



RECOVERY & OPPORTUNITY

COVID-19 ECONOMIC RESPONSE TASKFORCE (CERT)



17-Oct-20

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The content in this report is for informational purposes only. It is not intended to be, and should not be a substitute for, professional advice.

EXECUTIVE SUMMARY & OVERVIEW

The enclosed findings are the result of analysis completed by a Council for Canada appointed Taskforce with industry knowledge in each of the outlined segments. This report is meant to serve as a document of practical strategies to assist the Jamat with exposure to the enclosed segments. The analysis includes specific trends, challenges, and opportunities to consider with the aim of assisting the Jamat through the recovery phase of the COVID-19 Pandemic in Canada.

The contents of this report are a compilation of analysis and findings and are not to be considered as recommendations by the Council for Canada.



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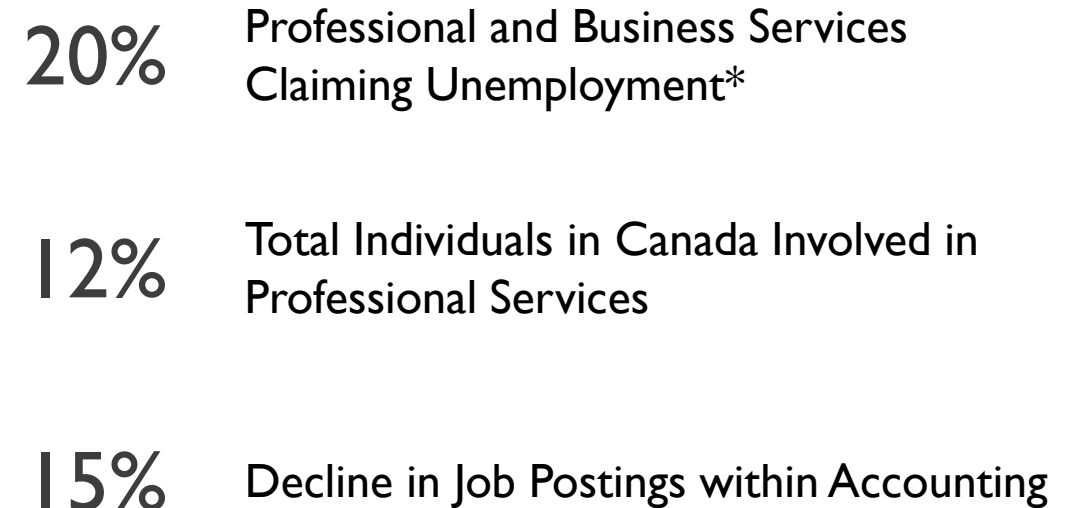
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PROFESSIONAL SERVICES

PROFESSIONAL SERVICES – ISSUES & TRENDS

- Major limitations on facetime with clients, deal flow and access to capital
- Valuations of professional services businesses are usually unimpacted due to the necessity of services provided, however could potentially see dip as cash flow of clients suffer due to COVID-19
- Rigid top down structures may not be well suited to weather economic storm compared to industries which have more agile teams



* of total unemployment claims

PROFESSIONAL SERVICES – OPPORTUNITIES TO CONSIDER

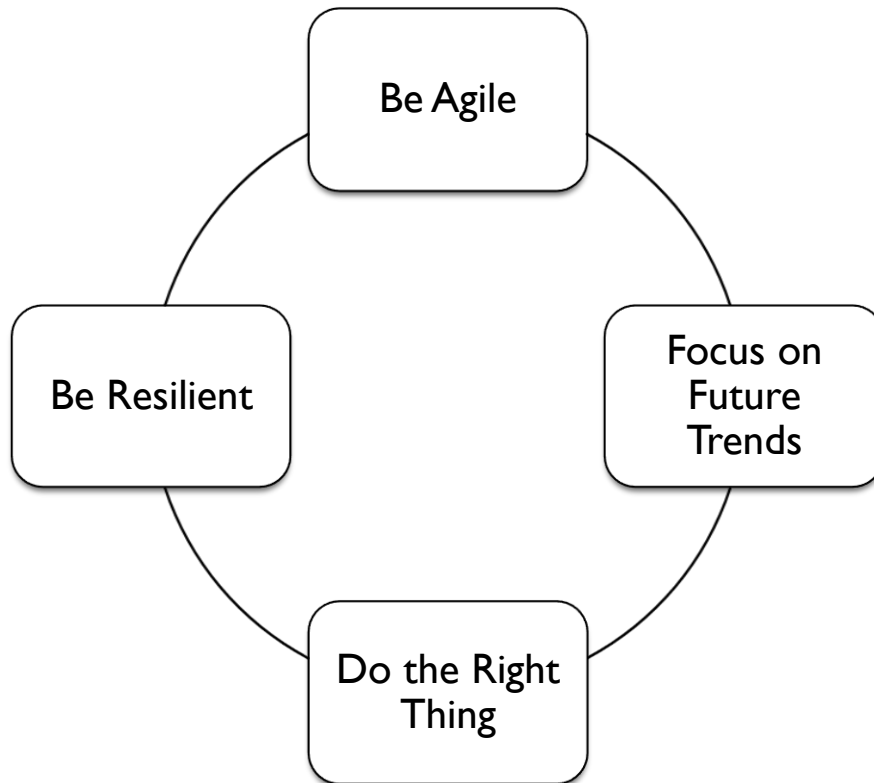
Opportunity	Description
➤ Virtual Client Relations	<ul style="list-style-type: none">• Creation of platforms that are encrypted and protected• Embed analytics within platforms to ensure quality• Design contracts to allow for remote work
➤ Client Selection	<ul style="list-style-type: none">• Clients that are focused on technology, integration, are agile and have sustainable operations• If client isn't within the firm's top producing be willing to let them go to prevent being cashflow negative
➤ Technology Integration/Capacity Building	<ul style="list-style-type: none">• Identify how professional service interactions are going to work going forward and changing team structure to allow for this

PROFESSIONAL SERVICES – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Capital Acquisition	<ul style="list-style-type: none">• Visibility and accountability with current capital expenditures• If profit is stable, focus on financial services partners that are willing to invest/double down on your firm
➤ Accessing Short-Term Job Opportunities	<ul style="list-style-type: none">• Determine if companies that usually have in-house services have laid off staff in areas of your firm's expertise• Offer competitive short-term contracts
➤ Global Workforce	<ul style="list-style-type: none">• Remote work in international spaces<ul style="list-style-type: none">i. Utilize digital platforms like LinkedIn to find work in international settingsii. Update legal/contractual terms to access global workforceiii. Focus on partners that have global presence and work with/through them

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PROFESSIONAL SERVICES – CONSIDERATIONS & LESSONS



Be Agile

Look for quick solutions and consistently be reinventing the company

Be Resilient

Take stock of the strengths and weaknesses, and partnerships that diversify talent

Focus on the Future

Stagnant companies are less likely to weather storms

Do the Right Thing

Protect licenses to allow the company to thrive

COMMERCIAL REAL ESTATE



COMMERCIAL REAL ESTATE – ISSUES & TRENDS

- Expect valuation pressure on all asset classes
 - Valuation has on average declined 9.4% with emphasis on retail
 - Most resilient will be newer, well located, and/or necessity based (i.e. logistics/grocery)
- Balance sheet restructuring and rent collection critical for all property owners
- Timeline for recovery extended in Alberta, expect at least 3 years:
 - Focus should be maintaining assets and preserving equity where possible, which likely means balance sheet restructuring required
 - May need additional equity through cash sweeps, or in more critical situations, use asset to negotiate improved terms with banks ("give back the keys")

Estimated Recovery Times



Multifamily: 1-2 Years



Office: 2-3 Years



Industrial: 1-2 Years



Retail and Hospitality: 3-4+ Years

COMMERCIAL REAL ESTATE – ISSUES & TRENDS

- Assets should be segmented into three buckets: Red, Yellow and Green to assess recovery period and corresponding strategy
- Property management also critical, particularly for assets in the Green and Yellow category:
 - Important to deal with tenants specifically, to address unique situations from a business/financial perspective
 - Obtain and develop the ability to leverage data analytics/digital processes in asset and property management
- Major market assets: owners should negotiate term extensions, deferral of interest, reduction of interest rate, equity injections may be required to right size balance sheet which can be done through cash sweeps as needed
- Secondary market assets: if financially not possible to maintain debt service, need to assess reducing asset base and "give back the keys" to the bank on troubled properties to motivate banks to negotiate (i.e. small bay industrial, small strip retail plaza, secondary market hospitality, etc.)

