

PIMM

The Panama International Merchandise Mart – Gateway to Latin America

A breakthrough in wholesaling

Buying and selling goods just got a whole lot easier after the launch of the Panama International Merchandise Mart. With the first phase of showrooms already sold out, the revolutionary concept looks set to become “the wholesale shopping center of the world.”

There are some places in the world where location and lack of bureaucracy mean that business opportunities are just crying out to be taken advantage of. Panama is one of those places and the Panama International Merchandise Mart (PIMM) is fast becoming its commercial heartbeat. With no visa restrictions, no tax on profits, flexible customs laws, and absence of restrictive quotas and taxes, PIMM is a commercial haven for free enterprise.

PIMM is already on its way to being the biggest merchandise mart in the world. Started by entrepreneur Reynald Henry Katz in 2007, it occupies an enviable location next to the Panama Canal and the Colon Free Trade Zone — the second-largest free-trade zone in the world.

Once complete, in 2010, PIMM will house at least 6,800 showrooms, 10 office blocks and four hotels, although the first phase should be ready by spring 2008. Showroom prices start at just \$125,000 and investments are 100 percent tax deductible in what promises to be, in the words of the company founder, “the wholesale shopping center of the world.”

PIMM will have a total of 34 buildings with room for more than 6,000 manufacturers. Plans include office space covering a massive 530 hectares of land.

By 2009, \$1 billion will have been invested in developing



PIMM and each showroom is projected to have a turnover of \$2 million. The key to generating this revenue is its perfect location in the heart of Latin America, which gives it access to a market of 566 million people.

PIMM originally came about due to a desperate lack of showroom space in Panama to exploit this market, according to founder Katz. He came up with the idea while visiting the Colon Free Trade Zone in an unsuccessful search for a showroom. Katz was turned away, being told there was simply no room and a waiting list of 2,500 companies. It was at that point that he decided to go out on his own and create PIMM.

A concept is born

The essential concept was to create a space where manufacturers can purchase showroom space and negotiate with clients without excessive public interference.

The potential for PIMM is so high because Latin American economies are now booming again after several years of decline. As Katz says: “The Latin American market is now ripe for the picking and with showroom space three to four times cheaper

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Reynald Henry Katz, President PIMM

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The first phase of PIMM is due to be completed by 2009, and will comprise almost 990,000 sq. meters of floor space on the banks of Lake Gatún.

Showrooms cover all kinds of industries, including textiles, clothing, catering, health, pharmaceuticals, perfumes, cosmetics, home electronics, telecommunications equipment, machinery, construction materials, interior decoration, electrical appliances and chemical products.

PIMM also houses an exhibition and conference center, and hotel and condominium space for visitors. Response to PIMM from the business community has already been extremely enthusiastic. In the first three months, Katz sold \$135 million worth of floor space, which was netting him around \$1 million per day.

A number of prestigious worldwide brands have expressed interest in the PIMM concept, including Phillips, Siemens, ICI Peugeot, Renault Fiat, Man, Mercedes, Kraft Foods, Louis Vuitton, Gucci, Fendi, Chanel, Rolex, Prada, Lowes, Lvmh, Zara, Versace, Benetton, Escada and Hermes.

Part of the obvious attraction is that Panama does not charge business tax on profits or imports. In addition, PIMM issues clients



