

**REPUBLIC OF PERU**

**CONCESSION OF PAITA PORT TERMINAL**

# **EXECUTIVE SUMMARY**

**PRIVATE INVESTMENT PROMOTION AGENCY**



**COMMITTEE IN INFRASTRUCTURE AND STATE PROJECTS**

August, 2008

## Contact List

Name	Position	Phone. / Fax / e-mail
 <b>ProInversión</b>		<a href="http://www.proinversion.gob.pe">www.proinversion.gob.pe</a>
<b>Guillermo Rebagliati</b>	<b>Project Head</b>	<b>Phone:</b> (511) 6121200 (Ext. 1245) <b>e-mail:</b> <a href="mailto:grebagliati@proinversion.gob.pe">grebagliati@proinversion.gob.pe</a>
<b>Carlos Herrera</b>	<b>Investment Promotion Director</b>	<b>Phone:</b> (511) 6121200 (Ext. 1271) <b>Fax:</b> (511) 442-2948 <b>e-mail:</b> <a href="mailto:cherrera@proinversion.gob.pe">cherrera@proinversion.gob.pe</a>
<b>Isabel Roncal</b>	<b>Promotion Officer</b>	<b>Phone:</b> (511) 6121200 ( Ext. 1332) <b>e-mail:</b> <a href="mailto:broncal@proinversion.gob.pe">broncal@proinversion.gob.pe</a>

For more information about the transaction please contact any of the above contact persons.

### Important Notice

The present Executive Summary has been prepared by PROINVERSION. It is provided only as information for potential investors and to assist them in determining their interest in participating in the Concession of Paita Port Terminal. This document is not a request for investments.

By receiving this document, the parties accept that neither the Peruvian State, nor PROINVERSION or its Financial Advisors will be held liable, at present or in future, nor will they have any legal responsibility derived from this document.

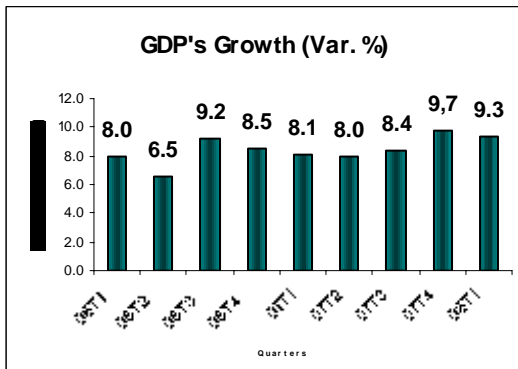
# 1. Peru

Peru is South America's third largest country, after Brazil and Argentina. It spans over 1.28 million Km<sup>2</sup> and has a population of 28 million people and 22 inhabitants per square kilometer population density. It is located in the west central portion of South America's Pacific coast, a position that poses it as a regional business hub as well as a strategic bridge among the markets of South America, the United States and Asia.

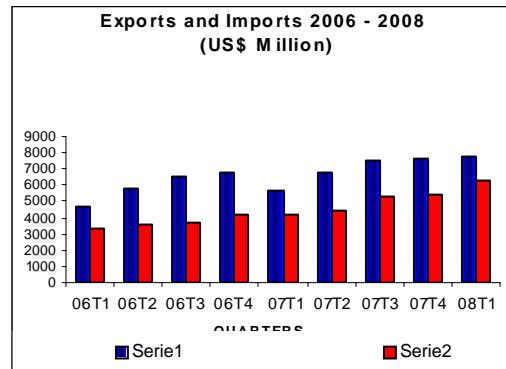


In terms of GDP, Peru shows a sustained growth and registered a 9.3% increase in the first quarter of 2008 compared to the same period last year. In 2007, per capita GDP reached almost US\$ 3 931.

Since 2002, Peru has enjoyed a positive trade balance that reached US\$ 8,4 billion in 2007 and US\$ 1,4 billion in 1Q 2008, as a result of a permanent growth in the export levels.



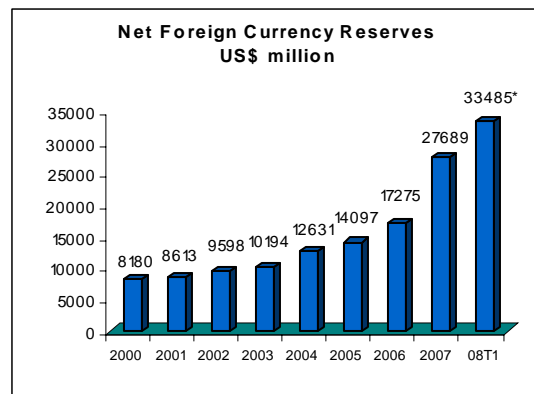
Source: BCR / INEI



Source: BCR / INEI

Likewise, exports in the first quarter of 2008 reached US\$ 7,7 billion, an increase of 34.58% compared to the first quarter of 2007. This increase is mainly attributed to a greater product diversification, favorable price evolution in foreign markets and access to new ones.

