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COMMERCIAL IN CONFIDENCE

17 April 2018,

Mr Bruce Crawford MSP,

I write to inform the Committee about the Scottish Government's ongoing support of Burntisland Fabrications Ltd (BiFab).

In my recent letter to the Committee on 29 March, I took the opportunity to notify you that the Scottish Government had extended our loan facility to BiFab by a further £4 million. This was on the basis of our expectation that a third party investor would be secured in the near future. I can now confirm that Canadian based JV Drivers, [REDACTED] [REDACTED] is set to imminently acquire BiFab.

As previously stated, the precise details of the inward investment and associated support package will remain commercially confidential. However, in the spirit of transparency to Parliament, I wish to highlight that the Scottish Government will become a minority shareholder in BiFab. This shareholding could reach up to 38% of the issued share capital of BiFab. By taking such a stake, we are improving the return on our initial investment, and subsequent investments over the longer period.

The Committee should also be aware that once a change of control has been secured, the Scottish Government will make available a separate £10 million restructuring loan for the new owners. This will help secure short term contracts as part of a ten year plan for growth and expansion. This loan will be provided on a commercial basis.

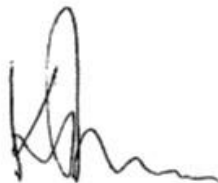
Our enterprise agencies have waived outstanding monies for Methil and Arnish, owned by SE and HIE respectively, as part of a negotiation of new long-term lease agreements, which [REDACTED].

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I believe our intervention will maintain confidence in an important sector and support the local economy. Our support will also help to create employment and growth in the Scottish economy, which would have been foregone without our support.

As before, I would be grateful if you could please treat the content of this letter in strictest confidence.



KEITH BROWN

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