



# Statement of Qualifications



Aegir Port Property Advisers

2025

## Abstract

Aegir Port Property Advisers, the pioneer port real estate consultancy, is exclusively focused on meeting the unique property challenges faced by the ports industry through practical, market driven solutions to maximise property-based revenue streams, create competitive advantages, produce real returns on capital invested and asset values and enhance overall port values.

The following offers a cross section of past cases which highlights Aegir's breadth and scope of experience in the port property sector. Many of the cases presented and services offered have been and are undertaken with processes and models developed by Aegir.

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## About Aegir Port Property Advisers

Aegir Port Property Advisers (established in 2003) is the pioneer port real estate consultancy exclusively engineered to meet the unique property challenges faced by the ports, maritime, and related logistics industries. The cornerstone of Aegir's services is to deliver increased port competitive advantages, better client retention and attraction, increase property-based revenue streams, and to maximise overall port values through the more strategic use of a port's largest asset – property.

We partner with our clients to identify critical challenges and high value opportunities. Then we develop market driven, practical, port real estate solutions to meet and capture them. We seek to transform the way our clients see and manage their port property portfolios, so that they can secure long lasting, real operating cost savings and operational and financial performance gains from them.

Aegir offers a wide range of property related services, bridging various industries, to ensure that each property decision overarches port property strategies and supports a port's core business mission.

In the last decade Aegir has undertaken complex port property lease, asset management, valuation, 'highest and best use' development feasibility, investment due diligence, management consultancy and strategy development instructions in Europe, the Middle East, Africa, the Americas, and Asia. Services rendered have been in structuring more effective leases to obtain real rates of return on asset values, developing bespoke strategic port property asset management plans (to manage a port's property portfolio more effectively), valuation consultancy on complex port real estate assets, and creating strategic land acquisition plans for port expansions.

Since its founding as a private company in 2003, Aegir has been in a strategic alliance partnership with Drewry Maritime Advisers. From Drewry's origins in 1970 London to

a 21st century maritime and shipping consultancy, Drewry has established itself as one of the most widely used and respected sources of impartial market insight, industry analysis and advice.

In the last decade, Drewry and Aegir have over 400 port assignments in 50 countries and since 2010 provided commercial and due diligence advice in port M&A, financing and port property matters with a value of approximately \$20bn.

This in-depth understanding and objectivity provide our clients with the actionable advice and recommendations they need to achieve their ambitions and stay ahead of the market.

In port real estate, Aegir offer their clients the most comprehensive, strategic insight in all things related to ports, shipping, port operations, and related logistics.

Aegir - helping you navigate the world of port property by bridging the gap between the port and property industries.

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## Port property landscape

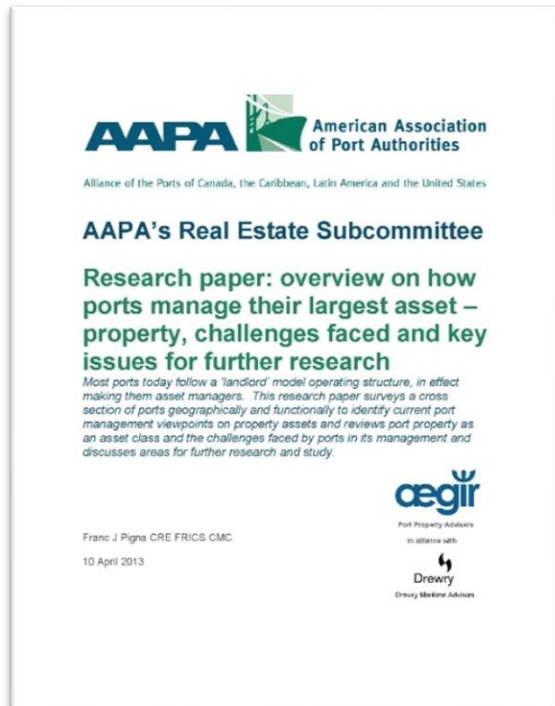
Port real estate offers numerous challenges not readily understood by either the real estate or ports industries. A prime example of this is in the use of the comparable benchmark approach to estimating values. Unlike the industrial property market, ports typically do not sell properties. Therefore, in most cases this approach severely limits the accuracy of estimating values, lease rates or any other factor related to port properties and can easily result in producing meaningless results.

This requires a comprehensive analysis of all the critical elements impacting port or port related property. To undertake this type of assessment requires knowledge of what are and where true 'like kind' facilities are located – down the coast or across the world, how revenue streams are structured and paid for at ports, and an in-depth knowledge of ports' business models.

Leases for port real estate pose significant challenges as well. Structuring accurate lease rates - to produce real rates of returns of and on capital invested and asset values and to cover such things as risk rates, cost of capital, profit, and other costs - requires an in-depth knowledge of the factors impacting ports and their business models.

Add to this the diversity of rental streams found at ports (ie, fixed rents on property, facilities and infrastructure and variable rents based on throughput charges, wharfage, dockage, etc) and the need to balance fixed and variable rent to address competition and quest for more cargo, it becomes clear that to effectively address port property issues a thorough knowledge of both the commercial and industrial property sectors and the ability to bridge the gap between that and the maritime, shipping and ports industries is requisite for success.

Years ago, Franc J Pigna, managing director of Aegir, recognised the need to address the



unique property challenges faced by ports in a more methodical and calculated manner. In 2013, Pigna, was asked by the American Association of Port Authorities to author a research paper that would describe the premise outlined above, as they felt that the subject matter was growing in importance to the industry. The result was the seminal research paper on port property ie, 'Overview on how ports manage their largest asset – property, challenges faced and key issues for future research'.

This 70-page document identified the myriad and sundry property challenges faced by port authorities and offered, on a cursory basis, various methods with which to meet these challenges. An international confidential survey of six diversified ports, from a geographic and port type, was conducted to establish the most pressing property issues faced by ports today. The results were surprising, especially as it relates to how ports view their land holdings and the challenges they needed to tackle.

