

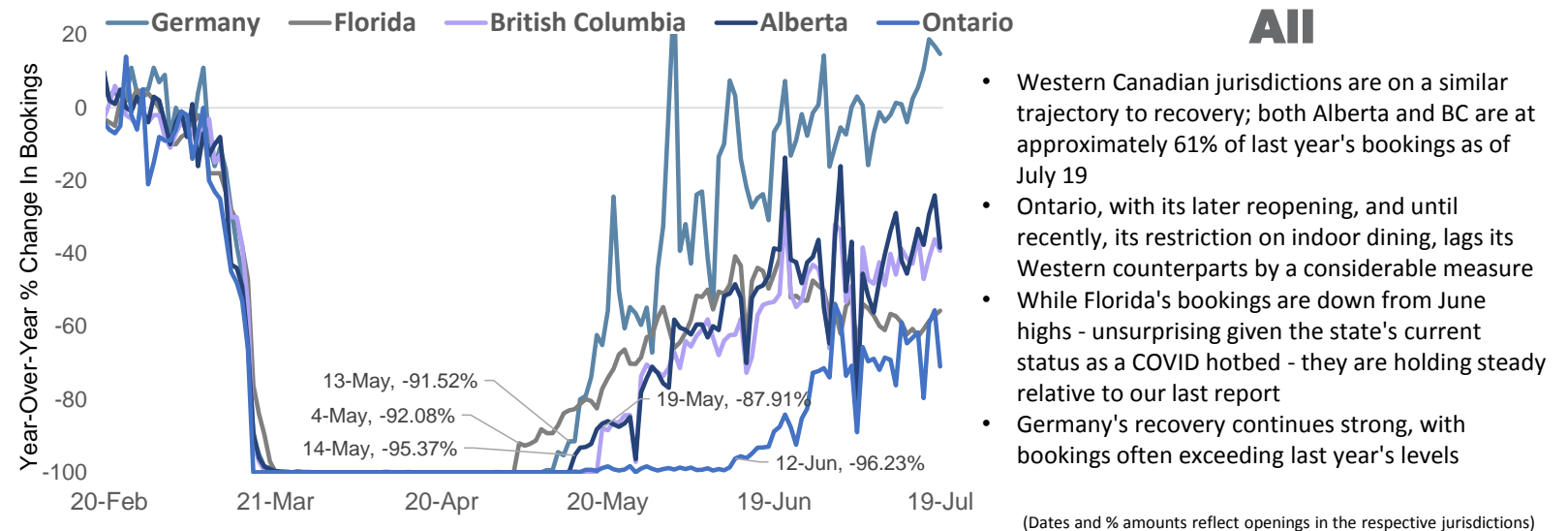
# ORIGIN

MERCHANT PARTNERS

## The Restaurant Rebound

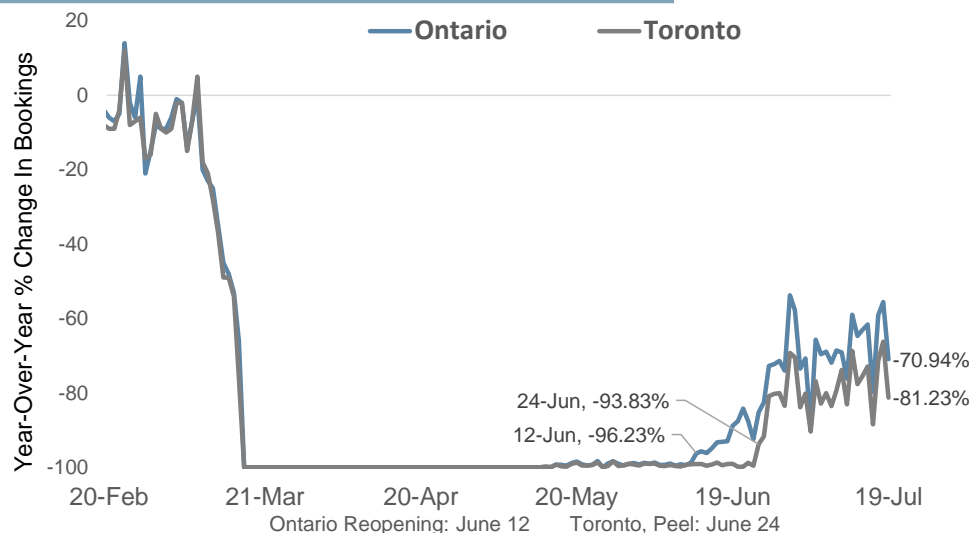


Welcome to the Restaurant Rebound, providing an analysis of recent OpenTable booking data, the latest news, and first-hand perspectives on the sector. In this issue, we speak with Oliver & Bonacini Hospitality President and CEO, Andrew Oliver about navigating the challenges of the shutdown and reopening, his views on the recently proposed changes to the Canadian Emergency Wage Subsidy program, and what it will take for the restaurant industry to survive the pandemic fallout.



