ANDREW PELLER LIMITED

ANDREW PELLER LIMITÉE

ANNUAL INFORMATION FORM

JUNE 26, 2013

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FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form ("AIF") may contain "forward-looking statements" within the meaning of applicable securities laws, including the "safe harbour" provisions of the *Securities Act* (Ontario) with respect to Andrew Peller Limited ("APL" or the "Company") and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's acquisitions; its launch of new premium wines; sales trends in foreign markets; trends in capital expenditures and sales and marketing expenses of the Company; its investments in vineyards; its supply of domestically grown grapes; international grape surplus and price discounting; consumer demand; and current economic conditions. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect" or "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would" and "could" and similar verbs often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this AIF, APL has made assumptions and applied certain factors regarding, among other things: future grape, glass bottle and wine prices; the Company's ability to obtain grapes, imported wine, glass and its ability to obtain other raw materials; fluctuations in the U.S./Canadian dollar exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian wine market; market trends; reliance on key personnel; protection of the Company's intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising and labelling its products; the regulation of liquor distribution and retailing in Ontario; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risk Factors" section and elsewhere in this AIF and other risks detailed from time to time in the publicly filed disclosure documents of APL which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which could cause actual results to differ materially from those conclusions, forecasts or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this AIF, and except as required by applicable law, APL undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances or otherwise, or to explain material differences between actual events after the date of this AIF and such forward-looking statements.

All information contained in this document is given as at March 31, 2013 unless otherwise indicated.

CORPORATE STRUCTURE

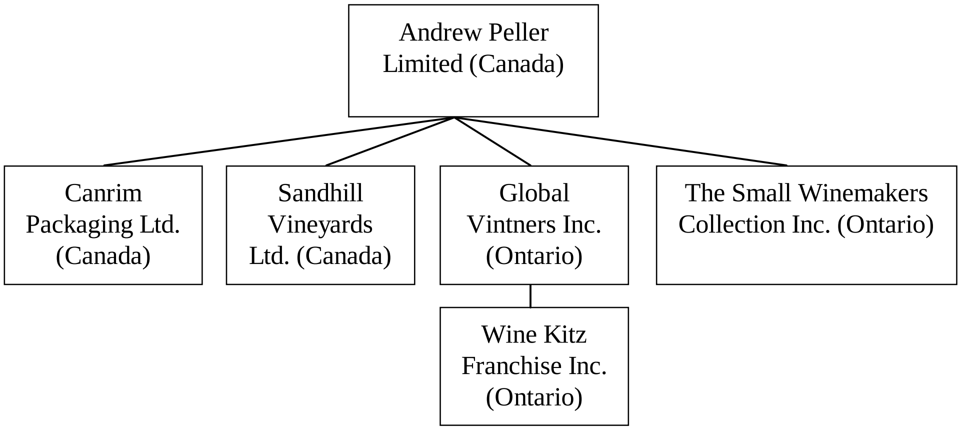
Incorporation

Andrew Peller Limited was incorporated under the laws of Canada by Letters Patent dated the 7th day of April, 1965 and as amended from time to time by Supplementary Letters Patent. The Company was continued under a Certificate of Continuance dated the 30th day of October, 1978, pursuant to Sections 181 and 261 of the *Canada Business Corporations Act*. On June 30, 1994, the Company amalgamated with Hillebrand Estates Winery Limited under Section 185 of the *Canada Business Corporations Act*. On April 1, 2003 the Company amalgamated with Andrés Wines (B.C.) Ltd. and Andrés Wines Atlantic Ltd. under Section 185 of the *Canada Business Corporations Act*. On April 1, 2006, the Company amalgamated with its wholly-owned subsidiary, Cascadia Brands Inc. ("Cascadia"), and Cascadia's wholly-owned subsidiaries Calona Wines Limited, 3126854 Canada Ltd. (formerly, International Potter Distilling Corporation), and 4309693 Canada Inc. (formerly, Arctica Distilling Corporation) under Section 185 of the *Canada Business Corporations Act* under the name Andrés Wines Ltd./Les Vins Andrés Ltée. On April 1, 2007, the Company amalgamated with its wholly-owned subsidiaries, 4384792 Canada Inc. (formerly, 1639199 Ontario Inc.), Grady Wine Marketing Inc., and Forbes Fraser Wines Ltd. under Section 185 of the *Canada Business Corporations Act*. On April 1, 2007, Winexpert Inc., 4384806 Canada Inc. (formerly, Wine Not Inc.), and Vineco International Products Ltd., amalgamated under Section 185 of the *Canada Business Corporations Act* to form 4384814 Canada Inc., a new wholly-owned subsidiary of the Company. On March 31, 2009, 4384814 Canada Inc. changed its name to Global Vintners Inc. On April 1, 2012, the Company amalgamated with Rocky Ridge Vineyards Inc. under Section 185 of the *Canada Business Corporations Act*.

The Company operates under the name Andrew Peller Limited/Andrew Peller Limitée. The authorized capital of the Company consists of an unlimited number of Preference Shares, issuable in one or more series, of which 33,315 are designated as Preference Shares, Series A, an unlimited number of Class A Shares (non-voting) and an unlimited number of Class B Shares (voting). The Company's head and registered office is located at 697 South Service Road, Grimsby, Ontario, L3M 4E8.

Subsidiaries

The following is APL's structure, including its significant subsidiaries as of the fiscal year ended March 31, 2013 and their jurisdiction of incorporation. All subsidiaries are wholly owned.



GENERAL DEVELOPMENT OF THE BUSINESS

The Company is engaged in the production, bottling and marketing of wines in Canada. The Company imports bottled premium wines from around the world and markets them through Grady Wine Marketing ("GWM"), and The Small Winemakers Collection Inc. ("SWM"). Vineco International Products, Winexpert, and Wine Kitz divisions of Global Vintners Inc. ("GVI") are producers of wine kits and related accessories for the home winemaking market.

Canada has joined other leading wine producing countries in the development of a body of regulations and standards for 100% Canadian content wines known as the Vintners Quality Alliance ("VQA") system. The VQA system oversees the regulation of the premium wine industry in Canada and has become recognized throughout the world as the appellation system for Canadian wines that meet strict standards of excellence.

The market for wine in Canada has continued to grow due to increased consumption by young consumers who have more recently adopted wine as their beverage of choice, the widely reported health benefits of moderate wine consumption and a movement towards an increased consumption of wine made by an aging population who favour the more sophisticated experience that wine offers.

These events have precipitated significant change in the Canadian wine industry. In order to succeed in this new environment, the Company has undertaken strategic growth initiatives to emerge as a leading participant in the Canadian wine market. Over the past three years, certain events have influenced the general development of APL's business.

Effective October 1, 2009, the Company entered into an agreement to dispose of its ownership interests in Granville Island Brewing Company Ltd. ("GIB") and Mainland Beverage Distribution Ltd. ("MD") to Creemore Springs Brewery Ltd. for proceeds of approximately $26.2 million, $25.0 million was received during the fiscal year ending March 31, 2010 and $0.2 was received during the first quarter of fiscal 2011. The balance of the proceeds of approximately $1.0 million were received during May 2012. The transaction closed on May 1, 2010. The Company recorded an after tax gain on the sale of approximately $11.9 million.

On May 25, 2010, the Company sold approximately 6 acres of vineyard in the Okanagan Valley to Burrowing Owl Vineyards Ltd. for proceeds of approximately $0.8 million. Proceeds were used to reduce bank indebtedness.

On March 10, 2011, the Company announced that it had filed a Notice of Intention to make a normal course issuer bid to purchase for cancellation up to a maximum of 594,412 of its Class A Non-Voting Shares ('Class A Shares") through the facilities of the Toronto Stock Exchange which represents 5% of the Company's issue and outstanding Class A Shares. The normal course issuer bid was to remain in effect until the earlier of March 31, 2012 or the date on which the Company had purchased the maximum number of Class A Shares permitted. As of March 31, 2011the Company had acquired 594,412 Class A Shares for total consideration of approximately $5.2 million at an average price of $8.75 per Class A Share.

