

*Florida Development Finance Corporation Surface Transportation Facility Revenue Bonds
(Virgin Trains USA Passenger Rail Project), Series 2019A
and
Florida Development Finance Corporation Surface Transportation Facility Revenue Bonds
(Virgin Trains USA Passenger Rail Project), Series 2019B*



Monthly Revenue and Ridership Report
For the Month Ended 09/30/2019



Virgin Trains USA Passenger Rail Project

Recent Developments

- Miami-Dade County approves \$77 million of funding for new station at Aventura
- PortMiami approves terms for new station at PortMiami to serve cruise passengers
- Boca Raton votes unanimously to pursue new station with Virgin Trains USA
- In active negotiations for the development of a new station to serve Orlando theme parks
- Norwegian Cruise Lines signs marketing agreement for new train-to-port service

New Stations

On October 11, Miami-Dade County approved a development agreement with Virgin Trains USA for the development of an Aventura station, located roughly equidistant between our downtown Miami and Fort Lauderdale stations and adjacent to the Aventura Mall, the second most visited shopping mall in the United States with approximately 28 million annual visitors. The county has allocated up to \$77 million of public funding for land acquisition and construction of the new train station, platform, parking lot, pedestrian bridge and rail infrastructure. Construction on the new station is planned to commence prior to the end of 2019 and revenue commencement is targeted for October 31, 2020. Given the large population of the Aventura region and proximity of the station to the frequently visited mall, we expect the new Aventura station to contribute meaningful ridership and revenue to our South Florida system.

On October 17, the Miami-Dade Tourism and the Ports Committee approved entering into a funding and lease agreement with Virgin Trains USA for the construction and operation of a new train station at PortMiami, the largest cruise port in the world. The station will be located centrally on PortMiami property with connections to cruise terminals via short distance shuttle buses that operate directly between the rail platform and the cruise ships. PortMiami served 5.6 million cruise passengers in fiscal 2018 and projects that cruise passengers will exceed 9 million in the next five years supported by several large expansion projects with various cruise operators including new terminals for Royal Caribbean, Norwegian, Virgin Voyages, MSC, Carnival, and anticipated with Disney. A large number of cruise passengers originate from points north of Miami and are potential customers for our new train-to-port product. Subject to approval by Miami-Dade County and negotiation of a definitive agreement, construction of the port station is planned to commence in 2020 with revenue service targeted by end of year 2020.

On September 24, the Boca Raton City Council voted unanimously to pursue an agreement with Virgin Trains USA for the construction of a new station centrally located in the city's primary business and shopping district. The parties are now finalizing a formal agreement, including a publicly funded parking facility, and expect the agreement to be executed in the fourth quarter of 2019.

We believe the three new stations described above will contribute over 2 million incremental annual passengers once ridership at these stations ramps up and stabilizes.



The statements contained herein that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on the Company's expectations and are necessarily dependent upon assumptions, estimates and data that the Company believes are reasonable as of the date made but that may be incorrect, incomplete or imprecise or not reflective of actual results. Actual events or results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors. The Company does not undertake to update or revise any of the forward-looking statements contained herein, even if it becomes clear that the forward-looking statements contained herein will not be realized.

In addition to the South Florida stations referred to above, we continue to actively evaluate sites in the Orlando area for new stations that we believe will be accretive to our service. We are currently in active negotiations for the development of a new station to directly serve one or more major entertainment parks and expect to formalize an agreement for the development of the station during the fourth quarter.

September 2019 Ridership and Revenue Results

- Ridership increases 17% over prior year despite impact of hurricane Dorian
- YTD ridership more than doubles from prior year

For the month ended September 30, 2019, we carried a total of 61,688 passengers. Ridership for the month was significantly impacted by hurricane Dorian and related service disruptions in advance of and following the hurricane. We estimate hurricane-related events and reduced service on limited days to allow for installation of signaling system upgrades reduced September ridership by approximately 15%, or approximately 11,000 passengers. The impact to our results is consistent with other transit systems in South Florida as well as hotels, cruise lines and airlines, many of which reported lower customer counts due to the hurricane.