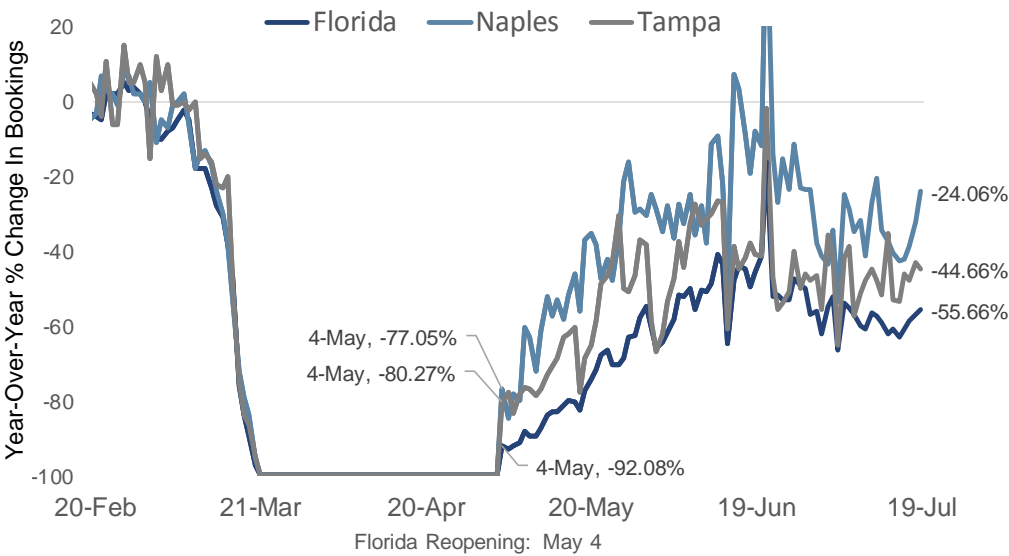
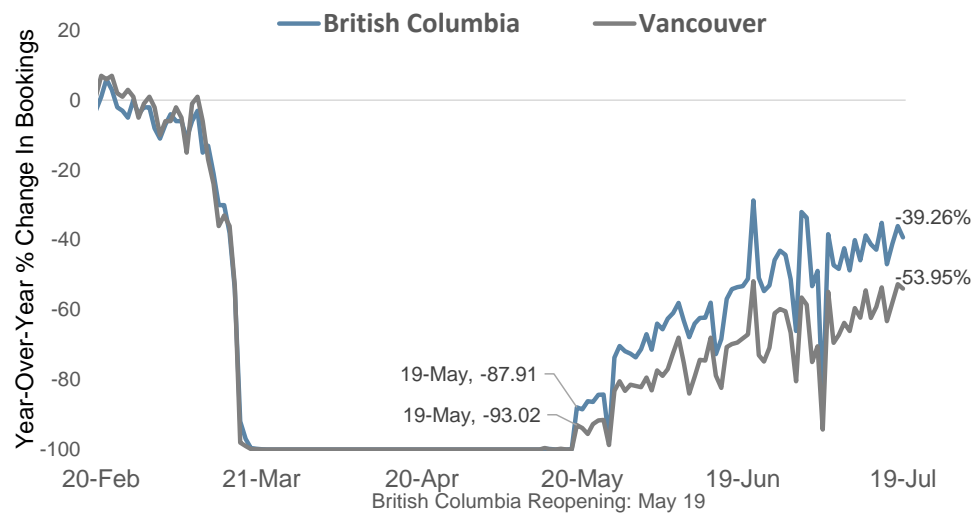
### Ontario

- Of the three provinces we are tracking, Ontario is most vulnerable to the impact of rain, as until recently, all Ontario restaurants have been restricted to outdoor dining
- Downward spikes in Toronto and Ontario on July 16 and 19 are likely attributable to rainy weather. More generally, however, the past two weeks have seen bookings across Ontario in the 30-45% range relative to last year, and in Toronto, in the 25-30% range
- Ontario's recovery should get a boost from the reopening of indoor dining, which will be available in most regions (excluding Toronto, Peel and Windsor-Essex) by July 24



British Columbia

- British Columbia bookings are relatively steady, remaining at around 61% of last year's
- Similar to the province, Vancouver's bookings have stayed flat since our last report, but continue to lag the broader province by a significant margin. Bookings in Vancouver were at 46% of last year's levels on July 19