On October 28, 2011, the Company completed the purchase of the inventory and intangible assets of *Cellar Craft* International, a consumer made wine business located in Western Canada for approximately $2.7 million. *Cellar Craft* is best known for their grape skin product which allows the consumer to ferment red wine on the skin pulling more of the natural tannins into the wine.

On November 8, 2011, the Company finalized a ten year licensing agreement with Wayne Gretzky which gives the Company the exclusive right to use certain *Wayne Gretzky* related brand names in the manufacturing and selling of wine products in Canada. Both parties have the option to terminate the agreement after three years upon providing two years' notice. On the same date, the Company purchased $2.7 million of inventory from Wayne Gretzky Estate Winery Limited.

On April 1, 2012, the Company amalgamated with Rocky Ridge Vineyards Inc.

The Company continuously reviews its premium and ultra-premium portfolio of wines to ensure its brands are well positioned for growth in the growing Canadian wine industry. Marketing and sales support will be focussed on key brands sold across the country and management expects sales and marketing expenses for fiscal 2014 to increase over fiscal 2013 levels. The Company will continue to invest in capital expenditure programs to support its ongoing commitment to producing the highest-quality wines. The Company will continue to evaluate investment opportunities, including acquisitions, which support its strategic direction.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

As at March 31, 2013, the Company is Canada's second largest producer and marketer of wines, with leading brands in all segments of the market in Canada. With wineries in British Columbia ("B.C."), Ontario and Nova Scotia, the Company markets wines produced from grapes grown in Ontario's Niagara Peninsula, B.C.'s Okanagan and Similkameen Valleys and from vineyards around the world. The Company's award-winning premium and ultra-premium VQA brands include *Peller Estates*, *Trius, Hillebrand, Thirty Bench, Crush, Wayne Gretzky, Sandhill, Calona Vineyards Artist Series,* and *Red Rooster*. Complementing these premium brands are a number of popularly priced varietal wine brands including *Peller Estates French Cross* in Eastern Canada, *Peller Estates Proprietors Reserve* in Western Canada, *Copper Moon, XOXO, skinnygrape, Verano and Croc Crossing. Hochtaler, Domaine D'Or, Schloss Laderheim, Royal,* and *Sommet* are our key value priced wine brands. The Company imports wines from major wine regions around the world to blend with domestic wine to craft these popularly priced and value priced wine brands. With a focus on serving the needs of all wine consumers, the Company produces and markets premium personal winemaking products through its wholly-owned subsidiary, GVI, the recognized world leader in personal winemaking products. GVI distributes products through over 250 Winexpert and Wine Kitz authorized retailers and franchisees and more than 600 independent retailers across Canada, the United States, the United Kingdom, New Zealand and Australia. GVI's award-winning premium and ultra-premium winemaking brands include *Selection, Vintners Reserve, Island Mist, Kenridge, Cheeky Monkey, Ultimate Estate Reserve, Traditional Vintage, Cellar Craft* and *Artful Winemaker*. The Company owns and operates 102 well-positioned independent retail locations in Ontario under *The Wine Shop,* and *WineCountry Vintners* store names. The Company also owns GWM based in Vancouver and SWM based in Ontario; both of these wine agencies are importers of premium wines from around the world and are marketing agents for these fine wines. The Company's products are sold predominantly in Canada with a focus on export sales for its icewine and personal winemaking products.

Thirty Bench vineyard and winery is a small estate winery that produces VQA wines under the *Benchmark* and *Reserve* brands.

Red Rooster winery is a small estate winery that produces brands under the *Red Rooster* label.

Business Strategy

The Company is committed to a strategy of growth that focuses on the expansion of its core business as a producer and marketer of quality wines through concentrating on and developing leading brands that meet the needs of its customers. This strategy is supported by sophisticated sales, marketing, promotional and distribution programs, as well as by an on-going review of opportunities in the market to launch new brands that meet the needs of customers. The Company will continue to explore opportunities in international markets to distribute its wines. In addition, the Company continues to seek out potential acquisitions that support its strategic direction and meet its growth and investment return criteria.

Sales

The Company's net sales for the year ended March 31, 2013 were $289.1 million. Net sales and percentage of sales by geographic region were as follows:

	2013		2012	
Geographic Region	$ millions	%	$ millions	%
Western Canada	106.5	37	101.6	37
Ontario	144.8	50	138.4	50
Québec	7.3	2	7.7	3
Atlantic Canada	19.1	7	18.0	6
Export	11.4	4	11.2	4
Total	289.1	100	276.9	100

The Company's net sales volume is seasonal with highest volumes in the third quarter. Net sales and percentage of sales by quarter were as follows:

	2013		2012	
Quarter	$ millions	%	$ millions	%
First	72.6	25	69.4	25
Second	73.1	25	70.0	25
Third	79.8	28	**76.6**	28
Fourth	63.6	22	60.9	22
Total	289.1	100	276.9	100

Principal Products

The Company offers products across many segments of the wine market including: value priced blended table wines (<$8), value priced sparkling and fortified wines (<$8), popular priced varietal wines ($8-12), entry level VQA wines ($10-15), premium priced VQA wines ($15-20) and super-premium priced VQA wines (>$20), which includes table wine, icewine and sparkling wine. In fiscal 2013 the company launched a new brand into the import $10-15 wine segment, a Spanish brand called *Verano* priced at $15.

The Company's two largest wine brands *Peller Estates French Cross/Proprietors Reserve Varietals* and *Copper Moon* compete in the popular priced varietal wine segment and rank 1st and 3rd respectively amongst all varietal wines in the $8-12 segment in English Canada. , the 2nd largest brand in the segment. *French Cross/Proprietors Reserve* varietals declined slightly during the year. *Copper Moon* grew on the strength of the new bag in box listings and the achievement of distribution at Boston Pizza. *XOXO*,which is a varietal wine with listings in Ontario and Atlantic Canada and is targeted towards younger females, also grew slightly during the year.

In fiscal 2013 the Company launched a new brand into the $10-12 price range of the popular priced varietal segment called *skinnygrap*e with two white offerings: *Pinot Grigio* and *Chardonnay*. The *skinnygrape* brand proposition offers fabulous flavour while offering only 80 calories in a 5 oz. glass compared to120 calories in a glass of regular table wine. The low calorie segment is growing with many new entries about to come to Canada.

Three of the company's top 10 brands, *Peller Estates French Cross/Proprietors Reserve* blends ("Peller Blends"), *Domaine D'or*, and *Hochtaler* compete in the value blended segment. All three brands rank in the top 5 blended wine brands in English Canada. *Hochtaler and Domaine D'or* each lost a small amount of share during the year while the Peller Blends have grown in size and gained market share in this declining segment. Other key brands that the company has in the value blended segment are *Royal, Franciscan, Baby Canadian, Schloss Laderheim,* and *Baby Duck*. The Company also sells value priced fortified wines, with *Fine Old Sherry* being the largest brand. *Panama Jack*, a wine based Irish cream liquor product sells in Ontario and is one of the Company's top 15 brands.

Peller Estates Family Series are VQA wines, that are made with either Ontario or B.C. grapes depending on the province they are sold in. *Trius* is an Ontario sourced VQA wine. Both of these brands are in the Company's top 10 and compete in the entry priced VQA segment. *Peller Estates Family Series'* growth are being driven by gains in licensee listings across the country and through solid growth in key liquor boards. *Trius* had another successful year as the three white offerings, *Chardonnay*, *Riesling* and *Sauvignon Blanc*, all had high double digit growth. *Calona Vineyards* VQA, a B.C. wine noted for its aromatic white portfolio, also grew above market rate during the year.

Crush, a new Ontario VQA brand launched in fiscal 2012, added two new offerings in the last half of fiscal 2013 including *Midnight Cab* and *Riesling Gewürztraminer*. *Crush* will be the exclusive wine supplier to the 2013 North by North East Festival, one of the marquee events in Toronto's entertainment calendar and a cornerstone of the annual North American festival circuit.

