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Section 1: Executive Summary of the Worldwide Terminals Fernandina Feasibility and Market Study

1.1 Statement of Purpose

A team comprised of TranSystems and Martin Associates was engaged by Worldwide, LLC (Worldwide) to research and prepare a report that evaluated operating facilities and practices, the cargo market growth potential and opportunities, and financial viability for the terminal operator, Worldwide, at the Port of Fernandina. The purpose of this report is to provide an independent expert assessment of the Port infrastructure, operating procedures, basis for demand, market opportunities, constraints and the capital improvement plan ("CIP") to evaluate and test the assumptions of Worldwide's financial model, forecasted net revenues, and sensitivity test in order to satisfy the requirements of certain covenants in the trust indenture of the Series 2019 Bonds. Worldwide consents to the inclusion of this feasibility and market study in its entirety in any offering memorandum used in connection with the offering and sale of the Series 2019 Bonds.

1.2 Certificate of Consulting Engineer

TranSystems (the "Firm") acting as Consulting Engineers certifies that:

1. This Certificate is furnished solely pursuant to any requirement in connection with the purchase agreement dated April 3, 2019 between Worldwide Terminals, Port of Fernandina and the underwriters named in the Official statement (the "Underwriters"), relating to the sale of up to $30,000,000 Bonds, Series 2019 (the "Series 2019 Bonds"), as more fully described in the Official Statement of Worldwide Terminals dated April 3, 2019 and prepared in connection with the sale of the Series 2019 Bonds.

2. The Firm has been retained by Worldwide to prepare the Consulting Engineer's Report for Worldwide Terminals (the 'Feasibility Study') dated April 3, 2019. The Feasibility Study is included as an appendix to the Official Statement. The Firm consents to inclusion of the Feasibility Study in the Official Statement.

3. The Feasibility Study was prepared, as required by Worldwide, so that the Firm could collect information and data on the physical assets, cargo handling capabilities, current and potential markets, business expansion opportunities, revenue projections and financial management practices and models of Worldwide Terminals, and this certification is provided solely in connection with providing such information and for no other purpose.

4. In connection with the preparation of the Feasibility Study, personnel from the Firm have participated in meetings with representatives of Worldwide, its bond counsel and UBS in regard to Worldwide, its facilities and its operations as described in the Official Statement. The Firm has inspected the facilities and reviewed provided documents and information to prepare the evaluations contained herein. The Firm inspected and evaluated the Port's physical assets, infrastructure and facilities, and Worldwide Terminals' cargo handling operations in order to evaluate sufficiency to generate their revenue estimates. Nothing has come to the attention of the Firm in relation to the preparation of the Feasibility Study which would cause it to believe that either the Feasibility Study is, as of its date or any of the statements in the Official Statement specifically attributed to the Firm were, as of the date of the Official Statement, inaccurate in any material respect.

5. For purposes of this Certificate, the Firm has, at the request of Worldwide Terminals, carried out certain limited procedures for the period from January 18, 2019 and ending on April 3, 2019 for the purpose of preparing the contents of the Feasibility Study.

6. The procedures include making of inquiries of the Port as to whether there has been a material change in the information provided by it, and upon which the Firm relied for purposes of the Feasibility Study. These procedures would not be sufficient under generally accepted engineering practice to enable the Firm to express an opinion as to matters covered by the Feasibility Study nor do such procedures reveal matters of significance for any date subsequent to April 3, 2019. The Firm, therefore, makes no representation or warranty as to the matters covered by the Feasibility Study as of any date subsequent to April 3, 2019 and makes no representation or warranty as to the sufficiency of the foregoing procedures for the Underwriters' purposes. Nothing has come to the attention of the Firm as a result of the foregoing procedures, however, that caused it to believe that, as of the date to which the procedures were carried out, the opinions of the Firm set forth in the Feasibility Study were not correct.

7. This certificate is solely for the information of, and assistance to, the Underwriters in conducting and documenting their investigation of matters covered by the Feasibility Study in connection with the offering pursuant to the Official Statement of the above mentioned Series 2019 Bonds, and is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the purchase or sale of securities, nor is it to be referred to in whole or part in any document, except that reference may be made to it in the Official Statement and in the above mentioned Purchase Agreement or in any list of closing documents pertaining to such offering.

Dated: April 3, 2019

TranSystems

By: _____

Frederick R. Ferrin, P.E.

Vice President

TranSystems

1.3 Methodology

To develop the estimates and analysis used in this report, TranSystems draws on its experience as a national transportation firm, focused upon all aspects of planning, engineering, design, and construction management for all modes of freight and passenger transportation. Martin Associates is a nationally renowned firm that specializes in marine cargo market and trade lane analysis/forecasting, as well as economic feasibility analysis, forecasting, and evaluation. Together, in close coordination with Worldwide, information pertaining to the following subject areas has been gathered for this report:

- Cargo handling infrastructure, facilities and equipment
- Cargo handling labor availability and operational efficiencies
- Multimodal connectivity and access to the terminal
- Emergency preparedness and plans for sustainment of operations
- Short term capital expansion needs to sustain and grow cargo activity
- Basis for Worldwide's current demand and specific market opportunities
- Operating and maintenance expenses
- Financial management, revenue projections and financial model

It is important for the reader to note when reading through this report that references to Worldwide and Port of Fernandina are used interchangeably. The Ocean Highway & Port Authority is the landlord with which Worldwide has an exclusive, long-term operating agreement as the sole terminal operator.

1.4 Forecast Debt Service Coverage

As detailed in the base case debt service coverage projections Table 16 in Section 6, forecasted net debt service coverage in the Base Case Financial Model prepared by Worldwide and detailed in Section 6 averages 4.01x pledged revenues over the next 10-years, with a minimum coverage of 4.01x pledged revenues in 2025 (the calendar year and fiscal years are the same), including the rolling coverage fund (which is sized at issuance equal to 25% of MADS). Excluding the rolling coverage fund, coverage averages 3.67x pledged revenues over the next 10-years, with a minimum coverage of 3.40x pledged revenues in 2025. Projected debt service is provided by UBS and assumes estimated market rates plus 50 basis points as of March 26, 2019.

1.5 Findings and Conclusions

The TranSystems/Martin Team's findings and conclusions are summarized in the following points. Within the report sections, each finding and conclusion is presented and explained in substantial detail.

- Current facilities, infrastructure (landside and waterside) and equipment are sufficient for current cargo operations
- More warehouse storage on the terminal and berth dredging to -40 feet MLW are critical capital needs and will enable immediate cargo growth
- Surface roadway connectivity and freight rail connectivity are good and access from Atlantic Ocean to the terminal is very good
- Port security is in compliance with federal and state requirements
- Zoning and environmental regulations do not threaten cargo operations at the Port
- There are clearly identifiable and feasible expansion markets and trade lanes to pursue for growth of cargo volumes and new commodities
- Operating and maintenance expenditures are reasonable and adequately controlled

- Worldwide’s cargo operations are efficient and well organized. Non-unionized labor force provides considerable staffing and scheduling flexibility
- The long term operating agreement between Worldwide's Fernandina and the Ocean Highway and Port Authority Nassau County is well prepared, equitable to both parties and provides adequate protections to both
- Worldwide's disaster preparedness plans are adequate and properly focused upon the immediate safety of personnel, recovery and resumption of operations
- Worldwide's financial model, projections and sensitivity tests are sound

Section 2: Port of Fernandina Profile and History

2.1 Previous Ownership of Kinder Morgan through Acquisition by Worldwide and Reinvestment Strategy

The Port of Fernandina (the "Port"), located on Amelia Island in Florida, has played an integral role in the history and development of Florida and the surrounding area. The Fernandina Port Authority was originally chartered in 1941 as a body politic and corporate and a subdivision of the State of Florida and was and was later authorized as a Special District by the State of Florida. The name was changed in 1961 to Ocean Highway and Port Authority ("OHPA" or the "Port Authority"). As the Port's governing body and owner, the Port Authority has policy-making, budgeting and general oversight responsibilities for all port activities with a principal public purpose to encourage economic development in Nassau County. After a period of decline, in 1985, the Port Authority issued bonds to finance construction of a modern seaport terminal in 1985 in order to capitalize on a new deeper entrance channel constructed by the U.S. Navy. Wood pilings were replaced with a new, concrete pile dock, a concrete paved marshaling yard, cranes, and new warehouses. These improvements allowed the Port Authority to bring the Port back to life as a major contributor to Nassau County's economic development.

In 2001, OHPA entered into a long-term operating agreement with Kinder Morgan to bring professional management to their operations. While that had positive effects initially on the volumes handled at the Port, over the past several years Kinder Morgan began to deemphasize their port operating business, leading to deterioration of the volumes and the volumes and the physical condition of the port.

Seizing the opportunity to revitalize the Port, Worldwide Group, LLC ("WWG") and Four Wood Capital Partners, LLC ("FWCP"), a New York based asset management and merchant banking firm, formed a joint-venture called Worldwide, acquired the Port of Fernandina's (the "Port") operator, Nassau Terminals, LLC, from Kinder Morgan in February 2018. In October 2018, Worldwide and the Ocean Highway and Port Authority formally agreed upon and approved a long-term extension to the existing Operating Agreement which was set to expire on December 31, 2023. The adoption of the new Operating Agreement (the "Agreement") now has an expiry date of October 19, 2053.

Plans call for an additional capital investment of $15 million in the coming years to modernize the Port's facilities including additional cranes and cargo handling equipment, as well as the deepening of the berth to 40 feet, a berth extension and an on-dock warehouse to better accommodate customers. The 2019 Bond issue will fund several of these improvements, including 78,000 square feet of new warehouse space, dredging and deepening of the berths to 40 feet and the acquisition of a rubber-tire gantry ("RTG") crane. Additional potential sources of funding available in addition to the 2019 Bond issue are detailed in this report.

The Port currently has 300,000 square-foot of on-port warehouse facilities, over 110,000 square-feet of off-port warehouse facilities, and daily on-dock rail service. It has a fully-certified Container Freight Station, and the Port will be adding Foreign Trade Zone designation as well.

Worldwide has an experienced workforce that offers turn-key services including freight-forwarding, trucking, warehousing and distribution management and is capable of handling bulk, break-bulk, project cargo, containerized and refrigerated cargoes, as well as steel and lumber. The terminal currently handles kraft liner board ("KLB"), lumber and other forest products exported to the Caribbean, Central and South America by companies such as Barnett Paper, WestRock, Caribbean Forest Carriers and Dole, as well as project cargo containerized cargo, and some bulk cargoes. It also serves as homeport

for Somers Isle Shipping's containerized service to Bermuda, now in its 33rd year. The terminal handles imported forest products from Asia, and Scandinavia, as well as certain bulk commodities.

Worldwide is a multi-purpose port, located less than two miles from the open ocean, offering cost-efficient service in the Southeast region. At the time of its acquisition, the Port had active trade with South America, the Caribbean, and Bermuda. Since the acquisition, the Port has added trade with South America, Europe and Asia and has made capital investments in the port. Most recently, in January 2019, the Company acquired and accepted delivery of a Liebherr Mobile Harbor Crane (the "Crane") equipped for containers and heavy lifts, to support the continued growth of the port operations. The actual funding for the Crane was the result of a $2 million grant authorized by the Florida State Legislature and funded through the Florida Department of Transportation ("FDOT").

2.2 Port of Fernandina Profile

The Port of Fernandina is situated on approximately 23 acres in the city of Fernandina Beach, Nassau County, Florida at the northeast corner of the State and immediately south of the Georgia border. The Port is located along a federal channel that provides immediate access to the Atlantic Ocean through the Cumberland Sound Access Channel. The Cumberland Sound Access Channel has a maintained depth of -45 feet and the Corps of Engineers project depth of the Port's federal access channel is -36 feet at mean low water (MLW).

The Port has a main wharf, capable of handling containerized, break bulk, bulk and project cargoes. It is a pile supported wharf along the Intracoastal Waterway (ICW) and has two full sized berths measuring 1,200 feet in length on a combined basis. On the terminal itself, the Port has two warehouses for cargo storage and transloading and immediately off the terminal the Port has three additional warehouses, two of which have direct freight rail access. The total warehouse space is 217,000 square feet. The Port has one "Whirley" crane for heavy lift project cargo, one rail mounted gantry container crane and a mobile harbor crane for multiple cargo types.

The terminal has two operational truck scales and their two gates are sufficient for current cargo operations. US Customs is located immediately outside the east gate and that proximity precludes delays for customs clearance. The terminal has approximately 21 acres of paved area for cargo storage and operations and the pavement is structurally sufficient for container, break bulk, general cargo and bulk cargo operations. The internal roadways are in fair condition and allow for the efficient movement of cargo to and from the main wharf as well as within the cargo yard.

The terminal has direct rail connectivity to CSX provided by First Coast Rail. With approximately 1,600 feet of siding, there is sufficient rail siding on the adjacent warehouses to work 11 standard box cars. Additionally on the terminal (inside the gates), there is a freight rail siding that has sufficient length to work another 11 rail cars on-terminal. The rail infrastructure is in fair to good condition and is entirely serviceable. This means that no major replacement of rail infrastructure is envisioned for at least 20 years; however, minor rail maintenance should be performed on a regular basis, or as needed.

