

COVID-19 IMPACT ASSESSMENT REPORT ON FCJ CLIENTS

SUMMARY

The Client Service Department (CSD) is a critical arm of the Factories Corporation of Jamaica Limited (FCJ), especially, in meeting the core goal to support business owners by providing space to the productive sector. With over 120 clients islandwide, FCJ is a major provider of over 1.5 million square feet of space to local industry.

With the onset of the COVID-19 pandemic in March 2020, overall business outlook reflected a negative forecast, signaling an impending downturn affecting every sector of the local economy in the months to come. Government imposed restrictions on movement, commercial and social activities, namely using curfews, parish lockdowns, border restrictions and quarantine measures, all in a bid to curtail the virus spread, also led to severe impact on private enterprise and government services. On both counts, FCJ's revenue flows suffered as several of our clients requested payment holidays, rent waivers and discounts, in a bid to stave off the worsening effects of the economic decline. Based on the early submissions by some clients, FCJ was inclined to respond in a fulsome manner to an expected increase in requests.

By late March 2020, the FCJ Board, approved a generous, initial 3-month rent moratorium window to approved clients, at that time an unprecedented move by government agencies in a similar line of service (i.e. UDC, HAJ, NHT, etc.). Between April to June 2020, 42 clients were successful in accessing temporary reprieve on rental payments. Two clients have had to close their doors and many more are adjusting, in their own way, to the ever-changing dynamics of "living with COVID-19", which often translates into higher operational costs, increased staff layoffs, declining revenue streams, diminishing profit margins and reduced consumer demand. The FCJ CSD remains continually mindful of the difficulties faced by clients and have engaged with other departments to adapt a similar supportive role to ensure our mutual operational sustainability.

This report will highlight the current impact of the pandemic on our clients, an assessment of our support provided and the effect it may have on our own viability.

ECONOMIC RECOVERY TASK FORCE REPORT

In April 2020, as a response to the effects of the global pandemic, the Government of Jamaica convened the Economic Recovery Task Force involving public and private sector stakeholders to define medium- and long-term national strategies. The Task Force produced their report in August 2020, which highlighted long term challenges, current projections and immediate courses of action required by government and private sector interests within all major sectors of economy.

Specifically, for FCJ clients the following sections involved the respective industry approaches, as follows: - Section 11.0 (Pages 85-90)– Global Services Sector/ BPO Industry, Section 15.5.3 (Page 110) Storage and Distribution, Section 15.5.4 (Page 111) Agro-Processing and Section 16.0 (Pages 114-116)– Manufacturing & Export Industry.

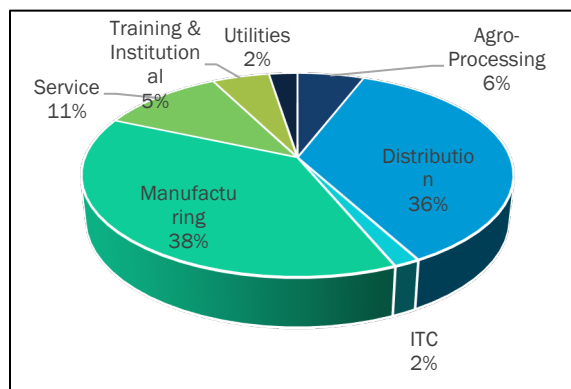
However, much of the strategies outlined were the broad- based in nature or involved the specific action of other stakeholders outside of FCJ and individual client resolve, in order for objectives, and in turn the benefits, to be fully realized.