Wayne Gretzky wines, a brand that APL licences from the Gretzky family, grew due to strong sales in new distribution channels within Ontario, including *The Wine Shop* and *WineCountry Vintners* but sales were constrained in the LCBO due to a lack of supply. *Wayne Gretzky Riesling* was replaced with the more popular *Pinot Grigio* grape in the LCBO last November.

Sandhill was the Company's only top 10 wine brand that competed in the premium VQA segment. Sales were down slightly in fiscal 2013 due to constrained supply and reduced sales in licensee accounts that moved to lower priced VQA wines. *Sandhill* offers the consumer wines made from a single vineyard. *Sandhill Pinot Gris* offering is sourced from the Company's corporately leased Hidden Terrace Vineyard.

Red Rooster, a growing premium VQA brand in B.C., had strong sales in its red portfolio with all offerings selling out before the next vintage was available. Social marketing initiatives were successful in generating one of the most followed B.C. VQA brands. *Peller Estates Private Reserve*, which is available in both Ontario and B.C., also competes in this segment.

Thirty Bench is a smaller Ontario VQA brand from a boutique winery on the Beamsville Bench. *Winemakers Riesling* offering, which sells for $18.95, grew at a double digit rate in the LCBO in spite of limited supply. It was awarded a Vintages Essentials listing in the LCBO in the last half of fiscal 2012. A Vintages Essentials listing, aggressively sought after by all global wine competitors who have premium wine offerings,is very difficult to obtain.

Andrew Peller Signature Series was the Company's only top 10 brand that competed in the super premium VQA segment. The stellar 2010 red vintage was released in the fourth quarter of fiscal 2013 and is expected to drive strong sales. Also offering wines in the >$20 segment were *Hillebrand Showcase* and *Trius Grand Red. The Hillebrand Showcase* label was redesigned in fiscal 2013 and won Bronze in the Best Label Design category at the 2013 Ontario Wine Awards.

Trius Brut was the top selling VQA sparkling wine in the LCBO. *Peller Estates Ice Cuvée* and *Ice Cuvée Rosé* were popular offerings in premium wine channels. Starting in fiscal 2013 consumers could buy *Peller Estates Ice Cuvée* in the LCBO.

VQA brands in Western Canada received a total of 237 medals over the past year: *Sandhill* won 80, *Red Rooster* 52, *Peller Estates* 76, and *Calona Vineyards* 29. Of particular note was a Gold medal awarded to *Sandhill Small Lots Chardonnay 2011* and a Silver medal awarded to *Sandhill White Label Chardonnay 2011* at Chardonnay du Monde. Other top Gold medals were awarded to *Calona Vineyards Chardonnay 2011* at the Canadian Wine Awards, *Red Rooster Pinot Gris 2011* at the All Canadian Wine Championships, and *Peller Estates Family Series Pinot Gris* at the All Canadian Wine Championships. *Red Rooster Cabernet Merlot 2010* was awarded Top 25 Under $25 in the world by Wine Access magazine.

VQA brands in Eastern Canada won a total of 120 awards this past year. *Andrew Peller Signature Series* was very successful with 44 total awards followed by *Trius* with 31 awards. *Thirty Bench* garnered 8 awards, *Peller Estates Private Reserve* received 9 awards, *Peller Estates Family Series* won 4 awards*, Crush* won 12 awards*, Wayne Gretzky* won 8 awards *and Hillebrand Showcase* won 4 awards. Some of the more notable awards included the following: *Thirty Bench Small Lots Chardonnay 2010* won Grand Gold at Concours Mondial Bruxelles, *Trius Sauvignon Blanc 2012* won Gold Medal and Best General List White Wine at Cuvée 2012, *Peller Private Reserve Cabernet Sauvignon 2010* won Best Cabernet Sauvignon at Cuvée 2012, *Crush Red 2010* won Double Gold and Best Non-Bordeaux Blend at the San Francisco International Wine Competition and 2012 *Trius Brut Rosé* won a Gold medal at the All Canadian Wine Championships, 2012. *Verano Tempranillo Cabernet* has recently won two Best in Class awards in international competitions.

Peller Estates icewine sales were strong in airport duty free stores and continued to grow in 21 countries around the world. *Andrew Peller icewine* continues to be listed in some of the top culinary establishments including Jean Georges and Per Se in New York City, as well as Gordon Ramsay and Jamie Oliver in London, England. Over the past year, *Peller Estates* icewine was being served on flights with British Airways and on board cruise ships such as Celebrity in the USA and P&O and Cunard in Europe. New duty free listings were secured in the following airports: Korea's Jeju airport, London's Gatwick airport, Las Vegas, Houston, and Orlando. The *Wayne Gretzky icewines* were launched and fully depleted within the year with all supply being restricted due to unprecedented demand. An exclusive supply agreement was reached with Nuance at Pearson Airport in Toronto, the world's single largest retailer of icewine. Only *Peller, Gretzky, Trius and Hillebrand* icewines will be sold by Nuance for the next three years.

The Company's investment in social marketing increased again in fiscal 2013 with our brands utilizing well known social media platforms such as Facebook, Twitter, YouTube for video posts, and Flickr for photo posts. Along with consistent growth in likers and followers, we saw an increase in engagement by our advocates. Trip Advisor has become a valuable tool for our winery visitors to rate their experience or read reviews to help in their decision making process. *Red Rooster* continued to successfully use social media to engage with their customers and utilized a contest to win a trip to the Okanagan Wine Festival. *Crush* also used social media programs to help build awareness in its first year of sales.

The production process to produce these fine wines involves the preparation of product, packaging, and shipping to customers. The nature of the process and the production inputs required vary by brand. The required production inputs include purchased grapes and grapes produced from APL owned vineyards, bulk wine, and juice purchased in Canada and on international markets. The mix of required product inputs depends on the brand being produced. The finished product is packaged in glass bottles, bag in box, and tetra paks. An integrated purchasing team is responsible for the procurement of ingredients for the entire brand portfolio.

The Company's brand portfolio is distributed mainly through retailers of wine and wine related products. Key sales channels include all Liquor Boards across English Canada, privately owned wine stores in B.C. and Alberta, 100 corporately owned retail stores in Ontario called *The Wine Shop*, and a retail store in Niagara on the Lake called *Wine Country Vintners*. The Company also sells wine to licensed restaurants and wine kits to private wine kit retailers,as well as VQA wine in its Estate Wineries in Eastern and Western Canada. Distribution in the Company's Export trade channel continue to grow with a focus on high end icewine.

Trademarks
The Company uses a number of significant trademarks which are owned by the Company or its subsidiaries. Significant trademarks include *Andrés Wines*, *Peller Estates, Peller Estates Ice Cuvée, Andrew Peller Signature Series, Hillebrand, Hochtaler, Domaine D'Or, French Cross, XOXO, Trius, Crush, skinnygrape, Verano, Croc Crossing, Wine Country Vintners, Franciscan, Vineyards Estate Wines, Round Petal Wines, Calona Vineyards, Sandhill, Copper Moon, Artist Series, Calona Vineyards, Vinepedia, Schloss Laderheim, Sommet, Thirty Bench, Red Rooster, Selection, Vintners Reserve, California Connoisseur, European Select, Winexpert Cheeky Monkey, KenRidge, Niagara Mist, Wine Kitz, Cellar Craft,* and *Artful Winemaker*. Trademarks are important in the marketing and sale of wine and it is the Company's policy to vigorously protect its trademarks. Trademarks are registered for periods of up to fifteen years.

Other Intangible Properties
The Company has approximately 271 authorized retailer agreements in place relating to the distribution of home winemaking products across Canada.

Properties

The following table sets forth information regarding the Company's principal properties and wineries as at March 31, 2013.