Historically the Port has handled containerized and break bulk cargoes as well as some heavy lift project cargo and some liquid and dry bulks. Currently, the predominance of cargo at the Port is containers and break bulk. The current break bulks include KLB, lumber, plywood, steel, wood pulp, miscellaneous general cargoes and oats. The following shows their throughput in containers and break bulk cargo over the past three years:

Type of Cargo	2016	2017	2018
Containers (TEUs)	8,330	10,224	10,528
Break Bulk (tons)	265,489	227,059	229,151

2.3 Analysis and Review of World Terminals Fernandina – OHPA Agreement

The Operating Agreement between WTF (Operator) and the OHPA of Nassau County is consistent with most operating agreements at other ports in the USA, where the operator is the sole operator at that facility. Specifically:

- Under the terms of an operating agreement with the Ocean Highway and Port Authority of Nassau County, Florida (the Port Authority), the Company as operator of the terminal, is responsible for performing all functions necessary to load, unload, transfer, store and handle cargo of all types into and out of the Port of Fernandina. In 2018, the Port Authority charged the Company an annual fee. The annual fees paid to the Port Authority during the year were $88,768. On October 19, 2018, the Company renewed the operating agreement with the Port Authority. The initial term of the operating agreement is 10 years with two additional terms of 12 years each extendable at the Company's option. As part of the new agreement, the Company agrees to pay the Port Authority $251,675 per annum, in equal and consecutive quarterly payments of $62,918.75 (adjusted annually for inflation based on the CPI). Historically, the Company paid the Port Authority certain Dockage, Wharfage and Use fees on a quarterly basis. However, during fiscal 2018, no Dockage, Wharfage and Use fees were paid to the Port Authority. As part of the new Operating Agreement, the Company is not required to pay Use fees for the next seven years with gradual restoration of Use Fees payable to the Port Authority by year twelve of the Agreement. The Company does not have to pay Dockage or Wharfage fees for the entirety of the period covered by the Operating Agreement. In addition, the Company agreed to contribute to the Port Authority the amounts of $50,000 in 2019 and $50,000 in 2020 toward the annual Development of Regional Impact payments due from the Port Authority to the City of Fernandina Beach. Such contributions shall be paid by the Company to the Port Authority no later than July 31 of 2019 and 2020, respectively.
- The Port Tariff that sets non-contract rates is jointly agreed upon and allows for adjustments to maintain competitiveness with other Ports.
- Ad valorem taxes are being paid by the Port Authority, which is a plus for the Operator as it is a cost they do not have to bear.
- The compensation to the Port Authority by the Operator is a fair and allows the Operator to maintain a better margin without a burdensome high fee structure that some Port Authorities impose. This makes the Port Authority, and especially the Operator competitive in the market.
- The Port Authority and Operator meet annually to review capital improvements; the Operator is not required to invest a specific dollar amount in the Port under the Agreement
- The Port Authority agrees to maintain a depth of -38 feet at mean low water alongside the berths, as well as maintaining the channel; including future improvements to -42 feet MLW. Some Port Authorities, when a single operator runs the port, impose that responsibility on the Operator, which can be a costly responsibility
- The Port Authority plans to work with the Operator to try and secure capital funding and government grants

The Operating Agreement overall, is fair for both Parties while being financially favorable to the Operator since it is self-adjusting to cargo volumes, and accordingly, embodies a true partnership that ensures success over the long-term for both the Port and the Operator.

Section 3: Port Infrastructure, Facilities, Equipment, Property, Cargo Handling, Labor Practices, Emergency Preparedness and Response, and Environmental Scan

This portion of the report will cover the identification of facilities, infrastructure and equipment available to or owned by Worldwide. Most of the landside facilities and infrastructure belong to Nassau County Ocean Highway & Port Authority and are included in the long-term operating agreement with Worldwide. Nearly all port cargo handling equipment is owned by Worldwide. Maintenance of the facilities and equipment is the responsibility of Worldwide.

This section will also address the condition, maintenance, and serviceability of the facilities, infrastructure and equipment in the context of ability to effectively perform port and cargo handling operations for the cargo types historically handled at the Port as well as the service life remaining and anticipated replacement or repair/refurbishment of major assets.

The following summary table identifies specific landside facilities and cargo-handling equipment, operated by Worldwide that are critical to port and cargo handling operations. Each facility has been inspected and thoroughly evaluated in terms of serviceability and useful life.

Table 1: Description of Port of Fernandina Landside Facilities

Facility Type	Dimensions	Age	Condition	Remaining Life	Replacement Cost
Main Wharf	1200' x 80	34 years	Good	50 years	$42 million
Warehouse 1	82,000 sf	33 years	Good	30-40 years	$4.1 million
Warehouse 2	77,000 sf	27 years	Good	30-40 years	$3.85 million
Warehouse 3	42,000 sf	21 years	Good	30-40 years	$2.1 million
Warehouse 4 (open)	9,000 sf	21 years	Good	30-40 years	$450,000
Warehouse 5 (open)	7,000 sf	20 years	Good	30-40 years	$350,000
Port Security Building	N/A	20 years	Good	40 years	$120,000
Truck Scales	N/A	15 years	Good	20-30 years	$160,000
Paved Cargo Areas	21 acres	10-15 years	Good	20-30 years	$210,000
Internal Roadways	N/A	10-15 years	Good	20-30 years	$30,000
Operations Building	N/A	25 years	Good	30-40 years	$120,000
Maintenance Building	4,000 sf	30 years	Good	30-40 years	$200,000
US Customs Building	N/A	Unknown	Good	30-40 years	$150,000
Terminal Gates	24' wide w/ no height restrictions	20 years	Good	40 years	$300,000

Freight Rail Siding	11 cars on-terminal	10 years	Good	40 years	$250,000
	11 cars at warehouses 1&3	21 years	Good	30-40 years	$250,000

Table 2: Description of Port of Fernandina Cargo-Handling Equipment

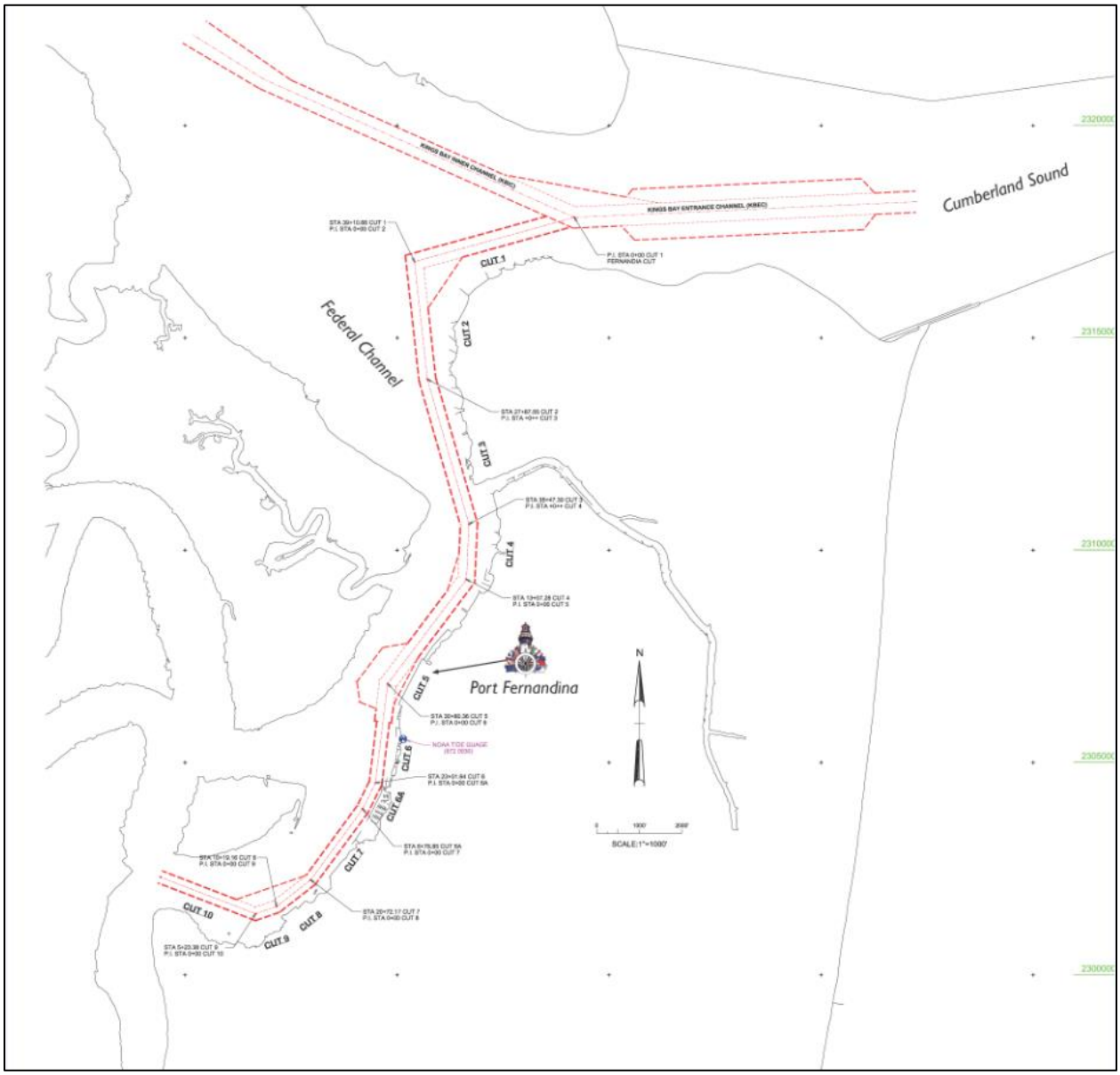
Cargo Handling Equipment Type	Condition	Remaining Life	Replacement Cost	Quantity
3K Forklifts	Fair to Good	5-15 years	$25,000 each	6
11K Forklifts	Fair to Good	5-15 years	$65,000 each	5
12K Forklifts	Fair to Good	5-15 years	$87,000 each	13
15K Forklifts	Fair to Good	5-10 years	$90,000 each	3
22K Forklifts	Good	15 years	$190,000	1
30K Forklifts	Good	15 years	$250,000 each	2
50K Forklifts	Good	15 years	$350,000	1
Terminal Emergency Generator	Very Good	>30 years	n/a	1
Yard Spotter Tractors	Fair to Good	2-15 years (phased replacement at 1-2 per year	$40,000 each	14
Frontend Bucket Loader	Very Good	>30	n/a	1
Container Stacker	Fair to Good	5-10 years (phased replacement)	$400,000 each	3
Flatbed Trailers	Fair to Good	3-5 years (phased replacement)	$20,000 each	11
Container Chassis	Good	>30 years	n/a	6
Clyde "Whirley" Crane	Good	10-20 years	$2.5 million	1
Paper Pusher	Fair	3-5 years (phased replacement)	$6,000 each	4
Maintenance Service Trucks	Fair to Good	5-10 (phased replacement)	$15,000 each (used)	4
Mobile Welding Machine	Very Good	30 years	n/a	1
3,200 Gallon Fuel Truck	Good	10-15 years	$30,000	1

3.1 Access Channel and Berths

The entrance to and from the Atlantic Ocean is through the Cumberland Sound Access Channel. The channel is frequently maintenance dredged to maintain a depth of -45 feet for the US Navy. Vessels arriving at or departing from the Port use this channel and turn into or from the Federal Channel which is maintained by the Jacksonville District, U.S. Army Corps of Engineers to an authorized project depth of -36 feet mean low water ("MLW"), which is defined as the lowest average level water reaches on an outgoing tide. The Federal Channel (FC) has a maintained width of 400 feet. The authorized and

permitted berth depth at the Terminal is -40 feet MLW. The distance from the sea buoy to the terminal is 11 nautical miles and vessel transit time is approximately one hour.

Figure 1: Port of Fernandina Dredge Survey Map



Given the depth of the Cumberland Sound Access Channel and the characteristics of the hydraulics, maintenance dredging to maintain the project depth of the federal channel serving the Port is seldom required. The last maintenance dredging of the channel was performed in 2000 and only 309,000 cubic yards of material was removed for open ocean disposal.

The most recent hydro survey was performed by the Jacksonville District in October 2017 and it reveals channel depths as great as -39 feet and a very small amount of shoaling above a depth of 36 feet. With a daily tidal fluctuation of approximately 6 feet, vessels drawing 36 feet access the Port via the federal channel and use the turning basin between high tide and mid tide.

The turning basin is located on the west side of the federal channel and west of the terminal. The turning basin is currently navigable for vessels up to 780 feet in length (LOA). Historically, this is the maximum length vessel calling at the Port. The western portion of turning basin has accumulated silt over the years and is currently at depth that precludes use by vessels of 1000 feet LOA or greater. Corps maintenance dredging in the future can address this issue.

While there has been some minor shoaling in the federal channel over the years, the pilots are able to navigate ships, drawing 36 feet, into and from the terminal at mid to high tides. The US Army Corps of Engineers is securing the Section 103 permit for Corps maintenance dredging this fall to dredge the federal channel to a depth of 36 feet at MLW plus one foot of overdredge. There are no navigational restrictions between the Atlantic Ocean and the Terminal nor are there periods of restricted passage.

The berth depth was authorized at -40 feet MLW and ranges from approximately -36 feet at MLW to -40 feet at MLW, giving evidence that some siltation has occurred. Worldwide is pursuing a reauthorization to maintenance dredge the berth to -40 feet at MLW. Given the previous authorization to -40 feet at MLW, permitting the maintenance dredging of the berth to -40 feet is expected within the next six months. Minimal risks are associated with the maintenance dredging considering the original authorization. The estimated volume of material that must be dredged to return the berth depth to -40 feet at MLW is only 5,500 cubic yards.

3.2 Facilities and Infrastructure

The most critical structure at the Port is the main wharf. Overall, the wharf is in good and serviceable condition. The supporting structural members - piles, pile cap beams and concrete deck planks are sound, albeit needing some minor repair. The deck topping slab is in fair to poor condition. The concrete curbs are in poor condition. The condition of the curbing and deck topping slab is the result of extensive use, but is not critical and these elements of the wharf are easily repaired. The mooring bollards are in serviceable condition. In 2018, all fender panels were replaced, with the exception of three, at a cost of $650,000. State funds provided for 2/3 of the overall replacement cost, with the remaining 1/3 paid by the operator. TranSystems estimates that the repairs to the wharf recommended above will cost around $350,000. The completion of these projects are not contemplated to be funded through proceeds from the Series 2019 bonds. The recommended repairs are entirely appropriate for a 1,200 foot wharf that is 30 to 35 years old. Overall, the wharf is in good/serviceable condition, and capable of accommodating the broad range of cargoes expected in the future of the Terminal.

