

NEWSLETTER

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PROJECT ORGANISATION
MAASVLAKTE 2

2

Tendering procedure for construction work gets under way

WHO WILL RAISE MAASVLAKTE 2 FROM THE DEEP?

This is the title given to the European call for tenders launched in September 2005 for the Port of Rotterdam's biggest expansion since 1970. Prospective contractors can register until 28th October 2005 for the Design & Construct contract for the first and largest part of Maasvlakte 2. Companies experienced in building on water and/or general contractors stand to win a contract that comprises the construction of sea defences, port basins, industrial sites and infrastructure.



The Maasvlakte 2 project organisation will select a limited number of candidates from the entries this autumn. Talks will be held with them until the summer of 2006 about plans and refinements. The talks will be followed by submission of tenders with a view to negotiations with two or three parties in the winter of

2006-2007. The Maasvlakte 2 project organisation wants to award the Maasvlakte 2 construction contract in the summer of 2007. This timetable will allow the contractor to start work in the spring of 2008. Clients will be able to start using the first part of the new port between 2012 and 2014.

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Hans Smits, Managing Director of Port of Rotterdam Authority

'WORLD'S TOP COMPANIES QUEUING UP FOR PLACE ON MAASVLAKTE 2'



Fifteen of the world's largest shipping lines and container transshipment companies have put their names down for a site on Maasvlakte 2. They responded to a public announcement by the Port of Rotterdam Authority earlier this year. It marks the first step towards signing contracts with clients before work starts on expanding the port.

All 15 candidates have signed an Expression of Interest and set out the plans they want to carry out on Maasvlakte 2. Most of them said the earlier the better, according to Hans Smits. 'They know that developments in the sector are taking place very rapidly,' says Smits. 'Taken all together, the wishes of these companies give a very full picture of the future Maasvlakte 2.'

The follow-up procedure will undoubtedly change this situation. The Port of Rotterdam Authority will send candidates a bid document towards the end of this year. Among other things, the document will spell out the conditions future activities must comply with to secure a place in the new port site. 'Candidates will be asked to send in a business proposal based on the bid docu-

ment,' explains Smits. 'Companies with the most attractive proposals will go forward to the negotiation phase. This must result in the first contracts being signed with container companies in the second half of 2007.'

SUSTAINABLE PORT

Factors the Port of Rotterdam Authority will consider when selecting

candidates for Maasvlakte 2 include business economics, environmental considerations and sustainability. Their business activities must be related to deep-sea transport, for example. Smits: 'It's also important that companies operate as environmentally friendly as possible. This applies not just to their day-to-day operations, but also the way they have goods transported to the hinterland. The Port of Rotterdam Authority and clients will make Maasvlakte 2 a sustainable port'.

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STATE ACQUIRES STAKE IN PORT OF ROTTERDAM AUTHORITY

Financing of the Rotterdam Mainport Development Project is now assured. Under agreements reached early in September, the State will acquire a 25% interest in the Port of Rotterdam Authority in return for € 50 million. After final approval of the spatial planning procedure (Key Planning Decision-Plus) and an irrevocable decision to construct Maasvlakte 2, the State will pay up another € 450 million to increase its shareholding to 33⅓%.

Hans Smits, Managing Director of the Port of Rotterdam Authority, is delighted with the State's shareholding. 'Given the port's important role in the national economy, it is good for the State to be one of the shareholders,' he said. 'The chosen construction means the Port of Rotterdam Authority will get a € 500 million injection of capital. We will use this money to build Maasvlakte 2.'



GOVERNMENT RECTIFIES KEY PLANNING DECISION-PLUS

The government and the partners co-operating in the Rotterdam Mainport Development Project are carrying out additional research in various fields. The studies are progressing at full speed, and results are expected towards the end of this year. The studies follow a ruling by the Council of State on the government's Key Planning Decision-Plus for the Rotterdam Mainport Development Project. In January, the Council of State held that insufficient research had been conducted into various matters. Studies were launched into matters including the impact of Maasvlakte 2 on the Waddenzee after the House of Representatives endorsed in April the repair plan submitted by Karla Peijs, the Minister of Transport, Public Works and Water Management, for the Key Planning Decision-Plus for PMR. The studies are mainly examining the transport of silt and fish larvae along the Dutch coast towards the Waddenzee.