Location	Production Size	Use	Nature of Interest	Capacity [2]
Port Moody, British Columbia [3]	81,700 sq. ft	Winery & Offices	Owned [1][3]	75,000
Port Coquitlam, British Columbia	20,000 sq. ft	Wine Kit Production	Owned [1]	42,000
Port Coquitlam, British Columbia	25,925 sq. ft	Warehouse, Office	Leased	N/A
Port Coquitlam, British Columbia	16,802 sq. ft	Warehouse, Office	Leased	N/A
Vancouver, British Columbia	6,700 sq. ft.	Office	Leased	N/A
Oliver, British Columbia	118 acres	Vineyard	Owned [1]	N/A
Oliver, British Columbia	72 acres	Vineyard	Leased	N/A
Kelowna, British Columbia	160,000 sq.ft.	Winery & Office	Owned [1]	185,000
Penticton, British Columbia	9,000 sq. ft.	Winery	Owned [1]	500
Cawston, British Columbia	75 acres	Vineyard	Owned [1]	N/A
Oliver, British Columbia	307 acres	Vineyard	Leased [4]	N/A
Stoney Creek, Ontario	111,852 sq. ft.	Warehouse	Leased	N/A
Grimsby, Ontario	141,000 sq. ft. on 26 acres	Winery & Offices	Owned [1]	190,000
Ontario - 102 retail stores, various locations	each retail store ranges from 180 sq. ft. to 1,000 sq. ft.	Retail	Leased	N/A
Ontario, Alberta, British Columbia 5 retail stores - franchised	each retail store ranges from 1,000 sq. ft. to 1,681 sq. ft.	Retail	Leased	N/A
Beamsville, Town of Lincoln, ON	34.2 acres	Vineyard	Leased	N/A
Beamsville, Ontario	4,996 sq. ft. 57 acres	Winery, Retail Vineyard	Owned [1]	550
St. Catharines, Ontario	28,000 sq. ft.	Wine Kit Production	Owned [1]	24,000
St. Catharines, Ontario	45,000 sq. ft.	Warehouse	Leased	N/A
Niagara-on-the-Lake, Ontario (Peller Estates)	40,000 sq. ft. on 40 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned [1]	8,000
Niagara-on-the-Lake, Ontario (Hillebrand Estates)	53,000 sq. ft. on 34 acres	Winery, Vineyard, Tour Centre, Retail, Offices	Owned [1]	8,000
Niagara-on-the-Lake, Ontario	70 acres	Vineyard	Owned [1]	N/A
Niagara-on-the-Lake, Ontario	100 acres	Vineyard	Owned [1]	N/A
Boucherville, Québec	2,612 sq. ft.	Office	Leased	N/A
Truro, Nova Scotia	47,000 sq. ft.	Winery and Offices	Owned [1]	38,000

(1) Company owned properties have been provided as security for the Company's loan facilities.
(2) All production capacities reflect hectolitres.
(3) The Port Moody location was closed during December 2005 and is being held for redevelopment.
(4) The planting of the vineyard occurred during fiscal 2008 and 2009.

Raw Materials

The Company purchased its raw materials, including grapes, wine, juice, concentrate, glass bottles, and other packaging materials, from a wide range of suppliers from aroundthe world.

In Ontario and B.C. grapes are purchased from a number of growers under supply contracts with the Company. In Ontario the Company is required to purchase grape tonnage to meet minimum legal requirements. Grape prices are negotiated annually between Ontario based producers and the Grape Growers' Marketing Board, while in British Columbia, grape prices are negotiated annually between the Company and individual growers. Grapes purchased in Ontario and B.C. are used primarily for the Ontario and B.C. markets, respectively.

In November 1997 the Company purchased 213 acres of prime grape-growing land in Niagara-on-the-Lake that has been developed with premium classical European (“vinifera”) grape varieties such as Merlot, Cabernet Sauvignon, and Cabernet Franc. In 2000 the Company developed a 75 acre vineyard in Cawston, B.C. The Company’s acquisition of Thirty Bench winery included 57 acres of some of the most highly regarded vineyards on the Beamsville Bench area of the Niagara region. The acquisition of Cascadia included 172 acres of vineyards in the Okanagan Valley area of B.C.. During 2010 the Company sold approximately 6 acres of this vineyard to Burrowing Owl Vineyards Ltd. In November 2006 the Company leased 307 acres of prime grape growing land in the Okanagan Valley in B.C. The lease has a term of 30 years, expiring on October 31, 2036. Site preparation began during 2006 with planting occurring during 2007 and 2008. The Company’s investment in vineyards helped to ensure the highest quality and most consistent supply of grapes grown in Canada. Niagara-on-the-Lake, the Beamsville Bench, and the Okanagan and Similkameen Valleys in B.C. are four of the best locations in the world for the production of premium vinifera grapes.

The Company has entered into a number of contracts with over 75 grape growers in Ontario and B.C. to ensure that a continued supply of grapes is available. The contracts are generally for a term of one to fifteen years and mature at varying times to 2027. The commitments to purchase grapes grown in Canada are approximately $28 million per year.

To complement grapes purchased in Ontario and B.C. and to meet consumer demand in all regions of the country, the Company purchased wine, juice, and concentrate from suppliers around the world, primarily in Chile, Italy, and Spain. The Company has entered into contracts with foreign suppliers to purchase imported wine through 2016. These commitments to purchase wine are approximately $1 million to $3 million per year.

The Company utilized various packaging materials, including glass bottles, bag in box, barrels, tetra paks, kegs, corks, capsules, labels, and cartons in the bottling and packaging of its wines. Glass bottles represented a significant component of the total cost of goods sold. The Company has entered into an agreement with O-I Canada Corp. to purchase the majority of its glass requirements. The contract provides a commitment to purchase certain minimum quantities and types of glass for a three year term that expires on March 31, 2015. The Company has entered into glass contracts with Waterloo Containers and Saxco Canada Co. to provide additional sources of domestic glass. The Company has also taken steps to reduce its dependence on this supplier through the development of relationships with international producers of glass and through the carrying of increased inventories of selected bottles.

The Company considers its sources of supply to be adequate.

Other Principal Contracts
Credit Facilities

On June 29, 2012 the Company amended its term facility. The Company drew an additional $6.5 million on this facility during the year. At March 31, 2013, $48.0 million was outstanding. The term facility matures on September 16, 2015 and is repayable through monthly payments of $0.523 million plus interest. The loan incurs interest at the one to six month Canadian Dealer Offered Rate (“CDOR”) plus 2.00% based on leverage. The Company maintains an interest rate swap which effectively fixes interest on $42.0 million of the term loan at a rate of 3.98% plus 2.00% based on leverage (5.98% total interest). The notional amount of the swap reduces by $0.444 million on a monthly basis and matures on August 31, 2015.

The Company’s operating facility did not change significantly during the year. The facility was renegotiated on September 16, 2011 with the Bank of Montreal, the Royal Bank of Canada, the Toronto Dominion Bank, and Rabobank Nederland for a term of four years. The operating facility has a borrowing limit of $80.0 million (previously $75.0 million) and is committed until September 15, 2015. Borrowings under the operating facility incur interest at the one to six month Canadian Dealer Offered Rate (“CDOR”) plus 2.00%.

The Company and its subsidiaries have provided their assets as security for these loans.

Foreign Exchange Contracts
The Company uses foreign exchange forward contracts to protect against changes in foreign currency rates and currently at June 26, 2013 has locked in $21.0 million in U.S. dollar contracts at rates averaging $0.9835 to $1.031 Canadian and €2.5 million in Euro contracts at rates averaging $1.25 Canadian. These contracts expire at various dates through January 2014.

Retail Store Leases
The Company has operating leases in place for its network of 102 *The Wine Shop* and *WineCountry Vintners* retail store

locations. These leases have terms that range from one year to six years in length. The Company also has 2 operating leases for certain *Wine Art* and *Wine Kitz* franchised retail store locations that have lease terms up to two years.

Okanagan Valley Lease

On November 1, 2006 The Company entered into a 30 year lease with Covert Farms Ltd. for 307.1 acres of land in the Okanagan Valley in B.C. The lease expires on October 31, 2036.

Employees

As at March 31, 2013 the Company had a total of 1,189 employees, of whom 63 full and part-time employees were covered by a union contract and approximately 499 were full or part-time employees of *The Wine Shop* and *WineCountry Vintners* chain of retail stores.