The Port has five warehouses for cargo storage and transshipment operations. The total space within the five warehouses is 217,000 sf. Warehouses 1, 2, and 3 are fully enclosed and range in age from 33 to 21 years. Warehouses 4 and 5 are 20 years old and have an open side for efficient, temporary storage and movement of cargo. Warehouses 1, 2 and 3 are located immediately outside the terminal gates while 4 and 5 are immediately adjacent to the wharf. The warehouses and their loading docks and access doors are in good, serviceable condition allowing for the movement of cargo into and out of the warehouses with no impediments. Warehouse floors are structurally sufficient for the storage of extremely heavy cargo such as paper rolls and wood pulp. The sole deficiency noted was the need for more warehouse space given the current level of cargo activity at the Port. This deficiency is being addressed through the proceeds of the Series 2019 transaction, which will be used in part to construct 78,000 sq ft of new warehouse space.

The Terminal has two operational truck scales and their two gates are sufficient for current cargo operations. US Customs is located immediately outside the east gate and that proximity precludes delays for customs clearance. The terminal has approximately 21 acres of paved area for cargo storage

and operations and the pavement is structurally sufficient for container, break bulk, general cargo and bulk cargo operations. The internal roadways are in fair condition and allow for the efficient movement of cargo to and from the main wharf as well as within the cargo yard.

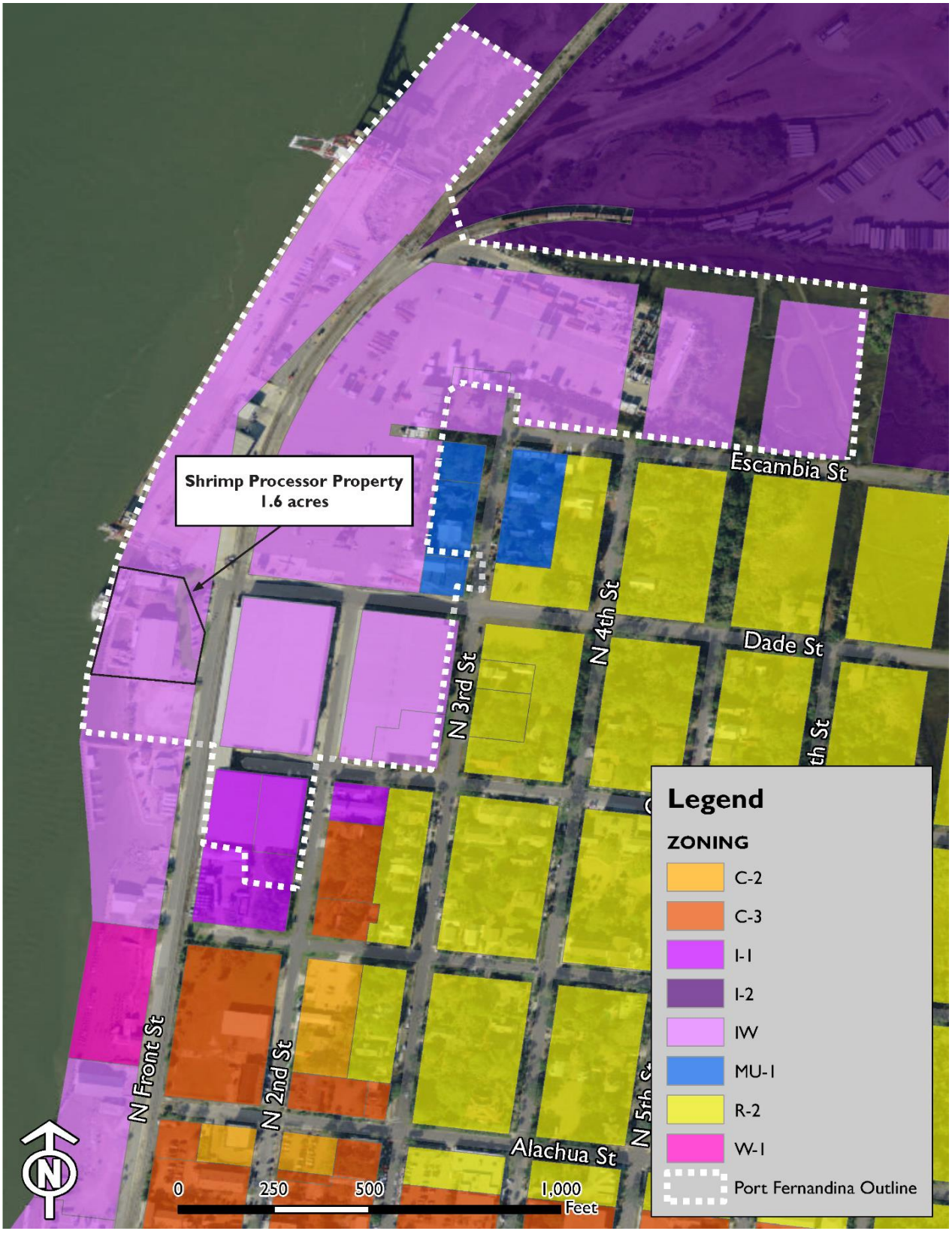
The terminal has direct rail connectivity to CSX provided by First Coast Rail. With approximately 1,600 feet of siding, there is sufficient rail siding length immediately adjacent to Warehouses 1 and 3 to work 11 standard box cars. Additionally on the terminal (inside the gates), there is a freight rail siding that has sufficient length to work another 11 rail cars on-terminal. The rail infrastructure is in fair to good condition and is entirely serviceable.

The facilities and infrastructure (listed previously) that are used in Worldwide's cargo handling, security, maintenance and administrative operations and activities range in age, but are well maintained and in highly serviceable condition. In terms of remaining service life, all of the previously listed facilities and infrastructure were found to be in entirely serviceable condition and with normal preventive and responsive maintenance, they will not require replacement or refurbishment in the foreseeable future, barring destruction or structural damage caused a by catastrophic weather event or an unforeseen accident.

3.3 Cargo Handling Equipment

Cargo handling equipment used by Worldwide ranges significantly in age; however, it is universally well maintained through a comprehensive preventive and scheduled maintenance program. Worldwide's cargo handling equipment at the Port has a 90% or higher operational readiness rate resulting in no restrictions in cargo handling capability due to equipment deficiencies. In terms of remaining service life, the 31 forklifts are, on average, ten years old and with the scheduled periodic preventive maintenance program in place at the Port, none should be considered for replacement for at least another ten years. The terminal's emergency generator is infrequently used, but it is operated on a periodic basis to perform scheduled maintenance. It will not be considered for replacement for a number of years so long as it continues to prove capable of providing emergency power. The frontend bucket loader is quite new and maintained under a prescribed and fastidious equipment maintenance program. Replacement is at least 20 years off. The 14 yard tractors average ten years in age as do the 11 flatbed trailers and six container chassis. The tractors are closely monitored and maintained and should continue to operate at a satisfactory readiness rate for at least another ten years. The trailers and chassis require a less intensive, but nevertheless periodic maintenance program, and even given their age and heavy use, their remaining service life is at least ten to twenty years. The paper pushers, maintenance service trucks, mobile welding machine, fuel truck and man-lift are in good condition and with regular preventive maintenance have a remaining service life of ten to twenty years. In the past twelve months, Worldwide Terminals has spent approximately $300,000 on the Clyde "Whirley" and Hitachi rail-mounted gantry container cranes for major overhauls to include structural repairs, component replacements and updates, and engine rebuilds. Both cranes are in good operational condition with remaining service lives of at least ten years. The Liberherr mobile harbor crane was recently purchased and while not new (2008 model), it is in excellent condition and should have a remaining service life, assuming regular scheduled maintenance, of at least twenty years.

3.4 Business Opportunities and Capacity Constraints
Figure 1: Port of Fernandina and Surrounding Areas Zoning Map



3.4.1 Operating Footprint

The Port of Fernandina does have footprint expansion ability on property that is appropriately zoned and designated for industrial and waterfront uses by the city of Fernandina Beach. The designated land use and zoning of the Port and the immediately surrounding properties limit expansion to the east; however, Worldwide has identified viable expansion areas to the north and south of their current footprint that offer expansion possibilities should additional property be needed. These properties are as follows:

- 1.6 acres immediately south of the terminal on the waterfront belonging currently to a shrimp processor.
- 2.1 acres immediately south of the terminal used primarily as parking and belonging to OHPA.
- 4 acres (unused) north of the terminal boundary belonging to WestRock, which under agreement or joint venture with WestRock would be developed for additional warehousing for Worldwide Terminals' use or as a joint WestRock – Worldwide Terminals operation.
- 2.3 acres south of the terminal on both sides of the existing freight rail line that was previously owned by FL Petro and is currently available for long-term lease.

The addition of these properties that have appropriate land use and zoning designations would add 10 acres to Worldwide's current operating area.

3.4.2 Breakbulk Cargo

A measure of productivity and facility utilization is turn rate. As applied to weather-sensitive breakbulk cargoes that require warehousing, turn rate is the total tonnage divided by total warehouse space in square feet. In 2018 Worldwide handled 227,059 tons of breakbulk cargo. The total warehouse space provided by the five warehouses either on the terminal or immediately outside the terminal gate is 217,000 sf. Therefore, the current turn rate is 1.05.

Turn rate is primarily impacted by terminal dwell time or the time cargo remains on the terminal awaiting transportation. Import cargo generally has a longer terminal dwell time and export cargos move on and off the terminal more rapidly. We believe a turn rate of 2.0 would represent full utilization of Worldwide Terminal's assets in Fernandina.

Therefore with 217,000 sf of warehouse space currently available, it is possible to handle 217,000 x 2.0 = 434,000 tons. By adding 77,000 sf of new warehousing on the terminal the total space would rise to 294,000 sf, and at a turn rate of 2.0, the estimated tonnage capacity would be 588,000 tons of breakbulk cargoes.

This represents growth potential from the current (2018) throughput of 227,059 tons to the capability of handling 588,000 tons after the new warehousing is developed. This does not require local approval or land acquisition as it is not on the existing terminal. Additionally, it should be noted that additional capacity exists if several acres of container yard are repurposed for breakbulk.

3.4.3 Containerized Cargo

The industry standard for containerized cargo is 5,000 TEUs (twenty foot equivalent units) per acre per year. Many ports report higher utilization of their property by minimizing container dwell time. Worldwide Terminals' estimates that their annual throughput would be 6,500 TEUs per acre. Given their configuration, operating efficiencies and the nature of their trade lanes, this is a reasonable expectation.

If Worldwide Terminals were to fully use the 10 acre cargo yard, designated for container operations and an additional 4 to 5 acres available on the terminal for container storage, a total of 15 acres could be used, entirely, for container operations. Therefore at 6,500 TEUs per acre per year Worldwide could handle 97,500 TEUs on existing container yard space. Based upon the movement of 10,528 TEUs in 2018, Worldwide Terminals could grow the annual containerized cargo throughput by 86,972 TEUs. This equates to an expansion potential of 89%, assuming 100% utilization represented by the total annual estimated throughput of 97,500 TEUs compared to the 2018 actual throughput.

The Southeast has had significant and constant growth in forest products, while other areas in the USA are all flat or down. Therefore, the potential for Worldwide to attract additional forest product business is strong. The Georgia Ports Authority - Savannah and the Jacksonville Port Authority are more focused on container freight. They are making immense investments of capital to dredge for large container vessels, not smaller breakbulk vessels. With diminishing berth availability at Savannah and Jacksonville given those ports' preference for mega carriers, Worldwide is poised to capture some of the smaller container operators as well as breakbulk cargo vessels that have dropped in priority at Savannah and Jacksonville.

3.4.4 Proximate Port Competition

The Port of Fernandina is located approximately 30 miles north of Jacksonville and the same distance below Brunswick, GA. The Port of Savannah is approximately 70 miles farther north of Brunswick. While the Jacksonville Port Authority and the Georgia Ports Authority (Savannah and Brunswick) pose some competition, they also provide opportunity given their focus on two types of marine cargo – containers and autos. While these two Port Authorities did focus on breakbulk cargoes in the past, their current and foreseeable focus will be on maximizing their container and roll on / roll off cargo throughput. This means that any space reallocation and resource reallocation in Jacksonville and Brunswick/Savannah will be to enhance these lines of business and not breakbulk. Thus there exists a real opportunity for Fernandina to capitalize on breakbulk opportunities passed up in Jacksonville and Savannah.

While both Jacksonville and Savannah are major container ports and Fernandina is looking to increase their container throughput, the trade lanes are different and Fernandina is not competing for mega carriers with Asian import cargo as Jacksonville and Savannah are. The specific trade lanes which Worldwide has identified and is pursuing are not those being pursued by either Jacksonville or Savannah.

3.5 Cargo Handling

Worldwide operates a highly efficient terminal operation. The working of vessels, handling containers and KLB on the terminal, handling cargo in the warehouses and transloading cargo from vessel to trailers were all performed safely and efficiently. Their container operations to and from the container yard and the vessel are well organized and truck flow is properly designed and efficient. The most recent vessel discharge rate was 46 containers per hour, which is on the high side for the industry. Their average pick per-hour for both load and discharge ranges between 35-40 units, an impressive rate of production. Having a non-union operation, Worldwide has the ability to hire the number of men needed to work a vessel or perform any other port operation without having a minimum requirement of union affiliated workers. This allows them to operate at lower costs, while still offering good productivity. It also allows good flexibility with starting times.

