

FINAL TRANSCRIPT

Loblaw Companies Limited

Special Meeting of Shareholders

Event Date/Time: October 18, 2018 — 11:00 a.m. E.T.

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CORPORATE PARTICIPANTS

Galen Weston

Loblaw Companies Limited — Chairman and Chief Executive Officer

CONFERENCE CALL PARTICIPANTS

Leslie Dobus

Shareholder

Frank Sarosella

Shareholder

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PRESENTATION

Galen Weston — Chairman and Chief Executive Officer, Loblaw Companies Limited

All right. Good morning, ladies and gentlemen. We've now closed the doors. Jane, you've closed the doors? Okay.

I'd like to welcome you to the Loblaw Companies Limited Special Meeting of Shareholders, being held in connection with Loblaw's spin-out of Choice Properties REIT.

Joining me on stage is Gordon Currie, the Chief Legal Officer and Secretary of Loblaw Companies Limited, and beside Gord is Sarah Davis, the President of Loblaw Companies Limited. Computershare Investor Services Inc. is acting as the scrutineer of the meeting by way of its representatives Daniella Munoz and Patty Segianes (phon).

Only shareholders of record as of the close of business on September 17, 2018, or their duly appointed proxies, are entitled to take part in and vote at this meeting. To make the best use of time, certain shareholders have been asked to move and second the special resolution, which is set out in the Notice of the Meeting.

A copy of the Notice of the Meeting and proof of its mailing has been filed with Loblaw. The scrutineers' report indicates that a quorum is present, and I now declare that this special meeting has been properly called and is duly constituted for the transaction of the business for which it has been called. The final scrutineers' report will be filed with the minutes of this meeting.

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Loblaw Companies Limited Special Meeting of Shareholders

We have one formal matter of business to consider and to vote on today, being the arrangement resolution more fully described in the management proxy circular and Notice of the Meeting dated September 19, 2018. The purpose of today's meeting is, if deemed advisable, to pass a special resolution approving the plan of arrangement pursuant to which Loblaw will spin out its effective interest in Choice Properties REIT, which I will refer to as the Arrangement Resolution.

This meeting is being held pursuant to an order of the Ontario Superior Court of Justice. A copy of the order is available for inspection. If the Arrangement Resolution is approved, the final hearing of the court to approve the arrangement is scheduled to take place on October 19, 2018 at 10:00 a.m., at 330 University Avenue, Toronto, for anyone who wants to go.

Before I turn to the formal business of the meeting, I would like to once again summarize why this reorganization benefits Loblaw, Choice Properties, and George Weston Limited. Over the past few years, the strategies of Loblaw and Choice Properties REIT have diverged. Loblaw's strategic priorities have involved such that the ownership of real estate is no longer core to its strategy. This reorganization simplifies Loblaw as a pure-play retailer that is focused on enhancing its core business while executing its growth strategies in connected health care, digital retail, and payments and rewards. Choice Properties REIT's strategic focus is on investments in diversified real estate asset classes, mixed-use development, and acquisitions.

This divergence has accelerated since Choice Properties REIT acquisition of Canadian Real Estate Investment Trust earlier this year, with a significant part of Choice Property REIT's portfolio

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now focused on non-retail asset classes and diversified away from Loblaw. From a Choice Properties REIT perspective, George Weston is a more natural, long-term owner of Choice Properties REIT, and will provide support and capital for its growth and diversification plans.

We believe the strategic benefits of the reorganization will strengthen both Loblaw and Choice Properties, and consequently George Weston. After the reorganization, George Weston will be more balanced and diversified with three strong, well-positioned pillars in retail, food, and real estate. The Board of Directors of Loblaw, on the unanimous recommendation of the special committee of independent directors formed to evaluate the arrangement, has determined that the arrangement is in the best interests of Loblaw and the minority shareholders, and unanimously recommends that shareholders of Loblaw vote for the Arrangement Resolution being considered today.

I will now turn to the business of the meeting.

The full text of the arrangement resolution is set out in appendix A to the circular. To be effective, the Arrangement Resolution must be approved by the affirmative vote of at least 66 2/3 of the votes cast by shareholders present, in person, or by proxy, and entitled to vote in the meeting. As described in greater detail in the circular, the resolution must also be approved by at least a majority of the votes cast by minority shareholders. George Weston has voted the Loblaw shares it owns in favour of the Arrangement; however, these shares will be excluded for the purpose of assessing whether the minority shareholder approval has also been obtained.

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I'm pleased to report that based on the scrutineers' preliminary report of votes cast in advance of the meeting, the Arrangement Resolution has received votes in favour by 97.63 percent of votes cast, and 94.34 percent of votes cast by minority shareholders.

