



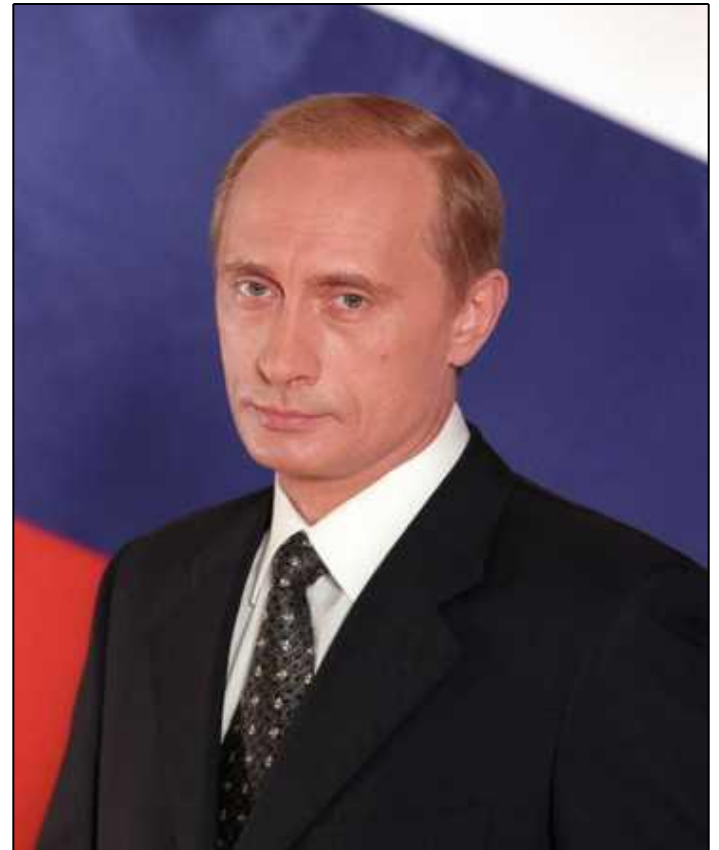
**Multimodal Industrial and Logistic Complex in Slavyanka
Russian Far East**

November 2013

Strategic directions of activities for Russian government

- To eliminate imbalance of regional development;
- To modernize Russian ports;
- To use efficiently transit potential of Russia;
- To form new, more profitable and shortest routes between Asia and Europe.

“The items, mentioned above are national priority activities at the present time”, said V.V. Putin.



Multimodal Industrial and Logistic Complex (MILC)

Project mission:

To create the largest logistic complex in Asia-Pacific region, with well-developed infrastructure and network of main transport: rail, road, sea, air.

Project focus:

Integrated development of Slavyanka port and territories in Khasan District, Primorye.



Project Investments:

- Purchase specialized tanker fleet. Investments: 77,5 mln USD**
- Build offshore transshipment complex. Investments: 12,5 mln USD**

