

**Localism Act 2011**

**Acquisition of Land Act 1981**

**Inquiry into:**

**THE SOUTH TEES DEVELOPMENT CORPORATION**

**(LAND AT THE FORMER REDCAR STEEL WORKS, REDCAR) COMPULSORY  
PURCHASE ORDER 2019**

**Appendices to Proof of Evidence**

**David Allison**

**On behalf of South Tees Development Corporation**



## Appendices

- Appendix 1 – Chronology of Discussions with Thai Banks/SSI
- Appendix 2 – Key STSC Activities
- Appendix 3 – Land Tribunal Contract Offer
- Appendix 4 – Strategic Collaborations including MoU

- Appendix 1 – Chronology of Discussions with Thai Banks/SSI
- Appendix 2 – Key STSC Activities

## Appendix 1 – Chronology of discussions with Thai Banks/SSI

- October 2015
  - Liquidation
- March 2016
  - STDC visits banks in Bangkok
  - STDC agrees to investigate a gain share agreement as a means of unlocking the charge
- May 2017
  - Thai Banks visit the UK and Redcar Site
    - After discussions the gain share option is dropped as it was seen to be too uncertain both wrt to timescale and value delivery
    - STDC then offered a lump sum for the assets of Value
    - The banks then agree that STDC will carry out a valuation exercise as a basis for the offer
    - STDC engages GVA to carry out the exercise
- May 2018
  - STDC then revisits Thailand with an offer for the assets
  - STDC also clarified its position wrt to CPO, in that it would be time consuming and be potentially value detracting for both parties
  - Banks reluctantly accept the offer for the assets but indicate that they wish to carry out their own independent valuation STDC pointed out that it had taken a full year to complete the valuation
  - After a further discussion a compromise was agreed where the Banks would seek an independent Audit of the valuation process this was intended to be a desk top exercise and would take a few weeks to complete
  - An MOU was then drafted and signed.
- 22<sup>nd</sup> August 2018
  - The banks revisit the UK in London and meet STDC
  - The banks indicate that they have retained the services of:
    - Duff and Phelps to assist with the validation process

- Mishcon de Reya to give an opinion on the implications of the CPO process
  - The Banks also had a meeting with Greybull to clarify the position on the RBT shares still under the charge
- 29<sup>th</sup> September 2018
  - STDC contacts Duff and Phelps to ensure they have all of the information they need for the work to be completed.
  - STDC informed by Duff and Phelps that if anything further was required we would be contacted.
- 25<sup>th</sup> October 2018
  - Government (BEIS) contact Duff and Phelps to enquire on progress and are informed that further information is required before work can be completed
- 27<sup>th</sup> November 2018
  - The deadline for expiry of the MOU was approaching and subsequent contact meant that the MOU was helpfully extended till the end of Feb 2019
- End November 2018
  - STDC understood that site meetings would take place at the end of November 2018 but these meetings did not take place
  - STDC was informed that site visits would be taking place in January/Feb 2019
- 7<sup>th</sup> January 2019
  - Meeting held with Thai Banks to discuss basis of the STDC offer and agree how to conclude validation process. SSI Thailand representatives are presented and SSI-Thailand introduce concept of 'sellers' valuation'
- 21<sup>st</sup> January 2019
  - SSI Valuation team visit Redcar site for the week.
- 29<sup>th</sup> March 2019
  - STDC/SSI/Thai Banks meeting held in London where STDC expected to receive SSI/Thai Banks proposals. This was not forthcoming and hence meeting was curtailed.
- 15<sup>th</sup> November 2019

- Negotiations have subsequently been sought with valuation representatives of SSI/Thai Banks but other than a single meeting held on 15<sup>th</sup> November 2019 with DWD llp at STDC's insistence, no further progress has been made. Indeed we are informed by DWD llp that they are instructed not to engage with us.
- November 2019 – January 2020
  - Since the publication of the CPO, the Thai Banks and SSI-Thailand's legal representatives have made repeated request for information from STDC, which we have sought to address wherever practicable and in a timely manner, rather than engage in discussions or develop concrete proposals.

