

FAIRACRES GROUP LIMITED

Directors: S. E. Seager M. P. R. Kean Secretary: T. A. Nicol

Monday, 24th February 2020.

The Secretary Of State
Department For Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

Dear Secretary Of State,

Re: Our Subsidiary
THE BOURNEMOUTH-SWANAGE MOTOR ROAD AND FERRY COMPANY Inc.
Application to Revise Tolls

We Fairacres Group Limited (**FGL**) hereby undertake:

(i) we will procure The Bournemouth-Swanage MR & Ferry Co Inc. (the **Company**) will acquire and bring into operation a suitable, newly built replacement vessel for the current ferry, "Bramble Bush Bay" (the **Ferry**) by the time it reaches the end of its useful life (which is currently expected to be January 2034); and

(ii) we will maintain net assets (as shown in FGL's accounts) of not less than £15m until the replacement vessel is in operation.

This undertaking will not apply if:

a) FGL and/or the Company are prevented by force majeure for so long as any such force majeure shall continue;

b) any key regulatory change or force majeure occurs that, in either case, is reasonably likely to materially and adversely affect the future profitability of the Ferry operation or materially increases the capital cost of providing a replacement ferry beyond the cost that is currently anticipated to be the same at the date of this undertaking; or

c) the Company ceases to be a subsidiary of FGL or if the Ferry operation ceases to be owned by the Company by way of involuntary sale or involuntary transfer of any kind to a third party; or

d) the Company ceases to be a subsidiary of FGL or if the Ferry operation ceases to be owned by the Company by way of voluntary sale or voluntary transfer of any kind to a third party provided that such third party who acquires a beneficial interest in the Company or who acquires the Ferry operation from the Company after the date of this letter gives an undertaking to you in the same terms as this letter (with necessary alterations that do not affect the substance) on or before acquiring that interest.

Registered in England No. 3021137 V.A.T. Registration No. 637 1865 18

Fairacres, Stock Lane, Ingatestone, Essex, CM4 9QL, England.
Telephone: (01277) 353171 Facsimile: (01277) 352430 email@fairacresgroup.co.uk

FAIRACRES GROUP LIMITED

Cont'd. Page 2

For this purpose:

“**force majeure**” means any natural or man-made disaster that materially affects the Ferry operation or flow of toll traffic to the ferry including hurricanes, floods, rising sea levels, earthquakes, severe weather disturbance, explosions, radioactive contamination, energy blackouts, road blockage, war, hostilities, terrorism, strike, civil disorder, fire or any other similar unforeseen cause beyond FGL’s or the Company’s control

“**key regulatory change**” means any change to the laws and regulations governing the operations of the Ferry (including those effecting the cost of any replacement) or the financial return from those operations including tolling rights, route exclusivity, health & safety regulations, taxes (other than taxes of general application), expropriation or compulsory acquisition of any assets or land necessary for the Ferry’s operations or any other law or regulation or action authorised under any law or regulation that prevents or restricts the Company operating on substantially the same terms as it presently operates.

“**third party**” means a party who owns or controls directly or through any entity any beneficial interest in the Company who is not an existing or future director or shareholder of FGL and is not related to or in concert with any such director or shareholder.

This undertaking will immediately cease on the earlier of the date:-

- (i) the application made by the Company in 2020 to you for an increase of certain tolls is refused; or
- (ii) the date a new replacement for the existing ferry ‘Bramble Bush Bay’ is brought into operation.

Yours faithfully,



Michael P. R. Kean,
Managing Director.