



Liquor Stores exiting the lower 48 U.S. states

Sales of U.S. assets will place focus directly on core Alberta, B.C. and Alaska markets

EDMONTON, ALBERTA, November 20, 2017 – Liquor Stores N.A. Ltd. (the “Company” or “Liquor Stores”) (TSX: LIQ) today announced that it has acted on the strategy endorsed by shareholders in June of refocussing on its core markets of Alberta, B.C. and Alaska by selling its 15 Liquor Barn retail stores in the state of Kentucky and entering into negotiations for the sale of its 51% interest in Birchfield Ventures LLC (“Birchfield”) which owns two stores in New Jersey.

The completion of both of these transactions will result in the reduction of the Company’s long-term debt levels by up to \$47 million (US\$ 37 million), along with extinguishing its obligation to purchase the remaining 49% interest in Birchfield as early as January 1, 2019, currently valued at \$12.4 million. As a result of these transactions, the Company will also not need to fund the significant renovation costs that these stores would have required.

The Company is also currently in discussions with a third party about the sale of its store in Norwalk, Connecticut (the “Connecticut transaction”).

Liquor Stores will also close its U.S. head office and will no longer have any U.S.-based executives or senior management. The operating and administrative expenses saved from these initiatives are expected to nearly offset the net cash flow contributions of the above-mentioned U.S. assets based on the Company’s projections for these businesses.

“These transactions are strong indicators of the Board and management’s determination to implement the strategic plan which our shareholders endorsed in June by electing six new directors” said Board Chair Derek H. Burney. “Director James Burns has spearheaded the negotiating and closing of these transactions as well as the other initiatives to create shareholder value as Chair of the Special Committee on Business Transformation. The speed at which our objectives have been accomplished is a testament to Mr. Burns’ full-time efforts on behalf of the Company since the Board changes. I would also like to commend Director Peter Lynch for his efforts working with Mr. Burns.”

Details of the transactions

The Company sold the 15 stores in Kentucky to Blue Rose Spirits LLC, a subsidiary of holding company Blue Equity, LLC (the “Kentucky Transaction”). Blue Equity is a Louisville, Kentucky based private equity firm. The Kentucky Transaction generated gross proceeds of approximately \$33.4 million (US\$26.15 million) on closing, subject to (i) final working capital adjustments to be determined subsequent to closing, and (ii) up to an additional \$4.2 million (US\$3.3 million) payable in March 2021 pursuant to an earn-out arrangement, subject to the level of sales generated over the calendar years 2018 to 2020, inclusive.

The Company is also finalising the sale of its indirect 51% interest in Birchfield, which operates two stores in New Jersey, for anticipated gross proceeds of approximately \$3.8 million (US\$3.0 million) (the "Birchfield Transaction"). The Birchfield Transaction is expected to include (i) the settlement of a loan provided by the Company to Birchfield of approximately \$5.5 million (US\$4.3 million), which will result in CAD\$9.3 million cash proceeds to the Company upon completion and (ii) the cancellation of the put liability described above.

Readers are cautioned that the terms of the Birchfield Transaction are being finalised and are not conclusive. Accordingly, there is no assurance that a definitive agreement in connection with the Birchfield Transaction will be agreed to or that a sale of the of the Company's 51% interest in Birchfield will be completed. Further, if the Birchfield or Connecticut Transactions are not completed, the Company may elect to pursue a sale with another party or not to sell its interest at this time. Completion of the Birchfield or Connecticut Transactions will require, amongst other things, the approval of the transfer and/or amendments to liquor licenses by the applicable regulatory authorities.

"The Board is very excited about our prospects going forward with our focus solely on our core markets to maximize our shareholder value going forward" stated Mr. Burney.

ABOUT LIQUOR STORES N.A. LTD.

Liquor Stores N.A. Ltd. operates 233 retail liquor stores. The Company's common shares and convertible subordinated debentures trade on the Toronto Stock Exchange under the symbols "LIQ" and "LIQ.DB.B", respectively.

Additional information about Liquor Stores N.A. Ltd. is available at www.sedar.com and the Company's website at www.liquorstoresna.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "budget", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "objective", "aim", "potential", "target", "pursue" and similar words suggesting future events or future performance.

In particular, this press release contains forward-looking statements pertaining to, without limitation, the following: the Company's plans to refocus on its core markets of Alberta, British Columbia and Alaska; the potential sale of its interest in Birchfield, which owns two stores in New Jersey and the cash proceeds to the Company arising from the prospective sale; the discussions with a third party about the Norwalk, Connecticut store, the reduction in the Company's long-term debt and cancellation of the put liability should the Birchfield Transaction be completed; the closing of the Company's U.S. head office, reduction in headcount and associated cost savings; working capital adjustments and the earnout payment pursuant to the Kentucky Transaction; the strategic direction of the Company; and the objective of creating long-term value for shareholders.

With respect to forward-looking statements contained in this press release, the Company has made assumptions regarding, among other things: the present and future economic and business conditions in Alberta and the other markets in which the Company operates, and in North America

and globally in general; the ability of management to execute the Company's business plan, including its capital allocation strategy; and the availability of capital on acceptable terms.

Although the Company believes that the expectations reflected in the forward-looking statements contained in this press release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this press release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: the risk that the Company will be unable to execute its business plan, including the capital allocation strategy, as planned without significant adverse impacts from various factors beyond its control; dependence on suppliers; potential delays or changes in plans with respect to capital expenditures and the availability of capital on acceptable terms; risks inherent in the liquor retail industry; competition for, among other things, customers, supply, capital and skilled personnel; changes in labour costs and markets; incorrect assessments of the value of acquisitions; general economic and political conditions in Canada (including Alberta), the U.S. and globally; industry conditions, including changes in government regulations; fluctuations in foreign exchange or interest rates; unanticipated operating events; failure to obtain regulatory and third-party consents and approvals when required; changes in tax and other laws; the potential failure of counterparties to honour their contractual obligations; stock market volatility; and the other factors described in the Company's public filings (including the Annual Information Form) available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this press release speak only as of the date of this press release. Except as expressly required by applicable securities legislation, Liquor Stores does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

For Further Information

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