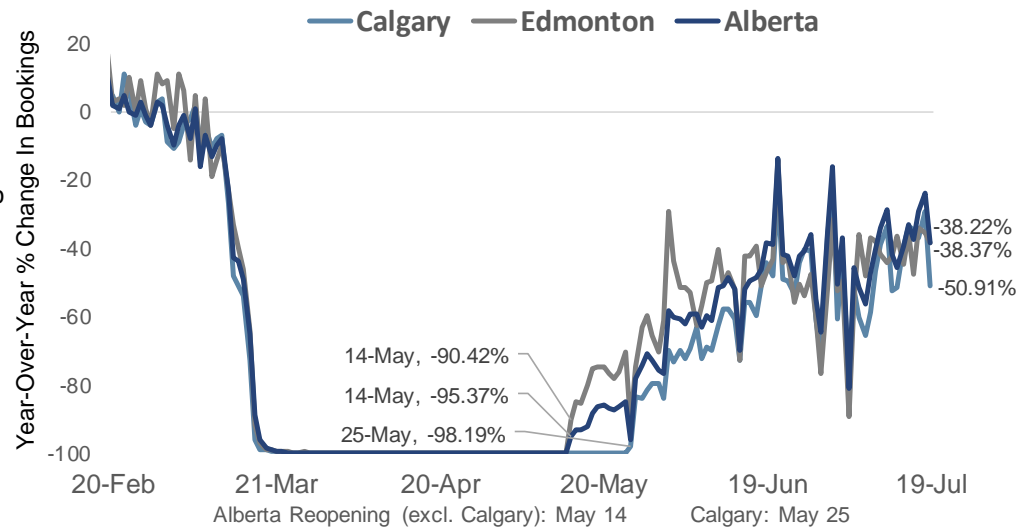


Florida

- While Florida is well below its recovery level pre-virus resurgence, the numbers suggest that restaurant patrons continue to dine out, albeit in somewhat smaller numbers
- State-wide, bookings are holding steady at 40-45% of last year's levels. While well off their mid-June highs, Tampa and Naples continue to outperform the broader state; the past two weeks have seen Naples' bookings in the 60-75% range relative to last year, and Tampa's at 45-55%

Alberta

- Alberta continues its steady recovery, with bookings at 61% of last year's level as of July 19, up from 55% on July 5
- The past two weeks have seen bookings in Calgary and Edmonton range from 55-65% of last year's levels. With a heavy reliance on outdoor dining space to supplement restricted indoor dining capacity, rainy days cause a drop off in bookings (for example, Calgary on July 19)







**Andrew Oliver, President & CEO**  
Oliver & Bonacini Hospitality



OLIVER & BONACINI  
HOSPITALITY

*Oliver & Bonacini Hospitality is one of Canada's leading restaurant and event groups. With locations in Toronto, Montreal, Saskatoon, Calgary, Edmonton and beyond, O&B restaurants include à la carte dining, quick service, catering, group dining and special events.*

#### **O&B through the shutdown and reopening:**

*"OPENING PATIOS IS FAR FROM A CURE-ALL."*

**OMP:** How did O&B address the challenges of the shutdown?

**Andrew Oliver:** Within a couple of weeks of shutdown, we tried to get at least some of our people back to work, doing takeout and launching O&B groceries and meal kits. In the early weeks, the number one thing we sold was flour and yeast. At this point, our best selling items are the higher margin prepared meals, which will likely become a permanent part of our offerings.

**OMP:** To what extent did those ancillary businesses help?

**AO:** We went from being down 100% to being down 95% with takeout and grocery. The reason? We couldn't do anything with a lot of our venues. For example, Canoe, one of our biggest revenue generators, is at the top of a skyscraper in downtown Toronto. In addition, we were the largest event producer in the country pre-COVID; we did 20,000 events last year, but larger events are done for the foreseeable future.

**OMP:** With the majority of your locations in Ontario, has the opening of restaurant patios helped?

**AO:** With outdoor dining permitted on a limited basis, we are now down maybe 80-85%, so opening patios is far from a cure-all. Some of our restaurants, like Canoe, can't do much of anything. And we also have restaurants with pre-COVID occupancy of 120 that are now limited to 30. So this limited reopening is helpful, but by no means makes sense long term without government support.

But to be clear, while we welcome the lifting of restrictions, we also do **not** want to be in California's or Florida's situation, where they are now rolling back reopenings. Restaurant operators have to invest a huge amount in reopening, and there has been little government support for these costs. We don't want to do it twice.





