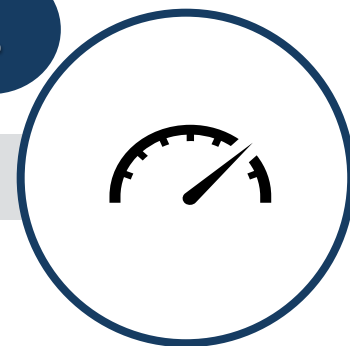


Benefits of Holding the Lease



Including, but not limited to:

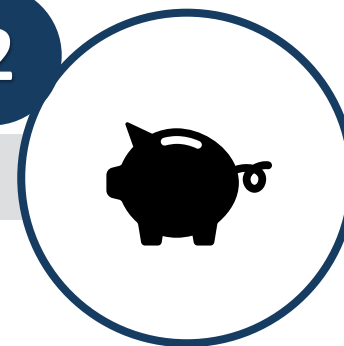
1



Risk Management

It's not uncommon for 3PLs to have financial difficulties. If the 3PL is holding the Lease, this can become a big problem for the Client often requiring a move with short notice.

2



Free Rent

Free rent is a common concession in Lease negotiations and always accrues to the benefit of the Tenant (lease holder). When 3PLs hold the Lease, they seldom pass on this savings to their clients.

3



Tax/Economic Incentives

Property Tax and other economic incentives are common benefits resulting from Lease negotiation and always accrue to the benefit of the Tenant (lease holder). When 3PLs hold the Lease, they seldom pass on these savings to their clients.

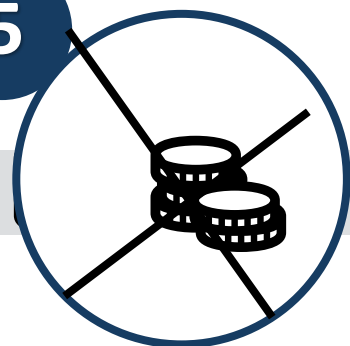
4



Better Credit/Lower Rental Rates

Most corporations/Clients have far better financial credit than their 3PLs. As a result, Clients (not 3PLs) are generally able to negotiate lower rental rates with their Landlords because their financials provide a low risk scenario for the Landlord.

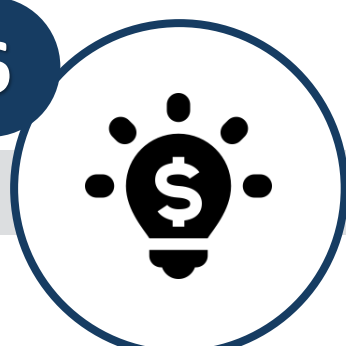
5



No Mark-Up on the Lease

When 3PLs hold the Lease, they mark up rental rates to generate a profit on their storage charges. When the Client holds the Lease, there is no mark-up of the rental rate.

6



Discretionary Allowance

When 3PLs hold the Lease, they generally negotiate large sums of money (\$ 1 to \$ 2 per square foot of space contained within the building) for improvements to the building generally requested by their Clients. These 3PLs then "loan" this money to their Clients and require onerous pre-payment penalties if the Client wants to terminate the warehousing agreement early. This arrangement essentially ties the Client to the 3PL for the entire term of the agreement, even if the 3PL is providing poor service, and makes it extremely difficult and expensive for the Client to terminate the agreement and move.

7



Control

By holding the Lease, the Client is firmly in control of the building. If the 3PL is not providing services at the level required in the warehousing agreement, the Client can terminate the agreement and bring in another provider. If the 3PL was holding the Lease, it would be very expensive for the Client to move.

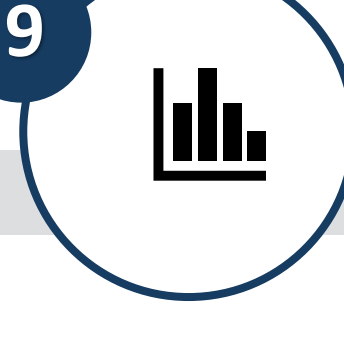
8



Joint Venture

Single net leased real estate investments are in high demand. If the Client is agreeable to signing a long-term lease, real estate owners and developers have shown a willingness to share profits associated with the sale of the building.

9



Labor

If the Client holds the Lease and outsources warehousing to a 3PL, labor is essentially the only major point to negotiate in the warehousing agreement.