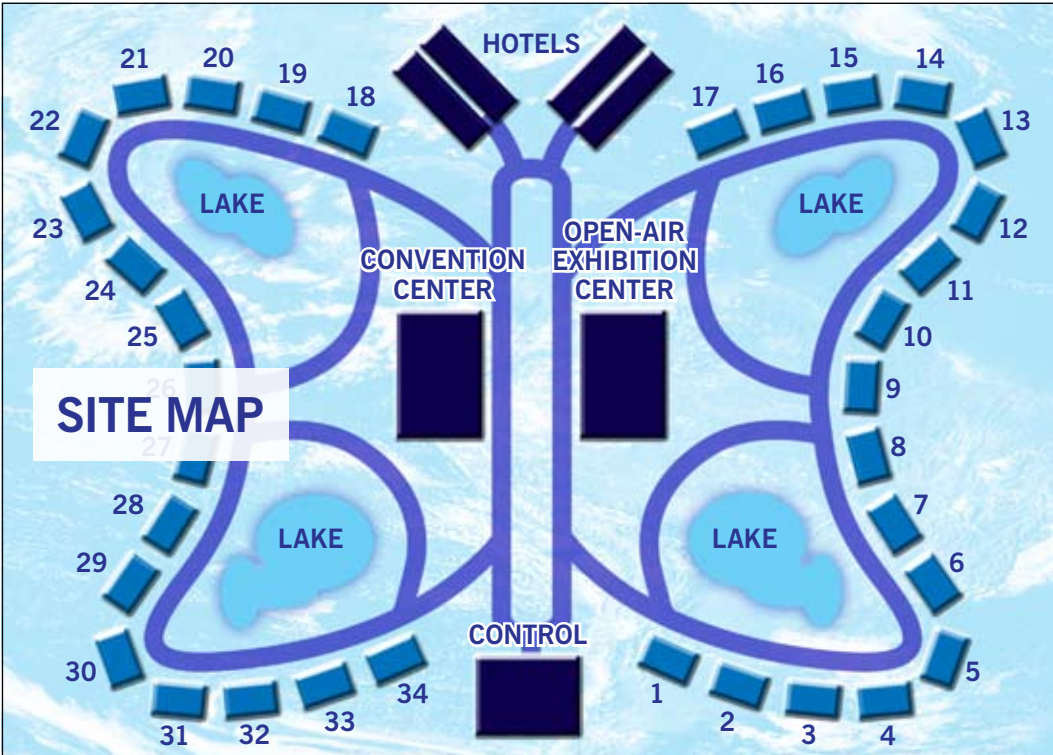
PIMM: Where top international traders can meet under one roof.

with a unique “Seal of Approval,” which is equivalent to the internationally recognized ISO 100.

Katz says: “The aim is to speed up shipments so that they don’t need any inspections whatsoever at customs — everything is verified in advance with manufacturers by PIMM. In this way, goods can enter the country within two days.”

PIMM’s offshore showroom facilities also mean tax-free trading for owners. Since goods never actually touch Panamanian soil, there are no tariffs or taxes to pay.

There is no tension between PIMM and the Colon Free Trade Zone either as PIMM is more of an extension of the free-trade zone’s activities and both enjoy reciprocal benefits from their close proximity to each other.



PIMM offers a world of advantages for Japanese buyers

With a trading history that spans more than 100 years, Panama is a favored hub for investors.

PIMM takes these advantages to a new level, bringing traders together under one roof.

For foreign investors, especially those used to the friendly nature of business in Asia, Panama is an ideal location. The country enjoys a much greater level of security than much of South America — and even the U.S. — illustrated by the fact that it was awarded the highest rating

on tourist safety from the prestigious Pinkerton Intelligence Agency.

People are warm, friendly and open, and Panama has always been an international crossroads due to its central location and famous canal. In addition, the language of international busi-

ness is English, as it has pretty much been adopted as a second language, while the local currency is the U.S. dollar.

The modern surrounds of Panama City also compare with anything that Japan has to offer. Panama City is frequently referred to as a “second Miami”

because of its sophisticated business district, high-speed Internet connections, American-style infrastructure and the elegance of many of its neighborhoods. And of course, Japanese visitors will be welcomed by a temperate climate that averages 85 Fahrenheit (30 C) all year long.

Although PIMM’s accessibility to Latin American markets is its strongest point, it does not intend to cut itself off from the rest of the country. To improve its communication potential within Panama, a new highway is being constructed to connect PIMM with Panama City in just 20 minutes. In this way, PIMM’s president, Reynald Henry Katz, hopes to extend the benefits of PIMM to the local economy in terms of employment, and new opportunities for the small- and medium-company sector.

PIMM Land — a city in itself

So far, the development of PIMM has created 8,000 jobs and it is estimated that 14,000 more will be created in the next few phases.

In total, 15,000 jobs will be brought to the province of Colon by the PIMM project. However, for those that are only concerned with working within PIMM itself, PIMM has everything that visiting investors need.

Katz says: “One of the major advantages of PIMM for Japanese investors is that it is a totally self-contained space that includes banks, restaurants, bars, a police station and an infirmary, as well as offices and pavilions. It became very clear to me that we needed to build a minicity for foreign investors so that they would feel comfortable investing in Latin America.”

