Port of the Americas

Selected Investment Highlights

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Prepared by:
Port of the Americas Authority
Department of Economic Development & Commerce
The Port of the Americas is a compelling infrastructure platform for numerous key reasons.

1. Strategic Location
2. Long-Term Growth Platform
3. Funding Support
4. Supply Chain Optimization
5. Robust Economic Incentives
6. Efficient Hinterland Access
7. Expansive Value-Added Zone
The Port can strategically connect high-volume trade routes and provide access to the $14.4 trillion U.S. economy.

### Selected U.S. East Coast Imports/Exports (MM TEUs - 2007)

<table>
<thead>
<tr>
<th>Route</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Asia&lt;sup&gt;(1)&lt;/sup&gt; ↔ US East Coast</td>
<td>2.6</td>
<td>1.1</td>
</tr>
<tr>
<td>EU ↔ US East Coast</td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>South America ↔ US East Coast</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>South Asia&lt;sup&gt;(2)&lt;/sup&gt; ↔ US East Coast</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>SE Asia&lt;sup&gt;(3)&lt;/sup&gt; ↔ US East Coast</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Caribbean ↔ US East Coast</td>
<td>0.3</td>
<td>1.1</td>
</tr>
</tbody>
</table>

### East-West & North-South Crossroads

![Map showing East-West & North-South Crossroads]

**Source:** Moffatt & Nichol, Piers

<sup>(1)</sup> North Asia: 7 countries, including China, Japan, South Korea

<sup>(2)</sup> South Asia: 7 countries, including India, Bangladesh, Sri Lanka

<sup>(3)</sup> Southeast Asia: 14 countries, including Indonesia, Malaysia, Philippines, Singapore
Strong funding support from the Government Development Bank for Puerto Rico has led to newly constructed facilities, modern equipment and a 50-foot channel.

### Selected Key Investments

<table>
<thead>
<tr>
<th>Description</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) 500,000 TEU Container Facility Expansion ($38.8 MM)</td>
<td></td>
</tr>
<tr>
<td>(2) 2 ZPMC PPX Cranes ($22.7 MM)</td>
<td></td>
</tr>
<tr>
<td>(3) 7 Paceco RTGs ($4.4 MM)</td>
<td></td>
</tr>
</tbody>
</table>

### Caribbean Ports: Comparison of Berth Depths

<table>
<thead>
<tr>
<th>Country</th>
<th>Port</th>
<th>Water depth (ft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Bahamas</td>
<td>Freeport</td>
<td>52.5</td>
</tr>
<tr>
<td>(2) Puerto Rico</td>
<td>Port of the Americas</td>
<td>50.0</td>
</tr>
<tr>
<td>(3) Panama</td>
<td>Colón</td>
<td>45.9/49.2</td>
</tr>
<tr>
<td>(4) DR</td>
<td>Caucedo</td>
<td>45.9</td>
</tr>
<tr>
<td>(5) DR</td>
<td>Manzanillo</td>
<td>42.7/49.2</td>
</tr>
<tr>
<td>(6) Jamaica</td>
<td>Kingston</td>
<td>37.7/42.0</td>
</tr>
<tr>
<td>(7) Venezuela</td>
<td>Port of Spain</td>
<td>37.7</td>
</tr>
<tr>
<td>(8) Colombia</td>
<td>Cartagena</td>
<td>35.1/43.9</td>
</tr>
<tr>
<td>(9) Trinidad &amp; Tobago</td>
<td>Rio Haina</td>
<td>34.1</td>
</tr>
<tr>
<td>(10) Puerto Rico</td>
<td>San Juan</td>
<td>29.5/40.0</td>
</tr>
</tbody>
</table>

Sources: Port of the Americas Authority, Moffatt & Nichol
The Port can meaningfully improve supply chain efficiency, particularly related to east-bound Trans-Pacific trade volumes to Puerto Rico.

