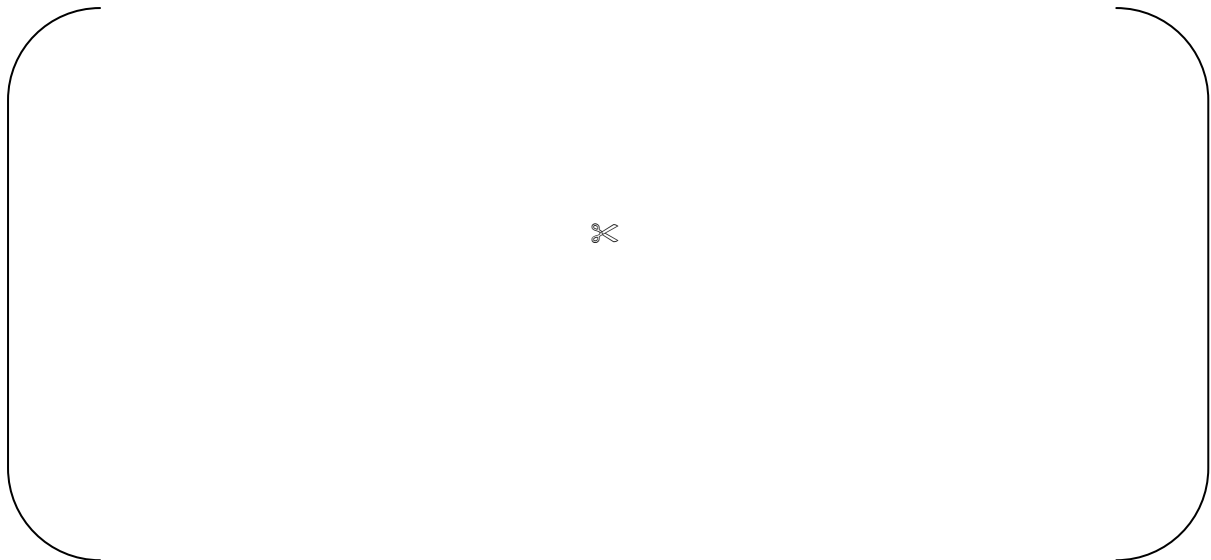


The financial details of the Central and Cairnryan transactions

1. This appendix provides a summary of the financial arrangements concerning the Central and Cairnryan transactions.

Purchase consideration

2. Table 1 shows the contractual structure of the consideration payable under the Central and Cairnryan transactions.



3. Of the total consideration of approximately £[✂] million, £[✂] million is expressed as a payment towards vessels and port assets on the Fleetwood–Larne and Liverpool–Dublin routes. This represents the book value of four of the five vessels and the port assets at the time the transaction is signed, hence is subject to depreciation. The fifth vessel was not owned by P&O at the time the negotiations began with Stena, but it has now purchased it from the charter company [✂] and is selling it to Stena for £[✂] million.

4. An amount of £[X] million is expressed as a contribution towards P&O's closure costs at Mostyn and a further amount of £[X] million towards the closure of P&O's Fleetwood headquarters. Of the £[X] million payment expressed as compensation towards the Mostyn closure, £[X] million is conditional on whether the Cairnryan transaction goes ahead, [X].
5. Through its payment of port dues to the Cairnryan joint venture, Stena will also contribute £[X] million of the £[X] million to be paid by the JV to P&O in respect of the land and port assets at Cairnryan which are to be transferred to the JV. The agreed £[X] million purchase price for the land and port assets comprises one element of the overall Cairnryan redevelopment costs, as set out in paragraph 12.
6. The Central transaction also provides for the charter of the vessels currently operated on the Mostyn–Dublin route to Stena at annual charter rates. [X].
7. The parties told us that the purchase consideration for the Central transaction was the book value of the assets being acquired, together with an additional payment [X] in respect of goodwill, giving a total of around £[X].¹ By way of clarification, the parties told us that of the total payment of £[X] million expressed as a contribution towards closure costs at Mostyn and Fleetwood, almost half related to the Cairnryan transaction and the remainder related to goodwill on the Central transaction. They told us that the element of the payment of £[X] million which related to the Cairnryan transaction was of no relevance to the Central transaction and was a prepayment of port dues which P&O would pay back under the terms of the Cairnryan

¹Depending on the book value of the assets at the time that the transaction completes the consideration could be between [X].

transaction. (See further paragraphs 11 to 15.) Stena said that this represented a good commercial deal based on its view of the value of the assets and routes being acquired.

8. [



] and we also accepted that £[] million or thereabouts was not an unreasonable sum of money to pay for the two routes, [



].

9. [



]

10. [



]

Key financial terms in the Cairnryan transaction

11. The Cairnryan transaction will involve the following development costs which the JV will incur and will recover through port dues payable by P&O and Stena under long-term port user agreements. The development costs are budgeted as follows:

- Purchase of land and assets comprising the Port of Cairnryan from P&O (including assignment of relevant seabed lease)—£[X] million.
- Construction of a conventional ro/ro berth with two-deck linkspan and associated works (for P&O)—£[X] million.
- Construction of a dedicated HSS berth and linkspan foundations with relocation of the HSS linkspan from Stranraer to Cairnryan and associated works (for Stena)—£[X] million.
- Redevelopment works (including construction of terminal buildings etc) to accommodate both Stena and P&O—£[X] million.

12. [

[X]

]

13. [

X

]

[

]



14. [



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15. [



]