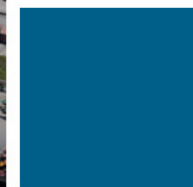
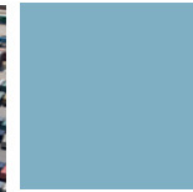
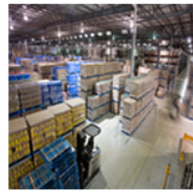


The State Of The Global Supply Chain & Its Impact On Site Selection



Adam Roth, CCIM, SIOR

Executive Vice President & Director
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NAI Hiffman
Commercial Real Estate Services, Worldwide.

NAI Global™
Commercial Real Estate Services, Worldwide.

Logistics



Chicago – December 5, 2011

Session Agenda

- **Introduction to Strategic Supply Chain Planning**
- Trends
- Key Takeaways for Real Estate

Strategic Network Design

Business Challenges

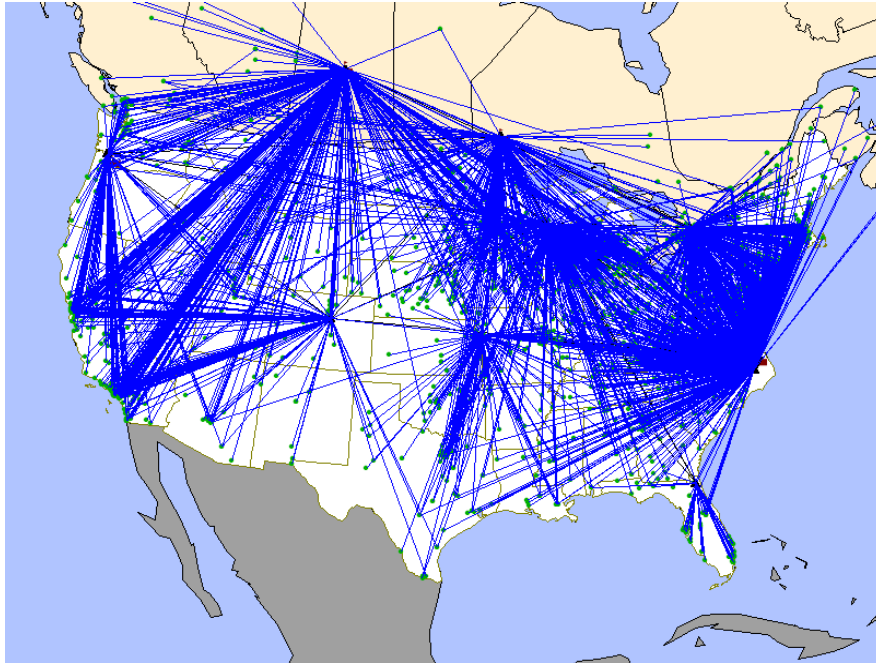
- What is the optimal number, location and capacities of suppliers, plants and production lines & processes?
- What is the right number, location and size of consolidation centers, forward DCs, cross-docks, etc.?
- How to best assign customers and products to DCs?
- What is the impact of changes to production and warehousing capabilities on cost and service?
- Determining the trade-offs between
 - Inbound and outbound transportation costs, duties, tariffs, etc.
 - Transportation costs and fixed facility costs
 - Costs and service levels

Output

- Minimum overall total cost
 - Sourcing costs
 - Warehouse costs (fixed, processing, and inventory)
 - Transportation costs
- Optimal number, size, and location of warehouses and other facilities
- Appropriate allocation of products to different sites
- Trade-offs between cost and service levels
- Efficient supply channels in the logistics network

