

Letter from Commercial Real Estate Agent Requesting Lease Transfer

August 22, 2018

City of Saskatoon 201 3rd Avenue North
Saskatoon, SK S7K 2H7

Attention: Jeremy Meinema

We are asking the City of Saskatoon to allow 101241938 Saskatchewan Ltd. to change the address of their existing land lease from 4018 Aronec Ave to 4018 Burrton. Moving this lease would return the land ownership of 4018 Aronec Ave back to the City and, in-turn, would allow Kliewer Building Ltd to purchase the land and further expand their business. Please see attached agreement between 101241938 Saskatchewan Ltd. and Kliewer Buildings.

Details of why we are asking for the above is as follows:

- Kliewer Building Ltd did a land lease of 4010 Aronec on June 1, 2017 with purchase of the land in March of 2018. The intended use of this land and building was to accommodate the business of Custom Courier Co. Ltd. (owned by the same owner of Kliewer Building Ltd.).
- Kliewer Building Ltd built a 8,500 sq ft Building (includes office and warehouse) at a cost of \$3 Million during the fall of 2017 with completion in the spring of 2018.
- When Kliewer Building Ltd first purchased the land they believed it would be large enough to accommodate their business (Custom Courier Co. Ltd.). However, since the Humbolt Bronco's Bus crash, Custom Courier Co. Ltd. has decided that they need to increase the Safety Standards of all the trucks on their fleet. Custom Courier has a fleet of over 110 vehicles. All large commercial trucks require a Saskatchewan Safety Certificate 1 or 2 times per year (depending on the GVW of a truck). The current Safety Certificates are provided by SGI accredited mechanical shops – and the inconsistencies between "Safeties" at these shops is astronomical.
- Kliewer Building Ltd. along with their business Custom Courier Co. Ltd has decided to expand their operation by starting their own SGI accredited shop to perform all the Safeties on their own fleet of trucks – bringing the standard of Safeties up to the highest standards possible. Custom Courier also hired a full time Safety Officer to perform unannounced spot inspections on their entire fleet throughout the year. To properly do this, Kliewer Building Ltd/Custom Courier Co. Ltd requires more land to create enough parking for the equipment and trucks that will go through their expanding shop. It makes the most economical sense to purchase the land of 4018 Aronec Ave – which is adjacent to the land already owned by Kliewer Building Ltd at 4010 Aronec Ave.
- This expansion of and purchase of 4018 Aronec Ave by Kliewer Build Ltd can only occur if Saskatchewan Ltd agrees to move their current land lease over one city block to 4018 Burrton Ave.

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- They had planned on completing construction by now, but the change in Market conditions did not allow for this to occur. However, the site work is now almost completed and we believe the units will be sold or leased by the end of 2018. Once the building is completed at 4019 Burrton and sold/leased by the end of 2018, this will provide the required cash flow to start construction of 4018 Burrton Avenue (if the land lease currently held at 4018 Aronec Ave is moved to 4018 Burrton Ave) in the spring of 2019 - with construction being completed by late summer and then allow twelve months from completion for sale and lease up.

The first reason we are asking the City of Saskatoon to consider this “move” is to help Kliewer Building Ltd./Custom Courier Co. Ltd - a locally owned and operated business establish back in 1996 - further expand their business. They have already invested over 3 million dollars in land and construction and are further willing to purchase even more land from the City – at 4018 Aronec Ave. For this to occur, all the City needs to do is to agree to move the current land lease with 101241938 Saskatchewan Ltd over to 4018 Burrton Ave. Both parcels of land are the exact same size and shape and only 1 block apart from each other (currently 4018 Burrton Ave is owned and for sale by the City of Saskatoon).

The second reason to do this deal is so that 101241938 Saskatchewan Ltd. can maintain their current type of land lease with the City but at 4018 Burrton Ave - because that parcel of land is already across the street from their existing building which is just now being completed and houses its offices. This will also help aid him when he builds his next building on 4018 Burrton Ave. I am now hired on as his agent on the existing building. Since the owner of 101241938 Saskatchewan Ltd. and I have met last week he has arranged financing to complete his site work on 4019 Burrton Ave - which will start on Monday July 23. The following week he will pour the floor in 2 bays giving me the ability to show these suits to sell or lease. Help him sell/lease the existing building will expedite the start the next building he intends to build at 4018 Burrton Ave - which will give me even more products to sell/lease. In turn this will mean he will purchase the land from the City of Saskatoon.

I see this transaction as a win, win, win, for all parties. First, it allows Kliewer Building Ltd/Custom Courier Co. Ltd. to grow. Secondly, it helps 101241938 Saskatchewan Ltd get land closer to his current location to aid in construction. Lastly, the City gains a new land sale from Kliewer Building while still getting lease income from 101241938 Saskatchewan Ltd. Win, win, win.

Thanks,



Ken Kreutzwieser, Partner
Senior Sales Associate