The precise plan is to offer a free 24-hour shuttle from the parking area to PIMM’s monitoring service, supermarkets and bakeries, laundry and dry cleaners, communications center, 10 apartment buildings, 200 public bathrooms, and 10 local and international fast-food outlets.

It also plans to offer a recreational center and gym, a convention center with 10,000 seats, 300 public phones within the complex, 5,000 car parking spaces, 10 high-class international restaurants and a range of three-, four- and five-star hotels.

When finished, the area will feature blanket wireless Internet coverage and a fleet of 20 buses going to and from the airport and heliport. Visitors will also have the chance to combine business with pleasure in an ecological hotel planned to take advantage of PIMM’s privileged position close to the tropical Lake Gatún.

What’s more, there are no traffic problems associated with a major economic center because parking is centralized in a single area with shuttle services to transport people around PIMM.

Japanese investors can rest assured that PIMM is a professional wholesale market, which means that access to the public is severely restricted. One must be a wholesaler, importer, exporter, sales agent or distributor to trade inside it. The showrooms themselves are designed to cater to all needs from medium-size to huge commercial enterprises ranging from 48.4, 96.8 to 145.2 sq. meters.

Open year-round

For the convenience of buyers, PIMM will be open year-round from Monday through Friday from 9 a.m. to 5 p.m. and 9 a.m. to 1 p.m. on Saturdays, making

it Panama’s and Latin America’s only wholesale mart servicing the Latin American and Caribbean markets year-round. Investors will find some of the world’s top companies trading there, including regular scheduled trade shows with both temporary and permanent exhibitors.

Katz says: “Manufacturers will have a unique opportunity to be in permanent direct contact with Latin American wholesalers that often cannot travel to the U.S. or other markets because of visa restrictions. PIMM effectively gives Latin American, Caribbean and foreign wholesale buyers the opportunity to purchase merchandise from thousands of manufacturers from around the world under one roof.

“Once an investor has purchased space, they are free to use it for whatever use they choose — there is no interference by PIMM. If your purchase is for investment only and you do not wish to use the space, PIMM can also rent the space for you guaranteeing at least an 8.75 percent return on your money.”

With such advantages on the table, the PIMM formula looks set to be a winning one.



Launching the building blocks of a new wholesale concept.

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Reynald Henry Katz, President PIMM

Latin America opens up further

Japan-Latin American trade is already booming, and with several Latin American economies enjoying unprecedented growth and a rise in consumerism, there has never been a better time to investigate the possibilities of a PIMM showroom.

Reynald Henry Katz, PIMM's enterprising president, is confident that Latin America is one of the best places in the world to invest at the moment. "All the major economies in Latin America are booming at the moment — this is an incredible opportunity for investors to take advantage of this from Panama's optimum location," he says. "Banks are giving people loans to buy goods at very low rates at the moment, making it a much more consumer-oriented society than before."

Particularly important for those suffering from visa restrictions in the U.S., PIMM is completely visa-free. Covering such

a large area as Latin America would usually pose all sorts of logistical problems but PIMM enables companies to reach an entire client base within six months.

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Reynald Henry Katz, President PIMM

The signing of the Free Trade Agreement between Panama and the U.S. — although still awaiting approval by the U.S.

ment there will be even more Latin American manufacturers selling to the U.S. and vice versa. This still presents opportunities

for those that can manufacture cheaper than U.S. competitors, Katz affirms.

Panama itself is a central meeting point in Latin America — a stable country where business is inexpensive, returns are big, and there are no taxes on sales or profits.

Top for capital access

According to a Capital Access Index compiled by the Milken Institute, Panama ranks second only to Chile as the best place in Latin America to access capital, although it scored even higher than Chile in three subcategories, including macroeconomic environment, banking governance and advanced capital markets.

The index, comprising 98 countries worldwide, looks at five key components that can make it easier or more difficult for entrepreneurs to access capital. The components are economic environment, banking development, capital market development, international environment and sovereign ratings, and Panama scored highly in all of them.

Panama, which was one of the new countries added to the index, made its debut as the second-best place in Latin America for capital access. Its score of 4.19 points gives it a ranking of 34, ahead of countries like China, Poland and Egypt. Thanks largely to only using the U.S. dollar during its entire history, Panama has been able to maintain one of the lowest



Investing in a PIMM showroom allows investors to reach the Latin American market with ease.

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inflation rates in Latin America and one that often has been lower than that of the U.S. itself.