So I will now ask for a motion to approve the Arrangement Resolution.

Shareholder

... that the Arrangement Resolution as set forth in appendix A of the management proxy circular be hereby approved.

Shareholder

Mr. Chairman, I second the motion.

Galen Weston

Thank you. You have heard the motion. If there are no questions.

Q&A

Shareholder

Some questions. When we'd transferred property from Loblaws or Choice Properties on to George Weston, that means now Loblaws will be focused on its own business primarily, which is retail. Right now it will get a lot of cash flow, and for the short term it will benefit Loblaws too. But in the long run, it's really the properties values that really appreciate well, while the Loblaws retail margins are very, very small and tiny. Take, for example, the Sears. We know what's happened to Sears. It's

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gone into bankruptcy. But fortunately, they had assets before at onetime, so that's what comes to their salvation. So now, and looking at it from the—as the shareholder of Loblaw's Company—in the long run, not in the short run, how does it benefit that company?

Galen Weston

Yeah. So it's a good question, something that we've given an enormous amount of consideration to. And it's important to recognize that today, Loblaw doesn't own very much real estate relative to its history. It used to be that we owned all of the real estate underneath our stores. Over the last ten years, we've actually continued to expand our real estate network based on lease relationships, because you don't generally own the ground underneath the smaller stores, and for the last decade all of our store growth essentially has been focused on smaller stores.

And then with the acquisition of Shoppers Drug Mart, the entire network of Shoppers Drug Mart are leased stores. And so I don't remember the exact number, but today, far more of our stores are already leased than are owned in our network.

And then with the creation of Choice Properties, we actually already created a new entity that separates the real estate from the retail company. So this is just a final step in that respect. One of the things that we asked ourselves was, was Loblaw in any way disadvantaged by this, and we concluded unanimously that it wouldn't be. And it frees up the opportunity for Loblaw to invest in where it sees the biggest opportunities to create growth.

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As a shareholder, you're actually receiving the value of the real estate entity in your George Weston stock. So if you'd like to continue to hold on to the real estate, then the thing to do is to hold on to your George Weston stock. Thank you.

Okay. Yeah. Of course. One more question. Can you make your way to the microphone, sir, so others can hear you?

Shareholder

Sorry. If you want, you go ahead first. Do I speak loud enough? I don't think I need one.

Galen Weston

We have a webcast and so it's just easier for us to record you on the internet if you're speaking into the mic.

Leslie Dobus — Shareholder,

Well, my name is Leslie Dobus (phon), and I am a shareholder. Not a hell of a lot of shares, but only 2,000 shares, so it's a hell of a lot less than what you have, so I better be nice and go on my knees when I'm talking. I actually want to carry on with what he asked. And the question is, now that you're transferring out Choice Properties shares, then obviously Loblaw's Companies doesn't get paid for it. I get paid for it separately. So the price of Loblaw's will go down. Am I to dump the shares now and buy it back when it's down?

Galen Weston

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So I'm not going to advise you one way or another in terms of what you should do with the stock. But essentially, no, it's a natural exchange of value. So you end up having less dollar value in Loblaw and that equivalent dollar value in your Weston stock, and so it's up to you to determine exactly what you want to do with it.

My personal perspective, what I'm doing is I'm holding on to my new Weston stock as much as I can. You know I'm a big believer in what this is going to do to enhance the long-term trajectory of the George Weston business. I'll also continue to be a very significant personal holder of Loblaw stock, and I'm pretty optimistic about the long-term prognosis for that business as well. So you can make your own choices, obviously, but we're pretty bullish on both.

Leslie Dobus

Yeah. Well, basically, my question was dump Loblaw, hang on to George Weston.

Galen Weston

No. You have to hang on to both. You're going to hang on to what your remaining ownership of Loblaw—

Leslie Dobus

But the price goes down.

Galen Weston

—and then the piece that is going into—so there's no loss of value for you, sir. It just moves from one place to another in the transaction.

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Leslie Dobus

Sell it now and buy it back when it's down 20 bucks.

Galen Weston

Well, you could do that, I guess, but I don't think it'll change much—

Leslie Dobus

No?

Galen Weston

—in terms of the math. Think about it as the same money going from one pocket into another pocket.

Leslie Dobus

I want it in both pockets.

Galen Weston

Well, hang on to both and we'll see what we can do over time for you. Okay. Maybe—

Leslie Dobus

One more question.

Galen Weston

Yes.

Leslie Dobus

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Marijuana. Now that you're selling it in Shoppers Drug Mart, what sort of an income hope you're going to get? Obviously, it's not going to happen in a couple of weeks. It probably will take a year before it spreads out. What is that going to do to Loblaw?

