

Handelsbanken

Chelmsford

Private and Confidential

The Directors
Bournemouth-Swanage Motor Road and Ferry Company Inc
Fairacres
Stock Lane
Ingatestone
Essex. CM4 9QL

Date: 23 April 2019

Dear Sirs

I write further to our recent discussions regarding your funding proposals utilising the assets and shareholding in the Bournemouth-Swanage Motor Road and Ferry Company inc (BSMRF) as security.

The BSMRF is a company established and governed by the terms of a series of private Acts of Parliament. In order to fully understand the provisions of these Acts, legal opinion has been sought to establish a clearer understanding of the powers BSMRF have in terms of borrowing and/or granting security over its assets.

Without going over every salient point covered within the legal opinion, although BSMRF does have powers to borrow for its own purposes, either directly or indirectly, the opinion provided confirmed that there are a number of provisions within the various Acts placing restrictions and limitations on what BSMRF can do which could make it difficult for the bank to provide facilities and/or utilise its own assets as security for these facilities.

It is recognised that BSMRF does have substantial assets in its balance sheet all of which forms the operation of the Bournemouth-Swanage Chain Ferry. At this stage I've not obtained legal opinion, but on the information I do have to hand, I understand BSMRF retains either the freehold title to the properties or has a perpetual interest or power over the properties vested in it by statute. In terms of the bank utilising these assets to support borrowings, because of the type/class etc this again may not be a viable option.

You have also asked the bank to consider taking a legal or an equitable mortgage over the shares in BSMRF owned by Fairacres Group Limited as direct security. My initial thought here is if the bank needed to enforce its security i.e. sell the shares, it is unclear what the demand will be for such shares on the open market. Taking into account the restrictions and limitations placed on the company by the series of private Acts of Parliament this could make them less attractive.

It is therefore with regret that we are unable to proffer the funding facilities requested at this time and I sincerely hope this doesn't affect our relationship with your Group moving forwards.

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Yours faithfully



Tim Paddon
Branch Manager

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