To accomplish the aforementioned goals and objectives requires the ability to rationalise business, financial, market, and operational requirements through practical, market driven solutions, along with a balanced approach at reaching reasonable performance targets. The team presented herein has a long track record in meeting the unique challenges in the port, rail, shipping, intermodal and related property sectors and in working with one another.



## Aegir strategy, sustainability, and financial history

Aegir LLC (Aegir) carefully listens to clients and reviews all relevant issues to identify both the obvious and less obvious goals, objectives and challenges each potential instruction represents. Aegir's overall corporate strategy is structured to ensure that clients' needs are met in an efficacious manner. When we started Aegir, the ports industry was entering a state of long-term revolution; thinking 'in', 'out' or anywhere near a 'box' simply would no longer suffice. This is why while our solutions may seem unorthodox, repeatedly they have proven to be effective under challenging situations.

Innovation and cross discipline approaches to complex situations is not the only that matters in the world the consultancy, or in fact any business today. In the 21<sup>st</sup> Century, a commitment to the ethical behaviour, clients and colleagues and the environment are responsibilities that go hand in hand with modern business practices.

The following outlines Aegir's policies on various relevant subjects (Note: where the word 'policy' is found in each section below, it refers to the specific policy outlined for that that section).

### COMPANY STRATEGY

*Purpose:* increase port property-based revenues and competitive advantages and enhance overall port values for clients through the more strategic use of their largest asset – property.

*Vision:* change the way ports and other clients manage and use their property and real estate portfolios to overarch and support their core business missions more effectively.

*Mission statement:* provide service and results to clients through practical, market driven solutions.

**Core values:** treat clients and colleagues with respect, be honest and ethical in business dealings and grow through continued research and innovation.

**Goal:** further develop the skills, capabilities, and delivery systems to offer a holistic approach in addressing unique port property challenges through a lean and profitable organisation and deliver an exceptional return on investment to clients through our services.

#### SCOPE OF EXPERIENCE

Aegir has been involved in some of the most complex and challenging port and port related consulting and valuation challenges in the world. These can be seen in the 'Experience' section of our website ([www.aegirports.com](http://www.aegirports.com)) and in our company brochure. Our multi-disciplined approach that bridges two industries – property and ports, ensures the most comprehensive approach to meeting the most the complex port property challenge faced by sea and inland ports anywhere in the world.

#### SUSTAINABILITY

Since its inception, Aegir actively promotes the concept that 'the environment is a port's greatest ally'. We always seek the most environmentally sustainable option that is also financially viable in our recommendations to our clients. One example of this is, as development consultants to a California port, we have been the real estate advisers for the development of a 260-acre port centric logistics park (estimated build-out cost of \$360 million) and recommended the project strive to reach Platinum LEED standards as a development requirement, exceeding the strictest California environmental standards; a recommendation that was accepted. We always strive to reach the highest level of environmental sustainability level possible for all projects falling under the threshold of financial viability.

## FINANCIAL HISTORY

Aegir is a privately held State of Florida, USA, limited liability corporation. Aegir is a commercial, for-profit firm, has never had any debt or liabilities (except rent and payroll), has never been declared insolvent or bankrupt under any chapter, and has never been sued or had a claim filed against its professional indemnity or any other professional or commercial liability insurance.

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## Company policies

### Equal Opportunities Policy

#### INTRODUCTION

Our hiring practices are focus on capabilities, merit, and potential, regardless of gender, national origin, race, colour, ethnicity, sexual orientation, marital status, sexual orientation, disability, age, religion or belief political belief or trade union membership.

Aegir is committed to promoting equal opportunities in employment and to providing a working environment that is free from discrimination, harassment, and victimisation. This policy applies to all aspects of employment, training, promotion, pay, work conditions, and termination of employment.

The aim of this policy is to ensure that all job applicants and employees are treated fairly and with respect, and that employment decisions are based on merit and ability.

#### POLICY STATEMENT

Aegir will take positive steps to ensure that individuals are treated equally and not disadvantaged by conditions or requirements which cannot be shown to be justifiable.

Aegir monitors its employment practices to ensure that it complies with its equal opportunities policy and to identify and remove any barriers to equal opportunities.

#### RESPONSIBILITIES

Aegir ensures that employees are aware of the equal opportunities policy and are expected to comply with it in their daily working lives.

Aegir provides training to managers and employees on equal opportunities, to help ensure that they understand the policy and how it should be applied.

Aegir ensures that any allegations of discrimination, harassment or victimisation are taken seriously and will be dealt with promptly and fairly in accordance with the company's grievance procedure.

Aegir regularly reviews its equal opportunities policy to ensure that it remains relevant and up to date.

#### IMPLEMENTATION

Aegir implements this policy by:

- Ensuring that job advertisements and recruitment procedures do not contain any discriminatory language or requirements.
- Making certain employees are aware of the policy.
- Monitoring the implementation of the equal opportunities policy and taking action to address any issues that arise.
- Providing training to employees on equal opportunities.
- Encouraging employees to raise any concerns or issues they have about equal opportunities.
- Frequently evaluating the policy to maintain its effectiveness.

#### SUMMARY

Aegir is committed to promoting equal opportunities in employment and creating a working environment that is free from discrimination, harassment and victimization.

By implementing this policy, Aegir aims to ensure that all employees are treated fairly and with respect, and that employment decisions are based on merit and ability.

Overt the 20 years we have been in business, we are proud to have or have had a wide spectrum of veterans, minority and women employees, all of which have been successful at Aegir and beyond because of their qualifications and excelling in their disciplines.

This Policy was last updated: 1 January 2025

## Anti-Slavery Policy Statement

### OUR POLICY AND COMMITMENT

At Aegir, we are committed to human and employees' rights. We believe it is our responsibility to make every effort to eradicate modern slavery and human trafficking. We expect the commitment to this ethical conduct from all employees, business partners and contractors.

This policy reflects our commitment to ensure, to the best of our ability, that no modern slavery exists in any part of our business operations through our commitment to act with integrity and in an ethical manner with all clients, the public and employees.