The location and setup of the Port's cargo transloading facilities (truck and rail) is properly maintained and the cargo flow is efficient. Operations inside the warehouse are efficient, including the prestaging of product (using cardboard) laid on the floor to prevent contamination of the wood pulp. Contamination

of this product is a major concern of the shippers. Worldwide makes good use of some interior warehouse space for weather-sensitive bulk products. Potential to handle additional rail business is a certainty. The scale house is located in a good location and TranSystem's only concern is a possible back up outside the gate on heavy days.

The on-terminal cargo storage area is well configured for KLB and rolled paper, which was top covered to protect the core of the rolls from the elements. Worldwide utilizes the space they have very well. The container yard appears to be in good shape, with a combination of pavers, asphalt, concrete and crush 'n run/rock. The configuration is efficient and allows easy flow of the containers to and from the yard and the vessel. The reefer area for containers is in a good location to allow easy access to monitor the equipment. The container cleaning area, although small, is alongside the reefer row area, well located and efficient. The two transit sheds (Warehouses 4 and 5) close to the dock are well laid out and operate efficiently.

Currently the Port has a limited number of vessels calling, thus there appears to be no issue with congestion at the berth. The working of wood pulp vessels and subsequent storing of the product in the warehouses runs well and their tonnage per-hour was very competitive. The container operation, mentioned previously, runs smoothly and effectively. The Top Loader operation supporting the vessel operation is viewed as efficient. A contributing factor is the layout of the container yard, which has been designed to keep the operation running quickly and safely. Equipment drivers were appropriately cautious and professional.

With direct service by CSX and indirect with Norfolk Southern ("NS"), plus the Short Line RR, First Coast RR, Worldwide has good rail service. With double stack capabilities, Worldwide will be prepared for increased business when they secure additional container business. The layout of the tracks on the terminal is an advantage, especially for the warehouse business. The road network is good with 200/A1A leading to I-95, plus State Road 301 and US 1.The only issue is the road network into the terminal through the Historic District of Fernandina Beach. While passable, the lanes are limited and congestion is possible. The addition of new, on-terminal warehouse space would reduce the need to use local roads.

3.5.1 Cargo Transfer Services ("CTS") Warehouse Operation

Worldwide holds a Freight Forwarder's and Freight Broker's license and is bonded with US Customs as well as the Federal Motor Carriers Safety Administration (FMCSA). As such, Worldwide is able to arrange for the transportation of shipments on behalf of third parties. Through the use of 108,000 sf of off-dock warehouse space, and Worldwide's trucking service, which consists of two owned and operated trucks plus several subcontractors, Worldwide is able to provide cost-effective trucking and distribution management services to owners and shippers of cargo that cannot be found in Jacksonville. These services provide Worldwide with the ability to develop additional customer relationships that have led to the use of the Port, and vice-versa.

This business line is profitable as a stand-alone operation and provides strong synergies with the operation of the Port. The CTS allows Worldwide to sell logistics capability in the Jacksonville area and surrounding region as a "full-service logistics provider." Using 50,000 sf of warehouse space in Fernandina and another 58,000 sf in Yulee, Worldwide Terminals is able to provide warehousing and distribution management services to customers at the Port and a number of pure warehouse customers that do not currently use port services.

An example of how the CTS business supports the Port can be found with Somers Isle and Far East American. CTS performs the loading and unloading of containers for Somers Isle, known as "Stuffing &

Stripping." Worldwide's trucks carry those containers between the Port and the CTS warehouse. When Far East American's ships, carrying plywood produced in China to the Port, were delayed by the trade war, Far East American sourced plywood from Vietnam and imported it through Jacksonville in containers. They then asked Worldwide Terminals to pick up those containers at the Port of Jacksonville with Worldwide's trucks, transport the Vietnamese plywood to the warehouse in Yulee, strip the containers, store the plywood, and then load it out to the buyers' trucks when they were ready to pick it up. Fees are charged for each of these services.

This business is viewed as a significant growth opportunity. It feeds not only off the growth of the Port but also off that of the larger Port of Jacksonville. The reason for the rapid growth in warehousing and distribution management services in Fernandina and Yulee is because providers of these service and facilities around the Port of Jacksonville are already strained beyond their existing capacity.

3.6 Environmental Scan

In Nassau County, there are eleven (11) federally listed endangered or threatened species. The species include sea turtles, Wood Stork, Red-cockaded woodpecker, gopher tortoise, eastern indigo snake and the West Indian Manatee. There are no federally listed wildlife preserves or sanctuaries within the study area. There is no critical habitat mapped within or near the study area.

Based on the National Wetlands Inventory online database, there is one nationally listed wetland located within the study area (Appendix B). This wetland is mapped as an estuarine wetland and is located within the north central and northeastern portion of the study area. This estuary area may provide suitable habitat for the federally listed sea turtles and the West Indian Manatee and further study would be required if this wetland area would be impacted.

The study area is immediately adjacent to the Fernandina Beach Historic District, as expanded in 1987. The Fernandina Beach Historic District was listed on the National Register of Historic Places (NRHP) in 1973. In 1987, the district boundary was expanded to roughly include the areas near North Front Street (western portion of listing) and then Escambia Street to the north (northern portion of listed area).

3.7 Emergency Plans and Procedures

Port of Fernandina has all required emergency plans and procedures as required by Federal and State regulatory agencies. Copies of all terminal emergency procedures are located in the port operations building and contain written plans and procedures for all emergency actions required on Port of Fernandina and its facilities. The procedures also contain up to date facility maps that outline all required critical infrastructure components located throughout the terminal with primary and secondary containments, diesel and fuel piping and cut out switches, spill response and hazardous waste storage facilities.

Port of Fernandina has the general framework in place with Incident Commander (IC), Command Staff and General Staff designated for all emergency scenarios. The ICS and required O&M procedures are up-to-date and contain the required information to maximize efficiencies during emergency response and recovery activities. These plans and procedures are essential to enabling a port to recover from a disaster and then begin the process of seeking immediately needed federal disaster recovery funds.

Port of Fernandina has a complete emergency organization and emergency action plan for all required emergency procedures. Overall, the required emergency procedures are clearly established with detailed checklists that outline the required actions for all emergency situations that may arise. Additional detailed criteria are established for Hurricane Conditions set by the USCG Captain of the Port (COTP). These criteria require the Port to assume port readiness conditions set by the COTP and

are used to alert the maritime community to changes in port operations needed to prepare for the hurricane's arrival.

The Port of Fernandina has a robust OSHA compliance program and adheres to requirements set forth in 29 CFR 1915 – Shipyard Employment and 29 CFR 1917 – Marine Terminals sections of Federal Code of Regulations (CFR). There is a clear "safety first" program in place with all required training and education to keep employees safe and educated on OSHA requirements and safe workplace environments.

Upon review of Worldwide's current insurance coverage(s), it was determined that compliant coverage has been obtained for normal business operations, as well as catastrophic events. A description of each insurance coverage, and expiration is provided below.

Table 3: Worldwide Liability Insurance Coverages

Insurance Type	Expiration Date	Coverage Limits	
Commercial General Liability	2/7/2020	Each Occurrence	$1,000,000
		Damage to Rented Premises	$50,000
		Med Exp	$5,000
		Personal & Adv Injury	$1,000,000
		General Aggregate	$2,000,000
		Products – Comp/Op Agg	$2,000,000
Automobile Liability	2/7/2020	$1,000,000	
Umbrella Liability	2/7/2020	Each Occurrence	$5,000,000
		Aggregate	$5,000,000
Workers Compensation & Employer's Liability	10/1/2019	E.L. Each Accident	$1,000,000
		E.L. Disease – EA Employee	$1,000,000
		E.L. Disease – Policy Limit	$1,000,000
Trailer Interchange Motor Truck Cargo	2/7/2020	Per Non Owned Trailer	$30,000
		Per Any Vehicle	$100,000

Table 4: Worldwide Property Insurance Coverages

Insurance Type	Expiration Date	Coverage Limits	
Property (Special, Earthquake, Wind, Nmd Storm)	2/7/2020	Building	$11,177,575
Inland Marine	2/7/2020	$5,244,789	

3.8 Labor Practices

Worldwide has 53 full-time employees, including executive management (4), operations management (4), office administrator (1), over the road truck drivers (2), warehouse operators (11); dock workers (18), crane operators (5), mechanics (4), clerical (4). Worldwide accommodates part-time staff as dock workers, warehouse operators, driver, and clerical. Their turnover rate is less than 5 percent. Health Insurance, including prescription drug coverage, vison and dental, for employee and family members,

401(k) retirement plan with company match, life insurance, paid time off, long-term disability insurance are all offered as employee benefits.

Worldwide uses their full-time workforce to staff and man various stevedoring and other operations required by carriers and shippers and supplements these workers with contract labor pre-selected by skill-set from a specific labor-provider, familiar with internal needs and safety requirements, and who provides on-site supervision of the contract labor and full insurance coverage of same. Worldwide does not use any organized (union) labor for stevedoring. If needed, Worldwide could negotiate an accommodation with the union that would allow for a split-shop, and utilize some union workers to only work the vessels that are signatories to a first point to rest within the Port. There is precedent for this in the neighboring ports of Jacksonville and Brunswick. Worldwide estimates the flexibility they have in terms of shift starting and finishing times without guaranteed minimums, as well as manning and gang sizes, afford them as much as a 30% lower cost structure for stevedoring and terminal operations than unionized operators.

Worldwide reaches a high of 65 workers (exclusive of executive and operations management and clerical and administrative) at peak times with more than one vessel in port. The availability of labor has been sufficient, and they continue to recruit and grow a full-time workforce. Worldwide trains and promotes from within. Recruiting is done locally from neighboring industries and ports and by word of mouth from Port employees and other stakeholders. Labor supply is believed to be adequate to support projected future growth.

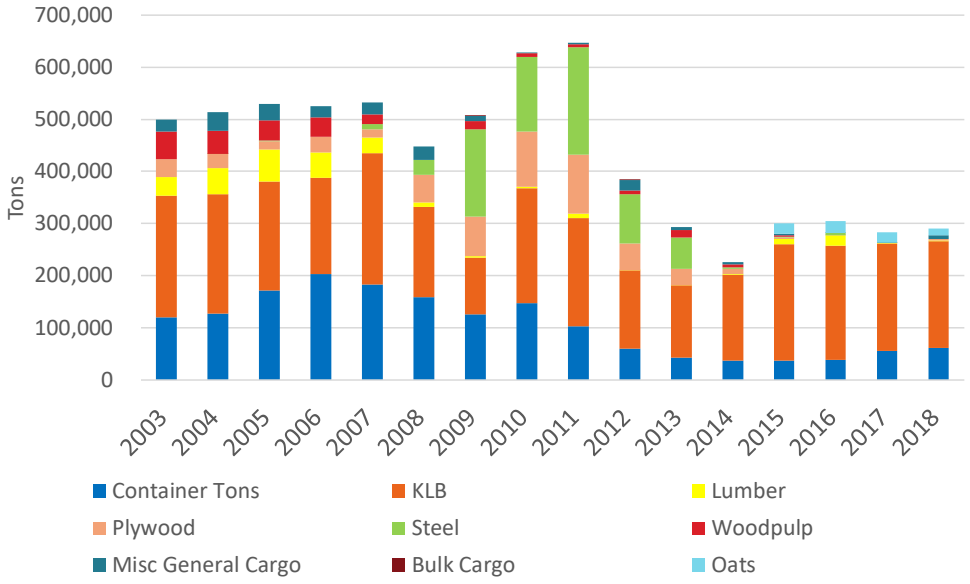
Section 4: Basis for Demand and Market Opportunity

4.1 Current Cargo Operations

4.1.1 Overview of Historical Existing Cargo Base

Historically, the Port of Fernandina's cargo market has been dominated by non-containerized exports of KLB paper products – as shown in Figure 2. Since 2003, the Port of Fernandina has experienced a declining trend in marine cargo tonnage, falling from more than 500,000 tons in 2003 to 300,000 tons in 2018. The decline in the cargo market over this period is mainly attributed to loss of containerized cargo, lumber, plywood and breakbulk steel that was primarily handled over the 2009-2013 period. Table 5 summarizes the changing composition of key commodities handled at Fernandina Beach over the past 16 years. As noted in Section 2.1, Kinder Morgan, the prior Port Operator, began to deemphasize its port operating business at the Terminal and volumes began to fall as the physical condition of the port deteriorated.

Figure 2: Historical Tonnage Handled at Port of Fernandina 2003-2018



Source: Worldwide

4.1.2 Current Non-Containerized Cargo Market

In 2018, two commodities accounted for nearly 95% of the non-containerized cargo handled at Fernandina; KLB paper accounted for 89.8% of the total non-containerized tons and cereals, which have grown in more recent years, comprise another 5.3%. Despite the stability of the paper market and the development of the cereal market, the overall non-containerized market has exhibited a marked decline, driven in part by the loss of break steel that peaked at 207,000 tons in 2011. The majority of this steel was exported to the Caribbean and Central America, the Dominican Republic, Jamaica and Panama for construction projects. Lumber, plywood and wood pulp also exhibited declines. Table 5 presents the historical non-containerized commodities handled at Port of Fernandina. *As with this table and all tables in Section 4, 2003-2018 and 2013-2018 compounded annual growth rates (CAGR) are shown on the righthand columns.*

Table 5: Non-Containerized Leading Commodities Handled at the Port of Fernandina

Commodity	2003	2005	2007	2009	2011	2013	2015	2017	2018	2003-2018 CAGR	2013-2018 CAGR
KLB	234,750	208,814	251,648	108,275	207,543	139,019	223,702	205,906	205,760	-0.9%	8.2%
Lumber	34,669	61,138	30,275	2,337	8,530	18	9,821	765	1,172	-20.2%	130.5%
Plywood	34,985	15,541	15,833	77,144	112,430	32,100	3,225		3,223	-14.7%	-36.9%
Steel		1,490	10,927	167,015	207,416	58,989	648	72		NA	-100.0%
Woodpulp	53,540	38,531	18,651	16,142	4,970	14,870	2,757			-100.0%	-100.0%
Misc General Cargo	22,284	32,126	21,792	9,539	3,216	5,350	3,248	310	6,796	-7.6%	4.9%
Bulk Cargo				358						NA	NA
Oats							20,112	20,006	12,200	100.0%	100.0%
Total General Tons	**389,174**	**357,610**	**349,127**	**380,810**	**544,105**	**250,346**	**263,509**	**227,059**	**229,151**	**-3.5%**	**-1.8%**
Total Tons (including Container)	**508,433**	**529,684**	**531,837**	**506,896**	**647,074**	**292,793**	**300,526**	**282,814**	**289,722**	**-3.7%**	**-0.2%**

Source: Worldwide

Table 6 shows Fernandina's key trading partners for non-containerized cargo. The Caribbean market, which currently represents the largest trade route for non-containerized cargo moving via Fernandina, has grown at 3.9% since 2003. Trade with the West Coast of South America has historically dominated the break-bulk trade; however, this trade lane has disappeared since 2012, driven by the loss of paper/paperboard and wood pulp. With respect to other growing trade lanes, Northern European route has demonstrated the strongest growth – 3.2% annually over the past six years, driven by growth in imported cereal/grain/seed products for use on Central Florida horse farms.

