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The Honourable James M. Flaherty
Minister of Finance
House of Commons
Ottawa ON K1A 0A6

Via email jim.flaherty@parl.gc.ca
Original will follow by mail

Dear Minister Flaherty:

Re: Bill C-377, Disclosure of Contractual Relationships—Lease Terms

We are in the business of property leasing. We employ many people in this industry. Some government agencies such as the Saskatchewan Union of Nurses are tenants in our buildings. In order to secure tenancies such as this, we had to use our skills in negotiating and our experience in this business. As a result, the terms of our leases, particularly lease rates and duration, are highly confidential and guarded business information that we do not want competitors and other tenants or potential tenants to be made aware of. There is a legitimate need to protect this commercially-sensitive information as the disclosure of same will prejudice the competitive position of all commercial landlords who deal with government and government agency tenants.

The reason for this letter is because we have become aware of the above Bill, which if passed, will have serious and highly prejudicial consequences to a landlord's business interests and to the real estate leasing industry because details of leases with government and its agencies will become public and readily available online for everyone to see.

To disclose such information is prejudicial to the landlord in future leasing with third parties and could also affect its relationship with existing tenants if one tenant in the same building perceives itself to be treated less favourably than another with respect to lease rates and other terms. Under this proposed Bill, armed with such information as the date upon which a lease expires, coupled with the lease rate, competitors could attempt to negotiate a tenant out of their current landlord's building when the tenant was not even considering a move.

Further, the public disclosure of the information contemplated by the Bill would allow other existing tenants, potential tenants, their representatives and realtors to use this sensitive information as an unfair negotiating tool when contemplating a new lease or lease renewal with a landlord. As such, this information could seriously prejudice commercial business interests of a landlord in negotiating other leases by placing it in an unfair bargaining position. This information would allow competitors to undercut lease rates in a manner that would not only be harmful to a government landlord's business, but harmful to the commercial leasing business in general.

To underscore how sensitive this information is, most landlords' leases contain a standard term prohibiting the disclosure of lease terms by a tenant. Therefore, for the government to pass this Bill requiring such public disclosure, not only will be highly injurious to a landlord's business, but will also interfere with and breach the contractual obligations of government tenants.

We submit that the sensitive business information contained in commercial leases should be stringently protected from public disclosure. Accordingly, our position is that the proposed Bill should not be passed in its present form as it will be injurious to the business interests of all commercial landlords dealing with government and government agencies and to the real estate leasing business in general.

Yours truly,

Colleen L. Wilson

Colleen L. Wilson, J.D.
Director of Legal Affairs

CW/lp

cc The Honourable Gail Shea, Minister of National Revenue *via email* gail.shea@parl.gc.ca (original will follow by mail)
Guyanne L. Desforges, Parliamentary Finance Committee *via email* FINA@parl.gc.ca (original will follow by mail)
Keith Warder, Nexus Holdings Inc., CFO *via email*