

INNvestment Canada

Q4 2020

Current Federal Covid-19 Support Programs

Contributed by the Hotel Association of Canada

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COVID-19 Update & Preliminary 2020 Transaction Market Update

Prepared by Colliers Hotels

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Colliers Hotels

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Current Federal Covid-19 Support Programs



► Contributed by the Hotel Association of Canada

When the COVID-19 pandemic struck, the [Hotel Association of Canada \(HAC\)](#) immediately shifted its advocacy priorities to focus on survival needs for the industry, as occupancy levels and revenues plummeted. HAC immediately bolstered its team and resources, established itself as a trusted advisor to government, and worked together to build federal support programs that would provide hotels with much-needed liquidity and relief. This includes critical programs such as the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Rent Subsidy (CERS), the Canada Emergency Business Account (CEBA), and the newly announced Highly Affected Sectors Credit Availability Program (HASCAP).

HAC has been calling on the government to implement a tailored loan program for the hardest hit since last Spring and is pleased to see it come to fruition. The Association was instrumental in the building and design of HASCAP, a multibillion-dollar liquidity program which is desperately needed by the hotel sector at this time. The new program will address a number of the gaps in the previously announced Business Credit Availability Program (BCAP) including a government guarantee, low-interest, liquidity of up to \$1 million per property, a 10-year amortization period and no personal guarantees. Related entities will have access of up to \$6.25 million.

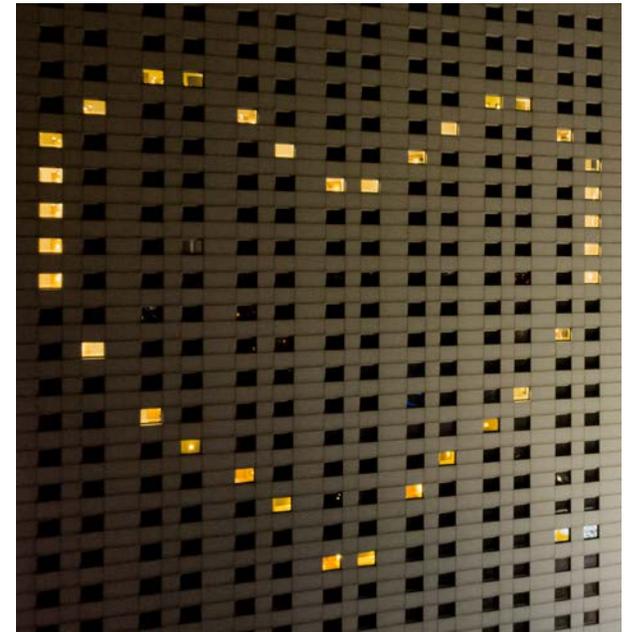
Together with a supportive and engaged membership, and regional Association partners, HAC is proud to have influenced every program announced that had applicability to the hotel sector, securing more than \$11 Billion in relief and liquidity from the Federal Government. This support for hotels surpasses that of any other jurisdiction.

As we look towards recovery, however, there is still more work to be done. HAC continues to advocate for sector-specific support, to ensure that these programs stay in place and are further tailored for hard hit sectors, to meet the needs of those who need it most.

In the meantime, below you will find HAC's Current Federal COVID-19 Business Support Programs guidance document. This chart outlines federal government support measures currently available to hoteliers, along with eligibility requirements and direct links to apply. This can also be found on our website [here](#). This document will continue to be updated on a regular basis as more information becomes available.

Thank you for your continued support throughout 2020 and we look forward to a brighter 2021.

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Current Federal Covid-19 Support Programs

Guidance Summary – as of February 2021



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

Highly Affected Sectors Credit Availability Program (HASCAP)