### DEFINITIONS

The phrase 'modern slavery' illustrates circumstances where threats, coercion, or subterfuge are used, explicitly or implicitly, to exploit victims and undermine their freedom.

Modern slavery can include, but is not limited to, the following type of exploitation: trafficking in persons, slavery, servitude, forced labour, forced marriage, debt bondage, child labour and deceptively recruiting for labour or services.

Aegir is a small, niche port real estate consultancy. Notwithstanding our small scale, we ensure that within our organisation there is no modern slavery taking place and that we do not deal with any entity, individual or organisation that facilitates, condones or

perpetuates this practice. In executing this, it is our company policy to abide by the following 'guiding principles'.

#### GUIDING PRINCIPLES

- A. *Modern Slavery and Human Trafficking*: We do not tolerate or condone the use of modern slavery, child labour, forced labour, or human trafficking in any form in our organization or supply chain, to the best of our ability.
- B. *Global Supply Chain*: We expect third parties and sub-contractors to support human rights and encourage third parties to adopt standards consistent with the principles established under the United Nations Declaration of Human Rights.
- C. *Third Party Screening and Monitoring*: We try to screen and conduct due diligence on third parties we contract with for human trafficking and modern slavery alerts and red flags.
- D. *Training*: We provide training to our employees on recognizing and reporting modern slavery, human trafficking and forced labour.
- E. *Recruitment and Hiring*: We have recruitment and hiring processes to safeguard against modern slavery, human trafficking or forced labour.

## Data Protection, Collection, and Processing Policy

Aegir recognises the importance of safeguarding personal data and respecting individuals' privacy rights. This policy outlines our commitment to protecting personal data. This policy establishes the framework for what we collect, how we collect, process, store, and manage personal data responsibly.

Aegir's only interest is in collecting the name, company and contact details of individuals that request information, subscribe to our newsletter, are interested in our services, or are

becoming or have become clients. Other than this, we do not collect or harvest any other data.

Additionally, Aegir will only collect and process personal data when it has a lawful basis to do so, including but not limited to the consent of the data subject, contractual necessity, legal obligation, legitimate interests and the protection of vital interests.

All employees are responsible for ensuring the proper handling of personal data in their day-to-day activities. Employees are instructed to report any deviations from the aforementioned policy to Aegir's managing director.

Data subjects will be informed of the purposes for which their data is collected and processed, including the lawful basis for processing. Where consent is required for processing personal data, Aegir will obtain explicit and freely given consent from data subjects. Consent will be obtained through clear and easily accessible means, and records of consent will be maintained.

#### DATA SECURITY

##### Data breach response

A data breach is defined as any unauthorized access, disclosure, or acquisition of personal data that compromises its confidentiality, integrity, or availability. In the event of a data breach, Aegir will promptly:

- Assess and mitigate the impact of the breach.
- Notify affected data subjects in a timely manner, providing details of the breach and actions they can take to protect themselves.
- Notify relevant regulatory authorities where required by applicable law.

##### Data owners' rights



Data owners have the following rights as to their data:

- Access: Data owners can request access or corrections to their personal data.
- Deletion: Data owners can request deletion of their personal data.
- Portability: Data owners can request the transfer of their personal data.
- Objection: Data owners can object to the processing of their personal data.
- Restriction: Data owners can restrict the processing of their data under certain circumstances.

To exercise these rights, data subjects can contact Aegir at [info@aegirports.com](mailto:info@aegirports.com).

## Privacy Policy

This policy explains Aegir's information collection, use, and sharing practices and governs our information collection, use, and sharing practices with respect to the public's use of our website ([www.aegirports.com](http://www.aegirports.com)).

Before you submit any information through or in connection with our website, please carefully review this policy. By accessing or using any part of our website, you understand that your information might be collected, used, and disclosed as outlined in this policy.

### OUR PRIVACY POLICY PRINCIPLE

Aegir has designed this policy to be consistent with the following principles:

- Privacy policies should be human readable, easily found and meet reasonable expectations of data owners.
- To ensure consistency and enhance security, data collection, storage and processing should be easily understood.

### INFORMATION YOU PROVIDE DIRECTLY TO US

The only information we will collect from you is information you have given us to contact you or to send you our electronic newsletter. We may collect information from you in a variety of ways, such as when you contact us for a query or desire for us to contact you or provide feedback or subscribe to our newsletter. This information may include but is not limited to your name, email address, phone number, mailing address and your geographic location.

#### HOW WE USE YOUR INFORMATION

We may use the information we collect from and about you to fulfil the purposes for which you provided it, namely, to provide information requested by you, subscription to our newsletter or in the event you become a client, process and respond to your inquiries or to request your feedback, comply with the law and protect the safety, rights, property, or security of Aegir, our users, and the public and enforce our Terms of Use, including to investigate potential violations thereof.

With the following exceptions stated below, we will not share, disclose or sell your information to anyone outside of Aegir.

#### LEGAL COMPLIANCE AND PROTECTION OF AEGIR AND OTHERS

We may disclose your information if required to do so by law or on a good faith belief that such disclosure is permitted by this policy or reasonably necessary or appropriate to comply with legal process; to enforce or apply our policy, or other contracts with you, including investigation of potential violations thereof; to respond to your requests for information or provide customer service; or protect the rights, property, or personal safety of Aegir and its employees, sub-contractors and the public, including exchanging information with other organisations and companies on fraud protection, spam/malware prevention, and similar purposes.

#### CONSENT

At times we handle information based on consent where required by law and legally permissible. In this event you have the right to withdraw your consent, as per applicable law.

#### ONLINE ANALYTICS

We may use online analytics, third-party web analytics services (such as Google Analytics) to collect and analyse the information discussed above, and to engage in auditing, research, or reporting solely to measure the effectiveness of our website. In this event any information (including your IP address) collected will be by them that may be found by third-party web analytics services we expect them to disclose this to you directly by these service providers, who use the information to evaluate your use of our website, analysing usage trends and assisting with fraud prevention. To prevent Google Analytics from using your information for analytics and other purposes, you can install the official Google Analytics Opt-out Browser Add-on.

