Perspectives on the Future of the Temperature Controlled Industry

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Overview

• United States Cold Storage Overview
• Castle & Cooke Cold Storage Overview
• Past and Present Warehouse Design
• Design-Build Contractor Qualifications
• A Few Horror Stories
• Energy Sustainability Projects
• Future Challenges and Opportunities
• Discussion: Q & A
USCS
Company Overview
2011
United States Cold Storage

More than a Century of Service…

• Operating since 1889
• Began with ice manufacturing and distribution
• Grew to include refrigerated/frozen storage services

Today…

• National network of 34 facilities in 12 states
• 192 million cubic feet
• Fully integrated temperature-controlled logistics services
• Proprietary Warehouse and Transportation Management systems, including eUSCOLD online services
The Swire Group

- Established in 1816, privately held
- Multi-national diversified corporation
- Including 5 storage and logistics companies worldwide
Swire Cold Storage
Current Global Footprint

- USA – United States Cold Storage
- Australia – National Network - 17 Facilities
- Vietnam – 1 Facility – Ho Chi Minh
- Sri-Lanka – 1 Facility - Welisara
- China – 1 Facility – Guangzhou
Swire Pacific Cold Storage
China

- Develop National network of 10 warehouses over next 5 years
- 4 new facilities in the next 3 years (5 total)
  - Shanghai – North
  - Beijing – East Central
  - Zhengzhou – Central
  - Xiamen – Southeast
  - Guangzhou – South (existing facility)
- Developing fully integrated logistics services business
- Providing “last mile” distribution through private fleet or JV partner
USCS Network 2006 - 2011

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2008</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Facilities</td>
<td>27</td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td>Cubic Feet</td>
<td>135 million</td>
<td>170 million</td>
<td>192 million</td>
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</tbody>
</table>

Legend:
- Headquarters
- USCS MVC Locations
- USCS Non MVC Locations
- Future Locations (own land but not built)
## Current & Future Growth

<table>
<thead>
<tr>
<th></th>
<th>Dec 2006 Actual</th>
<th>Dec 2007 Actual</th>
<th>Dec 2008 Actual</th>
<th>Dec 2010 Actual</th>
<th>Projected Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cubic Feet Space</td>
<td>135 million</td>
<td>155 million</td>
<td>170 million</td>
<td>192 million</td>
<td>250 million</td>
</tr>
<tr>
<td>Pallet Positions</td>
<td>537,000</td>
<td>618,000</td>
<td>682,000</td>
<td>768,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Facilities</td>
<td>27</td>
<td>29</td>
<td>31</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>Avg cube per Facility</td>
<td>4.9 million</td>
<td>5.3 million</td>
<td>5.5 million</td>
<td>5.5 million</td>
<td>6.3 million</td>
</tr>
<tr>
<td>Space Occupancy</td>
<td>77%</td>
<td>78%</td>
<td>80%</td>
<td>78%</td>
<td>NA</td>
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</table>
Company Overview

2011
Operating since 1979 as Inland Cold Storage in Riverside, CA
Began with 50K sq. ft. warehouse for food service distribution

Today...
Merged Inland with Castle & Cooke in January 2008
Merger combines Inland Cold and Madison Warehouse Group to create Castle & Cooke Cold Storage
Currently operating 24 total warehouse facilities; 16 freezer/cooler facilities with 111 million cubic feet and 8 dry facilities with 80 million cubic feet.
1,600 non-union associates
Established 1851, privately owned
Multi-national diversified corporation
Including financial, operating, logistics and real estate development companies
International Cold Storage Expansion

- Castle & Cooke Cold Storage planned Joint Venture with The Dole Food Company in China

- 6 existing refrigerated warehouse facilities located in Beijing, Shanghai, Dongguan, Qingdao, Shenyang, Xiamen

- 15 planned perishable warehouse facilities; five year expansion project.
# Current & Future Growth

<table>
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<tr>
<th></th>
<th>Dec 2007 Actual</th>
<th>Current 2011</th>
<th>Projected Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cubic Feet Space</strong></td>
<td>59 million</td>
<td>111 million</td>
<td>141 million</td>
</tr>
<tr>
<td><strong>Pallet Positions</strong></td>
<td>114,547</td>
<td>347,659</td>
<td>417,190</td>
</tr>
<tr>
<td><strong>Facilities</strong></td>
<td>7</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td><strong>Avg cube per Facility</strong></td>
<td>8.5 million</td>
<td>8.0 million</td>
<td>8.3 million</td>
</tr>
<tr>
<td><strong>Space Occupancy</strong></td>
<td>81%</td>
<td>84%</td>
<td>NA</td>
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</table>
Past and Present Warehouse Design
### Refrigerated Warehouse Design
#### Past & Present

