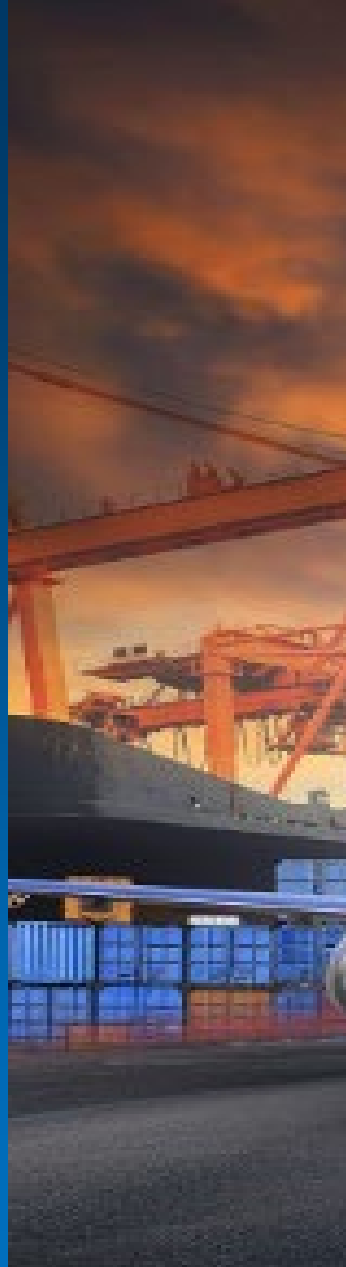


FOREIGN TRADE ZONES

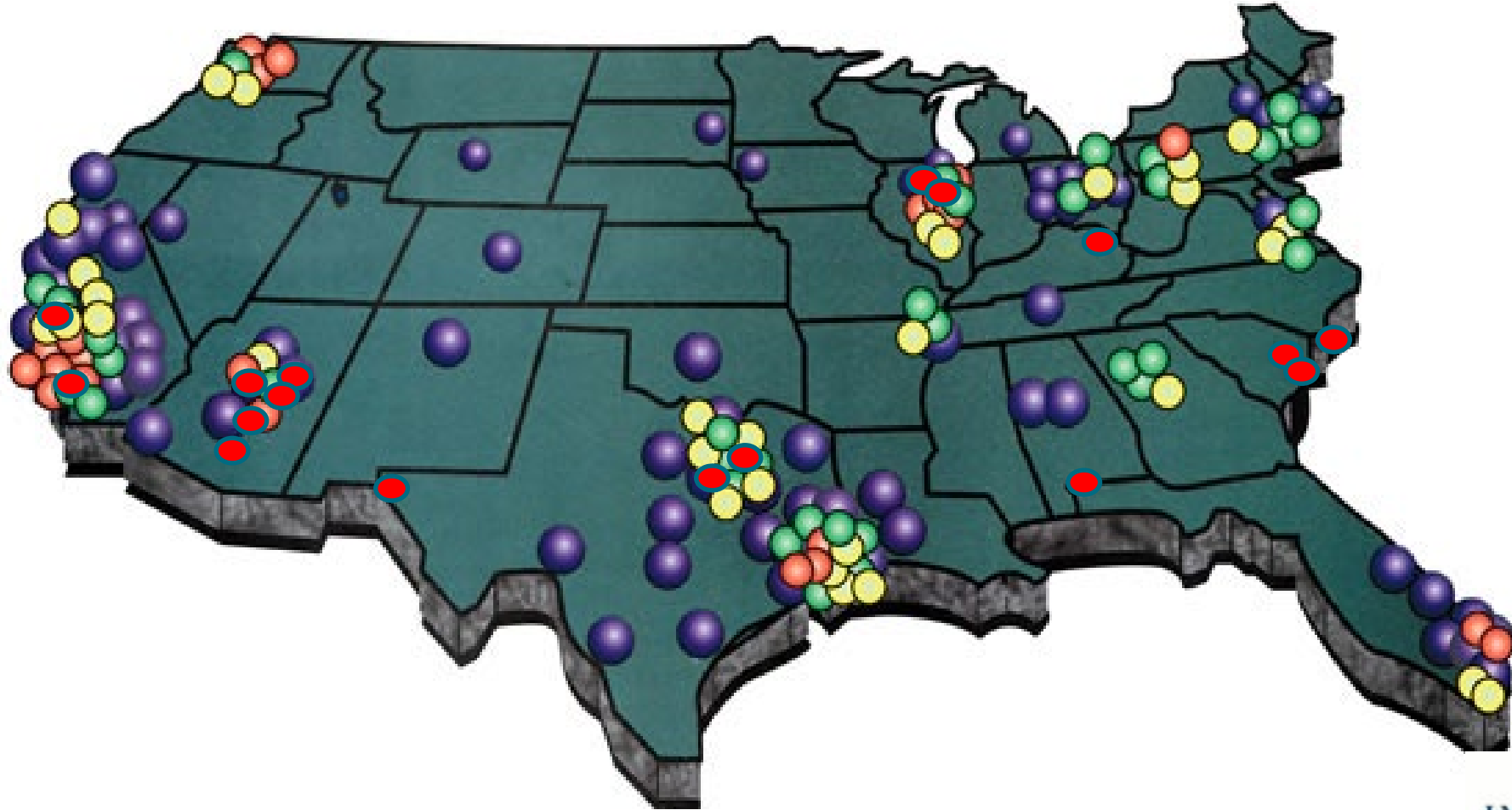
Curtis Spencer, IMSW

ABOUT IMS WORLDWIDE INC.

- IMSW has completed over 375 FTZ projects during 45 years. We have conducted 50 logistics/drayage studies for industrial R.E. Firms, railroads and land-owners.
- We work with large gateway zones (Houston, LA, Miami, Dallas, Chicago, Phoenix, El Paso and NJ)
- We work with fortune 1000 companies: Target, The Limited, Dell, Home Depot, Abbott Labs, TJX, Dicks Sporting Goods, Ceva, FedEx, XPO, UPS, Yusen, NFI, Nippon Express, Etc.
- We work with the largest REITs in the USA: Prologis, Duke, Panattoni, Transwestern, Trammel Crow, Majestic, Clarion, USAA, Div-Capital/IIT, etc.

