

Deliveroo teams up with industry experts to speed up restaurant sector recovery

Online food delivery group convenes legal, property and restaurant industry specialists to help recovery, including advice on rent negotiations and lease restructuring



GettyImages: Deliveroo also plans to call on government for further support for restaurants

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Deliveroo said this morning it has brought together legal, property and restaurant industry specialists to help the restaurant sector accelerate the pace of recovery.

It says both restaurants and landlords face unprecedented challenges and huge uncertainty with restaurants concerned about being able to pay rents in the face of a prolonged reduction in dine-in sales, while landlords are concerned about the future financial viability of their restaurant tenants.

"As a first step to help the sector overcome this", Deliveroo has brought together Shelley Sandzer, the specialist advisor in the restaurant and leisure property sector in the UK, and Goodwin, a global law firm with real estate and restructuring teams, to produce practical guides for restaurants and landlords.

It reports that this covers:

- **The current legal position between landlords and tenants.** This looks at the limits of existing statutory protections, which are temporary and do not reduce the amount of overall rent tenants have to pay despite their income having been severely reduced.
- **Practical considerations with rent negotiations and lease restructuring.** This looks at how different lease models can be renegotiated, advocating that landlords and tenants work



"collaboratively to identify mutually agreeable solutions to their lease negotiations in the Covid-19 era". The paper discusses rent holidays, rent reductions, inclusive rents or limits on service charges, turnover rents and increased lease durations as potential solutions.

- **Issues facing operators with reduced turnover.** This explores the wider implications facing restaurants with cash shortfalls.
- **Guiding principles to negotiations and a checklist for tenants.** Shelley Sandzer has developed the 3Cs guiding principles to aid operators and landlords in negotiations: 'collaborate, co-operate and compromise'. Deliveroo and Shelley Sandzer have also co-developed a checklist to help restaurants manage their finances and also be able to share "clear information with landlords on their cost pressures to aid negotiations".

Joe Grossman, founder of Patty & Bun, said: "We welcome this initiative by Deliveroo, Goodwin and Shelley Sandzer. Many F&B operators are facing what seems like insurmountable challenges as they try to rebuild their businesses, so the ready availability of advice, guidance and support from a diverse range of experts is a potential key lifeline. All sides of the industry need to work together to recover, and this initiative will help achieve that."

Deliveroo will also be calling on the Government to take urgent action to support restaurants unable to pay their rents due to the impact of COVID-19. The Government has previously put a temporary ban on evictions by landlords of businesses, but this moratorium is due to come to an end in June, so Deliveroo will be asking Ministers to take further action.

It says this comes as research from Deliveroo shows that:

- Nearly 50% of small and independent restaurants say they will go out of business within 1- 3 months if the current situation persists.
- 27% said they did not believe they would go out of businesses as a result of coronavirus (with the rest of respondents saying they can last 3-6 months under the current lockdown requirements).
- The main barriers are making enough profit are social distancing measures remaining in place (75%) and being able to pay rents in the near future (66%).

Will Shu, CEO and founder of Deliveroo, said: "Deliveroo is passionate about supporting our restaurant partners and we are committed to supporting them through this unprecedented time. We are pleased to work with cross-industry experts to create much-needed solutions for restaurant partners and help accelerate the recovery of the restaurant sector we all value and want to see thrive again."

Matthew Pohlman, Real Estate Partner at Goodwin, said: "In a time of unprecedented strain in the global hospitality sector, it is a privilege to collaborate with Deliveroo on this important initiative to help promote solutions for the restaurant sector and accelerate the pace of its recovery. Our efforts are focused on providing practical, balanced and actionable insights to help drive discussions among all stakeholders towards mutually acceptable solutions to the present challenges in the sector."

Duncan Lillie, partner, Shelley Sandzer professional services, added: "This is a re-set moment for the relationship between operators and landlords, one that requires collaboration, co-operation and compromise on all sides. By working together in a more open way than has been the norm in the past, the sector can rebuild. More than that, it can do so in way that will achieve much greater long-term sustainability and success for operators and landlords alike."