Total Investments: 90 mln USD



Bunker hub

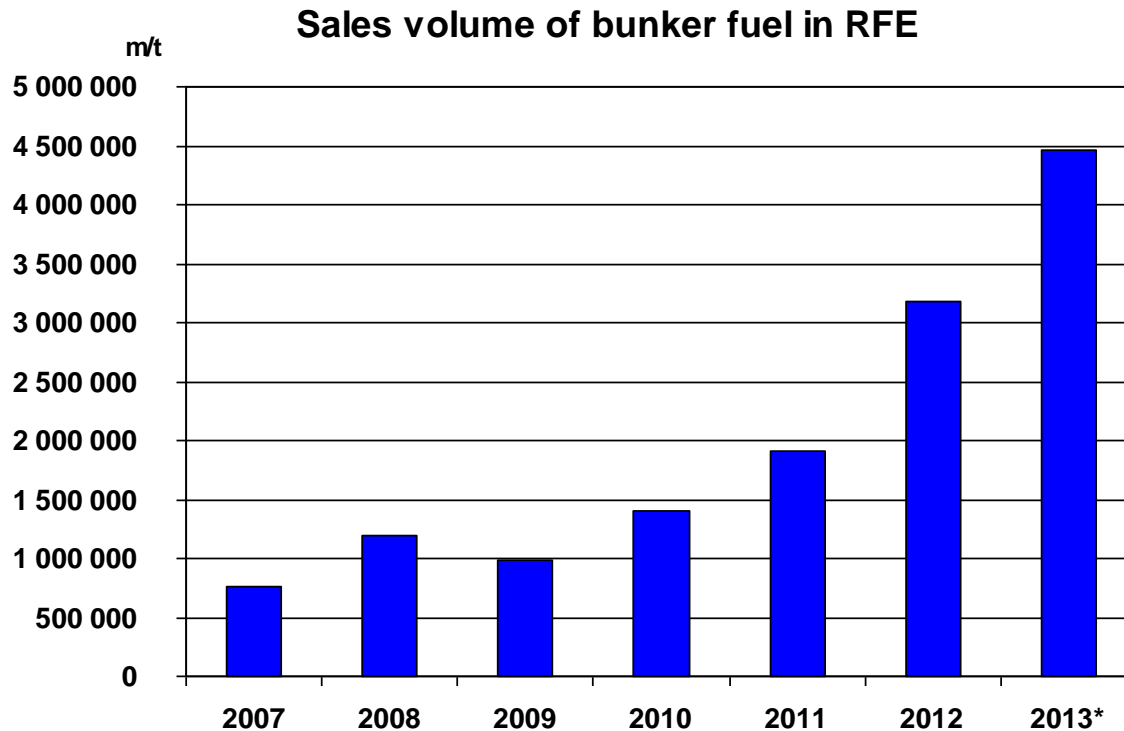
**Multimodal Industrial and Logistic
Complex**

Shipbuilding cluster

Russian bunker market geography – Sales per year, tones

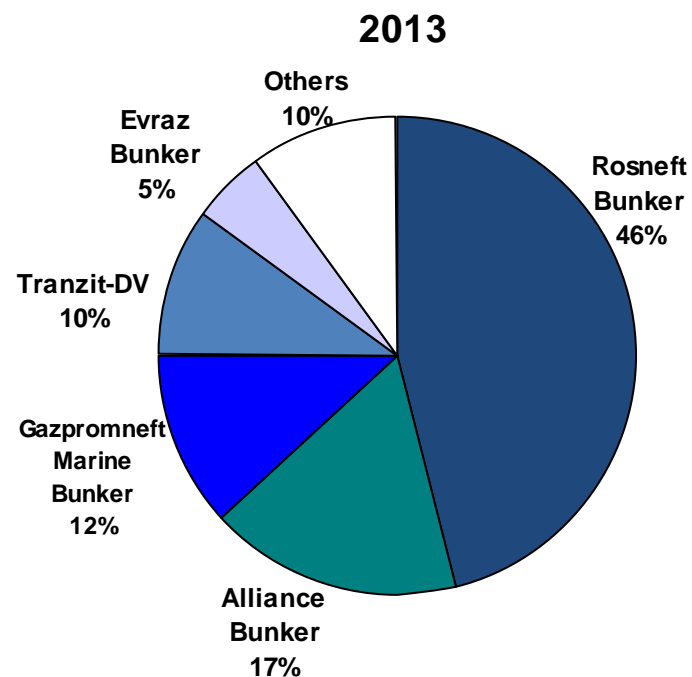
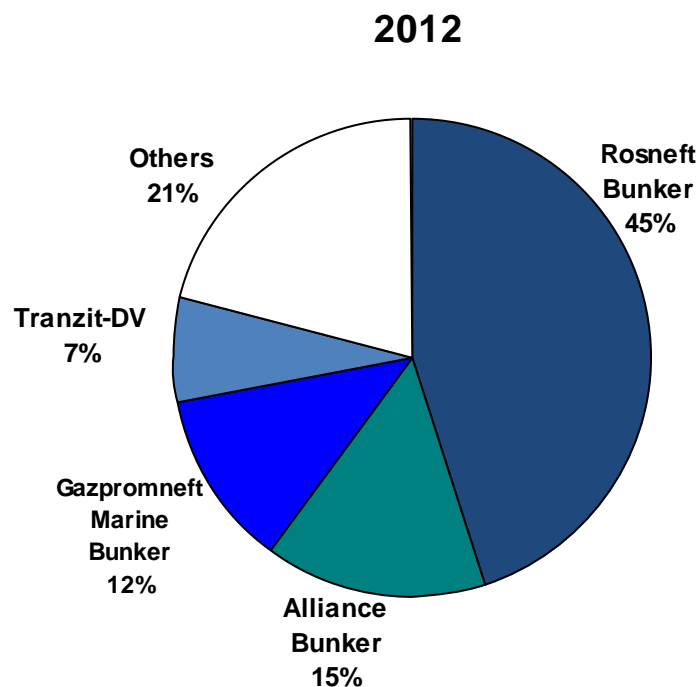