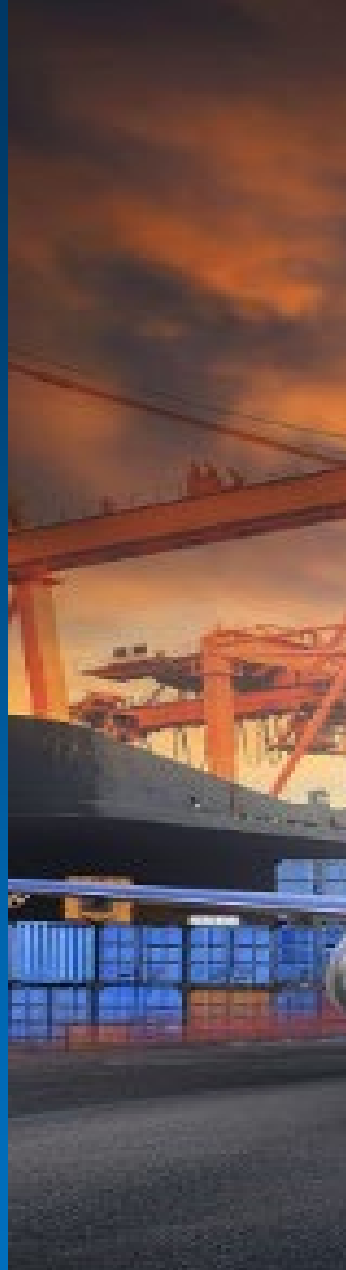


IMSW Overview of National FTZ and Strategic Development Projects 1977-2020



The Zone Program is Evolving in the Face of a Changing U.S. Economy

- Over 6,000 companies use FTZs: Target, Home Depot, Levi's, The Limited, Puma, Adidas and 1,000's of retailers use FTZs in their Supply Chains to Cut Costs!
- MPF Savings are the leading “rationale” for using FTZ's; (DCs and FCs)
- However, Manufacturing in Zones is making a come-back: Sub-Zero, GE Appliances, Maxwell Technologies, Tesla, Red Bull, White Claw etc. Anything to cut costs!
- Trump Tariffs are driving companies to seek out FTZ designation to offset rising costs.



