

The realization of America's Marine Highway

5th ANNUAL Invest in International Shipping

CAPITAL LINK FORUM

Thursday, March 24, 2011 - New York City



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Executive Summary



Executive Summary

- American Feeder Lines (AFL) is the United States' first short sea/feeder shipping company with a business model based on successful international short sea/feeder operations that exist today in Europe and Asia. cargo moves, reducing existing and growing road congestion
- AFL will build, own, and operate 100% U.S. built, flagged, and manned Jones Act compliant container vessels. AFL has been officially designated by the U.S. Department of Transportation (DOT) and is taking the leadership position in the implementation of the American Marine Highway.

AFL will commence operations in Q2 2011 with the installation of AFL's New England Halifax Shuttle



Our Fleet of modern Container Feeders will:

- Introduce and establish the hub and spoke container network in the U.S.
- Target domestic cargo moves, reducing existing and growing road congestion
- Be a logical replacement for the existing aging and obsolete Jones Act fleet
- Facilitate the deployment of "super ships" now calling the U.S. East and Gulf
 Coasts in anticipation of the widening of the Panama Canal
- Enable carriers to make direct Asian-U.S. East/Gulf Coast calls
- Reduce environmental pollution through state of the art green feeder ships
- Create many new jobs at sea, in ports, in shipyards and create an entirely new maritime sector along the U.S. East and Gulf Coasts

AFL will commence operations in Q2 2011 with the installation of AFL's New England Halifax Shuttle

Exec. Summary Partners Opportunity AFL

Contacts



Partners



König & Cie. - Overview

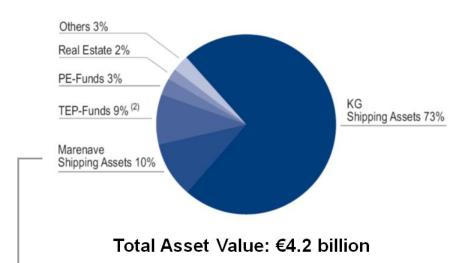
König & Cie. Background

- Investment management company established in 1999 and based in Hamburg, Germany (world capital of ship finance)
- Global reach with 100 employees in offices across North America, Europe and Asia
- Total investments of €4.2 billion in aggregate asset value, whereas 83% are shipping assets⁽¹⁾
- Principally focused on shipping
 - Currently manages fleet of 68 vessels
 - Formed Marenave Schiffahrts AG, Germany's first shipping IPO
 - Leading sponsor in German KG market
- Predominantly retail investor base
- Regulated by the German Federal Financial Supervisory Authority
- Established track record with audited annual performance report



⁽²⁾ Traded endowment policy funds.

Total Investments Made by Asset Class



Institutional Investors in Marenave











The PYNE Companies - Overview

THE PYNE COMPANIES LTD.

- Leaders in the U.S. real estate equity market with established experience in maximizing long-term asset value through asset development, acquisition, repositioning, financing, marketing, and disposition
- Founded in 1991 by Percy R. Pyne IV as a real estate investment and consultancy company
- Approximately 85 years of combined experience in U.S. real estate
- Owners, owner's representatives and/or operators of a \$400 million portfolio of 28 +/buildings totaling approximately 3.8 million,+/- square feet
- Historical real estate transactions with gross asset value in excess of \$2 billion including:
 - More than 7 million square feet (650 thousand m²) as owners, managers and/or owner's representatives
 - More than 7 million square feet (650 thousand m²) of development and redevelopment
- Partners with U.S. and European owners
- Focus on "special situations"
 - Negotiating purchases and sales, rarely participate in auctions
 - Buying or creating partnership interests at below market prices

Over the past 20 years, the Companies developed Pvne relationships strategic with developers and owners privately held institutional properties investment and earned a substantial reputation for identifying and acquiring properties. Working collaborative environment rich in intellectual capital from both young and seasoned professionals. the Pyne Companies sets out to be dynamic in its thinking and offers multiple solutions in real up with the time to keep changing demands of real estate markets.