In addition to hosting one of Latin America's top international banking centers, Panama also boasts a relatively large number of domestic banks. And since the dollar is the legal currency, the country's central bank has limited authority — it neither prints money, nor owns or bails out local banks.

"Countries with high levels of inequality tend to be characterized by substantial barriers to capital. They underperform economically as they prevent their citizens from making full use of their human capital," the Milken Institute says in its analysis.

Things have certainly come a long way since the economic ills of 1997. As the institute states

in its report: "The Asian Crisis of 1997, the Russian default and subsequent near financial meltdown of 1998, the resulting problems in Brazil and Ecuador, and the collapse of the Argentine economy, combined with Japan's slow financial resolutions and nearly decade-long recessions dramatically curtailed investors' appetite for investments in emerging-market countries."

Firm trading partners

Nowadays, however, many Japanese investors already enjoy close relations with Latin America. According to the Japanese Ministry of Foreign Affairs, Japan is the region's second-largest trading partner after the U.S.

Japan accounts for some 4 percent of Latin America's total

trade today and may well account for a much larger share in the years to come. In particular, it does an enormous amount of trade with Mexico, Brazil, Chile, Argentina and Panama.

At the start of the 1990s, business conditions in Latin American economies turned in a favorable direction, and today the region is once again attracting international attention as the world's second-largest growth center after East Asia. Latin American countries have been steadily promoting economic reforms based on the principles of the market economy and PIMM is the next big phase in that development.

The result has been a remarkable economic rejuvenation over recent years, one to which people around the world have been paying attention. Latin America's strong economic growth has been powering a steady expansion in relation to Japan's exports to it.

Starting at roughly \$9.7 billion in 1990, these exports have risen to more than three times that today, driven mainly by machinery, metal products and chemical products. Japan's imports from Latin America did, however, fall slightly in the early 1990s as a result of Japan's economic slump.

Aiding development

Some 70 percent of Japan's exports to the region are capital goods, which will help Latin

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American countries upgrade and expand their industrial bases, and should contribute to long-term economic growth.

Last year, 33 percent of exports were processed products, 24 percent were foods and 23 percent were raw materials. Latin American countries have been working hard to sell more food to Japan, especially Chile, which saw its Japanese-bound food exports surge from roughly \$569 million in 1994 to almost quadruple that today.

The simple exporting of Chilean grapes, kiwi fruit, and wine, Mexican mangoes and Brazilian orange juice from the ground-breaking Panama International Merchandise Mart is a tariff- and tax-free opportunity just waiting to be seized.



Panama is a natural gateway between Asia and Latin America.

Introducing Reynald Henry Katz, the man who dreamed up PIMM

Where did life start for you?

I was born in Avignon, France, in 1955. Business was in my blood from an early age. My father has always been in the perfume and cosmetics industry, and during my childhood, I always helped him during the summer holidays to manufacture cosmetics such as lipsticks, nail polish, makeup and foundation. During my teenage years, every summer I was sent to study in Los Angeles and San Francisco in California, where I learned to speak English and about American business methods.

What is your educational background?

I attended the St. Joseph College of Avignon where I graduated with straight A grades. I developed a hunger for clinching a deal and always managed to sell something to someone during my school years. During the Avignon Festival, I had a stall and sold handmade artisan jewelry. After a few years of selling, I'd earned \$100,000. At 18, I started to work with my father because I craved to be heavily involved in the family business. I was at that time, the manager for a nail polish filling plant.

How did you make the break on your own?

At 19, I had differing views from my father and decided to make my own business choices, although today, my father is still my best friend. One day, I flew to London to meet a nail polish chemist who had discovered a new anticracking formula. In those days, nail polish used to crack the day after application. This new formula was a revolutionary invention in the cosmetics industry. We joined together and created our own company, and split the profits 50/50.

"I arrived in Panama as part of a global-sourcing mission, and discovered the geopolitical advantages of this place. I had dreamed of moving to Panama since I was 19 years old."

How did the business develop?

I invested my savings of \$100,000 in the company, and took care of the selling and company funding while the chemist took care of the production. I discovered that at that time, the British government was giving grants to companies hiring employees from Outer London and establishing plants 300 km outside the City of London. I applied for one of these grants and got the funds for my new plant, and for research and development. At 19, I was awarded a \$1 million grant and was able to get the manufacturing facility free of charge. In two years, I conquered 80 percent of the worldwide nail polish market, and two years later ICI (Imperial Chemistry Industries), which was my main vendor, bought the business for \$8 million, netting \$4 million each for my partner and myself.