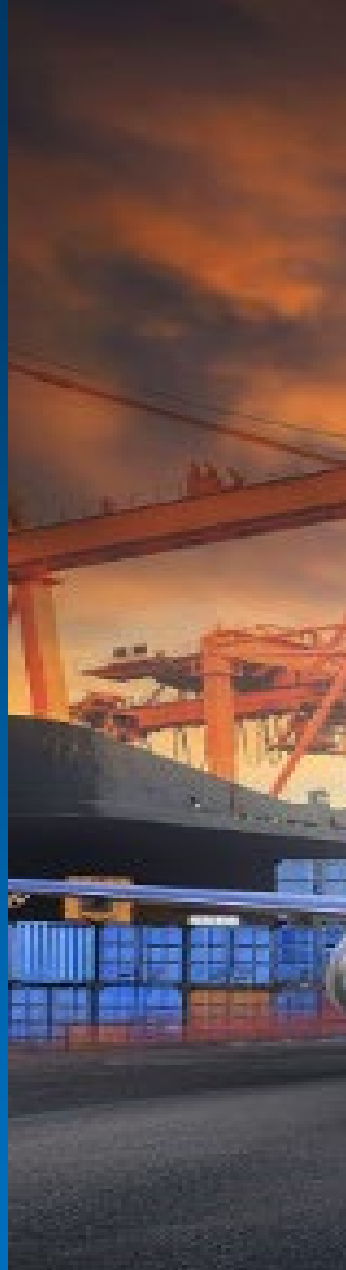
Key Drivers for Senior Management

- FTZs are real Supply Chain cost reducers: They can take \$300,000 to \$1Millions out of costs.
- FTZs are easier to manage now: Software has become simpler, all forms electronic, Brokerage is protected. Multiple locations operated from HQ!
- FTZs are CTPAT “Best Practice”.
- Weekly Entry offers huge savings to large-scale importers!
- But, with the new China Tariffs (China 301 duties ++) this is also about super-high tariff rates.



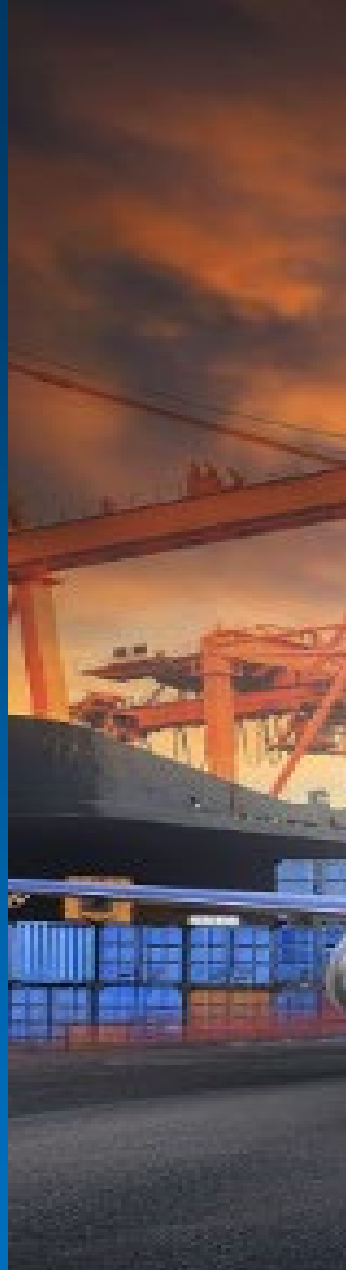
Everyone in the USA is having to re-think their Supply Chains...

