

Brewer's Retail Inc.
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Telephone: 1-888-948-2337

Dear Valued Customer,

RE: NEW ONTARIO FRAMEWORK REBATES FOR LICENSEES

As outlined in the Ontario Master Framework Agreement dated September 22nd, 2015, small Licensees who purchase less than 2,046 liters of beer annually through the Beer Store will be eligible to purchase beer at the home consumer price. In practice, Licensees will pay the licensee price when they initially purchase beer at one of our Retail Stores or Distribution Centers, but will receive a rebate based on the amount of beer purchased to the extent the licensee price is higher than the consumer price. Below is an outline on how the rebate program will work as well as some Frequently Asked Questions (FAQ's).

Program Start Date:

January 31, 2016

Rebate Cycle:

Quarterly -

- Q1 - February-April
- Q2 - May-July
- Q3 - August-October
- Q4 - November-January.

Rebate payment date:

Within sixty (60) days after quarter end. For example rebates from February – April will be paid by the end of June, May to July rebates will be paid by the end of September, etc.

Eligibility:

- All licensees in Ontario who hold a liquor sales licence issued by the Alcohol and Gaming Commission of Ontario under the Liquor Licence Act and who purchase less than 2,046 liters of beer annually through The Beer Store.
- Initial eligibility will be determined based on the preceding 12 months purchases.
- New licensees will be eligible for the rebate after 12 months of continuous sales history. Rebates will be paid retroactively once the eligibility criterion is met.

Criteria:

- Licensee who purchased less than 2,046 liters of beer through The Beer Store in the preceding 12 months.
- Rebate amount is the difference between licensee price and home consumer price on the purchase date.
- No rebate reduction if the licensee price is the same as or lower than home consumer price on the purchase date.
- Payments of rebates to licensees will be made within 60 days of quarter end i.e. Q1 rebate paid by June 30th.
- In the event of customer ownership changes, the rebate amount will be paid to the new owners.
- Rebate amount of \$25.00 or less will be credited on account and not paid. Once the rebate amount is greater than \$25.00 a payment will be initiated to the customer on subsequent payment runs.

FAQ's

a) Why is there a rebate program in place? Shouldn't the prices be adjusted in store when I buy beer?

Under the Liquor Licence Act it is a legal requirement that licensees purchase all their beer on their licence. At this time technical issues associated with the Beer Store's pricing systems do not enable us to establish two different prices for the same class of customer – i.e. it is not currently feasible to establish a separate price for small licensees and large licences. As such, until those systems can be changed the rebate program was the quickest way for the Beer Store to implement this new program and extend the benefit of lower prices to small licensees. The Beer Store is exploring remedies to these issues and if cost effective solutions can be found an alternate system may be put in place.

b) How will I be paid the rebate amount?

Electronic funds transfer (EFT), is the quickest and more environmentally friendly method for processing rebates. All licensees will be required to fill out the attached form and include a void cheque. This information can be emailed to The Beer Store at ar@thebeerstore.ca

c) What happens if I exceed 2,046 liters within the later part of the year?

Licensees will not qualify for any rebates for the remainder of the year.

d) What if I exceed the threshold of 2,046 liters for a particular period but subsequently fall below the limit within the same year, will I qualify for a rebate?

Yes, licensees who initially exceed the limit of 2046 liters but fall below the threshold at a later part within the year due to returns will qualify for the rebate as long as they meet the rest of the eligibility criteria.

e) How will the rebate program benefit me?

- Licensees who purchase less than 2,046 liters pay the same price as home consumer pricing.
- Positive cash flow for licensees as rebates will be paid or applied as credits to licensees with outstanding balances on a quarterly basis.

f) Does the rebate include HST?

Yes, the rebate includes a content and HST component. HST can be calculated by multiplying the rebate amount by 13*/113, alternatively, it can be requested through our Accounts Receivable team at ar@thebeerstore.ca. Licensees should consult a tax professional to determine how to handle HST.

* This rate is based on Ontario's 13% HST rate in effective as of July 1, 2010 and is subject to change.

g) Who do I contact to get a detailed listing of how my rebate amount was calculated?

Licensees can email our Accounts Receivable team at ar@thebeerstore.ca and request a copy of the detailed statement.

h) Is the rebate payable on products purchased through deliveries and in-store pick-ups?

Yes, the rebate amount will be calculated based on purchases and returns done through The Beer Store. These include deliveries and in-store pickups under a particular license number.

i) Shouldn't I get a rebate if I purchase more from The Beer Store (i.e.: volume rebate)?

No, this rebate program is geared towards providing rebates for licensees that purchase less than 2,046 litres in the preceding calendar year.

j) Is there a minimum payment threshold?

Yes, if the rebate amount is \$25.00 or less, rebates will be accumulated on account and paid when it is over \$25.00

EFT ENROLLMENT FORM

Licenses that purchase less than 2046 litres of beer annually will be eligible to receive a rebate on a quarterly basis. An example follows:

Customer Number	Customer Name	Product Description	Purchase Date	Quantity "A"	Licensee Price on Purchase Date "B"	Home Consumer price on purchase date "C"	Rebate Amount	Tax	Total Rebate
123456	ABC Inc.	Beer 1	1-May-15	1	\$50.00	\$40.00	\$10.00	\$1.30	\$11.30
123456	ABC Inc.	Beer 2	28-Aug-15	5	\$100.00	\$90.00	\$50.00	\$6.50	\$56.50

Totals [(B-C) * A] \$60.00 \$7.80 \$67.80

If you are eligible to receive a rebate, the amount will be deposited by Electronic Funds Transfer (EFT) directly into your bank account so that you receive the rebate in a timely manner. To initiate this process, we are asking you to kindly complete the following information and email it to us at ar@thebeerstore.ca.

Note: The rebate amount includes HST.

License #:

Business Name: _____

Contact Name:

Telephone #: (Bus) _____

(Cell): _____

Email Address: _____

Financial Institution Name: _____

Bank ID: _____ Transit: _____ Account #: _____ **(Please attach void cheque)**

Name of authorizing office: _____

Title: _____

Signature: _____

Kindly contact our TBS accounts receivable team at ar@thebeerstore.ca for any questions or concerns.

Thank you for your valued business and continued support.

Accounts Receivable Team