

Backgrounder

1. When are auctions taking place for the permits associated with SLGA's liquor stores?

Auctions for SLGA's retail store permits will be staggered, beginning Feb. 6 with the final auctions starting Feb. 15. (Regina, Saskatoon and Prince Albert have more than one SLGA location and therefore have more than one permit available in the auction process).

Auction Group 1 – Feb. 6-15

Regina
Saskatoon

Prince Albert
Watrous

Carlyle

Auction Group 2 – Feb. 7-16

Regina
Saskatoon

Moose Jaw
Estevan

Assiniboia
Moosomin

Auction Group 3 – Feb. 8-17

Regina
Saskatoon

Swift Current
Meadow Lake

Nipawin
Biggar

Auction Group 4 – Feb. 13-22

Regina
Saskatoon

Yorkton
Melfort

Esterhazy
Buffalo Narrows

Auction Group 5 – Feb. 14-23

Regina
Saskatoon

North Battleford
Weyburn

Humboldt
La Ronge

Auction Group 6 – Feb. 15-24

Regina
Saskatoon

Prince Albert
Fort Qu'Appelle

Creighton
La Loche

2. What is included with the sale of the permit?

The auctions are for the interest in a retail store permit only. There are no assets, inventory or buildings included with the permits. Note: the winning bidder still has to apply and qualify to hold a retail store permit.

3. Why are the permits being sold via online auction?

The online auction format is an objective method to determine a purchaser, giving interested individuals and businesses the ability to follow and participate in the bid process in real time. The successful bidder must still apply and qualify to hold a retail store permit.

4. How will the auctions work?

The online auctions will take place on <https://mcdougallauction.com/new>. The auctions will be staggered, beginning Feb. 6 with the final ones beginning Feb. 15. Each auction will be open for 10 days and will take place in real time with bids visible as they are made.

5. Why are there 35 auctions if there are only 34 SLGA liquor stores?

SLGA closed a Saskatoon location prior to the October announcement about the 34 stores closing. The permit previously associated with that store is also being auctioned at this time.

6. How do bidders register for these auctions? Is there a deposit required?

Interested bidders must first create an account at <https://mcdougallauction.com/new>. Once the account is created, interested bidders must contact McDougall to preregister (which includes paying a \$5,000 deposit for each permit being bid on). The deposit will be refunded if you are not the successful bidder. Bidders must allow at least 24 hours for the registration process. Contact McDougall by phone at 306-757-1747 to register (hours of operation for registration are Monday to Friday, 8 a.m. to 4:30 p.m.)

Note: The successful bidder must also pay a bidder's premium (auction fee) (15 per cent to maximum of \$750), permit application fee (\$525) and annual permit fee (\$525 city/\$263 town/\$158 village). More information is available on slga.com.

7. Who can participate in the auctions?

Anyone can participate in the public auction process (successful bidders will need to meet qualifications of holding a retail store permit).

8. Once an auction ends, what happens?

The highest bid gives the individual/business the opportunity to formally apply for the retail store permit. It's important to note that the prospective retailer must meet regular SLGA liquor licensing requirements to hold a retail store permit, including good character. Simply being the highest bidder does not automatically qualify someone to hold a retail store permit.

9. When do the winning bids have to be paid?

The Bidder's premium of \$750 (plus GST) must be paid within three days of the auction closing.

Payment of the winning bid is as follows:

- Within 30 days after the conclusion of the auction, 25% of the total bid amount must be paid.
- Within 12 months after the conclusion of the auction, an additional 50% of the total bid amount must be paid; and
- At the earlier of 18 months from the conclusion of the auction, or the effective date of the new Retail Store Permit, the remaining 25 per cent of the total bid must be paid.

Note: the bid amount must be fully paid and the permit issued prior to the opening of the bidder's retail liquor store. Failure to pay on time is a default that will end the bidder's right to proceed and results in forfeiture of the payments made.

10. What are the permits worth? What have past permits sold for?

The value of permits depend on the communities in which they are located and how many businesses are interested in the permits. Private retailers who have sold their permits are not required to publicly disclose the selling price (it is considered third party commercial information).

11. Is there any financial information available for interested bidders?

The permits being sold are not tied to any specific location or previous operation, but must remain in the municipality they are associated with. As such, financial projections for a new liquor operation will vary depending on factors that the successful bidder will decide such as the location of the store in the community, building size, the number of staff, hours of operation, etc. rather than results of a specific SLGA location. Further, SLGA does not release financial information for individual stores.

12. Are there rules about where the stores can be located in communities?

A permit can only be used to operate a retail store in the community the permit is currently associated with. The new operator must meet local zoning requirements regarding the location of their planned liquor outlet and other related bylaws, if any.

13. Are these permits for standalone stores or can they be operated with another business (ex. a liquor section within another business)?

Retail liquor stores operating in communities with a population greater than 5,000 must operate a standalone store (freestanding or store-within-a-store configuration). Communities with a population less than 5,000 can operate an integrated store. For more information, see the Commercial Liquor Permittee Manual, Chapter 8 – Retail Store Permit, available at slga.com.

14. Can someone own more than one retail store permit in a community?

An individual or business cannot own/operate all of the stores (if there is more than one permit) in a community.

15. Can a successful bidder sell the permit without opening for business?

The bidder must complete the permit process and open a retail liquor store before they can sell their interest in the permit. The retail store must be opened within 18 months of the auction closing.

16. What if the successful bidder is disqualified during the licensing process? Will any payments made be refunded?

A refund will only be provided if the condition of good character is not met.

17. Will there be a separate auction for buildings, fixtures or other assets?

SLGA owns 19 of the properties in which these liquor stores are located. Properties will be made available for sale through Government's asset disposal processes and commercial realtors. (The empty physical buildings do not include a permit). Details about what is included with the sale of the buildings will be determined as part of the asset disposal process.

18. What about the auctions for unallocated permits that were paused when the pandemic began. When will those auctions resume?

The permits associated with SLGA's current retail stores are the ones being auctioned beginning on Feb. 6. Once the auctions associated with SLGA's retail permits wrap up, auctions will be held for permits in communities that qualify for an additional permit under the population matrix prescribed in *The Alcohol Control Regulations, 2016*, if someone has expressed interest in the permit. These auctions were suspended during the pandemic. (See slga.com for more information and a list of communities/RMs where unallocated permits will be auctioned).

19. How are the unallocated permits different than the SLGA Retail Inc. permits?

The auctions associated with the SLGA stores that are closing are permits being offered for sale by an existing retailer. The unallocated permit process is when someone expresses interest in a permit in a community/RM that qualifies for a permit under the population matrix prescribed in *The Alcohol Control Regulations, 2016*. Auctions for these permits were suspended during COVID but will resume once the SLGA Retail auction process concludes.

20. Have any of the remaining SLGA stores closed yet?

The first store is scheduled to close to customers in late January. That process will continue until all stores cease operations near the end of March.

21. How many liquor retailers are there in Saskatchewan?

There are approximately 600 liquor retailers currently operating in Saskatchewan, including the 34 SLGA stores.

22. Where can people get more information?

Please see slga.com for more information.