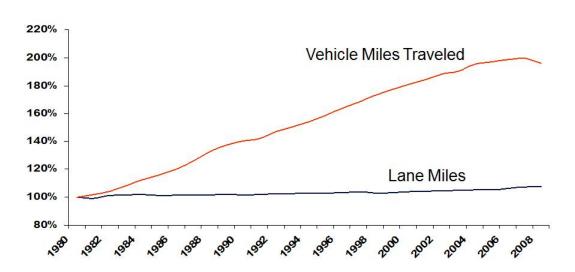


Challenges & Opportunities



Road Demand and Supply

Vehicle Miles Traveled vs. Lane Miles, 1980-2008 (1980 = 100)







- In the last 20 years, vehicle miles travelled have nearly doubled, while highway lane miles have increased only 4%
- The infrastructure necessary to put trucks on the road cannot keep up with the increasing demand
- Truck traffic is diverted into heavily populated metropolitan areas, increasing safety risks
- This severe system usage is unsustainable

Exec. Summary

Partners

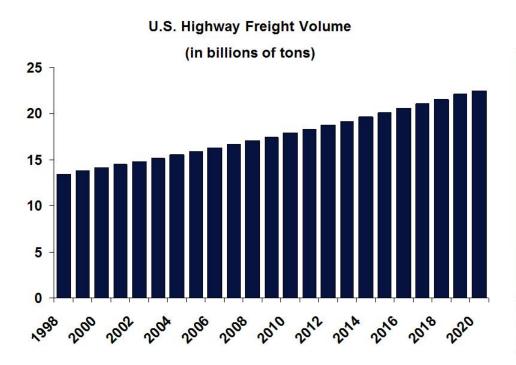
Opportunity

AFI

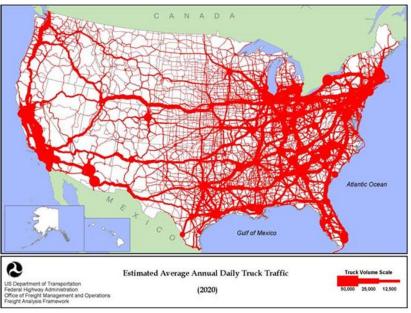
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Projected Truck Freight Volume Increase



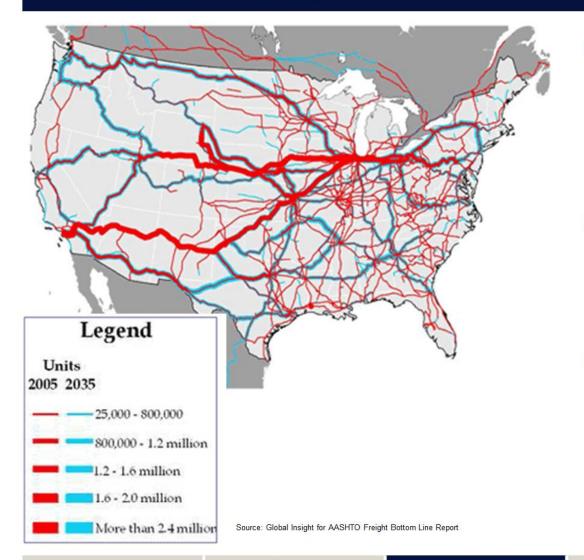
2020 Estimated Average Annual Daily Truck Traffic



- 65% increase in freight volume on highways expected between 1998 and 2020
- Freight expected to increase from 13.5 billion tons in 1998 to 22.5 billion tons in 2020
- Truck Vehicle Miles traveled is expected to increase more than 3% annually
- Existing road infrastructure cannot absorb additional traffic



U.S. Rail Network Extension Plans



- Rail extension plans for freight transportation considerably lower compared to plans for passenger rail investments
- Barack Obama's focus is on passenger transport as he pledges \$8 billion to upgrade the aged U.S. rail network
- Focus of the freight rail extension plans is on eastwest connections, but is not increasing transport capacities north-south along the coastlines



Domestic (Door-to-Door) Potential on the USEC and USGC

	Origin							
Destination	(in millions)	New England	NY/NY/PA	Mid Atlantic	South Atlantic	Florida	Gulf	Totals
	North-bound Traffic Flow							
	New England		-	895	1,627	1,087	2,766	6,375
	NY/NY/PA	-		1,200	6,019	3,470	10,110	20,799
	Mid Atlantic	527	457		1,265	2,716	5,920	10,885
	South Atlantic	474	3,075	636		1,598	4,821	10,604
	Florida	417	2,688	2,134	522		5,689	11,450
	Gulf	737	2,995	2,123	3,701	2,667		12,223
	Totals	2,155	9,215	6,988	13,134	11,538	29,306	72,336