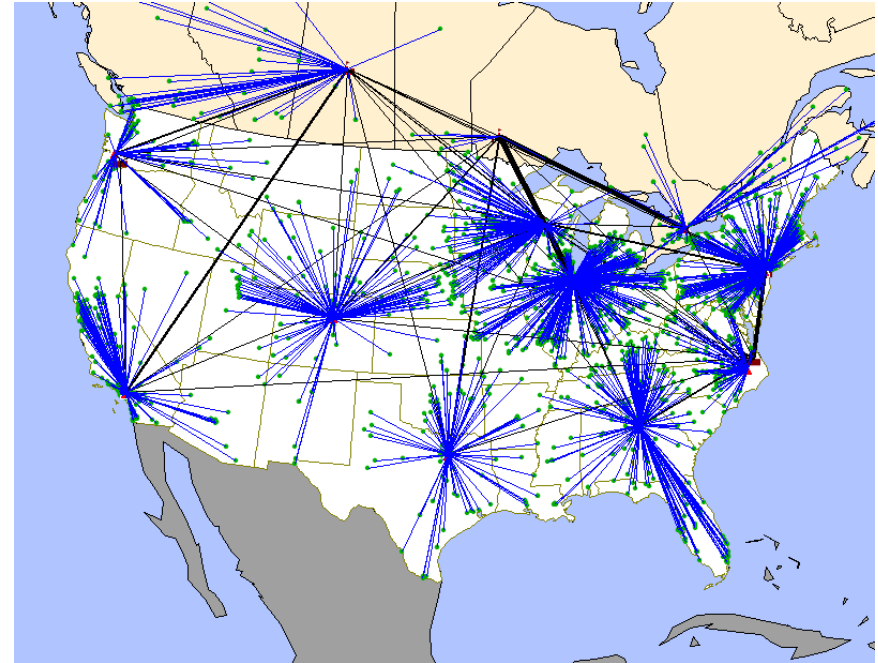
Making the Trade-Off Between Service & Cost

Optimal Network For Cost



Savings: \$6 million
Service: 40% next day

Optimal Network For Service



Savings: \$3 million
Service: 80% next day

Which is Better?

More and More Companies Are Using Network Design

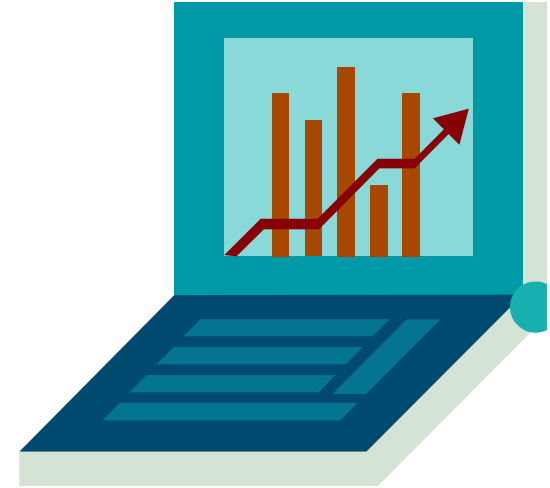
- Mergers and Acquisitions
- Consolidations, cost reduction & plant rationalization
- Transportation & Warehousing costs
- Production sourcing
- Risk Management
- Carbon emission footprint

Session Agenda

- Introduction to Strategic Supply Chain Planning
- **Trends**
- Key Takeaways for Real Estate

Market Trends

- End-to-end supply chain optimization
 - Metrics linked to costs and customer value
- Transportation focus
 - High energy costs, limited rail capacity
- Risk Management
 - Outsourcing, offshoring and lean manufacturing
- Green Logistics
 - Efficient packaging and carbon emission reduction