CURRENT OUTLOOK

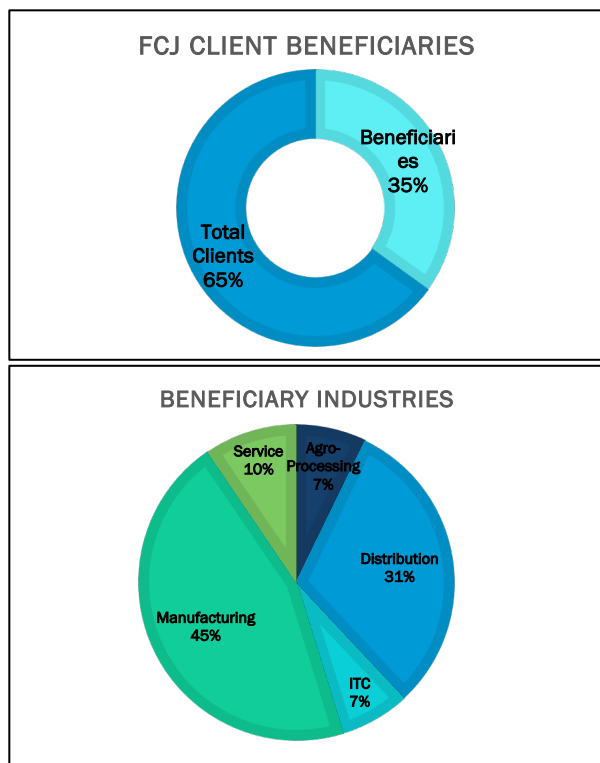
As at August 2020, FCJ has 119 clients

- in April 2020 FCJ had on record 119 clients, three moved out and one downsized since then, all in manufacturing and distribution.
- However three new clients have since moved, all in distribution.

Industry	Number
Agro-Processing	7
Distribution	43
ITC	2
Manufacturing	45
Service	13
Training & Institutional	6
Utilities	3
Grand Total	119



As at June 2020, 42 clients requested and received rent moratoriums of between 1-3 months under FCJ's Covid-Assistance Programme.



Locations	Total Clients at Site	Number of Clients Beneficiaries	% of Clients	% of Total Beneficiaries
121 Duke Street SIC	16	6	38%	14.29%
225½ Marcus Garvey SIC	14	6	43%	14.29%
Almond Way	1	1	100%	2.38%
Charlemont SIC	1	1	100%	2.38%
Garmex Free Zone	28	9	32%	21.43%
Glendevon SIC	9	7	78%	16.67%
Hague I.E.	1	1	100%	2.38%
Naggo Head I.E.	2	2	100%	4.76%
White Marl SIC	9	4	44%	9.52%
Yallahs I.E.	4	1	25%	2.38%
May Pen S.I.C.	5	4	80%	9.52%
Grand Total	90	42	-	100.00%

LOCATIONS	Agro-Processing	Distribution	ITC	Manufacturing	Service	Grand Total
121 Duke Street SIC	1	1		3	1	6
225½ Marcus Garvey SIC		2		3	1	6
Almond Way			1			1
Charlemont SIC				1		1
Garmex Free Zone		6		3		9
Glendevon SIC	2	1		3	1	7
Hague I.E.				1		1
Naggo Head I.E.			2			2
White Marl SIC		1		3		4
Yallahs I.E.					1	1
May Pen S.I.C.		2		2		4
Grand Total	3	13	3	19	4	42

COVID-19 IMPACT ON CLIENTS

As at June 2020, data gleaned from the survey administered to our 42 clients who successfully received some moratorium support, have found that a majority are impacted by reduced operational capacity on average of 60%, resulting in staff complement layoffs and diminished sales and depleting revenues. (1)

Despite this though, a majority have indicated their resolve to remain resilient enough to whether the effects of the pandemic beyond a three-month period. (2)

Due to curfews, parish lockdowns and other restrictions, a number of business temporarily closed their doors during the months of April to June 2020. (3)

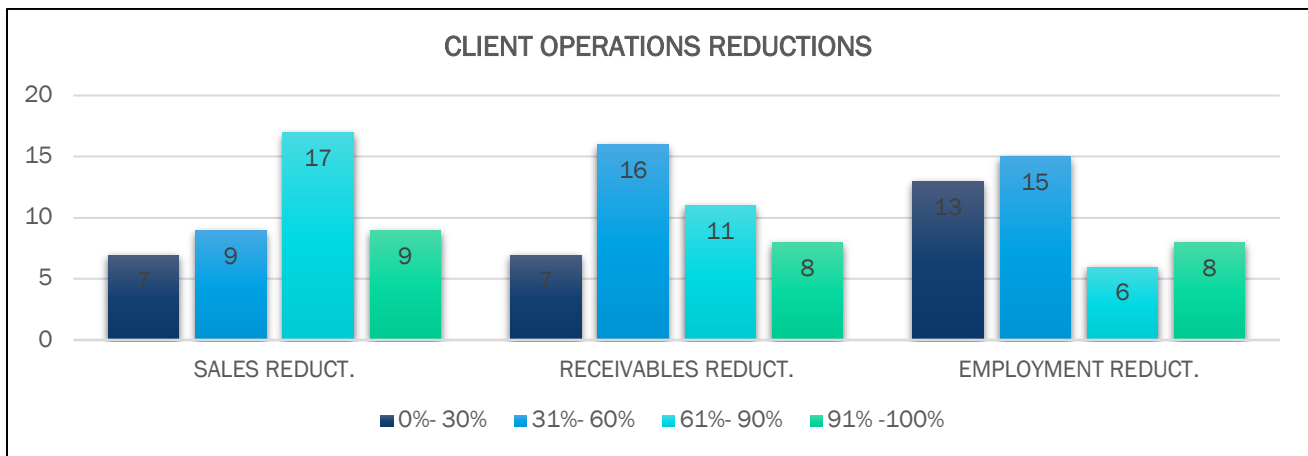


Figure 1 - Graph showing client operational reduction over April 2020 - June 2020 due to COVID-19 Impact