## Appendix 2 – Key STSC Activities

### Tier 3 Risks/Safety Led Demolition

#### South Tees Site Company Limited

RISK CATEGORY	ASSET SUB-AREA	RISK DESCRIPTION	COST £000's
Environmental	BOS Oxide	BOS Oxide is high in zinc content and classed as a hazardous waste, this material must not enter the watercourses surrounding the SLEMS as suspended solids is a permit breach and dangerous to aquatic life.	8,000
Hazardous Materials	COMAH/Hazardous substance inventory	Despite the successful removal of significant quantities of dangerous substances, the SSI UK (in Liquidation) site remains classified as an upper-tier COMAH establishment due to the continued presence of Coal Tar & Benzole Absorbing Oil in excess of the upper-tier qualifying thresholds.	4,600
Environmental	Hazardous Substances	Sulphuric Acid is highly corrosive liquid and will cause severe injury if splashed on the skin.	1

People	Redundant ammonia washers	Structural failure of the redundant COG ammonia washers	300
Structural	Stockhouse Ferrous bag filter units	The ferrous bag filter units are in a poor structural condition and could fall to ground	58
Structural	Stockhouse Coke bag filter units	The coke bag filter units are in a poor structural condition and could fall to ground	58
Structural	Gas Cleaning plant aeration tank is in a poor structural state	The aeration tank is in a poor structural state and could fall to ground	25
Hazardous Materials	Gas Cleaning Plant, Clarifier	The clarifier holds legacy slurries from operations, these were recycled during normal operations but there is now no outlet. The slurries have been analysed and are classed as hazardous waste	Tbc
Hazardous Materials	Gas Cleaning Plant, hydrocyclone shed and surrounding ground including	Legacy flue dust and hydrocyclone slurries are evident around some parts of the gas cleaning plant and in the hydrocyclone shed.	20
Environmental	Hazardous Substances	Caustic Soda is highly corrosive liquid and will cause severe injury if splashed on the skin. The emergency shower located close to the storage area has been isolated/drained as part of make it safe. Whilst in the storage tank there is a requirement to inspect the tank and bund which puts personnel in close proximity	4
Environmental	Hazardous Substances	Sodium Hypochlorite is highly corrosive liquid and will cause severe injury if splashed on the skin. The emergency shower located close to the storage area has been isolated/drained as part of make it safe.	4
Strategic	Telecomms	PABX still in use. Loss of sitewide telephone system with the outside	6

		world via the PABX	
Strategic	Internet	Internet fibre connection and router in Steel House	19
People	All areas	Risk to site access control due to the constant problems with the ADACS access system	100
Environmental	3 <sup>rd</sup> Party Supply	DR1 – T67 Feeder. Decision to be made – repair or continue refilling.	90
Environmental	3 <sup>rd</sup> Party Supply	REF – Corridor 2 Feeder. Decision to be made – repair or continue refilling.	90
Environmental	3 <sup>rd</sup> Party Supply	Corridor – Pellet/Sinter Feeder. Decision to be made – repair or continue refilling.	90
Financial Reporting	3 <sup>rd</sup> Party Supply	There may be some electrical consumers across the site not being charged correctly for their electricity usage because of incorrect metering or non metering	22
Strategic	3 <sup>rd</sup> Party Supply	T67 and T68 transformers require essential maintenance, overdue	40
Compliance	Mtc	Specialist Maintenance is overdue on the following –  Corridor 66KV Substation 6x HOLEC 66KV GCB's, CT chambers and HV cable termination boxes.  REF Mill 66KV Substation 9 x GEC FL1 66KV GCB's, CT chambers and HV cable termination boxes	55
Structural	Roof Inspection	Provide quotations to consider the viability of repairs to the roof membrane, vents, flashing, capping and reattach the drain pipes.	30
Strategic	High Voltage	Investigate the availability of an off-site HV supply to Steel House	150



		& Data Centre	
			13,762

- Appendix 3 – Land Tribunal Contract Offer

### Appendix 3 – Lands Tribunal Contract Offer

Communications between legal representations regarding the offer of Lands Tribunal Contract.

- 3<sup>rd</sup> May 2019 - Letter from Addleshaw Goddard to Mischon de Raya requesting engagement in a Land Tribunal process
- 1<sup>st</sup> August 2019 - Gowling call to Mischon de Raya to discuss Land Tribunal Contract
- 16<sup>th</sup> August 2019 - Letter to Mischon de Raya enclosing 'Code Offer' and Land Tribunal contract offer
- 28<sup>th</sup> August 2019 - Letter to Mischon de Raya seeking meeting between Valuers
- 20<sup>th</sup> September 2019 - Letter to Mischon de Raya repeating requests for meeting between valuers
- 4<sup>th</sup> October 2019 meeting - Letter to Mischon de Raya repeating request for
- 14<sup>th</sup> November 2019 - Repeating of Land Tribunal Contract offer
- 15<sup>th</sup> November 2019 - Meeting of Valuers
- 15<sup>th</sup> January 2020 - Repeating of Land Tribunal Contract offer



Your reference AMR/EVC/56967.1

Our reference MGO/CORRC/362783-1

3 May 2019

**BY EMAIL ONLY**

Anita Rivera  
Partner  
Mishcon de Reya  
Africa House  
70 Kingsway  
London  
WC2B 6AH

Dear Anita

**Tees Valley - SSI – Thai Banks**

Thank you for your letter of 9th April. Since the date of your letter you will have received the notification of the CPO and the supporting paperwork.

