



LOGISTICS PARK SOFIA

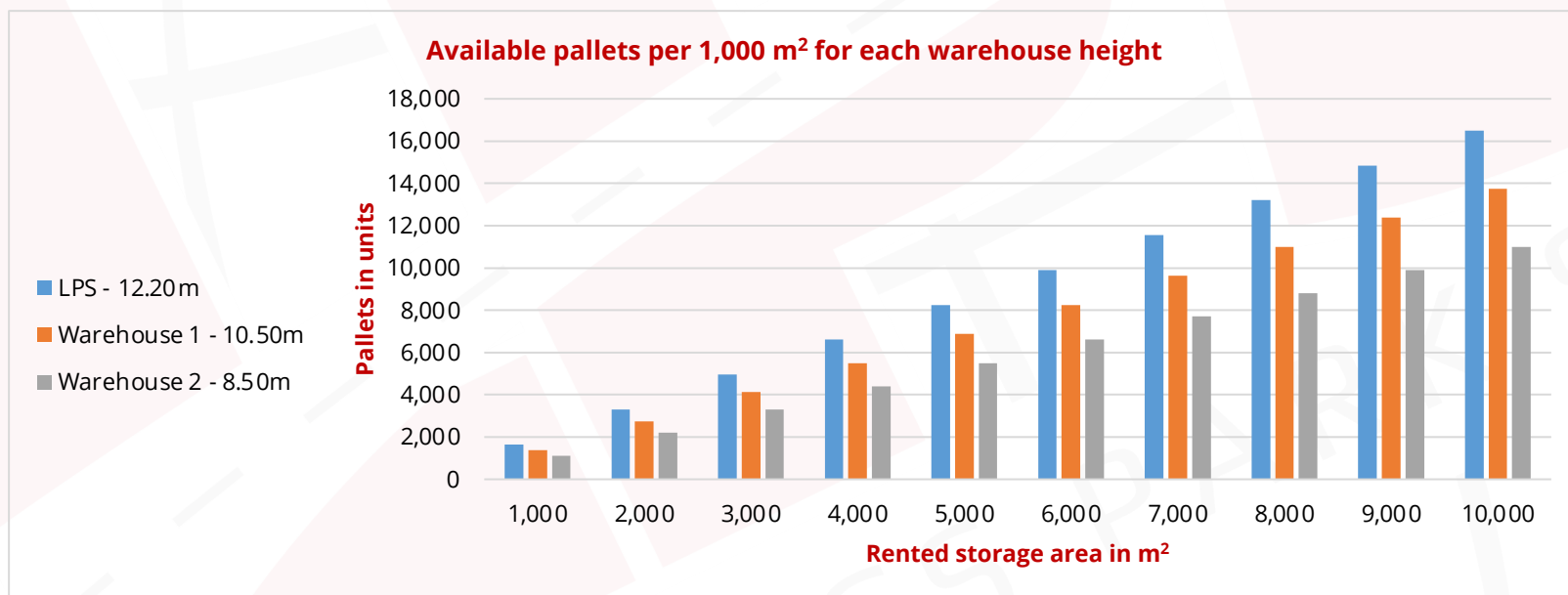
**A short presentation on the importance
of warehouse height**

	LPS	Warehouse 1	Warehouse 2	
1. Height	12.20m	10.5m	8.5m	
2. Max Rack Levels (H=1.80m)	6	5	4	
3. Pallets per 1,000m2	1,650	1,375	1,100	
LPS relative to Comps.		275	550	More space in LPS
% LPS relative to Comps.	-	20%	50%	
4. Indicative Price (EUR/m2)	5.00	5.00	5.00	
5. Total price (EUR) for 1,000m2	5,000	5,000	5,000	
6. Price (EUR/pallet)	3.03	3.64	4.55	
LPS relative to Comps.	-	0.61	1.52	More expensive than LPS
% LPS relative to Comps.	-	20%	50%	
7. Equalizing price (EUR/m2) so that price (EUR/pallet) is identical	-	4.17	3.33	
LPS relative to Comps.		-0.83	-1.67	Need to lower in order to be identical to LPS
% LPS relative to Comps.		-17%	-33%	

