



February 2, 2024

Via U.S. Mail and E-mail:

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Proposal of Balearia Caribbean Ltd., Corp. for a Long-term Agreement with Port Everglades

Gentlemen,

Balearia Caribbean Ltd., Corp. (“Balearia”), the only ferry operator at Port Everglades, has been privileged to call Port Everglades its South Florida home since 2011. Through major economic downturns and an unprecedented pandemic, Balearia has persevered, consistently providing our cargo and passenger clients traversing between South Florida and the Caribbean with cost-effective and reliable fast ferry service.

Balearia’s current Terminal and Berth User Agreement with Port Everglades expires as of December 1, 2024. Balearia desires to continue its mutually beneficial relationship with Port Everglades by ensuring that Port Everglades is Balearia’s South Florida home for long-term future. As such, please accept this letter as Balearia’s formal request for a long-term Agreement with Port Everglades in order to continue and further develop the ongoing relationship between Balearia and Port Everglades.

Balearia’s proposal, as detailed below, entails a comprehensive redevelopment of the site currently designated as Building 27 and the use of Berth 28A as a dedicated home for Balearia’s ferry operations at Port Everglades. This proposal seeks to continue Balearia’s relationship with Port Everglades while realistically looking to the future to enhance and expand our operational growth, efficiency, and profitability while maintaining Balearia’s unrivaled quality of service to our cargo and passenger clientele. The key components of Balearia’s proposal include the following:

Scope:

Demolition of Existing Building 27: Balearia’s proposal envisions the demolition of the existing building currently designated as Building 27 and the construction and development of a new, state-of-the-art three (3) story building and adjacent berthing facilities dedicated to Balearia’s ferry operations.

Construction of New Terminal 27: As noted above, the construction of the new terminal building would entail construction of a three (3) story building for terminal operations, a ferry mooring point at Berth



28A, a loading bridge to facilitate the seamless movement of passengers on and off ferries, and roll-on/roll-off ramps for expedited loading and offloading of cargo and vehicles. Balearia further intends to configure parking, storage, and inspection areas adjacent to Terminal 27 in accordance with applicable U.S. Customs and Border Protection standards.

Lease of Existing Warehouse: Balearia's proposal requests that as part of the Agreement, Balearia be granted the right to lease the currently existing warehouse space, adjacent to Building 27, for a period co-extensive with the term of the Agreement.

Proposed Business Terms:

Term of Agreement (the "Agreement"): Balearia desires an Agreement with Port Everglades providing an initial term of thirty (30) years, together with a right to extend the term by twenty (20) years upon expiration of the initial term. As we mutually move forward, we would also like to address our future operational undertakings at Port Everglades.

Financial Commitment: Although the financial commitment for Balearia's work on the new Terminal and Berth is estimated to be approximately \$10,000,000.00, we are fully committed to providing any and all additional funding to expeditiously complete this entirety of this project.

Responsibilities:

Design: Balearia is in the process of completing the initial renderings for Terminal 27 and Berth 28A. Upon completion, we will be prepared to provide them to Port Everglades, the U.S. Army Corps of Engineers, U.S. Customs and Border Protection, and any other requisite governmental authorities necessary to finalize such design and commence development activities.

Construction: Balearia uses internationally known architects and designers in the planning and design of its ferry facilities throughout the world who often work with local architects and facility planners. Construction will be done by local licensed contractors employing the local labor force of Broward County. All construction will be done by properly licensed and insured contractors and sub-contractors and shall be undertaken pursuant to all applicable Broward County building codes and requirements including, but not being limited to, compliance with the provisions of Broward County's Certified County Business Enterprise program.

Financing: The financial commitments and obligations to fulfill all aspects of the proposal, including the destruction of the existing Building 27 and the construction and development of Terminal 27, Berth 28A, and adjacent areas, will be exclusively funded by Balearia without any governmental funds, tax incentives, or other financial assistance.

