

PIMM — A New Gateway for Trade Between the Continents

Panama International Merchandise Mart (PIMM) is to become the first and largest tax-free wholesale center in Latin America. By providing a platform for overseas manufacturers and industrialists to showcase their products and interact directly with buyers in the Americas, the \$1 billion PIMM project is based on a vision to revolutionize the way that goods are traded in the Western Hemisphere.

The concept of PIMM is simple and appealing—to make offices and showrooms available to exporters from various parts of the world in a large wholesale center where they will be able to display their products and interact face to face with buyers from all over the Americas, thereby avoiding unnecessary intermediaries.

PIMM founder and President Reynald H. Katz explains the idea as follows, “PIMM is the first merchandise mart in Latin America. By definition, the mart is a place where vendors and customers connect with each other and make deals with each other, because they can meet and see the products they are buying. The vendors show the samples to the wholesalers, and once the order is placed, they ask their factory to ship the products directly to the buyer.”

The need for a merchandise mart is particularly intense in Latin America where importers face visa restrictions when travelling to the United States or flying to a different time zone halfway around the globe to seek new opportunities with exporters from such places as China or India. “Latin America has 566 million consumers, and there are hundreds of thousands of wholesalers that are flying all over the world to buy merchandise,” Katz explained. “So my idea is really simple—to bring the manufacturers closer to them.”

Chinese manufacturers, when dealing with Latin American buyers, benefit from less stringent import regulations and procedures than those enforced by the United States and Europe. Indeed, the market potential is so significant that Katz is contemplating constructing a special pavilion where Chinese exporters can operate. “Here they will be able to forge new relations with Latin American buyers,” Katz said. “I expect that PIMM will draw buyers from many other parts of the world, who are interested in

exploring PIMM’s multinational trading community.”

The location of PIMM, close to the Panama Canal at the hub of the Americas, could hardly be better for an international wholesale mega-mart. Panama is a key international multi-modal logistics hub and has the largest maritime fleet in the world. Operating and shipping costs are down to a fraction of U.S. levels, and a showroom at PIMM is three to four times cheaper. Only 40 km from PIMM is the Colon Free Trade Zone, the second largest free trade zone in the world.

With a growth rate of 8.5 percent, Panama now has the fastest-expanding economy in Latin America and has become an attractive destination for foreign investment. Foreign direct investment (FDI) into Panama grew 19.4 percent in the first half of 2007, reflecting the increasing investor confidence in the nation’s stable political and macroeconomic environment. Panama’s economic expansion is driven by its real estate sector and services and logistical and trading activities related to the Panama Canal. Overseas investors are now offered the opportunity to take part in this development, by using PIMM as a base from which to explore the vibrant trading and business environment that has been emerging in Panama and reverberating throughout the region.

At PIMM, showroom owners can enjoy the additional benefits of operating in what may well be called a tax haven, with no tax on sales, company income or exports, and with tax exemptions on income derived from abroad. Already, the fact that Panama uses the U.S. dollar as legal tender constitutes an advantage to those engaging in international trade. To speed up the movement of traded goods, PIMM is in talks with various countries in the region to establish a system where every invoice and every shipment that arrives with the PIMM seal can pass customs without inspection.



“PIMM will provide 6,800 showrooms organized in 24 buildings according to product categories.”

How to get started at PIMM



Condos at Panama International Merchandise Mart.

Those who are interested in obtaining a showroom at PIMM are encouraged to visit the project's website (www.pimm.com) to make a reservation. It only takes \$1,000 up front to book a showroom. An additional \$5,000-\$10,000 must be paid upon receiving the purchasing contract one month later. Buyers are then given two years to pay off the first 40% of the showroom's value. PIMM's "Fly & Buy" program allows interested buyers to deduct their plane ticket and lodging fees from their purchase, for a total of \$1,000. It is also worth noting that at PIMM, Chinese companies will be able to obtain appropriate visas under a special fast-track arrangement.

