



PORT PROPERTY ADVISERS

Helping you navigate the
world of port properties



HELPING YOU

NAVIGATE

THE WORLD OF PORT PROPERTIES

Aegir is a specialised property consultancy offering a number of port property specific services engineered to meet your real estate challenges. Our singular focus is to make you more competitive, generate more property based revenue and maximise the value of your port through the more strategic use of your largest asset - property.

We understand the challenges you face; from operating in a highly competitive environment, to addressing stakeholder, shareholder and profit generating needs and finding capital to expand and modernise your port and business. All of which needs to be undertaken in a holistic manner and constantly monitored and fine tuned to optimise general and financial asset performance.

Challenging? No doubt, but at Aegir we relish the opportunity to transform challenges into opportunities, competitive advantages and growth opportunities through the more strategic use of your largest asset – property, with practical, market driven solutions.

We are not mainstream property advisers, where ports are primarily looked at as market catalysts for real estate development and investment opportunities outside the fence. Our focus is looking from inside the port out, to uncover opportunities for the port and to ensure that the port captures the advantages and revenue from the value it creates in and around the port.

This is why Aegir are uniquely qualified to help you navigate through the challenging, yet opportunity rich world of port properties.



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THE REALITY -

DIFFERENT PORTS - DIFFERENT SOLUTIONS

No two ports are the same, and neither should be the solutions.

We are specifically engineered to meet the unique challenges ports face with their largest balance sheet asset - PROPERTY. With practical, market driven solutions, we produce exemplary financial, operational and competitive results.

Unlike other port consultants and engineers, Aegir solely focuses on addressing every aspect of a port's real estate needs, from one off projects to master plan development in conjunction with engineering firms.

PORT PROPERTY SERVICES

We render independent professional port real estate advice, always from the perspective of 'inside the port' looking outward, in other words, always seeing how port properties can best support a port's core business through sharpening a port's competitive advantages, increasing property based revenue streams and maximizing the value of the port. To do this, we identify challenges, uncover opportunities and deliver solutions across all facets of the port property spectrum, regardless of size, scale, location or complexity.



Port Real Estate Services

Our services are a cost effective manner for tenants to obtain the type of data and independent advice necessary to ensure that they achieve the most optimal transaction for their port related facilities needs. For ports, our services ensure that port property assets will achieve meaningful, real returns of and on capital invested with terms and conditions that adequately safeguard the port's interests.



Strategic Port Property Asset Management

Ensures an organization's property portfolio operates at optimal efficiency to create maximum revenues, values and synergies with its core business goals and objectives. Port properties may range from any type of industrial or commercial facility with single or multiple tenancies to vacant land, wharfs terminals and other specialised assets.



Port Property Valuation & Appraisals

Property will increasingly play a major role in the way ports finance their expansion and modernisation needs. Furthermore, senior port management increasingly are looking to have a realistic assessments of the true market value of their port property assets in order to better run their business and make decisions on such things as setting lease rates and throughput charges.



Port Property Consultancy

Aegir's diversified port property consultancy services offers a port authority, its terminal operator, user or investor a comprehensive approach to maximising the financial performance, value and use of its property assets and leaseholds.

At Aegir, our focus is to meet the unique property challenges faced by ports through a multi disciplined comprehensive approach to produce practical, market driven solutions.

‘ IT IS OUR UNDERSTANDING OF AND APPROACH TO THE LAND SIDE OF THE “SEA-LAND” EQUATION THAT GIVES OUR CLIENTS A DISTINCT COMPETITIVE ADVANTAGE, MAKING THEM MORE PRODUCTIVE, EFFICIENT AND PROFITABLE. ’



PORT AUTHORITIES' BUSINESS MISSION TODAY

Most ports today operate under the 'Landlord' Model. As such, their main business focus is the maximisation of revenue generated from leasing their property and infrastructure assets. This though is not something widely understood in the industry.

The ever increasing vessel sizes (requiring more infrastructure behind the quayside and throughout the supply chain), tight capital markets and scarce land for expansion makes for a challenging environment. This requires ports to have a broader, multi-disciplined approach to growth.

Financial self-sufficiency is increasingly critical for survival as governments' ability to fund their capital requirements continues to diminish. This requires ports to operate like profit centres, where ongoing optimal financial performance of all assets, especially their largest one – property, is essential.