LAST BEYOND COVID?	NUMBER
Yes	27
No	10
Not sure	5
Total	42

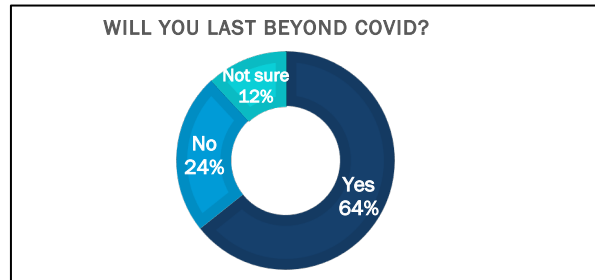


Figure 2 - Businesses indicate resilience to COVID 19

TIME CLOSED	NUMBER
Mar-20	12
Apr-20	8
No	22
Total	42

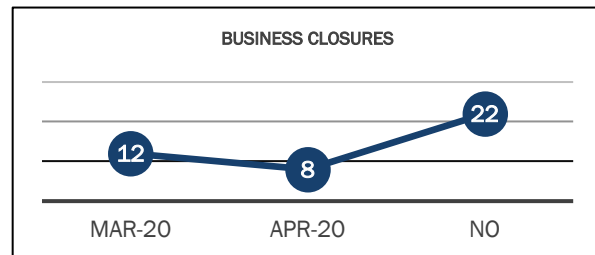
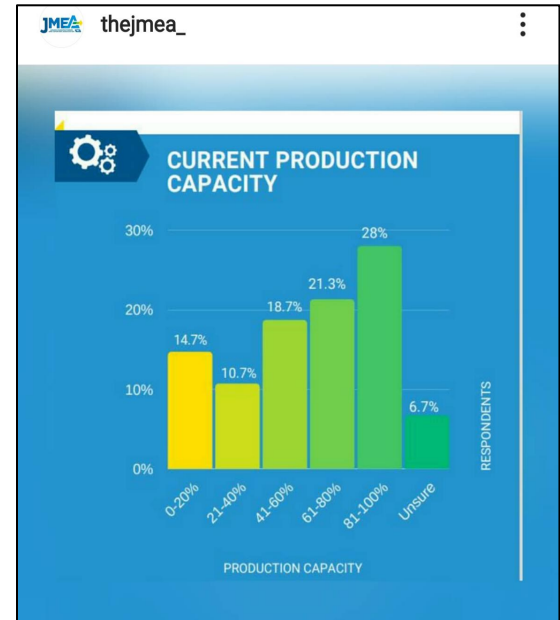
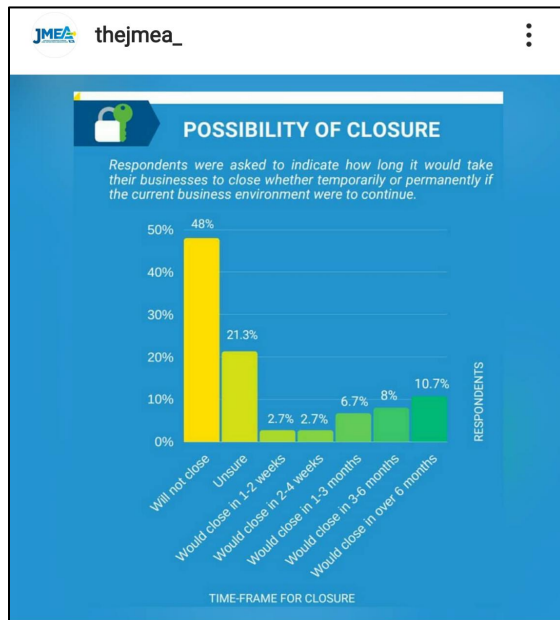
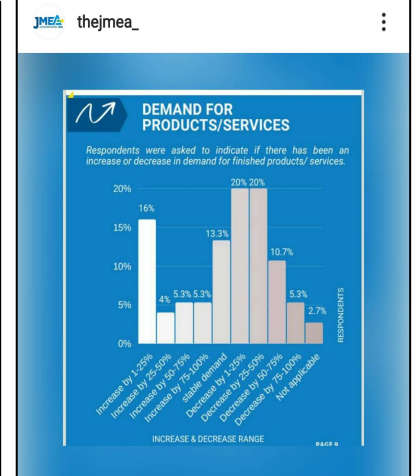
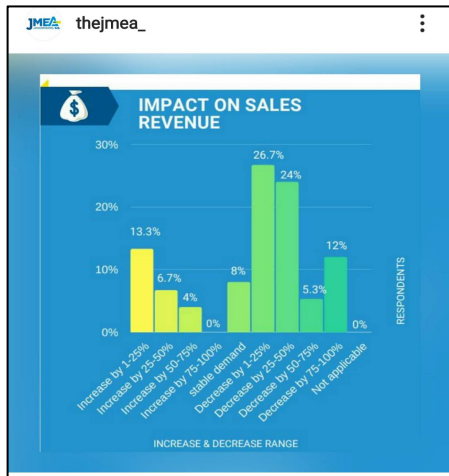


