of Convertible Shares in accordance with their terms, no securities of the Company have been purchased or sold by the Company during the 12 months preceding the date of the Offer.

Previous Distributions of Common Shares

During the five years preceding the date of the Offer, the Company distributed 1,188,873 Common Shares in 2018 pursuant to the Company's 2018 MSPP at a distribution price per Common Share of \$15.30. These Common Shares are voting shares held in trust. Holders may convert their Common Shares from the trust to direct holdings on a one-for-one basis at any time after the third anniversary of issue and in each case prior to the tenth anniversary of issue; provided that any loan granted by the Company to purchase such Common Shares is first repaid. The Company also periodically distributes Common Shares pursuant to the conversion of its Convertible Shares.

6. OWNERSHIP OF THE COMPANY'S SECURITIES; TRANSACTIONS IN THE COMPANY'S SECURITIES

Ownership of Securities

The following table indicates, as at November 16, 2021 the number, class and percentage of outstanding securities of the Company beneficially owned, directly or indirectly, or over which control or direction was exercised, by each director and officer of the Company and, to the knowledge of the Company after reasonable enquiry, each associate or affiliate of the Company, each insider of the Company (other than directors or officers) and their respective associates and affiliates, if any. No person or company is acting jointly or in concert with the Company in connection with the Offer.

| Name | Relationship with the Company | Number and Class of Securities | % of Outstanding |
|-----------------------|--|---|--|
| Antomel Limited | 10% Security Holder | 10,552,972 Common Shares | 13.74% of Common Shares |
| John A. Cooney | Vice President (Legal) and Corporate Secretary | 135,925 Common Shares 67,713 Convertible Shares | 0.18% of Common Shares 8.03% of Convertible Shares |
| David B. Freeman | President at The Brick Ltd. | 56,658 Common Shares 53,995 Convertible Shares | 0.07% of Common Shares 6.40% of Convertible Shares |
| Frank Gagliano | Director | 4,500 Common Shares | 0.01% of Common Shares |
| Jomila Limited | 10% Security Holder | 11,478,400 Common Shares | 14.95% of Common Shares |
| Alan Lenczner | Director | 3,000 Common Shares | 0.00% of Common Shares |
| Daniel C. Leon | Vice President (Merchandising) | 241,660 Common Shares | 0.31% of Common Shares |
| Edward F. Leon | Director | 333,099 Common Shares 171,870 Convertible Shares | 0.43% of Common Shares 20.38% of Convertible Shares |
| Graeme Leon | President (Merchandising) | 195,119 Common Shares 101,852 Convertible Shares | 0.25% of Common Shares 12.08% of Convertible Shares |
| Joseph M. Leon | Director | 50,000 Common Shares | 0.07% of Common Shares |
| Mark Leon | Chairman and Director | 691,860 Common Shares | 0.90% of Common Shares |
| Mary Ann Leon | Director | 9,969 Common Shares | 0.01% of Common Shares |
| Terrence Leon | Vice Chairman and Director | 1,322,560 Common Shares | 1.72% of Common Shares |
| Midgemar Limited | 10% Security Holder | 12,052,521 Common Shares | 15.69% of Common Shares |
| Gregory P. Nakonechny | Vice President (Legal) and Corporate Secretary at The Brick Ltd. | 31,315 Common Shares | 0.04% of Common Shares |
| Constantine Pefanis | Chief Financial Officer | 218,055 Common Shares | 0.28% of Common Shares |
| Orest Pyshniak | Vice President (Finance) at The Brick Ltd. | 38,888 Common Shares | 0.05% of Common Shares |
| Timmyal Limited | 10% Security Holder | 10,527,754 Common Shares | 13.71% of Common Shares |
| Darci M. Walker | Vice President (Operations) at The Brick Ltd. | 28,428 Common Shares 31,549 Convertible Shares | 0.04% of Common Shares 3.74% of Convertible Shares |
| Michael J. Walsh | President and Chief Executive Officer | 114,444 Common Shares | 0.15% of Common Shares |

Acceptance of the Offer

To the knowledge of the Company, after reasonable enquiry, no person named under this Section 6 will be tendering any Common Shares pursuant to the Offer.

