

PORT OF RIJEKA AUTHORITY



ESPO, 10.05.2012.



**PORT AUTHORITY OF THE
YEAR
PORT OF RIJEKA AUTHORITY
WITHIN THREE
WORLD WIDE**



PORT OF RIJEKA AUTHORITY

Port Terminals



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Main Concessionaires

JANAF j.s.c.

LUKA RIJEKA j.s.c.

ADRIATIC GATE j.s.c.

Joint Venture with ICTSI Group Company

SHERIF Ltd.

EXPORTDRVO Ltd.

Concessions for use of port infra and superstructure to carry out port activities have been granted to main concessionaires.



PORT OF RIJEKA MODERNIZATION

Rijeka Gateway Project

OBJECTIVE

Improvement of the international transport gateway through the city of Rijeka

MAIN COMPONENTS

Adriatic Gate Container Terminal (AGCT)

Zagreb Container Terminal (ZCT)

Port – City Interface (Delta and Porto Baross)

TRANSPORT INFRASTRUCTURE

Highway and Connecting Roads

New Railway Line and Reconstruction of Existing



FUTURE PLANS

Container Terminal - Island Krk

- More than 100 ha of available area
- 1.5 M TEU annual capacity
- Draft more than 18 m



PORT RESTRUCTURING AND PRIVATIZATION

PROJECT BACKGROUND

- Port operators restructuring and privatization is part of **Rijeka Gateway Project (RGP)** financed by the World Bank
- The **overall objective** of the project initiated by the PRA is to support the **transformation and modernization** of the port of Rijeka thereby increasing both its **competitiveness and traffic**
- The project involves **transforming** the port from the **service – tool port model** to the **landlord port model** thereby **increasing private sector involvement and capitalization** of the port



PORT RESTRUCTURING AND PRIVATIZATION

Port of Rijeka Privatization Processes in Practice

TWO TERMINALS – TWO CASES

1. Adriatic Gate Container Terminal (AGCT)
transaction in practice
2. Zagreb Container Terminal (ZCT)
concessioning in progress



ADRIATIC GATE CONTAINER TERMINAL



- Container stacking area extension to 170.000 sq meters
- Quay extension to 630 m
- New gate-in gate-out facility
(direct connection to highway)
- New STS container cranes and yard equipment
- Draft 14.5 m
- 500 000 TEU annual capacity



ADRIATIC GATE CONTAINER TERMINAL

Transaction in Practice

PORT OPERATOR LUKA RIJEKA j.s.c. RESTRUCTURING

- Luka Rijeka j.s.c. (LR) – 100 percent shareholder of AGCT
- LR financial consolidation – condition for introduction of strategic partner
- Strategic decision – first investment of private capital into port operations to be realized at AGCT
- Selection of **Strategic Partner** for AGCT - one who is offering operational efficiency improvement, better market position and financial strength of AGCT j.s.c.
- Transaction in practice – supported and monitored by World Bank

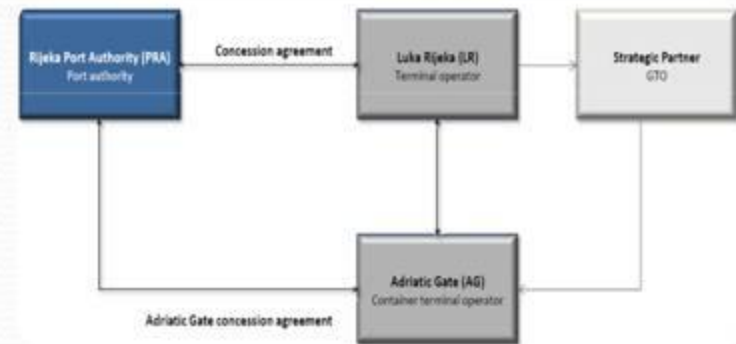


ADRIATIC GATE CONTAINER TERMINAL

Complexity of Transaction

- First large port privatization in Croatian history

- Many (different) stakeholders involved in the process



- Adriatic Gate Terminal Transaction: two separate transactions
 - Signing extended AGCT Concession Agreement – **Phase One**
 - Signing joint venture agreement with Preferred Candidate – **Phase Two** (Shareholders Agreement and Share Purchase Agreement)
- Uncertain market appetite from private investors