COMMERCIAL REAL ESTATE – STRATEGIC CATEGORIES

Green

- Good financial position, higher quality assets in good locations
- Re-operationalize asset as required
- Optimize balance sheet to enhance liquidity and capitalize on favorable funding opportunities (i.e. CMHC)
- Manage reinvestment levels to maintain assets

Yellow

- Amend financing agreements
- Secure working capital
- Assess potential to pivot into other uses
- Owner profile and portfolio size will play a role
- Transparency and track record key as will need bank, corporate or partnership support to move forward

Red

- Need significant working capital infusions and debt restructuring to maintain and/or preserve asset, if possible
- Alternative is to exit asset, use as leverage to negotiate with bank

COMMERCIAL REAL ESTATE – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<ul style="list-style-type: none">➤ Financially strained properties that need liquidity/capital infusions, from larger groups that have to balance allocations and/or create liquidity following cash calls	<ul style="list-style-type: none">• Expect opportunities to arise in the mid-term around 12-18 months depending on how COVID-19 behaves, when vaccine is identified and on depth/length of recession
<ul style="list-style-type: none">➤ Expect a permanent shift/evolution in approach to work<ul style="list-style-type: none">➤ Some tenants will use rotational working space approach➤ Smaller tenants may not need office space and go to full work from home	<ul style="list-style-type: none">• Mitigate potential decreased demand for urban office buildings by focusing on building design that allows for remote work, technology design, green space, as well as team building options will be crucial• Offer renovation credits for new and existing clients and work with them to create floor plans that allow them to use their office space in an effective and safe way

COMMERCIAL REAL ESTATE – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Continued Strength of Industrial Properties	<ul style="list-style-type: none">• Focus on partnerships with e-commerce companies,• Optimizing floorplans for safety• Invest in technology to add value to property management• Retrofitting
➤ Land Plays	<ul style="list-style-type: none">• Capitalize on near term opportunities as valuations decrease, and expect to see smaller/mid-sized developers that were in need of liquidity
➤ Retail Rescue	<ul style="list-style-type: none">• Focus on executing tenant specific strategy, optimize balance sheet, re-operationalize, and over the long-term leverage prop-tech opportunities

COMMERCIAL REAL ESTATE – CONSIDERATIONS & LESSONS

1. Organizations that are financially sound should re-operationalize assets, optimize their balance sheet to enhance liquidity, capitalize favourable funding opportunities, and manage reinvestment levels
2. Those that face some financial pressure in the near term should amend financing agreements, secure working capital, assess potential to pivot, and will likely need a backer to proceed
3. Those that have troubled assets leads to limited opportunities, so will need significant working capital infusion

Overall, the industry should focus on restructuring debt, enhancing liquidity, improving property management, and leveraging data analytics

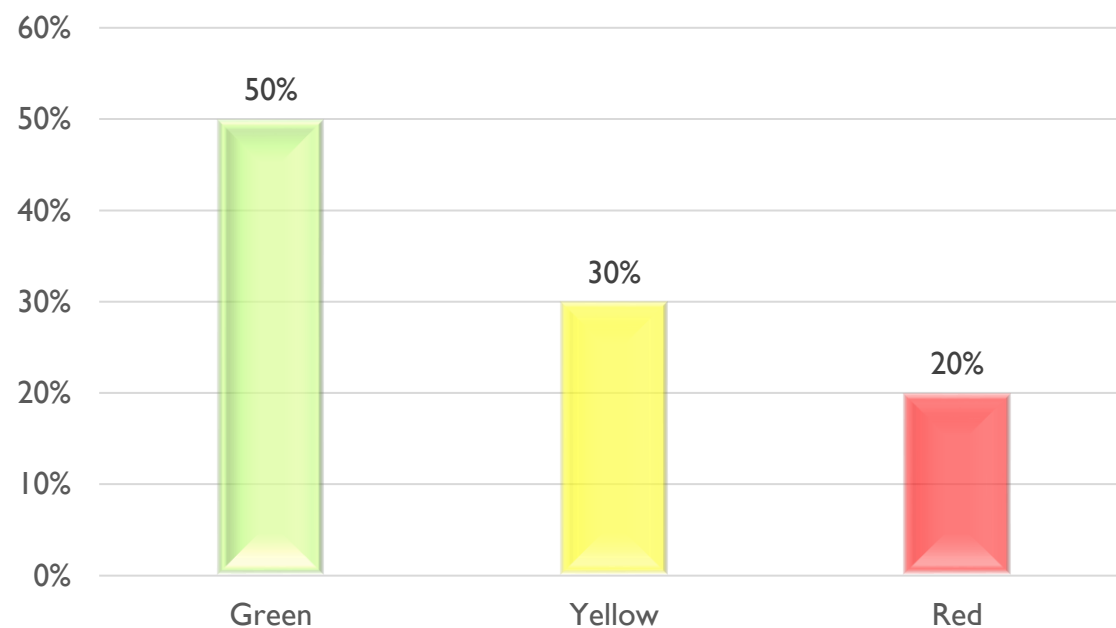
A wide-angle shot of a modern hotel lobby. The floor is made of highly polished, light-colored marble with intricate veining, reflecting the overhead lights. A long, low reception desk with a dark wood base and a light-colored marble top runs along the right side. A light blue armchair is tucked under the desk. The ceiling is a complex, multi-tiered structure with dark wood slats and recessed lighting. A large, ornate chandelier hangs from the ceiling. On the left, a wall of dark wood slats features several large, circular, illuminated light fixtures. A large potted plant sits in the foreground. In the background, a television screen displays a snowy mountain scene. The overall atmosphere is warm and sophisticated.

HOSPITALITY

HOSPITALITY – ISSUES & TRENDS

- JHAC Alliance includes 90 hotel owners with 194 properties, comprised of 20,000 rooms of which 85% are branded
- Hotel occupancy currently low single digits across Canada
- Valuations going forward will be based on \$/room that are below replacement costs of hotels
- Recovery horizon estimated at 36 months to return to original RevPAR
 - Will require shoring-up liquidity to secure working capital loans, re-operationalizing by streamlining costs, leveraging alliance knowledge, and pivoting marketing approach to advertise safety and cleanliness, as well as restructuring the balance sheet

Estimated Categorization of Properties Within JHAC



HOSPITALITY – ISSUES & TRENDS

- Employee management a challenge – furlough vs. severed
- Expect trend to continue through the summer, with a slow, protracted recovery thereafter
- Recovery to include return of domestic leisure traveler, partially offset by new operational protocols from brands (incl. sanitary requirements, vacant period between guests, etc.)
- Reduction of business travel and international leisure limitations (government imposed or traveler sentiment re: safety) to impact occupancy for the medium term (2-3+ years)
- Financial issues dominate, specifically ability to maintain overhead (need for working capital), service debt, stay onside covenants, refinance any near-term maturities, long-term capex funding:
 - All government programs generally being leveraged
 - Appear to be securing 90-day to 6-month deferral of P+I on existing debt
 - Larger groups preserving cash for prolonged downturn and/or opportunities
- Valuations connected to risk and expectation to recover revenues, however with limited visibility on cash flows, valuations likely to be driven by \$/key amounts

HOSPITALITY – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<ul style="list-style-type: none"> ➤ Hotel is viable long-term but needs capital to get through short-term lack of demand 	<ul style="list-style-type: none"> • Look for investors that are willing to provide capital and rejuvenate project
<ul style="list-style-type: none"> ➤ Capital management 	<ul style="list-style-type: none"> • Extending amortization • Look at the access to reserve funds and seeing if you can use them towards outstanding loans • Paying seasonally, or extend interest only period, waiving annual fees • Updating the appraisal report and refinancing maturing loans
<ul style="list-style-type: none"> ➤ Redevelopment Opportunities 	<ul style="list-style-type: none"> • Hotels in good locations should be assessed for repurposing into MUR or Seniors Living

