

The Story of Centinela Industrial Park — Where Innovation Meets Manufacturing

Centinela Industrial Park at Silicon Border germinated from a former computer industry executives' vision to combine the best attributes of international operations into one optimal site to serve the vast American and Mexican markets. After a rigorous search across North America, they chose a site just outside of Mexicali, in the northeast corner of Baja California and just across the border into Mexico. Nowhere on the continent will you find a better combination of human and physical resources required for sustainable manufacturing at a more competitive cost.

The New Low Cost Labor Alternative

Asian technology parks are often touted for strong master planning and infrastructure, yet low labor costs. The problem is, they aren't really low cost anymore as a combination of a decreasing cheap labor pool, growing middle class and the rise in land and energy prices is escalating the cost of manufacturing in China by 15-20 percent per year. Shipping lead times to U.S. ports are 15-20 days or more from China, compared to 48-72 hours direct to market by truck from Mexico. Combine that with issues ranging from piracy to cutting through often formidable government bureaucracy and there is much truth to the recent Wall Street Journal headline, "China's Export Pain May Be Mexico's Gain".

In fact, Mexico competes strongly in labor costs with most of the world's industrialized countries, not just China. A 2010 survey by the U.S. Department of Labor found that Mexico's total hourly compensation costs were \$4.30, about one-half of Taiwan and Brazil, one-third of the Republic of Korea, one-eighth of the U.S. and Canada and one-tenth of Germany.

A Well Educated Labor Force

As Mexico's labor costs improve against world competition, so do the abundance and quality of its workforce. The number of working age Mexicans is expected to reach 62 million, and they are becoming increasingly affluent and well-educated. Adult literacy has slowly risen each year since the millennium and was 93.4 percent as of 2009. Mexico now has 2,500 higher education institutions, and every year 90,000 student's graduate from engineering and technology programs. One of Mexico's most recognized schools, the University of Baja California (UABC), graduates 6,000 students per year. UABC has agreed to open a satellite engineering campus adjacent to the Centinela Industrial Park at Silicon Border project and also works with many local companies to custom design curriculums and training programs to match the skills they need. Government programs also provide on-demand customized courses and scholarship as-

sistance, and reimburse employee time spent in classroom as well as on-the-job training for one to three months.

As Free Trade as Trade Can Be

Since the North American Free Trade Agreement was enacted in 1994, Mexico has worked hard to shed its reputation among foreign investors and trade partners for red tape and corruption. Today the nation is one of the most approachable for business in the world. Mexico has free trade agreements with 43 nations, compared to China's 20 and 15 for the United States. This is part of the reason that Mexico was the world's seventh largest auto manufacturer in 2011 and the third largest exporter of cell phones. The nation is now the second largest supplier of consumer electronics to the U.S. with 75-80 percent of the nation's exports heading north of the border.

Mexico has made major gains in operational transparency, with

a rate of improvement second to the Americas and third globally according to Jones Lang LaSalle's Global Transparency Index. Additionally, though Mexico's reputation for drug violence is not undeserved, most of the violence occurs along major drug supply chain routes leading into the United States through the state of Texas, not Baja California.

A Welcome Mat of Strong Incentives

At the Mexican government, Baja California state and Mexicali community level, you can count on public entities that will embrace your business with incentives that include corporate tax rates as low as 3 percent

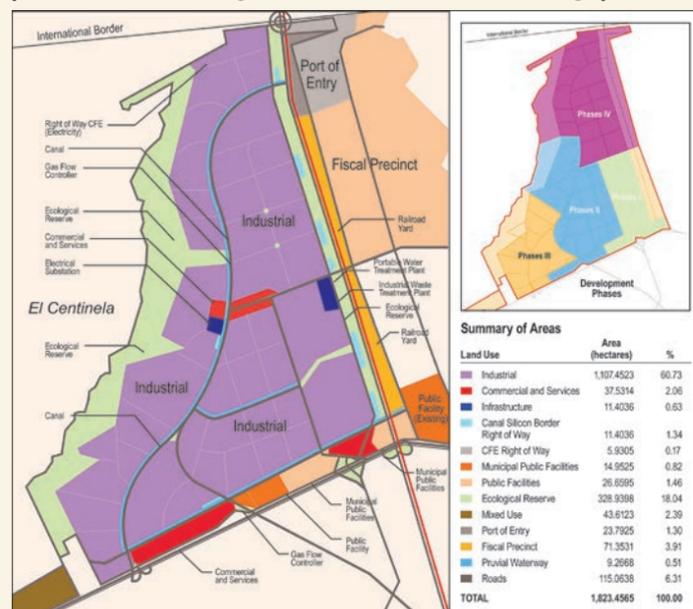
through the Maquiladora program for foreign-owned companies. Thirty percent 30 percent R&D tax credits for 10 years, almost 100 percent depreciation the first year and limited-period property tax waivers. The government also provides overall tax holidays of up to 10 years for major investors, and five year payroll and education tax holidays for most new businesses as well as cash grants for qualifying projects.

Manufacture for the Future, Today

If you think there is a chance that Mexico might hold manufacturing or sourcing potential for your organization, now is the time to begin evaluating the opportunity. With the infrastructure in place to get your operation off the ground quickly and the partners in place to make sure your project is a success, Centinela Industrial Park at Silicon Border is open for business.

Referencing the article *Perspectives on global supply chains*, <http://www.us.am.joneslanglasalle.com/UnitedStates/EN-US/Pages/research-industrial-wp-mexico.aspx>

Located on the US / Mexico border, Centinela Industrial Park is uniquely positioned to take advantage of both American and Mexican demographics.



Centinela Industrial Park at Silicon Border



For sale / lease / build-to-suit



Providing turn-key infrastructure at the capacities required to meet the demands of today's global manufacturing

POWER & INFRASTRUCTURE

- Plentiful and dependable electricity with generation redundancy to mitigate the risk of blackouts sourced from two separate power plants; a gas fired and geothermal adjacent to Centinela Industrial Park
- Natural gas available to perimeter via 42-inch high pressure line
- Water capacity available up to 200 liters per second for the intensive demand of manufacturing - supported by a 5,000 cubic meter holding tank and a 200 liter per second water treatment facility
- Fiber optics readily available beginning with Phase One
- State of the art Fire Protection Systems in place which include fire hydrants, pumps and fire water mains

QUALITY CONSTRUCTION

- All construction within the park will incorporate the latest in LEED, DUIS (Desarrollo Urbano Integral Sustainable), and other sustainable building practices

LAND ASSEMBLY

- Large tract of privately-held, permitted industrial land, suitable to accommodate a campus-style development
- Site can handle the large production formats and staging requirements of a lead anchor user and has ample room for its suppliers

HIGHLY SKILLED LABOR

- Mexicali's 1.2 million people provide an unmatched skill level at reduced cost ratio compared to that of U.S. with a proven track record of nearly 40 years - historically the retention of labor evident through low turn-over rates
- Multitude of universities and technical schools linking graduating students directly into local industries PRODUCTIVITY & EFFICIENCY
- Well positioned adjacent to the United States and connected directly into U.S. Interstate 8 with San Diego (2 hours) to the west, and Phoenix/Tucson (3 hours) to the east
- Ideally located adjacent to both Federal Highway 2 and also the newly constructed La Rosita toll road with direct access to the Calexico truck border crossing into the U.S.
- Mexicali International Airport directly connected via the La Rosita toll road providing an air freight shipping option across North America within 30 minutes of major Mexican cities



Real value in a changing world

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