ADRIATIC GATE CONTAINER TERMINAL

Phase One – Concession Extension

- **EXTENSION OF AGCT CONCESSION FOR NEXT 30 YEAR**
 - Signing parties: Port of Rijeka Authority and Adriatic Gate
 - Several rounds of negotiations
- **KEY ELEMENTS OF THE EXTENDED CONCESSION CONTRACT**
 - Extended duration of extended contract (30 years)
 - Revised concession payments (incentive-based)
 - Clear investment allocation
 - Optimal risk allocation (back-to-back arrangements)
 - Termination compensation schemes

29 DECEMBER 2009: OFFICIAL SIGNING OF CONCESSION CONTRACT BETWEEN PORT OF RIJEKA AUTHORITY AND ADRIATIC GATE

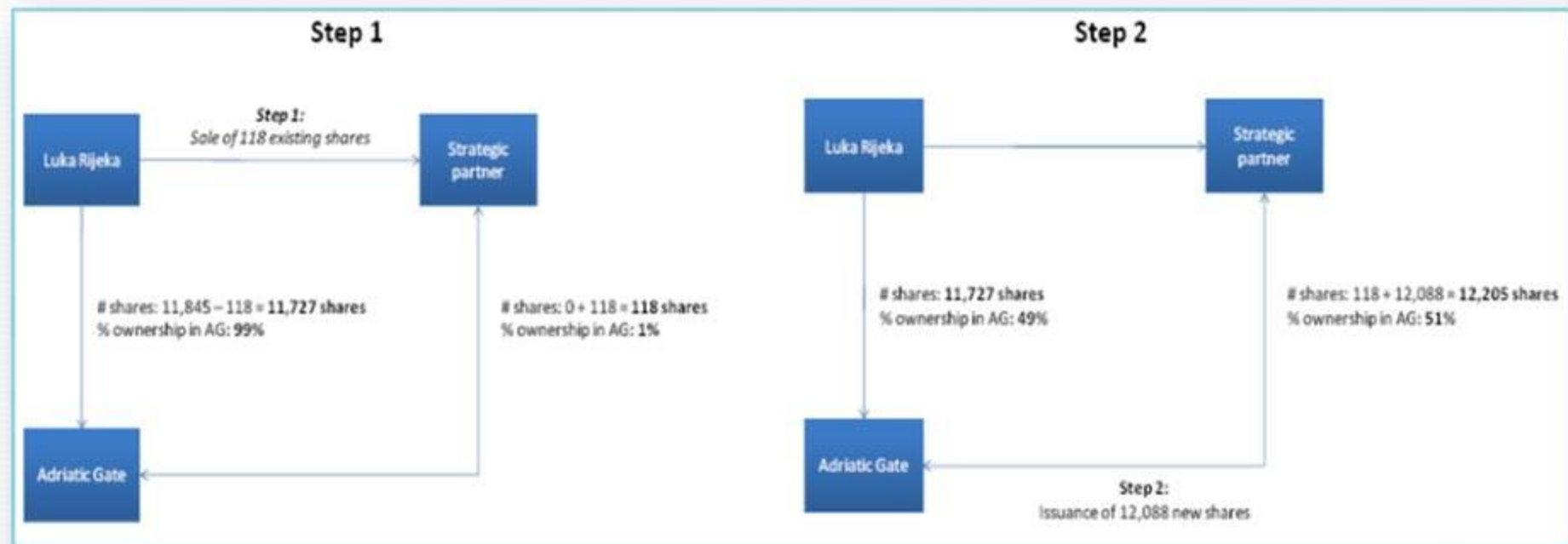


ADRIATIC GATE CONTAINER TERMINAL

Phase Two – Sequences of Transaction

TRANSACTION STRUCTURE

- Variable amount, bidding parameter, to be paid to Luka Rijeka for sale of 1% of shares of Adriatic Gate
- Fixed amount to be paid to Adriatic Gate for sale of 50% of shares of Adriatic Gate