I think we have to put a number of matters on record about the valuation process.

STDC does not understand what grounds you have for saying that the Banks did not agree to produce their own valuation.

At the meeting in the British Embassy in Thailand STDC tabled an offer for the assets. The offer was reluctantly accepted by the Banks but the Banks indicated that they wished to carry out their own third party independent valuation of the assets. STDC reluctantly accepted this position despite the fact that they had been asked by the Banks to carry out an independent valuation exercise a year earlier. It was also agreed that this process would only take a matter of weeks.

It is clearly stated in paragraph 6a of the Letter of Intention (LOI):

*"acceptance of the offer...will need to be conditional upon: (a) the Lenders receiving, to their satisfaction, an independent third party valuation report (with assistance, including any site access as necessary from GVA and STDC);"*

Indeed all of the correspondence between us is peppered with references to the valuation being carried out by your clients.

Some examples are:

1. Your email to me of 29th November 2018 15.47 clearly states:

*"As set out very clearly in the LOI, and indeed in KPMG's hold harmless letter and GVA's report, it is up to the Banks to satisfy themselves that the information provided to the Banks represents a true and accurate position and valuation of the assets. This includes the need to obtain an independent third party valuation report. The KPMG and GVA reports are clear that these reports were undertaken for the only for the benefit of their client, STDC and the TVCA" and*

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Addleshaw Goddard LLP, One St Peter's Square, Manchester M2 3DE  
Tel +44 (0)161 934 6000 Fax +44 (0)161 934 6060 DX 14301 Manchester  
[www.addleshawgoddard.com](http://www.addleshawgoddard.com)

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3 May 2019

*"For the sake of clarity and transparency the following consultants have been engaged to assess the offer made by STDC for the acquisition of the charged assets:*

1. *DWD has been engaged to carry out a valuation of the land;*
  2. *D&P have been engaged to carry out a desk top review of valuation information provided by STDC. Although they were not originally instructed to carry out a an evaluation of plant and machinery they are now;*
  3. *A Consulting firm will be engaged to carry out a valuation of the 50% shareholding of RBT;*
  4. *A firm of quantity surveyors (TBD) will be engaged to assess the size and value of buildings on the site;*
  5. *CERI, a firm of engineers has been engaged to assess the condition and value of the plant, including control equipment"*
- 2 Your emailed letter of 15 February 2019 to me clearly states:

*"One of the key outcomes of that meeting was an undertaking by your client to provide the underlying technical information necessary for my clients to carry out an appropriate valuation and due diligence on your clients offer".*

Furthermore Mr Melhuish-Hancock of SSI made it clear on repeated occasions during the meeting on 7 January 2019 that the STDC reports were "buyers reports" and that your clients would be preparing "sellers reports".

Despite the promise of the valuation process taking weeks, many months passed before Duff and Phelps (D&P) were appointed to carry out any form of valuation. Only after much prompting from the UK Government did D&P indicate that they had finally been commissioned to carry out the valuation. In addition D&P indicated to STDC and BEIS that they had all of the information that they need to carry out the exercise. After that nothing happened until a request for a site visit was made at the meeting of 7 January 2019.

It has taken far too long for the steps which were eventually carried out in January 2019 to take place especially given the terms of the LOI and previous promises.

I am afraid that I cannot see any expressions of doubt (you have made mention of) in your letter of 12 March. Rather you seem to me to have been attempting to run an argument that STDC should carry out further valuation work and defer the meeting. STDC was never going to do that. STDC did have a legitimate expectation it was going to receive a firm counter offer and a basis for that offer at the meeting. After these values had been shared it would have then been appropriate to discuss the merits of both sides in an attempt to reach an amicable settlement. In STDC's view, this is how amicable negotiations are carried out. It was for this reason that I suggested meeting over a period of two days to allow some time for reflection and for the parties to come together again. This was turned down on the basis that the Banks were not staying in London. The reaction of STDC to your proposed agenda came about because instead, STDC was told that the Banks / SSI wished to find flaws and faults in the STDC valuation without giving any indication of their own position.