HOSPITALITY – CONSIDERATIONS & LESSONS

1. Shore-up liquidity to secure working capital loans
2. Re-operationalize by streamlining costs
3. Leverage alliance knowledge
4. Pivot marketing approach to advertise safety and cleanliness
5. Restructure balance sheets
6. Those that have capital should invest in order to deploy equity to capitalize on distressed properties

Alliances have already been working together, but conversations on how to negotiate financials will be crucial going forward. In the future, industries should partner with governments, form strategic plans to remain agile, and keep a fund to manage capital and cashflow



MANUFACTURING

MANUFACTURING – ISSUES & TRENDS

- Disruption in the supply chain due to volatility in Asia
- Factories producing vital goods are struggling to keep up with increased demand, while having only 40%-50% of their workforce available due to social distancing
- Factories producing non-essential goods are experiencing decreased demand
- Narrowing breadth of trading partners, Canada to become more connected to/reliant on US
- Firms are typically SMEs or family businesses that play a part within a larger, global supply chain
- With the internalization of supply chains expected following COVID-19, Canada has a significant opportunity to "internalize" the supply chain
- To unlock potential, large scale programs required to rethink awareness, education, and financial support for innovation as there has been limited investment in these businesses from a modernization/technology/talent perspective
- Shift towards automation which has only been accelerated due to COVID-19

MANUFACTURING – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<ul style="list-style-type: none">➤ Government of Canada “Superclusters”:<ul style="list-style-type: none">➤ Government program to transform regional innovation ecosystems➤ \$950M in government funding, matched dollar for dollar by the private sector➤ Objective is to increase GDP by >\$50B over 10 years➤ Digital Technology (BC), Protein Industries (AB), Next-Gen Manufacturing (ON), AI-Powered Supply Chains (QC) and Oceans (Maritime)	<ul style="list-style-type: none">• May require some redesign of business to obtain supercluster support• Gov’t allocated \$250M to focus on (i) education and awareness to get SMEs more engaged about the importance of digital transformation, (ii) talent development to get youth educated, trained, and ultimately careers to advance modernization of businesses, and (iii) provide a pool of capital to help finance SMEs to partner with technology groups to fund broader scale deployment of technology through a 50/50 matching program• Areas of focus within Next-Gen Manufacturing include auto, aerospace, micro-electronics, food processing and health care, specifically as it relates to new areas of manufacturing around therapeutic and regenerative medicine• Submit a project or proposal to be assessed for proof of content/ broad scale deployment<ul style="list-style-type: none">i. Up to \$20M funding potential

MANUFACTURING – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<ul style="list-style-type: none">➤ Focus on Automation<ul style="list-style-type: none">➤ Focusing on automation allows for better space management and a better workflow	<ul style="list-style-type: none">• Assess opportunities to use 3D printing, AI, and production focused technology
<ul style="list-style-type: none">➤ Assess opportunities to retrofit factories to capitalize on areas of strong demand today resulting from COVID-19	<ul style="list-style-type: none">• Reconfigure layouts to allow for maximum worker capacity while adhering to safety issues
<ul style="list-style-type: none">➤ Well capitalized businesses should evaluate opportunity to upgrade current equipment	<ul style="list-style-type: none">• Invest in existing technology to develop systems / processes for end-to-end visibility, a single integrated system which can be monitored in real time

MANUFACTURING – CONSIDERATIONS & LESSONS

In the medium to long-term take advantage of Supercluster program

Retrofit factories to capitalize on short-term opportunities and increase safety for workers

Upgrade current equipment if capital expenditure is not an issue

Focus on automation as much as possible

Focus on clear supply chain management and track using technology

Partner with other SMEs to find synergies and utilize redundancies

PASSIVE INCOME

RRSP

RSA

Fund, retirement tax
RRIF a tax
tax-sheltered abbr. inc

PASSIVE INCOME – ISSUES & TRENDS

- The passive income segment is one that comprises of individuals obtaining an income through three key channels:
 1. Registered investments
 2. Non-registered investments
 3. Real estate investments
- The demographics of this segment is primarily seniors – the fastest growing segment of the Canadian population with the number of seniors in Canada expected to Double by 2036
- A large portion of the Canadian Jamat rely solely on passive income for their livelihoods. However, this segment has faced various challenges due to the COVID-19 pandemic, such as market loss of their investments and devaluation of real estate properties
- Other than loss in market value of registered, non-registered and property investments there is also the issue of individuals facing loss of financial support:
 - Older generation that is dependent on middle generation family members (e.g. parents dependent on children's income) which is compromised due to supporting member's loss of income
 - Divorced or separated couples where one party is dependent on the income of the supporting party through divorce settlements or informally agreed upon expenses covered

PASSIVE INCOME – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Investment Advisory and Education	<ul style="list-style-type: none">• For Jamati members to enhance their understanding and knowledge of general financial matters, specifically in the areas of passive investing
➤ Institutional Catalyst for Independent Formation of Investment Clubs/Joining Existing Investment Clubs	<ul style="list-style-type: none">• Form a group who meet for the purpose of pooling money, performing due diligence and executing on investment opportunities outside the group• This provides members a means to learn about markets, while meeting and working with people who have similar interests

PASSIVE INCOME – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<p>➤ Institutionally Endorsed “Off-Book” Sophisticated Investment Portfolios</p>	<ul style="list-style-type: none">• This opportunity would meet the Jamati demands of such programs (based on feedback from EPB experiences) and provide interested Jamati members access to sophisticated investment vehicles which they otherwise would not have access to, for various reasons• It is a synergistic platform whereby members can “piggy-back” off of the strength of fortunate Jamati members, creating a win-win situation for all• Portfolios would be offered at a reduced fee to ensure success of the investment mandates and accelerate Jamati multi-generational wealth accumulation. Importantly, this opportunity provides a significant benefit of potentially saving our Jamat from fraud and scams that have caused huge losses to overall wealth

PASSIVE INCOME – CONSIDERATIONS & LESSONS



Financial Education and Literacy Through Workshops, Seminars, and Partnerships



Prudent Investment Approach: Diversification to Mitigate Risk



Good Debt vs Bad Debt: Prudent Debt Used Toward Asset Accumulation and Mindset Against Credit Card Debt



FOOD INDUSTRY

FOOD INDUSTRY – ISSUES & TRENDS

- Heavily impacted by physical distancing and the lockdown resulting from the spread of COVID-19
- Accelerated digital transformation is occurring in distribution channels for both restaurants and grocery stores, increasing the popularity of third-party delivery apps and e-commerce platforms, and is also becoming more prevalent in forecasting and controlling the supply and demand of resources sold
- Consumers' health and safety concerns are limiting the time spent in-store and are increasing costs of PPE in an already illiquid environment
- Consumers are shifting their focus to home-cooking, incurring more grocery dollars rather than restaurant dollars. Shifting trends between the two markets have resulted the formation of strategic partnerships between private label restaurant brands and grocery distributors to pivot from lost cash flows
- Liquidity, technological expertise, customer retention, and cost control have become major challenges for local business owners

28%+

Between 28-35% Fees Charged to Restaurants by Delivery Apps

10%

Of Canada's 98,000 Restaurants Will Not Be Reopening

38%

Increase In Grocery Sales Compared to 2019

FOOD INDUSTRY – ISSUES & TRENDS

- **Liquidity:**
 - Managing cash and reducing costs in the short-term is critical for survival, especially when revenues have declined sharply. In order to adapt to the new environment, capital is required to invest in the tools necessary to digitize and COVID-proof businesses even after the crisis phase has passed (this is especially challenging for restaurants)
- **Expertise & Technological Acumen:**
 - Required in order to implement digital solutions such as an e-commerce platform, click-and-collect formats, and delivery channels. Food retailers lacking these skills will not only be unable to implement them but will likely be averse and resistant to the use of technology to improve their businesses
- **Retaining Consumers:**
 - As a result of the financial strain on customers and fear caused by physical interaction, many may continue to avoid restaurant meals and limit grocery trips even after the crisis has ended
- **Cost of Operating:**
 - The cost of operating has increased due to the PPE required to physically protect both employees and customers; this will likely remain the case in the long term as consumers value their safety when venturing outside of the home