- The US vowed to slap duties on up to \$200 Billion of Chinese imports.
- The Chinese did the same to US!
- After the first \$50 Billion, the next \$200 Billion already hit Consumer Goods:
 - Apparel, Footwear, Electronics, Furniture, Sound Systems, cosmetics, tools and Hand-Bags!!
- Our Ag Products, Planes, Hi-Tech goods, and Pharma are all going to be hit going to China.
- This isn't "maybe" anymore, it's real and it's now!
 - *Wall Street Journal, July 12, 2018*



How do we “insure” against current policy?

- The USA has begun receiving \$10X more in Duty Payments since 2018. Average duty now is 15%-20% not 2%.
- The FTZ Program is the only way to carry “insurance” against a Tariff World that changes daily.
- We have gotten DOUBLE the calls for FTZ use since this whole Tariff Sheriff business started!
- So, in 2018 the FTZ Program was all about MPF savings; and now, it's about Tariffs!
- Even small Occupiers are feeling the pain.

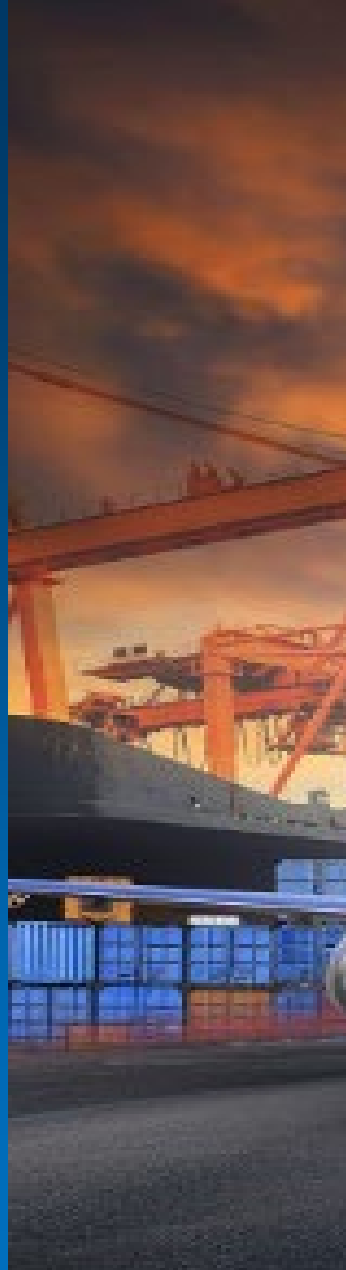


How Do Company's Qualify

Understanding the FTZ process is Step 1.

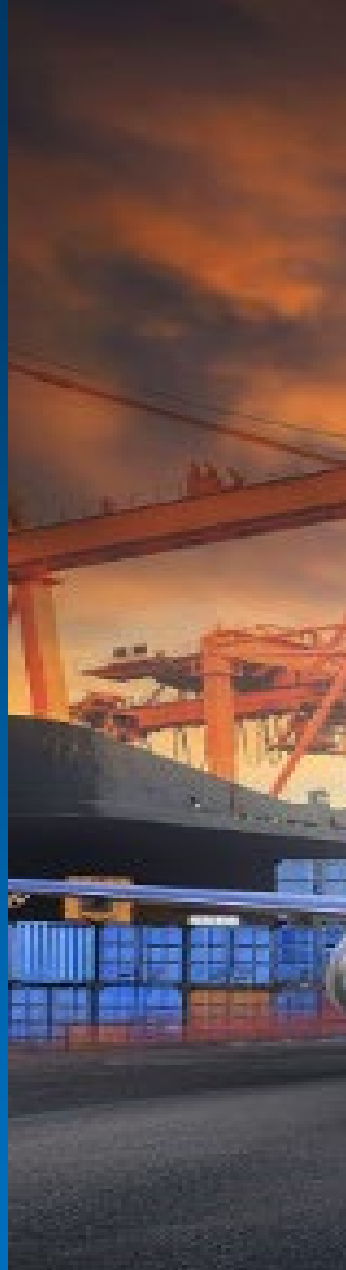
Determine if you meet ONE or more of.....