Commitments to Acquire Common Shares

The Company has no commitments to purchase Common Shares or other equity securities of the Company, other than pursuant to the Offer. To the knowledge of the Company, after reasonable enquiry, no person named under this Section 6 has any commitment to purchase Common Shares or other equity securities of the Company.

Benefits from the Offer

No person named under this Section 6 will receive any direct or indirect benefit from accepting or refusing to accept the Offer, other than those benefits available to any Shareholder from accepting or refusing to accept the Offer.

Agreements, Commitments or Understandings with Shareholders

There are no agreements, commitments or understandings, formal or informal, between the Company and any Shareholder with respect to the Offer or any person or company with respect to any securities of the Company in relation to the Offer.

Bona Fide Offers

No *bona fide* offer that relates to the Common Shares or is otherwise relevant to the Offer has been received by the Company during the 24 months preceding the date hereof.

7. MATERIAL CHANGES IN THE AFFAIRS OF THE COMPANY OR OTHER MATERIAL FACTS

Except as described or referred to herein, the Company is not aware of any material fact concerning the Common Shares or any other matter not previously generally disclosed and known to the Company that would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer. See Section 4 of this Circular, "Financial Statements". The Company regularly reviews acquisition and disposition opportunities in the ordinary course of business. Except as described or referred to herein or as otherwise publicly disclosed, the Company has no current plans or proposals to make any material change in its business, corporate structure, management or personnel.

8. PRIOR VALUATIONS

Pursuant to the provisions of MI 61-101, an issuer making an offer for its securities must, with certain limited exceptions, disclose every prior valuation or appraisal, made in the 24 months before the date of such offer, of the Company, its securities or material assets, whether or not prepared by an independent valuator, that would reasonably be expected to affect the decision of a securityholder to retain or dispose of the Common Shares. To the knowledge of the Company and the Board of Directors and senior officers of the Company, no "prior valuations" (as defined in MI 61-101) regarding the Company or its material assets have been prepared within the 24 months preceding the date hereof.

9. INCOME TAX CONSIDERATIONS

Certain Canadian Federal Income Tax Considerations

The Company has been advised by McCarthy Tétrault LLP that the following summary describes certain of the principal Canadian federal income tax considerations pursuant to the Tax Act that generally apply, as at the date hereof, to a disposition of Common Shares pursuant to the Offer.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and the current administrative policies and assessing practices of the CRA published in writing by it prior to the date hereof. This summary assumes that the Tax Proposals will be enacted in the form currently proposed. No assurances can be given that the Tax Proposals will be enacted as currently proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial, foreign or other tax considerations, which may differ significantly from those discussed herein.

This summary is not applicable to a Shareholder: (i) that is a partnership, (ii) that is a "financial institution" for purposes of the mark to market rules, (iii) that is a "specified financial institution", (iv) an interest in which is a "tax shelter investment", (v) that reports its "Canadian tax results" in a currency other than Canadian dollars, or (vi) that has entered into, with respect to the Common Shares, a "derivative forward agreement" or a "dividend rental arrangement", as each of those terms is defined in the Tax Act. This summary is also not applicable to a Shareholder that acquired Common Shares pursuant to the exercise of an equity compensation plan and who disposes of such Common Shares pursuant to the Offer. Such Shareholders should consult their own tax advisors regarding their particular circumstances.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Shareholder and no representations with respect to Canadian federal income tax consequences to any particular Shareholder are made. Accordingly, Shareholders are urged to consult their own tax advisors with respect to their particular circumstances.

Having regard to the deemed dividend tax treatment (including Canadian withholding tax for non-residents of Canada) described below on a disposition of Common Shares pursuant to the Offer as opposed to capital gains (or capital loss) treatment which would generally apply to a disposition of Common Shares in the market, Shareholders who wish to dispose of their Common Shares should consult their tax advisors regarding the disposition of their Common Shares in the market as an alternative to disposing of their Common Shares pursuant to the Offer.