Shipping has achieved such unprecedented levels of operating and cost efficiency (where chasing economies of scale, through larger capacity ships, will be ongoing), that their services are effectively now a commodity. The result? Most economies of scale gains in the supply chain will be found on land side of the 'Sea-Land' equation.

Here, innovation in land side strategies, further integrating the port into its hinterland and respective supply chains and increasing cargo velocity and throughput, will be critical for survival and growth. Our in-depth understanding and approach to the land side is where we bring a distinct competitive advantage to our clients, making them more productive, efficient and profitable.

Ports' never ending challenge to modernise, expand and meet sustainability challenges demands substantial capital, which their shareholders increasingly expect them to raise. The equity tied up in port assets and real estate will need to be monetised to be able to access additional capital. We facilitate private capital's growing interest and activity in investing in port infrastructure.

Meeting these challenges takes an in depth knowledge of shipping, logistics, port operations and the role property plays in all of this to deliver comparative advantages, additional property based revenue streams and enhanced port values. At Aegir, we help you navigate the land side of the 'sea-land' equation.

A wide-angle photograph of a busy port at sunset. Several large cargo ships are docked at the pier, with cranes visible in the background. The sky is a mix of orange and blue, and the water reflects the light. The text is overlaid on this image.

MEETING YOUR UNIQUE REAL ESTATE CHALLENGES WITH... **OUR BESPOKE PORT PROPERTY SERVICES**

- » Investment due diligence and property valuations
- » Deal structuring advice
- » Enhancement of port value
- » Highest & best use and development analysis
- » Facilitation of raising of debt and equity financing
- » Property development advice
- » Risk mitigation analysis
- » Sharpening of competitive advantages
- » Diversifying and increasing property based revenue streams

OUR EXPERTISE

Why chose Aegir to assist you in these areas?

Because while engineers, architects, contractors and bankers have uniquely specialised knowledge the breadth, scope and depth of our experience gives the type of direction and market insight necessary to strike a balance in the many issues required by successful port related property development and investment in areas such as market supply and demand, checks and balances and the development process itself.



ADVISORY

- » Strategic highest and best use port land studies
- » Port property issues regarding privatisations, concessions and leases
- » Development of asset management and lease administration plans for port property portfolios
- » Port property benchmarking and performance indicators
- » Business plan and investment strategy development for port property related businesses
- » Business, asset and property valuations
- » Expert witness services

ANALYTICAL

- » Investment due diligence on port property related acquisitions
- » Capital expenditure, financial projections and recommendations for port property portfolios
- » Port and intermodal integration from a property standpoint
- » Identification of port property trends and opportunities from an investment and development standpoint
- » Demand capacity and other issues impacting port real estate pricing
- » Port competitive analysis and supply chain positioning vis-à-vis competitive advantages and needs as it relates to real estate

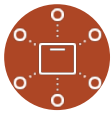
PORT-SPECIFIC REAL ESTATE SERVICES

Aegir Port Property Advisers provide expert advice to port authorities, port users, maritime related logistics industries, and financial institutions, investors and development entities that lend to, acquire or develop, respectively, port and port related assets.

Our independent advice is based on decades of experience in both the international corporate and institutional and port real estate sectors.

The portfolio of strategically located, waterfront industrial properties controlled by ports worldwide is both impressive, from a size and value standpoint, and underserved by the lack of strategic forethought used in its management, leasing and, at times, use.

To properly address the unique property challenges faced by the industry, Aegir have developed a cadre of specialised real estate services for and an in-depth knowledge of both the ports and property industries, some of which are:



MARITIME SECTORS

- » Container ports
- » Bulk ports
- » RoRo terminals
- » Cruise ship terminals
- » Energy ports
- » Port related logistics parks



STRATEGIC

- » Strategic port property asset management plans
- » Due diligence analysis – property standpoint
- » Port and off port land expansion strategies
- » Acquisition and leasing strategic advice
- » Addressing port real estate in Port Master Plans, overarching property strategies to core business
- » Port Property Portfolio Financial Assessment (P3FA) – benchmarks your portfolio against your financial thresholds and property and port standards.



