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7 August 2019

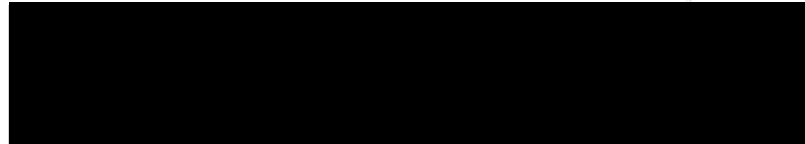
Dear Liz

I refer to your letter of 6 August 2019 and to the subsequent conversation with your colleagues and advisors.

As I stated on the call yesterday, it is completely unacceptable that the Scottish Ministers and their advisors have been making representations to the directors of Ferguson Marine Engineering Limited ("FMEL") and other third parties that CBC are an obstacle to finding a solvent solution. Not only have CBC spent time and money suggesting solvent solutions to Scottish Ministers, but at no point have Scottish Ministers approached us to say that reaching a deal with CBC is a precursor to any solvent solution they may wish to implement. The first we hear of this fact is via the directors of FMEL following a meeting on Monday.

Moving on to the confirmations you have requested from CBC. The documentation which is in place among the parties allows the Scottish Ministers to implement a solvent solution without any amendment. We note however that you are requesting CBC modify these documents. In terms of any agreement to make any modification, we must, as we have always stated, act in the best interest of our investors.

On the call yesterday, your advisors clearly stated that you wished CBC to make the requested modifications to the documentation without any concession to CBC. In particular, the position of Scottish Ministers was that the £3,000,000 loan would not be repaid prior to its stated maturity date of June 2028. If that is the final position of the Scottish Ministers then from our investors position, as the fund term expires in 2021, there is no benefit in agreeing to any modifications.



Should FMEHL be nationalised, the success of its future and the ability to repay our loan is completely within the control of the Scottish Ministers.

We look forward to hearing from you once you have had a chance to consider our position.

Yours sincerely,



Partner