Source: Four Corridor Case Studies of Short Sea Shipping Service. Submitted to the DOT by Global Insight



Jones Act



Intentions

- Protect local shipping industry from cheaper foreign pricing
- Expansion of commercial fleet
- Ensure growth of domestic commerce
- Contribute to national defense
- Ensure the sufficient capacity to built Warships
- Maintain control over critical infrastructure

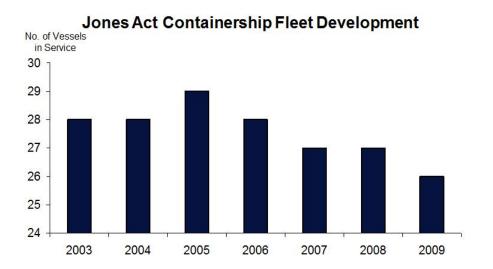
- Part of the Merchant Marine Act of 1920
- Requires all ships transporting goods between U.S. ports to be:
 - Constructed in the U.S.
 - Flagged as a U.S. vessel
 - Operated by U.S. citizens
 - Owned by U.S. citizens

Effects

- Higher costs of transportation between U.S. ports
- Smaller international trade volume
- Low level of competition
- Bulkers and oilers are the most common ships
- Reduced competitiveness of U.S. transportation fleet
- Low incentive to invest in new ships
- No feeder services by main shipping lines



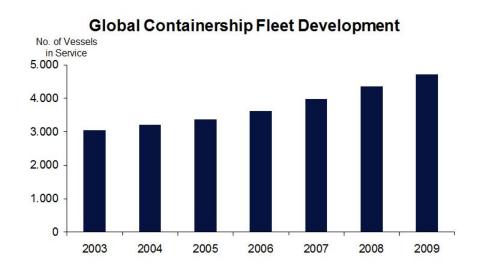
Jones-Act Impact on American Shipping



- Only 26 container vessels in service
- Carrying capacity of 56,631 TEU or 770,000 dwt
- Most vessels are trading on the West-Coast connecting Hawaii & Alaska with the mainland
- Barges travelling between U.S. and Puerto Rico can only operate in two ports
- Fleet is not designed for feedering or short sea, because of its limited flexibility and high operational expenses



Jones-Act Impact on American Shipping

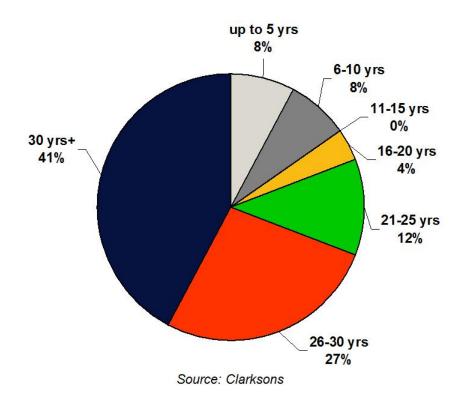


- U.S. flag fleet represents only about 3% of world's overall tonnage
- Down from 25% in 1955
- While the global containership fleet increased by 55% since 2003, the Jones-Act containership fleet decreased by 7.1%
- From its height at end of World War II the U.S. modern marine fleet has shrunk to a tenth of its former size
- Most modern ships are designed to carry more weight relative to volume than Jones-Act Fleet



Age Profile of American Container Vessels

Age profile of American Container Vessels

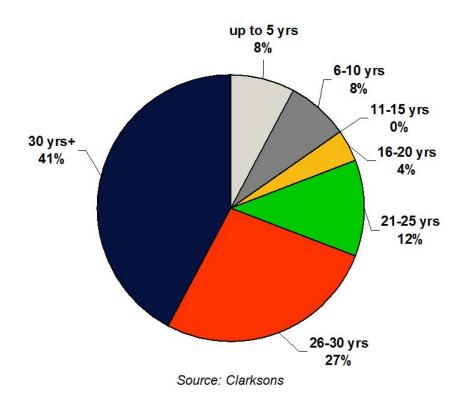


- Massive need for replacement due to age of ships and outdated tonnage
- Jones Act fleet's average age 26.5 yrs vs. 10.3 yrs of the global containership fleet
- 41 % of the fleet is older than 30 yrs and beyond usual commercial life