COMMERCIAL

- » Port property lease structuring
- » Port real estate valuations
- » Port property 'Highest and Best Use' and development feasibility analysis
- » Strategic land expansion plans
- » Addressing variable rents (tariff, marine and throughput charges) with fixed rents to attain proper returns on investment and asset values

AEGIRS UNIQUE APPROACH



FOCUSED APPROACH

Our approach is both structured and focused.

Our independent position in the market means you can be confident in our ability to provide robust analysis and practical assessments of your business plan, the market in which you operate and its future direction.



THE RIGHT TEAM

Highly capable professionals to meet your needs.

We assign the right professionals, with the right skills to the right project. Where ever possible, we assign team members with direct local market knowledge and prior experience from similar projects.



REAL INSIGHT

Comprehensive internal database and primary interviews.

We maintain extensive proprietary databases of global, county, market sector and organisational insights, trends and forecasts. We always seek to validate our own resources with primary intelligence obtained from close interaction with relevant stakeholders, shareholders and parties.



RICH EXPERIENCE

We always seek to draw on experience gained from past projects.

Our team combines seasoned industry professionals with technical experts the combined skill set required to deliver work efficiently and effectively and always seek to draw on the direct experience gained from past projects.



A DIVERSIFIED
MULTI-DISCIPLINED
TEAM



\$5BN

PROJECTS
EXCEEDING \$5BN OF
VALUE



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YEARS OF PIONEER PORT
PROPERTY CONSULTING
(EST. 2003)

DRAWN FROM A WIDE SPECTRUM

Aegir and Drewry are used to a wide range of clients with varying interests in the port and financial sectors. Their reputations for independence and straightforward, practical and measurable advice are key attractions to their clients, which typically include:

- » Government, finance and transport ministries
- » Port authorities
- » Real estate development entities
- » Potential and existing investors such as pension, infrastructure and private equity funds
- » Financial and commercial advisers
- » Terminal operators
- » Shipping companies
- » Banks and other lenders to the industry
- » NGO's
- » Local governments and municipalities
- » City – port municipalities