Moving on, thank you for confirming that your clients acknowledge that STDC must make progress. STDC remains of the view that the GVA valuation was prepared on a fair basis which is fit for the purpose of a CPO. It was an independent valuation. I do not however understand why reference is continuing to be made to RBT as STDC have been very clear that the RBT assets and shares would not be part of the CPO process. It stands to reason therefore that the value attributed to the RBT shares by STDC in the LOI will not form part of any CPO compensation.

STDC has not refused to engage in dialogue but it is unwilling to participate in a discussion where no counter valuation has been produced and, as I said in my last email, where it looks like the Banks have a view that their valuation is considerably different from the STDC valuation but the Banks are not

Anita Rivera  
Partner  
Mishcon de Reya

3 May 2019

prepared to disclose it. I cannot understand why that could ever be seen to be helping the process or in pursuance of the LOI.

You will recall that STDC could not understand why SSI was at the negotiating table. This is particularly the case as the LOI refers to a number of conditions on which the Banks stated that they had to satisfy themselves. However none of those conditions refers to gaining the approval of SSI. STDC understands that SSI has now returned to profit making. STDC is therefore left to conjecture that as the Banks own 92% of SSI they are allowing time to pass at the cost of the UK tax payer so that the restructured SSI will repay them in full and/or SSI will significantly reduce its debt obligations by attempting to drive up the price for the assets by delaying matters.

I am afraid I cannot comment on press reporting other than to reiterate what has said before about the high levels of frustration that exist on Teesside about the failure of the steel plant and lack of progress to reach a resolution.

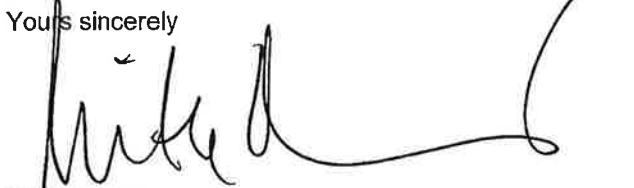
Notwithstanding this STDC wants to move forward using the process that exists under CPO procedures whereby the parties should attempt to agree a valuation on a non-binding basis before the matter is referred to the Lands Tribunal.

STDC has been clear that it is willing to pursue this approach and I should be grateful if you could please confirm that the Banks will agree to this approach and if so whether without prejudice discussions can take place for a period of time to explore how this procedure might operate as soon as practically possible.

I look forward to hearing from you in due course.

Kind regards.

Yours sincerely



**Michael O'Connor**  
Partner & Head of Manchester Office  
for Addleshaw Goddard LLP

Direct line +44 (0)161 934 6342  
Email michael.o'connor@addleshawgoddard.com

Your Reference



Our Reference  
2649439/VJF01

Anita Rivera  
Partner  
Mischon de Reya  
70 Kingsway  
London  
WC2B 6AH

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

DX 132076 London Bridge 4

By e-mail

15 January 2020

Dear Anita

**The South Tees Development Corporation (Land at the former Redcar Steelworks, Redcar)  
Compulsory Purchase Order 2019 ("the CPO")  
Former land interests of Sahaviriya Steel Industries UK Limited (In Liquidation)**

I note that we have not had any further response or engagement on our client's offer since the meeting of valuers on 15<sup>th</sup> November 2019. We provided the requested cost undertaking to enable progressive engagement and exchange/discussion on valuation and "code" opinion and related considerations, with a view to reaching an agreement if at all possible. We have also not had any details of your clients' valuation.

I confirm that my client remains keen to continue private treaty negotiations and remains very much committed to reaching agreement with your clients and continuing in a constructive dialogue.

In my letter of 16<sup>th</sup> August 2019 I confirmed that my client would be prepared, subject to agreeing the detailed terms and understanding your clients' valuation, to enter into a lands tribunal contract. This is a contract under which the parties agree to the transfer of land to the acquiring authority with compensation to be agreed or referred to the Lands Chamber (Upper Tribunal) for determination if an agreement cannot be reached within a specified timescale.

The heads of terms for a lands tribunal contract would need to be negotiated but would potentially include:

- (a) timing and terms for the transfer of the land to the acquiring authority;
- (b) the time period and steps to be undertaken by the parties to try to secure agreement as to the quantum of compensation payable;
- (c) the timescales and process by which either party can trigger the proposal for making a referral to the Lands Chamber (Upper Tribunal) for determination of the quantum of compensation;
- (d) any assumptions to be applied in agreeing or determining the quantum of compensation;

The benefits of this approach to the parties and in particular your clients are:

T +44 (0)370 903 1000  
F +44 (0)370 904 1099  
gowlingwlg.com

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- (a) it enables our clients to focus on matters of valuation;
- (b) the valuation date can be aligned with what it would be under the CPO;
- (c) the Rule 2 in a "No Scheme World" assumption necessarily needs to reflect alternative industrial/employment use potential and the passage of time has the potential to provide circumstantial evidence on this;
- (d) if we are unable to reach agreement on valuation it provides a clear structure for final and binding determination by the Lands Chamber (Upper Tribunal).