#### YOUR CHOICES AND DATA SUBJECT RIGHTS

You have various rights with respect to the collection and use of your information. You may unsubscribe from our marketing emails and newsletter at any time by clicking on the 'unsubscribe' link at the bottom of email or each newsletter or by emailing [info@aegirports.com](mailto:info@aegirports.com) with your request. Information may persist in copies made for backup and business continuity purposes for additional time.

#### Third-party links and services

Our web site may contain links to third-party websites. If you choose to use these sites or features, you may disclose your information to those third parties, and possibly but also to their users and the public more generally depending on how their services function. Aegir is not responsible for the content or privacy practices of such third-party websites or services. The collection, use and disclosure of your information will be

subject to the privacy policies of the third-party websites or services, and not this policy. We encourage you to read the privacy statements of each site you visit.

#### QUESTIONS ABOUT THIS PRIVACY POLICY

If you have any questions about this policy or our privacy practices, you can contact us at: [info@aegirports.com](mailto:info@aegirports.com).

## Anti-Bribery and Corruption Policy

### Preamble

Aegir operates under the highest ethics of professional property consultancy (e.g., the [Counselors of Real Estate](#)) and has become a respectable and recognizable organisation within the ports industry. It has gained its name and reputation among its competitors and clients through its commitment to conducting business according to moral, ethical, and legal standards. Aegir does not allow nor tolerate any kind of bribery and corruption.

Aegir's policy towards bribery and corruption are encapsulated in our Anti-Bribery and Corruption policy, outlined herein. The policy discourages and prohibits any kind of bribe or corrupt practice with any kind of client, stakeholder, including offering, promising, or providing any kind of means or value to any stakeholder, including customer, government official, business partner, or a third party to induce any improper action in relation to our business.

### Corruption

For the purpose of this policy, bribery offense includes bribes, kickbacks, extortions, either active or inducement of any kind.

### Penalty

Violation of this policy is highly discouraged. If any employee of Aegir is found in violation of this policy, they can face severe civil and criminal penalties in addition to disciplinary proceedings.

#### SCOPE

This policy applies to all the employees, directors, officers, and any third party which is directly engaged with our business.

#### APPLICABLE LAWS

This Policy is governed by the anti-corruption and anti-bribery laws of The State of Florida, United States of America.

#### PROHIBITION OF BRIBERY

Aegir employees are prohibited from offering, promising, or sanctioning any kind of payment to government officials to secure improper business advantage or influence bureaucratic work. Aegir prohibits employees from taking any ill gain or advantage through improper means from any private entities.

Employees are strictly advised to obtain approval from Aegir senior management to advance any item of value to any government official or private entity.

Provision of any kind of travel, gifts, cash, or meals to any government official or any person in exchange for any ill gain is prohibited.

Use of donations for any unfavourable gain or to influence any person is strictly prohibited. Aegir will sanction any kind of charitable gesture or donation through the proper procedure.

Sometimes it must be necessary to appropriate funds to promote or demonstrate Aegir services, but it must not be used to influence the normal functioning of such officer. Before appropriating such funds, approval from Aegir senior management is necessary.

It is strictly prohibited to employ any government official, employee of a private entity, or their relatives to influence or gain an undue benefit. If the employment of such a person is necessary, prior approval of Aegir's legal counsel is necessary.

Political contributions advanced to influence government officials are strictly prohibited as are political contributions in general.

Third parties associated with the Aegir, directly, are strictly prohibited from making any corrupt practice on behalf Aegir.

All payments to third parties in exchange for their services and contributions to Aegir must be recorded appropriately and evidenced. Additionally, third parties interacting with a government official on behalf of Aegir must be documented.

All third parties are obligated to do due diligence before engaging with government officials on behalf of Aegir.

To ensure compliance with this policy, Aegir may conduct periodic audits of itself. All employees, directors, officers, and stakeholders are obligated to cooperate with the audit process.

All directors, officers, employees, and stakeholders are obligated to report any violation of this policy to Aegir's senior management. Failure to report such an incident constitutes a violation of this policy and leads to disciplinary action.

The Policy shall come into effect on 1 January 2025

A handwritten signature in blue ink, appearing to read 'Franc J Pigna', with a small flourish at the end.

Franc J Pigna  
Managing Director  
Aegir LLC

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## Aegir breadth and scope of experience – case studies

In the recent past Aegir has been involved with several challenging port and port related property and valuation challenges, some of which have been:

### VALUATION – ROBERTS BANK 2, BRITISH COLUMBIA, CANADA

**Challenges:** the province British Columbia owned a submerged site and railroad easement approved for the development of a 2.4 million teu (twenty-foot equivalent unit – the unit of measurement used in the marine container freight industry) automated container terminal and causeway. Port Metro Vancouver was slated to acquire it. Price will be determined from ‘appraised fair market value’ as per the court. Port Metro

Vancouver’s appraiser

determined a value of approximately CDA\$5m, based on the site purportedly being ecologically sensitive. The only allowed valuation approach by the courts

will be the comparable sales benchmark.

**Opportunities:** the asset in question ie, the right to reclaim the submerged site and easement, is a unique asset since there are few, if any, greenfield sites for the development of such a facility. This said, determining the value of this asset based solely on ‘comparable sales’ would be challenging.

**Solutions:** identify and analyse ‘like kind’ facilities ie, major container terminals that were built on reclaimed land; determine the economic utility of such sites through

PHOTOGRAPH 1: ROBERTS BANK 2, BC, CANADA





container teu throughput; determine proper capitalisation rate and overall development costs. Like kind properties were identified in Asia, Europe, and North America.

**Results:** CDA\$53m value was determined and accepted as the 'sales price'.

## PORT LAND PORTFOLIO ANALYSIS AND LEASE STRUCTURING - PORT OF SAGUENAY, QUEBEC PROVINCE CITY

**Challenges:** the PoS was looking to establish lease rates for over 3,000 acres of land within the port's perimeter to facilitate the financial management of their land holdings and to use in pending negotiations with approximately four tenants that would take up most of these land banks. This is one of the

**PHOTOGRAPH 2: PORT SAGUENAY, QC, CANADA**

major heavy industrial land banks in North America near inexpensive, heavy hydroelectric power. Establishing the true value of the land relative to nearby non-industrial land would be a challenge.



