

For Immediate Release – September 29, 2015

Liquor & Lotteries Reveals New Downtown Head Office More than 400 Employees to Help Revitalize City Centre

Following a comprehensive evaluation and due diligence process, Manitoba Liquor & Lotteries has chosen 233 Kennedy Street (Medical Arts Building) for its new corporate head office in downtown Winnipeg. The corporation purchased the building, surface parking lot and parkade, and plans to redevelop the building and expand the first five floors.

The selection of 233 Kennedy Street represents the best value and met the corporation's objectives for their downtown office. This location also contributes to cost-savings of \$23.6 million over the next 20 years, as a result of the efficiencies associated with centralization. This amount will be over and above the \$36 million that has already been saved as a result of the merger of Manitoba Lotteries and the Manitoba Liquor Control Commission.

"The relocation of the Liquor & Lotteries head office fits with our vision of downtown. It builds on our plan for downtown renewal and is right next door to the exciting SHED district, which is poised to undergo major redevelopment in the coming years," said Premier Greg Selinger. "We've come a long way over the last decade and it is important that we continue to invest in the future of our city."

The Honourable Ron Lemieux, Minister responsible for the Manitoba Liquor and Lotteries Corporation added, "The decision to merge these two corporations has resulted in over \$36 million of savings to date, a significant modernization of our liquor laws, and legislated investment in social responsibility. With this project, the corporation will save \$23.6 million over the next 20 years, while contributing to a brighter future for downtown Winnipeg. Imagine 400 more people coming downtown to work, dine, shop, and take in events."

"With all the exciting things happening in Winnipeg's downtown the last few years, this is the perfect fit for Liquor & Lotteries' new head office," said Tannis Mindell, Board Chair for Manitoba Liquor & Lotteries. "We are looking forward to working with our new neighbours to continue to enhance our city's centre, making it a vibrant hub of activity and future growth."

Consolidating the corporation's head office downtown will also strengthen its workplace culture and generate cost savings by eliminating travel for staff between multiple sites. Offices are currently located in five locations at Buffalo Place, Empress Street, Milt Stegall Drive, St. James Street and Pacific Avenue. John Stinson, CEO, Manitoba Liquor & Lotteries said, "I am absolutely thrilled for our corporate employees, knowing that they will have a head office specifically designed to unite us all in downtown Winnipeg – a centralized hub where a culture of enhanced communication, cooperation and creativity is sure to thrive."

The search for a new head office began in June 2014 when the corporation issued a Request for Qualifications. The 20 qualified proponents were invited to submit a response to the Request for Proposal that was issued in September 2014. Following the evaluation of those proposals, nine proponents underwent an initial due diligence process. Out of that process, 233 Kennedy Street achieved the best value score. The project will generate an economic impact of \$46.6 million and 385 full-time person years of employment.

Winston Hodgins, President, Business Development, Manitoba Liquor & Lotteries said, "We are confident we have selected the best value property with the greatest potential to suit the needs of Liquor & Lotteries well into the future. We have plenty of work ahead of us, but once completed we will have a head office that employees will be proud to call home. Congratulations to everyone who contributed to the selection process."

The purchase cost was \$7.9 million. Redevelopment and expansion costs are expected to be \$66 million. These costs were factored into the savings of \$23.6 million over 20 years. Expanding the first five floors with an additional 80,000 square feet will accommodate commercial businesses on the main floor, while floors 2-5 will be occupied by Liquor & Lotteries staff and a daycare. The building's top 10 floors will contain office space for existing and new tenants.

The building has been a fixture in downtown Winnipeg since 1974. It is currently 50 per cent occupied with about 40 tenants working in the building. Construction is scheduled to begin in early 2017.

For more information see attached fact sheet and architectural renderings/pictures of the building.

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FACTS

DOWNTOWN HEAD OFFICE

233 KENNEDY STREET

SELECTION PROCESS

- Business Case – January to April 2014
- Request for Qualifications – June to July 2014
- Request for Proposal – September to November 2014
- Due Diligence – December 2014 to May 2015
- Recommendation and Approval – June to July 2015
- Extended Due Diligence – August 2015
- Purchase and Announcement – September 2015

CONSOLIDATION BENEFITS

- Build and strengthen new corporate culture
- Improve workplace communications and teamwork
- Consolidate corporate functions under one roof
- Reduce travel costs between five corporate offices, two casinos and liquor warehouse
- Create cost savings and efficiencies
- Reduce required space and occupancy costs
- Create a quality environment with improved air flow and natural lighting

LOCATION BENEFITS

- Contributes to revitalization of downtown Winnipeg
- Proximity to downtown retail, amenities and services
- Transit and parking availability
- Onsite daycare
- Close access to indoor walkways
- Contributes to urban improvement (greenspace, mixed use development, population density)

ECONOMIC IMPACT

- Total provincial economic impact of \$46.6M
- 385 full-time person years of employment

COST

- \$7.9M for building, parkade and surface parking lot
- \$66M for expansion and redevelopment

SAVINGS

- New Head Office will achieve \$23.6M in net savings over 20 years
- Savings are over and above merger savings of \$36M

REDEVELOPMENT HIGHLIGHTS

- Construction to begin in early 2017
- Includes an expansion to floors 1-5
- Expansion adds 78,385 sq. ft. over five floors
- Main floor is commercial space and outdoor courtyard
- Floors 2-5 for home of Liquor & Lotteries employees
- Expansion to be built on surface parking lot
- Combined new and old building equals 212,000 sq. ft.
- Redevelopment achieves LEED Silver Accreditation
- Parkade improvements part of redevelopment plans

ORIGINAL BUILDING

- 15-floor building opened in 1974
- More than 150,000 sq. ft.
- Parkade built in 1959
- Appraisal value of combined structures \$10.7M

CURRENT TENANTS

- 40 tenants operating in building
- Majority of tenants are in the medical field
- Commercial tenants include Salisbury House, Assiniboine Credit Union and PharmaPlus

PARKING

- 384 stall parkade built in 1959
- Access from both Kennedy and Edmonton Street
- Five levels above grade; two below grade
- Parkade also part of redevelopment plans