Net Foreign Currency Reserves reached US\$ 33,4 billion as of 1Q 2008, while Foreign Debt was estimated at 16.5 % of GDP.



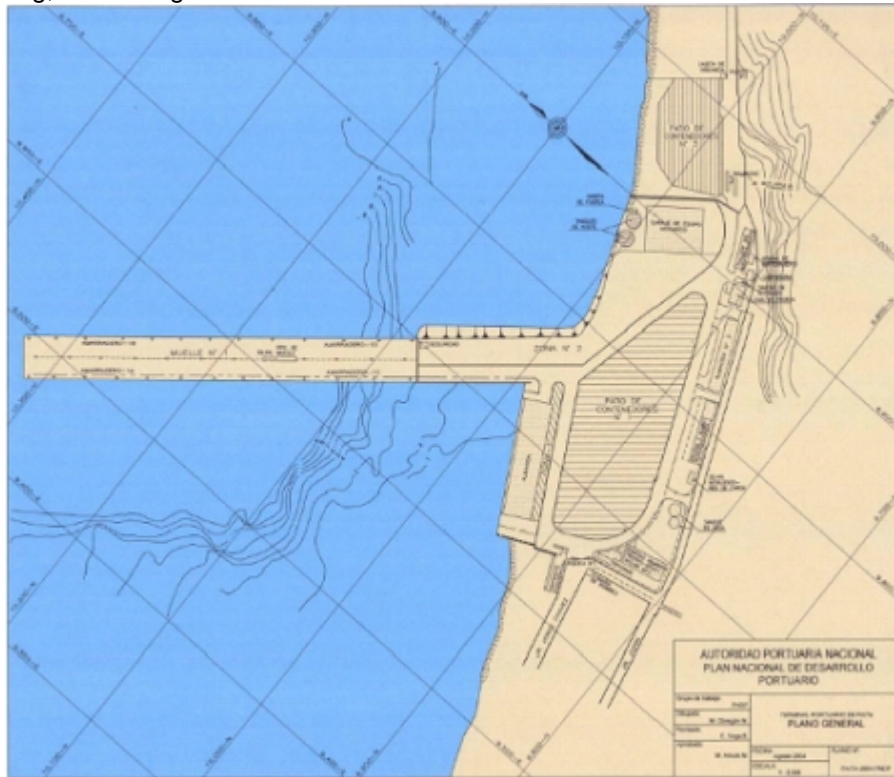
Source: BCR / INEI

In July, 2008 the prestigious agency Standard & Poor's Services, granted Peru with the investment grade, from BB+ to BBB-. This grade is sustained in his sound economic prospect, the promissory perspective of growth and responsible managing of the fiscal policies of our country, and considering the recent rating granted in April of the present year by the agency Fitch Ratings and in October, 2007 by the Canadian Credit risk DBRS.

## 2. Paita Port Terminal

The purpose of this project is the modernization, rehabilitation and provision of cranes, and other elements further specified in the Terms of Paita Port Terminal. Also, the operation for a maximum term of 30 years.

This port is connected to Piura city (North of Peru) by a paved road of 56 km. Current facilities include a jetty-like dock of 365 m long and 36 m width. It has 4 mooring points 32' depth to serve ships up to 25,000 DWT. It also has a containers yard of 25,000 m<sup>2</sup>. This port mainly handles farming, fishing, minerals goods and containers.



This port terminal was built in 1966 and improved in 1999. But those works did not mean the improvement of the current installations. Works included are the rehabilitation of the dock, including the repairing of pivots, joist and installation of rubber defenses; rehabilitation of concrete slab of warehouses and access road to the dock. This rehabilitation does not upgrade the port capacity of the slabs, but to the general cargo warehouse; equipment to allow the storage of refrigeration containers, among others.

## 3. Short-Listing Requirements

The Short-listed bidder shall meet technical, legal and worth requirements included in the Terms.

Technical requirements to be met refer to the experience in port management and factors as well as proving volume of containers handled, ports or docks managed, etc.

Worth requirements refer to the company's financial capacity to execute the project. The specific requirements to be met are: patrimony, Financial Statements, etc.

## 4. Advantages for the Investor

- Operation in a port with growth perspective since it is one of the starting points of the Corridor North IIRSA , which connects to Brazil. The hinterland has important farm potential. Some times, this Port Terminal has been an alternate port to Ecuador ports.
- Paíta Port Terminal is the second national port as to containers traffic.