FOOD INDUSTRY – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Restaurant Owners to Enter Grocery Sector	<ol style="list-style-type: none"><li data-bbox="1294 589 2346 758">1. Within 1 month, evaluate restaurant offerings to determine (a) whether any aspects of the business would be viable in a grocery setting, or (b) whether it would be feasible to become a grocery distributor<li data-bbox="1294 811 2346 893">2. Within 1-2 months, establish a financial plan for the new strategy, outlining costs, expected revenues, and financial goals<li data-bbox="1294 946 2346 1072">3. Within 2 months, identify the partners required to execute the transition into the grocery industry; includes partners required for activities such as packaging, distribution, and marketing<li data-bbox="1294 1125 2346 1250">4. Within 3-6 months, commence sales. Continuously monitor the market for demand and consumer preferences as well as the effectiveness of the new strategy against goals

FOOD INDUSTRY – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Digitization of distribution channel	<ol style="list-style-type: none"><li data-bbox="1294 572 2328 739">1. Within 1 month, explore an e-commerce platform provider (i.e. Shopify) to set up an online website. Inform customers of online presence and availability to either click-and-collect or order for delivery<li data-bbox="1294 796 2372 919">2. Within 1-2 months, partner with a third-party delivery service (i.e. UberEATS, Skipthedishes, Doordash, Instacart, etc.) to enable delivery function for customers<li data-bbox="1294 976 2321 1099">3. Within 3-5 months, establish own delivery channel in order to vertically integrate the business and increase margins on orders delivered<li data-bbox="1294 1156 2354 1230">4. Continuously improve e-commerce presence based on consumer feedback and assess the profitability of digitization

FOOD INDUSTRY – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Reduce Real Estate Space	<ol style="list-style-type: none"><li data-bbox="1294 554 2390 725">1. If the business has a strong online presence and delivery/curbside pick-up options, assess the need for space at the physical store and whether the space can be reduced in order to cut down on costs in the long term<li data-bbox="1294 773 2390 902">2. Customers are expected to continue to avoid in-restaurant experiences and frequent grocery trips even after the crisis has passed and therefore, there will likely be a surplus of space<li data-bbox="1294 951 2390 1033">3. Alternatively, restaurants owners can use shared kitchen spaces and focus only on take out services to make the most use of little space
➤ Business Positioning During COVID-19 and After	<ol style="list-style-type: none"><li data-bbox="1294 1061 1888 1096">1. Emphasize hygiene and sanitization<li data-bbox="1294 1145 2295 1228">2. Continue limited human contact via methods such as cashless payment, no-contact check-out, and physical distancing layout

FOOD INDUSTRY – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Partnerships	<p>Ismaili restaurant and grocery owners can partner together through the formation of a food industry alliance; can enable suppliers to partner with distributors or unilateral partnerships to bring new offerings to the market:</p> <ol style="list-style-type: none">1. Within 1 month, business owners should come together via a zoom call in the Al-Akbar to form an alliance2. Within 2-6 months, members of the alliance should connect with each other to supplement each others' businesses

FOOD INDUSTRY – CONSIDERATIONS & LESSONS

Cash Management

- Importance of managing cash on a continuous basis and keeping costs low in order to remain liquid enough to survive

Adapting to Technological and Social Trends

- Food retailers with an online presence were better suited to cope with the COVID-19 crisis than those who did not have one

Need for Diversification

- Food retailers need to ensure that revenue streams are diversified in distribution channels as well as product offering



AUTO INDUSTRY

AUTO INDUSTRY— ISSUES & TRENDS



Sales: ~18-30%

Decline of ~18-20% in new unit sales for 2020 under a moderate recession scenario (recovery starts in Q3'20). A deeper recession (recovery pushed to Q1'21) would result in a sales decline ranging between 25-30%



Valuations: 25-40%

In the next 3-6 months: non-luxury brands will see multiples contract 25-40% depending on the market & brand suitability. Pre-crisis EBT multiples were 7-10x for luxury brands and 3-6x for non-luxury



Transactions: ~100

Significant consolidation (M&A) activity is expected. Of the >1,100 single/independent dealerships that remain in Canada, ~100 M&A transactions per year are expected over a 10-year consolidation period

AUTO INDUSTRY— ISSUES & TRENDS

- Heading into 2019, average age of passenger cars was ~10.5 years. This bodes well for the parts & service side of the industry along with vehicle replacement, either new or used
 - Glut of used vehicles coming to the market in the rest of 2020 will put temporary downward pressure on wholesale prices
- Millennials were pushing automotive retail transformation pre-virus (more digital, streamlined, omnichannel, flexible distribution, etc.)
- They were also pushing the shift in vehicle usage. ~38% of millennials questioned the need for vehicle ownership over the next 3 years due to car/ride share programs. This would shift the vehicle usage model to more of a fleet type approach where there are less owned vehicles but higher usage/mileage and would require dealers to shift toward more value-add services such as service and collision along with identifying other revenue streams

AUTO INDUSTRY– OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Evolution of Auto Retail Process and Operating Model Shift (Near to Medium Term)	<ul style="list-style-type: none">• Customer centric retail process through digital and omnichannel platforms. Operating model shift to address retail process evolution• Greater technological adoption would assist in leapfrogging the competition to reach new customers and enhance operational efficiencies within a shirking margin business in a post-COVID environment
➤ Shift in Vehicle Usage Model and Business Model Shift (Long Term)	<ul style="list-style-type: none">• Consumer vehicle preferences and usage models are changing and will begin to comprise higher usage models. Business model will shift to higher service and value add services

AUTO INDUSTRY– OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ M&A Consolidation (Medium to Long Term)	<ul style="list-style-type: none">• Buyers: Ability to gain scale across brands, markets, and/or platforms• Sellers: Ability to exit at attractive valuations.
➤ Glut of Used Vehicles / Softer Wholesale Prices (Near to Medium Term)	<ul style="list-style-type: none">• Dealers typically earn higher profit margins on used vehicles vs new as well as earn higher ancillary profit from higher margin F&I and parts & service offerings on used

SENIORS HOUSING



SENIORS HOUSING – ISSUES & TRENDS



1. Growing seniors demographic in Canada set to drive demand for this segment. Over the next 20 years, Canada's seniors population - those aged 65 and older is expected to grow by 68%

2. Valuations: Short-term negative impacts however long-term investment thesis in this sector remains positive. Supply would get impacted as marginal projects by marginal players will likely get cancelled - good for the overall industry

3. Majority of Ismaili operators in this space offer higher levels of care and as a result will continue to see demand post COVID-19. However, there are a few operators who offer independent-living and will be affected for some time to come

1. Major staff shortage in the industry. Many Personal Support Workers are leaving the field after being overworked, underpaid, burned-out or injured

2. Cost to develop new properties continues to increase especially in urban markets

3. Increase in the number of private and funded home care resources and technology has resulted in seniors entering the sector at a later age than ever before. This mainly impacts independent living segment

4. COVID-19 will have a short-term impact (3-6 months). Occupancy levels are expected to remain low until new residents are allowed to be admitted. Operators are primarily focused on the safety and well-being of their residents and staff



SENIORS HOUSING – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Hospital Surge Capacity	<ul style="list-style-type: none">• Working with local health authorities, operators can reach out to fill their private pay beds with hospital discharge patients at a reduced publicly funded rate which provides 100% occupancy for the committed beds
➤ Reposition Business Model	<ul style="list-style-type: none">• Implement higher levels of care which cannot be facilitated a patient's home

SENIORS HOUSING – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Technology	<ul style="list-style-type: none">• Introduce new technology as clients will be willing to pay a premium price in order to keep their loved ones safe and entertained (technology investment required mitigate increased isolation/confinement to rooms) and with more services
➤ Sector Consolidation	<ul style="list-style-type: none">• Consolidation trend as smaller players look to exit/squeezed out; larger players continue to exit secondary/tertiary markets