The union contract in Kelowna, B.C. is covered by a contract with the Brewery, Winery and Distillery Workers, Local 300. The Kelowna contract expired on May 31, 2013. A new contract is currently being negotiated.

Competition

The wine industry in Canada is intensely competitive based on quality, price, brand recognition, and distribution. The Company competes with a large number of domestic and international wine producers. The Company's competitors range in size from large, well established national and multi-national corporations to small "farm gate" wineries that are limited to selling only wine produced from vineyards owned or controlled by the winery. The Company competes on the basis of providing value through a balance of quality and price, brand recognition, and distribution.

The Company is the second largest winery in Canada with a market share in English Canada, excluding wine coolers and ciders, of 13.2%% as at March 31, 2013. The Company's significant domestic competitors in Canada are Vincor Canada (a division of Constellation Brands) and Mission Hill.

Regulation

The business of the Company is extensively regulated by provincial legislation which governs the manufacture and sale of beverage alcohol. Provincial liquor authorities issue licences for the manufacture and sale of beverage alcohol in each province. Provincial regulations govern the pricing, packaging, labelling, advertising, production, and distribution of products manufactured by licensed wineries, breweries, and distilleries. The Company is in compliance in all material respects with provincial legislation that regulates the manufacture and sale of beverage alcohol. The Company is also in material compliance with all provincial and federal legislation relating to environmental regulations.

The Province of Ontario introduced, as part of the harmonized sales tax, a discriminatory tax in the form of a special levy, effective July 1, 2010, on International and Canadian blended ("ICB") wines that are sold through private retail stores in Ontario. ICB is wine that is made through the blending of wine made from domestic grapes with wine purchased on international markets. Imported and domestic wine that is sold through the LCBO did not incur any additional taxation. The special levy has put pressure on gross profit, on domestic grape prices and will negatively impact future domestic grape purchases. The cost of the levy amounted to $2.0 million in fiscal 2013.

The Company is subject to environmental regulation at the federal, provincial and municipal levels. The Company is committed to addressing environmental matters and to continually improving its environmental performance. Environmental highlights are presented to the Board of Directors quarterly and environmental improvements are incorporated into the business planning cycle. Environmental performance is monitored internally with a focus on reducing waste, improving processes, and sourcing new recycling streams while meeting environmental laws and regulation. The Company is also subject to local by-laws with respect to wastewater discharge at each of its production facilities. The Company has invested in environmental infrastructure related to water to ensure that regulations and environmental standards are met or exceeded. In addition to these improvements, operational procedures and the monitoring of wastewater are in place to further reduce environmental impact.

Risks and Uncertainties

The Company's sales of wine are affected by general economic conditions such as changes in discretionary consumer spending and consumer confidence in future economic conditions, tax laws, and the prices of its products. A steep and sustained decline in economic growth may cause a lower demand for the Company's products. Such general economic conditions could impact the Company's sales through the Company's estate wineries and restaurants, direct sales through licensed establishments, and export sales through duty free shops. APL believes that these effects would likely be temporary and would not have a significant impact on financial performance.

The Canadian wine market continues to be the target of low-priced imported wines from regions and countries that subsidize wine production and grape growing as well as providing sizeable export subsidies. In addition, many of these countries and regions prohibit or restrict the sale of imported wine in their own domestic markets. The Company, along with other members of the Canadian wine industry, is working with the Canadian government to rectify these unfair trade practices.

The Company operates in a highly competitive industry and the dollar amount and unit volume of sales could be negatively impacted by its inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption, or the decision of retailers or consumers to purchase competitive products instead of the Company's products. Retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of the Company's products, including their quality or pricing, compared to competitive products. Unit volume and dollar sales could also be affected by purchasing, financing, operational, advertising, or promotional decisions made by provincial agencies and retailers which could affect supply of or consumer demand for, the Company's products. APL could also experience higher than expected selling and administrative expenses if it finds it necessary to increase the number of its personnel, advertising, or promotional expenditures to maintain its competitive position.

APL expects to increase its sales of its premium wines in Canada principally through the sale of VQA wines, and as a result, is dependent on the quality and supply of domestically grown premium quality grapes. If any of the Company's vineyards or the vineyards of our grape suppliers experience certain weather variations, natural disasters, pestilence, other severe environmental problems, or other occurrences, APL may not be able to secure a sufficient supply of grapes and there could be a decrease in our production of certain products from those regions and/or an increase in costs. In the past, where there has been a significant reduction in domestically sourced grapes, the Government of Ontario, in conjunction with the Ontario Grape Growers Marketing Board, has agreed to temporarily increase the blending of imported wines which would enable the Company to continue to supply products to the market. The inability to secure premium quality grapes could impair the ability of the Company to supply certain wines to our customers. The Company has developed programs to ensure it has access to a consistent supply of premium quality grapes and wine. The price of grapes is determined through negotiations with the Ontario Grape Growers Marketing Board in Ontario and with independent growers in B.C.

Foreign exchange risk exists on the purchases by the Company of bulk wine and concentrate that are primarily made in United States dollars and Euros. The Company's strategy is to hedge approximately 50% - 80% of its foreign exchange requirements throughout the fiscal year and regularly reviews its on-going requirements. The Company has entered into a series of foreign exchange contracts as a hedge against movements in U.S. dollar and Euro exchange rates. The Company does not enter into foreign exchange contracts for trading or speculative purposes. These contracts are reviewed periodically. Each one percent change in the value of the U.S. dollar has a $0.2 million impact on the Company's net earnings. Each one percent change in the value of the Euro has a $0.1 million impact on the Company's net earnings.

The Company purchases glass, bag in box, tetra paks, and other components used in the bottling and packaging of wine. The largest component in the packaging of wine is glass, of which there are few domestic or international suppliers. There is currently only one commercial supplier of glass in Canada and any interruption in supply could have an adverse impact on the Company's ability to supply its markets. APL has taken steps to reduce its dependence on domestic suppliers through the development of relationships with several international producers of glass and through carrying increased inventory of selected bottles.

The Company operates in a highly regulated industry with requirements regarding the production, distribution, marketing, advertising, and labelling of wine. These regulatory requirements may inhibit or restrict the Company's ability to maintain or increase strong consumer support for and recognition of its brands and may adversely affect APL's business strategies and results of operations. The Company is currently reviewing its labelling on ICB wines. Privatization of liquor distribution and retailing has been implemented in varying degrees across the country. The possibility of privatization in Ontario remains a risk to the Company through its impact on the Company's retail operations. The provincial government has stated that, should it consider privatization, it would engage in a consultation process and would acknowledge the special role of Ontario's wine industry.

The wine industry and the domestic and international market in which the Company operates are consolidating. This has resulted in fewer, but larger, competitors who have increased their resources and scale. The increased competition from these larger market participants may affect the Company's pricing strategies and create margin pressures resulting in potentially lower revenues. Competition also exerts pressure on existing customer relationships which may affect APL's ability to retain existing customers and increase the number of new customers. The Company has worked to improve production efficiencies, selectively raise pricing to increase gross profit, and implement a higher level of promotion and advertising activity to combat these initiatives. APL and other wine industry participants also generally compete with other alcoholic beverages like beer and spirits for consumer acceptance, loyalty, and shelf space. No assurance can be given that consumer demand for wine, and premium wine products, will continue at current levels in the future.

The Company has experienced increases in energy costs and further increases in the cost of energy would result in higher transportation, freight, and other operating costs. The Company's future operating expenses and margins are dependent on its ability to manage the impact of cost increases. The Company cannot guarantee that it will be able to pass along increased energy costs to its customers through increased prices.

Federal and provincial governments impose excise and other taxes on beverage alcohol products in varying amounts which have been subject to change. Significant increases in excise and other taxes on beverage alcohol products could materially and adversely affect the Company's financial condition or results of operations. Federal and provincial governmental agencies extensively regulate the beverage alcohol products industry concerning such matters as licensing, trade practices, permitted and required labelling, advertising, and relations with consumers and retailers. Certain federal and provincial regulations also require warning labels and signage. New or revised regulations or increased licensing fees, requirements, or taxes could also have a material adverse effect on the Company's financial condition or results of operations.