Figure 3 - Businesses closed during period

These findings are similar to those uncovered by survey of the membership of the Jamaica Manufacturers' and Exporters' Association (JMEA). Though undertaken published in August 2020, the data painted a similar picture to that which faced majority of our clients, within the manufacturing and distribution sectors.



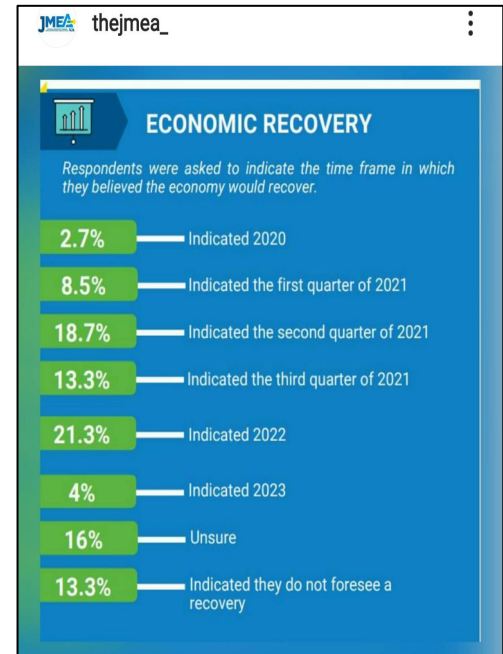
SCENARIOS OF COVID-19 IMPACT ON CLIENTS

Based on anecdotal findings on discussions held with several clients, their assessment is that the effects of the COVID-19 pandemic may be prolonged and unrelenting into the latter part of this calendar year and beyond. They too were unsure on a general appropriate time to repay the rent moratoriums extended.

These anecdotal accounts were also supported by the survey findings JMEA, whose members opted for a long- term rather than short -term recovery outlook for the local economy.

Based on estimated projections, FCJ provided clients with approximately **JAS\$20 Million & US\$194,000.00** in rent payment moratorium support over the assistance period (April 2020 to June 2020)

RENT MORATORIUMS EXTENDED BY SITE (APRIL TO JUNE 2020)		
LOCATIONS	Sum of TOTAL (\$US)	Sum of TOTAL (\$JA)
121 Duke Street SIC	\$0.00	\$1,083,179.28
225½ Marcus Garvey SIC	\$0.00	\$515,198.74
Almond Way	\$31,169.06	\$5,144,435.13
Charlemont SIC	\$12,298.38	\$0.00
Garmex Free Zone	\$122,458.80	\$279,989.72
Glendevon SIC	\$0.00	\$368,780.62
Hague I.E.	\$0.00	\$712,306.35
Naggo Head I.E.	\$28,766.46	\$0.00
White Marl SIC	\$0.00	\$1,762,073.29
Yallahs I.E.	\$0.00	\$72,704.10
May Pen S.I.C.	\$0.00	\$1,124,809.89
Grand Total	\$194,692.70	\$11,063,477.12



Locations	REGULAR MONTHLY RENTAL
121 Duke Street SIC	\$688,554.37
225½ Marcus Garvey SIC	\$744,257.90
Glendevon SIC	\$265,555.26
Greyground S.I.C.	\$457,065.67
White Marl SIC	\$1,741,737.63
May Pen S.I.C.	\$519,096.47
Garmex Free Zone	\$28,000.000 (approx..)
Grand Total	\$32,416,267.30