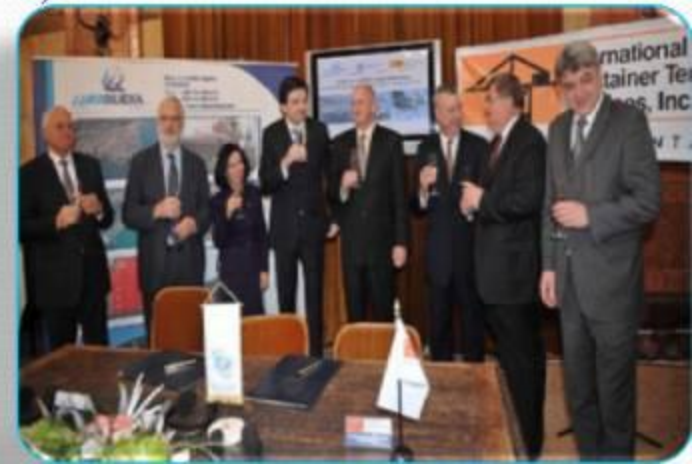


ADRIATIC GATE CONTAINER TERMINAL

Signing of Joint Venture Agreement

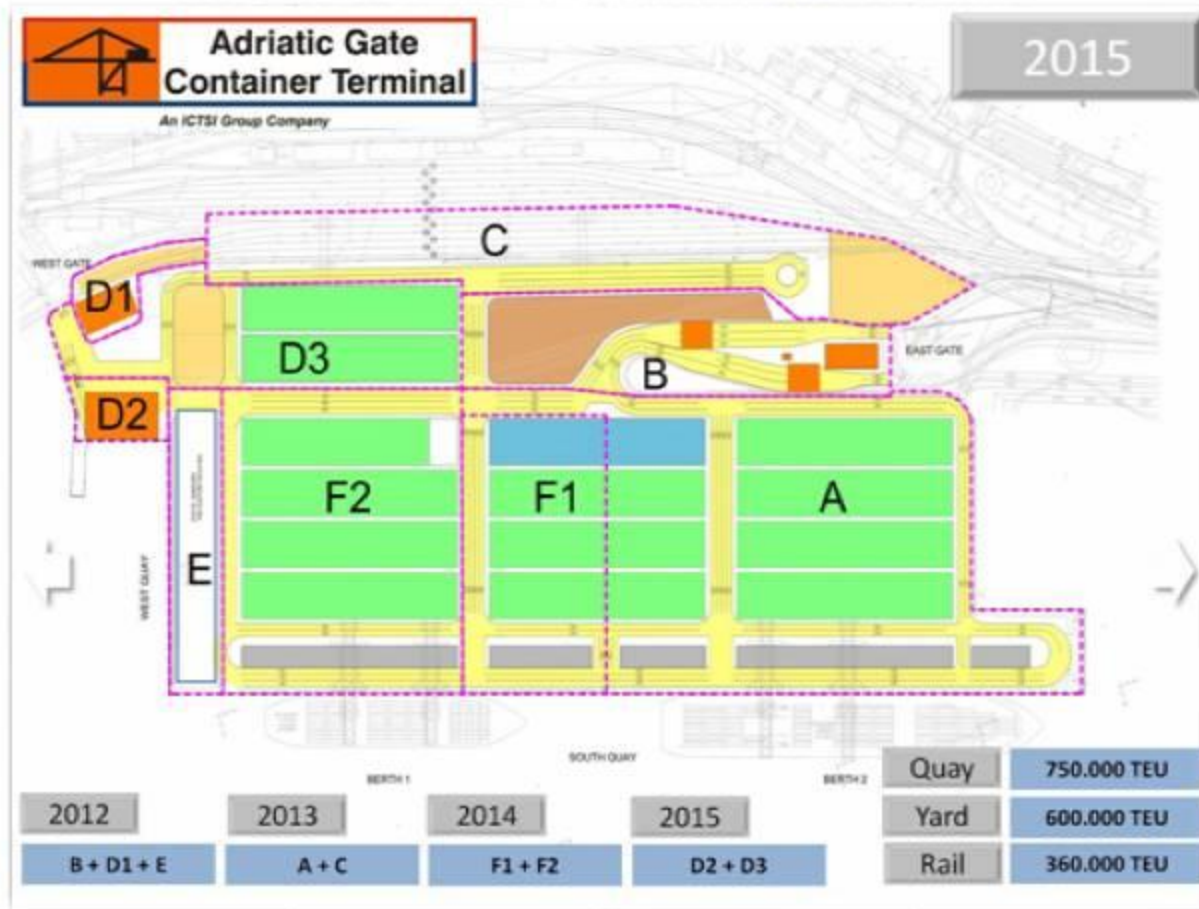
- Official launch of Requests for Prequalification (*March 2010*)
 - Restricted tender (13 pre-selected companies that meet preferred partner profile)
 - 8 Prequalification Documents received
- Five companies shortlisted for the Proposal Phase
 - APMT, HHLA, ICTSI, Group TCB and DP World
- Launch of Request for Proposal (*July 2010*)
 - 3 Proposals received (ICTSI, HHLA and APMT)
 - Invitation for Best and Final Offer (BAFO) with two best Candidates
- ICTSI selected as Preferred Candidate (*November 2010*)
 - Negotiations Transaction Contracts
 - Total negotiations time: approximately 4 months