Session Agenda

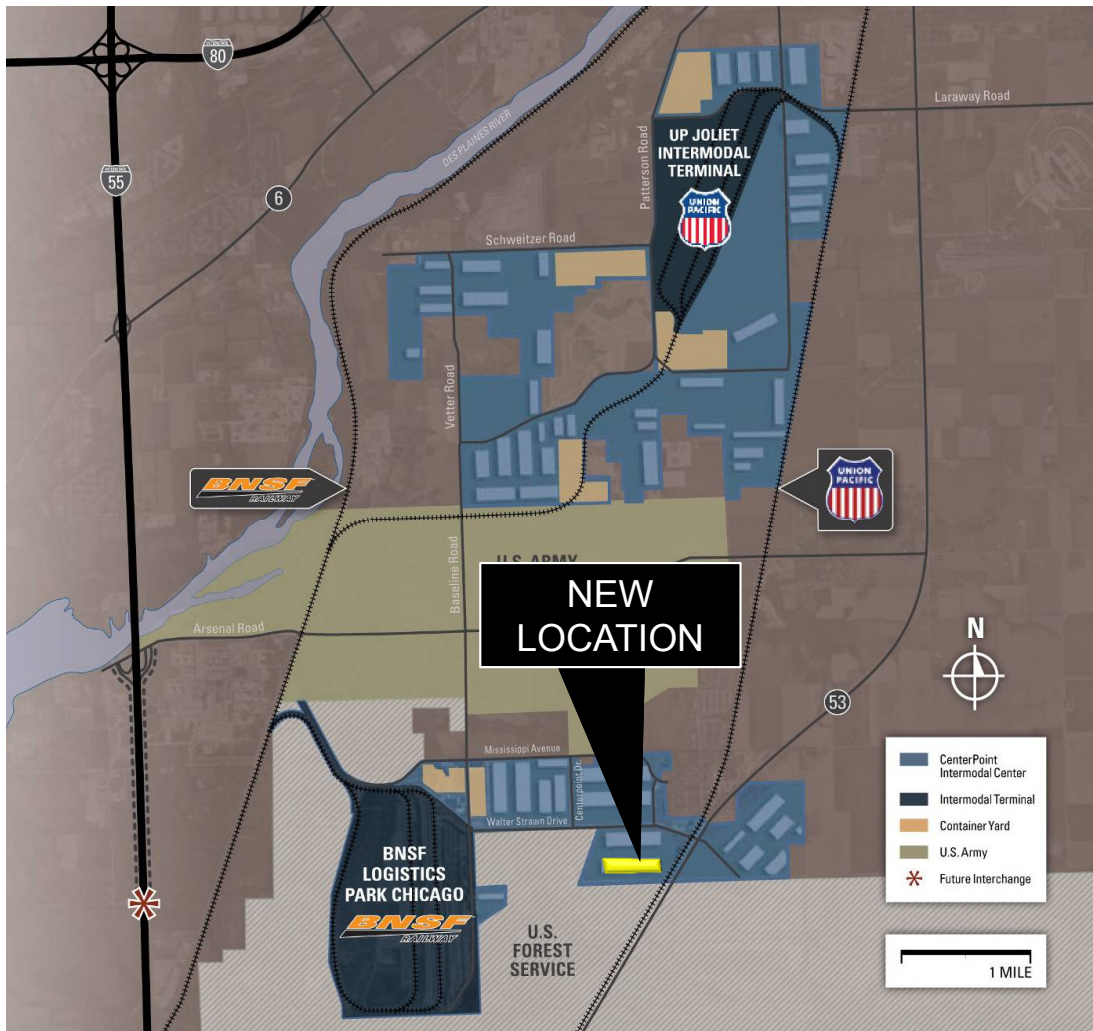
- Introduction to Strategic Supply Chain Planning
- Trends
- **Key Takeaways for Real Estate**

What is Next?

- Brick and mortar supply chain structures are growing out of fashion.
- Adaptable supply chains and strategic supply chain planning more frequently becomes an important topic.
- While adapting best practices and revisiting the supply chain infrastructure requirements, companies tend to look for less capital intensive implementations and changeovers.
- This leads to more partnerships with 3PLs with a breadth of capabilities.

CenterPoint Intermodal Center (CIC) North America's Largest Inland Port

www.centerpoint-intermodal.com



Based on operations of 600,000 SF Annual Ongoing
Operational Savings of
\$942,780 = \$1.57 per SF
by locating at CenterPoint Intermodal
Center (CIC) versus the next closest location



Analysis Based On:

- 6,000 Annual Intermodal Volume
- 600,000 SF Facility
- CIC versus the next closest location

 **CenterPoint**
INTERMODAL CENTER

www.centerpoint-intermodal.com

CenterPoint Intermodal Center (CIC) Executive Summary



www.centerpoint-intermodal.com

Intermodal Center Annualized Savings vs. the Next Closest Location

Dray Savings (www.cicdraysavings.com)	\$ 360,000
Fuel Savings (based on 30% surcharge)	\$ 108,400
FTZ Benefits of the Intermodal Center	\$ 474,780
Heavyweight Savings	TBD
Container Storage Savings	TBD

Total Annual Savings Impact Versus the Next Closest Location
\$942,780

Foreign Trade Zone Benefits:

CenterPoint Intermodal Center is a pre-designated Foreign Trade Zone. One of the more recent changes to FTZ's is the ability to process U.S. customs entries on a weekly basis. In addition to Weekly Entry, companies also tend to take advantage of duty deferral and loss factor savings. An FTZ consultant is available to discuss your specific advantages in detail.