Table 6: Non-Containerized Trading Partners at the Port of Fernandina: 2003-2018

World Region	2003	2005	2007	2009	2011	2013	2015	2016	2017	2018	2003-2018 CAGR	2013-2018 CAGR
Caribbean	27,466	44,480	53,382	58,725	150,476	71,653	52,621	62,681	48,596	49,101	3.9%	-7.3%
North Europe	21,970	26,332	12,951	4,948	4,962	10,482	20,627	21,502	19,865	12,247	-3.8%	3.2%
South America WC	101,778	100,515	137,606	134,260	83,616	60,771	17,825	9,108	6,331	10,828	-13.9%	-29.2%
Other	71,516	44,678	24,135	103,398	140,220	26,712	38,911	92,674	4,291	2,360	-20.3%	-38.4%
Grand Total	**222,730**	**216,005**	**228,074**	**301,330**	**379,274**	**169,618**	**129,985**	**185,965**	**79,083**	**74,535**	**-7.0%**	**-15.2%**

Source: USA Trade OnLine

4.1.3 Current Containerized Cargo Market

Overall, containerized cargo moving via the Port of Fernandina has declined from 2003 levels. The vast majority of the containerized cargo is KLB paper destined for Ecuador and household goods, beverages and construction materials shipped on the Somers Isle Service to Bermuda as shown in the following exhibits. Containerized KLB paper has grown at a 46.9% rate since 2013 and accounted for 62% of the total containerized cargo handled in 2018. Other key commodities include beverages (7.5%), and wood products (5.6%). Complete CAGR for 2003-2018 and 2013-2018 are included in below.

Table 7: Container Tons for Top Commodities at the Port of Fernandina: 2003-2018

Commodity	2003	2005	2007	2009	2011	2013	2015	2016	2017	2018	2003-2018 CAGR	2013-2018 CAGR
48 Paper & Paperboard & Articles	14,599	15,219	33,216	4,288	2,333	6,970	23,322	32,897	42,204	47,679	8.2%	46.9%
22 Beverages, Spirits And Vinegar	2,832	3,088	3,018	7,437	4,460	3,856	4,247	6,018	6,169	5,790	4.9%	8.5%
44 Wood And Articles Of Wood	45,088	60,000	42,709	6,980	5,693	3,463	4,618	8,176	5,281	4,370	-14.4%	4.8%
72 Iron And Steel +73 Articels of I&S	2,254	16,292	16,162	5,031	4,105	2,409	1,494	1,708	1,461	2,198	-0.2%	-1.8%
Other	75,384	98,277	112,073	87,482	67,265	16,472	14,958	17,193	17,859	17,555	-9.3%	1.3%
Grand Total	**140,157**	**192,877**	**207,179**	**111,217**	**83,856**	**33,169**	**48,639**	**65,992**	**72,973**	**77,591**	**-3.9%**	**18.5%**

Source: USA Trade OnLine

Table 8: Top Containerized Trade Lanes of the Port of Fernandina: 2003-2018

World Region	2003	2005	2007	2009	2011	2013	2015	2016	2017	2018	2003-2018 CAGR	2013-2018 CAGR
South America WC	8,737	8,258	23,443	317	445	5,148	1,149	29,878	41,100	45,502	11.6%	54.6%
Caribbean	34,988	47,020	61,428	64,500	49,570	27,994	39,457	34,113	31,831	31,961	-0.6%	2.7%
Other	96,432	137,599	122,308	46,400	33,841	27	8,033	2,001	42	128	-35.7%	36.7%
Grand Total	**140,157**	**192,877**	**207,179**	**111,217**	**83,856**	**33,169**	**48,639**	**65,992**	**72,973**	**77,591**	**-3.9%**	**18.5%**

Source: USA Trade OnLine

4.1.4 Implications of Historical Cargo Flows at Port of Fernandina

The review of the historical performance of cargo activity at the Port of Fernandina provides insights into several potential market opportunities for the current terminal operator, Worldwide.

- With respect to non-containerized cargo, the loss of the West Coast South American market appears to present an immediate opportunity for the Port -- in 2010, this trade lane was the leading trade lane for non-containerized cargo, primarily paper/pulp exports. The opportunity to regain this market is a near term opportunity for the new terminal operator and will require the development and expansion of a West Coast South American ocean carrier service to move locally produced KLB and forest products on this trade lane, as well as the development of services at the Port of Fernandina to serve the European and Mediterranean markets.
- Secondly, with respect to the loss of steel exports to the Caribbean, particularly to the Dominican Republic, Panama and Jamaica, the opportunity to secure a Caribbean carrier service at the Port of Fernandina is a priority for the new terminal operator. This service would also provide a cost effective routing for cargo now moving to the Caribbean from Southeastern states such as North and South Carolina, Tennessee, Georgia, Kentucky, Alabama and Arkansas via Florida ports located south of Fernandina Beach, including Port Canaveral, Palm Beach, Port Everglades and Miami.
- Third, the growth in imported non-containerized grains/seeds/cereals from Europe for use in Central Florida horse farms has been a rapidly growing new market and presents an opportunity for the Port to market to a Northern European break bulk service, which can complement the potential to export KLB to Europe and the Mediterranean.
- Finally, the ability to capitalize on capacity constraints and business focus on containerized Asian cargo and RO/RO (autos and trucks) at neighboring ports to the north and south also presents an expansion opportunity for the Port of Fernandina.

Because of the importance in terms of current volumes of both containerized and non-containerized KLB handled at the Port, and the potential to capitalize on the production of export KLB from facilities located adjacent to the Port, (the WestRock plant as well as other local forest products producers), the following section provides a more detailed discussion of the KLB market.

4.2 KLB Market Potential

4.2.1 Southeast U.S. Port Range KLB Export Market

The focus of the KLB market discussion is tailored to the Southeastern U.S. port range (defined as coastal ports in North Carolina, South Carolina, Georgia and the Atlantic Coast of Florida south to PortMiami), since that is the key region in which Worldwide competes. Since 2003, the total U.S. market for KLB exports has grown at 3% per annum. Over the same period, the Southeastern U.S. port range, which handled nearly two-thirds of all U.S. exports in 2018, has outpaced the U.S. average by

growing at 4.5% annually. Growth in the Southeastern market has been driven by the 7.4% annual growth at Savannah, which controlled over 75% of the export tons in 2018. Charleston accounted for nearly 17% of the Southeastern port range market, but has not exhibited growth. Fernandina has exhibited a decline since 2003, but has demonstrated a 24.5% annual increase over past 6 years, as shown in Table 11. Since 2003, KLB exports from Savannah have grown at a compound annual growth rate of 7.4%.

Table 9: Historical U.S. KLB Tonnage at Southeast Ports – Containerized and Non-Containerized

Port	2003	2008	2013	2014	2015	2016	2017	2018	2003-2018 CAGR	2013-2018 CAGR
Savannah, GA	731,164	1,221,580	1,412,776	1,676,358	1,537,188	1,780,942	1,946,554	2,125,492	7.4%	6.1%
Charleston, SC	477,322	522,908	411,815	460,726	518,083	483,924	505,227	472,308	-0.1%	0.6%
Fernandina, FL	149,820	74,757	61,124	40,642	105,640	94,260	87,934	97,782	-2.8%	24.5%
Jacksonville, FL	9,559	32,833	25,855	35,871	28,356	32,696	31,340	43,375	10.6%	4.9%
Other	65,240	18,671	33,126	35,559	36,060	29,480	35,223	40,125	-3.2%	3.1%
Grand Total	**1,433,106**	**1,870,749**	**1,944,696**	**2,249,155**	**2,225,327**	**2,421,302**	**2,606,278**	**2,779,081**	**4.5%**	**5.4%**

Source: USA Trade OnLine

Interviews with Worldwide indicated that the Port has not been able to capture all KLB export tonnage from the adjacent WestRock Mill headed to Savannah, as the KLB produced by the local forest products companies in Fernandina and Northeastern Florida are being trucked to Savannah, then stuffed into containers at near-port consolidation points, and then loaded onto carriers serving the Asian trade at the Port of Savannah. This represents about 4,000 tons of KLB per week moving from the Fernandina KLB producers to Savannah by truck.

Currently, the trucking cost is about $800-$900 per round trip truck move to Savannah, plus a $85-$125 per container stuffing charge, plus a local dray of about $50-$75 per container from the consolidation facility to the Port of Savannah's container terminals. This equates to about $935-$1100 per round trip container move for the local Fernandina KLB producers to use Savannah for export.

Worldwide is developing a barge service, expected to commence service in late 2019/early 2020, whereby the KLB from the local producers would be containerized in Fernandina Beach, trucked to the Worldwide terminal, and then loaded on a barge to move between Fernandina and Savannah. The cost for this barge operation is $800 per container, including the pickup of the container at the KLB manufacturer, the delivery of an empty container to the manufacturer, the truck dray to the Worldwide terminal and then the load of the container on the barge, the discharge of the container off the barge in Savannah, and the reload of an empty container. This service will provide a significant cost savings in the range of $135-300 per container (round trip consisting of loaded pickup and empty return) to the local KLB manufacturer in serving the Asian market. A weekly barge service is proposed moving about 111 forty-foot containers each way between Fernandina Beach and the Garden City Marine Terminal in Savannah. This service will move at least 4,800 FEUs per year, initially. This is a conservative volume estimate.

In addition to the barge service to accommodate the growing export of KLB to Asia, two other services have just been announced by Worldwide. The first service is the development of a Scandinavian break bulk service bringing in products from Europe such as the grains and seeds now handled at Fernandina, as well as steel products for delivery into the Northeastern Florida market. This service will then load KLB at Fernandina destined for the West Coast of South America, then return from South America

with inbound products for the Northeastern Florida market including perishables and break-bulk products, and then reload KLB for export back to Europe. Initially, this service represents about 60,000 tons annually, and is in addition to the current 137,300-ton annual service offered by SeaTrade/Barnett, which also serves the West Coast South American market.

The Mediterranean trade lane has been the dominant trade lane for Southeastern waterborne KLB exports, as shown in Table 10, and this market has been stable since 2010. To penetrate this market via the Port of Fernandina and the Worldwide terminal, a new European/Med Service is being developed connecting Fernandina Beach with Europe and the Med and serving the local KLB manufacturing operations. This service will initially add an additional 54,000-ton throughput annually at the Worldwide terminal.

Table 10: Distribution of Southeast U.S. KLB Exports by Trade Lane

World Region	2003	2008	2013	2014	2015	2016	2017	2018	2003-2018 CAGR	2013-2018 CAGR
Mediterranean	342,441	723,963	672,213	788,294	724,363	770,729	784,450	699,441	4.9%	-2.9%
China	335,489	223,760	297,932	333,344	335,660	380,968	475,548	642,720	4.4%	17.8%
South America WC	131,425	180,292	206,696	183,882	228,362	326,129	390,946	471,511	8.9%	26.5%
SE Asia	88,459	161,899	159,954	148,079	161,313	179,548	194,745	218,132	6.2%	10.2%
North Europe	139,626	176,108	166,591	177,314	188,188	179,286	200,343	197,943	2.4%	2.8%
Africa	23,447	64,084	131,257	177,232	126,362	114,749	140,315	134,736	12.4%	-6.6%
SW Asia	10,406	37,654	62,628	81,950	89,840	118,455	124,165	115,508	17.4%	9.0%
Japan/Korea	44,026	41,175	51,784	67,625	73,755	75,387	77,436	88,350	4.8%	6.9%
Middle East	79,116	119,172	83,894	121,674	130,779	124,699	85,869	71,597	-0.7%	-12.4%
Caribbean	13,945	29,163	23,951	56,065	75,922	68,514	67,388	70,633	11.4%	5.9%
South America EC	44,203	74,508	51,238	62,427	58,193	45,865	38,729	45,968	0.3%	-7.4%
Central America	175,497	36,734	21,699	43,271	27,977	32,511	22,718	19,769	-13.5%	-17.8%
Australia/NZ	4,939	1,990	12,661	5,844	3,446	3,301	2,883	2,622	-4.1%	-18.2%
All Other	46	247	841			22		100	5.4%	NA
Canada	42		1,358	2,153	1,167	1,138	742	53	1.7%	-60.3%
Grand Total	**1,433,106**	**1,870,749**	**1,944,696**	**2,249,155**	**2,225,327**	**2,421,302**	**2,606,278**	**2,779,081**	**4.5%**	**5.4%**

Source: USA Trade OnLine

In summary, the local KLB market provides a strong opportunity for Worldwide to leverage ocean carrier and barge service at the Port of Fernandina. Growth rates of KLB from the Southeastern ports to China and Southwest Asia have been 4.4% and 17.4% respectively since 2003. Furthermore, over the same period, the average annual growth rate of KLB exports to the West Coast of South America was 8.9% annually, and 11.4% to the Caribbean.