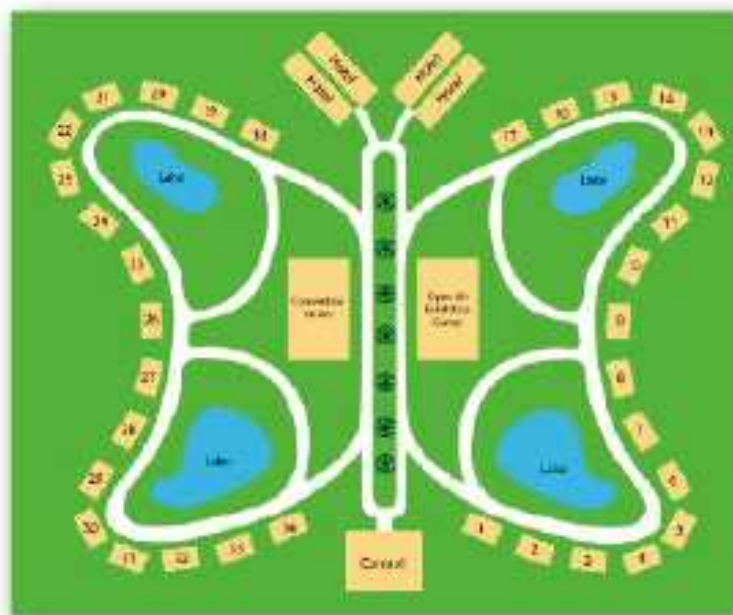
PIMM — the project

Like other contemporary developments, e.g., the World in Dubai or the Pearl in Qatar, the architecture of PIMM is based on a single unifying concept, explained Katz. "Panama in the native language means 'butterfly.' So we created a structure where all of the buildings together form a big butterfly. One building will display home decor, one specializes in jewelry, and another in shoes for kids, clothing for kids, and so on. Furthermore, in order to accommodate the flow of visitors and give the same sales opportunities to each vendor, we increased the size of each building and placed all showrooms on the ground floor."

In conjunction with the showrooms, PIMM will comprise advanced modern infrastructure to ensure the optimal environment for buyers and sellers to do business without having to worry about practicalities like transportation, accommodation, food, business facilities or Internet access. "The concept is simple," said Katz. "Take a Chinese manufacturer who wants to show his product to a Mexican importer as an example. The Mexican buyer arrives at the airport after only a three-to-four hour flight and will be picked up at the airport by a shuttle bus that will bring him free of charge to PIMM. The Mexican customer arrives at PIMM where we tell him exactly where the Chinese manufacturer is located. After placing his order, the Mexican buyer can then go back to the airport with the shuttle bus immediately, or he can stay, get something to eat, visit more suppliers, and perhaps stay for the night at one of PIMM's hotels before heading back to Mexico the next day."

PIMM will be a professional wholesale market and will therefore not be open to the general public. In order to register, you must be a wholesaler, importer, exporter,

sales agent or distributor. 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 Saturday. It will be Panama's and Latin America's only wholesale mart servicing the Latin America and Caribbean markets year round. The mart will feature well-known top brands and scheduled trade shows with temporary exhibitors joining the permanent exhibitors.



Vendor and buyers will find all the facilities needed to do business conveniently at PIMM



A city of commerce

PIMM is not only the largest private investment project in Panama. With 2m square metres of construction on 580 hectares of land, PIMM is about to become the largest commercial structure on the continent.

The wholesale concept of PIMM is combined with a prestigious real estate development in an entire commercial city comprising all necessary facilities to conduct business comfortably, with plenty of accommodation available for visitors, showroom owners and staff. Once completed, PIMM will provide no less than 6,800 showrooms, four hotels, one convention center, one block of office buildings, and one block of apartment buildings plus 10 restaurants, 10 fast-food outlets, parking for 5,000 cars, a free airport shuttle bus service, and a fire station, as well as other supportive infrastructures. The showrooms are grouped in 34 individual buildings according to product categories, such as textiles, shoes, home décor, jewellery, etc. A new highway connecting PIMM to Panama City in just 20 minutes by car will be ready in 2009 when the first showrooms are scheduled for launch.

Attracting the attention of manufacturers that are keen to invest in a showroom has proved easier than expected. The first 800 showrooms were quickly pre-sold, generating \$135 million in three months, equivalent to \$1 million per day. The buyers are typically small and medium-sized manufacturing companies in the textile, clothing and shoe business that want to show their products in the Latin American market. So far, the majority of the showroom buyers are from Hong Kong, Europe, the United States, Venezuela, Brazil, Chile and India.