- ✓ 300,000 SF or more of DC space with imports, OR,
- ✓ \$100 Million in import value per year, OR,
- ✓ 1,000 Customs Entries or more, OR,
- ✓ You import parts/components and manufacture, assemble or pick & pack!



Bingo – You Qualify

- Call IMS Worldwide 281-554-9099
- Use the www.imsw.com website.
- IMSW will determine if there is a savings of more than 2:1 or more (we do the cost-benefits analysis, for free!).
- Here is a perfect example of what we provide to C&W Brokers for their Customers...Can be completed on a conference call in 10 minutes!!



TYPICAL FTZ OPERATIONS: SMALL IMPORTER IN TEXAS

Assumptions Used in FTZ Distribution-Only Cost-Benefits Analysis						
Large Texas 3PL or Broker Managed FTZ Operation						
Annual cost, dutiable imports						\$75,000,000
Weighted average duty rate						3.90%
Percent reject or scrap imported merchandise						0.50%
Percent of imported merchandise re-exported						5.00%
Percent of imported merchandise sold to the military						0.00%
Inventory turns per year						3
Cost of domestic goods used in exports						\$0
Annual inventory tax exempt merchandise						\$25,000,000
State and/or local inventory tax rate						3.0%
Listing percentage on inventory						100.0%
Percent of inventory subject to tax						60.0%
Opportunity cost of capital						7.0%
Drawback system in place?						no
FTZ cost advantage (FTZ differential) over drawback						100.0%
Average "Merchandise Processing Fee" per entry						\$209
Average number of entries per year						1245
Annual growth rate, FTZ operating expenses, etc.						3.0%
Annual growth projections from current year						
	Year 2					10.0%
	Year 3					10.0%
	Year 4					10.0%
	Year 5					10.0%
Activation expense (estimated)*						\$125,000
3PL or CHB FTZ mgmt. expenses (accounting/tracking/reporting/systems mod.)						\$150,000
Grantee fees (estimated)						\$9,000
Warehouse footage - used for net rent differential savings calculation						175000

TYPICAL FTZ OPERATIONS: SMALL IMPORTER IN TEXAS

Foreign-Trade Zone Cost-Benefits Projections: Large Texas 3PL or Broker Managed FTZ Operation						
FTZ Benefits & Expenses By Type	Year 1	Year 2	Year 3	Year 4	Year 5	5-YEAR TOTAL
FTZ Benefits						
Re-Exports ¹	\$146,250	\$160,875	\$176,963	\$194,659	\$214,125	\$892,871
Reject, scrap, & military sales	14,625	16,088	17,696	19,466	21,412	89,287
One-time benefit ²	---					
Ongoing duty deferral	64,496	70,946	78,040	85,845	94,429	393,756
State and/or local inventory taxes	150,000	165,000	181,500	199,650	219,615	915,765
Merchandise Processing Fee savings	234,580	258,038	283,842	312,226	343,449	1,432,134
Total FTZ Benefits	\$609,951	\$670,946	\$738,041	\$811,845	\$893,030	\$3,723,813
FTZ-RELATED EXPENSES						
3PL or CHB FTZ expenses	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$796,370
Grantee fees	9,000	9,270	9,548	9,835	10,130	47,782
TOTAL FTZ-RELATED EXPENSES	\$159,000	\$163,770	\$168,683	\$173,744	\$178,956	\$844,153
NET FOREIGN-TRADE ZONE BENEFITS	\$450,951	\$507,176	\$569,358	\$638,102	\$714,074	\$2,879,661
NET RENT DIFFERENTIAL/FOOT VIA FTZ (SAVINGS)	\$2.58	\$2.90	\$3.25	\$3.65	\$4.08	
¹ Export benefits to Canada and/or Mexico subject to applicable free trade agreements.						
				Totals may vary, due to rounding.		
Application and activation expense	\$125,000					
² One-time benefit available after	17 weeks	\$921,375				