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Common Shares must be expressed in Canadian dollars, and any amount denominated in another currency must be converted into Canadian dollars using exchange rates determined in accordance with the Tax Act.

This summary assumes that at all relevant times the Common Shares will be listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX).

Resident Shareholders

This portion of the summary is applicable to a Shareholder who, at all relevant times for the purposes of the Tax Act (i) is or is deemed to be a resident of Canada, (ii) deals at arm’s length with the Company and is not affiliated with the Company, (iii) is not exempt from tax under Part I of the Tax Act, and (iv) holds its Common Shares as capital property (a “**Resident Shareholder**”). Generally, Common Shares will be considered to be capital property to a Resident Shareholder provided that the Resident Shareholder does not hold the Common Shares in the course of carrying on a business and has not acquired the Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade.

A Resident Shareholder whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have the Common Shares and every other “Canadian security”, as defined in the Tax Act, owned by such Resident Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Shareholders are advised to consult their own tax advisors to determine if this election is appropriate in their particular circumstances.

Deemed Dividend

A Resident Shareholder who disposes of Common Shares pursuant to the Offer will be deemed to receive a taxable dividend equal to the excess, if any, of the amount paid by the Company for the Common Shares, being the Purchase Price, over their paid-up capital for purposes of the Tax Act. The Company estimates that on the Expiration Date the paid-up capital per Common Share should be approximately \$2.19 for purposes of the Tax Act. As a result, the Company expects that a Resident Shareholder who disposes of Common Shares under the Offer will be deemed to receive a taxable dividend.

Any dividend deemed to be received by a Resident Shareholder who is an individual (including certain trusts) will be subject to the gross up and dividend tax credit rules applicable to taxable dividends received by Canadian resident individuals from a taxable Canadian corporation, including the enhanced gross up and dividend tax credit if the Company validly designates the dividend as an “eligible dividend”. There may be limitations on the ability of the Company to designate dividends as eligible dividends. The Company intends to designate the maximum amount permissible in accordance with the provisions of the Tax Act.

Subject to the application of subsection 55(2) of the Tax Act (as described below), any dividend deemed to be received by a Resident Shareholder that is a corporation (a “**Corporate Resident Shareholder**”) will be included in computing such Corporate Resident Shareholder’s income as a dividend, and will ordinarily be deductible in computing its taxable income. To the extent that such a deduction is available, private corporations (as defined in the Tax Act) and certain other corporations may be liable to pay refundable tax under Part IV of the Tax Act. Corporate Resident Shareholders should consult their own tax advisors regarding the potential application of Part IV tax with respect to any dividend deemed to be received by them.

Under subsection 55(2) of the Tax Act, a Corporate Resident Shareholder may be required to treat all or a portion of the deemed dividend (if any) described above as proceeds of disposition of its Common Shares and not as a taxable dividend. Subsection 55(2) of the Tax Act does not apply to that portion of the dividend, if any, subject to tax under Part IV of the Tax Act that is not refunded under the circumstances specified in subsection 55(2) and does not apply if the dividend would not be deductible in computing taxable income. Further, subsection 55(2) will not apply to a Corporate Resident Shareholder on a sale of Common Shares to the Company pursuant to the Offer unless the result of the deemed dividend (if any) described above is to effect a significant reduction in the capital gain that, but for the deemed dividend (if any), the Corporate Resident Shareholder otherwise would have realized on a disposition of the Common Shares at fair market value, and the amount of the deemed dividend (if any) exceeds the Corporate Resident Shareholder’s “safe income” in respect of the particular Common Shares that could reasonably be considered to contribute to such capital gain. Generally, the safe income in respect of a particular Common Share held by a Corporate Resident Shareholder is the portion of the Company’s undistributed income for purposes of the Tax Act which is attributable to such Common Share and which is earned or realized after the time the Corporate Resident Shareholder acquired the particular Common Share up to the safe-income

determination time. Corporate Resident Shareholders should consult their own tax advisors for specific advice with respect to the potential application of subsection 55(2) of the Tax Act in their own particular circumstances.