3 MARCH 2011: OFFICIAL SIGNING OF TRANSACTION CONTRACTS BETWEEN ICTSI AND LUKA RIJEKA



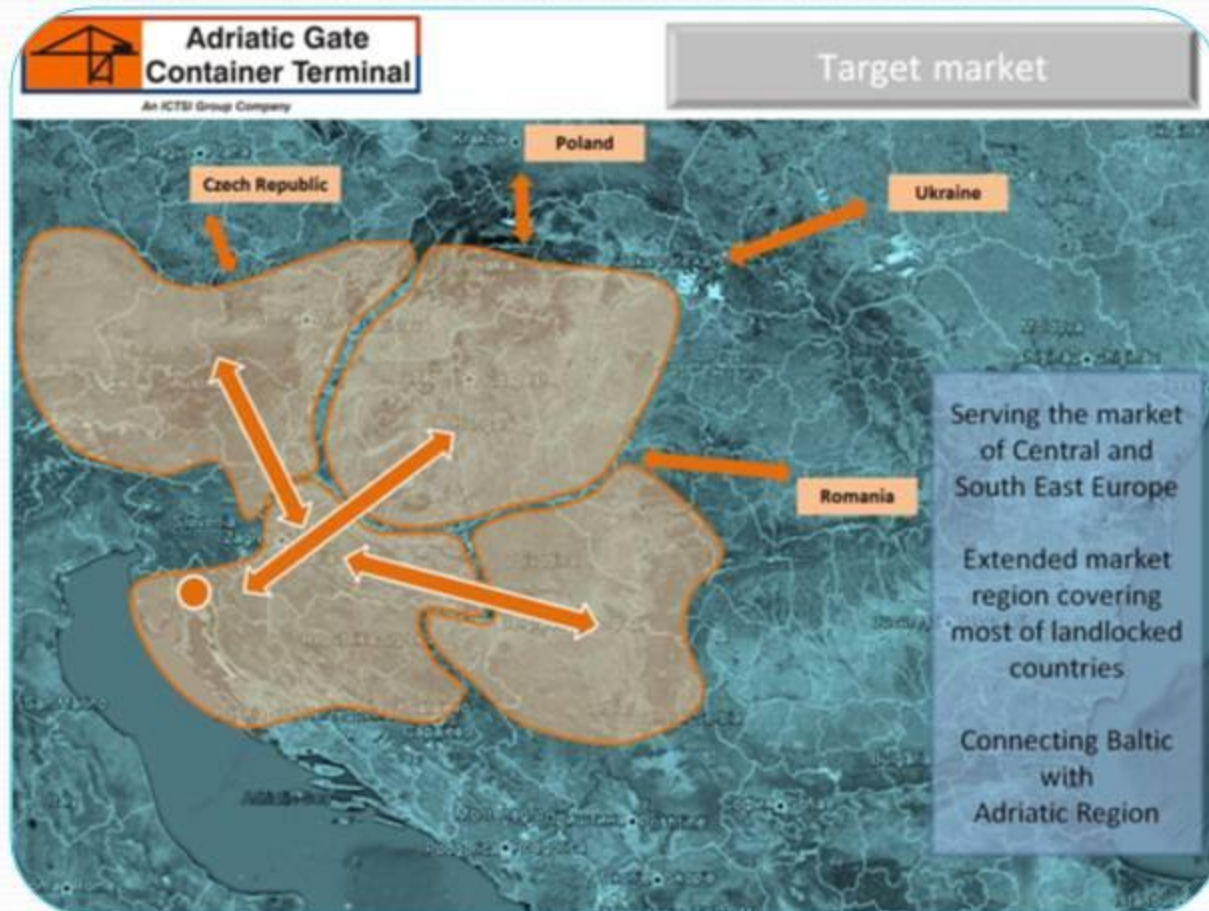
ADRIATIC GATE CONTAINER TERMINAL

Phases of Development




ADRIATIC GATE CONTAINER TERMINAL

Intermodal Development



ADRIATIC GATE CONTAINER TERMINAL

Baltic – Adriatic Railway Link


 **Adriatic Gate Container Terminal**
An ICTSI Group Company

ON THE RIGHT TRACK

Joint project of BCT & AGCT



BALTIC - ADRIATIC Railway link

AMBER EXPRESS © 



ZAGREB CONTAINER TERMINAL

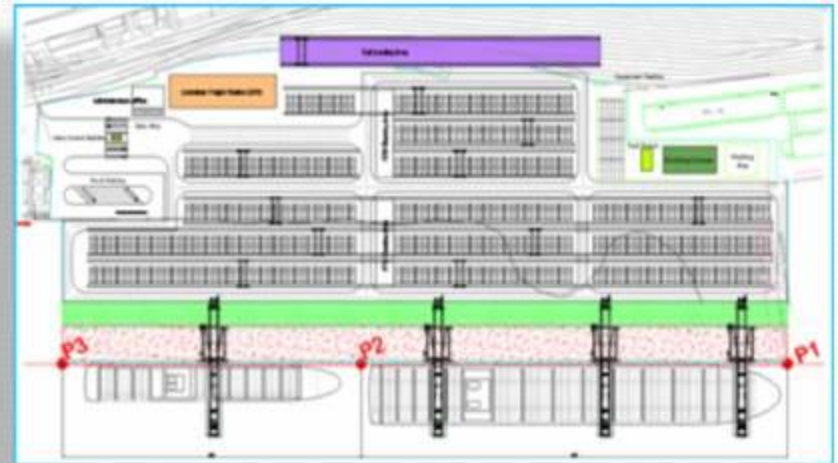
- 680 m length of quay
- 220.000 sq.m. surface area
- 500.000 TEU annual capacity
- Finished in 2016
- Possibility of servicing the largest container ships
- Draft 20 m



ZAGREB CONTAINER TERMINAL Concessioning in Progress

The PRA Intends to :

- Concession the operations of the container terminal
- Sign a Concession Agreement with competent terminal operator – Concessionaire for the new Zagreb Container Terminal
- Issue international tender for concession at the new Zagreb Container Terminal



ZAGREB CONTAINER TERMINAL

Concessioning in Progress

BASIC ASSUMPTIONS

- **Port infrastructure** (design, preparation, 400 m quay wall, land reclamation) will be created by Rijeka Port Authority, financed by the World Bank Loan
- **Port superstructure, facilities and equipment** (including paving, electrical installations, reefers, etc.) and port equipment (gantries, RTGs, train loading equipment) will be created/installed by concessionaire
- The concessionaire has the option to accept a 400 m quay wall or a 680 m quay wall (an extra 280 m of quay wall and terminal area to be financed by the Concessionaire)



ZAGREB CONTAINER TERMINAL

Legislation in Croatia

- In view of entry in the EU, Croatia has enacted new legislation related to the port development, i.a.:
 - Public procurement Law, 2007
 - Concessions Law, 2008
 - Public Private Partnership Law, 2008