Details	Eligibility	How to Apply
<p>As of Feb 1, the Highly Affected Sectors Credit Availability Program provides loans to businesses hardest hit by the pandemic. HASCAP provides:</p> <ul style="list-style-type: none"> • 100% net loss government guarantee • Loan amount between \$25,000 and \$1 million per legal entity • Maximum combined exposure of related legal entities of \$6.25 million • Loan proceeds cannot be used to pay down an existing debt/lease facility • Up to 10-year repayment term • 4% fixed interest rate • Up to 12-month postponement of principal repayments at the start of the loan • No personal guarantees 	<p>An applicant business must:</p> <ul style="list-style-type: none"> • Be a commercial enterprise whose intent is to generate revenue from the sale of goods or services that is at least sufficient to cover its operating expenses and service its debt. • Have been financially stable and viable prior to the current economic environment. • Not have an impaired loan as of March 1, 2020, or the eligible loan closing date. • Other eligibility requirements may apply. <p>Hoteliers must fall into one of the following categories:</p> <ul style="list-style-type: none"> • If your hotel has received the Canada Emergency Wage Subsidy (CEWS) or the Canada Emergency Rent Subsidy (CERS). <ul style="list-style-type: none"> ➢ You must provide Canada Revenue Agency attestation forms demonstrating a minimum 50%revenue decline, for at least 3 months, within the 8-month period prior to the date of your HASCAP application. • If your hotel did not receive CEWS or CERS and is eligible for it. <ul style="list-style-type: none"> ➢ You must apply for CEWS or CERS. • If your hotel does not qualify for CEWS or CERS. <ul style="list-style-type: none"> ➢ You must provide financial statements that reflect at least three months (which do not need to be consecutive) of monthly year-over-year revenue decrease of a minimum of 50%per month, within the 8-month period prior to the date of your HASCAP application. • Your financial institution will require the above information to process your request. 	<p>Applications opened for eligible businesses launched on February 1 at principal financial institutions and applications will be more widely available by February 15.</p> <p>As a first step, you must contact your primary financial institution to get more information and to apply.</p> <ul style="list-style-type: none"> • You can only apply to one financial institution – your primary lender. • If your primary lender is not participating in the program, only then may you apply via another financial institution. <p>The program will be available until June 30, 2021.</p>

Source: HAC



Current Federal Covid-19 Support Programs

Guidance Summary – as of February 2021 (Continued)



Canada Emergency Wage Subsidy (CEWS)		
Details	Eligibility	How to Apply
<ul style="list-style-type: none"> As of December 20, 2020, the CEWS program provides a maximum 75% wage subsidy to cover employee wages for businesses with revenue losses of 70% or more, and a sliding scale of support for those experiencing losses below 70% until March 13, 2021. Employees on leave with pay (inactive employees on temporary furlough) are eligible to receive a maximum payment of \$595 per week, in alignment with EI benefits. 	<p>To be eligible for CEWS, businesses must have a CRA payroll account on March 15, 2020 and have experienced a drop in revenue.</p> <p>Further details regarding eligibility can be accessed here.</p>	<p>Hoteliers can apply for CEWS directly on CRA's website.</p>

Canada Emergency Rent Subsidy (CERS)		
Details	Eligibility	How to Apply
<ul style="list-style-type: none"> CERS offers a maximum 65% subsidy to cover eligible expenses such as mortgage interest, property taxes and insurance costs for hoteliers experiencing revenue losses of 70% or more, and a sliding scale of support for those experiencing losses below 70% until March 13, 2021. The maximum claim amount for eligible expenses for each period is capped at \$75,000 for individual businesses and \$300,000 for affiliated entities. 	<p>To be eligible for CERS, hoteliers must have a CRA business number on September 27, 2020, or an active payroll account on March 15, 2020 or adhere to special asset acquisition rules.</p> <p>Further details regarding eligibility and the sliding scale of support can be accessed here.</p>	<p>Hoteliers can apply directly on CRA's website.</p>

Source: HAC



Current Federal Covid-19 Support Programs

Guidance Summary – as of February 2021 (Continued)



HOTEL ASSOCIATION OF CANADA
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Canada Emergency Business Account (CEBA)

Details	Eligibility	How to Apply
<ul style="list-style-type: none"> CEBA provides interest-free loans of up to \$60,000 to small businesses and not-for-profits. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 33 percent (up to \$20,000). The application deadline has been extended to March 31, 2021. 	<p>Every applicant must meet the following criteria:</p> <ul style="list-style-type: none"> Has an active CRA Business Number (BN) with an effective date of registration on or prior to March 1, 2020. Has an active business chequing/operating account with the Lender at the time of applying for CEBA. Has not previously used the Canada Emergency Business Account Program and will not apply for support under the Program at any other financial institution. Intends to continue to operate its business or to resume operations. 	<p>Hoteliers who would like to apply to CEBA must do so through their financial institution.</p> <p>For more information, please visit this link.</p>

Regional Relief and Recovery Fund (RRRF)