Year-over-year, compared to September 2018, ridership grew 17% and total revenue grew 9% for the month, despite the impact of hurricane Dorian. On a 2019 year-to-date basis, we carried a total of 701,061 passengers and recognized \$15.3 million of total revenues, an increase of 106% and 193%, respectively, over the prior year period. The strong year-over-year results are due to the addition of service to Miami in May 2018 as well as the rapid adoption of our service by repeat customers over the past 12 months.

Amounts in the following table as of September 30th, in millions of US dollars, except for passenger and per passenger data.

	Month End September 30,			Year-to-Date September 30,		
	2019	2018	Change	2019	2018	Change
Ridership	61,688	52,850	+17%	701,061	340,456	+106%
Average Fare per passenger	\$13.91	\$15.22	-9%	\$17.18	\$ 12.04	+43%
Ticket Revenue	\$ 0.9	\$ 0.8	+7%	\$ 12.0	\$ 4.1	+194%
Ancillary Revenue	\$ 0.2	\$ 0.2	+17%	\$ 3.3	\$ 1.1	+188%
Total Revenue	\$ 1.1	\$ 1.0	+9%	\$ 15.3	\$ 5.2	+193%



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Fourth Quarter Outlook

- Fourth quarter outlook is strong based on seasonal factors, recent initiatives and underlying trends
- Commuter passes up 80% since January
- New business travel programs and products gaining momentum
- Cruise partnerships increasing distribution for train-to-port product

We expect fourth quarter ridership to be up significantly sequentially and year-over-year driven by the impact of several business initiatives we have implemented over the past several months, as well as the seasonal pick-up in travel within South Florida that is typical in the late fall, winter and spring months. We expect growth among all of our relevant travel markets including the following:

- Commuter: year-to-date, the total number of active commuter passes has increased 80% from 322 active passes in January 2019 to 575 active passes as of October 15, 2019. While several of our commuting customers travel without passes (instead directly purchasing same-day tickets at our stations), we believe the growth trend with commuters is a strong indication of the ramp-up in market adoption for our service and we expect to continue to see strong growth among daily commuters using our service.
- Business: we recently established several programs to increase our penetration of business travel. Individual employee enrollees in these programs has reached over 2,500, 70% of whom are new to system riders. Only established in August 2019, these programs have grown quickly, and we expect to continue to increase our share of the business travel market in the future.
- Leisure: in 2018 we saw a greater than 50% increase in leisure travel from third quarter to fourth quarter. Fourth quarter 2019 will see even further increases in events and activations, and we expect to materially drive growth among leisure and personal travelers.
- Cruise: in October, we signed our third cruise line agreement, with Norwegian Cruise Lines, which management estimates serves over one million cruise passengers a year from PortMiami. We expect to continue to announce additional cruise line marketing agreements in the fourth quarter of 2019 and penetrate this market.

Other Activity for the Month

Financing. There were no new financings during the month of September.

Orlando Construction. Construction of our extension from West Palm Beach to Orlando continues as planned. Revenue service is scheduled to commence in 2022.

Rebranding. We are currently rebranding our business as Virgin Trains USA, with the transition planned through the second quarter of next year. Our rebranding will include a new online presence, as well as a new look for our trainsets and a revised customer environment in our stations. We expect to obtain strong



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marketing and pricing benefits from the rebranding due to the high customer awareness commanded by the Virgin name, especially with respect to the approximately 125 million domestic and international annual visitors to Florida. We also expect significant cross-marketing opportunities with other Virgin companies. Virgin Atlantic and Virgin Holidays both bring a large number of customers to Florida each year and the launch of the Virgin Voyages cruise line out of PortMiami in early 2020 will further expand the market for our train-to-port product.

Rendering of proposed architectural design for the Aventura station and pedestrian bridge connecting to the mall



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