Again I have not had a response to that suggestion. Please may I hear from you on taking matters forward.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Vicky Fowler', with a stylized, cursive script.

Vicky Fowler  
+44 (0)207 759 6650



- Appendix 4 – Strategic Collaborations including MoU

## **Memorandum of Understanding**

**Dated 24<sup>th</sup> January 2018**

### **Strategic Alliance Between**

1. **THE SOUTH TEES DEVELOPMENT CORPORATION** at South Tees Development Corporation, Teesside Management Offices, Redcar, TS10 5QW ("STDC"); and
2. **SEMBCORP UTILITIES (UK) LIMITED** (company number 4636301) whose registered office is at Sembcorp UK HQ, Wilton International, Middlesbrough TS90 8WS ("Sembcorp").

### **BACKGROUND**

- A. STDC is a Mayoral Development Corporation established pursuant to the Localism Act 2011 and the Tees Valley Combined Authority (Functions) Order 2017. STDC has been tasked with driving growth and investment, creating jobs and supporting communities, including those hit by the closure of the Redcar Steelworks. STDC's remit relates primarily to the mayoral development area highlighted blue on the plan attached as Appendix 1 (the "STDC Site").
- B. Sembcorp is a global energy, water, marine and urban development group and owns and operates the steam and electricity generating assets and utility distribution systems (including a private wires electrical transmission system) at the Wilton International site highlighted red on the plan attached as Appendix 1 (the "Wilton Site"), which is immediately adjacent to the STDC Site. Sembcorp also owns and/or operates the service corridors that connect the Wilton Site and the STDC Site and businesses at North Tees and Billingham via two tunnels that run under the River Tees.
- C. STDC and Sembcorp have a common goal of attracting new industrial investment and jobs to the Teesside area. STDC is in the process of finalising a master plan for its development of the STDC Site and the parties have identified areas of mutual interest in which they can work together for the benefit of the South Tees area.
- D. The Memorandum of Understanding is not intended to be legally binding nor to represent a commitment between the parties although the intention is that the parties will, in good faith, co-operate and work together to fulfil their common goal of attracting new industrial investment and well paid jobs to the Teesside area with the objective of achieving at least the national average wage for new employees. This Memorandum of Understanding sets out a non-exhaustive list of the areas that have been identified in which such co-operation can occur.

### **AGREEMENT**

1. **Marketing**
- 1.1 The parties agree that whilst each area has its own brand and identity, they intend to work together to develop a joint marketing strategy, such that the STDC Site and the Wilton Site

are combined for marketing purposes and the South Tees area is marketed as one combined opportunity rather than two sites.

- 1.2 The parties will review and consider the options for jointly resourcing the teams responsible for marketing the sites and responding to and filtering enquiries. In addition, as the implementation of STDC's plans (eg land remediation) will require time to execute, in the near term STDC and Wilton should seek to agree a mechanism to coordinate and manage investor enquiries to ensure no leakage of quality investments from the region.

- 1.3 Sembcorp will provide overseas regional support for approaching potential investors through its network of contacts in the areas in which it is active (eg Asia, India etc).

## **2. Land & Infrastructure**

- 2.1 STDC and Sembcorp will agree a plan for maximising and optimising development across both the STDC and Wilton sites. This will build on the STDC Masterplan, as adopted, recognising the constraints and opportunities that characterise the areas. For example, the parties recognise the special value of waterside sites and will work to optimise use of this asset.

The plan will be focused upon ensuring that the utility system is modern, fit for purpose and integrated where efficiencies can be achieved by doing so. Unnecessary duplication will be avoided.

By way of example, potential targets or enquiries for energy intensive process industries with steam requirements could be sited at Wilton, whereas power only projects could be sited at STDC. If there is no suitable land at Wilton, and process steam is still a requirement, Sembcorp would be willing to either jointly, or on its own, develop a satellite CHP network to supply steam and power through an integrated utilities network.

