

Àrd-stiùiriche na h-Eaconomaidh
Director-General Economy
Liz Ditchburn



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0131-244 5598
E: DGeconomy@gov.scot

[REDACTED]

21 December 2018

Dear [REDACTED]

Thank you for your letter of 18 December and for your participation in recent discussions on the loan facility for Ferguson Marine with our officials and external advisers.

The commercial loan agreement signed in June this year following lengthy and detailed negotiations was designed to support FMEL's diversification and sustainability, and to avoid the very cash flow challenges now confronting the business. Ministers remain committed to those aims and it is CBC's change of position that is now frustrating the intentions of the loan, doing harm to the business and further delaying the CMAL ferries programme.

The proposal summarised in your letter is broadly acceptable to us, subject to agreement of legal terms, but we cannot accept any further conditionality or delay on any element of CBC's £3 million funding. The earliest availability of, and absence of conditionality relating to, these funds is key to our acceptance of any amendment.

[REDACTED]

The published accounts of FME (Holdings) Limited show that FMEL will be in need of further funding post-April 2019 and that the £[REDACTED] million is factored into FMEL's funding projections. [REDACTED]

We look forward to hearing from you.

Yours sincerely

[REDACTED]

Liz Ditchburn

DG ECONOMY