- Law on the Maritime Domain & Seaports, 2003, must be also harmonized.



ZAGREB CONTAINER TERMINAL

Public Private Partnership Law

- The PPP Law in Croatia came into force on 7 November 2008
- It regulates the long-term relationship between a public and a private partner and sets out detailed rules with respect to the preparation and execution of so called PPP projects
- The PPP Law states that *the private partner shall take over from the public partner:*
 - The obligation to design, construct and/or reconstruct public infrastructure and/or objects of public interest
 - The provision of public services to final beneficiaries



ZAGREB CONTAINER TERMINAL

Concession Law

- **The Concession Law** has been in force as of 1 January 2009
- It has been harmonized with the current legislation of the EU particularly with respect to public procurement rules
- **The Concession Law** is intended to be a kind of **umbrella law** regulating basic principles of **concession regime** in Croatia



ZAGREB CONTAINER TERMINAL

Concessioning In Progress

Preparatory actions for the award of concessions to be performed by the Grantor (Article 9 of the Concession Law)

- Estimation of concession value
- Preparation of concession justification study
- Appointment of expert commission for the concession
- Preparation of tender documents
- All other measures preceding the concession award procedure



ZAGREB CONTAINER TERMINAL

Concessioning In Progress

ALREADY COMPLETED ACTIVITIES

- The PRA has signed the **Design & Build Contract** for the design documents preparation and construction of 400 m of the quay wall and stacking yard area
- Appointment of **expert commission** for the concession
- **Tender documents** and **contract conditions** are in final stage
- **Notice of intent to award concession** receives its final version



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