SENIORS HOUSING– CONSIDERATIONS & LESSONS

1. Dedicated Staffing

- Staff are not given full-time hours and as a result have multiple jobs at other facilities. Instead, wherever possible, have dedicated staffing. Additional labour market pressures and wage inflation were already putting pressure on margins. Frontline healthcare workers which are in high demand and regulatory risk will put more pressure as workers will be forced to work in one facility and not move around. Work with unions to conduct new line schedules shifting employees to 8-hour shifts, five days per week. This will result in more FT employees compared to PT. This strategy does not increase the number of hours deployed but does increase benefit costs

2. Training and Development

- Some operators have not had to deal with serious outbreaks in the past and as a result their teams are not equipped or trained to handle situations such as COVID-19. Smaller operators who do not have human resource professionals on their team should look at making this hire to help manage 'people operations'

3. Cash Flow

- Having cash flow to continue operations in a time where expenses are skyrocketing due to staffing and PPE supplies and no new resident admissions is becoming challenging. Working with lenders to ensure liquidity options are readily available in the future

4. Construction and Design

- Opportunity to focus on safety, improve service offering; increase care/emergency support component; larger properties, more amenities on site; more gated/village concepts, higher end operators will benefit; building designs may need to be redone, e.g. HVAC systems (HEPA filters), adding more costs. When working on upgrading older long-term care or designing new buildings, it will be very important to build with keeping infection control procedures in-mind



HEALTHCARE

HEALTHCARE – ISSUES & TRENDS

➤ Rapid Uptake of Virtual Health Tools:

- The pandemic has certainly compelled the healthcare industry to accelerate adoption of new solutions into practice. Providers across the nation are adopting virtual care solutions at a rapid pace; this model of care delivery is here to stay

43%

of Canadians Use Technology to Measure Fitness and Health

➤ Preventative Health and Well-Being:

- Growing shift towards disease prevention and overall well-being, rather than sickness and treatment. Health systems and patients alike are focused on more proactive means to sustain health, rather than reactive methods to address issues once they have occurred

48%

of Canadians Share Data from Apps/Devices with Their Doctor

➤ Data Sharing:

- Consumers are willing to share data. This data is already being captured and owned by various health and non-health players in the market (e.g., clinics, grocers, retailers). Wearables and apps serve as high potential modes of personal health data collection

60-80%

of Health Outcomes Are Directly Impacted by Factors Outside of Health

HEALTHCARE – ISSUES & TRENDS

Interoperable Data

Provincial health systems are placing increasing emphasis on interoperability of data (i.e., enabling different sources of data to ‘talk to each other’) to better understand and improve population health. For primary care clinics and providers, this means a shift to digital and being able to integrate to other providers and data repositories at a regional level

Access and Social Determinants

Opportunities remain to better incorporate learnings of social determinants into the delivery of care to meet the needs of the population. Factors such as income, housing, education, and food insecurity are all important drivers of health. Moving forward, understanding the role of primary care clinics in addressing some of these drivers will be important for providers to differentiate their practices and meet the needs of the population

Behaviour Insights and Advancements in Technology

Chronic diseases can be modified by behavioural interventions, but many patients do not feel empowered to make healthier decisions. Significant strides in behavioural science and technology (AI, VR, AR, machine learning) are creating opportunities to personalize care delivery

Shift from Fee-for-Service to Value-Based Care

Reimbursement is more aligned with achieving greater health outcomes as opposed to the historical model of volumes-based care

HEALTHCARE – ISSUES & TRENDS

1. Opening Safely:

- Clinics and practitioners will have to continue maintain the highest degree of safety as they resume with business. Complying with provincial and federal regulations, managing the fears and apprehensions of patients and staff alike, and implementing more clinic-specific sanitation and safety protocols are all expected to be major areas of focus

2. Contact Tracing:

- Conducting scenario planning and identifying the clinics' roles in managing additional outbreaks/spreads will be important moving forward for clinics to remain operational and maintain the community's trust

3. PPE and Other Equipment:

- More proactive management of supply chain as it relates to PPE as well as other clinic supplies is critical, now more than ever, for clinics to meet the health needs the community

4. Navigating and Connecting to Community Services

- Given the growing role of social determinants of health, physicians and clinics who invest in understanding, navigating, and integrating with this landscape will create differentiation and achieve greater health outcomes for their populations (which ties to funding)

5. Navigating Changing Technology

- The 'forced disruption' from the pandemic as it relates to virtual care is likely to make virtual/digital care solutions more of a norm than an exception. Adapting to this change and exploring how technology can enhance the operations of a clinic, but also the way in which doctors engage with patients will be critical in creating differentiation for this segment

6. Addressing Behavioural Aspects of Health

- Social networks play a critical role in the way in which citizens approach and perceive their health behaviour. However, health clinics, institutions, and government bodies do not incorporate this effectively into their planning, which creates challenges for physicians to drive sustained healthy behaviours in the communities they serve

HEALTHCARE – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Continued Adoption of Technologies to Improve Operations and Care Delivery	<ul style="list-style-type: none">• Increased uptake of virtual care, as well as expanding the scope of practice through novel ideas (e.g., physiotherapists using of virtual ‘stretching’ classes)
➤ Personalized Treatment Delivery	<ul style="list-style-type: none">• Greater integration and data collection through apps and wearables
➤ Exploring Partnerships with Non-Traditional Entrants	<ul style="list-style-type: none">• Ecosystems approach, focus on social determinants of health

HEALTHCARE – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Applying Learnings from Behavioural Insights	<ul style="list-style-type: none">• Identification of behavioural barriers as well as tactics
➤ Explore Opportunities to Establish or Join Group Practices	<ul style="list-style-type: none">• Identify opportunities to safely and efficiently partner with other physicians and allied in group practices to reduce overhead costs (e.g., real estate, tech investments)

HEALTHCARE – CONSIDERATIONS & LESSONS

Keeping Up to Date with Virtual Care Solutions:

Clinics and institutions have made significant strides in virtual care delivery, but gaps do remain

Care Coordination and System Navigation

Gaps for certain disadvantaged groups have been exacerbated by the pandemic

PPE and Supply Chain

Ensuring adequate inventories of PPE and other supplies

tain drinks

meal ideas



RETAIL – SMALLER STORE FRONT RETAIL

RETAIL – ISSUES & TRENDS



208% Online

The number of orders placed online and picked up at stores by customers surged 208% between April 1 and April 20 compared with a year ago, according to Adobe Analytics



11% Rents

Rents in the retail sector are forecast to fall by 11 percent by the end of 2020, based on first-quarter data collected by Moody's Analytics through its Real Estate Information Services group



5%-10% Sales

Convenience stores have seen a 5-10% decrease in volumes according to data collected from Dépanneur (convenience stores) alliance in Quebec

- Gas stations – decreased demand (e.g. volume \$12k/day to \$3k day)
- Most vulnerable – owners are paying themselves a salary to take advantage of government programs
- Most Ismaili owners of street front retail are generally older, born outside of Canada, with English being second language

RETAIL – ISSUES & TRENDS

- **Consumers Are Seeking Technologies to Reduce Exposure:**
 - Canadians are more willing to try new technologies, such as self-checkouts, contactless payments, in-store robots, non-contact delivery options, virtual reality, and more, according to a Deloitte survey
- **Curbside Pick-Ups:**
 - Storefronts are moving towards having one or more pick-up areas in front of locations
- **Lease Structures Are Changing:**
 - Provisions will likely address business closures, and deferred rent payments related to future pandemics or like situations that require scaled business closures
- **Increased Use of Personal Protective Equipment ("PPE") for Staff:**
 - Governments, employees and customers are demanding that store employees use PPE and that there are physical barriers between customers and point-of-sale ("POS") locations