Age Profile of American Container Vessels

Age profile of American Container Vessels



- Old fleet cannot be operated economically as result of an overaged engine and power system technology and increase of oil-prices
- Most vessels of the current fleet do not fulfill upcoming environmental requirements (e.g. CO2 emission)
- Upgrades are not technically feasible and/or too expensive



American Feeder Lines (AFL)



Our Mission



"We will completely transform the

American Shipping Network"



Our Approach

- American Feeder Lines (AFL) is the United States' first short sea/feeder shipping company, officially designated by the U.S. Department of Transportation as American Marine Highway project
- The business model is based on successful international short sea/feeder operations that exist today in Europe and Asia
- AFL will target domestic cargo moves, thereby reducing the existing and growing road system congestion as well as carbon emissions
- AFL will build, own, and operate 100% U.S. built, flagged, and manned Jones Act compliant container vessels
- AFL will own and operate the only 100% green and eco-friendly Jones Act vessels



Our Approach

- AFL will introduce and establish the hub and spoke container network in the U.S.
- AFL will be a logical replacement for the existing aging and obsolete Jones Act fleet
- AFL will facilitate the deployment of the fleet of "super ships" in anticipation of the widening of the Panama Canal
- AFL will create many new jobs at sea, in ports, in shipyards and create an entirely new maritime sector along the U.S. East and Gulf Coast
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AFL's U.S. Target Markets

- International Transshipment Containers 20.2 million TEU p.a.
- Re-Positioning of "Empty Cargos"
 2 5 million TEU p.a.
- Military Cargos and U.S. intra military base cargos
 1.65 million TEU p.a.
- U.S. Aid and Special Cargos
 Not predictable p.a.
- Intra Coastal port to port 72.3 million Units p.a.



AFL's Targeted Routes



Feedering:

- Delivers freight from international main liner companies to final destination ports in the U.S.
- Hub and spoke system

Short Sea:

- Delivers domestic freight from one U.S. Port to another U.S. Port
- Intermodal partners for trucking industry

Initial Fleet:

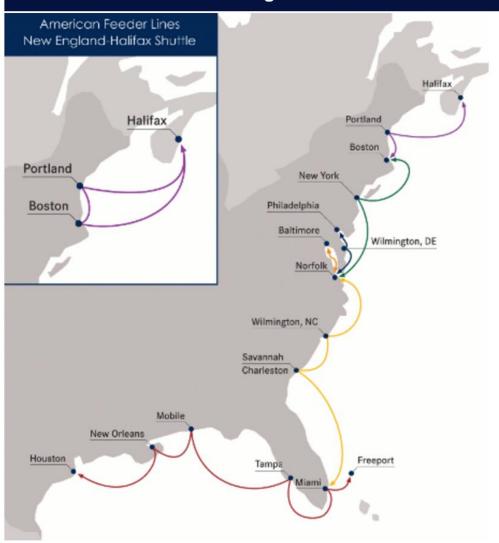
- 10 Short Sea/Feeder Ships
- Serving the range from Maine to Texas
- Operations commence in 2013

Exec. Summary Partners Opportunity AFL

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AFL's first service: "New England Halifax Shuttle"



First AFL Service

- "New England Halifax Shuttle"
- Start May / June 2011
- Connecting Boston, Portland and Halifax
- Weekly service pattern
- No Jones-Act Trade, since no domestic trade between Boston and Portland
- AFL will charter a foreign flagged vessel
- Capacity: approx: 1,100 TEU / 550 FEU

