

NEW VESSEL PROJECT UPDATE

NOVEMBER 2023



COMMUNITY ENGAGEMENT EVENTS



We have now completed our island consultation sessions, and we've had some very constructive conversations with residents on St Mary's, Bryher, St Martin's, St Agnes and most recently, Tresco. We have also held an additional information event at Tregarthen's Hotel on St Mary's today to capture any further views. Our thanks go out to everybody who attended.



These events have given the project team another chance to meet with, and listen to, residents and hear first-hand any questions and feedback they have on our proposals. Whilst there are some recurring themes, it has been invaluable to hear specific feedback from each island community. Now that our final two events have taken place, we will produce a document setting out what we've heard and how we'll go about taking this feedback forward.

FUTURE ENGAGEMENT EVENTS

We will continue to engage with all stakeholders throughout the length of this project and future dates will be released in the coming weeks. This is a project that needs your feedback and our aim is to hold consultation events every three months for our islands' community.

Our next event will take place in Penzance before we return to the islands with further updates in the new year.

WHAT'S NEXT?

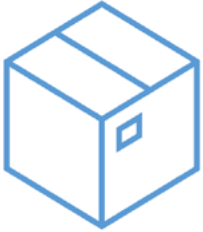
We will issue a further update on our plans in December and before then, we will summarise the conversations we've had across the islands and set out how we plan to address concerns and take on board feedback.

This is an important time for the islands and our plans provide certainty – delivering three brand new vessels in time for the 2026 visitor season. We will continue to work constructively and positively with all our partners and customers both on the islands and on the mainland, to ensure we deliver a long-term plan that can benefit all.



CONTRACTS

We are now at an advanced stage with contracts with our preferred shipbuilder Piriou. Our respective legal teams and senior management are working hard to finalise contracts and vessel specifications respectively and will be in a position to sign contracts in the coming weeks.



FREIGHT

Freight has been a theme that is obviously extremely important to islanders, and we have listened carefully to residents' concerns about freight cost increases. The introduction of a brand-new freight vessel in 2026 will ensure that we improve resilience and reliability, and we have a strong plan in place to keep freight charge increases to a minimum. By 2026 we forecast this will mean a rise of, on average, 2p per kilogram.

Having spoken to the community at our engagement events it has also reinforced our understanding of how important it is to deliver an integrated approach to freight services. The feedback received for the Lyonesse Lady II design from our off-island consultation events has been extensive and this information has been sent to our naval architect to modify the designs and specification. We will be providing an updated design and specification shortly and will then look to move to a contractual position in the coming weeks.



FARES

We are aware of, and fully respect, the responsibility we have in providing a lifeline link to and from the islands and the service we provide to islanders, so to reiterate, there will only be inflationary increases to Travel Club fares



NEW APPOINTMENT



Stuart Bendall joined our new vessel build team in November and will support Chris Lingham as one of two on-site project managers throughout the build programme.

Stuart and Chris will be based at Piriou's shipyard in Ho Chi Minh City, Vietnam, to ensure there is constant representation on site and that the build programme remains on budget and on time for delivery.

Stuart has previously project managed the build of Red Funnel's freight ferry MV Red Kestrel.

He said: *"Spending time on the islands early last year gave me an appreciation and understanding of the importance of the vessels which supply the residents and businesses both on the islands and Penzance."*

"Knowing what the new fleet means to all involved will drive me and the team to deliver these vessels to the high standards set by all within ISSG."

FACTORY VISIT



Last week Chris Lingham, our new build project manager, visited the Cummins engine factory in Daventry.

Cummins is one of the manufacturers we are evaluating to supply main engines for the cargo vessel and generators for both the cargo and passenger vessel.

Cummins has produced more than 140,000 engines for customers in 97 countries.



If you have any questions, please do speak with the project team,
or submit your questions to:

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