RETAIL – ISSUES & TRENDS

- **Liquidity:**
 - Managing cash and reducing costs in the short-term is critical in order to survive during the crisis environment, especially when business have been forced to shut down and revenues have declined sharply. In order to pivot and adapt to the new environment, capital is required to invest in the tools necessary to digitize and COVID-proof businesses even after the crisis phase has passed
- **Unfair Playing Field:**
 - Some businesses are considered essential. Some are not. As a result, some owners are opening their stores and those choosing to stay closed are losing business in the short-term
- **Rent Affordability:**
 - With decreased traffic and physical distancing, revenues are projected to be lower YoY. Not all Landlords are willing to defer or abate rents
- **Physical/Operational Challenges:**
 - How do retailers accommodate customers while maintaining physical distance to keep employees and customers safe?
- **Gas Station Challenges:**
 - The price of oil has collapsed. Gas stations owners either get a commission per liter e.g. \$0.035) or they buy their own gas. Contracts with larger brands result in “buying high and selling low”

RETAIL – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Create an On-line Platform	<ul style="list-style-type: none">• Pre-COVID retailers had no motivation to have an online presence. Storefront retailers have small footprints so physical distancing rules will continue to negatively impact sales. Pivoting to an online sales channel is critical for success. This channel also allows for higher margins and a streamlines sales process
➤ Implement Touchless Technologies	<ul style="list-style-type: none">• Scan-as-you-go systems are already popular in Canadian retailers, where customers simply scan items, pay for their purchases and walk out the store without ever needing to see a cashier. Today, as cash payments are being banned and limits are being put on close human interaction, retailers can implement more of this technology, along with self-checkouts

RETAIL – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Shore Liquidity	<ul style="list-style-type: none">• Most small businesses have enough cash on hand to last 3 months. Many small businesses will be failing in the coming months. There may be an opportunity to grow market share, or acquire other businesses or leases at bargain prices
➤ Create an Alliance	<ul style="list-style-type: none">• There is an opportunity to create an alliance to share best practices, participate in group buying, leverage landlords (if they are the same), facilitate introductions for partnerships or acquisition opportunities

RETAIL – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Build a Brand	<ul style="list-style-type: none">• There are a number of drycleaner and gas station owners across the country. There is an opportunity to come together and create our own national brand in each of these sub-segments. This would mean lower franchise fees, bulk buying discounts, a coordinated on-line presence, future franchise fees from others outside the community, and ultimately a “platform” which could be sold, taken public or grown through VC/PE investment
➤ Re-negotiate Rents	<ul style="list-style-type: none">• Landlords are concerned about the viability of their store-front retail tenants. Now is an opportunity to renegotiate rates, and terms. LL’s will welcome the opportunity to keep paying tenants in place

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RETAIL – CONSIDERATIONS & LESSONS

Cash Management:

COVID-19 outlined the importance of managing cash on a continuous basis and keeping costs low in order to remain liquid enough to survive crises, if need be

Adapting to Technological and Social Trends:

Retailers with an online presence were better suited to cope with the COVID-19 crisis than those who did not have one



JAMATI INDIVIDUALS

JAMATI INDIVIDUALS – ISSUES & TRENDS

- Distinct changes in the labour markets: job opportunities, rates, and hours will change
 - Part time labour will be more pervasive in the short run as hours will be limited until productivity goes back to normal levels
- The availability and requirement for virtual environments will increase
- Commoditization of labour rates due to companies adjusting cost structures
- Systemic challenges associated with internet, technology and language will become more pervasive
- Less jobs are available due to automation and remote work, as well as social distancing measures
- Less skilled, abled, or technologically savvy individuals are disproportionately affected
- Lack of training and education may inhibit confidence to use new tools and platforms

JAMATI INDIVIDUALS – ISSUES & TRENDS



Unemployment

The unemployment rate rose to 13% since COVID-19 began with youth unemployment rate increased to 27.2% from 16.8% in March



Labour Participation

Since COVID-19 began labour force participation went down to 58.9% from 63.5%

OPPORTUNITIES TO CONSIDER – INDIVIDUALS WHO CAN PIVOT

Opportunity	Description
➤ AI and Technology	<ul style="list-style-type: none">• Taking advantage of online learning (for example, Code Academy) and developing and integrating these AI/technology related tools for businesses
➤ Increasing of the Gig Economy	<ul style="list-style-type: none">• Increasing project-based work promotes new opportunities for individuals working from home, in a more competitive environment
➤ Climate, Technologic, Demographic Changes	<ul style="list-style-type: none">• Increase of the Internet-of-Things (“IoT”), accessing online education, climate change solutions and tech sales
➤ Involvement with Superclusters	<ul style="list-style-type: none">• Investment of \$950 million into certain area, which is focused on bringing in individuals who are underrepresented• Shifting into growing segments may allow for job security

OPPORTUNITIES TO CONSIDER – INDIVIDUALS WHO CANNOT PIVOT

Opportunity	Description
➤ Counter Urbanization / Community Housing	<ul style="list-style-type: none">• As work from home increases and people move into suburbs or into community type housing (multigenerational housing), opportunities for traditional service industries (restaurants, retail, grocery, etc.) will emerge in areas with lower cost of living
➤ Manufacturing	<ul style="list-style-type: none">• Due to deglobalization and increased investment in Made in Canada, there will be an increased drive to bring jobs and supply chains back to Canada, especially in smaller cities

JAMATI INDIVIDUALS – CONSIDERATIONS & LESSONS

1. Life-long Learning and Updating Skills

- Ensuring that individuals are consistently staying up to date and retooling their skills will allow people to stay ahead of crises. Practicing life-long learning and focusing on new information coming to each field will individuals to remain at the cutting edge, and stay fresh

2. Financial Planning and Cashflow Management

- Individuals who know how to manage their cash flow will allow for better management in challenging times. Prioritizing saving, avoiding debt with high interest payments, and living within an individual means can help during crises

3. Monitoring Governmental Platforms to See Where Growth Sectors Are

- Paying attention to where governmental investments are going can indicate where high-paying jobs as well as opportunities to reskill at a discount will exist in the long term

4. Cost of Living

- Balancing job opportunities and salaries with cost of living in any given city will allow for individuals to stock of whether a job is feasible. Consistently taking into account rent, groceries, transportation into the metrics of accepting a job can enable future security.



ALBERTA

ALBERTA – ISSUES & TRENDS

- Alberta was one of only two provinces in 2019 that faced a contraction in GDP. Shelving an expected recovery to positive growth.
- Things are expected to improve in 2021 with a mild rebound in oil prices (\$45 USD) combined with additional pipeline capacity
- Traditional opportunities availed from the rise of the Oil & Gas sector can be repurposed (identified in Opportunities)

70% of Alberta businesses have experienced a significant negative impact w/ COVID

75% of Alberta businesses expect a multi-year slow recovery

\$7B in capital spending programs cut since pre-COVID

ALBERTA – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<ul style="list-style-type: none"> ➤ Digital Community building 	<ul style="list-style-type: none"> • Building of digital marketplace of talent inventory for Jamati members and opportunity to seek support/reskilling assistance from other members • COVID-19 may allow Albertans to work more remotely and businesses to hire remotely for sectors such as IT • Post-COVID, there will be excess demand for IT skills such as project management, UX design and product knowledge (ex. Salesforce & Hubspot)
<ul style="list-style-type: none"> ➤ Rebound in oil prices (~\$45 USD) (Near term) 	<ul style="list-style-type: none"> • Increased pipeline capacity to narrow discount of Alberta crude/WCS vs. WTI
<ul style="list-style-type: none"> ➤ Canada Protein Supercluster & National Institute for Nanotechnology (Med/long term) 	<ul style="list-style-type: none"> • AgTech value add of \$4.5bn in key crops within 10 years; creation of 4,500 jobs • Nanotech: Nanobiology, Nanoelectronics, Next gen Microscopy
<ul style="list-style-type: none"> ➤ Bitumen without burning (near/med/long term) 	<ul style="list-style-type: none"> • Bitumen is rich in asphaltenes, feedstock for carbon-fibre, potential 4x revenue from current output

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ALBERTA – CONSIDERATIONS & LESSONS

Attraction of talent digitally

High standard of living and young productive workforce can be sourced to National businesses

Peoples' mentality must shift

Unconditional advocacy of energy sector is shaken, even with current government, more appetite to invest in diversification

Fiscal position may necessitate PST

Fiscal deficits untenable repeatedly for the future

Stable source for burned oil/gas

Increased pipeline capacity and innovation for non-burned energy can help create new sustaining jobs

QUEBEC



QUEBEC – RESTAURANTS

- Many restaurants include breakfast chains with primary clientele less likely to visit post-COVID-19. Reduced seating due to social distancing to further hurt restaurant operations.
- In general, there is a lack of demand for the delivery of breakfast food in comparison with lunch and dinner restaurants.
- The breakfast restaurant industry will experience permanent valuation decline if innovative changes are not sought-after.