Details	Eligibility	How to Apply
<ul style="list-style-type: none"> The RRRF is a flexible, interest free loan program with forgivable relief administered by the Regional Development Agencies (RDA) across Canada. The RRRF provides over \$1.5 billion in assistance to businesses and communities that may require additional support to cope with and recover from the pandemic. The Government is proposing to top up the RRRF with an additional \$500 million to ensure the program continues to preserve jobs and businesses across the country, and to replicate newly announced loan limit increases in the Canada Emergency Business Account program. Upon parliamentary approval, this would bring total RRRF funding to over \$2 billion. More details will be available soon. 	<p>The RRRF is complementary to existing federal programs. You must first apply for other federal support measures such as CEBA and CEWS, among others. Applicants are required to attest that they applied for other federal benefits and were approved, rejected or deemed ineligible.</p> <p>Those who can apply include businesses and organizations that have either:</p> <ul style="list-style-type: none"> Applied for other federal relief measures and have not been able to secure funds; or Accessed COVID-19 relief measures and continue to experience hardship. <p>Each RDA has different terms and eligibility requirements. To review these requirements, you will need to contact your local regional development agency. More information can be found here.</p>	<p>To apply for support, please contact your local regional development agency.</p> <p>Contact details can be found here.</p>

Source: HAC



VALUE TO THE HOTEL INDUSTRY
Government Support for Hotels



HOTEL ASSOCIATION OF CANADA
 ASSOCIATION DES HÔTELS DU CANADA

<p>CEWS</p>	<ul style="list-style-type: none"> Secured program extensions and subsidy increases three times. Influenced program design and ensured hotelier access. 	<p>\$500M PER MONTH</p>	<p>MAR. 2020 - JUN 2021</p>	<p>TOTAL \$6 BILLION +</p>
<p>CERS</p>	<ul style="list-style-type: none"> Successfully included fixed cost support for property owners in program. Program will include significant relief for 90% of hotel industry. 	<p>\$100M SUBSIDY PER MONTH</p>	<p>OCT. 2020 - JUN. 2021</p>	<p>TOTAL \$900 MILLION</p>
<p>CEBA</p>	<ul style="list-style-type: none"> Ensured loans could be accessed on a property basis. Pushed eligibility up to \$1.5 million payroll for deeper member access. 	<p>\$60K INTEREST FREE LOAN</p>	<p>\$20K FORGIVABLE</p>	<p>FORGIVABLE \$100 MILLION INTEREST FREE LOAN \$250 MILLION</p>
<p>Liquidity (HASCAP)</p>	<ul style="list-style-type: none"> 100% Government guaranteed. Up to \$1 million over extended terms, up to ten years. Low interest loans. 	<p>\$1M LOAN (ALLOCATION TO BE DETERMINED)</p>		<p>EST. TOTAL \$1.5-4 BILLION</p>
<p>TOTAL LIQUIDITY / RELIEF</p>				<p>\$11 BILLION</p>

As of February 2021 / Source: HAC



COVID-19 IMPACT

2020 Year-end Updates

- Full-year hotel occupancy in Canada settled at 33.1% according to STR, down nearly 50% year-over-year. RevPAR declined 60% for the year.
- The country remained firmly in its “Second Wave” of COVID-19 infections through the fourth quarter, with the peak of seven day average of cases surpassing 6,500 in late December.
- Land border travellers arriving in Canada from March 29th through year-end (40 weeks) was down 94%, with those returning from the USA by air -96% and international by air -92%, according to the CBSA.
- A variety of renewed Provincial and regional lock-down restrictions came into effect in December to curb transmission. In late December, the Federal Government also added the requirement for all air passengers five years of age or older required to test negative for COVID-19 before travelling from another country to Canada.

Preliminary Transaction Market Update

- Canadian hotel transaction volume reached approximately \$865 million in 2020 according to preliminary Colliers data, down 51% year-over-year and registering as the lowest level of lodging investment since the 2009 financial crisis.
- Hotel acquisitions for redevelopment and alternate use were a major catalyst of activity for the year, representing over 50% of volume and nearly a quarter of hotels sold.
- Backed by government support programs and a generally supportive lending community, there were only four distressed sales during the year.
- Colliers’ 2021 Canadian Hotel Investment Report will be released at the end of Q1 with full results.



Hotel Real Estate Leadership

In the past 30 years, Colliers' Hotels team has acted on the sale or financing of more than 750 hotels and resorts with deep transaction experience in every province. We are results-driven: whether a large portfolio or single property, our proven process delivers results via our global connections, world-class marketing and innovative strategies. Our clients choose us for our superior client service, level of specialization and unique market insights.

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