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Advisers to:



Ministry of  
**Transport, Communications & Works**

# Project Apollo

## Opportunity overview

18 June 2015

# Overview

<p><b>Introduction</b></p>	<ul style="list-style-type: none"> <li>■ The Republic of Cyprus (“<b>RoC</b>”), through the Ministry of Transport Communication and Works (“<b>MTCW</b>”), has launched on 18th June 2015 a process for the commercialisation of the activities of Limassol Port (the “<b>Port</b>”), (the “<b>Transaction</b>”)</li> <li>■ Interested parties are invited to express interest in entering into one or more services concessions being offered, by no later than 1300 hrs Cyprus time on 17th July 2015</li> <li>■ RoC is committed to pursuing the commercialisation of services concessions according to the obligation under the terms of the Memorandum of Understanding (“<b>MoU</b>”) (para 3.6/Sept 2014) agreed between Troika<sup>1</sup> and RoC. The RoC sees this as an important continuation of the modernisation of Cyprus’ economic efficiency and infrastructure</li> </ul>								
<p><b>Transaction scope</b></p>	<p>The MTCW seeks to award up to three concessions:</p> <ul style="list-style-type: none"> <li>■ <b>Container Terminal</b> (“<b>CT</b>”), expected concession life of 25-30 years with the right to exploit and develop commercially the CT</li> <li>■ <b>Multi-purpose Terminal</b> (“<b>MPT</b>”), expected concession life of 25-30 years with the right to exploit and develop commercially the MPT</li> <li>■ <b>Marine Services</b> (“<b>MS</b>”), expected concession life of 10-20 years with the right to operate in the waters at the Port and to develop commercially the MS</li> </ul>								
<p><b>Investment highlights</b></p>	<ol style="list-style-type: none"> <li>1 The Port serves most of the RoC’s seaborne cargo which was 95% of all RoC cargo</li> <li>2 Unique competitive proposition: Dominant domestic market position and strategic location in the Eastern Mediterranean</li> <li>3 Upside from substantial productivity improvements, cost management and effective use of available land</li> <li>4 Robust operating track record</li> <li>5 Strategic geography and incremental capacity offer revenue growth opportunities</li> </ol>								
<p><b>Indicative timetable</b></p>	<table border="1"> <tr> <td data-bbox="414 1120 559 1178">18 Jun 15</td> <td data-bbox="559 1120 953 1178">Jun 15 – Jul 15</td> <td data-bbox="953 1120 1605 1178">Aug 15 – Jan 16</td> <td data-bbox="1605 1120 1937 1178">Feb 16 / Mar 16</td> </tr> <tr> <td data-bbox="414 1178 559 1242">Launch</td> <td data-bbox="559 1178 953 1242">Marketing / Pre-qualification</td> <td data-bbox="953 1178 1605 1242">Due diligence and bidding</td> <td data-bbox="1605 1178 1937 1242">Signing &amp; closing</td> </tr> </table>	18 Jun 15	Jun 15 – Jul 15	Aug 15 – Jan 16	Feb 16 / Mar 16	Launch	Marketing / Pre-qualification	Due diligence and bidding	Signing & closing
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Source Cyprus Port Authority

Note (1) The International Monetary Fund (IMF), European Commission (EC) and the European Central Bank (ECB)

# Investment highlights

## Unique opportunity to participate in the attractive Cypriot port sector ...

### High quality asset

- Largest and busiest multi-purpose seaport in Cyprus:
  - Transports cargo of c 3.5-4m metric tons (“MT”) p.a. (c 80% of the cargo is containerised)
  - Container Terminal with a total annual capacity of 600,000 TEUs<sup>1</sup> with potential expansion to over 1,000,000 TEUs p.a.
  - Able to accommodate vessels up to 340m in length
  - New passenger terminal under construction
  - Potential to offer support services to oil and gas operations

### Competitive position

- A captive, national market of c 300,000 TEUs with excess capacity that can be leveraged to position the Port as a strong East Mediterranean utility. C 70% of the RoC's trade and shipping links are within the European Union (“EU”)
- Inside EU and Eurozone, with strong and stable financial and commercial ties with the international community, strategically located in the Eastern Mediterranean as a “safe haven”
- Gateway between East and West