**Opportunities:** be able to more accurately structure lease rates,

benchmark the financial performance of its property portfolio and achieve meaningful returns of and on capital invested and asset values.

**Solutions:** the creation of an internal port valuation and lease model to develop appropriate lease rates. This model had to be easily understood and used by port staff, reasonably accurate and flexible for various property types and defensible in front of potential tenants.

**Results:** model can easily develop and corroborate ground lease rates.

## PORT VALUATION, GROUND LEASE PRICING - INDIANA

**Challenges:** valuation and determination of fair market value for ground rents for three major inland port facilities in the US Midwest for the Ports of Indiana. Inland ports business model is heavily dependent on the leasing of land.

**Opportunities:** determine appropriate ground lease rates and obtain benchmark values for all three port facilities and their respective land holdings to better financially manage and ensure optimal financial performance of all property assets.

**Solutions:** valuation resulted in more appropriate 'market' values. New capitalisation

rates better reflected the reality of the ports' true costs and risks. A comprehensive Strategic Port Property Asset Management Plan was developed to assist senior management to better 'sweat the real estate assets' while

PHOTOGRAPH 3: BURNS HARBOR, POI, IN



overarching the port's strategic business plan and core business mission.

**Results:** the aggregate opinions of value for the three port facilities were significantly higher than port authority's estimates, approaching US\$200m. Rents significantly changed upward, and port revenues increased correspondingly. Carrying and operational costs were reduced. The port authority was able to use the research and analysis of the lease structures to explain new lease rates to current and future port tenants. Today the port is operating at both higher rents and occupancy rates.

## EMINENT DOMAIN VALUATION, EXPERT WITNESS – JACKSONVILLE, FLORIDA

**Challenges:** Keystone Coal purchased a site of approximately 110 acres on St John's River, Jacksonville, to develop it into a major coal terminal to import high btu, low sulphur coal from their mines in Colombia, South America. After two

**PHOTOGRAPH 4: KEYSTONE COAL TERMINAL, ST JOHN'S RIVER, JACKSONVILLE, FLORIDA**



years of ownership, Jacksonville Port commenced slow take proceedings (eminent domain expropriation action). Keystone's total acquisition costs for the site are approximately US\$10m; two years later, port estimates value for same amount.

**Opportunities:** at the time Keystone was committed to developing their coal terminal as this was a critical long-term strategy for their company. Based on Keystone's difficulty in identifying a suitable throughout the Southeast, Keystone felt that the site was worth significantly more than the port's assessment.

**Solutions:** develop a well-founded, corroborated, and logical valuation framework to be followed by the three appraisal firms retained by Keystone's legal counsel that would result in more appropriate maritime and port related valuations to, at best, dissuade the slow take by the port and at worst result in a more appropriate value for the site.

**Results:** The income approach delivered a value of approximately US\$58m. This approach was then ordered not to be used by the presiding judge, who ordered that only

the comparable sales approach was to be used (least appropriate methodology, resulting in a lower value). The comparable benchmark sales approach yielded a value of US\$52m. Trial by jury took place. Jury awarded Keystone US\$67.4m – the highest eminent domain award of any type in the history of the State of Florida.

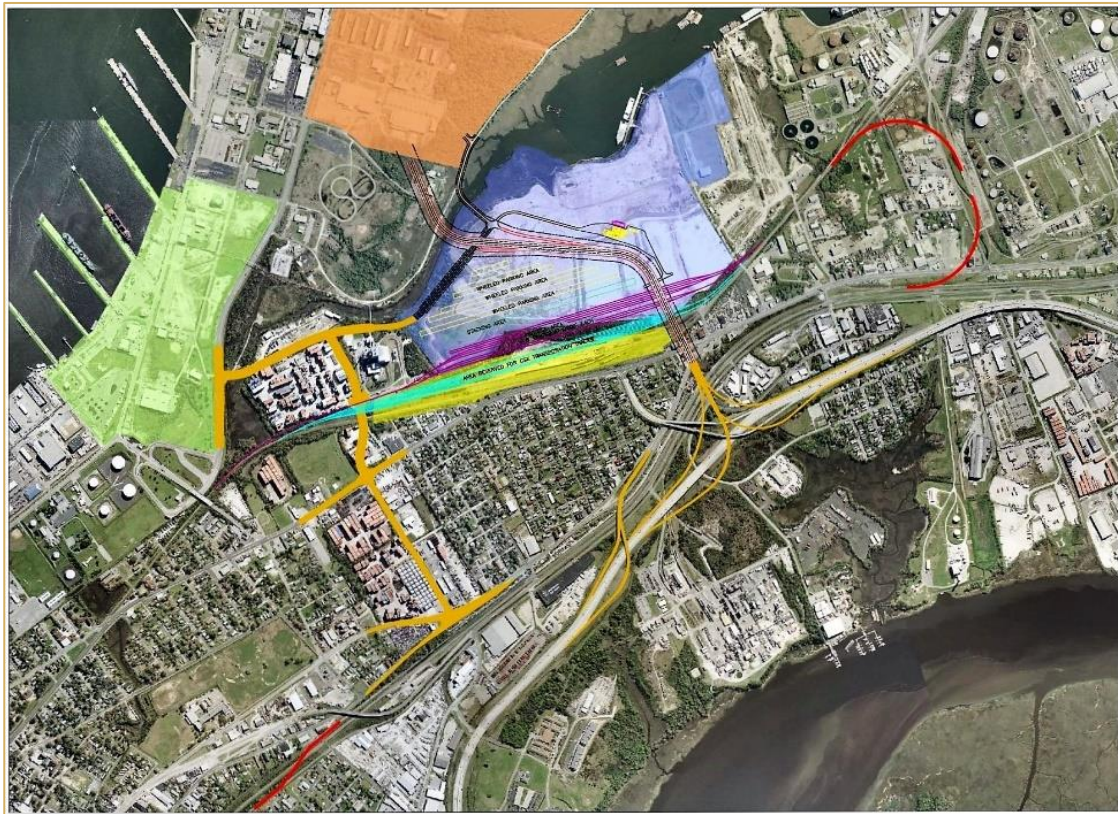
## PORT INTERMODAL PROJECT FEASIBILITY ANALYSIS, CHARLESTON, SC

**Challenges:** pension fund (US\$16bn) owns site originally targeted for heavy industrial use. Original development plan calls for speculative building of ‘big box’ retail (eg, Wal Mart, IKEA) facilities. Fund’s representatives keep hearing that site should be for intermodal use based on its location (ie, between a proposed 1.5m teu container terminal and major CSX rail yard unused for decades).