**Paíta Port Terminal  
1999 - 2007**

Year	Ships (units)		Load	TEU
	Above 500 GRT	Below 500 GRT*		
1999	296	619	743,181	34,705
2000	358	1555	841,212	39,776
2001	279	801	812,422	50,472
2002	352	1325	778,234	50,840
2003	346	29	770,858	68,824
2004	331	1727	879,894	81,242
2006	356	2883	1,014,309	105,126
2007	322	2529	1,021,019	109,136

Estimations for the next years (2007-2012) shows movement of 220,000 TEU/year.

- This port has the following characteristics:

PAITA PORT TERMINAL		
TECHNICAL FEATURES	DESCRIPTION	
LOCATION	DEPARTAMENT: PIURA	
	PROVINCE: PAITA	
	DISTRICT: PAITA	
POSITION	Longitude:81°-06',Latitude 05°-05'	
ADMINISTRATION	ENAPU S.A	
CATEGORY	PUBLIC	
NATURAL CONDITIONS	TIDAL RANGE (spring tides)	1.49 m
	SWELL	0.6 m
	WINDS :	S 9.22 knots
	CURRENT SPEED	Of little influence
	DEPTH :	Access channel : 10.06 m
	ACCESS CHANNEL	Open
	RAINFALL	Maximum = 102.1 mm(April); Minimum =0.1 ( September)
	VISIBILITY	
	OCEAN FLOOR	SAND

	DOCK 1			DOCK 2		
	SEA FACILITIES	LENGTH: 365 m WIDTH :36.00 m			LENGTH : WIDTH:	
MOORINGS :			MOORINGS:			
1A		Lenght:200m	Depth 33 feet	1A		
1B		Lenght:200m	Depth 33 feet	1B		
1C		Lenght:165m	Depth 25 feet	1C		
1D		Lenght:165m	Depth 29 feet	1D		
UNDERWATER PIPELINES			(Not available)			
SHELTER WORKS			(Not available)			
BUOYS			Demarcation Buoys Maneuver Area			
NAVIGATION AIDS			Lighthouse, alignment lights and buoys			
LAND FACILITIES	WAREHOUSE W/ ROOF			Warehouse No.1 : 1822 m2;Warehouse No.2 =742 m2;Warehouse No.5=761 m2		
	CONTAINERS WAREHOUSE AREAS			Yard 1 and 3, zones 1 and 2=31 900 m2		
	AREAS AND/OR ANNEXES			Area 1= 1,460 m2 ;Area No.2 =7,560 m2 ;Area No.3=4,160 m2		
	SILOS			( Not available)		
	ADMINISTRATIVE AREA			Surface =1,163 m2		
	OPERATING AREA			Surface =1,150 m2		
	NAVIGATION AIDS			Alignment signs		
EQUIPMENT	DOCK CRANES			( Not available)		
	YARD CRANES			between 8 and 14 Tons (2)		
	FREIGHT TRANSPORTATION EQUIPMENT			Container ships of 32 and 35 Tons (2)		
	VANS			15,20,25 and 30 Tons (18)		
	Truck Scales			70 Tons(1),100 Tons(2)		
	CONVEYOR BELTS			( Not available)		

- The investor may request the subscription of Juridical Stability Agreements with the State. Those agreements provide for stability of income tax regime and workers hiring regime in case of further modifications to Peruvian legislation.

## 5. Characteristic of the Transaction

- Comprehensive Project Bidding. Services and productivity levels will be required, the investor will be in charge of technical solutions.
- This terminal will be an infrastructure of public use, so third parties could be served.
- The investor will provide services to the ship and to the cargo, according to the established in the concession contract.

- the Investor has the financial responsibility.
- The final design, construction, maintenance and operation will be at the expense of the investor.

## 6. Investor Commitment

To make investment in construction, maintenance and operation of the infrastructure. To meet service indexes and other contracting obligations that will be stated in the public – private participation contract.

Among the investment requires are the construction and equipment of a new marginal dock for containers, with a support area that included a container yard and operation areas, the reinforcement and expansion of the existing breakwater dock, provision of cranes, stackers of containers and others to be specified in the contract.

## 7. Financial Structure

The execution of work and equipment require one referential investment of US\$ 127,8 millions, according to the pre – investment study “Modernization and Development of Paita Port Terminal” elaborated by National Port Authority.

## 8. Current Status

In April 4,2008 The Supreme Resolution N° 041 – 2008 EF approved the Private Investment Promotion Plan of Paita Port Terminal agreed by ProInversion and the National Port Authority.

The Call to concession process of Paita port terminal was published in newspapers and ProInversion web site. April, Friday 11, 2008.

## 9. Schedule

Activity	Date /Period
Presentation of Envelope N°1 ( short listed)	Fourth Quarter 2008
Presentation of Envelopes N° 2 and N° 3	Fourth Quarter 2008
Opening of Envelopes N° 3 and Award	Fourth Quarter 2008