### Upside potential

- RoC invests heavily in transport infrastructure, it currently funds an €80m programme including:
  - channel deepening (completed)
  - lengthening of the container quay by 500m and building a new passenger terminal (ongoing)
- Potential for revenue base expansion into transshipment and/or as a load centre hub when the western basin quay extension for the Container Terminal is complete
- Strong future prospects with significant upside from the commercialisation, and the potential lifting of the Turkish embargo
  - Substantial opportunities to improve productivity and manage costs
  - Potential to leverage land for value added port related uses

### Robust track record

- Accounted for c 100% of container cargo traffic, c 70% of ship calls and c 77% of passengers to Cyprus in 2014
- The Port enjoys strong operating track record

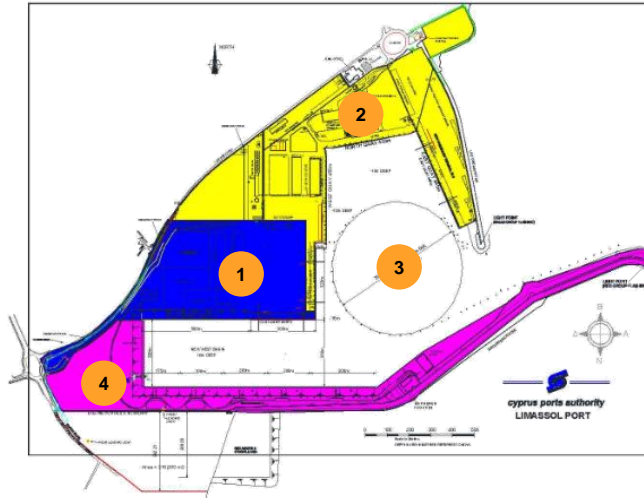
### Compelling sector trends

- Volume of containerised shipping traffic has experienced strong growth over last 15 years
- Mediterranean-bound containerised traffic has experienced volume increase during the last three years
- The trend of increasing volume in Mediterranean-bound services is expected to continue in 2015 for all trades
- Transshipment volume expected to grow significantly

**Source** Cyprus Port Authority  
**Note** (1) Twenty-foot equivalent unit

# Limassol Port layout

## Commercial operations



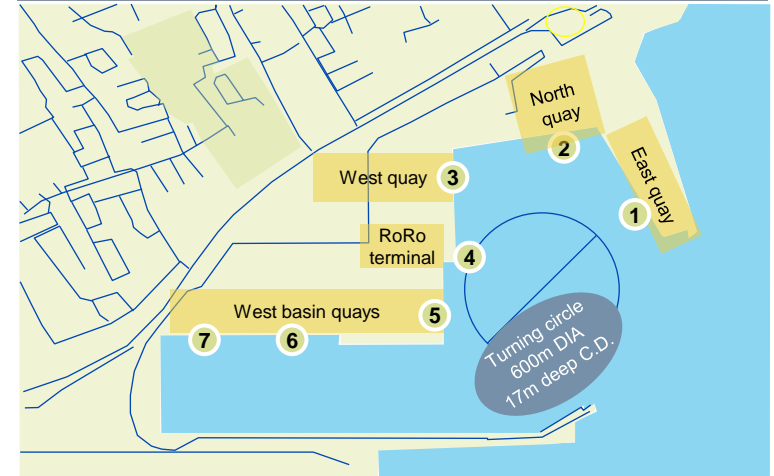
Crane equipment currently owned and used by the Cyprus Port Authority ("CPA")

- Two gantry cranes (Post Panamax)
- Four gantry cranes (Panamax)
- One crane 35 tons on rails (Luffing crane)
- One mobile crane (DEMAG)
- One mobile crane (Gottwald)

## Port layout

1	<b>Container Terminal</b>
2	<b>Multi-purpose Terminal (incl. passenger terminal)</b>
3	<b>Marine Services</b>
4	<b>Land available for other or new uses; outside of the Transaction perimeter</b>

## Technical specifications



Quay	Length (m)	Depth (m)
<b>Multi-purpose Terminal</b>		
1 East quay	■ 480	■ 11
2 North quay	■ 430	■ 11
3 West quay	■ 450	■ 11-13
4 West quay (Ro-Ro)	■ 50	■ 15
<b>Container Terminal</b>		
5 West basin	■ 320	■ 16
6 New west basin	■ 300	■ 16
7 New west basin (extension – under construction)	■ 500	■ 16

# Overview of Limassol Port terminals

- **History:** commenced commercial operations in 1974
- **Current management & ownership:** the CPA, a semi-governmental organisation reporting to MTCW, responsible for the management, operation and development of the RoC's ports
  - Port operation also conducted via local Licensed Porters and Stevedores (Port Workers)
- **Reorganisation:** the operation and regulation of the Port are currently subject to reorganisation to render the Port both open for operation by concessionaires and subject to independent regulation