Weekly Entry FTZ Benefit Comparison

<u>Annual U.S. Customs Entries</u>	<u>Potential Non-FTZ MPF Fees*</u>	<u>Maximum FTZ MPF Fees**</u>	<u>Annual Savings</u>
2,500	\$500,000	\$25,220	\$474,780

* Assumes an average Merchandise Processing Fee (MPF) of \$200 per entry

** Maximum Annual FTZ Merchandise Processing Fee (MPF): \$485 x 52 weeks = \$25,220

CenterPoint Intermodal Center (CIC) Carbon Emission Benefits



Carbon Emission Benefits: CIC versus the Next Closest Location

In addition to the financial benefits, a company will benefit from reduced carbon emissions due to reduced drayage miles by operating within the closest proximity to the Inland Port.

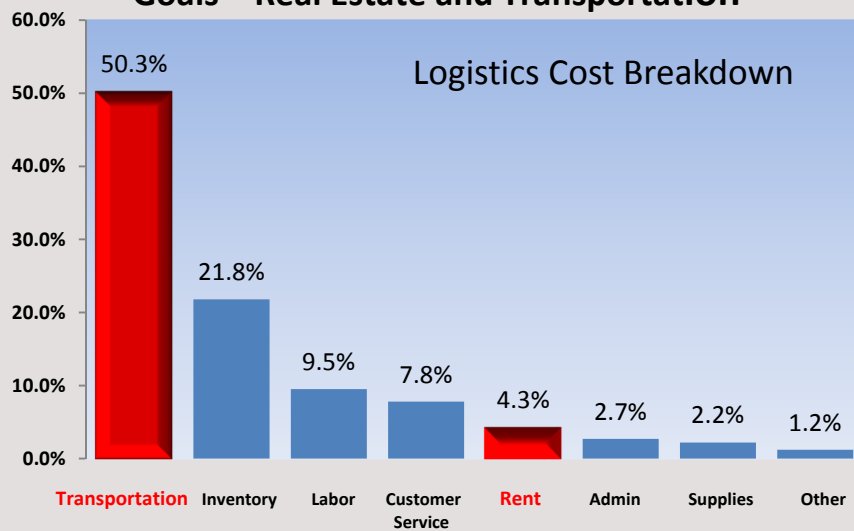
Based on an estimate of 6,000 annual intermodal loads, a company will save approximately 18,113 gallons of fuel annually or 405,446 total pounds of CO₂e annually at CenterPoint Intermodal Center versus operating at the Next Closest Location.



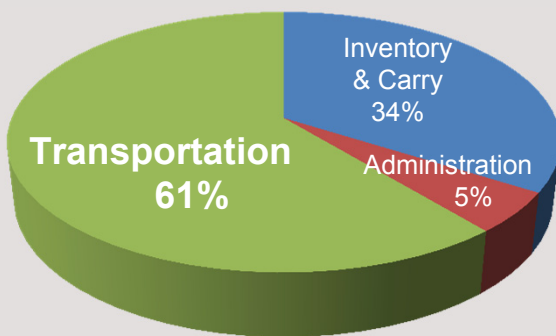
CenterPoint Intermodal Center (CIC)

The Future of Real Estate is Driven by Transportation

Maximum Value is Seen When Connecting Goals – Real Estate and Transportation



Total Distribution Cost Breakdown



Supply Chains Moving Forward

CIC is a Supplier Park where Tenants within the intermodal campus benefit from their proximity to each other.

Corporations within the development have found areas to work together to reduce cost and improve efficiency.

The Intermodal Campus also reduces exposure to fuel surcharges and increases overall access to capacity – two potential major focus areas moving forward.