

**THE SOUTH TEES DEVELOPMENT CORPORATION
(LAND AT THE FORMER REDCAR STEELWORKS,
REDCAR)
COMPULSORY PURCHASE ORDER 2019**

Summary Statement of Simon Melhuish-Hancock

1. SUMMARY

- 1.1 My name is Simon Melhuish-Hancock. I am the UK General Counsel for Sahaviriya Steel Industries Public Limited Company (the parent company of SSI UK), which is a position that I have held since 3rd October 2015. I have worked in the UK steel industry since the mid 1980's. Immediately prior to my current role, I worked as the Legal Director (the title subsequently being changed to General Counsel) of SSI UK.
- 1.2 I am giving evidence on the instruction of the Thai Banks and SSI, the interests of whom are all aligned. These terms, and the others in this summary statement, are defined in my principal statement.
- 1.3 With regard to the recent history of steelmaking at the SSI Land, SSI UK acquired the SSI Land from Tata on 24th March 2011. The production of iron and steel by SSI UK re-commenced on the SSI Land on 18th April 2012. Unfortunately, throughout the period from 2011 to 2015, SSI UK was persistently loss-making. SSI UK went into compulsory liquidation on 2nd October 2015.
- 1.4 The Thai Banks and SSI have a desire to re-start iron and steelmaking on the SSI Land, or regenerate it in some other way, as well as to realise best value for the SSI Land. In pursuing these aims, SSI has been in discussions with various third parties (the detail of which I explain in my main statement). In particular:
 - 1.4.1 there is presently an unsolicited offer on the table for the SSI Land and SSI UK's shares in RBT Ltd from Mr Chris Musgrave; and
 - 1.4.2 there is a formal expression of interest and memorandum of understanding with Jingye, seeking to re-start steel making on the SSI Land. Those discussion also envisage, as an alternative an expansion of the RBT facility, using Plot 1 of the SSI Land.
- 1.5 Those discussions are live and I believe these opportunities can deliver a regeneration of the SSI Land and secure the related benefits in the absence of public sector involvement.
- 1.6 The ability to use RBT, which is located adjacent to Plot 1 of the SSI Land, is critical to the needs of heavy industry at Teesside, including to New British Steel. On 14th November 2019, the Thai Banks appointed Receivers to SSI UK's 50% shareholding in RBT Ltd. The Receivers have considerable influence, in the form of blocking rights, over the business of RBT Ltd.
- 1.7 In addition, the Thai Banks have a right of first refusal on any sale of the other 50% shareholding. That right has been triggered and SSI is currently looking at options for financing the exercise of the pre-emption by the Receivers and I am confident that this will happen. This would give the Receivers 100% ownership and full control of RBT Ltd.
- 1.8 The delivery of the Northern Industrial Zone, as contemplated by the Development Corporation's master plan, is contingent upon agreement for access to the RBT being reached with the Receivers. To date, there has been no request from the Development Corporation for access to the facilities of RBT Ltd. If any such

proposal is made, but not considered in the long-term best interests of the shareholders in RBT Ltd or Jingye as the possible second shareholder, then any such agreement will not be approved by the shareholders.

- 1.9 RBT Ltd has recently granted a number of leases and options for lease over a substantial part of the RBT Land. This means that the RBT Land is now constrained as to space. This has the potential to create a bottleneck for the raw materials needed to support both New British Steel and industrial use of the wider master plan area. The need for Plot 1 of the SSI Land for the port expansion scheme is therefore greater than it ever has been before. Conversely, if Plot 1 is not available for raw materials handling, then there is a significant risk that the additional cost burden on the New British Steel business (being acquired by Jingye), which we have calculated as being at least \$25 million each year, could ultimately lead to its failure.
- 1.10 In conclusion, the objections to the Order by the Thai Banks, RBS and SSI are not about preventing regeneration of the SSI Land. SSI would like to see the whole area regenerated and for stable, well paid jobs to return. The issue is how that regeneration should happen and whether or not the use of the Order by the Development Corporation, together with the use of public money it requires, is the correct or realistic way of achieving it.
- 1.11 Right now, there is significant private sector interest in the SSI Land. Without further interference, I have great confidence in the ability of the private sector to regenerate the SSI Land. It is not appropriate for the Order to be confirmed.