- 2.2 The parties will form an infrastructure working group. Initially, this will;

2.2.1 evaluate and develop the proposal to connect and integrate the STDC and Wilton electricity networks to form one "private wires" network. Options for operating and rationalising the combined network will also be developed by the working group;

2.2.2 evaluate the possibility of integrating other available utility capacities and infrastructure at Wilton with that at STDC (e.g. demineralised water, natural gas etc);

2.2.3 examine and determine the optimal means of connection between the Wilton and STDC areas in respect of transport and utilities infrastructure and make recommendations for improvements; and

2.2.4 consider the strategic transport context for the two areas to inform recommendations and representations to be made by STDC to the Tees Valley Combined Authority.

STDC will consult with and update Sembcorp on any emerging strategic transport projects being developed by the Tees Valley Combined Authority to ensure that Sembcorp's views and own development plans for Wilton are, where relevant,

incorporated into the planning of such projects. STDC will report on strategic transport matters through the Infrastructure and Transport Working G

**3. Regulatory Aspects**

- 3.1 The parties shall work together to identify the regulatory issues that could help or hinder the parties' goal of attracting investment and jobs into the region.
- 3.2 In respect of issues that are identified (such as the private wires exemption, 100 MW limit, etc) the parties shall develop the proposal that is to be made of Government together with the strategy of how this is presented. The intention is to create a combined approach to ensure that all interested stakeholders deliver a consistent message to Central Government. The parties also recognise that any proposal will carry more weight if it comes from all relevant stakeholders (including TVCA) rather than just the private sector.

**4. Port Facilities**

- 4.1 The parties agree that the river is a vital part of the offer to industrial investors and will, therefore, seek opportunities to maximise the effective use of this asset, improving links where possible and co-operation with the Harbour Authority. To ensure better coordination between the STDC, TVCA, the Tees Harbour Authority and Sembcorp, the parties will propose the formation of a joint working group with the Harbour Authority which can develop its own terms of reference (which will be subject to approval by the respective member boards as appropriate) and periodicity of meetings.

**5. Miscellaneous**

- 5.1 The parties consider that adding a renewables mix within the overall utility offering could offer a sustainability element that investors may find attractive and will investigate this through the infrastructure working group.
- 5.2 The parties will also work together to ensure that a co-ordinated and complementary strategy is developed to maximise opportunities for enhancement of the natural and community environment in and around the respective areas.
- 5.3 The parties will appoint a steering committee of senior representatives to co-ordinate and monitor the activities under this MoU.

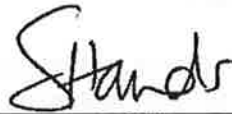
**6. General Provisions**

- 6.1 The contents of this MoU and any information shared between the parties pursuant to this MoU that is not public knowledge shall be treated as confidential and shall not be disclosed to any third party (other than professional advisers who are actively engaged in advising either party in relation to any matters that are relevant to or connected with the parties' stated aims as set out in this MoU) without the prior written consent of the disclosing party. Both parties shall use all commercially reasonable endeavours to ensure that their employees and professional advisers are aware of and comply with these confidentiality obligations.
- 6.2 Except for the provisions of clause 6.1 above, this MoU is not intended to give rise to any legal obligations between the parties, to fetter the discretion of the Corporation in the discharge of its statutory functions, nor shall it constitute any form of offer capable of being

accepted so as to give rise to any legally binding obligations. Nothing in this MoU is intended to or shall be deemed to establish any partnership or joint venture between parties.