<table>
<thead>
<tr>
<th>Past Warehouse Design</th>
<th>Present Warehouse Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 25’-35’ clear storage height</td>
<td>• 40’+ clear storage height</td>
</tr>
<tr>
<td>• 75’ to 100’ asphalt truck aprons</td>
<td>• 100’ to 125’ concrete truck aprons</td>
</tr>
<tr>
<td>• Dedicated freezer/cooler space</td>
<td>• Convertible freezer/cooler space</td>
</tr>
<tr>
<td>• Single/double stage NH3 systems</td>
<td>• Cascade NH3/CO2 systems</td>
</tr>
<tr>
<td>• Simple analog control systems</td>
<td>• Sophisticated digital control systems</td>
</tr>
<tr>
<td>• BUR/Ballasted EPDM roof systems</td>
<td>• White TPO membrane roof systems</td>
</tr>
<tr>
<td>• Cork/Fiberglass sandwich panel</td>
<td>• Insulated metal panel (polyurethane)</td>
</tr>
<tr>
<td>• 400W HPS/MH freezer lighting</td>
<td>• 185W LED freezer lighting</td>
</tr>
<tr>
<td>• Dry, interlocked, fire protection with in-rack sprinklers</td>
<td>• Dry, interlocked, overhead ESFR - No in-rack sprinklers needed</td>
</tr>
<tr>
<td>• Frame-mono post rack design</td>
<td>• Cantilevered rack design</td>
</tr>
<tr>
<td>• Basic site security systems</td>
<td>• Advanced site security systems</td>
</tr>
</tbody>
</table>
Additional Warehouse Design Innovations

- Battery Changing / Storage Centers with Fast or Opportunity Charge Capabilities
- Emergency back-up Generation Systems
- Vertical Storage Levelers with Open Pit Design
- Higher R-value Freezer Doors, Impact Durability to Withstand Forklift Abuse
- Variable Speed Drives to control motor speed to the refrigeration equipment
- Wider / Deeper Shipping and Receiving Docks
- Cross Dock Designs, where applicable
- Sustainable Energy Generation Projects – Solar/Fuel Cell Technology
- Consideration for LEED Certification qualifications
- Automation Alternatives
- Warehouse Positioning Systems (WPS)
- Water Conservation & Rain Water Harvesting
- Material Handling Fuel Cell Technology
Design-Build Contractor Qualifications

• What Should D-B Contractors Be Doing?
  • Demonstrate competence through past experience and performance.
  • Strive to build a relationship with the owner not just chase a project and be “one and done”.
  • Provide owner with cost and schedule transparency throughout open-book bid process.
  • Ensure cooperation and collaboration with owner.
    • Provide professional, well defined, alternative options and ideas to owners.
    • Engage and involve owner, especially local management, early on during the design phase (not construction phase).
  • “Contractor Selling” versus contractor “Job Performance”.
    • Good work is rewarded with additional work opportunities.
Design-Build Contractor Qualifications (cont’d)

• What Makes a D-B Firm Successful?
  • Do your homework!
    • Understand local conditions (i.e. geotechnical, civil and permitting)
    • Understand what the owner really wants, not what you think they want.
  • Aggressively bid subcontracts.
    • Ensure transparency in costs and solicit owner input through an open-book process
    • Obtain multiple bids…not just two.
  • Bring new ideas and alternative designs to owner’s attention.
    • Alternative rack configurations; Opportunities for automation
  • Present proposal in a professional, well-defined, manner.
    • Present itemized costs for each work discipline and design alternative
  • Place yourself, and your team, in position to be successful.
A Few Horror Stories
Learning From Your Mistakes
A Few Horror Stories

Poor Upfront Planning

• Future expansion becomes cost prohibitive due to excessive fill requirements.
• Poor site development planning on behalf of design build firm.
Learning From Your Mistakes
A Few Horror Stories

Poor Workmanship

- Poor workmanship in vapor termination resulting in vapor leaks and frost in warehouse.
- Roofing subcontractor did not follow design/build construction detail for vapor termination.
Learning From Your Mistakes
A Few Horror Stories

Poor Workmanship

- October 24, 2005
  Hurricane Wilma tore off 12,000 square feet of recently installed TPO membrane roof.
- Improperly applied spray on adhesive was found to be a primary cause of failure.
Learning From Your Mistakes
More Horror Stories

- 2.5” lift to freezer slab due to underfloor heaving
- Footing and floor slab design faults preventing under floor heat from protecting freezer floor
- Saturated, irrigated, landscaped area planted along exterior of freezer
- Carryover of irrigation water tunneling and freezing under slab
Learning From Your Mistakes
More Horror Stories

- Concrete slab stability breakdown
- Poor subgrade and joint failure
- Maintenance not conducted on concrete joints
Concrete failure due to poor slab design
Learning From Your Mistakes
More Horror Stories

- GC failure to inspect and oversee electrical sub contractor wiring installation
Current Energy Sustainability Projects
Annual Energy use for a Typical Refrigerated Freezer Warehouse

- Compressors: 61%
- Evaporator: 17%
- Condenser Fans and Pumps: 10%
- Lighting: 5%
- Forklift Chargers: 3%
- Offices: 10%
Sustainable Energy Projects

Rooftop Mounted Solar Panels
Sustainable Energy Projects

Natural Gas Fuel Cells
Future Challenges & Opportunities
Challenges

• Government Regulations:
  - Food Safety Modernization Act
  - Chemical Safety Anti-Terrorism Standards Act
  - EPA Clean Air Act
  - OSHA National Emphasis Program Anhydrous Ammonia - Process Safety Management (PSM) requirements

• Increasing Energy Costs

• Increasing Labor and Health Care Costs

• Customer Demands for Reduction in Supply Chain Costs.
Opportunities

- More energy sustainability projects
- New Building Projects: with design improvements due to innovations and efficiencies.
- Building Retro-fit Projects: with up to date efficiencies
- Replacement of obsolete facilities
- Building opportunities in Asia
- Automation: when application is practical
- One year from today…. Hopefully, we will have change we can all believe in!!
OPEN DISCUSSION