## Andrew Oliver continued

### Andrew Oliver on the efficacy of emergency financial relief programs:

*"THE FEDERAL GOVERNMENT HAD LET US DOWN, BUT THEY ARE FINALLY LISTENING."*

**OMP:** You've been highly critical of the Canadian Emergency Wage Subsidy (CEWS) in the past. Do the recent proposed changes (announced on July 17) address your concerns?

**AO:** Over the past months, we've been telling the government two things:

1. Under the current wage subsidy structure, businesses are better off staying at 69% of prior revenue rather than creeping over 70% and losing the wage subsidy. This all or nothing structure was effectively kneecapping the economy; and
2. We can't pay people enough money to come back under the current CEWS structure to compete with CERB (Canadian Emergency Relief Benefit).

While we don't have all the details yet, the new wage subsidy structure has a lot of promise. Under the new proposal, wage subsidies will be scaled to the decline in sales, so as sales recover to above 70%, the subsidy will decrease rather than disappear. The big difference: operators will be incented to DO business rather than NOT do business, which is better for the overall economy.

In addition, there will be a provision particularly relevant for the restaurant industry: businesses operating at, or below, 50% of pre-COVID revenue will be eligible for a wage subsidy of approximately 90%. This changes things a lot, as at that level, the extra top up (to get the employee to 100% of their wages) is no longer an impossible hill to climb, and will help get people graduated off CERB and back to work.

*"WE ALSO LOBBIED FOR A LONGER TIME HORIZON..."*

We also lobbied for a longer-term horizon for CEWS, which was set to end on August 29. The extension to December 19 is definitely a positive, though we believe that for the restaurant industry, the wage subsidy will have to extend beyond that, particularly if the government does not address the failure of the rent relief program.

**OMP:** What changes would you like to see in the rent relief program?

*"IDEALLY, THE GOVERNMENT WILL APPLY THE REVISED WAGE SUBSIDY PRINCIPLES TO RENT RELIEF."*





## Andrew Oliver continued

**AO:** The small business rent relief program (CECRA) is convoluted and misguided and as a result, the uptake has been very low. And while the government has promised for months now – from Trudeau himself on more than one occasion - a large business rent relief program, there is still no action.

In our view, similar to the wage subsidy, the government should be providing rent relief (including to large businesses) that is scaled to revenue recovery, with a timeline that extends to at least December, rather than its current month-to-month extensions.

**OMP:** Are there any other changes or support that you'd like to see?

**AO:** We need a well functioning government program that provides long term low to zero interest rate loans; the CEBA<sup>(1)</sup> program doesn't do nearly enough for the average restaurant or small business. There are approximately 1.7 million Canadian restaurant sector or supplier-employed taxpayers, and if the government wants to protect that source of future revenue, they need to support our industry with more liquidity.

### Andrew's message to Canadian restaurant operators:

*"The government is finally listening. It's frustrating that these ideas were pitched to them months ago, in the early weeks of this crisis, but they are now moving in a direction that makes sense. While it's too late for some, those of us who have survived the past months have been given a fighting chance. Hang on for as long as you can because things will eventually come back with a roar!"*



## OLIVER & BONACINI

Read more about the challenges faced by the restaurant industry in this Globe and Mail article, including commentary from Andrew Oliver and other Canadian hospitality sector leaders:  
<https://www.theglobeandmail.com/business/article-canadas-biggest-business-lobby-warns-restaurant-industry-is-on-the/>

1. The government program providing interest free loans of up to \$40,000 to small businesses and non-profits.

Food Services in the News

- More Ontario regions enter Stage 3 on July 24. Restaurants in those regions will be allowed to reopen for indoor dining, joining those that reopened during the prior week. Toronto, Peel and Windsor-Essex remain in Stage 2, with restaurants limited to outdoor dining.
- Toronto’s Mayor John Tory urges Ontario to add additional restrictions in reopening Toronto’s bars and restaurants including mandatory face coverings and further limits on capacity, among others
- Ontario is changing its liquor laws to give consumers more delivery options and allow boat operators with liquor licenses to temporarily sell and serve alcohol while their boats are docked; the province says these changes are to help hospitality workers and businesses
- MTY Food Group reported a \$99.1-million second-quarter loss due to a one-time charge; revenue fell to \$97.8 million, compared with \$125.6 million last year, and 573 of its locations remain closed
- B.C. online caterer Foodee, hit hard by the COVID-19 pandemic, has bought an equally stricken U.S. rival, and raised \$13 million from investors who believe it will emerge in a stronger position as workers return to offices
- B.C. is extending liquor delivery for pubs, restaurants until November, allowing off-site sale and delivery of liquor from bars and restaurants past the original July 15 end date

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