CONSEQUENCES

The PMR partners are also looking into how the creation of a new 750-hectare wildlife and recreational area will affect farming. Research into air quality is also in progress, and a strategic environmental assessment is being produced for the PMR project. Another study is critically examining the phased construction of Maasvlakte 2.

Once the findings of all these studies are known, the Dutch government will draw up a new Key Planning Decision-Part 3. The three PMR projects can actually be implemented after completion of the consultative round on this document, and after the Council of State has ruled in any appeals that are lodged.

DUTCH GOVERNMENT APPROVES MAINPORT PLANS

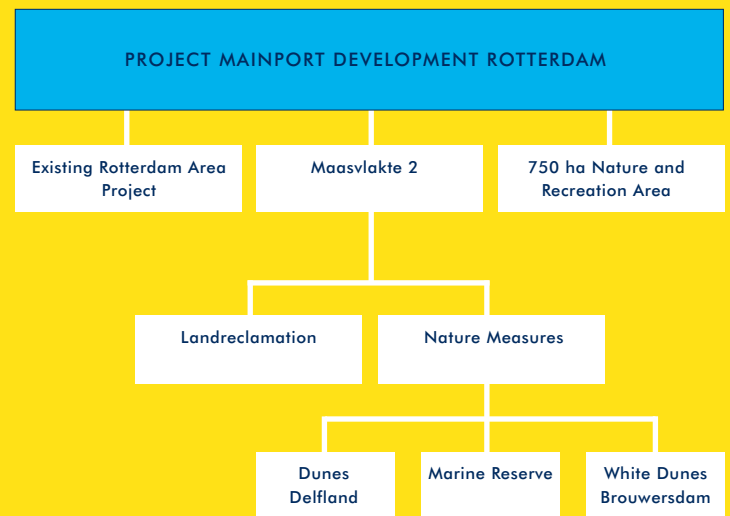
In early September, the Dutch government approved detailed plans for simultaneously improving the economy and the amenities of the Rijnmond area. This Rotterdam Mainport Development Project (PMR) embraces three large projects. Each addresses a major challenge for the future. The Maasvlakte 2 project will create new port sites and basins close to the North Sea. The 750 ha project will construct and furnish a new 750 hectare wildlife and recreational area in the immediate vicinity of Rotterdam. Existing Rotterdam Area will bring about more intensive use of existing sites and focus on measures to improve amenities in the Rijnmond area.

Central government is coordinating the PMR project. The three

sub-projects are being carried out by different parties. The Province of Zuid-Holland is responsible for 750 ha, the Municipality of Rotterdam for Existing Rotterdam Area, and the Port of Rotterdam Authority for Maasvlakte 2, which it is building at its own expense and risk.

The government's approval of the detailed plans allows work to start on the PMR projects. When construction will actually get under way in the three projects depends on the progress of the spatial planning procedure and the consent of the House of Representatives.

More information about PMR: www.mainport-pmr.nl



Maasvlakte 2 project organisation

DEDICATED, TRANSPARENT AND WELL-EQUIPPED

The Maasvlakte 2 project organisation is a separate part of the Port of Rotterdam Authority. The organisation was set up with the intention of preparing the port expansion properly, transparently and professionally and commissioning its construction. The project organisation keeps its own financial accounts. The Port of Rotterdam Authority has established a Project Board specially for this project, with a Maasvlakte 2 Project Director who is accountable to the Port of Rotterdam Authority's Board of Management. A Tender Board consisting of

Why do we need Maasvlakte 2?

PORT WILL STOP DEVELOPING UNLESS IT EXPANDS

Europe's largest port has often come close to its limits during its history. This is why the Botlek area was built in the 1950s, Europoort in the 1960s, and the existing Maasvlakte in the 1970s. Now, the port is once again bursting at the seams. The transshipment of containers increased by 16% in 2004 to 8.2 million TEU*, up from the previous year's 7.1 million TEU. In the first half of this year alone, there was an additional expansion of 15%. The port is expected to handle around 9 million TEU in the entire course of 2005.