RFE Bunker Market Statistics



Shipping giants ZIM, MAERSK, EVERGREEN, NYK, CSAV, KLINE, MOL, CMA&CGM, EUKOR, HMM, HANJIN, STX, SK-SHIPPING –schedules and voyages have been adjusted in order to get cheap bunker.

Company's market share on RFE bunker market





- Costal terminal JSC Vostokbunker
- Own production of IFO
- Marine terminal in Slavyanka
- Floating transshipment complex
- Exclusive suppliers of the products
- Extensive distribution network

Offices:

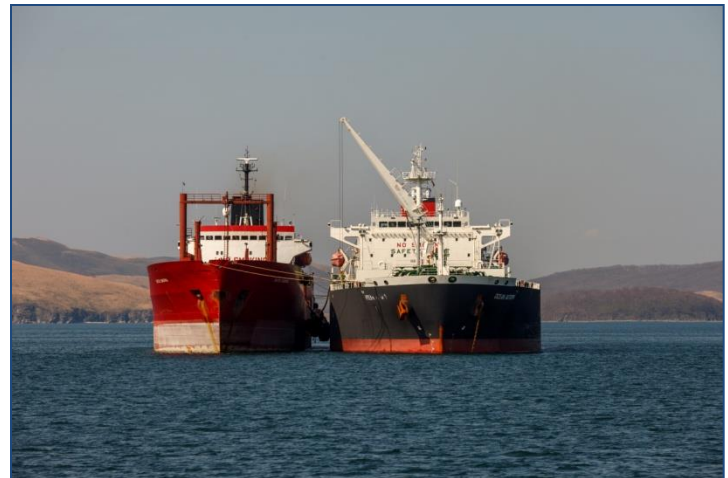
Vladivostok, Petropavlovsk-Kamchatsky
Magadan

Representative offices:

Seoul, Hong Kong, Singapore, Anchorage

MILC - Marine terminal

**Marine terminal handled 100,000 tons
of oil products in May-July 2013**



MILC - Tug fleet



Poseydon

Vityaz

Kapitan Zdor

Slavyanets

Engine power HP 2500

- Ship downtime while waiting for tugs are eliminated
- Ship call costs significantly reduced
- Mooring operation safety and speed significantly increased
- Unique bunker services offered

MILC – Specialized tanker fleet

Type: oil tanker

Year of build: 2003

DWT: 47 000 mt

Class: Ice class 1A

Length: 183 m

Width: 32 m

Draft: 12,5 m

**Main engine: Hyundai
MAN B&W 7S50MC-C/11.060 kW**

**Shipyard: Hyundai Mipo, Ulsan,
South Korea**

Quantity – 3 vessels



MILC – Specialized tanker fleet

	Project				
	1 year	2 year	3 year	4 year	5 year
Turnover, mt	540 000	540 000	540 000	540 000	540 000
TCE, USD	6 570 000	6 570 000	6 570 000	6 570 000	6 570 000
Operational costs, USD	25 423 581	25 423 581	25 423 581	25 423 581	25 423 581
Product costs, USD	229 285 487	229 285 487	229 285 487	229 285 487	229 285 487
Total costs, USD	261 279 068	261 279 068	261 279 068	261 279 068	261 279 068
Revenues, USD	284 006 250	284 006 250	284 006 250	284 006 250	284 006 250
Net profit, USD.	22 727 183	22 727 183	22 727 183	22 727 183	22 727 183

Credit terms - 6 % p.a.