Independence



Market Insight

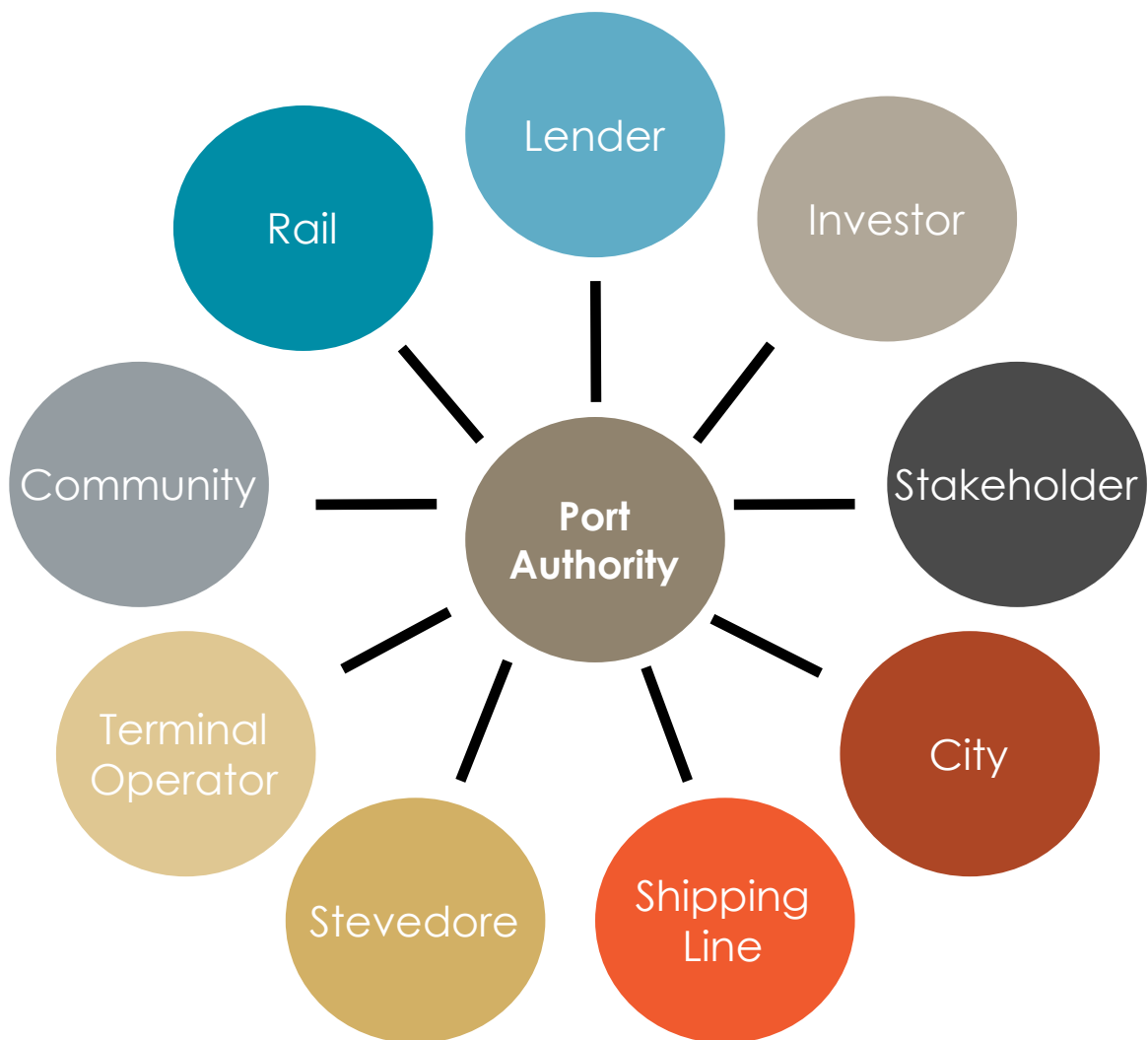


Sector Expertise





In addition to generating revenue, today, port authorities are responsible to a wider ranger of stakeholders:



CASE STUDY N° 1

CRUISE SHIP TERMINAL FEASIBILITY ANALYSIS



CHALLENGES

One of the country's top energy ports seeks to diversify its revenue streams. In this regard, the port instructed us to determine the feasibility of developing a cruise terminal at one of two locations in Corpus Christi Bay.



SOLUTION

A comprehensive development feasibility analysis was conducted ranging from a navigational, market catchment area (relative to the Gulf Coast cruise market) and financial development standpoint. Several thresholds were determined for the market and financial performance of the proposed cruise terminal facility



NET RESULTS

the cruise terminal development concept did not pass any of the pre-determined thresholds and was therefore deemed to be unfeasible.

Location: Corpus Christi, TX, USA

CASE STUDY N° 2

STRATEGIC PORT PROPERTY ASSET MANAGEMENT PLAN

A national port authority with an extensive port property portfolio throughout eight ports looking to institute a plan to more effectively manage the expansive portfolio, structure meaningful lease rates and benchmark asset value enhancement success.



Conduct a comprehensive analysis of existing management policies and practices, review lease documents and leases, develop strategic port property asset management plan and port property valuation model.



Identification of existing management policy shortcomings, development of port property valuation model to easily benchmark property values, attain savings in lease administration software and have meaningful property management efficiencies.



Location: SOUTH AFRICA

CASE STUDY N° 3

INLAND PORT VALUATION AND LEASE MODEL

CHALLENGE

State port authority with various state-wide port facilities was reviewing its five-year appraisal and lease pricing process for its property portfolios. They were looking for reports and analyses that would be more relevant and usable for their pricing needs as they felt that past exercises in this regard had accomplished and added little value to their land pricing.

SOLUTION

A review of their last appraisal reports indicated that the port authority's pricing was based on erroneous capitalization rates based on ground lease capitalization rates for fast food restaurants. Comprehensive valuation analysis of each major port facility was undertaken and every individual land parcel.

A comprehensive review and analyses of their lease administration and asset management practices were undertaken to develop a comprehensive strategic port property asset management plan for all port facilities and the port authority in general.

Appropriate capitalization rates were developed along with a simple yet effective port pricing schedule ensuring that real returns of and on capital values would be achieved.

NET RESULTS

The net results were upwardly revamped lease rates at every facility and the development of an asset management plan that would make managing of port property assets more effective and simpler for port directors and senior management, benchmark financial performance and over arch the port authority's core business strategies.

