

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**1. Name and Address of Corporation:**

Liquor Stores N.A. Ltd. ("**Liquor Stores**" or the "**Company**")  
Suite 300, 10508 – 82<sup>nd</sup> Avenue  
Edmonton, Alberta T6E 2A4

**2. Date of Material Change:**

November 18, 2015

**3. News Release:**

A news release disclosing the material change described herein was issued by the Company on November 19, 2015 and disseminated through the facilities of Marketwired.

**4. Summary of Material Change:**

On November 19, 2015, Liquor Stores announced that it had reached an agreement to acquire a 51% ownership interest in Birchfield Ventures LLC ("**Birchfield**"), which is one of New Jersey's leading liquor store operators that owns two large-format stores operating under the name "Joe Canal's Discount Liquor Outlet." The Company also announced that it had obtained the right to acquire the remaining 49% interest in Birchfield on similar terms and that it had entered into commitments to open two new large-format stores in Massachusetts and Connecticut, both of which represent new markets for Liquor Stores.

**5. Full Description of Material Change:**

**5.1 Full Description of Material Change**

On November 19, 2015, Liquor Stores announced that it had reached an agreement to acquire a 51% ownership interest in Birchfield, which is one of New Jersey's leading liquor store operators that owns two large-format stores operating under the name "Joe Canal's Discount Liquor Outlet." The Company also announced that it had obtained the right to acquire the remaining 49% interest in Birchfield on similar terms and that it had entered into commitments to open two new large-format stores in Massachusetts and Connecticut, both of which represent new markets for Liquor Stores.

*The Birchfield Acquisition*

Liquor Stores, through a subsidiary, will acquire a 51% ownership interest in Birchfield in exchange for cash compensation of USD \$15 million. The Company will also obtain the right to acquire the remaining 49% interest in Birchfield in the future at similar terms. The acquisition, which will be funded by the Company's existing credit facilities, is anticipated to close on January 4, 2016. The acquisition is expected to be accretive to the Company's earnings per share and cash flow earnings per share by \$0.04 and \$0.08, respectively.

Birchfield recorded total sales of USD \$47.4 million in 2014, and is expected to exceed this level in 2015. The business operates two high-volume stores in New Jersey that operate under the banner "Joe Canal's Discount Liquor Outlet". Both stores are well located, and serve large, high-density populations whose household incomes significantly exceed the U.S. average. The first store comprises nearly 17,000 square feet in Lawrence Township, New Jersey and is located within a retail plaza that is situated in close proximity to two major highways. The second store comprises 25,000 square feet in Woodbridge Township, New Jersey and is located within a single tenant building that is situated in close proximity to both a major highway and two major shopping centres.

Under the terms of the acquisition, Birchfield's existing management will remain responsible for the business' day-to-day operations, under the oversight of Liquor Stores' executive team. This arrangement will enable Liquor Stores to fully leverage the knowledge of Birchfield's senior executives as the Company pursues further expansion into the northeastern United States. Liquor Stores' management will work with Birchfield's management on implementing the Company's proven store level retailing strategies to derive further sales and margin improvements.

The liquor industry within New Jersey features high barriers to entry as a result of limited license availability. Liquor retail licenses are restricted by municipality based on population, and regulations restrict license holders to a maximum of two stores within the state. As a result, retail liquor licenses are historically very difficult to obtain, and frequently command high prices when they do become available. Liquor Stores has initiated the application process with the New Jersey Alcoholic Beverage Control department and the respective municipalities for retail liquor license transfers of ownership, and does not anticipate any material impediments to receiving this approval.

#### *New Locations in Massachusetts and Connecticut*

Liquor Stores has finalized leases for two new large-format stores in Massachusetts and Connecticut. These stores are expected to open by mid-2016.

The new 16,600 square foot store in Berlin, Massachusetts (which is a suburb of Boston) is located in a new retail development known as Highland Common, which features Massachusetts' first Cabela's, along with other successful large-format retailers including: Market Basket, BJ's Wholesale Club, Lowe's, Michaels, Bed Bath and Beyond, TJ Maxx, and PetSmart. The store in Norwalk, Connecticut (which is located between Bridgeport and Stamford, Connecticut) will be 20,000 square feet and is located in a retail area anchored by two large volume grocery stores (Stop & Shop Supermarket and ShopRite) with our location situated in close proximity to a major east coast interstate highway. Both stores are well located, and serve large, high-density populations whose household incomes significantly exceed the U.S. average. Liquor Stores expects to invest a total of approximately USD \$5 million in the development of these new stores.

Liquor retail in Connecticut and Massachusetts feature high barriers to entry as a result of limited liquor retail license availability (Massachusetts limits the aggregate number of licenses and Connecticut limits the number of licenses based on the size of the population). Liquor retail licenses are further restricted by municipality and regulations restrict license holders to a maximum of three stores within Connecticut and a maximum of five stores within Massachusetts (with the maximum in Massachusetts increasing to nine by 2020). Liquor Stores has secured liquor retail licenses for each of the Norwalk and Berlin stores and has recently received license transfer approval by the Connecticut Liquor Control Division and the Massachusetts Alcoholic Beverage Commission.

**5.2 Disclosure of Restructuring Transaction**

Not applicable.

**6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:**

Not applicable.

**7. Omitted Information:**

Not applicable.

**8. Executive Officer:**

The name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and who can be contacted is:

David Gordey  
Senior Vice President and Chief Financial Officer  
(780) 497-3262

**9. Date of Report:**

November 26, 2015

***Forward-Looking Statements***

*This material change report may contain forward looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. All statements and information other than statements of historical fact contained in this material change report are forward looking statements, including, without limitation, statements regarding the future financial position and performance of the Company, business strategies, costs, as well as plans and objectives of or involving the Company. Forward looking statements are typically identified by words such as "believe", "expect", "will", "intend", "project", "anticipate", "estimate", "continue", "forecast", "could", "goal", "foresee", "seek", "strive", "may", "should" and similar expressions or the negatives thereof, as they relate to the Company and its Management. These forward looking statements include, but are not limited to, statements with respect to the anticipated completion of the Birchfield acquisition, including the date thereof and its expected impact on the Company's financial results and operations, and the anticipated opening dates of Liquor Stores' two new stores. Forward looking statements reflect the Company's current plans, intentions, and expectations, which are based on Management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's plans, intentions, and expectations are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. There is no assurance that the plans, intentions, or expectations upon which these forward looking statements are based will occur and such forward looking statements included in this material change report should not be unduly relied upon. The forward looking statements contained herein are subject to risks, uncertainties and assumptions, including, but not limited to, the conditions to completion of the acquisition may not be satisfied or waived, which may result in the acquisition not being completed; failure of the Company to receive approval of the retail liquor license transfers of ownership from the various regulatory bodies; failure of the Company to realize the anticipated benefits of the acquisition; incorrect assessments of the value of the acquisition; general economic and business conditions in New Jersey and the northeastern United States; the ability of management of Liquor Stores and Birchfield to execute their business plan; actions by governmental authorities, including changes in regulations; dependence on suppliers;*

*competition; changes in labour costs and the labour market; the ability to renew store leases on satisfactory terms; the ability to license the "Joe Canal's Discount Liquor Outlet" name on satisfactory terms; potential delays or changes in plans with respect to capital expenditures and the availability of capital on acceptable terms; and the other risks, uncertainties and assumptions discussed under "Risk Factors" in the Company's MD&A for the year ended December 31, 2014, and the Company's Annual Information Form. Other risks and uncertainties not presently known to the Company or that Management presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward looking statements. The forward looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this material change report are made as of the date hereof and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law.*