

[REDACTED]
Directorate for Economic
Development
25 June 2020

DG Economy

Copy: Director, Directorate for Economic Development;
Chief Financial Officer

LOCHABER GUARANTEE AND REIMBURSEMENT AGREEMENT AMENDMENT

[REDACTED]

[REDACTED]
Manufacturing and Industries Division
Directorate for Economic Development

[REDACTED]

ANNEX D

LOCHABER GUARANTEE

Background

1. In December 2016 we supported the GFG Alliance (GFG) in their purchase of the Lochaber site comprising of an aluminium smelter at Fort William, an adjacent hydro power station and extensive estate lands from Rio Tinto Alcan (RTA).
2. The arrangement is captured in the form of a guarantee between Scottish Ministers and Liberty House Group (part of the GFG Alliance) that involves the Scottish Government standing behind the power purchase obligations of the smelter in the event that the business cannot fulfil its obligations to pay for contracted power from the associated hydro power station (owned by sister company Simec) over a 25 year period. The Guarantee allowed the GFG Alliance to raise funds that enabled them to acquire the aforementioned assets and to invest in downstream production.

[REDACTED]

ANNEX E

ADVISOR ENDORSEMENTS

Deloitte LLP

4 June 2020

The Scottish
Government
St. Andrew's House
Regent Road
Edinburgh
EH1 3DG

For the attention of
[REDACTED]

Dear Sirs

Scottish Government Guarantee at Lochaber – Amendment to the Guarantee and Reimbursement Agreement (**OFFICIAL-SENSITIVE-COMMERCIAL**)

Deloitte LLP (“Deloitte”) is acting as the financial adviser to the Scottish Government (“SG”) under the terms of our contract dated 25 September, 2019 (the “Contract”) in relation to the Scottish Government’s guarantee for the Power Purchase Agreement (the “PPA”) between the Lochaber aluminium smelter and the hydropower company at Fort William. The aluminium smelter business is Liberty Aluminium Lochaber Limited (“SmelterCo”), ultimately owned by Singapore based Liberty Holdings Limited, and Simec Lochaber Hydropower 2 Limited (“HydroCo”), ultimately owned by Hong Kong based Simec Group Limited. Both groups are ultimately controlled by separate members of Mr Sanjeev Gupta’s family through an unincorporated Gupta Family Group Alliance (“GFG”).

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Purpose

[REDACTED]

Background

The GRA was signed in December 2016 between SG and the various GFG entities. Subsequent to this transaction, Deloitte was appointed to advise SG on the management of SG guarantee under the GRA. [REDACTED]

[REDACTED] We understand from [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

There remain areas where SG might have [REDACTED] SG was always aware of [REDACTED]. On balance Deloitte [REDACTED]. Deloitte also notes that [REDACTED]

We also understand that GFG is in discussions with the UK Government and SG regarding [REDACTED]. We expect it would be beneficial to continue this dialogue [REDACTED]. We do not think that such on-going discussions [REDACTED].

Yours faithfully

Deloitte LLP

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]