- The current SeaTrade/Barnett Service serving the West Coast South American Market, in particular Ecuador, moved about 137,000 tons in 2018.
- The proposed barge service to capture the KLB now moving to Savannah for loading onto container vessels serving the Asian trade initially represents another 48,000-ton potential annually for the Worldwide operations (4,800 FEUs empty and full).
- Caribbean Forest Carriers currently moves about 69,000 tons of cargo, primarily KLB and forest products to such areas as the Dominican Republic.
- The newly announced Scandinavian service will also move about 60,000 tons between Europe, Fernandina and the West Coast of South America, annually.
- Finally, the European/Med break-bulk service will add another 54,000 tons of throughout at the Worldwide terminal to handle the KLB destined for this market, now served via Savannah and Charleston.

In total, this local KLB/forest products market provides a market of about 368,200 tons initially for Worldwide. In addition, Worldwide also provides container stuffing and stripping for the local KLB manufacturer, accounting for about 21,000 tons of revenue cargo. With the announced 50% plant capacity expansion by WestRock, the volumes of these services should grow in proportion.

4.3 Caribbean Market Potential

Currently, the Port of Fernandina provides service to Bermuda via Somers Isle Shipping Line and provides service for KLB and forest products exports to the Dominican Republic via Caribbean Forest Carriers. Overall trade with Bermuda has grown at about 0.8% annually since 2003, and beverages and construction materials represent the majority of the cargo moving on the trade. This trade represents about 31,000 tons and about 9,100 container moves or about 17,000 TEUs.

Table 11: Historical Growth in Bermuda, by Commodity

Commodity	2003	2005	2007	2009	2011	2013	2015	2017	2018	2003-2018 CAGR	2013-2018 CAGR
22 Beverages, Spirits And Vinegar	2,712	2,666	2,040	3,570	3,233	3,814	4,247	6,157	5,790	5.2%	8.7%
44 Wood And Articles Of Wood	6,504	6,899	6,723	4,467	4,159	3,463	4,618	4,358	4,370	-2.6%	4.8%
27 Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	326	347	541	699	695	579	717	1,944	1,874	12.4%	26.5%
69 Ceramic Products	557	291	1,586	1,763	1,233	1,413	1,323	1,368	1,456	6.6%	0.6%
25 Salt; Sulfur; Earth & Stone; Lime & Cement Plaster	1,680	2,527	1,729	1,326	1,240	1,724	722	1,699	1,405	-1.2%	-4.0%
Other	15,630	21,376	25,298	23,260	16,636	16,757	14,794	15,385	15,838	0.1%	-1.1%
Grand Total	**27,408**	**34,105**	**37,916**	**35,083**	**27,196**	**27,750**	**26,421**	**30,911**	**30,733**	**0.8%**	**2.1%**

Source: USA Trade OnLine

As noted, the Caribbean trade was historically served via Fernandina Beach as well as other Florida ports such as Palm Beach, Port Everglades and Miami. The fact that Fernandina Beach lost such service as noted, provides an opportunity for this port to re-enter the Caribbean market. The International Monetary Fund released its projections of country group import volumes through 2023, and the Caribbean growth rate in imported goods is projected at about 4.5% annually over the next 5 year period.[1]

Using Piers data provided by the Port of Fernandina, the Caribbean market represented the second largest trading partner with the Southeastern U.S. ports in 2018, as shown in Table 12.

[1] International Monetary Fund, World Economic Outlook Update, January, 2018.

Table 12: Key Trading Partners for Southeastern Ports (other than Fernandina Beach) in 2018

Country Region	CHARLESTON	FT PIERCE	JACKSONVILLE	MIAMI	PT CANAVERAL	PT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total
NE ASIA	2,085,837		551,486	735,663	215,497	4,486	5,184,120	14	8,777,104
CARIBBEAN	237,859	4,453	776,691	921,084	839,529	1,922,413	404,153	354,689	5,460,873
NO EUROPE	2,350,768		69,285	165,140	23,856	596,225	2,043,487	1,549	5,250,310
CENTRAL AMERICA	172,291		1,324,805	741,263	7,450	1,773,798	503,529	448	4,523,584
MED	465,686		49,100	381,899	11,070	489,076	1,918,275	867	3,315,973
OTHER	2,823		2,425,910	1,192	9	24,096	16,111	9	2,470,150
SE ASIA	708,075		122,194	194,991		150	1,107,447		2,132,857
W C SO. AMERICA	380,705		165,628	221,175	8	572,599	251,116		1,591,230
E C SO. AMERICA	497,166		165,540	6,018	65,215	465,006	347,397	2,199	1,548,541
CANADA	298,525		232,881	6,251	442,624	524	206,789	14,624	1,202,218
INDIAN SUB-CONTINENT	448,767		19,989	17,590	28	77,194	618,998		1,182,567
MIDDLE EAST	160,679		29,833	34,160	11	34,666	410,555		669,903
AFRICA	179,803		14,974	5,288	116	1,743	132,075		333,999
OCEANA	158,828		12,134	1,522		13,075	120,896	499	306,953
Grand Total	**8,147,813**	**4,453**	**5,960,450**	**3,433,236**	**1,605,413**	**5,975,052**	**13,264,946**	**374,898**	**38,766,261**

Source: Piers

Focusing on the Caribbean trade, and including Fernandina Beach, North Carolina is the second largest southeastern state trading with the Caribbean, as shown in Figure 21.

Table 13: Southeastern States Involved with Trade to and From the Caribbean, by Port

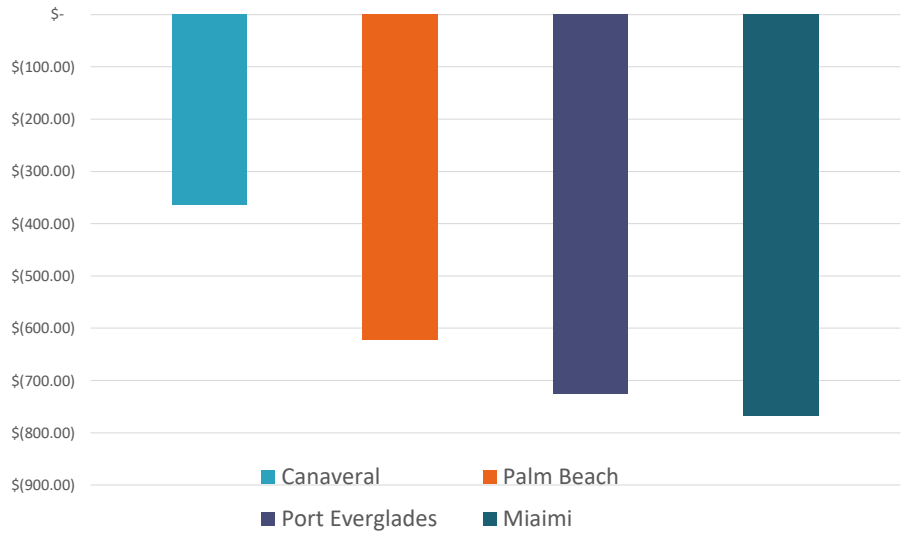
State	CHARLESTON	FERNANDNA BCH	FT PIERCE	JACKSONVILLE	MIAMI	PT CANAVERAL	PT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total
FL	8,297	34,974	4,423	660,307	814,103	839,529	1,680,351	36,413	313,606	4,392,003
GA	15,238	55,959	6	88,786	32,370		87,749	319,636	24,983	624,726
SC	203,818	686	10	1,454	6,612		17,014	28,601	2,101	260,296
NC	6,528	192	3	4,046	59,832		115,050	3,115	1,717	190,483
TN	852	690	2	14,769	2,173		14,334	5,745	3,500	42,066
AL	2,215	762	8	1,440	3,885		2,136	3,162	3,877	17,487
AR	42	32		3,330	996		2,085	6,118	2,876	15,480
KY	870	107		2,558	1,113		3,694	1,363	2,030	11,735
Grand Total	**237,859**	**93,402**	**4,453**	**776,691**	**921,084**	**839,529**	**1,922,413**	**404,153**	**354,689**	**5,554,275**

Source: Piers

As demonstrated in Table 13, Georgia, South Carolina, and North Carolina are the key states involved with this trade, after Florida. More importantly, with respect to the trade with North Carolina, the majority of cargo moving between North Carolina and the Caribbean moves through Port Everglades, and a large portion of this cargo moving to and from North Carolina and the Caribbean is garment trade, classified as 807 Cargo. Port Everglades and Palm Beach are the key ports serving the Caribbean market for the Southeastern U.S. Miami serves the majority of trade moving between the Caribbean and Florida via Seaboard and Jacksonville focuses on the Puerto Rican trade.

Since the cargo moving from these Southeastern states (excluding Florida) represents cargo that moves past Fernandina Beach to Palm Beach and Port Everglades, Fernandina Beach would provide a cost-effective routing for exporters and importers in North and South Carolina, Georgia, Tennessee, Alabama and Arkansas that are now using South Florida ports. Martin Associates conducted a logistics cost analysis to truck cargo between each county seat in the selected Southeastern states and the ports of Fernandina, Port Canaveral Palm Beach, Port Everglades and Miami. Based on this analysis, the use of Fernandina Beach to serve the Caribbean market would provide a truck cost savings of between $600 and $750 per container over the use of Palm Beach, Port Everglades and Miami. It is to be noted that Port Canaveral has limited service to the Caribbean. Figure 3 summarizes graphically the cost savings that Fernandina Beach could provide to exporters and importers located in North Carolina and involved in the trade with the Caribbean.

Figure 3: Estimated Truck Cost Savings per Container of Using Fernandina Beach over South Florida Ports to Serve the Caribbean Market



Source: Martin Associates Truck Costing Model

A review of vessel services now serving the Caribbean market via the Florida ports indicated that a typical service that could call Fernandina Beach represents about a 30,000 TEU potential, or about 15,000 actual container moves. Worldwide is currently marketing to identified carriers in this trade which could conservatively add an additional 15,000 container moves to the terminal operations in the near future. Such a service would also provide capacity to serve the Caribbean market with construction materials such as lumber, forest products and steel products, and would expand the coverage into more Caribbean markets compared to the current service provided by Caribbean Forest Carriers to the Dominican Republic. With the introduction of a Caribbean service, it is likely that the Port could regain its Caribbean market share lost in the 2010-2013 time period.

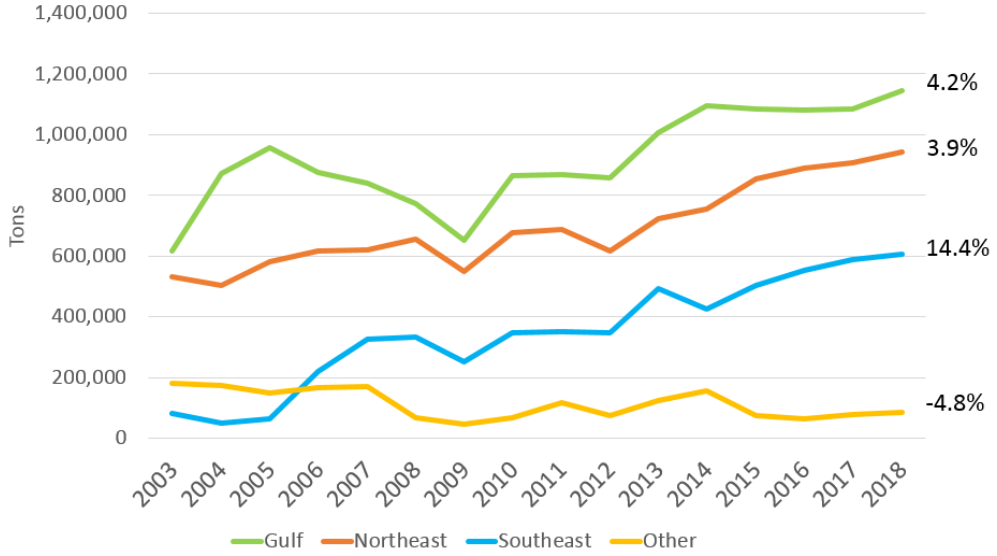
4.4 Pulp Market

An emerging market for Fernandina has been the growth of imported pulp from South America. Acting recently as an overflow outlet for JAXPORT, the Port has handled about 130,000 tons of pulp mostly from Brazil. This pulp is warehoused in Fernandina, for further distribution throughout the Southeastern U.S. Figure 4 shows the growth in wood pulp imports by port.

Total U.S. import pulp tonnage has grown by 4.6% since 2003. Volume through the Southeast U.S. ports has outpaced the U.S. – growing at 14.4% over the same period and accounted for 22% of all pulp imports in 2018. Jacksonville is the leading pulp import port in the Southeast, handling about 340,000 tons of pulp, accounting for about 56% of the 606,000 tons of pulp imports at the Southeast U.S. ports in 2018. Savannah handled about 182,000 tons of pulp, followed by Port Everglades, handling 57,000 tons in 2018.

From a planning perspective, Worldwide is projecting to handle about 136,000 tons of the Southeastern import pulp market, with this market growing in the future. Overall, the fastest growing pulp import markets are at Savannah and Port Everglades, while JAXPORT handles more the 50% of the pulp imports into the Southeast U.S. port range.

Figure 4: Pulp Imports into the U.S. By Port Range with CAGR from 2003–2018



Source: USA Trade OnLine

4.5 Summary of Market Analysis

The results of the market analysis conducted by Martin Associates suggests that the Port of Fernandina and its terminal operator, Worldwide, are operating in a strong current and potential market. The Port is located in proximity to a major KLB manufacturer, as well as several other forest products manufacturers that provide a local, "low hanging fruit" market potential. The Port currently provides carrier service to the local manufacturers, but this service has been limited to the Caribbean and the West Coast of South America, primarily Ecuador and the Dominican Republic. Carrier services are now expanding to enhance the export capacity to South America and Europe and on to the Mediterranean, and a barge service is planned to move locally produced KLB that is currently trucked to Savannah for containerization and export to Asia. These current and planned services are projected to support nearly 370,000 tons of cargo that is produced in the Port's immediate hinterland. Historically, KLB exports from the Southeastern ports have grown by 13% annually to China, 16.9% to Southwest Asia, 11% to the West Coast of South America, and 6.9% to the Caribbean.