Capital Gain (Loss)

The amount paid by the Company under the Offer for the Common Shares less any amount deemed to be received by the Resident Shareholder as a dividend will be treated as proceeds of disposition of the Common Shares. The Resident Shareholder will realize a capital gain (or capital loss) on the disposition of the Common Shares equal to the amount by which the Resident Shareholder's proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of the Common Shares sold to the Company pursuant to the Offer.

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one half of any capital gain (a "**taxable capital gain**") realized by it in that year. A Resident Shareholder must generally deduct one half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Shareholder in that year, and any excess may generally be applied to reduce net taxable capital gains realized by the Resident Shareholder in the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances specified in the Tax Act.

The amount of a capital loss realized on the disposition of a Common Share by a Corporate Resident Shareholder may, to the extent and under the circumstances specified in the Tax Act, be reduced by the amount of dividends received or deemed to be received on the Common Shares (including any dividends deemed to be received as a result of the disposition of Common Shares to the Company under the Offer). Similar rules may apply where Common Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Resident Shareholder who is an individual (including most trusts) and has realized a capital loss on the disposition of Common Shares pursuant to the Offer could have all or a portion of that loss denied under the "superficial loss" rules set out in the Tax Act. In general, these rules apply where such Resident Shareholder or a person affiliated with such Resident Shareholder has acquired Common Shares in the period beginning 30 days before the disposition of Common Shares pursuant to the Offer and ending 30 days after the disposition of Common Shares pursuant to the Offer, and such acquired Common Shares are owned by such Resident Shareholder or by a person affiliated with such Resident Shareholder at the end of such period.

A Resident Shareholder that is a corporation or trust and has realized a capital loss on the disposition of Common Shares pursuant to the Offer could have all or a portion of that loss denied under the "stop-loss" rules set out in the Tax Act. In general, these rules apply where such Resident Shareholder or a person affiliated with such Resident Shareholder has acquired Common Shares in the period beginning 30 days before the disposition of Common Shares pursuant to the Offer and ending 30 days after the disposition of Common Shares pursuant to the Offer, and such acquired Common Shares are owned by such Resident Shareholder or by a person affiliated with such Resident Shareholder at the end of such period.

Resident Shareholders should consult their own tax advisors in relation to the foregoing loss reduction, superficial loss, and stop-loss rules, having regard to their own circumstances.

Refundable Tax

A Resident Shareholder that is a "Canadian controlled private corporation" (as defined in the Tax Act) throughout the year may be liable to pay an additional refundable tax on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains (but not dividends, or deemed dividends, that are deductible in computing taxable income). Resident Shareholders should consult their own tax advisors in this regard.

Minimum Tax

A Resident Shareholder who is an individual (including most trusts), who realizes a capital gain or who is deemed to receive a dividend may be subject to alternative minimum tax under the Tax Act. Resident Shareholders should consult their own tax advisors in this regard.

Non-Resident Shareholders

The following portion of the summary is applicable to a Shareholder who, at all relevant times for purposes of the Tax Act: (i) is not resident or deemed to be resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, its Common Shares in connection with carrying on a business in Canada, (iii) deals at arm's length with the Company and is not affiliated with the Company, and (iv) is not an insurer that carries on an insurance business in Canada and elsewhere (a "**Non-Resident Shareholder**").