Galen Weston

So I mean the purpose of today's meeting really is to focus the discussion on a plan of arrangement and the resolution that's before the shareholders. Suffice to say we have an interest in medical marijuana through Shoppers Drug Mart. It's very, very early stages. We got our license a couple of weeks ago and we will be distributing marijuana to medical patients through the post, the same way that—

Leslie Dobus

All the stores?

Galen Weston

No. Only through the mail. Through the mail, not through the stores. So that's the first thing to think about it. We've also opened a couple of recreational cannabis shops in Newfoundland in the last day, and we're just interested in exploring what actually is happening in terms of the consumer reaction and sales demand. So it's very, very early to understand what's actually going to happen in the cannabis situation in Canada, and we just have a very small interest in it at this time. Okay?

Leslie Dobus

Okay.

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**Galen Weston**

Are there any other questions on the matter of business today?

Shareholder

Yeah. I would like to. Yeah.

Galen Weston

Yes, ma'am. Sorry.

Shareholder

I am a shareholder from way, way back in 1986—

Galen Weston

Oh, good.

Shareholder

—and it was \$9. So over the years, from \$100 I have now 750. Now I'm now in the 80s and I would like to know, I don't want to lose more money in the last year because it was at onetime 78 and 72 and now it's 63. So what shall I do with my money? You know, it is really I need it.

Galen Weston

Yeah.

Shareholder

You know, I was counting on it.

Galen Weston

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Yeah.

Shareholder

And now, from 50,000, it's going down under 40,000.

Galen Weston

No. Listen, we have a lot of stock in Loblaw as well and we've seen the same result. It was a very good day when the Loblaw stock price was at \$78.

Shareholder

Uh-huh.

Galen Weston

And it's been a disappointing couple of weeks as the Loblaw stock price has drifted into—

Shareholder

Oh, yes.

Galen Weston

—into the low 60s. So what we see is a lot of external forces impacting the perception of the value of retail stocks. So that's—there's an idea out there that retail companies are threatened by e-commerce transformation and there have also been a number of regulatory impacts on the financial performance of the Loblaw business. But when you look at the underlying performance of Loblaw, when you take away all of the regulatory headwinds, the performance has never been better, and we continue to be very optimistic—

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**Shareholder**

Uh-huh.

Galen Weston

—about the ability for Loblaw to continue to generate earnings growth. And ultimately, we hope that the market, the stock market will appreciate that and it will be properly reflected in the share price. But it's a very uncertain time at the moment. There's a lot of volatility all across sectors in the stock market. And so again, you have to make your own judgments about whether to hold on to your Loblaw stock. But what we can say is that the financial performance, the underlying strength of the business, has never been stronger.

Shareholder

Mm-hmm. Okay. Thanks.

Galen Weston

Okay. Thank you. Okay. Yes?

Shareholder

Apologies for coming in late. I had to walk. And I'm relatively uninformed and uneducated. I inherited some stock, and so I don't read the circulars except for the first two or three pages because I don't have time. What is the relationship between Loblaw and a bunch of what I perceive, other stores that I can purchase PC products in, such as the Atlantic Superstore, the Great Canadian

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Superstore out west, Independent Grocers, Valumart, Freshmart, those kinds of stores? Is this affecting? Or are they independent franchisees who are simply receiving wholesale—

Galen Weston

Yeah. So great question. If I can ask, folks, if there are any more questions just to keep it focused on the matter at hand. But specifically to your question, essentially, by and large, if you see a President's Choice product being sold in a store, it would be a store that is part of the Loblaw company—group of companies, part of the family. There are a number of stores in the network that are franchises operated by independent owners, but they would be in a very close relationship with Loblaw Companies and we would consider them part of our real estate—sorry, I should say retail network.

Shareholder

What is the impact of this transaction—

Galen Weston

Yeah.

Shareholder

—on those—

Galen Weston

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The same impact of this that would be on any one of our stores. If it's a leased store, it would have no impact. If it was owned by Choice Properties, then it would no longer be underneath Loblaw, but in fact would be beside it at the George Weston level.

Okay. Yes. One more question, sir, and on the matters of today's business, please.

Frank Sarosella — Shareholder,

Frank Sarosella (phon). On the matters of today, I heard the transactions and all that. The only thing I have not heard is a prospective of the money, the number for the money that is going to benefit the small shareholders. Is there a number? Like we're going to benefit by \$3? \$5? Anything. Give me a number. If there is a number. If there is no number, then I'll sit down.

Galen Weston

Yeah. So I guess the way to think about this is that—

Frank Sarosella

Excuse me.