But Rotterdam has now almost exhausted its space for any further increase in container transshipment. Today, the Port of Rotterdam Authority

only has about 350 hectares of rentable sites available. These small sites are mostly situated far away from the sea and unsuitable for accommodating future activities. More intensive use of the existing port site is the only way to absorb the increase in container transshipment up to 2012 – the year when Maasvlakte 2 is due to become operational.

ECT is doing this on the peninsula on the existing Maasvlakte by investing in extra cranes and new software for controlling the operational process and by expanding inland shipping capacity through construction of a new terminal (with an investment by the Port of Rotterdam Authority).



Similarly, APMT is expanding its capacity on the peninsula through extra investments and reorganisation of the terminal. During the next seven years, this will allow capacity in the existing area to grow by about 5.5 million TEU.

The Dutch economy will benefit if

Maasvlakte 2 can accommodate the ongoing growth beyond 2012. If the port expansion is delayed, there is a considerable possibility that cargoes and clients will be lost to Rotterdam for a prolonged period of time.

* TEU = unit size for containers.

What is Maasvlakte 2?

TOP LOCATION AT THE HEART OF THE EUROPEAN MARKET

Maasvlakte 2 is an essential expansion of the port of Rotterdam. With effect from 2012, it will be the newest prime location providing high-quality facilities at the heart of the European market. The future port and industrial area will provide 1,000 hectares of new industrial sites for companies involved in deep-sea transport. This means companies operating in the container industry, chemical sector and goods distribution. The construction of Maasvlakte 2 will triple the Rotterdam port's capacity for storing and transshipping containers.

COMPENSATION FOR NATURAL AREAS

There is going to be compensation for the natural areas that will be lost. A sea reserve will be created off the Zuid-Holland and Zeeland coasts in

an area 10 times larger than the reclaimed land. This will allow an increase in nature values, both above and below the surface of the sea. New dune areas and new sea defences will also be created.

STEP-BY-STEP

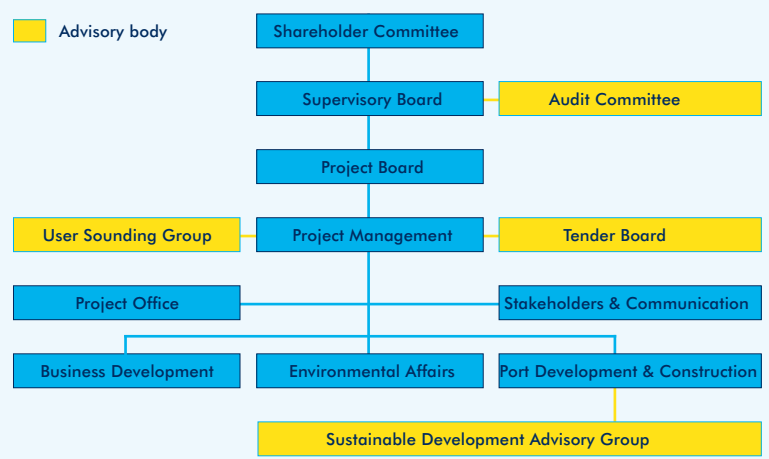
Maasvlakte 2 will be constructed in stages. The Maasvlakte 2 project organisation will not start building

the first port and industrial sites until there are actual clients for them. The process of selecting potential clients for Maasvlakte 2 is in full swing.



external tendering experts provides advice on the call for tenders and contracting. On request and on its own initiative, an Audit Committee advises the Supervisory Board of the Port of Rotterdam Authority about the project. A Sustainable Development Advisory Group, consisting of leading specialists in this field, is examining possibilities for building, furnishing and operating Maasvlakte 2 in a sustainable way. There is also a Users' Sounding Board Group that includes representatives of the Port of Rotterdam Authority's clients. The group advises the project organisation on logistical and industrial wishes of future users. The project organisation controls the project by means of Prince 2, an internationally standardised method for undertaking major projects.