How did you end up in Panama?

After this, I traveled the world selling the concept and fell in love with Panama, although I was living life in the fast lane and went back to Paris where I bought everything from a multimillion-dollar house to several sports cars. In the end, I went to Italy to open a cosmetics business manufacturing lipsticks. I developed a way to sell the cheapest lipsticks on the market, including the manufacturing of the product, the raw material and the marketing. I was the pioneer in offering a cheap, attractive,



quality cosmetic product in Europe at a time when China was not manufacturing cheap cosmetics. I realized that the Middle East was a particularly virgin market for cosmetics so I moved there, learned Arabic and eventually became the cosmetics head buyer for one of the governments in the region. In 1986, I arrived in the U.S. because there was a boom in the perfume industry, and all the main brands were establishing themselves in the perfume business. Every day, a new brand of perfume was launched and I went to check this emerging market. By doing this, I discovered the need for a budget, attractive quality fragrance. I created my own line of budget-price perfumes and installed a plant in Miami. Once the products were launched, I sold the plant in 1996 to a major American company. During this time the American government approached me at the request of the Chinese government to develop the perfume industry for a new project of malls the Chinese government was building.

And is that when you ended up in China?

Yes. I had just sold my plant so I thought it could be a good opportunity to learn about business in China, and the language of course. Therefore, I was appointed as the senior adviser for the Ministry of Internal Trade Cosmetics Division. I lived in China for six months and developed the idea and model for the cosmetics department and opened three malls. In fact, I developed the cosmetics template that was used to open another 124 malls. I developed the link between the Chinese government and all the American cosmetics manufacturers, which included fairs and invitations. In 1998, I went back to Miami and was amazed by the potential of the

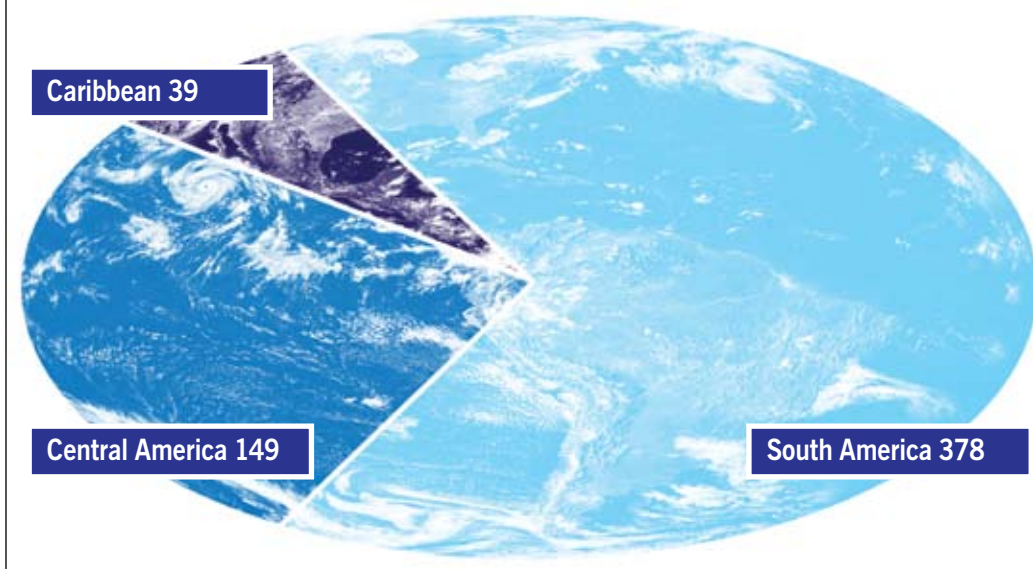
Internet, and this developed into the creation of the first Internet duty-free e-commerce business.

So how did you arrive in Panama and create PIMM?