The potential to regain a Caribbean service to serve cargo moving from southeastern states other than Florida presents a strong opportunity to the Port that could add another 30,000 TEUs of throughput and provide a significant cost savings in trucking to exporters and importers located in the Carolinas, Georgia, Tennessee, Alabama and Arkansas that now use services at South Florida ports to serve the Caribbean markets. This service would be in addition to the current Bermuda service calling the Port, as well as the Caribbean services moving primarily forest products/KLB to the Dominican Republic. Overall, imports into the Caribbean are projected by the International Monetary Fund to grow by about 4.5% over the next five years.

Finally, the scarcity of storage and carrier capacity of Southeast U.S. ports combined with the growing import pulp market which has shown double digit growth (14.4%) since 2003, could provide an opportunity to grow the pulp import operations at the Port of Fernandina. However, competition for this product is strong amongst the Southeastern ports and port selection for the pulp imports will be driven by price competition, including stevedoring, terminal handling and storage. Furthermore, with

the consolidation of the pulp exporters in South America, the ability to leverage volume for port price reductions is key in future port selection by the pulp exporters.

Section 5: Review and Assessment of Worldwide Capital Improvement Plan

Worldwide has identified three capital projects and initiatives, needed in the short term to sustain current cargo operations and take advantage of immediate market opportunities that will grow cargo operations and throughput at the Port. Based on the information accumulated in preparing Section 3 – Overview and Evaluation of Port Infrastructure, Facilities and Equipment and Section 4 – Basis for Demand and Market Opportunity, the following list of capital projects represent the most immediate capital needs of Worldwide and they are appropriately prioritized:

1. Construction of two new warehouses on the terminal. One would be situated immediately east of the main wharf between the Operations Office and the north Transition ramp, west of the rail line. It would provide approximately 29,000 sq ft of warehouse space for an estimated cost of $2.8 Million. The second would be situated east of the operations office and the north transition ramp but immediately to the east of the rail line. It would provide approximately 48,000 sq ft of warehouse space for an estimated cost of $4.6 Million. The total new warehouse space would be approximately 77,000 sq ft. Estimated cost: $7.4 Million.
2. Dredge the berth to a depth of 40 ft at MLW. Cost estimate: 5,500 cubic yards at $40/ cubic yard for permitting, removal and disposal = $220,000
3. RTG Cranes and container handling equipment. Estimated Cost: Empty Stacker - $230,000 and Toploader (new and fully commissioned) - $725,000

The maintenance dredging will require two permits, one from DEP and another from the Corps of Engineers. We do not envision issues that will unduly delay timely receipt of either given that this is simply maintenance dredging to a previously authorized depth. Construction of the warehouses on land appropriately land-use designated and zoned may require a letter permit from the Water Management District, but probably no more.

5.1 Warehousing Requirements

Since forest products are such a large part of the existing business and project, there is a critical need for additional warehouse space. In talks with Worldwide during the market analysis, we identified the potential for development of another on-terminal warehouse that could have rail alongside or actually running through the building. Since the space on the terminal to the west of the rail line is limited a second warehouse immediately to the east of the rail line must be considered in order to develop an adequate amount of covered, protected storage for weather sensitive forest products.

The warehouse(s) would serve both WestRock and Rayonier product and could be used for import or export cargoes. Both WestRock and Rayonier are located on the Island in close proximity to the Port. Of course, other customers would also utilize the new warehouses. Upon finishing the design process (3-4 months), completion of the new facility would be expected in approximately nine months, from the notice to proceed. Within the local area, there is a more than adequate supply of contractors. A highly competent, experienced and local (Jacksonville based) contractor – Dana B. Kenyon, has inspected the potential development sites on-terminal with engineers from TranSystems. The recommendation has been made to Worldwide that to develop the warehouses on the most shortened schedule and in the most cost effective manner, a design-build delivery method be used.

The period from Notice to Proceed (NTP) to beneficial occupancy is estimated at 12 to 14 months and the total cost is estimated currently at $7.4 million. There is considerable variance in the estimated cost of the construction due to the subsurface (geotechnical) conditions and subsequent structural foundation requirements. It is anticipated that the terminal area is underlain with compressible soils and organic materials that would not directly support the live and dead floor loads of the warehouse operations. Thus the floor would require a pile-supported or caisson-supported foundation which would increase the cost of construction. This is common practice for warehouses on port facilities. The estimated cost of construction is inclusive of an increased foundation cost, albeit still to be finally determined by site and subsurface soil investigations prior to design.

Rayonier has indicated, with terms having been previously discussed, the utilization of a warehouse (either off port or on the terminal) which would be able to accommodate approximately 120 containers per month (3000 MT). WestRock tonnage is limited by what Worldwide is able to physically stuff and strip in the warehouse. There are no existing contracts that would be broken. As a generality, there are no take or pay contracts in the warehouse or breakbulk space. If WestRock or Rayonier diverts cargo to Worldwide, versus a different warehouse space, they would not be paying for the warehouse space.

5.2 Berth Dredging

The two berths that serve the 1,200 foot main wharf are in need of dredging to their authorized depth of -40 feet at MLW. Recent soundings reveal an accumulation of material along the berth's wall. The profile of the accumulated material slops off to the west rapidly but significantly limits the safe draft of vessels using the wharf. The engineers who prepared the soundings and profiles of the berths determined that a relatively small volume of 5,500 cubic yards of material has accumulated and needs to be dredged to bring the berth depth to -40 feet. At an estimated cost of $40 per cubic yard for permitting, dredging and disposal, the cost of bringing the berths to the authorized depth of -40 feet is $220,000. Accomplishment of this berth maintenance dredging will allow for deeper draft vessels to access the wharf and significantly enhance the efficiency of terminal operations, increasing the amount of cargo that can be discharged or loaded at the berth.

5.3 Container Handling Equipment

In an effort to secure additional container business by attracting new carriers, there will be a need for new container equipment. Worldwide is removing their old RTG cranes and they depend on 2 top loaders. With the limited container storage area available in the terminal, purchase of one or two new/ used RTG cranes is likely necessary if their volume increases. Top Loaders operate in a larger area/turn radius than RTGs, requiring more room between the container stacks. Therefore, more space is available for container storage if an RTG is used. In addition, containers can be stacked higher with an RTG than with a Top Loader, which is advantageous in circumstances where land constraints are a factor. However, the purchase of empty stack loaders should be considered to prevent overuse the existing top loaders that are heavy duty pieces capable of handling loaded containers. Empty stackers should be used for the empty equipment to save the Top Loaders for the heavier workload.

5.4 Funding Sources

Funding for capital projects at the Port can come from multiple sources that generally fall into one of the following categories:

- Proceeds from the Series 2019 Bonds
- Future port revenues
- Public – Private Partnerships: In the port industry where the port is a landlord, a private company, such as a shipper or carrier in the case of Worldwide, can invest private funds along

with Worldwide or OHPA funds to develop new infrastructure, facilities or purchase new cargo handling equipment. Normally, the facilities or equipment funded by a public-private partnership will be for the exclusive use of the private sector investor for a specified period and then revert in ownership to either Worldwide or OHPA. There are no preclusions in the Agreement between OHPA and Worldwide that preclude public-private partnerships.

- Grant Funding (State and Federal programs): The most readily available grant funds for ports from the federal government (DOT) are in the BUILD Grant Program, historically funded at $1 Billion or more per year. The most readily available state grant funding for ports is through the Florida Seaport Transportation and Economic Development (FSTED) Program under the auspices of the FDOT. FSTED Program funds may be used to fund approved (new construction) projects on a 50-50 matching basis or on a 75-25 (state – port) matching basis for the rehabilitation of wharves, docks, berths, bulkheads, or similar structures. Projects eligible for funding by grants under the FSTED program are limited to certain port facilities or port transportation projects, including projects that are being undertaken by Worldwide such as dredging, rehabilitation of wharves and construction of warehouse / storage facilities. Worldwide plans to apply for grants through the FSTED program for certain capital improvement projects being undertaken.

Section 6: Financial Model Review and Assessment

6.1 Customer Contracts Review

TranSystems conducted a review of customer contracts using summary information provided by Worldwide. Given the confidential nature of these agreements, TranSystems has focused on providing comments on the nature of the contracts. A summary of agreements is presented in Table 14.

Contract structures are typical of both the breakbulk and container shipping industry, with:

- Initial terms and renewal options,
- In some cases, minimum guaranteed volumes by the shipping lines, and
- Definition of services provided and rates charged for those services

The review of contracts shows Worldwide's breakbulk and container business concentrated amongst a few major shipping lines and cargos; however, this is a normal customer profile for the terminal industry. Terminals typically have a small number of large customers and additional smaller customers. The larger customers receive preferential terms covering berth access, cranes, handling charges and so forth that reflect their volume commitments to the terminal.

The shipping lines call at Fernandina due to its proximity to the open ocean (distance) and its proximity to numerous manufacturing centers surrounding the port, which generate imports and exports. In 2018, SeaTrade/Barnett loaded exports at the Port of Fernandina of 140,248 tons of KLB Cargo. Similarly, Caribbean Forest Carriers loaded exports at the Port of Fernandina of 68,887 tons, increasing overall tonnage by 15.7% vs. the previous year. In addition, Somers Isle Shipping Line has consistently loaded 8,400 TEUs per year for shipment to Bermuda. These customers represent long-standing relationships with the Port of Fernandina, with Somers Isle Shipping exporting cargo for over 32 years.

In addition to the Terminal's numerous shipper contracts, Worldwide has a full logistics and warehouse operation nearby to the Terminal property which generates substantial revenues from a diversity of cargo manufactured on the island and off.

Table 14: Existing Customers as of December 31, 2018

Company	Contract Length (Years)	Comment
Barnett Paper	3	Renewed 2018, 3 Years
Somers Isle Shipping	3	Renewed 2018, 3 Years
Carribean Forest Carriers	3	Renewed 2018, 3 Years
WestRock	2	Based on Tariff Rates
Eucatex	2	Renewed 2018, 3 Years
Dantzler	1	Renewed 2018, 3 Years
Manakin Industries	2	Renewed 2018, 3 Years

SeaTrade	3	Renewed 2018, 3 Years
LignoTech	1	Renewed 2018, 3 Years
TIMAB	2	Renewed 2018, 3 Years
Far East American	1	Renewed 2018, 3 Years

Table 15: Expected Customers for 2019

Company	Expected Volume (Tons)	Comment
Suzano Paper	240,000	New Customer, Formal Contract in Negotiation, Prices Set
G2 Ocean / Westrock Partnership	60,000	Expected 2019 Customer, Formal Contract in Negotiation, Prices Set
Fernandina Express	4000 TEUS	Weekly container barge service delivering containers from Port of Fernandina for export out of GPA's Garden City Terminal
Scandinavian Service	120000	New Customer, Formal Contract in Negotiation, Prices Set

The contract lengths are standard in the Breakbulk and container industries.

6.2 Financial Model Review

TranSystems did not construct an independent financial model for the Worldwide; however, as part of this assignment, TranSystems has reviewed and verified the accuracy and reasonableness of Worldwide's financial model for this project. In particular, TranSystems reviewed:

- Annual breakbulk throughput;
- Annual container throughput;
- Average Revenue per Ton of Breakbulk;
- Average Revenue per Container;
- Projected Growth Rates;
- Assumed Pricing, Service Cost and Wage Increase Escalations
- Operating and maintenance costs;
- Labor Expenses;
- Assumed Labor and Maintenance Efficiency Breakpoints
- Payments due to OHPA Under the Operating Agreement;
- CTS Facility Revenue and Expense Assumptions;
- Capital expenditure (CAPEX) schedule;
- Estimated debt service costs;
- Revenue available for debt service; and
- Estimated debt service coverage

As the conclusion of this section, TranSystems presents a summary of cashflows and debt service coverage that is consistent with the flow of funds contained in the legal documents related to the financing.

6.2.3 Annual Breakbulk Throughput

Worldwide Terminals handles multiple types of both import and export cargos. In the current financial model, the annual throughput growth for breakbulk is broken down as follows based on 2000 – 2018 CAGR as presented in this report:

Product	Import / Export	Growth Forecast
Woodpulp	Import	4.5%
Kraft Liner Board	Export	4.5%

6.2.4 Annual Container Throughput

The annual container throughput used in Worldwide's financial model is built up based on existing container operations and the addition of a new barge service that will connect Fernandina to Savannah. Existing container throughput is based on Somers Isle Shipping Line and SeaTrade which accounted for 10,224 TEUs of throughput in 2017 and 10,528 in 2018. In the current financial model, the annual throughput growth for containers is broken down as follows based on 2000 – 2018 CAGR as presented in this report:

Service	Import / Export	Growth Forecast
Bermuda	Export	.80%
WC South America	Export	4.5%

Worldwide currently expect to increase this number as well with the addition of the Fernandina Express Barge Service and TranSystems finds these assumptions to be reasonable.

6.2.5 Average Revenue per Ton of Breakbulk

In Worldwide's financial model, it uses individual average Revenue per Ton of Breakbulk for each of its individual confidential contract rates for services provided to shipping lines calling at the terminal. The contracted rates are negotiated with each shipping line and are influenced by the frequency of calls and volumes the shipping line moves through the terminal, as well as any ancillary services required by the shipping lines. The principal revenue component is the contract "through rate" for handling the breakbulk cargo been the terminal gate and the ship, which covers stevedoring (loading/unloading a ton of breakbulk to/from a ship calling at the terminal), terminal handling (moving breakbulk cargo to/from points of rest within the terminal), storage charges, and gate charges (for processing of a Breakbulk moving through the terminal gate.

