

Port of Palm Beach Signs 10-Year Contract with Tropical Shipping

Riviera Beach, Florida – April 26, 2017 – On Thursday, the Board of Commissioners for the Port of Palm Beach District approved a new 10-year contract with its largest tenant, Tropical Shipping. The agreement includes options for both parties to extend the partnership with four 5-year terms. Tropical Shipping accounts for approximately one-third of the Port's overall net revenue, with the Port handling 1,750 vessel calls, 260,000 TEUs, and 2.5 million tons of cargo in FY 2016.

As Tropical will be adding six new vessels to its fleet in 2018, the contract will raise the minimum tonnage guarantee by 170,000 tons. The Port will also receive a \$500,000 reservation fee and a \$500,000 capital contribution from Tropical. By 2027, wharfage rates, covering the handling of shipments at the Port, will have increased by 11.5%. Over the course of the 10-year agreement, the Port will realize approximately \$10 million in additional net income while cash flow will be more than \$12 million.

One of Tropical's primary goals was to acquire more land to handle refrigerated container units. These units are utilized to transport temperature-controlled cargoes such as fruits, meat, fish, seafood, vegetables, dairy products, and non-food products such as flowers, pharmaceuticals and film. The agreement calls for engineering design plans to commence in May 2017 for the demolition of the Maritime Office Building (MOB), which was Tropical's former headquarters at the Port. The land vacated by the MOB demolition and the adjacent parking lot will create 3 acres of terminal space. The MOB project is estimated to be completed between March and September 2020.

"I'm very pleased with the positive outcome of this newly negotiated long-term contract with our largest tenant, Tropical Shipping," noted Blair J. Ciklin, Chairman of the Board of Commissioners for the Port of Palm Beach District. "The Board continues to take action to sustain the growth we have experienced in recent years, and we're excited that Tropical Shipping will be onboard to become a large part of our future growth."

Making its maiden voyage to Freeport in May 1963, Tropical's first ship was the 129-foot Tropic Ace. Today, Tropical Shipping operates 15 vessels, including the 491-foot Tropic Carib and Tropic Unity, both of which dock regularly at the Port of Palm Beach. Tropical ships everything from small packages and individual pallets to machine parts, garments and fresh produce in more than 12,000 containers to suit its clients' needs. Tropical has been a valued tenant at the Port of Palm Beach since 1963.

About Port of Palm Beach

Port of Palm Beach is a full-service, diversified port, offering cruise and cargo services to more than 30 onsite tenants and users. At 162 acres, the port's efficiency is unparalleled, processing more than \$7 billion in commodities, 2.5 million tons of cargo, and 500,000 cruise passengers annually. As one of the largest employers in Palm Beach County, the Port of Palm Beach and its tenants employ more than 2,850 people. Through the contribution of more than \$185 million in business revenue and \$17.5 million in tenant-contributed state and local annual tax revenue, the Port of Palm Beach is one of the largest economic engines in South Florida. For more information, visit www.portofpalmbeach.com.

About Tropical Shipping

Tropical Shipping has grown over the past five decades to become the largest containerized cargo carrier in the Caribbean region. With 15 vessels, Tropical Shipping provides direct service between Florida, Canada and the Bahamas, and the Caribbean. Serving thousands of customers throughout this region, Tropical Shipping has a broad range of worldwide clients, whose diverse shipping needs include moving millions of tons of cargo throughout the global marketplace, making Tropical Shipping the carrier of choice for the Caribbean. For more information, visit www.tropical.com.