Expressed in tabular data for various storage space (m²):

Storage space (m ²)	Pallet availability		
	LPS - 12.20m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m
1,000	1,650	1,375	1,100
2,000	3,300	2,750	2,200
3,000	4,950	4,125	3,300
4,000	6,600	5,500	4,400
5,000	8,250	6,875	5,500
6,000	9,900	8,250	6,600
7,000	11,550	9,625	7,700
8,000	13,200	11,000	8,800
9,000	14,850	12,375	9,900
10,000	16,500	13,750	11,000

And visually:

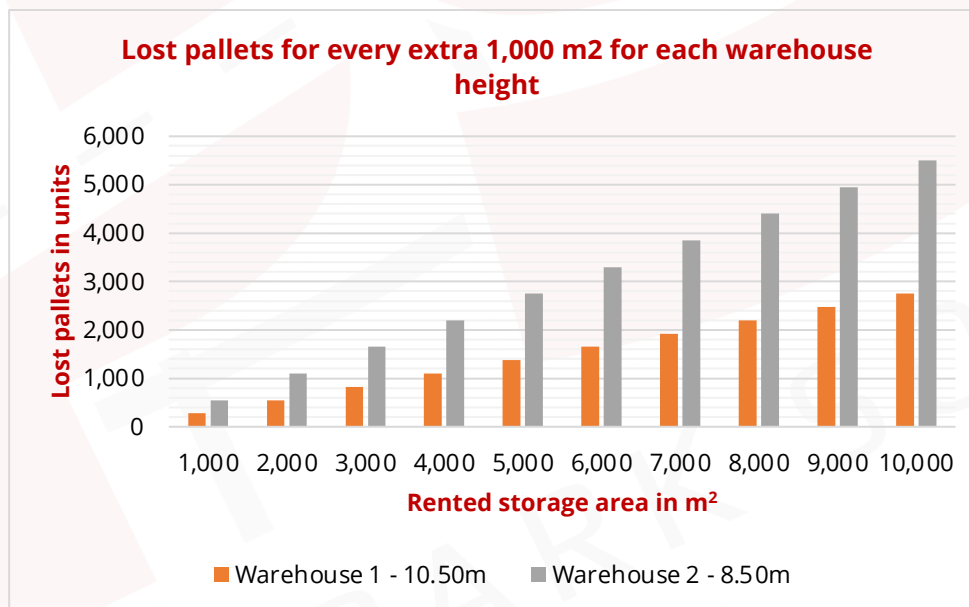


Let's take the pallet difference between the two warehouses relative to Logistics Park Sofia. The client loses:

- 10.50m warehouse – 275 pallets for each rented 1,000 m²
- 8.50m warehouse – 550 pallets for each rented 1,000 m²

Expressed in tabular data and visually:

Storage space (m2)	Pallet availability			Lost pallets /relative to LPS/	
	LPS - 12.20m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m
1,000	1,650	1,375	1,100	275	550
2,000	3,300	2,750	2,200	550	1,100
3,000	4,950	4,125	3,300	825	1,650
4,000	6,600	5,500	4,400	1,100	2,200
5,000	8,250	6,875	5,500	1,375	2,750
6,000	9,900	8,250	6,600	1,650	3,300
7,000	11,550	9,625	7,700	1,925	3,850
8,000	13,200	11,000	8,800	2,200	4,400
9,000	14,850	12,375	9,900	2,475	4,950
10,000	16,500	13,750	11,000	2,750	5,500