Galen Weston

Yes?

Frank Sarosella

Small shareholders like us, we only see numbers.

Galen Weston

Right.

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Frank Sarosella

We don't understand all—

Galen Weston

I hope you see our stores.

Frank Sarosella

We don't, we don't—oh, I see your stores all right.

Galen Weston

Good.

Frank Sarosella

We don't see politics—

Galen Weston

Yeah.

Frank Sarosella

—whatever it is. We see the number. So if it's \$3 more per share, \$1, 3 percent, whatever, tell me, please.

Galen Weston

Yeah. So the way to think about it essentially is this is a spin-out, and so we're taking two pieces of value inside the value of the Loblaw stock and we're splitting it. So and you're going to get

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one piece—it used to be one piece, now it's two pieces, and you're going to hold on to both of them.

One is—

Frank Sarosella

The reason—yeah.

Galen Weston

And so there's really no—at a fundamental level, there's no change in the value of what you had yesterday versus what you will have tomorrow. There are some more complex underlying benefits that we've outlined in the proxy. And so there's a benefit to you for not having to pay incremental tax from this transaction that gives you about sort of 10 percent more value. But the way to think about that is—really the way to think about it is the same dollars being split from one bucket into two.

Frank Sarosella

You'll have to excuse me for this because I was looking at the Canadian Tire where they spin off their land, and they set up a new company identity that benefit the shareholders, and so that means they own shares of Canadian Tire and they own shares of the land holdings, is the reason I'm asking this question. If that has any resemblance to this?

Galen Weston

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Yeah. So we did that about five years ago, same thing that happens with Canadian Tire. So we had Loblaw and then we created a new real estate company and we called it Choice Properties. And—

Frank Sarosella

I remember that.

Galen Weston

—that had an enormously positive benefit for the value of the stock price. And now what we're doing is we're taking that company, Choice Properties, and it used to be underneath Loblaw and now it's moving beside Loblaw. And so nothing really changes for you except that you now have ownership in Weston stock and Loblaw stock; whereas before, you just had ownership in Loblaw stock.

Frank Sarosella

One more question. You said I will have ownership of the Weston, because when I get my report that says Loblaws, will I get Weston also?

Galen Weston

You will now. If you hold on to your Weston stock—

Frank Sarosella

Of course I will.

Galen Weston

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Good. Then you will get both.

Frank Sarosella

Thank you very much.

Galen Weston

Okay. Thank you very much. Okay. Thank you, everyone. Oh, yes. Sir?

Shareholder

I just waited patiently. I allowed everybody to ask their questions. I got three questions basically. You mentioned that this is the final stage of the spin-off of the real estate that Loblaws holds. So what is the percentage of that holding compared to its total assets of Loblaws? And what is this percentage in terms of revenue?

Galen Weston

Yeah. So I don't know the specific numbers, so why don't I suggest that we take that question offline and we'll make sure we get you the precise answer.

Shareholder

Okay. I don't want exact percentage. Is it 10 percent? Is it 20 percent? Is it 60 percent? It's somewhere in the ballpark? Would you be able to tell us?

Galen Weston

If I may just ask you to follow up with us afterwards and make sure that we give you the right answer.

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Shareholder

Okay.

Galen Weston

I'm not sure I fully understand the question.

Shareholder

Yeah. Because what I mean is, if you got real estate, you own that, it's an asset, right?

Galen Weston

Yeah.

Shareholder

Then you have the total asset. So what's the ratio? What's the percentage? As simple as that.

Galen Weston

About 20 percent. I'm getting hand signals from the—

Shareholder

Okay. Twenty percent.

Galen Weston

—excellent team sitting in the front row here.

Shareholder

Okay. That's good.

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**Galen Weston**

Okay.

Shareholder

And what is the percentage in terms of revenue?

Galen Weston

Well it's really not a comparable percentage because the businesses are quite different; one is a retail company and the other collects rent. And so it's not really a comparable number. It's very, very, very small. So less than what, 5 percent, probably.

Shareholder

Okay. So the revenue-wise, it is small?

Galen Weston

Yeah. It's very, very small. There'll be very little change to the revenue numbers at Loblaw as a result of this.

Shareholder

Okay. That's important for us.

Secondly, is nowadays the model is shifting from just going to the shop and doing retail business or picking up the goods to the amazon.com model? Whether you do it by internet, you book your reservation, you get the home delivery, and you have more seniors now coming on and disabled people are more so. Are you switching in that kind of model right now?

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**Galen Weston**

Yes. We are. We would say we are the leading online grocery retailer in Canada today.

Shareholder

All right. Better than Walmart?