50%

Of independently owned restaurants will not survive according to Restaurants Canada's Quebec VP David Lefebvre

QUEBEC RESTAURANTS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Creation of an Alliance	<ul style="list-style-type: none">Forming an alliance to gain economies of scale and to reduce immediate costs between restaurant owners
➤ Centralized Kitchen	<ul style="list-style-type: none">Prep work for a cluster of restaurants can be undertaken from a centralized kitchen to reduce the amount of specialized and/or additional labour required at each individual location.
➤ Ghost Restaurants	<ul style="list-style-type: none">Locations with high rent that will not be able to sustain their operations can be converted to “ghost” restaurants to represent various restaurant chains and prepare food on their behalf.
➤ Organic Growth & Control of Labour Costs	<ul style="list-style-type: none">As the food and beverage industry was dealing with increased labour costs to attract workers, now, with the closure of many restaurants, the surplus labour supply will enable employers to reduce their labour costs.

QUEBEC RESTAURANTS – CONSIDERATIONS & LESSONS

Identifying and Lowering Major Costs

Food costs and labor costs make up a major part of a restaurant's expenses.

- 1. Minimize labor costs and conserve only necessary employees***
- 2. Identify possibilities for cost effective products and minimize wastage***
- 3. Invest in digital technology to manage inventory, avoid spoilage of food and enhance customer experience***

Prevalence of Delivery and/or Takeout

Delivery has boomed in popularity and will likely maintain its popularity post COVID-19.

- 1. Develop and prioritizing a delivery/takeout friendly menu***
- 2. Finding ways to provide delivery efficiently***

QUEBEC – GROCERY & GAS STATIONS

- Grocery stores and Convenience stores must establish measures promoting proper hygiene and minimizing risk of contagion. From the onset they will have to gain consumer confidence.
- They will have to establish and enhance their online presence. This will require substantial change in thinking and require investment for creating and managing an online presence, investment in various delivery channels and investment in consumer experience and interaction.

10-12% Increase in revenue in Canadian Grocery Stores during the crisis period

60-70% Revenue is generated from sale of gas at Gas Station-Convenience Stores

40-45 Jamati owned-businesses fall into the segment of 'Gas Stations – Convenience Stores'

QUEBEC GROCERY & GAS STATIONS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<ul style="list-style-type: none"> ➤ Realize the full potential of the alliance 	<ol style="list-style-type: none"> 1. Continue to negotiate with suppliers and to unify the procurement process. (on going) 2. Establishment of a centralized warehouse (3-6 months) 3. Expansion of Gas station convenience store to enable to introduction of additional SKUs. 4. Create a joint online portal to link customers with their local alliance and/or independent non-alliance store. (6-9 months)
<ul style="list-style-type: none"> ➤ COOP / United Banner 	<ol style="list-style-type: none"> 1. Creating a COOP structure and a single united banner under which participating businesses can operate. (24-36 months) 2. Seeking out big-name retailers and striking bargaining agreement for lower prices (24-36 months) 3. Potentially of merger / buyout by one of the bigger players in the segment (48-60 months)
<ul style="list-style-type: none"> ➤ Local Marketing / becoming your local “corner store” 	<ol style="list-style-type: none"> 1. Planning and executing a marketing push advertising hygienic measures and local promotions.

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QUEBEC GROCERY & GAS STATIONS – CONSIDERATIONS & LESSONS

Resilience of staple goods / Need for self-preservation

Despite the current pandemic and the supply shock felt by a wide gamut of sectors, the staple goods industry fared well.

- 1. Ensure that gas station convenience stores do not rely solely on the traffic generated by gas sales. Sales of milk, eggs, and other staple items demonstrates that no matter the crisis, the demand for this sector will continue.***

Hygienic safety measures

Consumer confidence drives purchasing decisions and the need for safety and perception of safety will become key as we move toward a post COVID-19 era.

- 1. Establish measures for proper hygiene hand-free service where possible will help to drive future sales***

QUEBEC – REFURBISHED CAR PARTS

- Quebec Government does not allow the importation of used cars however refurbished/used car part import is permitted
- Outlook over the next 3 to 4 years still looks promising for those who are able to venturing into the service/installation of parts rather than just the sale of parts. For those who have not pivoted their business will continue to experience erosion of profits as margins continue to compress
- 70-75% decrease in sales during the pandemic. Majority of sales are driven via online channels
- 6-7 Jamati families are involved in the Refurbished Car Parts segment

QUEBEC REFURBISHED CAR PARTS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Service / Installation	<ul style="list-style-type: none">• Although auto part sales have struggled, the service/installation business is doing well with a strong outlook.
➤ Garage partnership	<ul style="list-style-type: none">• Possibility for partnership between the part businesses and garages. This will enable certain businesses to exit the parts sector and to concentrate on the high margin service sector while the already entrenched parts operators can increase sales volume.
➤ On-shoring opportunities	<ul style="list-style-type: none">• Given the trend towards on-shoring of certain industrial activities, there will be a need for local distribution partners for various industrial parts produced in Canada and for warehousing of foreign spare parts.• Some business could leverage their knowledge and relationships to exit the car parts segments and take advantage of this emerging need.

QUEBEC REFURBISHED CAR PARTS – CONSIDERATIONS & LESSONS

Move from low margin segment to a higher margin segment

Although car part sales will struggle, service/installation will prove to be profitable.

- 1. Diversification of revenue stream by encouraging the incorporation of service/installation services***
- 2. Diversification of supply chain. Build a supply chain of generic car parts along with refurbished parts to ensure resilience during supply shocks.***

QUEBEC – UNSKILLED WORKERS

- Many Jamati members are working two jobs to make ends meet. Primarily, the second job is a night shift under-the table. Almost all have applied for Government assistance programs. Majority will only be able to sustain their livelihood until government programs are still in place.
- Many are sending financial assistance to overseas relatives, as they see it as an obligation towards family members who were not fortunate to immigrate to Canada.
- Many do not possess a high school diploma (prevalently within the women) and lack of language (English and/or French) proficiency have been challenges for enrollment into this program.

700

Families are currently supported under the Quebec Plan

110

Graduates have completed Quebec Plan's vocational training and 95% have paid back their loans

QUEBEC REFURBISHED CAR PARTS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Quebec Plan	<p>The Quebec Plan Vocational Training Program, which provides loans to cover vocational training costs, can help unskilled workers transfer their career path.</p> <ol style="list-style-type: none">1. A big marketing push done through all available Jamati platforms (immediate)2. Enroll women without high school diplomas into online classes to enable them to acquire the pre-requisites (immediate)3. Make use of this time when government programs are enabling families to make ends meet to enroll into various online language classes (immediate)

QUEBEC REFURBISHED CAR PARTS – CONSIDERATIONS

Importance of moving the Jamat out of low skill front line work.

Many Jamati members are dependent on low skill jobs for their livelihood. It is not difficult to pivot them to jobs which will remain important in the future and which do not require significant “retooling”.

