



PRESS RELEASE

Immediate release

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Isles of Scilly Steamship Group secures private funding for new passenger and cargo vessels.

The Isles of Scilly is to get new passenger and freight vessels following the announcement today of a major privately funded ship building programme by the Isles of Scilly Steamship Group.

The new Scillonian passenger ferry and two new freight vessels will set sail by March 2026. The £42m project will be the single biggest investment in the 103-year history of the Company.

The deal will be financed through a £33.6m loan arranged with Lombard NatWest, one of the UK's largest asset finance providers.

Stuart Reid, Chief Executive of the Isles of Scilly Steamship Group, said the announcement reaffirmed the Group's long-term commitment to maintaining the lifeline service to the islands, providing certainty, reliability, and a clear timeline for replacing the current ageing fleet.

The Group launched its vessel replacement programme in 2019 to replace its Scillonian III passenger ferry, Gry Maritha freight ship and inter-islands launch Lyonesse Lady. At 46, 42 and 32 years old respectively, the existing vessels are coming to the end of their service life, suffer reliability challenges and are increasingly costly to maintain.

In 2021 the Company teamed up with partners on the islands to support a bid to the Government led by the Council of the Isles of Scilly. This saw a conditional offer of £48.5m of Levelling up Funding (LUF) in October 2021 to the Council for new vessels and infrastructure.

However, with no tangible progress made in the last 18 months following the initial offer, significant changes to the terms of the offer and growing frustration with the delay both on and off the islands, the Group has reverted to its original plan of privately financing the new vessels.

Mr Reid said: "The Group has a long and proud history of providing a lifeline route to the islands for more than a century and a dedicated team of experienced staff who understand the unique nature of the islands and the needs of its residents and businesses."

"We are delighted to be announcing this major investment for the islands which will see vessels coming into service by March 2026. These new vessels will deliver a significant improvement in sea link services for the community and the visitor market. It provides certainty for islanders, island businesses and visitors, and the more than 200 staff that we employ on the islands and the mainland."

The Scillonian III carries over 110,000 passengers a year and operates an essential service for both islanders and the islands' predominantly tourist economy.

The striking new 72-metre Scillonian IV passenger ferry will carry 600 passengers (an increase of 115) over three decks with a contemporary, comfortable seating arrangement, onboard coffee shop and retail area.

It will reduce journey times, improve comfort with anti-roll fins to improve the stability of the crossing, and feature increased cargo capacity with the ability to carry higher volumes of chilled and frozen goods and improved access for passengers with reduced mobility.

Every year 15,000 tonnes of cargo are shipped to and from the Isles of Scilly. The 45-metre dedicated cargo ship to replace the Gry Maritha will have an increased cargo capacity, including more space for chilled and frozen goods and a crane which can lift eight tonnes. The new cargo vessel will have a comfortable lounge for a small number of passengers, and this will provide more travel options throughout the winter months to island residents.

The new inter-island launch will allow for faster journey times between St Mary's and the off-islands. It will have a 50% increase in cargo capacity and a significantly reduced fuel consumption. The aluminium catamaran design will also improve access into tidal restricted off-island quays.

All three vessels will have fuel-efficient engines which will reduce emissions while providing an enhanced service and improved resilience for the Islands. The vessels will be designed and built so that they can be retrofitted with improvements in green propulsion technology when mature and proven.

Ian Howard, Chairman of Isles of Steamship Group said:

"When the current Board took over in 2019, its first priority was to restore profitability and put the Company in a position where it did not have to be reliant on hand outs. We have done that. The next step is to bring in new ships which will enhance the service to the islands for passengers and for islanders' freight needs. This is a special moment for the Company and the islands."

Nathan Sikorski, Director, Lombard, NatWest Group said:

"The Lombard team of Chris James and I are delighted to have been given the opportunity by the Isles of Scilly Steamship Group to become a key partner in delivering on this exciting new-build project, which will see the sustainability of this critical lifeline service continue for generations to come.

"Lombard's support for the Isles of Scilly Steamship Group dates back many years having facilitated the acquisition of the original Gry Maritha. This exciting major investment will transform its fleet of vessels and secure the long-term future of the vital services it provides."

The Steamship Group is in discussions with several shipyards and next steps will be to finalise procurement and build programmes.

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Notes to Editors:

Isles of Scilly Steamship Company

Isles of Scilly Steamship Company Ltd was formed on 26 March 1920 and the first Scillonian ship began regular trips to the Isles of Scilly in February 1926. Since then, the Company has continually operated the shipping service, which is a lifeline for the Isles of Scilly. The Company also operates the Skybus fixed wing service to and from the islands, Land's End Airport, and Island Carriers. Collectively the Company is known as Isles of Scilly Steamship Group. www.islesofscilly-travel.co.uk

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