

PORT OF NEW HAMPSHIRE

THE COMPANY

Northeastern Marine Development, LLC (NMD) was formed for the purpose of leasing and operating the Port of New Hampshire (PONH). NMD focuses on the acquisition and development of underutilized seaport facilities worldwide. As the volume of containerized cargo shipments is expected to quadruple within the next 10 years, most current container facilities are already operating beyond capacity. NMD seeks to open port facilities near major metropolitan areas that are more convenient and offer better service than the terminals currently operating. PONH had operated as a container terminal until 1990, when Hapag-Lloyd (the operator at the time) discontinued its weekly service to Halifax because it could not guarantee dockage for its vessel. Luckily, NMD has entered into a long term lease of PONH, so berthing and dockage is no longer a problem.

THE SITE

The Port of New Hampshire is an 8.5 acre site located less than a mile from I-95 in Portsmouth, New Hampshire. The site is approximately 50 miles from Boston, Manchester, NH and Portland, Maine. The PONH boasts two deepwater docks with an estimated depth of 34' at low tide. The main pier can handle vessels up to 700'. Two warehouses are on site, each about 34,000 ft in size are available for consolidation of freight and the preparation of containers. Rail access is provided by a spur on site. PONH is also a FTZ or foreign trade zone which enables products to remain duty free while within the PONH.

THE MARKET

Based upon NMD's research, the target market for container and dry bulk shipping originating or terminating at the PONH is quite large. One of the concepts that will apply to the PONH is Short Sea Shipping. Short Sea Shipping ("SSS") is the name given to relatively short haul barge or small vessel containerized shipping. This comes a viable concept when considering the "hub and spoke" organization of successful ports in the US and Canada. PONH will probably not be a viable alternative to Boston or Portland from a point to point international shipping perspective. However, Portsmouth is a viable option for SSS traffic between hub ports. Portsmouth has ready access to rail, major highways and air cargo facilities that can support a major intermodal transportation system.

NMD's efforts to market the services of PONH have focused on the solicitation of SSS routes to/from hub ports (principally Halifax and New York). Barge operators such as Columbia Coastal are the primary operators in this market and as such have been approached about the feasibility of a scheduled container service to/from Halifax and PONH. NMD believes that such a service would be feasible, but it is not the only answer. NMD has reached an agreement with Eimskip (www.eimskip.com) to issue tariff schedules and begin feeder vessel service to/from Halifax. Columbia Coastal's barge operation will be used to add a Portsmouth-New York service. Eventually, market research indicates that a third service would be profitable to/from Portsmouth and Norfolk.

Rather than focus solely on the shipping operators, NMD will solicit end users of containerized cargo services in Northern Massachusetts, New Hampshire and Maine directly. Contact details for cargo shippers in New England is readily available. In order to use the information most effectively, each customer must be contacted individually.

NMD currently operates an inbound/outbound call center in Beverly, MA under one of its portfolio companies. Sales representatives in this office will be trained to solicit interest

from companies already shipping containers within NMD's market area. Once an expression of interest had been obtained, a personal sales call will be arranged with the customer and a salesperson will be dispatched to complete a sale. Using this method, NMD will obtain the necessary customer base required to make regular container and dry bulk cargo shipping service a reality at PONH. NMD will also make use of freight forwarders and other shipping contacts in the New Hampshire Seacoast to tap into freight service that are utilizing the ports of Boston or Portland currently.

COMPETITIVE ADVANTAGES

PONH's overall competitive advantage is that it is cheaper and more convenient than the Ports of Boston for many of the customers in New England. PONH offers 24 hour access for inbound and outbound trucks, no traffic or wait at the front gate and is situated less than 1 mile from I-95. The Halifax route to be introduced by NMD allows New England shippers to have access to Halterm, a major international shipping hub. Currently, no Halifax service is available from Boston. Most importantly, PONH is not a union port, meaning that stevedoring services at PONH are substantially less costly than, for example, at Conley Terminal in Boston. As a result, shippers pay less to transport the cargo to PONH and less to load the cargo onto a vessel than they would in Boston or even New York.

Strategic Alliances

In order to properly operate the Port, NMD has begun soliciting third party vendors to handle certain operations at the Port. These vendors include line handlers, equipment operators and trucking service providers. Local vendors will be used whenever possible. Labor will also be sourced locally.

Freight forwarders are a critical component in the success of NMD's operations. Freight forwarders greatly influence the shipper's method and route of transportation for its products. It is easier to communicate the benefits of shipping products via Portsmouth to freight forwarders for further dissemination to customers than it is to change the opinions of customers themselves. As NMD solicits shippers directly, it will be working with

freight forwarders that can work directly with the shipper directly to arrange not only the actual shipping from Portsmouth, but the handling of cargo from the shipper's location to Portsmouth or the reverse in the case of inbound cargo. For example, when a customer is found that is currently shipping through Boston but could benefit by shipping through Portsmouth, it is likely that the customer will be reluctant to change his/her current shipping methods for fear of change. It will be the freight forwarder that will guide the customer through the process of changing trucking routes and delivery or pickup times to maximize the benefit of shipping via Portsmouth. It is NMD's job to ensure that the freight forwarders are able to convince the customer that there is a benefit to using Portsmouth and it is also NMD's job to ensure that trucking, line handling and container handling will be well executed for the customer.

NMD has formed a strategic alliance with Walsh Transportation Group, which gives NMD the ability to deliver goods anywhere in the United States. For example, a

Port Operations

PONH is not currently able to handle a regular cargo operation other than salt and scrap. NMD will change this situation. NMD will invest in equipment and manpower to enable regular cargo service in and out of PONH. For equipment, NMD plans to acquire a crane suitable for rapid loading and unloading of containers, a stacker capable of stacking containers 4 high, yard tugs appropriate for PONH operations and other rolling stock as necessary. NMD's goal is to determine what equipment is necessary for the operation prior to its acquisition. In order to determine what equipment is needed, NMD must first undertake its marketing efforts.

NMD has assembled a team of operations people to handle day to day activities at PONH. Financial operations of NMD will be centered in Plantation, Florida while marketing efforts will be split between Florida and NMD's call center in Massachusetts.

NMD's utilization of land at PONH will be a function of demand. It is anticipated that NMD will make use of both piers and the use of the larger warehouse on site. In addition, high value cargo will be stored in the secure area near the bridge. NMD can work with the site in cooperation with the current scrap and salt operations, except that the space between the warehouses will need to be cleaned up to facilitate movement around the site.

Shipping Lines

NMD has begun talks with several short sea shipping lines for both small vessel and barge traffic. It is anticipated that lines will use Portsmouth to add available slots for shipping that have been unavailable from Boston or Portland. For example, NMD's market research has indicated that certain companies shipping containerized scrap are only able to ship ¼ of their capacity from Boston as a result of available slots on existing shipping routes. By using Portsmouth as a feeder port, the same containers would be shipped from PONH to a hub port for transfer to the final destination. As a result, demand for the shipping lines is not limited to export statistics because there is an underutilized demand as well.