

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

Witness Statement of Simon Melhuish-Hancock

**Appendix 3: Letter from St. Modwen to SSI dated  
3<sup>rd</sup> August 2017.**



Sent by email only to:

Siam Commercial Bank - [saruntho@scb.co.th](mailto:saruntho@scb.co.th)

Krung Thai Bank - [surang.thanutthanon@ktb.co.th](mailto:surang.thanutthanon@ktb.co.th)

Tisco Bank - [Pitada@tisco.co.th](mailto:Pitada@tisco.co.th)

**Subject to Contract, Board Approval & Due Diligence**

3<sup>rd</sup> August 2017

Dear Sirs,

**Re: SSI (UK) Ltd - Redcar Steelworks**

We would like to put forward our Expression of Interest to advance the potential purchase of the above site with the charge holders.

We have carried out initial due diligence on the various sites at Redcar to inform an initial indication of our potential bid level. At this point, and subject to contract, further due diligence and ultimately full board approval, we believe a purchase price in the range of £15-20,000,000.00 (fifteen to twenty million pounds) is achievable (i.e. broadly in line with the purchase price at Llanwern). It should be noted however, that the Llanwern purchase was post completion of all demolition works on site.

We are having to make several assumptions at present and we need to close these out as soon as possible in order to advance our thoughts and firm up the numbers. Specifically, we would like to:

1. Gain access to the site with our demolition contractors for up to 2 days to inspect the buildings on site; and
2. Meet with the South Tees Development Corporation to establish their ambitions for the site, availability of funding to assist with viability and understand the planning framework in which we are likely to be delivering redevelopment on the site once remediated.

Finally, I would like to confirm that as part of our strategy and due diligence to establish the full extent of the viability of redevelopment of this site and hence the purchase price we can offer, we are fully investigating the value attributable to iron ore and coke reserves in the ground. We have recently received information on this and are reviewing this now. Also, through the additional due diligence noted above, we will be seeking clarity on the potential for demolition costs to be off-set in part or in full by reclamation value and also the ability of us to re-use the power station on site to deliver gas-fired generation, an area we have specific expertise in.

I trust the above is of interest and that as a result we can continue with our due diligence work and firm up an offer to the charge holders.

Yours faithfully,



Richard Bannister

**Deputy Property Director - Midlands & North**

cc: Neil Williams - [neil.williams@stmodwen.co.uk](mailto:neil.williams@stmodwen.co.uk)  
Peter Rowson - [peterr@ssi-steel.com](mailto:peterr@ssi-steel.com)  
Simon Melhuish-Hancock - [simonmh@hotmail.co.uk](mailto:simonmh@hotmail.co.uk)