This portion of the summary assumes that the Common Shares will not be “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Shareholder at the time of their disposition. Generally, the Common Shares will not constitute taxable Canadian property of a Non-Resident Shareholder at a particular time provided that the Common Shares are listed at that time on a designated stock exchange (which includes the TSX), unless at any particular time during the 60-month period that ends at that time (i) one or any combination of (a) the Non-Resident Shareholder, (b) persons with whom the Non-Resident Shareholder does not deal at arm’s length (for the purposes of the Tax Act), and (c) partnerships in which the Non-Resident Shareholder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (a) real or immovable properties situated in Canada, (b) “Canadian resource properties”, (c) “timber resource properties”, and (d) options in respect of, or interests in, or for civil law rights in, any of the foregoing property whether or not the property exists, each term as defined in the Tax Act. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares may be deemed to be taxable Canadian property. **A Non-Resident Shareholder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult its tax advisor prior to such disposition.**

A Non-Resident Shareholder who disposes of Common Shares pursuant to the Offer will be deemed to receive a taxable dividend equal to the excess, if any, of the amount paid by the Company for the Common Shares, being the Purchase Price, over their paid-up capital for purposes of the Tax Act. The Company estimates that on the Expiration Date the paid-up capital per Common Share should be approximately \$2.19 for purposes of the Tax Act. As a result, the Company expects that a Non-Resident Shareholder who disposes of Common Shares under the Offer will be deemed to receive a dividend. Any such dividend will be subject to Canadian withholding tax at a rate of 25%, subject to any reduction under the provisions of an applicable income tax treaty. For example, under the *Canada-United States Income Tax Convention* (the “**U.S. Treaty**”), the rate of withholding tax on a dividend paid or deemed to be paid to a Non-Resident Shareholder who is a resident of the United States for purposes of the U.S. Treaty, is fully entitled to all the benefits under the U.S. Treaty and is the beneficial owner of the dividend is generally limited to 15% of the gross amount of the dividend. Non-Resident Shareholders are urged to consult their own tax advisors to determine their entitlement, if any, to relief under an applicable income tax treaty.

A Non-Resident Shareholder will not be subject to tax under the Tax Act in respect of any capital gain (generally as described above under “Resident Shareholders – Capital Gain (Loss)”) realized on the disposition of a Common Share pursuant to the Offer.

In view of the deemed dividend tax treatment described above on a sale of Common Shares pursuant to the Offer and the resulting Canadian withholding tax, Non-Resident Shareholders should consult their own tax advisors regarding selling their Common Shares in the market as an alternative to selling Common Shares pursuant to the Offer.

10. CERTAIN LEGAL MATTERS; REGULATORY APPROVALS

The Company is not aware of any license or regulatory permit that is material to the Company’s business that might be adversely affected by the Company’s acquisition of Common Shares pursuant to the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency in any jurisdiction, that would be required for the acquisition or ownership of Common Shares by the Company pursuant to the Offer and that has not been obtained on or before the date hereof. Should any other approval or action be required, the Company currently contemplates that such approval or other action will be sought or other action will be taken. The Company cannot predict whether it may determine to delay the acceptance or payment for Tendered Shares pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company’s business. The Company’s obligations under the Offer to accept for payment and pay for Common Shares are subject to certain conditions. See Section 5 of the Offer to Purchase, “Conditions of the Offer”.

11. SOURCE OF FUNDS

The Company expects to fund purchases of Common Shares pursuant to the Offer, including related fees and expenses, from cash on hand and available credit facilities.

12. DEALER MANAGER

CIBC World Markets Inc. has been retained to serve as dealer manager of the Offer. See Section 15 of this Circular, “Fees and Expenses”.

13. DEPOSITARY

The Company has appointed TSX Trust Company to act as the Depositary for, among other things: (i) the receipt of certificates representing Common Shares and related Letters of Transmittal tendered under the Offer, (ii) the receipt of certificates delivered pursuant to the procedures for guaranteed delivery set forth in Section 3 of the Offer to Purchase, “Procedure for Tendering

Common Shares”, (iii) the receipt from the Company of cash to be paid in consideration of the Common Shares acquired by the Company under the Offer, as agent for the tendering Shareholders, and (iv) the transmittal of such cash to the tendering Shareholders, as agent for the tendering Shareholders. The Depositary may contact Shareholders by mail, telephone or e-mail and may request brokers, dealers and other nominee Shareholders to forward materials relating to the Offer to beneficial owners. The Depositary is not an affiliate of the Company and the Depositary acts as the Company’s transfer agent and registrar.

14. STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

15. FEES AND EXPENSES

Except as set forth in the Offer to Purchase and this Circular, the Company will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Common Shares under the Offer. Investment dealers, stock brokers, commercial banks and trust companies and other nominees may, upon request, be reimbursed by the Company for customary clerical and mailing expenses incurred by them in forwarding materials to their customers.

No fee or commission will be payable by any Shareholder who tenders such Common Shares directly with the Depositary in connection with this Offer. Certain officers and employees of the Company may render services in connection with the Offer but will not receive any additional compensation for such services.

CIBC World Markets Inc. has been retained by the Company to serve as its dealer manager and exclusive financial advisor and agent in connection with the Offer and has been engaged to deliver the Liquidity Opinion. CIBC World Markets Inc. will receive a fee from the Company for their services, including (i) an advisory fee that is payable upon the public announcement of the intention to proceed with the Offer; and (ii) a fee for the delivery of the Liquidity Opinion. The Company has agreed to reimburse CIBC World Markets Inc. for their reasonable out-of-pocket expenses incurred in connection with the Offer and to indemnify CIBC World Markets Inc. against certain liabilities.

The Company has retained TSX Trust Company to act as the Depositary in connection with the Offer. The Depositary will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under Canadian securities laws.

The Company is expected to incur expenses of approximately \$650,000 in connection with the Offer, including filing fees, the Liquidity Opinion fees, legal, translation, accounting, Depositary, and printing and mailing fees.

APPROVAL AND CERTIFICATE

November 17, 2021

The Board of Directors of the Company has approved the contents of the Offer to Purchase and Circular dated November 17, 2021, and the sending, communicating or delivery of the Offer to Purchase and Circular to the securityholders of the Company. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

(SIGNED) MICHAEL J. WALSH
President and Chief Executive Officer

(SIGNED) CONSTANTINE PEFANIS
Chief Financial Officer

On Behalf of the Board of Directors

(SIGNED) MARK J. LEON
Director

(SIGNED) TERRENCE T. LEON
Director

CONSENT OF MCCARTHY TÉTRAULT LLP

TO: The Board of Directors of Leon's Furniture Limited

We consent to the inclusion of our name in the section titled "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*" in the Circular of Leon's Furniture Limited dated November 17, 2021.

Dated November 17, 2021

(Signed) MCCARTHY TÉTRAULT LLP

CONSENT OF CIBC WORLD MARKETS INC.

TO: The Board of Directors of Leon's Furniture Limited

We consent to the references to our firm name and to the reference to our liquidity opinion dated November 16, 2021 contained on the cover page, in the summary, and under the heading "Purpose and Effect of the Offer" and the inclusion of the text of our opinion dated November 16, 2021 as Schedule A to the Circular of Leon's Furniture Limited dated November 17, 2021 (the "**Circular**"). Our liquidity opinion was given as at November 16, 2021 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Board of Directors of Leon's Furniture Limited will be entitled to rely upon our opinion.

Dated November 17, 2021

(Signed) CIBC WORLD MARKETS INC.

SCHEDULE A
LIQUIDITY OPINION



November 16, 2021

Leon's Furniture Limited

45 Gordon Mackay Road,

Toronto, Ontario

M9N 3X3

To the Board of Directors:

CIBC World Markets Inc. ("**CIBC**", "**we**", "**us**" or "**our**") understands that Leon's Furniture Limited (the "**Company**") is considering a potential transaction by which the Company would make an offer (the "**Offer**") to acquire that number of common shares of the Company (the "**Shares**") having an aggregate purchase price not exceeding C\$200 million.