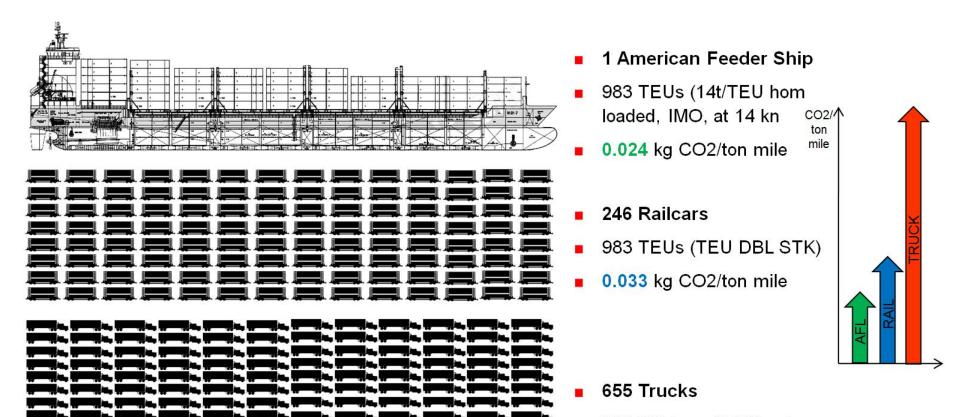


3D Animation of American Feeder





CO2 emission to Transport 992 20' Containers



- 983 TEUs on 655 Trucks (at 1,5 TEUs / Truck)
- 0.105 kg CO2/ton mile.

Source: Adapted from U.S. Department of Transportation

Exec. Summary Partners

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AFL

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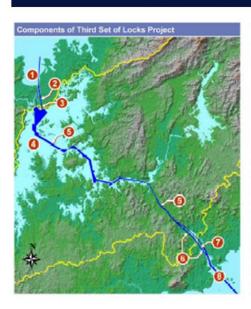
Reasons for Missing Competition

- No U.S. yard was willing to engage in such project until now
- The first government bill authorizing the creation of the Marine Highway was issued in December 2007
- Fuel prices have been very low until 2007
- Critical capacity of rail and road systems was not reached before 2007
- No appreciation for feeder systems due to lack of in-depth operational knowledge



Long Term Outlook

Panama Canal Extension





- The extension of the Panama Canal until 2015 presents further long term growth opportunities for AFL
- Increased trade volume for East and Gulf coast
- Existing Infrastructure requires feeder system to be efficient

Population Growth



- Coastal Counties Population Density: 20% of U.S. land area, 50% of U.S. population
- Growth 2000-2030:

Atlantic Seaboard: + 12%
Southern Florida: + 52%
Gulf Coast Belt: + 31%



AFL's Management Team

- Percy Pyne (Chairman & Founding Partner)
 - Founding Principal, The Pyne Companies
 - Former COO, Galbreath Ruffing Corp.
 - 35 years in Commercial Real Estate

- Johannes Bitter-Suermann (Founding Partner)
 - Joined König & Cie. in 2006 and manages institutional fund projects
 - 6 years experience as SVP of International Relationships at HSH Nordbank

Tobias König (CEO & Founding Partner)

- Founded König & Cie. in 1999
- Over 25 years in shipping and ship finance with over 100 shipping transactions
- Prior to König & Cie. several positions in Marketing & Sales for Hamburg Süd, Columbus Line, Inc and Hamburg Süd Argentina
- Rudy Mack (COO)
 - Previously worked with Hapag-Lloyd for 35 years as Regional President for Asia and the Americas and as member of the global Management Board
 - Over 40 years of experience in global container shipping
 - CEO and owner of the management consulting company Rudy Mack Associates Inc., located in New York



Accomplishments to Date

- 10 Years of Due Diligence & Research
- Comprehensive Understanding of Jones Act Compliance
- International Shipping Relationship Development
- Established Lobby in Washington, DC supporting Implementation of AFL
- Comprehensive Understanding of Carbon Credits
- Ship Design Process
- LOI for 10 Ships from Aker and Bay Shipyards Vessel completion by 2013

AFL is taking the leadership position in the implementation of the American Marine Highway



Accomplishments to Date

- Developed a sound and detailed business plan
- AFL is in the early phases of funding and is being assisted by a very reputable New York based placement agent
- AFL has been designated as the only short sea/feedering carrier under the American Marine Highway project by U.S. DOT
- "Old Hand" Rudy Mack joins AFL as COO
- Andrew Haines joins AFL as VP line management
- AFL's first service (New England Halifax Shuttle) will start in Q2 2011

AFL is taking the leadership position in the implementation of the American Marine Highway



Contacts



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