Operation: Recognizing our inherent continuing obligations to Port Everglades, as well as any future expansion of our operations, Balearia remains steadfastly resolved to only employ competent, knowledgeable individuals with long histories of successful ferry operations. Balearia is aware of the logistical difficulties inherent with simultaneous operations with other tenants at Port Everglades and will work to ensure smooth and efficient functioning of Terminal 27, both during and after the subject redevelopment. Hence, we recognize that the operational responsibilities of Balearia related to this proposal, together with adequate safeguards relating to Port Everglades' ownership of Terminal 27, Berth 28A, and adjacent areas shall be clearly delineated in a finalized Agreement by and between Balearia and Port Everglades.



Maintenance: Balearia recognizes that maintenance requirements for its dedicated facility, as well as requirements for Port Everglades in general, will be set forth in the Agreement. To that end, Balearia is prepared to assume all designated maintenance responsibilities for the ongoing care and upkeep of Terminal 27, Berth 28A, and all adjacent areas that are currently allocated to this project or that may be in the future.

Business Outlook:

Short-Term Outlook: In the short-term, Balearia's proposal will create substantial economic impacts by virtue of the development dollars to be spent at Port Everglades and the jobs related to the construction and expansion of Balearia's operations. Furthermore, as the sole ferry operator at Port Everglades, Balearia will continue to provide critical cargo and passenger transportation, which safeguards the financial and cultural channels between South Florida and our Caribbean neighbors in Bimini and Grand Bahama. Our ferry operations present cost-effective avenues for Caribbean-based residents to visit South Florida, purchase good stateside, and import such goods into their home countries, including food, furniture, appliances, construction materials, and vehicles. We also envision that this proposal will be an economic boon for South Florida tourism and will lead to increased hotel reservations, car rentals, transportation expenses, and restaurant patrons. Lastly, an exclusive and dedicated space for Balearia at Port Everglades will also directly benefit Port Everglades by reducing passenger congestion and increasing operational efficiency for Balearia and other tenants of Port Everglades.

Long-Term Outlook: In the long-term, the establishment of an exclusive and dedicated Terminal 27 and Berth 28A at Port Everglades will allow Balearia to expand its fast, affordable transportation of cargo, vehicles, and passengers throughout the Caribbean. By strengthening the channels between Port Everglades and Bimini and Grand Bahamas immediately, and with the future potential of expanded ferry operations to Puerto Rico and the Dominican Republic, Balearia's proposal will not only be beneficial to Balearia but will also strengthen Port Everglades' position as a gateway to the Caribbean for outgoing transit and a critical entry point for incoming transit. Balearia truly believes this proposal will spur significant economic growth for Balearia and Port Everglades through increased revenue resulting from our expanded cargo and passenger operations. This fulfills a vital public service for Port Everglades and Broward County that will, undoubtedly, benefit the public at large. As our operational growth is implemented and produces the expected results, we fully anticipate Balearia will seek additional berthing opportunities and ancillary facilities at Port Everglades. Finally, Balearia is committed to incorporating cutting-edge, environmentally conscious technologies into all facets of operations and looks forward to the possibility of introducing and incorporating such technologies into future undertakings at Port Everglades.

We at Balearia are prepared to meet with the administration of Port Everglades, at your earliest convenience, to commence discussions for execution of a long-term Agreement to keep Balearia's future ferry operations at Port Everglades. Should you need any further information or documentation regarding any aspect of this letter, please be advised that I shall serve as the designated person concerning this proposal and will furnish any requested information or documentation as expeditiously as possible. My contact information is as follows:

Mario Otero
Managing Director and Chief Operating Officer of Balearia Caribbean Ltd., Corp.
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I would like to conclude this letter by emphasizing Balearia's continued commitment to working collaboratively with Port Everglades. Balearia cherishes all the successes and opportunities it has realized since becoming a tenant of Port Everglades in 2011 and very much looks forward to the counsel and guidance of Port Everglades in shaping shared future successes.

Your time, consideration and courtesy, have been, and are sincerely appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Mario Otero".

Mario Otero
Managing Director and Chief Operating Officer
of Balearia Caribbean Ltd., Corp.