Organisation and advisory structure Maasvlakte 2



MAXIMUM FLEXIBILITY, OPTIMUM QUALITY



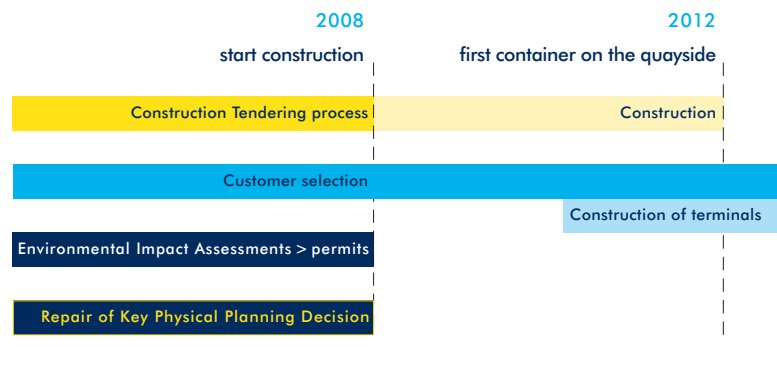
Maasvlakte 2 is a complex project because it is business-case driven. We are expressly making allowances for clients' wishes. We will not start building until we actually do have clients. However, I'm not too worried about finding these clients, since all major container terminal operators and shipping lines have officially registered for a place on the land we will be reclaiming. The contractor will have to take their wishes and requirements into account, which calls for flexibility. What's more, we want to be able to build faster if clients say they are in a hurry. But at

the same time, we have to go through the prescribed licensing procedures. In this process, we want to include the ideas that prospective building companies put forward about design and construction methods. So we have to achieve the optimum between what the market wants and what the government prescribes. In addition, we have to deal with the incumbent business community and the shipping industry. We don't want to obstruct their operations while construction is in progress. Our basic principle is that we must build Maasvlakte 2 in a socially responsible way. That means giving a lot of attention to the impact on the environment and avoiding excessively high costs.



Ronald Paul
Managing
Director
Maasvlakte 2

Planning



Maasvlakte 2 over time

PARALLEL PROCESSES DESIGNED TO SAVE TIME

The Maasvlakte 2 project organisation is working on different tracks at the same time to deliver the best "product" in the shortest possible time. The product in this case consists of all the preparations necessary to start reclaiming land at the start of 2008. The three tracks involve acquiring clients, signing up a contractor and completing the procedures necessary to obtain the required licences. A fourth track concerns the amendment of the Key Planning Decision-Plus: this part of the closely-related preparatory work is being carried out by central government. This fourth track lies at a critical point in the time schedule.

A major advantage of this integrated approach is that the plans of contractors and clients will be known before the licences are requested. Harmonisation between the licence applicant and the licence issuing authority will ensure that maintainable licences are obtained for feasible plans.

BUSINESS CASE KEEPS PORT EXPANSION ON COURSE

Major projects in the Netherlands usually get out of hand. How will the Port of Rotterdam Authority prevent the same happening to Maasvlakte 2?

There's no point in building costly expanses of sand from which we can't earn any money, says Maasvlakte 2 Managing Director Ronald Paul. 'We are not keen on repeatedly spending money on a building

project that turns out to be uncontrollable. We have addressed this issue in our approach. Our project is business-case driven and the construction work will be undertaken using the Design & Construct method. The contractor we choose will receive an integrated contract. He will be responsible for producing the design and carrying out the work, as well as bearing the risks involved. The land reclamation will be delivered promptly to the Port of Rotterdam Authority for a fixed price, according to predefined arrangements and without any surprises. The contractor will put his signature to this

commitment.' Before the contractor sets to work, there's something else that Paul will do. 'We will conclude agreements with companies that want to set up operations on the new Maasvlakte 2. We are already working on this matter. Our basic principle is that there won't be a Maasvlakte 2 unless there are clients! A business case has been produced for the entire project, an economic computation model. Into this model, we feed recent data on the development of the market, customer demand, construction method and a lot of other things besides. This allows us to keep a watch on whether we will get the required return on investment. If we don't do it this way, we'll be the ones with the problem. That's a situation we prefer to avoid!'



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**Port of
Rotterdam**

The Maasvlakte 2 project organisation
is part of the Port of Rotterdam Authority.