**Opportunities:** fund is in the business of maximising value on assets. It does not though understand the ports and port related logistics industries but does want to see if ‘intermodal’ would produce higher values and returns for this asset.

**Solutions:** fund engaged Aegir to undertake a ‘highest and best use’, development feasibility and projected revenue stream analyses for the site.

**Results:** Along with John Vickerman, Pigna conducted the analyses for the site. The results were compelling enough for the fund to commit ~US\$450m for the development of the site as an on and near dock intermodal facility.

**PHOTOGRAPH 5: PROPOSED MACALLOY INTERMODAL FACILITY, CHARLESTON, SC**

PORT PROPERTY STRATEGIC ASSET MANAGEMENT PLAN, VALUATION MODELLING, SOUTH AFRICA

**Challenges:** the NPA was looking to facilitate the financial management of their land holdings throughout eight national ports. One element that would result in this is to be able to have their staff periodically assess changes, for internal use, in 'market values'

**Opportunities:** be able to structure lease rates and benchmark the financial performance of its property portfolio more accurately and efficiently.

**Solutions:** the creation of an internal port valuation model was a strategy for an overall strategic port property asset management plan initiative. This model had to be easily

understood and used by port staff, reasonably accurate and flexible for various property types.

**Results:** model was developed and tested to the satisfaction of the NPA.

**PHOTOGRAPH 6: PORT OF DURBAN, SOUTH AFRICA**



PORT PROPERTY STRATEGIC ASSET MANAGEMENT PLAN AND PORT PRICING  
– GRAND CAYMAN BWI

**Challenges:** Port Authority of Cayman Islands’ revenues were not keeping up with expense and future infrastructure investment requirements. Recently, government transferred the pension liabilities to the port authority as well, resulting in major accounting losses.

**Opportunities:** opportunity to conduct comprehensive analysis of the port authority's assets, business model and revenue streams and to create a rent model for its property assets and updated tariffs to properly address its financial and operational requirements and costs.

PHOTOGRAPH 7: GEORGETOWN, GRAND CAYMAN



**Solutions:** the creation of an internal port valuation model and lease model; rationalisation of non-port related assets; and scheduling of rate increases using regulatory pricing modelling and structuring to accomplish the goal of profitability and financial self-sustainability.

**Results:** model will soon be implemented.

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## OFF PORT LAND EXPANSION STRATEGY, ON CALL PORT PROPERTY SERVICES - PORT OF HUENEME, CALIFORNIA

**Challenges:** Port and its clients were operating at over 100 percent land capacity. To maintain competitiveness and retain and expand client base, port needs

PHOTOGRAPH 8: PORT OF HUENEME, CALIFORNIA



to expand off port, starting with at least 250 acres in one of the most challenging property development markets in the world, where permits for development can take up to four years to attain.

**Opportunities:** ensure the long-term growth viability of the port; significantly increase its competitive advantages; increase by a wide margin its capacity to generate revenue; and better serve existing clients and attract major new ones.

**Solutions:** develop a practical, off port land expansion strategy that addressed the port, local government and stakeholder's needs concurrently. Create a public relations campaign as part of the execution of the strategy. Establish the port as a partner with both the community and city as the export gateway to Ventura County and a major economic engine and generator of family sustaining jobs.

**Results:** 250 acres that were 'undevelopable' in the traditional sense were identified near the central gate; comprehensive presentation showing the economic impact of the



development of this site as a port related logistics park was presented to the city and community over various meetings. The city has embraced the project and the port as a partner. Project is reaching over-subscription and will, once built out, be one of the largest direct investments in the county (\$250m) in years and, as structured, not requiring of port or government funding to develop.

## PORT MASTER PLAN'S REAL ESTATE ELEMENT – PALMETTO, FL

**Challenges:** Port Manatee was developing its new master plan.

The port has been successful in expanding its business and realised that continued growth would lead to reaching a land bank deficit to address this growth. The county where the port is located historically has

**PHOTOGRAPH 9: PORT MANATEE MASTER PLAN - REAL ESTATE**



significant housing development, as it is a major retirement area, along with being in one of the fastest growing states in the Union. The concern was that at some point non logistics and port related activities may encroach and surround the port, limiting its potential for growth.

**Opportunities:** Adjacent to the port exists a 3,000-acre voluntary enterprise development zone, a county strategy to promote commercial and industrial development during and post the Great Recession. The port was concerned that once economic returned to the county, this land area would revert to residential development.

**Solutions:** analyse the port's land needs in the next twenty years; analyse the special encouragement development zone relative to areas fronting and the port and adjacent to

the main thoroughfare at the perimeter of the port, which would unlikely be used for residential development; and develop the case for the establishment of a 'port related land use overlay that would incentivise port and port related logistics dependent use, all of which would ensure a greater land area for the development of specialised facilities that would support port growth.

## VALUATION AND EXPERT WITNESS – SEMI-AUTOMATED PORT FACILITY

**Challenges:** During the instruction, Virginia International Gateway was one of four semi-automated container

terminals in North America. It was built in 2007 by APM Terminals, a subsidiary of Maersk, and is the largest, privately owned terminal in the US. In 2010, the Virginia Port Authority

PHOTOGRAPH 10: VIRGINIA INTERNATIONAL GATEWAY TERMINAL



entered a 20-year lease for the terminal with APMT. In 2014, APMT sold the terminal to an infrastructure fund that entered a 49-year concession for the terminal with VPA. As a privately owned terminal, it pays property taxes to the City of Portsmouth. In 2016, the infrastructure fund sues the City of Portsmouth for wrongly assessing the facility at or around \$330 million as being overvalued. Aegir was retained as the lead port property consultant and assisted in setting up the team of professionals that would value the terminal facility in the city's defence case.