Container Terminal	Multi-purpose Terminal		Marine Services
	Cargo	Passenger	
<ul style="list-style-type: none"> <li>■ Majority of cargo handled at the Port is containerised (c 80%) accounting for c 100% of container traffic generated locally</li> <li>■ Handling capacity of c 600,000 TEUs p.a. with throughput of c 308,000 TEUs as of 2014</li> <li>■ Stacking areas for containers is c 344,000m<sup>2</sup>; there is a dedicated area for stuffing and de-stuffing of containers</li> <li>■ Six ship to shore container cranes</li> <li>■ Extension of 500m to be completed in 2016</li> </ul>	<ul style="list-style-type: none"> <li>■ Handles c 1m MT of various types of cargo p.a., e.g. dry &amp; liquid bulk, conventional, vehicles, etc. (40%-50% of national cargo traffic)</li> <li>■ Covered and open spaces for storage available in the land area of the Port</li> <li>■ Warehouses: c 40,000m<sup>2</sup></li> <li>■ Open storage spaces for conventional cargo: c 157,000m<sup>2</sup> excl. container stacks</li> <li>■ Dedicated areas for storage of imported cars, maintenance and repair, other services</li> </ul>	<ul style="list-style-type: none"> <li>■ Limassol Port accounts for c 77% of all international maritime passenger traffic in Cyprus</li> <li>■ The new passenger terminal is under construction on a total area of c 6,800m<sup>2</sup> <ul style="list-style-type: none"> <li>– Facilities include duty free shops, banks, tourist information counter, cafeterias, terminal transfers and taxi service</li> <li>– Expected completion in 2016</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ The Port currently services c 3,200 ships p.a. including container, general cargo, cruise, RoRo and naval ships</li> <li>■ The Port operates three tugs and has an approach channel which is c 5km long dredged to 17m <i>chart datum</i></li> </ul>

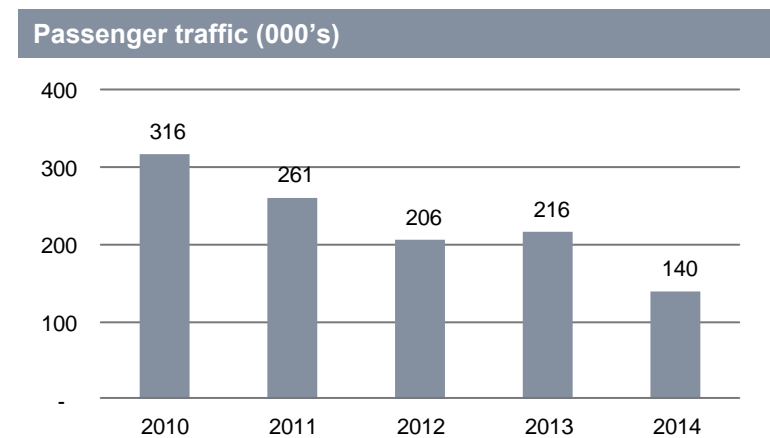
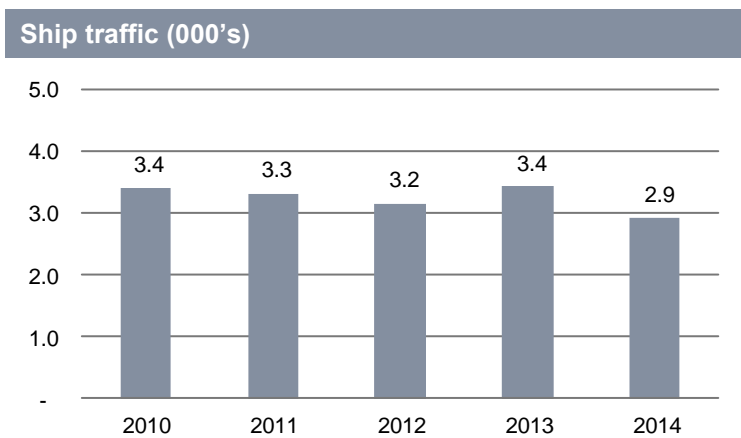
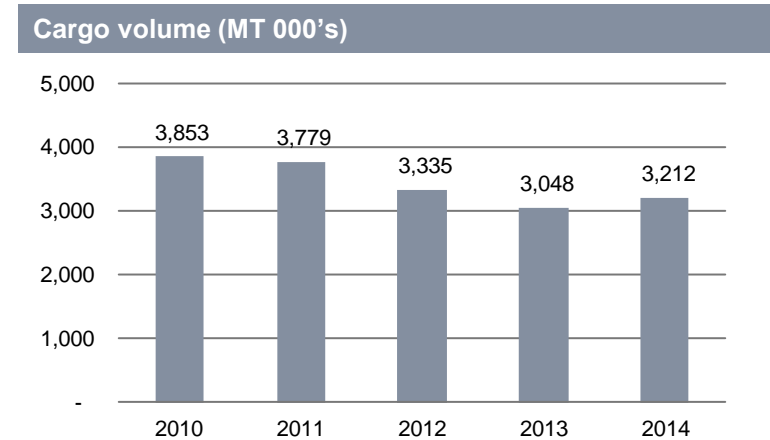
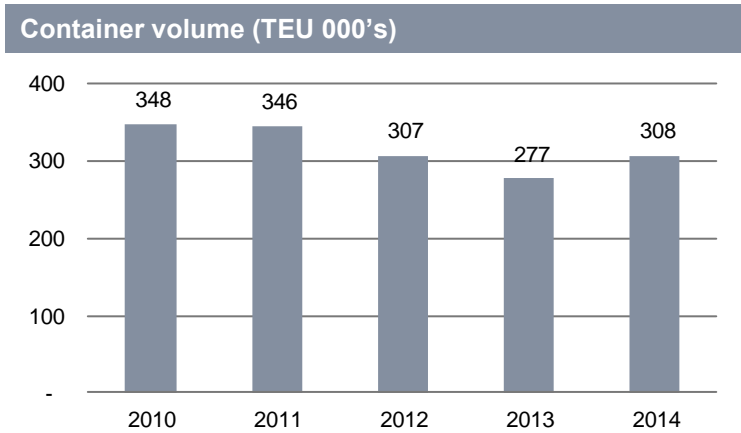
# Operational data