Payback period - 4 years

Total revenues (5 years) - 113, 6 mln USD

Discounted revenues (5 years) – 96,4 mln USD

NPV (5 years) – 17 mln USD

IRR – 13,6 %

ROI – 28,9%

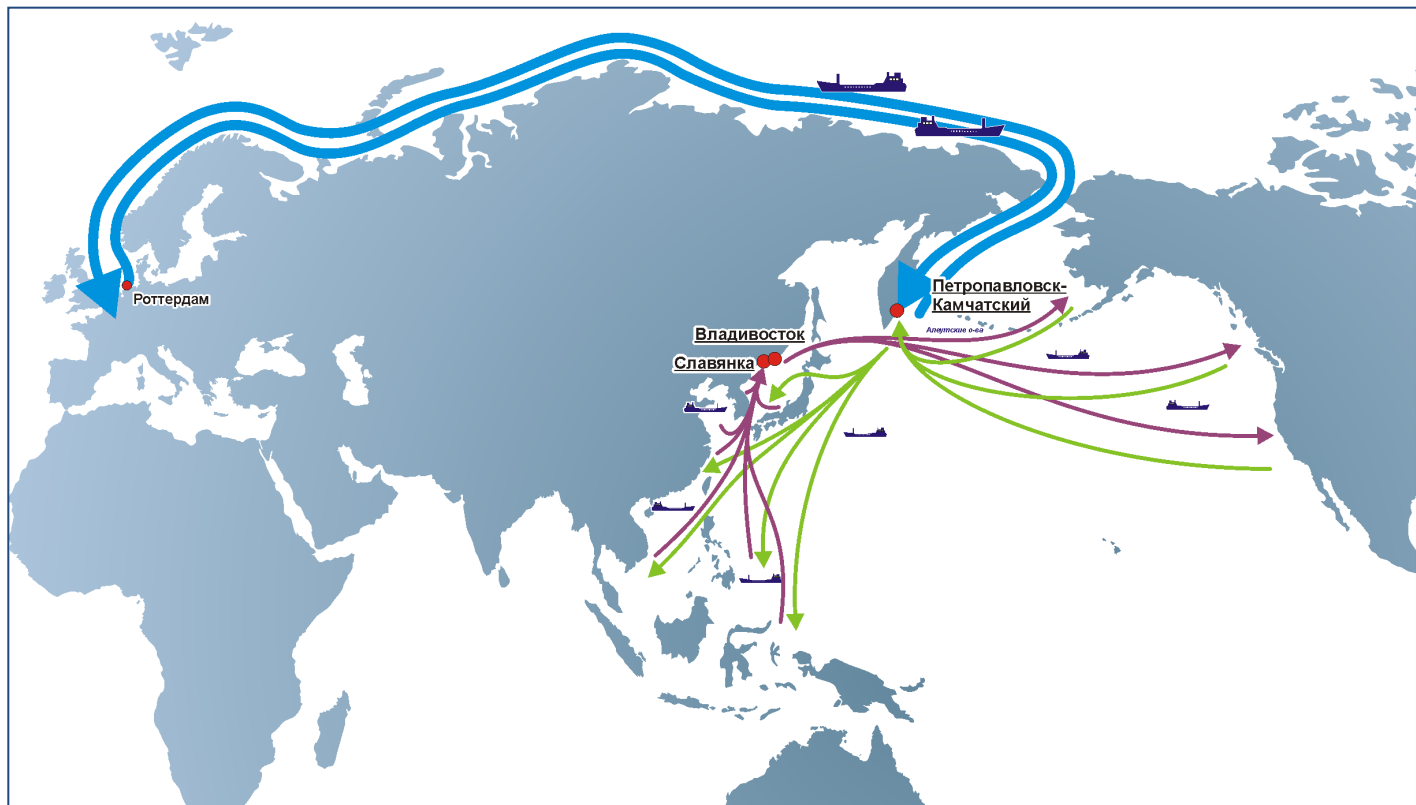
MILC - New routes

Develop local port infrastructure

Change regional and global logistics

Empower Russian transit potential

Promote Northern Sea Route



Northern Europe - Slavyanka - US West Coast, Southeast Asia

Chinese Northeast - Slavyanka - Northern Europe, US West Coast



Southeast Asia - Western Europe, US West Coast: more than 70% of world maritime container traffic