The Company's future operating results also depend on the ability of its officers and other key employees to continue to implement and improve its operating and financial systems and manage the Company's significant relationships with its suppliers and customers. The Company is also dependent upon the performance of its key senior management personnel. The Company's success is linked to its ability to identify, hire, train, motivate, promote, and retain highly qualified management. Competition for such employees is intense and there can be no assurances that the Company will be able to retain current key employees or attract new key employees.

The Company has defined benefit pension plans. The expense and cash contributions related to these plans depend on the discount rate used to measure the liability to pay future benefits and the market performance of the plan assets set aside to pay these benefits. A pension committee reviews the performance of plan assets on a regular basis and has a policy to hold diversified investments. Nevertheless, a decline in long-term interest rates or in asset values could increase the Company's costs related to funding the deficit in these plans.

The competitive nature of the wine industry internationally has resulted in the discounting of retail prices of wine in key markets such as the United States and the United Kingdom. The Company does not believe that significant price discounting will occur in Canada beyond current levels.

The Company considers its trademarks, particularly certain brand names and product packaging, advertising, and promotion design and artwork to be of significant importance to its business and ascribes a significant value to these intangible assets. The Company relies on trademark laws and other arrangements to protect its proprietary rights. There can be no assurance that the steps taken by APL to protect its intellectual property rights will preclude competitors from developing confusingly similar brand names or promotional materials. The Company believes that its proprietary rights do not infringe upon the proprietary rights of third parties, but there can be no assurance in this regard.

As an owner and lessor of property, the Company is subject to various federal and provincial laws relating to environmental matters. Such laws provide that the Company could be held liable for the cost of removal and remediation of hazardous substances on its properties. The failure to remedy any situation that might arise could lead to claims against the Company. A perceived failure to maintain high ethical, social, and environmental standards could have an adverse effect on the Company's reputation.

The success of the Company's brands depends upon the positive image that consumers have of those brands. Contamination of APL's products, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for those brands could adversely affect their sales. Contaminants in raw materials purchased from third parties and used in the production of the Company's products or defects in the fermentation process could lead to low product quality as well as illness among, or injury to, consumers of the products and may result in reduced sales of the affected brand or all of the Company's brands.

DIVIDEND POLICY

The Company's Class A Shares (non-voting) ("Class A Shares") are entitled to a dividend in an amount equal to 115% of any dividends paid or declared on Class B Shares (voting) ("Class B Shares"). On June 5, 2013, the Company announced an 11% increase in common share dividends. The quarterly dividend on Class A Shares increased to 10.00 cents and on Class B Shares to 8.70 cents. On June 8, 2011, the quarterly dividend on Class A Shares increased to 9.00 cents and on Class B Shares 7.85 cents. Prior to that date, the quarterly dividend rates were 8.25 cents per Class A Share and 7.20 cents per Class B Share. The Company's dividend payments are reviewed annually by the board of directors.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Preference Shares, issuable in one or more series, of which 33,315 are designated as Preference Shares, Series A, an unlimited number of Class A Shares and an unlimited number of Class B Shares. The only classes of shares of APL that are issued and outstanding are Class A Shares and Class B Shares. The only shares of the Company which are entitled to vote on matters set out in the notice of meeting of security holders are the Class B Shares. On March 31, 2013 the Company had outstanding 3,004,041 Class B Shares without nominal or par value, each carrying the right to one vote per share, and 11,293,829 Class A Shares. On March 14, 2011 the Company purchased, for cancellation, 594,412 Class A Shares through a Normal Course Issuer Bid. Neither the Class A Shares nor the Class B Shares may be subdivided, consolidated, reclassified, or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified or otherwise changed in the same manner and in the same proportion. In the event of liquidation, dissolution, or a winding-up of the Company, all of the Company's property and assets available for distribution to the holders of Class A Shares and Class B Shares shall be paid or distributed equally, share for share, to the holders of Class A Shares and Class B Shares, respectively. In the event a takeover bid is made for Class B Shares, the holders of Class A Shares have no right to participate on such takeover bid.

As described above, Class A Shares are non-voting securities and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B Shares. Class B Shares are voting securities and convertible into Class A Shares on a one-for-one basis.

MARKET FOR SECURITIES

The Class A Shares (stock symbol "ADW.A") and Class B Shares (stock symbol "ADW.B") are listed and posted for trading on the Toronto Stock Exchange.

The monthly volume of trading and price ranges of the Class A Shares and Class B Shares on the Toronto Stock Exchange over fiscal 2013 are as follows:

Class A Shares (non-voting)				Class B Shares (voting)			
Period	High	Low	Volume	Period	High	Low	Volume
2012	**$**	**$**		**2012**	**$**	**$**	
April	10.35	9.990	69,089	April	10.26	10.25	542
May	10.21	9.70	53,239	May	-	-	75
June	10.20	9.59	60,030	June	10.50	9.75	1,362
July	10.30	9.44	88,057	July	10.49	10.00	1,025
August	10.32	9.58	77,441	August	11.75	10.75	3,918
September	10.15	9.88	40,996	September	10.60	10.51	268
October	10.14	9.75	54,048	October	-	-	15
November	10.31	9.70	69,400	November	-	-	-
December	10.33	9.63	59,553	December	11.80	10.30	3,340
2013				**2013**			
January	10.47	10.04	59,409	January	10.99	10.29	2,038
February	11.17	10.32	113,180	February	11.51	10.99	1,100
March	11.35	10.70	118,864	March	11.30	11.00	480

DIRECTORS AND OFFICERS

The names, provinces of residence, and principal occupation of the directors of the Company and the period during which each director has served on the Board of Directors are as follows:

Name and Province of Residence	Principal Occupation	Director Since
MARK W. COSENS (1) (2) (3) Ontario, Canada *Kilbride Capital Partners is a private management advisory firm.*	Managing Partner Kilbride Capital Partners	2001
LORI C. COVERT Nova Scotia, Canada	Corporate Director	1993
RICHARD D. HOSSACK, PhD (1) (2) Ontario, Canada *Hossack and Associates Limited is a management consulting firm.*	President Hossack and Associates Limited	2002
PERRY J. MIELE (1) Ontario, Canada *Beringer Capital is a company experienced in a broad range of disciplines including operations, finance, new business, and strategy.*	CHAIRMAN & MANAGING PARTNER Beringer Capital	2010
A. ANGUS PELLER, M.D. Ontario, Canada *Medcan Health Management Inc. is a health management company.*	Senior Medical Consultant Medcan Health Management Inc.	1991
JOSEPH A. PELLER, M.D., F.R.C.P.(C) Ontario, Canada	Chairman of the Board Andrew Peller Limited	1966
JOHN E. PELLER Ontario, Canada	President and Chief Executive Officer Andrew Peller Limited	1989
JOHN F. PETCH, Q.C. (2) Ontario, Canada	Vice Chairman of the Board Andrew Peller Limited Chair Emeritus of the Governing Council of the University of Toronto Barrister and Solicitor.	1998
RANDY A. POWELL (2) British Columbia, Canada *Armstrong Group is a world leader in luxury rail travel.*	PRESIDENT & CEO ARMSTRONG GROUP	2010
BRIAN J. SHORT (1) (3) Ontario, Canada	Corporate Director	2003

(1) Member of Audit, Finance and Risk Committee
(2) Member of Human Resources and Governance Committee
(3) Member of Pension Committee

The term of office of each director expires at the next annual meeting or when their successors are elected.