Cargo and container volumes in 2014, reflecting the stabilisation of the RoC economy

2013 overall drop in volumes due to the local banking crisis and capital controls introduced in March 2013

Decline in passenger traffic due to political turmoil in the Eastern Mediterranean

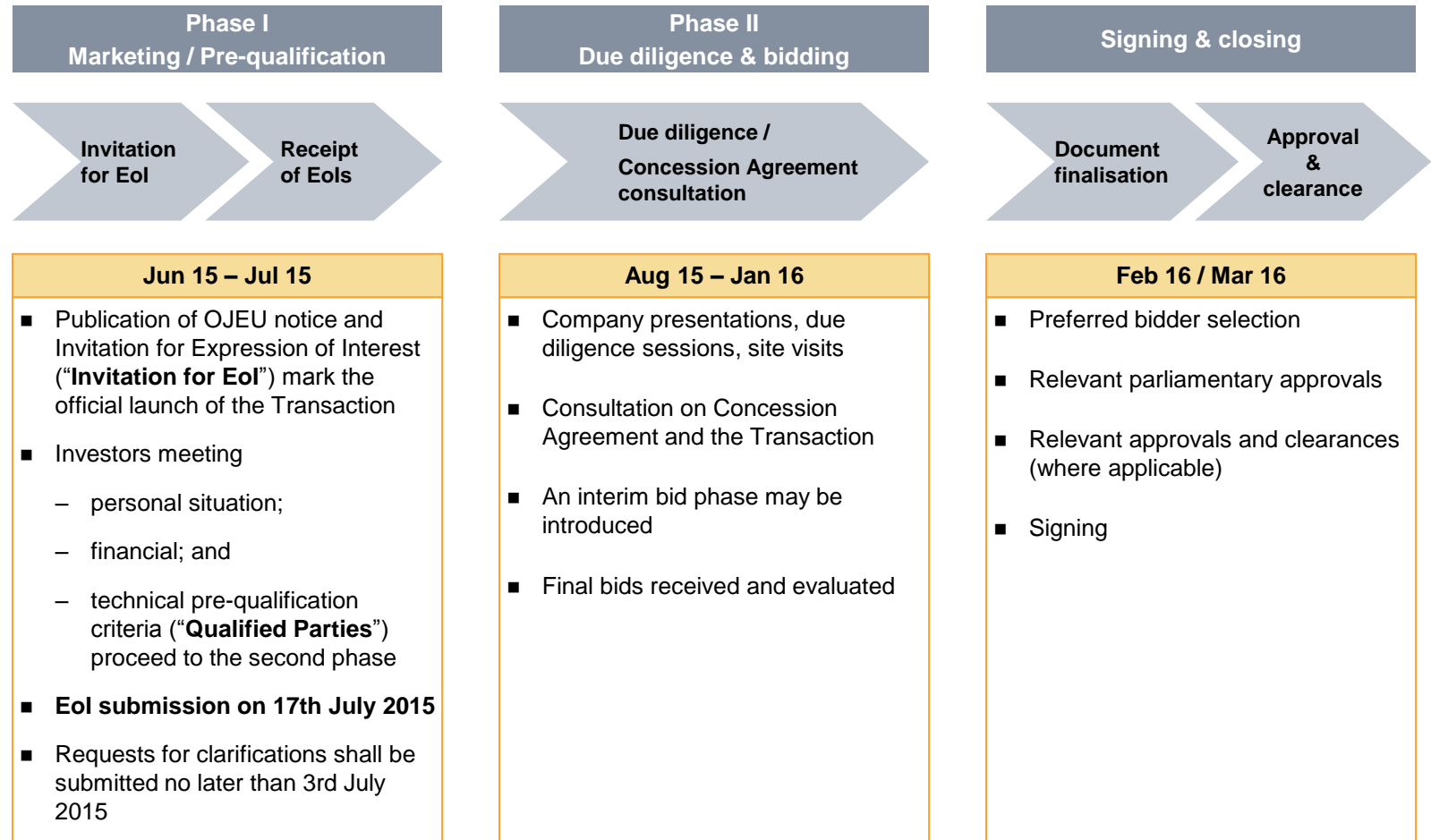
Stable ship traffic over the years with a hike in 2013 on the back of increased oil exploration and research activity