In 2018, the average revenue per breakbulk ton was $14.43 and is based on the current contracts along with projected pricing for the additional breakbulk cargos. For 2019 and beyond the assumed growth rate is 4.5% annually. Based on a review of customer contracts, TranSystems finds the assumptions on average revenue per breakbulk ton presented in the Worldwide financial model are reasonable. Most of the underlying contract rates are increased using a floor of the consumer price index (CPI) or 2-3%,

whichever is higher. Furthermore, the annual changes assumed by Worldwide are low, projected long-term market growth or the attraction of new additional ocean carriers to Fernandina may allow the terminal operator to negotiate higher annual increases in some years.

6.2.6 Average Revenue per Container

In Worldwide's financial model, it uses individual average Revenue per Container for each of its individual confidential contract rates for services provided to shipping lines calling at the terminal. The contracted rates are negotiated with each shipping line and are influenced by the frequency of calls and volumes the shipping line moves through the terminal, as well as any ancillary services required by the shipping lines. The principal revenue component is the contract "through rate" for handling the container cargo between the terminal gate and the ship, which covers stevedoring (loading/unloading a Container to/from a ship calling at the terminal), terminal handling (moving Container to/from points of rest within the terminal), storage charges, and gate charges (for processing of a Container moving through the terminal gate. In addition, Worldwide provides additional "stuffing and stripping" or loading and unloading of Containers for customers.

In 2018, the average revenue per container was $140.23 and is based on the current contracts along with projected pricing for the new barge service. For 2019 and beyond the assumed growth rate is 2.5% annually, excluding dockage and wharfage increases. Based on a review of customer contracts, TranSystems finds the assumptions on average revenue per container presented in the Worldwide financial model are reasonable. Most of the underlying contract rates are increased using an annual consumer price index (CPI) or higher. Furthermore, the annual changes assumed by Worldwide are low, projected long-term market growth or the attraction of new additional ocean carriers to Fernandina may allow the terminal operator to negotiate higher annual increases in some years.

6.3 Operating and Maintenance Costs

TranSystems reviewed the assumptions for operating expenses contained in Worldwide's financial model. The cost components are consistent with terminal industry practice and the annual inflation assumptions, based on CPI projections, are reasonable. Labor costs, one of the largest cost elements for a terminal operator, are not driven by any coast-wise contracts with labor unions.

The Worldwide Terminals Fernandina annual Operations and Maintenance (O&M) Budget incorporates 39 specific line items to include, but not limited to, the following general categories of expense:

- Various types of annual insurance premiums
- Contract labor
- Equipment rental
- Communications
- Petroleum, oil and lubricants
- Equipment maintenance and repairs
- Facility maintenance and repairs
- Waste disposal
- Office operations and supplies
- Travel
- Port Security
- Environmental permits and other related costs
- IT (software and hardware)

6.4 Worldwide Operating Expenses Table

Expense Type	2018 Monthly Expenses	2019 Monthly Expenses
Wages - Base Pay	239,960	212,803
Wages - OT	33,301	33,294
Employee Benefits, Insurance	22,305	27,067
Employee Benefits, 401k	4,914	7,076
Insurance - Property & Equipment	11,424	9,000
Insurance - Workers Comp	19,803	21,000.00
Lubes	2,246	2,245.00
Material Rebills	10916	15,000.00
Contract labor	24,962	27,961.00
Port Fees	0	25,972.92
Trucking	4,424	18,075.25
Tug Service	0	22,750.00
Equipment Rental	6,499	10,000.00
Rent/Lease Expense	0	37,651.00
Telephone - Internet	446	600.00
Cell Phone	448	700.00
Propane	4,732	5,432.00
Diesel	5,699	6,899.00
Vehicles - Fuel	383	2,000.00
Vehicles - Other Expense	1,726	1,204.50
Utilities, Water, Sewer	2,142	2,142.00
Electricity Expense	7,085	7,085.00
Maintenance - Mobile Equipment	18,667	15,000.00
Maintenance - Cranes	9,758	5,000.00
Maintenance - Buildings	3,144	7,500.00
Maintenance - Tires	3,571	6,000.00
Maintenance - Scales	230	500.00
Maintenance - Other	8,514	10,000.00
Travel - Mileage	7,661	3,500.00
Meals/Entertainment	778	1,250.00
Postage Expense	236	236.00
Charitable Contributions	53	-
Dues and Subscriptions	158	158.00
Gifts Expense	9	-
Advertising/Promotions	144	250.00
Professional/Legal Fees	29,282	2,500.00
Bank fees	199	199.00
Materials & Supplies	0	1,900.00
Waste disposal	1,619	1,801.00
Safety	1,884	6,000.00
Office Supplies	1,063	1,500.00
Security	16,779	16,779.00
Environmental Misc	915	915.00
Environmental Permits	70	-
Claims	41	-

Demurrage	5,940	-
Other expense	3,833	10,614.50
Computer Software/Hardware	5,244	3,200.00
Total	**$523,204**	**$590,759**

6.4.1 Debt Service Coverage

TranSystems conducted a review of the cash flow and debt service projections contained in the Worldwide financial model, and each of the flow of funds items that impact debt service coverage – revenue, OHPA charges and fees, operating expenses, capital maintenance expenses and debt service. The amounts shown in the financial model reflect costs and charges required in the Operating Agreement, Worldwide's budgets for operating and capital costs and debt service estimates. TranSystems found the assumptions and projections in Worldwide's financial model to be reasonable and offering sufficient debt service coverage. The Worldwide base case cash flows for the next 10 years through December 31, 2028 are summarized in the model extract shown in Table 15 below and the debt service coverage is illustrated in Table 16.

Table 16: Worldwide Base Case Cash Flow

Base Case -- 2019 Port Facilities Revenue Bonds / Worldwide Terminal Fernandina, LLC Project
** Estimated Market Rates +50bps as of March 26, 2019**

Fiscal Year Ending 12/31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenues ($000s) (A)										
Stevedoring Revenue	7,029	9,484	10,526	12,095	13,287	14,186	15,148	16,179	17,282	18,463
Additional LT Contracts	-	-	175	717	735	754	773	792	812	832
Dockage & Wharfage	997	1,262	1,362	1,547	1,661	1,732	2,529	2,638	2,751	2,870
CTS Warehouse	1,379	1,413	1,448	1,485	1,522	1,560	1,599	1,639	1,680	1,722
Total Operating Revenues	9,404	12,159	13,511	15,845	17,206	18,232	20,049	21,247	22,525	23,887
Operating Expenses ($000s) (B)										
Labor Expenses	3,509	4,827	4,997	5,854	6,556	7,136	7,769	8,459	9,212	10,034
Operating Expenses	1,718	2,236	2,490	2,862	3,168	3,424	3,702	4,004	4,334	4,693
CTS Facility Expenses	1,298	1,308	1,319	1,329	1,365	1,376	1,387	1,424	1,436	1,448
Operating Agreement Payments to OHPA	362	362	312	312	312	312	312	312	312	413
Total Operating Expenses	6,887	8,733	9,117	10,357	11,401	12,247	13,169	14,199	15,294	16,588
EBITA/Net Revenues Available for Debt Service (000s) (C = A - B)	2,518	3,426	4,394	5,488	5,804	5,985	6,880	7,048	7,231	7,299
$9,390 Tax-Exempt Bonds Net Debt Service ($000s) (D)										
Principal	-	-	-	-	-	-	195	205	215	225
Interest	290	496	496	496	496	496	496	486	476	465
Capitalized Interest (net funded)	(290)	(223)	(149)							
Additional Reserve Fund Earnings	-	-	-	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Net Debt Service	-	273	347	475	475	475	670	671	670	670
$17,840 Taxable Bonds Net Debt Service ($000s) (E)										
Principal	-	-	-	-	-	-	315	330	350	370
Interest	682	1,163	1,163	1,163	1,163	1,163	1,163	1,146	1,128	1,108
Capitalized Interest (net funded)	(682)	(523)	(349)							
Additional Reserve Fund Earnings	-	-	-	(124)	(124)	(124)	(124)	(124)	(124)	(124)
Net Debt Service	-	640	814	1,039	1,039	1,039	1,354	1,352	1,354	1,354
Series 2019 Bonds Net Debt Service (000s) (F = D + E)	-	912	1,161	1,515	1,515	1,515	2,025	2,023	2,024	2,024
Series 2019 Bonds Rolling Coverage Fund (000s) (G)	-	517	517	517	517	517	517	517	517	517
Debt Service Coverage Ratio (H = (C + G) / F)		4.32x	4.23x	3.96x	4.17x	4.29x	3.65x	3.74x	3.83x	3.86x
Pretax Cash Remaining After D/S ($000s) (H = C - F)	2,518	2,513	3,233	3,973	4,290	4,470	4,855	5,026	5,207	5,275

Source: Worldwide Financial Model, Estimated Debt Service and Rolling Coverage Fund is preliminary and subject to change

As detailed in the base case debt service coverage projections table above debt service coverage averages 4.01x over the next 10-years, with a minimum coverage of 3.65x in 2025, including the rolling

coverage fund (which is sized at issuance equal to 25% of MADS). Excluding the rolling coverage fund, coverage averages 3.67x over the next 10-years, with a minimum coverage of 3.40x in 2025.

A downside stress test was developed by Worldwide, TranSystems and Martin Associates, which completely eliminates the following three revenue items from the base case model: 1) the new imported wood pulp service, 2) expanded KLB breakbulk storage and exports with neighboring paper mills, which would take advantage of the new warehouse capacity at the Port, 3) a new on-port dry lignin storage silo. Additionally, assumed increases in labor and maintenance efficiency as throughput increases were scaled back by an average of 30%, resulting in an additional 7% increase in average annual expenses. Overall, net revenues available for debt service under the downside stress case were reduced by an average of 43% annually over the next 10 years relative to the base case.

As show in Table 17 below, under the downside stress case, debt service coverage averages 2.43x over the next 10-years, with a minimum coverage of 2.17x in 2028, including the rolling coverage fund. Excluding the rolling coverage fund, coverage averages 2.09x over the next 10-years, with a minimum coverage of 1.92x in 2028. Under the downside stress case, debt service coverage averages 2.43x over the next 10-years, with a minimum coverage of 2.17x in 2028, including the rolling coverage fund. Excluding the rolling coverage fund, coverage averages 2.09x over the next 10-years, with a minimum coverage of 1.92x in 2028.

Table 17: Worldwide Downside Stress Case

Downside Stress Case -- 2019 Port Facilities Revenue Bonds/ Worldwide Terminal Fernandina, LLC Project
** Estimated Market Rates +50bps as of March 26, 2019**

Fiscal Year Ending 12/31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenues ($000s) (A)										
Stevedoring Revenue	6,368	8,395	9,035	10,183	10,864	11,594	12,375	13,211	14,105	15,063
Additional LT Contracts	-	-	-	-	-	-	-	-	-	-
Dockage & Wharfage	808	981	1,026	1,154	1,203	1,254	2,091	2,180	2,131	2,222
CTS Warehouse	1,379	1,413	1,448	1,485	1,522	1,560	1,599	1,639	1,680	1,722
Total Operating Revenues	8,554	10,789	11,509	12,822	13,589	14,408	16,065	17,030	17,916	19,007
Operating Expenses ($000s) (B)										
Labor Expenses	3,494	4,455	4,888	5,387	5,860	6,376	6,938	7,552	8,221	8,951
Operating Expenses	1,926	2,236	2,426	2,740	2,956	3,191	3,447	3,725	4,029	4,359
CTS Facility Expenses	1,298	1,308	1,319	1,329	1,365	1,376	1,387	1,424	1,436	1,448
Operating Agreement Payments to OHPA	362	362	312	312	312	312	312	312	312	373
Total Operating Expenses	7,080	8,360	8,944	9,768	10,493	11,255	12,084	13,013	13,997	15,131
EBITA/Net Revenues Available for Debt Service (000s) (C = A - B)	1,474	2,429	2,565	3,053	3,096	3,153	3,981	4,017	3,919	3,877
$9,390 Tax-Exempt Bonds Net Debt Service ($000s) (D)										
Principal	-	-	-	-	-	-	195	205	215	225
Interest	290	496	496	496	496	496	496	486	476	465
Capitalized Interest (net funded)	(290)	(223)	(149)							
Additional Reserve Fund Earnings	-	-	-	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Net Debt Service	-	273	347	475	475	475	670	671	670	670
$17,840 Taxable Bonds Net Debt Service ($000s) (E)										
Principal	-	-	-	-	-	-	315	330	350	370
Interest	682	1,163	1,163	1,163	1,163	1,163	1,163	1,146	1,128	1,108
Capitalized Interest (net funded)	(682)	(523)	(349)							
Additional Reserve Fund Earnings	-	-	-	(124)	(124)	(124)	(124)	(124)	(124)	(124)
Net Debt Service	-	640	814	1,039	1,039	1,039	1,354	1,352	1,354	1,354
Series 2019 Bonds Net Debt Service (000s) (F = D + E)	-	912	1,161	1,515	1,515	1,515	2,025	2,023	2,024	2,024
Series 2019 Bonds Rolling Coverage Fund (000s) (G)	-	517	517	517	517	517	517	517	517	517
Debt Service Coverage Ratio (H = (C + G) / F)		3.23x	2.65x	2.36x	2.39x	2.42x	2.22x	2.24x	2.19x	2.17x
Pretax Cash Remaining After D/S ($000s) (H = C - F)	1,474	1,517	1,404	1,539	1,582	1,638	1,956	1,994	1,895	1,853

Source: Worldwide Financial Model, Estimated Debt Service and Rolling Coverage Fund is preliminary and subject to change