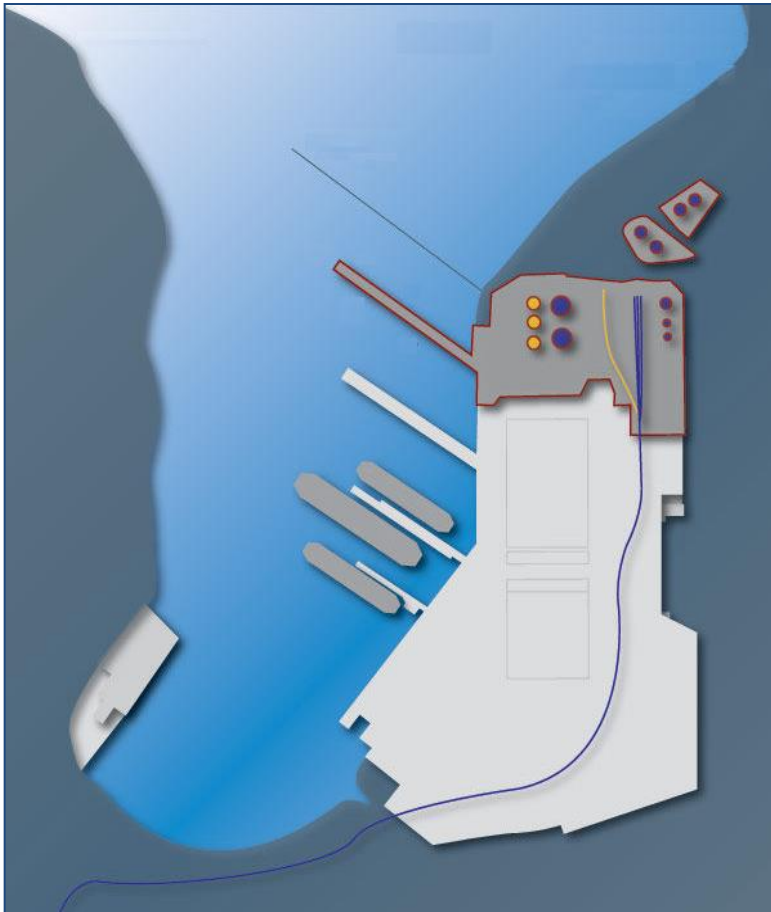
MILC - New routes



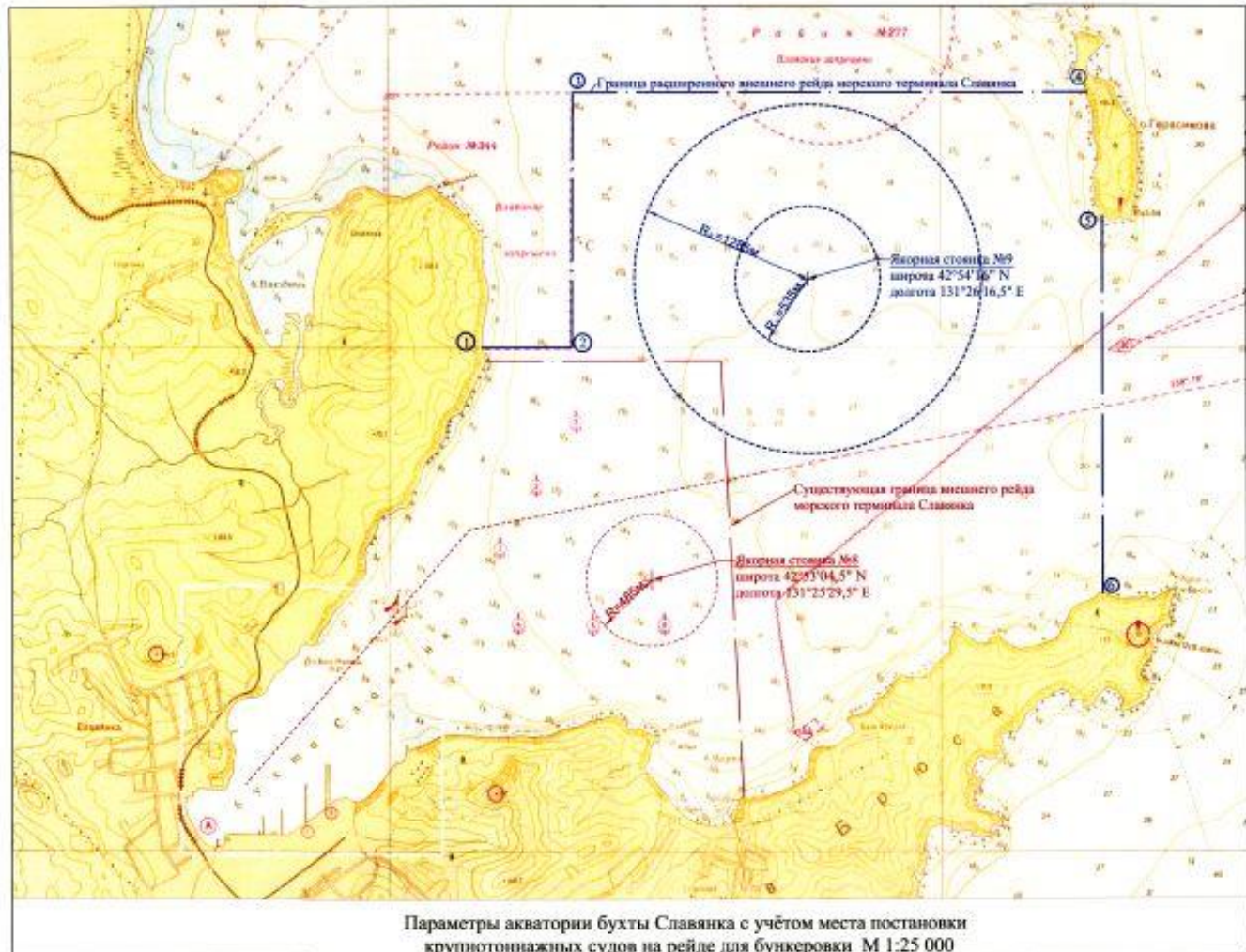
Using new routes for cargo delivery from Northern China-