Katz has dedicated a multi-million-dollar budget to promoting PIMM among Latin American importers. "We are going to invest more or less than \$1 million a week in flying buyers from all over Latin America to come and see the manufacturers at PIMM," said Katz.

It is predicted that each showroom will generate an annual sale of \$5 million on average. Indeed, PIMM is projected to have a profound impact on Panama's economy and the living standards of the local community. "We calculated that PIMM would bring \$565 million of cash directly into Panama, or \$1.5 million per day. Besides this, we will be the biggest tax payer in Panama. PIMM will employ at least 31,000 Panamanians, directly and indirectly. This is going to benefit around 120,000 people if you include the fathers, the mothers, and the children living with the people who work at PIMM," Katz noted.

The ambitions of PIMM Holding Inc. do not stop with Panama, however. Katz's vision is to open similar merchandise malls in other countries and regions like South Africa, Russia, Viet Nam, India, China, Malaysia, Australia, Belgium, the United States, Brazil and Mexico. "My goal is to open two to four PIMMs in China. To open a PIMM in China, I need a local partner. My concept is to find a local partner who is honest and flush with capital," says Katz.

Each PIMM costs \$700 million-\$1 billion, depending on various country-specific factors. "My concept is to find a local partner who is honest and has enough capital to invest in the project," says Katz.

Panama International Merchandise Mart



Reynald H. Katz, Founder and President of PIMM

Interview With Reynald H. Katz

PIMM is the product of one visionary mind, namely that of trade specialist and entrepreneur Reynald Henry Katz who started early as a self-made businessman trading handmade jewelry. Katz's innovative approach and talent for sales have served him well throughout his remarkable career, a career that has taken him to the United Kingdom, the United States, the Middle East and China, before eventually settling down in Panama. In this interview, Katz speaks about how he came up with the idea for PIMM and shares with us some of his personal

experiences as a businessman and entrepreneur.

Mr. Katz, Panama has never before seen a project quite like PIMM. We are curious about how you came up with the idea for this pioneering initiative.

Last year I was looking for a showroom for my own export company. I found one, but I was told that 2,500 other companies were already waiting in line. So I thought, "I hit a jackpot. I will open my own showroom space in my own buildings, and I will open 600 or 700, maybe 1,000 showrooms. Maybe they will sell well." Later, I sold the first 800 rooms in only three months.

It is not the first time that you have been able to turn innovative ideas into profitable businesses. At the age of 19 you launched a revolutionary product in the market for nail polish, which gained 80 percent of the global market, making you a millionaire. What are the principles that have brought you to success in the world of business?

It is both a matter of luck and the ability to see what others don't see. That is what I admire about the Chinese. They are very good at that. When they arrive in a country, they see opportunities that no one else has thought of, and this is why they are so successful.

You are also known for having developed the groundbreaking concept for duty-free e-commerce business. How do you explain the move from doing business on the Internet to opening a merchandise mart?

Katz: In those days when I was running a business on the Internet, everybody believed that you feel great if you don't see your buyers or you don't see your customers. But it is not true! You feel great only when you have a relationship of love between yourself and your buyers, partners, staff and suppliers, when they know your name, your face, who you are, and they can negotiate in person. The Internet does not allow you to do that. With PIMM, we are bringing back the old-fashioned way of doing business. It is very important to think about that. The idea is to allow the buyers to touch and feel the products, and negotiate directly with the manufacturers.

You spent two years in China where you opened several malls and developed the link between the Chinese Government and American cosmetics manufacturers. Can you tell us about this experience?

I was brought to China by the Ministry of Internal Trade, and my responsibility was to decide which perfumes and which brand-name perfumes should be brought to China. I had a wonderful time there—the best time of my life. People are so nice there and the food is delicious. It was a really good experience.

Before we conclude the interview, would you like to say something to our readers in China and across Asia? What would you like to tell them?

I would like to address the hundreds of thousands of medium-sized companies in China that must export but are at risk in the United States and in Europe. I want to tell them that Latin America is a good place to do business, and PIMM is the best place to do business from. If they want to open a showroom in New York, it will cost them \$2 million. But at PIMM, they can open one with a minimum of \$250,000, and they are going to have a place in Latin America with access to 566 million consumers.



One of the 94 showroom building at PIMM

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

www.pimm.com