We also understand that pursuant to the Offer, among other things:

- (a) holders of Shares (the "**Shareholders**") who wish to accept the Offer may do so in one of two ways: (i) by making an auction tender ("**Auction Tender**") pursuant to which they agree to sell to the Company at a specified price per Share (not less than C\$24.30 and not more than C\$25.05 and in increments of C\$0.05 within that range) ("**Auction Price**") a specified number of Shares owned by them; or (ii) by making a purchase price tender ("**Purchase Price Tender**") pursuant to which Shares will be purchased, upon the terms and subject to the conditions of the Offer, at the Purchase Price (as defined below) determined as provided in the Offer. Shares validly tendered pursuant to an Auction Tender will only be taken up if the Auction Price is equal to or less than the Purchase Price. Shareholders who validly tender Shares without specifying whether they are making an Auction Tender or a Purchase Price Tender will be deemed to have made a Purchase Price Tender;
- (b) the Company will, upon the terms and subject to the conditions of the Offer, determine a single price per Share (the "**Purchase Price**") (which will be not more than C\$25.05 and not less than C\$24.30 per Share) that it will pay for Shares validly tendered pursuant to the Offer and not withdrawn, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. Shares tendered pursuant to Purchase Price Tenders will be deemed to have been tendered at a price of C\$24.30 per Share for purposes of determining the Purchase Price (which is the minimum price per Share under the Offer). The Purchase Price will be the lowest price per Share of not more than C\$25.05 and not less than C\$24.30 per Share at which Shares have been deposited or have been deemed to be deposited under the Offer that will enable the Company to purchase the maximum number of Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding C\$200 million;

- (c) the Offer will constitute an “**issuer bid**” for purposes of *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”); and
- (d) the terms and conditions of the Offer will be described in an Offer to Purchase and Issuer Bid Circular that will be prepared by the Company (the “**Issuer Bid Circular**”) and mailed to the Shareholders in connection with the Offer.

Engagement of CIBC

By letter agreement, effective as of November 1st, 2021 (the “**Engagement Agreement**”), the Company retained CIBC to act as its dealer manager and exclusive financial advisor and agent in connection with the Offer. Pursuant to the Engagement Agreement, the Company has requested that we prepare and deliver this letter (the “**Opinion**”) to the board of directors of the Company (the “**Board of Directors**”) with respect to the liquidity of the market for the Shares both as at the date hereof and on completion of the Offer. The Company will pay CIBC a fee for its services, including (i) an advisory fee that is payable upon the public announcement of the intention to proceed with the Offer; and (ii) a fee for delivering this Opinion. None of the fees payable to CIBC are contingent upon the conclusions reached by CIBC in the Opinion or on the completion of the Offer. In addition, the Company has agreed to reimburse CIBC for our reasonable out-of-pocket expenses and to indemnify CIBC in respect of certain liabilities that might arise out of our engagement. In the ordinary course of business and unrelated to the Offer, Canadian Imperial Bank of Commerce, an affiliate of CIBC, is a lender to the Company.

Credentials of CIBC

CIBC is one of Canada’s largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. The Opinion expressed herein is the opinion of CIBC and the form and content herein have been approved for release by a committee of its managing directors and internal counsel, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

Scope of Review

In connection with rendering our Opinion, we have reviewed and relied upon, among other things, the following:

- (a) a draft dated November 11, 2021, of the Issuer Bid Circular;
- (b) the twelve-month historical trading activity and volumes of the Shares on the Toronto Stock Exchange (the “**TSX**”);
- (c) the trading activity and volumes of shares of other companies listed and traded on the TSX as we determined necessary in order to provide the Opinion;
- (d) the distribution of ownership of the Shares;
- (e) the number of Shares proposed to be purchased under the Offer relative to (i) the number of issued and outstanding Shares less (ii) the number of Shares that are known by us to be not freely tradeable (colloquially, the “**public float**”);

- (f) the definition of “liquid market” as outlined in MI 61-101 and certain other parameters in MI 61-101;
- (g) a certificate addressed to us, dated as of the date hereof, from two senior officers of the Company, as to the completeness and accuracy of the Information (as defined below); and
- (h) such other information, analyses, investigations, and discussions as we considered necessary or appropriate in the circumstances.