**Opportunities:** By using processes and models Aegir had developed over the years, Aegir was able to identify and assess all the relevant factors, issues, and assets of the terminal facility that would form part of the valuation process. Aegir's experience in analysing container terminals, from a revenue standpoint, was particularly useful in developing the income approach to determining value.

**Solutions:** By following a comprehensive process following a logical path, with each step being fully substantiated, a comprehensive valuation was developed that would assist the legal team defend the assessed value the city had determined for the terminal facility (in fact, the value conclusion in the report was significantly higher than the assessed value using both the income and replacement cost approaches).

**Results:** The attorneys representing the city were successful in defending the assessed value.

## MASTER PLAN – STRATEGIC PORT PROPERTY PLAN FOR 1,000-ACRE INDUSTRIAL PORT PROPERTY PORTFOLIO, NEW ORLEANS, LA

**Challenges:** The Port of New Orleans was undertaking a master plan of the port. The port desired a strategic port property plan for a 1,000-acre industrial waterfront property portfolio undertaken as part of the master plan. This portfolio is commonly known as the Industrial Canal District and had been underdeveloped and underutilised for decades. The Industrial Canal is the water connection between Lake Pontchartrain and the Mississippi River. Additionally, the port also controls most of the industrial waterfront in New Orleans. As such, it is the effective 'market maker' for rent for this type of property. As the Industrial Canal had been underdeveloped and underutilised and poorly maintained it had historically experienced high vacancy rates. Consequently, the rents found in the area were not representative of what industrial waterfront land in the proximity of a deep-water port should be leasing for. Part of the problem was also the result of the other industrial waterfront properties using the Industrial Canal ground rents as benchmarks by the port.

**Opportunities:** The more methodical management of such a large industrial waterfront portfolio of land would result in the ability to lease land more effectively at more representative lease rates. All of which should have a significant positive impact on ground rent revenues, synergies between cargo processors, and increased cargo throughput. It would also result in a competitive advantage for the port overall, as this nexus between shallow and deep-water port facilities surrounded by large industrial land banks should attract more users and clients to the New Orleans port centric area.

**Solutions:** Aegir conducted a regional assessment of large port related, waterfront industrial land along with the potential for cargo types that could be handled in New Orleans with this type of land bank. Aegir also developed a comprehensive strategic port property plan that identified the strengths/weaknesses/opportunities/threats as an intermodal, shallow/deep-water industrial logistics platform; made recommendations for the repair, management and enhancement of the common areas and individual sites to make and security of the area to make it more competitive from a leasing standpoint; developed a lease model based on identifying a baseline value for waterfront industrial land along with the added value of the marine infrastructure in place to form the basis for developing a ground lease rate model, along with the requisite terms and conditions; areas on how to better integrate the area with overall port operations; and developed financial targets to achieve for the port to benchmark its performance in the management of the re-positioned Industrial Canal District.

**Results:** The Port Authority had a well-defined road map with which to optimally incorporate the land portfolio into its mainstream operations—one that would also increase revenue streams and enhance the overall value of the port. This was the first time that this portfolio had been assessed relative to the local industrial property market; the regional port property market; and as an integrated, strategic port asset.

## CRUISE TERMINAL FEASIBILITY ANALYSIS – CORPUS CHRISTI, TX

**Challenges:** The port is one of the two largest energy ports in the country. Interested in diversifying its revenue streams, the Port of Corpus Christi desired to have a feasibility analysis for the development of a cruise terminal at two specific sites within the Corpus Christi harbour area.

**Opportunities:** Members of the port's commissioners and some in the community at large felt that a cruise terminal may be an interesting strategy to diversify the cargo and revenue streams and contribute to the economic development of the city.

PHOTOGRAPH 11: PORT OF CORPUS CHRISTI



**Solutions:** A comprehensive assessment of the Gulf Coast cruise market and its dynamics was conducted, along with a financial analysis of potential revenue streams that this might generate. The cruise market analysis included analysing of the requisite transportation infrastructure for passengers, potential market catchment areas, and existing port-of-calls and home ports in the Gulf of Mexico, along with potential cruise line requirements and future cruise ship sizes and average fleet growth to determine the potential for home porting at Corpus Christi. The feasibility study also included a return/risk analysis and forecast of revenues compared to potential development costs measured against existing cargo types.

**Results:** The port received a comprehensive assessment of all factors related to determining the potential financial, market, and stakeholder returns for a potential cruise terminal benchmarked against pre-determined industry and internal target thresholds. The net result of the analysis was

that the market catchment area would not support a home port for a ship of any significant size, the access to the potential cruise terminal facility was not adequate (air, road), and the existing cruise terminals in the Gulf of Mexico represented existing and future passenger and terminal capacity represented a significant degree of competition (ie, Galveston, New Orleans, Mobile, Tampa) that would make a cruise terminal at Corpus Christi financially infeasible and far too risk laden, particularly when compared to the revenue streams generated by liquid bulk energy cargo.

## STRATEGIC OFF PORT EXPANSION PLAN – PORT HUENEME, CA

**Challenges:** The Port of Hueneme is a highly successful niche port (perishables, automotive ro ro, bulk and break bulk), and the only deep-water port between San Francisco and San Pedro Bay (Los Angeles/Long Beach).

Another challenge is that the port authority and its clients consistently operate at more than 100% of their land capacity, on and off port. This not a sustainable long-term. To ensure growth and viability, the port needs to increase its on port cargo velocity and throughput and expand its off-port land banks to meet its client needs and become an even greater economic engine for the community.

In this regard, the port is a major logistics centre for perishables,

particularly bananas. The latter cargo is going through a transition from being transported in pallets to refrigerated containers, which will require more space on and off port for more refrigerated container yards.