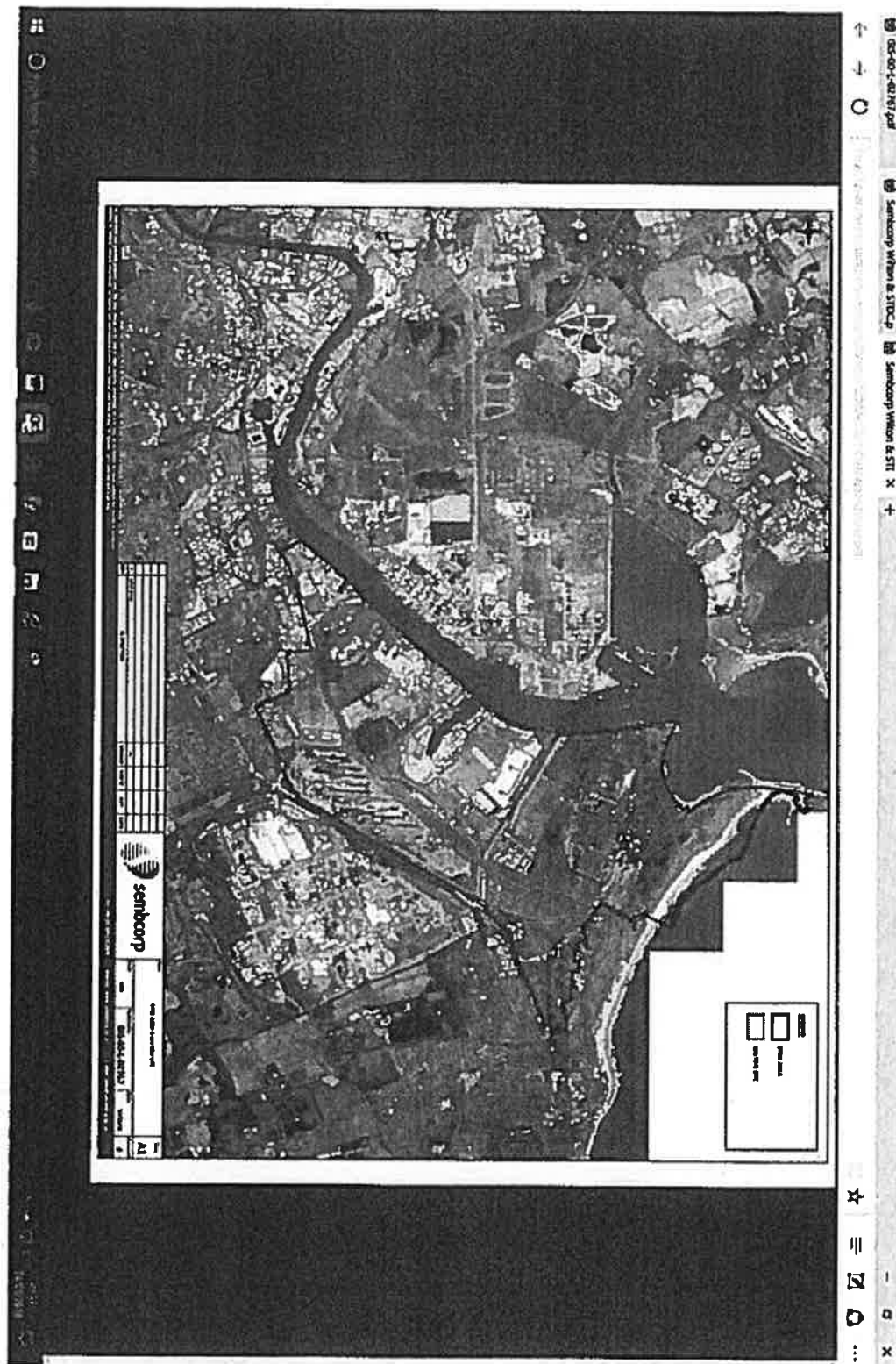


For and on behalf of  
The South Tees Development Corporation



For and on behalf of  
Sembcorp Utilities (UK) Limited

BACKGROUND 'A' and 'B'- APPENDIX 1  
STDC AND SEMBCORP WILTON AREA MAP



*JB*

Dated 12th AUGUST 2019

**Strategic Commercial Agreement**

**Between**

**South Tees Development Corporation (1)**

**and**

**Redcar Bulk Terminal Ltd (2)**

THIS AGREEMENT is dated 12th August 2019

**BETWEEN**

1. **THE SOUTH TEES DEVELOPMENT CORPORATION** at South Tees Development Corporation, Teesside Management Offices, Redcar, TS10 5QW (STDC); and
2. **REDCAR BULK TERMINAL LIMITED** (Company No. 07402297) whose registered office is at Lackenby Main Office, Lackenby Works, Middlesbrough, TS6 7RP (RBT).

**BACKGROUND**

- A. STDC is a Mayoral Development Corporation established pursuant to the Localism Act 2011 and the Tees Valley Combined Authority (Functions) Order 2017. STDC has been tasked with driving growth and investment, creating jobs and supporting communities, including those affected by the closure of the Redcar Steelworks. STDC's remit relates primarily to the mayoral development site.
- B. Redcar Bulk Terminal Limited owns and operates a deep water terminal on the South Bank Of the River Tees. The terminal enjoys a coveted position in the North East and offers a superb gateway into the Industrial heartland of the UK and opens up additional routes into Europe and across the globe for businesses throughout the region. Redcar Bulk Terminal operates a 320 metre long quay which can accommodate fully laden Cape Size vessels with drafts up to 17 metres. The quay is equipped with 2 x rail mounted Ship Unloaders (Grab) which have a capability to offload free flowing bulk materials at rates in excess of 40,000mt per day, it also has the capability to load out export cargoes. Bulk materials are discharged direct to conveyors into a large open bulk storage yard which extends over an area of 320 acres, the terminal is rail connected with built in bulk handling facilities to both load and off-load rail wagons.
- C. STDC and RBT have a common goal to attract new industrial investment and jobs to the Teesside area. Both parties have produced their respective master plans for site development and the parties have identified areas of mutual interest in which they can work together for the benefit of the South Tees Area.
- D. This agreement is not intended to be legally binding nor to represent a commitment between the parties although the intention is for the parties to cooperate and work together in good faith in order to fulfil their common goal of attracting new industrial investment and well paid jobs to the Teesside area. This agreement sets out a non-exhaustive list of areas that have been identified in which such co-operation can occur.