Galen Weston

Yes. In food. They do a little bit more in non-food than we do, but that would make sense.

Shareholder

Okay. Because rest of the business of Loblaws is ancillary, like PC Financial and so forth?

Galen Weston

Yeah. Thank you, sir. Do you have one more question?

Shareholder

Yeah. One more. What you mentioned about Shoppers Drug Mart and medicinal marijuana, that's an interesting model, because you may have a different future. It might turn around Loblaws quite substantially, if it works. So and my question, first of all, is simple. Is it over the counter? Or you require prescription for it?

Galen Weston

You require a prescription, and it's through the mail from Shoppers Drug Mart. And we are in a very small way exploring the recreational marijuana business through some recreational licences

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in Newfoundland. So if you do want to buy some recreational marijuana from us, you will have to go to Newfoundland—

Shareholder

Right.

Galen Weston

—to do it. Thank you very much, sir.

Shareholder

Right. But I'm just finishing that—

Galen Weston

Yes.

Shareholder

—part of the question. Now—

Galen Weston

So I'm really looking for questions specifically related to this transaction. Loblaw's a big company with enormous number of interesting questions. This really isn't the forum to ask them.

Shareholder

But what I mean is, we are looking, as shareholders of Loblaws, as to what future it holds. That is pertaining to that. And marijuana will be one of the bright spots if you get—since you got a licence already.

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Galen Weston

Could be.

Shareholder

So therefore, my big thing is this, that marijuana can also be chewable, and therefore, it is less hazardous to others.

Galen Weston

Sir, I can't comment—

Shareholder

So are you focusing more on that direction? Or are you going to more into smoking?

Galen Weston

It's far too early to talk about our sort of long-term strategy as it relates to cannabis.

Shareholder

Okay.

Galen Weston

Suffice to say it's of interest to us, we are exploring it, and at the appropriate time we'll talk a little bit more about it.

Shareholder

Okay.

Galen Weston

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Thank you, sir.

Shareholder

Thank you.

Galen Weston

Just one more question, ma'am, from the back. If you could come to the microphone, just because we have people—

Shareholder

I'll do it from here. I have a schoolyard voice.

Galen Weston

So ma'am—

Shareholder

I can't hear you.

Galen Weston

—we just have people listening online, so it's just very helpful so they can hear your question.

Shareholder

Okay. All wearing suits. Those aren't, thank goodness. The last time I came to one of these stockholder things, everyone wore suits. They all got up and marched out like a nice little army.

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I don't really know what's going on except the complaints that I hear from the wonderful people that staff my Loblaws. I cannot hear you back there. I happen to be visually challenged. So you put it in a location I couldn't even find. So I never got here on time. Not good for a teacher.

Number two, I can't hear you, which is normal, so I'm using my schoolyard voice so that everyone can hear me, even those that are on there. I'm not happy with Loblaws no matter what choices you're making. I don't care about the split, I don't care about real estate, I care about the people that man those wonderful stores. Those people that work so hard to do justice to all of us who are profiting from them. So I would like to know, this split of whatever you're talking about, how is it going to implement the work time and the benefits for those wonderful people? That's all I care about are those people, not the split. And I apologize to all those who are here for profit. I am, too. I'm old.

Galen Weston

Thank you, ma'am.

Shareholder

I'm retired.

Galen Weston

So it's a—

Shareholder

But—

Galen Weston

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—good question. Thank you. So the answer as it relates to the spin-out, there'll be no impact on colleagues. The Loblaw business will continue to operate its retail stores the same way that it always has. It's worth noting that the last five or six years we've had a major initiative and commitment to improving the working environment and the engagement of our colleagues across Loblaw. We measure it by store, by city, by province, and by country. And we have seen significant consecutive improvements in colleague engagement across the business over the last three years. So we're really proud of the work that we've done. There's always more that can be done, but we're terrifically pleased with the progress we're making. Thank you very much.

Galen Weston

So if I can now call for a vote by a show of hands. All in favour? Terrific. Thank you. Any opposed? Thank you. Based on the proxies received from the shareholders, the Arrangement Resolution has been carried by the required number of votes and, therefore, I declare the motion on the approval of the arrangement carried.

I would like to thank our shareholders for their continued support and their confidence in our company. So there being no further business to be brought before the meeting, I'd ask for a motion to terminate.

Shareholder

Mr. Chairman, I move that the meeting terminate.

Shareholder

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Mr. Chairman, I second the motion.

Galen Weston

You have heard the motion. All those in favour, please raise your hand. Contrary, any? Thank you. Motion carried.

Galen Weston

I now declare the meeting terminated. Thank you, all.

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