Source: Cyprus Port Authority

# Commercialisation process overview

## A multi-phase approach





# Summary pre-qualification criteria

Criteria for consortia:

- Exclusivity
- Participation of an experienced operator (min 26% stake)
- The financial eligibility criteria must be fulfilled by the interested party, or if a consortium, either the consortium as a whole (weighted by the participation of each member) or each member (pro rata to such member's participation in the consortium)
- Certain flexibility for changes in the consortium is provided

- 1 Interested parties will be asked to complete an EoI for each concession in which they are interested
- 2 Key to the selection process are the criteria upon which the interested parties will be pre-qualified and invited to participate in the second stage; only interested parties that meet all criteria will qualify for the second phase
- 3 Criteria for qualification for the second stage seek to ensure that qualified parties have appropriate expertise and capabilities
- 4 The selection of the interested parties will be on a pass/fail basis on the following criteria, by way of summary only.  
**Please refer to Invitation for EoI for further details**

Completeness and compliance check	Personal situation criteria	Technical eligibility criteria	Financial eligibility criteria
<ul style="list-style-type: none"> <li>■ Check that all required information requested has been submitted in full and in time</li> <li>■ Pre-condition for proceeding with further review of pre-qualification criteria</li> </ul>	<p>Includes but is not limited to:</p> <ul style="list-style-type: none"> <li>■ Legal standing / lack of criminal convictions / non-compliance with tax or social security obligations / non conviction regarding false statements / non exclusion from public tenders / no record of bankruptcy</li> <li>■ National security considerations</li> </ul>	<ul style="list-style-type: none"> <li>■ Prior operational experience through proven track record</li> <li>■ <b>CT</b>: directly operated in each of the last three years at least two container terminals (combined traffic &gt;500,000 TEUs p.a.) and at least one container terminal (traffic &gt;250,000 TEUs p.a.)</li> <li>■ <b>MPT</b>: directly operated a terminal handling general cargo of at least 1m tonnes p.a. in each of the last three years</li> <li>■ <b>MS</b>: piloted or provided tug / towage services to &gt;1,000 port entries p.a. in each of the last three years</li> </ul>	<ul style="list-style-type: none"> <li>■ Sound financial situation (single party or consortium)</li> <li>■ The average annual consolidated equity for the last three audited years (corporate entity), the sum of active and unutilised / uncommitted funds or sum of assets under management for the last three years (financial entity):                             <ul style="list-style-type: none"> <li>– <b>CT</b>: &gt;€75m</li> <li>– <b>MPT</b>: &gt;€25m</li> <li>– <b>MS</b>: &gt;€25m</li> </ul> </li> </ul>

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Other approaches to MTCW or CPA will not be addressed

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