

*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 11/30/2019*



# Virgin Trains USA Passenger Rail Project

## Recent Developments

- Achieved record ridership in November with over 100k passengers and showing strong momentum for December
- Entered into MOU with Disney for the development of a station on Disney property
- Advanced new stations in South Florida; on track to bring new service on-line in late 2020

### *Ridership Activity*

We carried 100,627 passengers in November and expect to continue to see improvement in December due to the impact of ongoing initiatives and holiday season event trains. Growth in our key business and commuter segments continues to be strong, with active commuter passes up from October and having doubled since the beginning of the year. Enrollment in our corporate travel program now exceeds 5,000 individuals, up from 2,520 in September. We expect growth in 2020 to be further enhanced by our investment in third-party distribution channels and supporting technology, especially related to the global distribution system and marketing agreements with major cruise line partners.

### *Disney Station*

During November, the Company entered into a memorandum of understanding (“MOU”) with Walt Disney Parks and Resorts, Inc. (“Disney”) for the development of a station on Disney property in Orlando. The station and related rail infrastructure would provide a direct connection between Disney, the most visited theme park destination in the world, and South Florida. The service would provide a car free travel option to the 126 million visitors to the state, including the over 20 million annual domestic and international visitors arriving into South Florida. With a seamless connection to our planned station at PortMiami, the busiest cruise port in the world, cruise passengers would more conveniently be able to supplement their cruise voyage with a visit to Disney theme parks. The extension of our system from the Orlando airport to the Disney station would also serve as the first phase of a potential future connection to Tampa. Subject to permitting, lease negotiations with state agencies for right of way access, as well as negotiation of a definitive agreement with Disney, we anticipate opening the Disney station shortly after opening the Orlando airport station. Management estimates a Disney station would have rapid ridership adoption to over a million riders annually and that ridership would continue to grow strongly as the new travel option is expected to induce significant additional trips between South Florida and the theme parks.

### *New South Segment Stations*

On December 10<sup>th</sup>, the Boca Raton City Council approved a lease agreement with Virgin Trains USA for the lease of city-owned land and the construction of a new station centrally located in the city’s primary business and shopping district. The formal lease agreement provides \$11 million in city funding for construction of



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a parking garage to support the new station project. We anticipate commencing design, permitting and early works by the end of the year, with revenue service targeted for October 2020.

Miami-Dade County approved a development agreement with Virgin Trains USA and allocated up to \$77 million of public funding for land acquisition and construction of a train station, platform, parking lot, pedestrian bridge and rail infrastructure for an Aventura station. The new station will be conveniently located across from the Aventura Mall, the second most visited shopping mall in the United States with approximately 28 million annual visitors. Miami-Dade County has completed the acquisition of the land for the new Aventura station. We expect to complete design and permitting work and to commence early works construction in the first quarter of 2020, with a target revenue service date of October 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.

The Miami-Dade Board of County Commissioners approved a Memorandum of Understanding with Virgin Trains USA for the construction and operation of a new train station at PortMiami, the largest cruise port in the world. Negotiation of definitive documentation has commenced and a final vote by the Miami-Dade Board of County Commissioners on the development agreement and \$5 million grant is expected in January 2020. Construction of the port station is planned to commence in 2020 with revenue service targeted by end of year 2020.

We believe the three new south segment stations described above will contribute over 2 million incremental annual passengers once ridership at these stations ramps up and stabilizes. In total, the three new in-line stations will involve the investment of approximately \$120 million between Virgin Trains and local governments, of which approximately \$90 million will be contributed through grants and government contributions.

## **November 2019 Ridership and Revenue Results**

For the month ended November 30, 2019, we carried 100,627 passengers and generated total revenues of approximately \$2.2 million, an increase of 25% and 50%, respectively, over the prior year period. Average ticket fare was \$17.54 for the month and ancillary revenue totaled \$0.4 million.

On a 2019 year-to-date basis, we carried a total of 885,114 passengers and recognized \$19.2 million of total revenues, an increase of 84% and 147%, 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 continued adoption of our service by repeat customers over the past 12 months.



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Amounts in the following table are as of November 30<sup>th</sup>, in millions of US dollars, except for passenger and per passenger data.

	Month-End November 30,			Year-to-Date November 30,		
	2019	2018	Change	2019	2018	Change
Ridership	100,627	80,660	+25%	885,114	481,129	+84%
Average Fare per passenger	\$17.54	\$14.62	+20%	\$16.99	\$ 12.64	+34%
Ticket Revenue	\$ 1.8	\$ 1.2	+50%	\$ 15.0	\$ 6.1	+147%
Ancillary Revenue	\$ 0.4	\$ 0.3	+50%	\$ 4.2	\$ 1.7	+147%
Total Revenue	\$ 2.2	\$ 1.5	+50%	\$ 19.2	\$ 7.8	+147%

## Other Activity for the Month

*Financing.* There were no new financings during the month of November. However, on December 20, 2019, the United States Court of Appeals for the District of Columbia Circuit affirmed the decision of the United States District Court that the private activity bonds (“PABs”) were properly issued and that the Federal Railroad Administration (“FRA”) complied with all NEPA requirements with respect to the Environmental Impact Statement. We expect that this ruling should conclude the PABs litigation.

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



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