A major challenge to off port expansion is that Ventura County has extensive agricultural lands, which comprise about two-thirds of the county. These lands are protected in use

PHOTOGRAPH 12: THE PORT OF HUENEME, CA



for decades to come through a restricted agricultural use known as SOAR (ie, Save Our Agricultural Resources). Therefore, land for industrial development is scarce. Additionally, even by California standards, the Ventura County development entitlement process is a strenuous and long process, often without any guarantees for success.

**Opportunities:** By expanding its off-port land banks the port will be able to ensure its ability to service existing and future clients well into the future, expand its ability to process more cargo on-port, create additional competitive advantages, and better execute its responsibilities as a major economic engine for the county.

**Solutions:** A comprehensive assessment of all available industrial land in Ventura County was conducted. Through port client interviews, key location criteria were identified, which prioritized which sites to pursue. Extensive development analysis was required due to the stringent development entitlement regulations that need to be met.

**Results:** The result to date is that three sites are being negotiated. The largest is a 260-acre site located 2.4 miles east of the port's central gate. A development plan was developed to create a port centric logistics park, inclusive of a private public partnership structure to place the project once entitlements are obtained, resulting in the port having an equity interest, the management of the park (whose port centric use will be guaranteed in perpetuity through a restrictive covenant deed), significant increased cargo capacity, and what is estimated to be the largest positive environmental impact to Ventura County through developing the park to Platinum or Gold LEED standards and the resulting removal of truck traffic through the county and increased rail usage in the intermodal mix.

## GRANT PROPOSAL - \$100 MILLION USDOT INTERMODAL EFFICIENCY, PORT REAL ESTATE PERSPECTIVE, MOBILE, AL

**Challenges:** The Alabama Port Authority, in conjunction with the Mobile Airport Authority, were bidding for a \$100 million USDOT grant intended to enhance the intermodal efficiency of freight movements by air, road, and water.

PHOTOGRAPH 13: PORT OF MOBILE AND MOBILE, ALABAMA



**Opportunities:**

The Mobile Airport Authority would be able to relocate its airport closer to the centre of town and the port would be able to significantly enhance its intermodal capabilities that would position it as the next Gulf Coast gateway port.

**Solutions:** To enhance its chances in winning the grant, the port and airport retained a major engineering company to assist in writing the grant proposal. The engineering company reached out to Aegir to address property related issues, intermodal strategies, and efficiencies.

Aegir was instructed to assess the competitive port centric property market with a particular focus on distribution centre inventory and land for potential development. All of which was assessed from a regional need's standpoint relative to intermodal cargo processing capacity and support industrial space at other major Gulf Coast ports.

Aegir analysis identified major intermodal opportunities for the Port of Mobile based on several factors. First, unlike New Orleans, Houston, and Tampa, Mobile has significant industrially zoned, relatively inexpensive, land banks near the port and future airport for the development of major logistics parks. Second, Mobile is uncongested from a traffic



standpoint compared to those other port centric areas. Third, the then recently announced CP – Kansas City railroad merger would result in rail access across Canada, south through the United States following the Mississippi River and then to Monterey, Mexico. This North American rail corridor runs through Mobile and its connectivity to five, Class 1 railroads. Fourth, with the expansion of the Panama Canal and existing and future pressure on West Coast gateway ports, the Port of Mobile offers an attractive alternative to the ‘four corners’ (ie, Pacific Northwest, Southern California, New England and Mid-Atlantic) distribution strategy. And fifth, the Mobile area already has extensive intermodal infrastructure in place that is being expanded.

All of which would results in the Mobile area having the potential of becoming a major intermodal and multimodal logistics platform, one that would have wide scale positive ramifications for the US economy. The grant would go far in converting the Port of Mobile into the next Gulf Coast gateway port.

**Results:** The Alabama Port Authority and the Mobile Airport Authority were successful in being awarded the grant.

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## PORT PROPERTY PORTFOLIO OVERVIEW AND ANALYSIS – PASCAGOULA, MS

**PHOTOGRAPH 144: PORT OF PASCAGOULA**



**Challenges:** Port Pascagoula desired a high-level comprehensive overview of its property portfolio, portfolio management practices, policies and procedures and a review of selected leases and leaseholds at the port as part of a strategic development plan being undertaken by a major, international engineering company. This type had not been undertaken at the port. New Management was looking for a baseline of their real estate portfolio to identify challenges and opportunities and optimise property-based revenue streams.

**Opportunities:** By having an in-depth understanding of the Port's property portfolio, the current administration was able to identify property data inconsistencies within the

Port's records compared to city and county records. Additionally, the port was able to identify shortcomings in existing management practices relative to the management of the portfolio in areas as lease administration, setting of financial goals and performance thresholds and in more effectively structuring leases through identifying actual values of land, facilities and infrastructure. Key lease clauses were presented to protect the port, along with the development of appropriate capitalisation rates to better determine lease rates as well.

**Solution:** A comprehensive overview of the entire port property portfolio was delivered that outlined areas of concern, areas of opportunity and a roadmap to attain optimum management policies and procedures to optimise property-based revenues and more efficiently servicing the needs of current and future port clients.

**Results:** The report is currently being considered by the port to identify the best course of action to implement the report's recommendations.

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## Summary

Property is typically the most financially underperforming asset at ports, especially those following the landlord model. It is also the largest asset on a port's balance sheet.

In a world where governments increasingly need to address growing entitlement liabilities and find themselves with less capital to properly fund the extensive capital requirements of port infrastructure, port authorities need to 'sweat this asset' by producing them maximum return of and on capital invested and asset values, along with realistic profit margins and recapture of infrastructure, maintenance, and repairs.

Additionally, ports in their master planning process, need to incorporate business performance thresholds to ensure that the above will be maintained in the decades ahead.

Port property also needs to produce competitive advantages for ports through the delivery of specialised facilities to meet their current and future client needs.

Aegir is uniquely qualified to advise port clients on how to best navigate through world of port properties.

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