In addition, we have participated in discussions with members of the senior management of the Company and McCarthy Tétrault LLP, external legal counsel to the Company, concerning the Offer.

Assumptions and Limitations

Our Opinion is subject to the assumptions, qualifications and limitations set forth below.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of any the assets or securities of the Company or any of its affiliates and our Opinion should not be construed as such. This Opinion does not constitute an opinion concerning the fairness, from a financial point of view, of the consideration offered to the Shareholders pursuant to the Offer. In addition, we have not been requested to identify, solicit, consider or develop potential alternatives to the Offer.

With your permission, we have relied upon, and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Company or its affiliates or advisors or otherwise obtained by us pursuant to our engagement, and our Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations.

We have assumed that the Offer will be completed substantially in accordance with its terms and in accordance with all applicable laws and the Issuer Bid Circular will disclose all material facts relating to the Offer and will satisfy all applicable legal requirements.

The Company has represented to us, in a certificate of two senior officers of the Company, dated the date hereof, among other things, that the information, data and other material (financial or otherwise) provided to us by or on behalf of the Company, including the written information and discussions concerning the Company referred to above under the heading “**Scope of Review**” (collectively, the “**Information**”), are complete and correct at the date the Information was provided to us and that, since the date on which the Information was provided to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Offer or the sufficiency of this letter for your purposes.

Our Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company as they are reflected in the Information and as they were represented to us in our discussions with management of the Company and its affiliates and advisors. In our analyses and in connection with the preparation of our Opinion, we made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Offer.

The Opinion is being provided to the Board of Directors for its exclusive use only in considering the Offer and may not be published, disclosed to any other person, relied upon by any other person, or used for any other purpose, without the prior written consent of CIBC. Our Opinion is not intended to be and does not constitute a recommendation to any Shareholder as to whether to accept the Offer or to tender their Shares to the Offer or as an opinion concerning the trading price or value of any securities of the Company following the announcement or completion of the Offer.

CIBC believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a liquidity opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to carry out such could lead to undue emphasis on any particular factor or analysis.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date of this Opinion.

In this Opinion, the term “liquid market” has the meaning ascribed thereto in section 1.2(1)(a) of MI 61-101.

Opinion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion, as of the date hereof, that:

- (a) a liquid market for the Shares exists on the date hereof; and
- (b) it is reasonable to conclude that, on completion of the Offer, there will be a market for Shareholders who do not tender their Shares to the Offer that is not materially less liquid than the market that exists on the date hereof.

Yours very truly,

(Signed) “*CIBC World Markets Inc.*”

The Letter of Transmittal, the Notice of Guaranteed Delivery, certificates representing Common Shares and any other required documents should be sent or delivered by each tendering Shareholder of the Company or the Shareholder's investment dealer, stock broker, commercial bank, trust company or other nominee to the Depository at its address below:

The Depository for this Offer is:

TSX Trust Company

By Mail (Except Registered Mail)

P. O. Box 1036
Adelaide Street Postal Station
Toronto, Ontario
M5C 2K4
Attention: Corporate Actions

By Hand, Courier or Registered Mail

1 Toronto Street
Suite 1200
Toronto, Ontario
M5C 2V6
Attention: Corporate Actions

Telephone: (416) 682-3860

Toll Free: 1-800-387-0825

E-mail: inquiries@astfinancial.com

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY.

Any questions or requests for assistance may be directed to the Depository at its addresses and telephone numbers set forth above. Additional copies of the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depository. Shareholders may also contact their investment dealer, stock broker, commercial bank trust company or other nominee for assistance concerning the Offer.

The Dealer Manager for this Offer is:

CIBC World Markets Inc.

By Mail or Courier

161 Bay Street
Brookfield Place, 7th Floor
Toronto, Ontario
M5J 2S8

Toll Free: 1-833-991-4382