



TENANT BULLETIN

November 13, 2020

Canada Emergency Rent Subsidy ("CERS")

As a valued business partner of QuadReal Property Group ("QuadReal"), we are taking this opportunity to advise you on the latest information released respecting the Federal Government's proposed new **Canada Emergency Rent Subsidy ("CERS")**. This information is current as of Monday, November 9. As many of you know, the former Canada Emergency Commercial Rent Assistance ("CECRA") program has now expired and the Federal Government proposes to replace CECRA with the new CERS program, retroactive to September 27, 2020. **For those of you who participated in the CECRA program through QuadReal, please note an additional, similar notification from QuadReal's CECRA-Assist domain is also forthcoming for your information.**

We are sure there will still be unanswered questions that arise from the information provided, but in time, the government is expected to fully establish the framework and rules of the CERS program. We wanted to share with you this information quickly so you can begin to investigate the CERS program and how you may benefit from it. What is different from CECRA is that the CERS program, as evolving, is intended to apply to a broader range of tenants/businesses than CECRA did. Unlike CECRA, which applied stringent thresholds of maximum allowable monthly gross rent levels, maximum parent company gross revenues and minimum required sales/revenue losses, the CERS program as proposed is intended to apply to a broader range of tenants/businesses.

Notably, a significant aspect of the CERS program we wish to bring to your attention is that, unlike CECRA, **QuadReal is unable to apply for benefits nor can we administer any CERS application on your behalf. The program requires you to complete and submit your own application. Your landlord cannot be involved in the application process. Accordingly, if you deem necessary, we suggest you contact your accounting or legal professional advisers to assist you in determining eligibility and if appropriate to your circumstances, assist with your application.** For your convenience, we have included two links to the Department of Finance's website outlining the program as currently proposed, including information on calculation of benefits, eligibility and other rules. We note that as of writing this communication, the CERS program still requires approval of Parliament and accordingly the information provided remains subject to change. Please access the links below for more information.

- [Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy and Lockdown Support](#)
- [Canada Emergency Rent Subsidy Backgrounder](#)



Based on this information from the Federal Government and information about Bill C-9 and recognizing the Bill has not yet been formally adopted and accordingly may change, CERS is expected to offer rent subsidies based on consideration of the following key elements:

- Subsidies to businesses will be calculated on a sliding scale with a maximum subsidy of 65% of eligible gross rent depending on the level of sales/revenue loss.
- There will be no maximum gross monthly rent payable that would exclude certain businesses. However, **CERS benefits** will be capped at \$48,750 per location (being 65% of a maximum allowable eligible gross rent expense of \$75,000 per location). In addition, a tenant (together with its affiliates) can only **claim a maximum** of \$300,000 per month (or “reference period” as described in the CERS program) in eligible gross rent expense for all locations within its group of companies.
- CERS offers an additional benefit of 25% of eligible gross rent to tenants if your business is shut down **due to government orders and meets other criteria set out for eligibility for the lockdown benefit. The closure must continue for more than 1 week** in a reference period (the 25% benefit is added to the up to 65% maximum if eligible). The 25% is a fixed percentage but pro-rated based on the duration of the closure relative to the length of the reference period. Up to \$75,000 in eligible expenses per location can be claimed, but currently as outlined, unlike the up to 65% benefit outlined above, there is no cap on the number of locations related entities can make a claim for.
- Applications are expected to be processed through the Canada Revenue Agency on behalf of the Federal Government’s Department of Finance.

Additionally, to the extent you are not already participating, you may also wish to consider whether your business qualifies for the Canada Emergency Wage Subsidy (“CEWS”) which has also recently been extended, the link for which appears below.

- <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>

As we navigate these challenging times together, we will continue to communicate information on the CERS program we trust you will find useful. QuadReal is committed to supporting your access to maximum government benefits available to assist you with your rental obligations. With that in mind, we will do our best to keep you informed as we learn more about CERS.

Thank you,

QuadReal Property Group GP

