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11 September 2024

Dear Kirsten/██████████

I am writing to you as Chairman of the Board of Directors of Condor Limited (the “**Board**”).

We are aware from recent news reports that there will likely be further delays to the timetable for the award of a long term concession agreement for the provision of ferry services to the Channel Islands with an announcement not expected until October. As the incumbent operator of such services, the Board has been taking advice with regard to its fiduciary duties. In particular, against the backdrop of the ongoing uncertainty with regard to the procurement process timetable and its outcome, the Board needs to continually assess the ability for Condor to operate services up to the expiry of the current operating agreement in March 2025.

I am aware that our Interim CEO, Christophe Mathieu, has been in communications with representatives of both Jersey and Guernsey with regard to contingency planning and the orderly hand over of services in the event that Brittany Ferries (as the parent company of Condor) is unsuccessful in the procurement process on the current anticipated timeline.

Unfortunately, any further delay to the procurement process does not similarly delay the need to implement such contingency measures. In a scenario where both outcomes remain a possibility (i.e. being successful in securing the long-term contract and the contract being awarded to a new operator) the directors will have fiduciary duties to consider with regard to the taking on of new credit given the uncertainty in timing and outcomes. The directors are looking to work with all stakeholders to provide continuity of service in such a scenario but the position of other stakeholders, and in particular creditors cannot be ignored.

Condor has sought professional advice from Alvarez and Marsal, White & Case and Ogier to analyse various scenarios and, of particular relevance to this letter, estimate the cost of continuing trading until March 2025 in the event the long-term operating contract is awarded to a different party. Such



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analysis is ongoing and further refinements will be made. However, early indications are that the funding requirement could range from c.£11m (for the ongoing provision of limited services within a trading administration) to c.£36m (for a solvent wind down of the business and provision of services per the current schedule to March 2025). These costings assume that liabilities to organisations associated with the Islands (including liabilities to the ports and the servicing of the Guernsey debt on the Islander) may not be paid in full.

Whereas a formal ask of the shareholders and the Group's lenders has not yet been made, discussions to date indicate their continued support in a scenario where the long-term contract is awarded to a new partner or where the Board does not consider that Condor can continue trading, cannot be guaranteed. The Board will find it increasingly difficult to allow Condor to continue trading without assurances as to funding, to ensure its creditors and employees are not prejudiced. In this regard, we should continue our discussions with you to gain a better understanding of both the funding available to permit ongoing trading in such a scenario and the procurement process timetable.

Furthermore, the Board is mindful of the adverse impact a delay to the procurement process will have on the Channel Islands tourism in 2025. The new schedule for services is always published in [September] of the prior year and this may not be possible this year due to the procurement process not having been concluded. Additionally, Condor is currently taking 'provisional bookings' only for the period beyond March 2025 due to the lack of certainty on who the operator will be going forward but with the view, and confidence, that Brittany Ferries bid will be successful and therefore could quickly be confirmed following the award of the long-term concession agreement. This will increasingly become an issue for the wider tourist industry and become more damaging to overall Channel Islands economy, something which is in all parties' interests to avoid.

Regardless of the eventual outcome of the procurement, a delay to the process may have wider reaching impact on the passenger volumes in the interim period to March 2025 and may adversely impact operational performance in such a way that impacts Island traffic and the already scheduled maintenance & dry docking provided by Brittany Ferries. The Board wants to continue services to the Islands and build on the operational success of this summer season, but will need to engage and procure the support of all stakeholders in order to do so.

In that regard, and as previously communicated, Condor has not only secured an extension of its existing financing through to 30 September 2024 but has also signed a full debt restructuring package with the lenders which ensures that Condor has a stable and substantially deleveraged debt platform for future service provision in the event that Brittany Ferries is awarded the long-term concession. The extension of the existing financing was intended to be a bridge to this restructured debt platform by accommodating the anticipated procurement timetable. We have already engaged with the lenders and their advisers to consider the impact of any further delay to the procurement timetable and a further extension to the existing financing (if required). I think it is fair to say that the lenders continue to be supportive and will likely be sympathetic to the need for a further extension but they too will need to understand the basis on which Condor is able to continue trading against the backdrop of ongoing uncertainty with regard to the procurement process. As noted above, as time passes by and the expiry of the existing operating contract looms ever closer, this analysis becomes increasingly challenging for the Board.

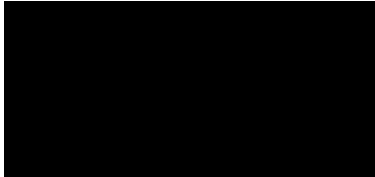


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Therefore, and in summary, whereas I believe Brittany Ferries, as parent of Condor, has made a compelling submission to the Islands for the successful continuation of long-term services to the Islands, the Board of Condor has to consider its fiduciary duties. A delay to the procurement process and the continued uncertainty brings challenges for the directors of Condor as outlined above, and whereas our objective would be to continue to provide services to the Islands in the period to March 2025 and beyond, without securing the support from our stakeholders, and crucially the required funding, it will become increasingly challenging to do so.

As such, in the event of a further delay to the procurement process, we would urgently welcome the opportunity to meet with the Islands to gain a better understanding of the anticipated timetable and funding available to permit ongoing trading in the wake of continued uncertainty.

Yours sincerely



Russell Kew
Chairman of the Board