In 2001, as part of a global-sourcing mission, I arrived in Panama and discovered the geopolitical advantages of this place. I therefore decided to move to Panama, which had been a dream since 1974 when I was 19 years old. I purchased a distribution liquor company in the Colon Free Trade Zone and began to work around Latin America. I realized there was a need for budget-priced liquor brands so I started to produce my own brands in Panama, and at present hold about 16 percent of the entire Colombian market. This brought me to looking for a showroom in the Colon Free Trade Zone, but in my search, I discovered that there were no showrooms available. When I asked what I needed to do to get one the answer was: "Before you, there are 2,500 other companies in line waiting for a showroom." So I left the Colon Free Trade Zone administration office with the wonderful news that there was a market for 2,500 showrooms! I began to investigate the situation and it was confirmed that Panama needs thousands more showrooms. And that's when I decided that the Panama International Merchandise Mart (PIMM) should no longer remain a dream but become a reality.

The Latin American Market

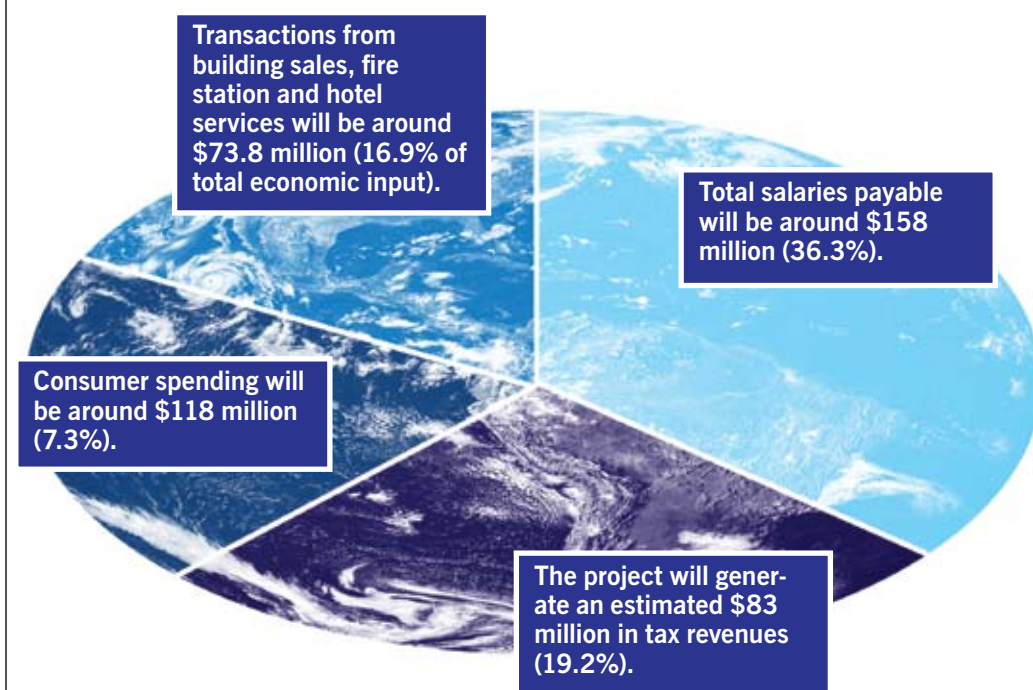
566 million consumers



Total population in millions

Source: Population Reference Bureau 2006

A wealth of potential customers beckons.



Economic Activity:

Estimates suggest the PIMM project will generate a total of \$434 million for the Panama economy, in salaries, showroom sales and other building activities, tax revenues and consumer spending.

PIMM will have a huge impact on the Panamanian economy.

PIMM

The shopping mall with 566 million customers.

Imagine being able to reach a market of millions from just one location, in a place that has no visa restrictions, friendly customs laws, no quotas on textile trade, no taxes on profits and continued economic growth.

Panama International Merchandise Mart—PIMM—is offering foreign manufacturers, exporters, wholesalers, distributors, sales agents and business people from around the world the opportunity to rent or buy a permanent showroom in a unique wholesale environment. With 6,800 showrooms, ten office blocks and four hotels soon to be constructed in a prime spot close to the Panama Canal and the Colon Free Trade Zone, PIMM will be the largest merchandise mart in the world. The first phase is already sold out.

Don't miss this unique opportunity to reach Latin American buyers.



PIMM WILL BE THE WHOLESALE SHOPPING CENTER OF THE WORLD

International companies will be received with a warm welcome.
Showrooms start at only \$125K and your investment is 100% tax deductible.
Book your showroom today!

PANAMA INTERNATIONAL MERCHANDISE MART

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