Estimated Shipping Cost Comparison - N. Asia to Puerto Rico

- **USD Per FEU Round Voyage**
  - **Ponce Direct**
    - Panama Canal Tolls
    - All-Water Ship (6,000 TEU)
  - **SJ via Land Bridge**
    - JAX to SJ Ship (2,000 TEU)
    - JAX Port Handling
    - Panama Canal Tolls
    - Intermodal Rail
    - Transload
    - SPB Port Handling
    - All-Water Ship (6,000 TEU)
  - **SJ via JAX (All Water)**
    - Transpacific Ship (10,000 TEU)

Note:
All costs estimated on a cost basis; actual rates may vary.
All Water shipping schedule to Ponce based on modified YM/MAPX service.
Jacksonville to San Juan shipping based on Horizon Jones Act service.
Puerto Rico port handling costs not included.
Fees due to transshipping included in Intermodal rail cost and JAX port handling for SJ via Land Bridge.
Round Voyage includes return of empty container to N. Asia.
SJ = San Juan, JAX = Jacksonville, FEU= Forty Foot Equivalent Unit = 2 TEU
The Port provides efficient hinterland access, as PR-52 highway is located ~1 mile from the terminal’s gate

Distance from Port of the Americas to:

<table>
<thead>
<tr>
<th>Location</th>
<th>Distance (km)</th>
<th>Est. Pop.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Ponce Centro</td>
<td>6.5</td>
<td>186,475</td>
</tr>
<tr>
<td>(2) San Juan Metro</td>
<td>126</td>
<td>442,447</td>
</tr>
<tr>
<td>(3) Mayaguez</td>
<td>73</td>
<td>98,434</td>
</tr>
<tr>
<td>(4) Caguas</td>
<td>93</td>
<td>140,502</td>
</tr>
<tr>
<td>(5) Aguadilla</td>
<td>101</td>
<td>64,685</td>
</tr>
</tbody>
</table>

Source: [www.gobierno.pr](http://www.gobierno.pr)
To facilitate an expansive Value-Added Zone (VAZ) near the Port, the Municipality of Ponce has designated over 1,200 acres for light and heavy industrial uses.

### Value-Added Zone Parcels Near the Port of the Americas:

1. **Adjacent VAZ**
   - Light Industrial
   - 46.4 acres

2. **Vayas Torres**
   - Light Industrial
   - 742 acres

3. **Mercedita**
   - Light Industrial
   - 242 acres

4. **Baramaya**
   - Heavy Industrial
   - 360 acres

**Source:** Port of the Americas Authority, Municipality of Ponce
Puerto Rico's robust economic and tax incentives can support large scale industrial investments in the VAZ

Investment Incentives Provided by Act No. 73 of 2008

- **Eligible Businesses:**
  - Export activities, 80% of employees must be PR residents
- **Income Tax Rates:**
  - 4% & 12% withholding tax for royalties, or 8% along 2% withholding tax on royalties
  - 0% on investment income and dividend distribution
- **Special Deductions:**
  - Accelerated depreciation for buildings and structures
- **Income Tax Credits:**
  - For initial investment, purchase of products manufactured in PR, jobs created, R&D, machinery and equipment, energy cost, intellectual property transfer
- **Other Tax Exemptions:**
  - 60% exemption from municipal licenses taxes
  - 90% exemption from state and local property taxes
  - Tax credit of up to $5,000 per job created during the first year of operation
  - 50% tax credit for qualified R&D expenses
- **Energy Affairs Administration:**
  - Tax credits for renewable energy generation
  - Tax credits for investment in equipment for production of energy
  - Up to 10% tax credit for industrial energy consumption
Future Port development phases envision a multi-berth Post-Panamax container terminal facility with annual throughput capacity of up to 2.2 million TEU.

### Facilities Summary

<table>
<thead>
<tr>
<th>Phase</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>Berth Reconstruction</td>
</tr>
<tr>
<td>Phase II</td>
<td>50-foot dredging, 250,000 TEU Container Yard</td>
</tr>
<tr>
<td>Phase III A</td>
<td>500,000 TEU Container Yard, Basic Infrastructure</td>
</tr>
<tr>
<td>Phase III B</td>
<td>1MM TEU Container Yard &amp; 2nd Post Panamax Berth</td>
</tr>
<tr>
<td>Phase IV</td>
<td>2.2 MM TEU Container Yard &amp; additional berth</td>
</tr>
</tbody>
</table>

### Federally Secured Permits

- Section 10 of the Rivers and Harbors Act
- Section 404 of the Clean Water Act
- Section 103 of the Marine Protection, Research and Sanctuaries Act

### Phase III-B & IV Rendering

[Image of Phase III-B & IV Rendering]
Appendix of Supplemental Project Materials
PAA continues to invest heavily in the port facilities
Phase IIIA (Container Facility Expansion - $38.8MM)
PAA continues to invest heavily in the port facilities (cont'd) Phase IIIA (Infrastructure Investments - $44MM)
Two ZPMC Post-Panamax ship-to-shore cranes are arriving in Ponce on January 21, 2010.