

LFL Announces Intention to Create Real Estate Investment Trust

Toronto, Ontario--(Newsfile Corp. - May 4, 2023) - Leon's Furniture Limited (**TSX: LNF**) ("**LFL**" or the "**Company**"), today announced its intention to create a Real Estate Investment Trust (the "REIT"), which is expected to unlock significant shareholder value while positioning the Company to accelerate growth. LFL has an attractive real estate portfolio of approximately 5.2 million square feet of wholly-owned real estate from which it will vend in a significant portfolio of assets to the REIT. LFL is currently exploring various strategic alternatives for the REIT transaction which could involve an initial public offering of the REIT or a shareholder approved spin out of the REIT to LFL shareholders. It is LFL's intention to maintain a majority ongoing ownership interest in the REIT. Timing of the transaction will be subject to prevailing market conditions and receipt of required regulatory approvals including approval to list the units on the Toronto Stock Exchange.

LFL expects the creation of the REIT to:

- Unlock value for LFL shareholders by surfacing the market value of the Company's significant portfolio of cash flow generating real estate properties;
- Create a vehicle that is expected to have a cost of capital advantage, a built-in growth pipeline of future property vend-ins from LFL, and a management team focused on growing and optimizing the portfolio; and
- Lower the cost of capital for LFL and provide capital to invest in growth opportunities.

Mike Walsh, President and CEO of LFL, commented, "The creation of the REIT is expected to surface the value that is currently hidden within the Company's significant real estate portfolio, while ensuring both management teams are able to execute value-maximizing strategies for shareholders. Capital that LFL receives as part of this transaction is expected to go toward growth and efficiency opportunities, including accelerating the modernization of the Company's distribution centre footprint. LFL has delivered value for its customers and generated results for its shareholders over a 100+ year history, and I know I speak on behalf of our entire senior management team and board of directors when I say that based on the opportunities we see in front of us, it feels like we are only just beginning our journey together."

Constantine Pefanis, CFO of LFL, added, "The creation of this REIT will help to ensure that optimal decisions with respect to value creation are made for all businesses currently under the LFL umbrella - retail, ancillary businesses and real estate. Access to incremental capital will enable us to accelerate the growth of our retail footprint and invest in the optimization of our operating platform, which will help position the Company for further success. The REIT will also provide LFL with ongoing access to a source of lower cost capital for growth, while giving the REIT an embedded growth pipeline. The Company's real estate portfolio is very attractive and the REIT will have a mandate to grow and diversify the portfolio outside of the LFL network, for the benefit of all stakeholders."

The Company expects that, for financial reporting purposes, the REIT will be consolidated with LFL's financial results.

Cautionary Statement

This press release may contain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to vary materially from targeted results. Such risks and uncertainties include those described in LFL's periodic reports including the annual report or in the filings made by LFL from time to time with securities regulatory authorities. This press release may include certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements in this press release include statements relating to the proposed REIT transaction and

expected future attributes of the REIT following the transaction; the anticipated benefits of the transaction to LFL and its shareholders; LFL's expected ownership level in the REIT; the timing of the potential transactions; and that applicable regulatory approvals will be obtained. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes, but is not limited to, the Company's objectives, goals or future plans, and estimates of market conditions. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to failure to identify beneficial business opportunities, failure to convert the potential in the pursued business opportunities to tangible benefits to the Company or its shareholders, the ability of the Company to counteract the potential impact of the COVID-19 coronavirus on factors relevant to the Company's business, delays in obtaining or failures to obtain required shareholder and TSX approvals, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

About Leon's Furniture Limited

Leon's Furniture Limited is the largest retailer of furniture, appliances and electronics in Canada. Our retail banners include: Leon's; The Brick; Brick Outlet; and The Brick Mattress Store. Finally, with The Brick's Midnorthern Appliance banner alongside Leon's Appliance Canada banner, this makes the Company the country's largest commercial retailer of appliances to builders, developers, hotels and property management companies. The Company has 304 retail stores from coast to coast in Canada under various banners. The Company operates six websites: leons.ca, thebrick.com, furniture.ca, appliancecanada.com, midnorthern.com and transglobalservice.com.

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