**AGREEMENT**

**1. Governance Right & Land Use**

- a). The parties agree that whilst each area has its own brand and identity, the successful development of the respective master plans in part relies on synergistic working.



b). To this end both parties will ensure that the position, quality and nature of potential future investment within the RBT and STDC domains particularly in the boundary areas are jointly agreed to ensure alignment with the respective Master Plans.

## **2. Enabling Investor Propositions**

a). STDC will on occasions, identify investor opportunities that cannot be accommodated within their demise but are more appropriate to the RBT demise and its related operations. On these occasions STDC will strive to support RBT to deliver such projects and in recognition RBT agree to provide a fair share of the value of such projects with STDC. It is proposed that the STDC compensation is agreed on a project by project basis.

b). RBT will on occasions, identify investor opportunities that cannot be accommodated within their demise but are more appropriate to the STDC demise and its related operations. On these occasions RBT will strive to support STDC to deliver such projects and in recognition STDC agree to provide a fair share of the value of such projects with RBT. It is proposed that the RBT compensation is agreed on a project by project basis.

c). Where the delivery of an investor opportunity to the RBT site requires the further investment, through loan or grant, by STDC or TVCA then this will be reflected in a greater consideration to STDC as part of the project compensation package.

d). Where STDC or TVCA have taken no part in attracting or delivering an investor proposal to the RBT site they will not be entitled to a share of the project value.

## **3. Land & Infrastructure**

a). STDC and RBT will agree a plan for maximising and optimising development and the necessary transport and utility infrastructure across both the STDC and RBT sites. This will build on the STDC and RBT Masterplans recognising the constraints and opportunities that characterise the areas. Whilst the wharf and associated operations are the explicit responsibility of RBT both parties recognise the special value of waterside sites and will work together to optimise the use of this asset.

## **4. Regulatory Aspects**

a). The parties will work together to identify the regulatory issues that could help or hinder the parties goal of attracting investment and jobs into the region.

b). The intention is to create a combined approach to ensure that all interested stakeholders deliver a consistent message to Regulators, External Agencies and Central Government. The Parties also recognise that any proposal will carry more weight if it comes from all relevant stakeholders including the TVCA in addition to the private sector.

c). Both parties agree that the river is a vital part of the offer to industrial investors and will therefore seek opportunities to maximise the effective use of this asset.

## **5. Miscellaneous**

a). Both parties will work together to ensure that a co-ordinated and complementary strategy is developed to maximise opportunities for enhancement of the natural and community environment in and around our respective areas.

b). The parties will meet on a regular basis to discuss, co-ordinate and monitor commercial opportunities / projects as and when they may arise to ensure best possible outcome in delivering those projects.

#### 6. General Provision

a). The contents of this agreement and any information shared between the parties pursuant to this agreement that is not public knowledge shall be treated as confidential and shall not be disclosed to any third party (other than professional advisers who are actively engaged in advising either party in relation to any matters that are relevant to or connected with the parties stated aims as set out in this agreement) without the prior written consent of the disclosing party. Both parties shall use all commercially reasonable endeavours to ensure that their employees and professional advisers are aware of and comply with these confidentiality obligations.

b). Except for the provisions of clause 6a. above this agreement is not intended to give rise to any legal obligations between the parties, to fetter the discretion of the corporation in the discharge of its statutory functions, nor shall it constitute any form of offer capable of being accepted so as to give rise to any legally binding obligations. Nothing in this agreement is intended to or shall be deemed to establish any partnership or joint venture between the parties.

This Agreement has been entered into on the date stated at the beginning of it.

IN WITNESS whereof the duly authorised representatives of the Parties have signed this Agreement the day and year first above written

(signed)   
For and on behalf of South Tees Development Corporation

(signed)   
For and on behalf of Redcar Bulk Terminal Ltd

Print Name: D. Aulson  
Dated: 12/8/19

Print Name: G. O'MALLEY  
Dated: 12/8/19