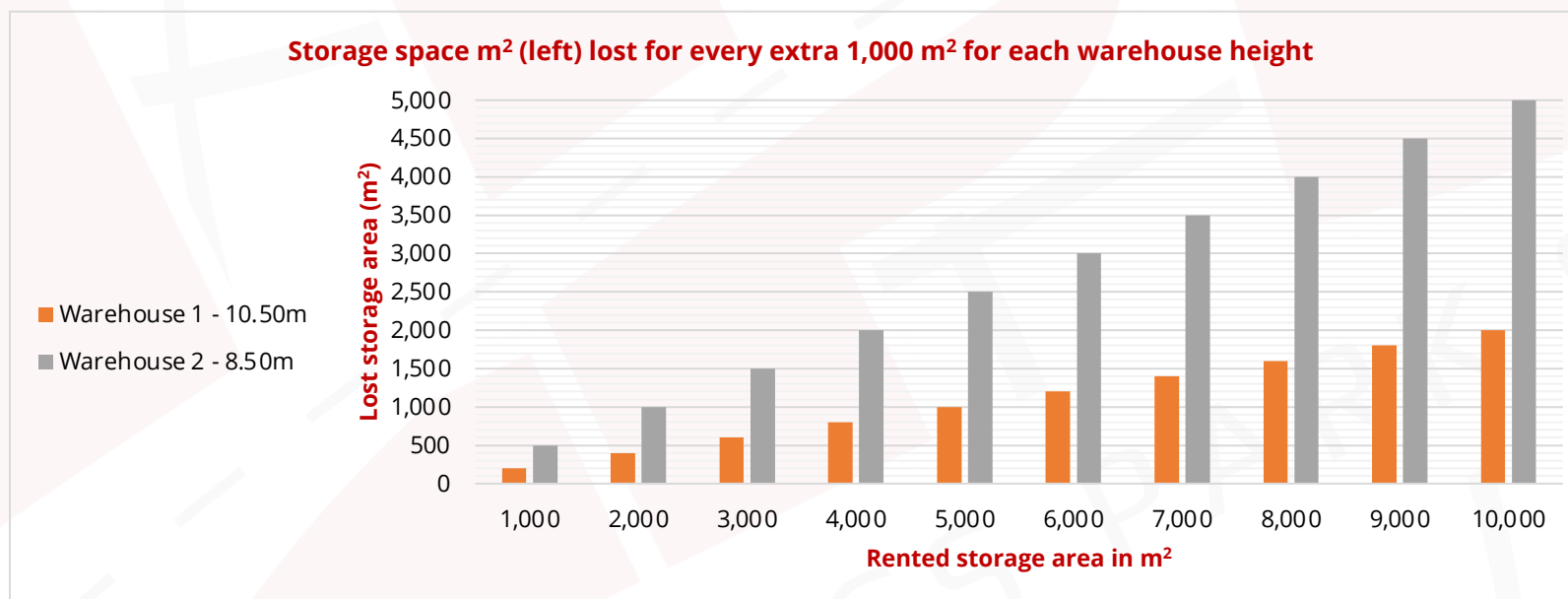
Let's see how much storage area (m²) is lost due to lost pallet space

- Renting 1,000 m² at LPS (12.20m) yields 1,675 pallets
- Renting 1,000 m² at the 8.50m warehouse yields 1,100 pallets
- The difference is a **loss of 550 pallets** (1,650 – 1,100) which represents **50%** of the 1,100 pallets available at the 8.50m warehouse
- In order to compensate for the difference, the client must **rent an additional 500 m²** at the 8.50m warehouse!
- As a result, to match the pallets availability of LPS (12.20m) at 1,000 m² the client **has to rent a total of 1,500 m²** at the 8.50m warehouse (50% more)
- **Put into other words, the client loses 500 m² per every 1000 m² at the 8.50m warehouse compared to LPS (12.20m)**
- By the 2000th m² this results in a whole 1000 m² lost and by the 10,000th m² in a staggering 5000 m²

Expressed in tabular data:

Storage space (m ²)	Pallet availability			Lost pallets /relative to LPS/		Lost storage area (m ²)	
	LPS - 12.20m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m
1,000	1,650	1,375	1,100	275	550	200	500
2,000	3,300	2,750	2,200	550	1,100	400	1,000
3,000	4,950	4,125	3,300	825	1,650	600	1,500
4,000	6,600	5,500	4,400	1,100	2,200	800	2,000
5,000	8,250	6,875	5,500	1,375	2,750	1,000	2,500
6,000	9,900	8,250	6,600	1,650	3,300	1,200	3,000
7,000	11,550	9,625	7,700	1,925	3,850	1,400	3,500
8,000	13,200	11,000	8,800	2,200	4,400	1,600	4,000
9,000	14,850	12,375	9,900	2,475	4,950	1,800	4,500
10,000	16,500	13,750	11,000	2,750	5,500	2,000	5,000

And visually:



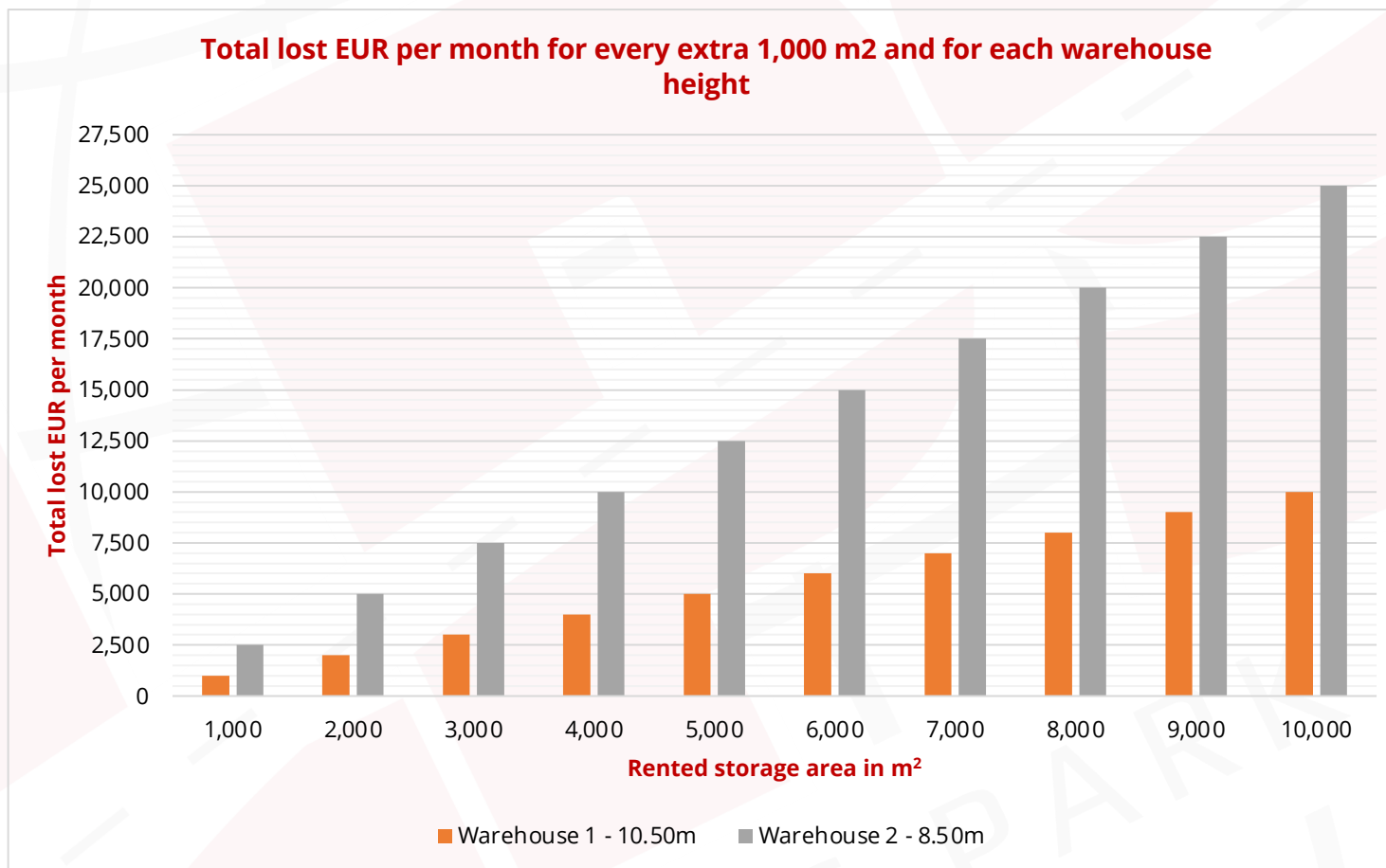
Finally, let's estimate the monetary losses (in EUR) from the loss of storage area due to choosing lower height warehouses. If we take an indicative price of EUR 5.00 per m²/month, then the client will lose:

- 10.50m warehouse – 1,000 EUR per month or 12,000 EUR per year
- 8.50m warehouse – 2,500 EUR per month or a significant 30,000 EUR per year

Let's complete the table:

Storage space (m2)	Pallet availability			Lost pallets /relative to LPS/		Lost storage area (m2)		Lost EUR per month	
	LPS - 12.20m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m	Warehouse 1 - 10.50m	Warehouse 2 - 8.50m
1,000	1,650	1,375	1,100	275	550	200	500	1,000	2,500
2,000	3,300	2,750	2,200	550	1,100	400	1,000	2,000	5,000
3,000	4,950	4,125	3,300	825	1,650	600	1,500	3,000	7,500
4,000	6,600	5,500	4,400	1,100	2,200	800	2,000	4,000	10,000
5,000	8,250	6,875	5,500	1,375	2,750	1,000	2,500	5,000	12,500
6,000	9,900	8,250	6,600	1,650	3,300	1,200	3,000	6,000	15,000
7,000	11,550	9,625	7,700	1,925	3,850	1,400	3,500	7,000	17,500
8,000	13,200	11,000	8,800	2,200	4,400	1,600	4,000	8,000	20,000
9,000	14,850	12,375	9,900	2,475	4,950	1,800	4,500	9,000	22,500
10,000	16,500	13,750	11,000	2,750	5,500	2,000	5,000	10,000	25,000

...And show it graphically again:



In conclusion:

- Many clients choose slightly lower rental rates at the expense of lower warehouse height.
- However, as shown above our clients save annually around **EUR 12,000** when they upgrade from a **5-level rack system (10.50m height)** or **EUR 30,000** from a **4-level rack system (8.50m height)**.
- Many businesses consider the short-term solution which is to focus on the immediate and most tangible expense, i.e., the monthly rent.
- However, what happens when the business starts growing and the current storage area is insufficient? There are two general scenarios:
 1. The client starts looking for new additional storage. He finds one but he cannot get the best price since economies of scale can't be utilized, i.e. the additional storage most probably is in the range of 10-20% of the existing storage. Now the client faces a monetary issue (the rent is higher for the additional space) and a logistics issue (the warehouses are not in the same location). Finally, it is also difficult to reallocate the existing warehouse since rental contracts are long-term, fines are due if canceled earlier and reallocation itself is costly
 2. The client does nothing and the business misses the opportunity to grow.

Clearly, a lot must be considered when looking for a new storage solution.

Fortunately, we at Logistics Park Sofia are here to take step this with you!



Thank you.
Do not hesitate to contact us for further information.



Telephone:

+359-888-60-33-40



Address:

Ravno Pole, Elin Pelin Municipality, Sofia District



E-mail:

s.lazarov@lp-sofia.com

Head office:

"Professor Hristo Vakarelski" №1A, Sofia, 1700