Location: Lake Michigan and the Ohio River, USA

CASE STUDY N° 4

VALUATION OF A SUBMERGED 2.3M TEU CONTAINER TERMINAL

In an acquisition negotiation between a port authority and the province the need arose to have a free market value for a submerged site where a 2.5 million teu terminal and railroad causeway were slated to be built. The income approach was not allowed to be used, making the valuation even more challenging. The acquiring party's valuation was approximately ten times lower than the eventual value determined by our analyses.



CHALLENGE

An international assessment of terminals built on reclaimed land was conducted, development costs analyzed and a fair market value determined.



SOLUTION

The value developed from the valuation analyses was accepted by both parties and the submerged site was sold.



NET RESULTS

Location: Province of British Columbia, CANADA

CASE STUDY N° 5

OFF-PORT EXPANSION STRATEGY DEVELOPMENT OF 260-ACRE PORT LOGISTICS PARK



CHALLENGE

This is a niche port specialising in perishables and automotive RoRo with ongoing, impressive growth. The port and its clients are operating over 100 percent capacity from a land standpoint – unsustainable long-term. Aegir was instructed to develop and execute an off-port land expansion strategy to create greater cargo processing capacity and ensure competitiveness and future growth.



SOLUTION

In a challenging real estate development county a comprehensive assessment of the county was undertaken to identify all viable sites, inclusive of superfund sites. Several were chosen for further analysis. The ones determined to be most strategic and feasible are being pursued.



NET RESULTS

There are several sites currently being pursued for acquisition or further assessed from a 'Highest and Best Use' standpoint. One site, a 260-acre site located less than three miles from the port's central gate, is under ongoing design and development and entitlement analysis to build a port centric logistics park with estimated total development cost to exceed \$280 million.

Location: City of Port Hueneme, CA, USA

CASE STUDY N° 6

VALUATION OF SEMI-AUTONOMOUS CONTAINER TERMINAL

The city's tax assessment for the Virginia International Gateway terminal, one of four semi-automated terminals in North America of more than one million teu throughput, is legally contested by its private owners as having been wrongly assessed with too high an assessed value (at approximately US\$330 million).



CHALLENGE

Aegir was retained as the lead port property adviser to frame the valuation strategy and methodology in defending the city's assessment. A comprehensive assessment of the replacement costs and an income approach valuation was conducted using a team of experts assembled by us. A valuation report was developed with a determined Free Market Value of approximately US\$880 million.



SOLUTION

The case went to trial and the assessed value was successfully defended.



NET RESULTS

Location: Portsmouth, VA, USA

CASE STUDY N° 7

DEVELOPMENT FEASIBILITY OF TWO NEAR-DOCK INTERMODAL FACILITIES



CHALLENGE

The REIT owned two major waterfront development sites earmarked for Planned Unit Development projects, one earmarked for 'Big Box' retail development and the other for a luxury hotel and condominiums. The sites are strategically located near major container terminals. The market for both uses started entering a downturn. The REIT instructed Aegir to conduct a 'Highest and Best Use' analysis for a maritime cargo related use and to conduct a development feasibility analysis as well.



SOLUTION

We conducted a comprehensive assessment of the site from a maritime and logistics standpoint and identified the then weaknesses for the Charleston port area in this regard. This resulted in identifying a clear need for intermodal capability for containerised cargo. In conjunction with an engineering consultant, that determined the size and estimated construction costs, we developed a financial feasibility analysis for developing the two sites as near dock, intermodal facilities.



NET RESULTS

The REIT's investment committee reviewed our analysis approved \$800 million for the development of an intermodal facility on each site dedicated to a specific class one railroad.

Location: Charleston, SC, USA

Pioneer Port Property Consultancy

Independent & impartial outlook

Extensive proprietary databases

In-depth sector understanding & experience in property and maritime industries

Port property valuation methodology development for two decades

Modelling & forecasting expertise

Extensive track record of advisory work

Robust advisory methodology

Port real estate lease structuring

Bespoken strategic port property asset management plans for ports
--> highest & best use analysis for port real estate



PROFESSIONAL ASSOCIATIONS



The Counselors of Real Estate
The Professional Organization of the Most Trusted Advisors in Real Estate



The Royal Institution of Chartered Surveyors



International Association of Ports & Harbors



American Association of Port Authorities

AEGIR & DREWRY LOCATIONS



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