Officers Who Are Not Directors

The names and provinces of residence of the executive officers of the Company who are not directors and the position and principal occupation of each of them with the Company are as follows:

Name and Province of Residence	Principal Occupation
GREGORY J. BERTI Ontario, Canada	Vice President, Government Relations and Export
ANTHONY M. BRISTOW Ontario, Canada	Chief Operating Officer
COLIN M. CAMPBELL British Columbia, Canada	Vice President, Sales, Western Canada
JAMES H. COLE Ontario, Canada	Vice President, Retail and Estate Wine Group
SHARI A. NILES Ontario, Canada	Executive Vice President, Marketing
PETER B. PATCHET Ontario, Canada	Chief Financial Officer and Executive Vice President, Human Resources
ERIN L. ROONEY Ontario, Canada	Vice President, Sales, Eastern Canada and Agency
TERRY C. SAURIOL Ontario, Canada	Vice President, Marketing Core Wines and Business Planning
BRENDAN P. WALL Ontario, Canada	Executive Vice President, Operations

There are no existing or potential conflicts of interest between any director or officer of the Company or its subsidiaries and the Company and its subsidiaries. There are no cease trade orders (or similar orders) involving any director or officer and there are no other penalties, sanctions, insolvency, or bankruptcy proceedings outstanding. During the past five years, each of the officers of the Company has had the same or similar principal occupation with the Company or the organization indicated, except: Ms. Rooney who, prior to May, 2013 was Vice President, Sales at S.C. Johnson, Mr. Campbell who, prior to May 2013 was Sales Director – Western Canada, Mr. Berti who, prior to May 2013 was Vice-President, Estate Wines and Export, Mr. Sauriol who, prior to May 2013 was Executive Director of Marketing and Mr. Cole, who prior to May 2013 was Vice President, Retail.

The directors and executive officers of APL as a group beneficially own, or control or direct, directly or indirectly, 1,999,434 Class B Shares, being approximately 66.6% of the issued and outstanding Class B Shares of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's Class A Shares (non-voting) and Class B Shares (voting) is Computershare Investor Services Inc. with its head office in Toronto where the registers of transfers for the Company's securities are located.

INTERESTS OF EXPERTS

The audited financial statements of the Company for the year ended March 31, 2013 filed with the Canadian securities administrators are audited by PricewaterhouseCoopers LLP, Chartered Accountants. PricewaterhouseCoopers LLP has reported that they are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

REPORT OF THE AUDIT COMMITTEE

The text of the Audit, Finance, and Risk committee's charter is attached as Schedule "A" to this AIF.

The Audit, Finance, and Risk Committee (the "Audit Committee") is composed entirely of independent directors. The four members of the Audit Committee are Brian J. Short (Chairman), Mark W. Cosens, Richard D. Hossack and Perry J. Miele. All members of the Audit Committee are considered by the Board to be financially literate by way of their business experience and educational background. The following is a brief summary of the education and experience that is relevant to the performance of their responsibilities as Audit Committee members:

Audit Committee Member	**Relevant Education and Experience**
Brian J. Short	Mr. Short retired as the Senior Vice-President and Chief Financial Officer of Dover Industries Limited. Mr. Short holds a Bachelor of Arts degree from Waterloo Lutheran University.
Mark W. Cosens	Mr. Cosens is a Managing Director at Kilbride Capital Partners and a former Managing Director of Korn/Ferry International, specializing in industrial, energy and financial services. Prior to joining Korn/Ferry International, Mr. Cosens held several positions in the investment and commercial banking industry. Mr. Cosens holds a Bachelor of Arts in Economics from the University of Western Ontario and an LLB from Osgoode Hall Law School.
Richard D. Hossack	Mr. Hossack retired from his role as President and Senior Partner of Delta Oliver Wyman in Canada. He holds a Ph.D. in Organizational Behavior from the Fielding Graduate Institute, an M.B.A. in Finance from the University of Toronto and a B.Comm. in accounting and economics and a BsC. in mathematics and physics, both from the University of Manitoba. He was formerly a senior partner in both Coopers & Lybrand and in PricewaterhouseCoopers consulting groups.
Perry J. Miele	Mr. Miele is Chairman and a partner of Beringer Capital responsible for investing activities, strategic development, and oversight of Beringer's investment portfolio. Since 2006 he has also been serving as the Executive Chairman of Budco, a marketing and fulfillment company, servicing some of the Fortune 100 Companies. Mr. Miele is the founder of the Mentor Fund, a private equity fund investing primarily into the marketing and communications sector. He is a member of the Young President's Organization and a member of McGill's "expert panel" for the M.B.A. program and has guest lectured at McGill as well as other university business programs.

Pre-Approval Policies

The Audit Committee has adopted the following policies and procedures for the engagement of non-audit services. The Audit Committee will pre-approve all audit and non-audit services provided by the auditors. This is accomplished through the Audit

Committee's recommendation to the holders of Class B Shares on the approval of the appointment of the auditors at the Company's annual meeting and through the Audit Committee's review of the auditors' annual audit plan. Periodically, the Audit Committee will update an agreed list of pre-approved services that are recurring or otherwise reasonably expected to be provided. Any additional requests for pre-approval will be addressed on a case-by-case basis to the Audit Committee. The engagement may commence upon approval by a quorum of the full Audit Committee.

External Auditor Service Fees
The table below provides disclosure of the services provided and fees earned by the Company's external auditors over the Company's two most recently completed fiscal years:

Type of Services	Fees – Fiscal 2013	Fees – Fiscal 2012
Audit fees	$299,250	$324,450
Audit-related fees	39,589	39,780
Sub-total	$338,839	$364,230
Other services (1)	29,642	16,880
Tax fees	38,220	36,750
Tax advice (2)	22,890	93,325
Total	$429,591	$511,185

(1) Other services relate to changes and implementation of the Company's profitability model. In fiscal 2012 other services related to support for the transition to IFRS.
(2) Tax advice relates to consulting with respect to the expropriation of the Company's Port Moody property and services related to amended tax filings for 2007 to 2012. In 2012 services related to the Wayne Gretzky transaction and amended tax filings.

All recommendations of the Audit Committee to compensate the external auditor in fiscal 2013 and fiscal 2012 have been approved.

Audit Fees
Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-related Fees
Audit related services were paid for assurance and related services that were reasonably related to the performance of the audit, review of the annual financial statements, or support provided for assistance in completion of the Company's compliance with National Instrument 52-109 and are not reported under the audit services category above. These services consist of audit of pension plans and quarterly meetings with management.

Tax Fees
Tax fees were paid for tax compliance, tax advice, and tax planning professional services. These services consisted of reviewing tax returns and assisting in responses to government tax authorities.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and principal holders of the Company's securities is contained in the Company's Management Information Circular which will be dated August 7, 2013. None of the directors, officers, 10% (or more) shareholders of the Company, or any of their respective associates or affiliates have had within the past three most recently completed financial years, or during the current fiscal year, a material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company. Additional financial information, including audited comparative consolidated financial statements for the year ended March 31, 2013 and related Management's Discussion and Analysis ("MD&A") is provided in the Annual Report to Shareholders. This and other information related to the Company can be accessed through SEDAR at www.sedar.com.

SCHEDULE "A"

CHARTER OF THE AUDIT, FINANCE, AND RISK COMMITTEE OF THE BOARD OF DIRECTORS OF ANDREW PELLER LIMITED

Purpose

The primary purpose of the audit committee (the "Audit Committee") of the board of directors (the "Board") of Andrew Peller Limited (the "Corporation") is to assist the Board of Directors in fulfilling its oversight responsibilities for the Corporation's internal control and management's information systems; reviewing the quarterly financial statements and managements' discussion and analysis prior to their release and recommend their approval to the Board; reviewing the annual audited financial statements and management's discussion and analysis prior to their release and recommend their approval to the Board; reviewing accounting and auditing developments and meeting with both financial and accounting personnel and the external auditors on issues relevant to the Corporation; reviewing the Corporation's policies and practices relating to insurance coverage, foreign exchange and interest rate hedging and, reviewing and assessing the qualifications, independence, and performance of the Corporation's auditors.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures, and practices.

Approval of Charter

This Audit Committee charter requires approval by the Board.

Future changes to this charter require approval by the Board based on the recommendation of the Audit Committee.

Structure and Composition

The Audit Committee shall consist of no fewer than three members from among the Board.