- 1. Jamati members can enroll into short certification programs and/or vocational program thereby minimizing their time away from the workforce. Acute shortage in the medical/senior care sector will create opportunities. Industrial onshoring will create job opportunities for machine mechanics, machine operators, forklift operators, etc.***

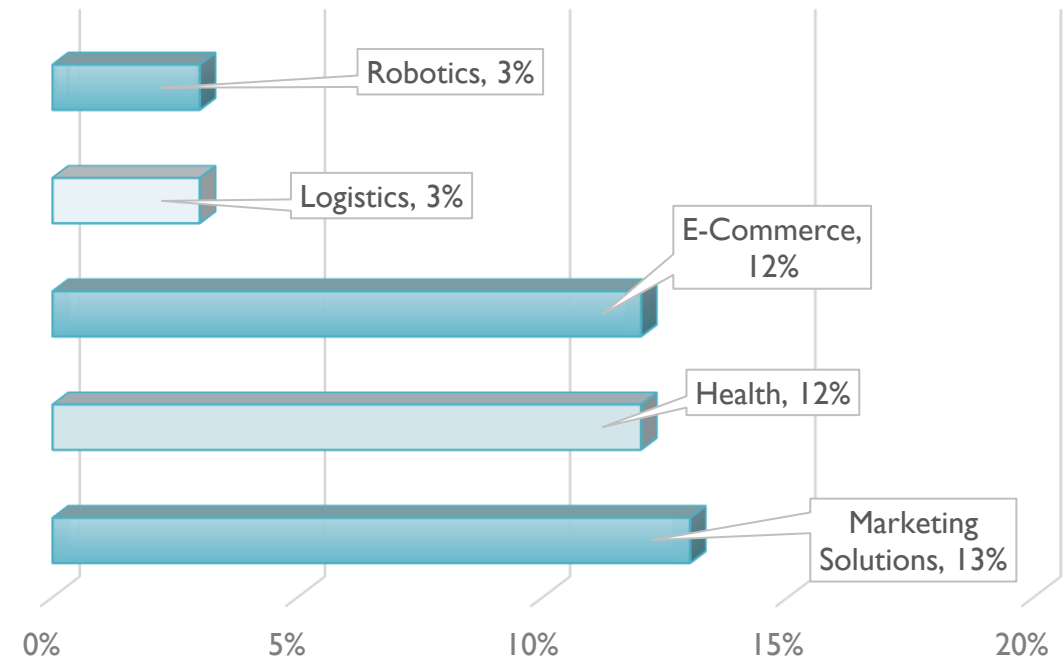


NEW ECONOMY COMPANIES

NEW ECONOMY COMPANIES – ISSUES & TRENDS

- Tech Startups are and will continue to be focused on innovating. Across industries, we will likely see more of the following:
 - Hyper-automation – combination of machine learning and automation tools to deliver work
 - Multi-experience – changes in the way people interact with the digital world (VR/AR/Mixed Reality)
 - Democratization of expertise – provide all people with access to technical or business domain expertise
 - Human augmentation – cognitive and physical improvements as an integral part of the human experience
 - Transparency and traceability – risk of securing and managing personal data in the new age of digital ethics and meeting privacy needs
 - Cloud and edge computing – opening up data and analytics to the masses

% of Canadian Startups by Industry



NEW ECONOMY COMPANIES – ISSUES & TRENDS

- Tech Startups already drive growth and employment:
 - Toronto alone created 10,000 new tech jobs last year, stoked by \$3.1 billion in VC
 - Plugged into some of our most advanced industries (energy, services, manufacturing)
 - The gig economy is going to become more prominent, where individuals aren't formally employed, but offer services through extensive independent contracting
 - Fueled by the global demand for technology that makes Canada and the rest of the world safer, cleaner and more productive
- Tech Startups do not have the same evaluation measures as mature companies (which tend to focus on revenue-based goalposts):
 - Instead judged by the milestones that they hit: developing an idea into a commercialized product, acquiring customers, growing toward a profitable scale as soon as possible
 - Constant infusions of investment capital to spend on marketing and the hiring of specialized talent with the knowledge to help the company reach a profitable size
 - Have to re-think how we consider “success” and government and financial institutions must cater to these new criteria and notions

NEW ECONOMY COMPANIES – ISSUES & TRENDS

➤ Established companies will depend on Tech Startups to navigate an increasingly uncertain world:

➤ Technology will become even more important as companies strive to do things “smarter, faster and cheaper”

➤ Tech Startups are nimble and often better positioned to pivot to support their clients and help the economy become more resilient as global supply chains cope

56%

Canadian startups are housed in Ontario – the Toronto/Waterloo innovation corridor is the second largest in North America

70%

of Tech Startups are able to operate through COVID-19 with little or no disruption to their operations

64%

Say they are likely to be helped by policy relief measures during the pandemic compared to 45% of startups globally

NEW ECONOMY COMPANIES – ISSUES & TRENDS

1. Talent

- People expenses are often the largest expense category for Tech Startups. Many of these companies are and will continue to face cash-flow challenges to support their existing headcount
- This will result in layoffs to reduce costs and will require organizational shifts to ensure internal capacity to meet operational requirements
- Survey of high-growth ventures at MaRS shows that 26% of workforce has already been laid off and 82% of Canadian tech CEOs are planning layoffs for the coming weeks

2. Market

- Revenues are mostly declining as a result of new market realities and an inability to interact with customers and prospects. Customer priorities changing and budget pressures are slowing sales cycles. “Must-have” solutions are being prioritized over “nice-to-have” solutions.
- Major reason for this revenue decline is from the effect the Crisis is having on industries that these Tech Startups serve

3. Capital Investment

- Capital activity has slowed due to shifts in market trends and fluctuations in company valuations. Investors are prioritizing supporting existing portfolio companies versus taking part in new financing deals and some investors are even pulling their term sheets

4. Operations and Management

- Companies are being forced to consider significant cuts in order to extend their cashflow runway. Ideally, companies should have 24 months of runway to survive the COVID-19 but many do not have enough to even cover 3 months
- New Economy Companies are uniquely situated to keep operating through COVID-19

5. Policy

- Companies are seeking non-dilutive grants, wage subsidies, investment programs and low interest loans to provide relief measures as a result of the Crisis. As the Canadian government started to expand the criteria for eligibility for government support, more Tech Startups were able to take advantage of these measures

NEW ECONOMY COMPANIES – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ E-Commerce	<ol style="list-style-type: none">1. Review accelerator programs by Shopify, eBay, Facebook and Google2. Enroll in regional innovation centers with access to industry-specific mentors and advisors3. Participate in retain-focused innovation adoption programs like Digital Mainstreet4. Follow investor activity including firms like Version One Ventures
➤ Digital Health	<ol style="list-style-type: none">1. Review incubator programs like J Labs2. Enroll in regional innovation centers with access to industry-specific mentors and advisors3. Participate in health innovation conferences such as MaRS Health Innovation Week4. Follow investor activity including firms like Amplitude Ventures

NEW ECONOMY COMPANIES – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Robotics	<ol style="list-style-type: none">1. Review NextGen Supercluster program2. Enroll in regional innovation centers with access to industry-specific mentors and advisors3. Participate in innovation conferences such as Singularity University Canada4. Follow investor activity including firms like Radical Ventures
➤ Education Technology	<ol style="list-style-type: none">1. Review programs by Mindshare Learning Technology and EdSurge2. Enroll in regional innovation centers with access to industry-specific mentors and advisors3. Participate in EdTech conferences like Connect 20204. Follow investor activity including firms like Brightspark Ventures

NEW ECONOMY COMPANIES – LESSONS LEARNED

Singular Revenue Streams Aren't Sufficient

Explore options for diversifying their revenue streams and customer bases to more recession-resistant segments

Become Indispensable in Critical Times

Take the time to understand their customers' needs, embed themselves deeply in their operations or customer experience and invest significantly in top-notch customer success

Lock in Long-Term Contracts

In a bull economy, short-term contracts are popular because they enable companies to keep raising prices. Don't be tempted by short-term cash. B2B and B2C firms should take the potential revenue hit by locking in long-term contracts now while budgets and buyers are flush

Pay Attention to Board of Directors

Make sure board members will actively help the company address challenges as they arise instead of standing in passive judgement. A focus should be placed on selecting board members that are hands-on and involved

Raise Extra Capital

Be conservative when projecting how much money they will need to remain afloat. Many leaders underestimate how much elongated sales cycles, diminished average deal sizes, and dwindling total sales transactions weaken total revenue

APPENDIX – FULL REPORTS

Full reports & condensed slides on each industry/regional segment are located in the enclosed folder found with this presentation.