- Save time
- Save money
- Change traditional routes
- Create new opportunities for development

MILC – Slavyanka port



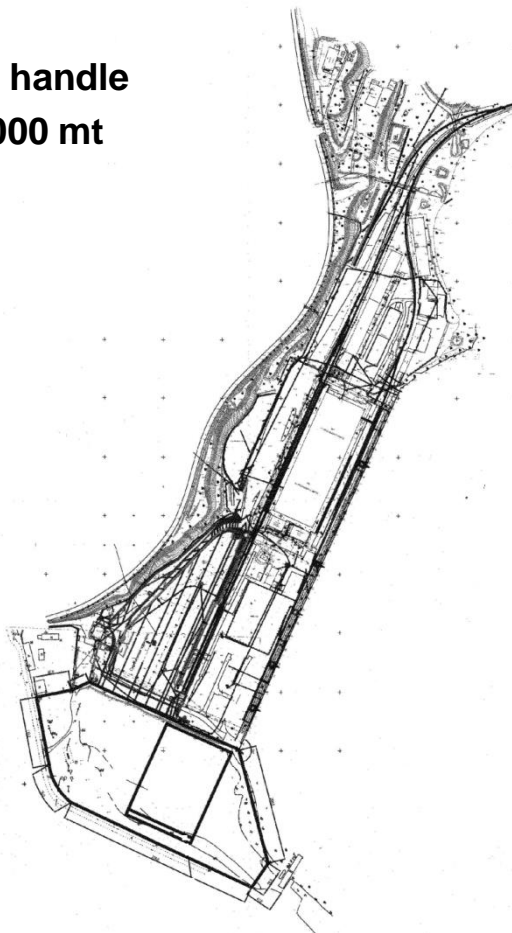
MILC - New Slavyanka Port boundaries



MILC allows port to handle
vessels with DWT 300,000 mt

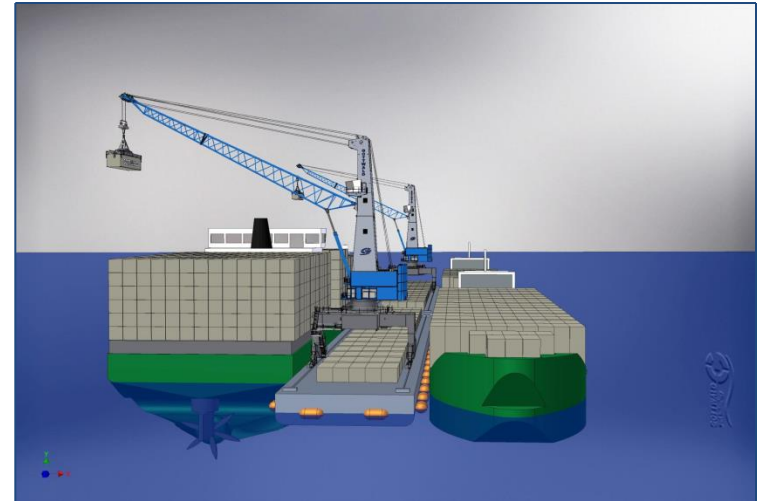
- Total area: 39,2ha
- Operations area: 20ha

Container
terminal

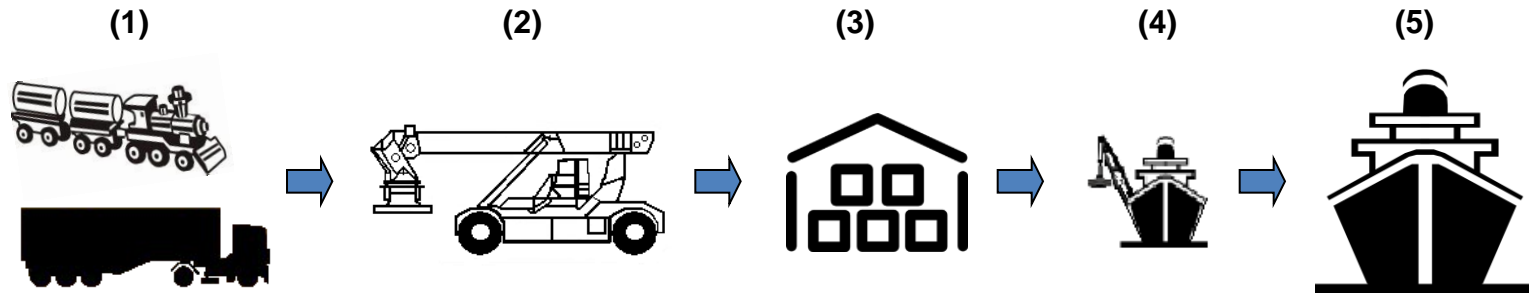


MILC - Floating container terminal

Russian ports share in world maritime container traffic - 3.6 million TEU, less than 1%.



Floating container terminal in Slavyanka - impetus for port and region development



(1) Delivery of goods from Western Russia and the Northern provinces of China (auto, railway)

(2) Transshipment of containers and general cargo

(3) Storage, accumulation of shipments

(4) Loading of containers to feeder vessel, delivery to anchorage

(5) Loading of container line vessels

MILC - Floating container terminal

	Project				
	1 year	2 year	3 year	4 year	5 year
Turnover, TEU	45 000	45 000	45 000	45 000	45 000
Total costs, USD	129 404 625	129 404 625	129 404 625	129 404 625	129 404 625
Revenues, USD	135 000 000	135 000 000	135 000 000	135 000 000	135 000 000
Net profit, USD.	4 476 299	4 476 299	4 476 299	4 476 299	4 476 299

Total investments – **12,5 mln USD**

Credit terms - **6 % p.a.**

Payback period – **2,8 years**

Total revenues (5 years) - **22,4 mln USD**

Discounted revenues (5 years) – **18,9 %**

NPV (5 years) – **9,4 mln USD**

IRR – **23,3%**

ROI – **35,9%**

The Multimodal Industrial and Logistic Complex will be capable of handling vessels with DWT up to 300,000 tons. It is part of Russia's maritime development strategy, helping to ensure the country's economic independence and national security, and increase foreign trade and Tranzit through Russia's territory.



Project goal: To create the largest logistic complex in Asia-Pacific region, with well-developed infrastructure and network of main transport: rail, road, sea, air.

Project investment schedule:

- 1. Purchase specialized tanker fleet 77,5 mln USD
- 2. Build offshore transshipment complex 12,5 mln USD

Total investments: 90 mln USD

Total discounted Revenues (5 years): 115 mln USD

ROI: 30,2%

IRR: 15,6%

Pay back period: 3,5 years

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