Each member of the Audit Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgement as a member of the Audit Committee; and meet the independence and experience requirements of the Toronto Stock Exchange and all applicable rules and regulations in Canada relating to corporate governance and audit committee matters, including Multilateral Instrument 52-110 (the "Regulations").

All members of the Audit Committee must be "financially literate" as such term is defined by the Regulations. The Board shall make determinations as to whether each member of the Audit Committee satisfies this requirement. The members of the Audit Committee shall be appointed by the Board annually on the recommendations of the Human Resource and Governance Committee or until successors are duly appointed.

The Board shall normally designate the Chair of the Audit Committee. In the event that a Board designation is not made, the members of the Audit Committee shall elect a temporary Chair for such meeting by majority vote of the members in attendance at the meeting.

Once appointed, Audit Committee members shall cease to be a member of the Audit Committee only upon:

(i) resignation from the Board
(ii) death
(iii) disability
(iv) not being re-appointed pursuant to the appointment process described above.

Meetings

The Audit Committee shall meet at least quarterly and more frequently as circumstances dictate.

A majority of Audit Committee members are required for meeting quorum. In the event that the number of Audit Committee members is an even number, one half of the number of members shall constitute a quorum.

The Audit committee shall meet at least annually with management and the Corporation's auditor in separate committee sessions.

The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet or provide consultations to the Audit Committee or any member thereof.

The CEO, the CFO and Executive Vice-President Human Resources of the Corporation, and representatives of the independent auditors shall normally attend meetings of the Audit Committee. Others may also attend meetings as the Audit Committee may request. Notice of all meetings of the Audit Committee shall be sent to the Auditors as well as Audit Committee members.

Resolutions
Resolutions of the Audit Committee shall require approval by a simple majority of members voting on such resolution. The Chair of the Audit Committee shall not have a deciding vote in the case of a tie.

Responsibilities and Duties

i) Minutes and Reporting to the Board

The Audit Committee shall prepare written minutes of all meetings. The Chair of the Committee or designate shall report to the Board of Directors after each meeting the significant matters addressed by the Committee at such meeting and a copy of the minutes shall be made available to all members of the Board. The Audit Committee shall make regular reports to the Board, but not less frequently than quarterly.

ii) Independent Auditor

With respect to the Corporation's independent auditor the Audit Committee shall:

- be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between financial management and the external auditor regarding financial reporting
- have sole authority to recommend to the Board the appointment or replacement of the independent audit or (subject to shareholder approval)
- recommend to the Board the compensation of the independent auditor
- have the independent auditor report directly to the audit Committee
- determine the extent of involvement of the independent auditor in reviewing unaudited quarterly financial results
- meet with the independent auditor prior to the annual audit to discuss the planning, scope and staffing of the audit
- approve the selection of the senior audit partners having primary responsibility for the audit and the audit partner responsible for reviewing the audit
- at least on an annual basis, evaluate the qualifications, performance, and independence of the independent auditor and the senior audit partner having primary responsibility for the audit
- obtain and review a report from the independent auditor at least annually regarding:
    - (i) the independent auditor's internal quality-control procedures
    - (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or raised by any inquiry or investigation by government or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm
    - (iii) any steps taken to deal with any issues
    - (iv) all relationships between the independent auditor and the Corporation
- review and approve the Corporation's hiring policies regarding partners, employees, and former partners and employees of the present and former independent auditor
- pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Corporation or its subsidiaries by its independent auditor

iii) Financial Reporting

With respect to the Corporation's reporting of unaudited quarterly financial results, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:

    - o press release
    - o consolidated financial statements and notes thereto
    - o management's discussion and analysis
    - o results of any independent auditor's review requested/approved by the committee
    - o review the Corporation's unaudited quarterly financial results
    - o recommend to the Board whether the unaudited quarterly financial statements of the Corporation should be

approved by the Board

iv) Year-End Audit

With respect to the Corporation's annual audit, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
    - financial statements and notes thereto for consolidated and separate entities
    - management's discussion and analysis
    - results of the independent auditor's audit
    - notice of annual meeting of shareholders
    - annual information form
- The review of the Corporation's audited financial results, shall include:
    - any significant judgements (e.g. estimates and reserves) made in the preparation of financial statements
    - any significant disagreements among management and the independent auditors in connection with the preparation of financial statements
    - the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented
    - significant financial reporting issues and judgements made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and special steps adopted in light of material control deficiencies
    - the Corporation's use of "pro forma" or "adjusted" non-GAAP information
    - critical accounting policies and practices
    - review of alternative treatments of financial information in all cases, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
    - any written communications between the independent auditor and management (e.g. management letters, schedule of unadjusted differences)
    - the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements
    - management certifications of reports filed by the Corporation pursuant to the Regulations
    - integrity of the Corporation's financial reporting processes
    - any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting policies
    - results of the independent auditor's audit
    - discussions with the independent auditor regarding significant adjustments, management judgements and accounting estimates, significant new accounting policies, any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management
    - a verbal and/or written report, as appropriate, from the independent auditors describing
        - (i) all critical accounting policies and practices to be used
        - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors and
        - (iii) other material communications between the independent auditors and management, such as the annual management letter or schedule of unadjusted differences
- Recommend to the Board whether the audited consolidated financial statements of the Corporation should be approved by the Board

v) Annual Proxy Statement and Regulatory Filings

The Audit Committee shall:

- issue any reports required of the Audit Committee to be included in the Corporation's annual proxy statement
- review and recommend to the Board the approval of all material documents filed with securities regulatory agencies

including:
    - Consolidated Year-end Financial Statements
    - Annual Information Form
- satisfy itself that the adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the documents referred to above, and periodically assess the adequacy of those procedures

vi) Related Party Transactions and Off-Balance Sheet Structure

The Audit Committee shall:

- Review all related-party transactions including those between the Corporation and its officers or directors and, if deemed appropriate, recommend approval of any particular transaction to the Board
- Review any material off-balance sheet structures, which the Corporation is a party to
- Review the audited financial statements for the Corporation's pension plans and the costs and obligations of such plans annually

vii) Internal Controls, Risk Management and Legal Matters

The Audit Committee shall:

- consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control including the process to communicate such controls and roles and responsibilities
- satisfy itself that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to above, and will periodically assess the adequacy of those procedures
- discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies including the use of derivative financial instruments. Areas to be considered in this respect include:
    - insurance coverage
    - foreign exchange exposure
    - interest rate exposure

- review with management, and if necessary, the Corporation's counsel on a quarterly basis:
    - any legal matter which could reasonably be expected to have a material impact on the Corporation's financial statements or accounting policies, and
    - the status of all material law suits

viii) Capital Structure, Investment and Cash Management Policies, Disclosure Policy

The Audit Committee shall:

- review and recommend to the Board whether any changes to the Corporation's capital structure should be approved
- review and approve the Corporation's investment and cash management policy
- review and approve the Corporation's disclosure policy

ix) "Whistle Blower" and Related Procedures

- The Audit Committee shall oversee the establishment of procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential and/or anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. The identity of any person making a submission on a confidential basis shall be revealed, at a minimum, to the Chair of the Audit Committee. The identity of any such person, however, will otherwise be treated as confidential. The Committee shall also be provided with such evidence as it requests to confirm that no disciplinary action has been taken against such person
- Management shall report to the Audit Committee on a timely basis all discovered incidents of fraud within the Corporation, regardless of monetary value

x) Review of Charter and Self Assessment

The Audit Committee shall:

- Review and reassess annually the adequacy of this Charter
- Review annually the Audit Committee's own performance

xi) Corporate Knowledge and Other Activities

The Audit Committee shall:

- Strive to expand continually its knowledge of the Corporation's activities
- Carry out such other activities consistent with this Charter, the Corporation's by-laws and governing law, that the Audit Committee or the Board deem necessary or appropriate

Other Advisors

The Audit Committee shall have the authority to retain independent legal, accounting or other advisors including consulting with the national office of the independent auditor. The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Limitations on Committee's Duties

While the Audit Committee has the responsibilities and power set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of either management and/or the independent auditor.

In discharging its duties, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the Committee as an "audit committee financial expert" is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Corporation.