



Professor Dame Joan K Stringer DBE
Principal & Vice Chancellor
Edinburgh Napier University
Sighthill Campus
EH11 4BN

30th April 2012

Dear Dame Joan Stringer,

As you know, Napier University sold its Craighouse Campus to a consortium of property developers in March 2011. The consortium have since put forward plans to build a large housing development across beautiful, highly protected green space and woodland on one of Edinburgh's Seven Hills. They say that if they don't get their permission, then they will allow the historic buildings to fall into disrepair. Friends of Craighouse have spent a lot of effort trying to understand how this situation happened, and how we can protect this popular public space for the community.

Documents obtained under Freedom of Information requests show that there were five other bids for Craighouse. With six bids to choose from, we do not understand why Napier would have chosen a bid that we are told could lead to dereliction of such a beautiful site.

Usually, when public land is sold to private owners, there is some public oversight. We can't find out what oversight happened in the case of the sale of Craighouse. We therefore have a series of questions about the sale, and Napier's handling of it. We would also like to clear up statements made by Napier, regarding the sale of Craighouse that seem to differ from publicly available information.

The new owners of the land have demanded that Edinburgh's protections for green space, nature conservation and the setting of listed buildings be significantly ignored to enable them to build a large housing estate across land widely used by the local community. This is despite the fact that the only time we can find any of the developers ever trying something comparable before, the historic building in question burnt down *after* planning permission was given, and is now derelict. The financial arguments being used are based on numbers that differ wildly from information provided by Napier under freedom of information requests. Currently, Napier appears to be supporting both the implied threats and the wildly differing information, so we would like to clear this up.

1. Tender Process

You stated that "the sale went through a robust competitive tender process"¹. There were 6 bids for Craighouse, of which Napier appears to have chosen a consortium where the funder had been very

¹ <http://www.napier.ac.uk/media/Pages/NewsDetails.aspx?NewsID=267>



closely involved with a large, recent and unresolved financial collapse²; the listed buildings expert had only done one enabling development, which burnt down and now appears to be derelict³; and the experts in housing in the grounds of historic buildings don't appear to have the experience you claimed⁴.

- a) Why did you choose the MOREOF Seeker Ltd offer over 5 other competing offers⁵? Did the other bidders for the site have a history of recent insolvency, large-scale failed developments, and complex off-shore structures?
- b) Did you know, at the point of accepting the MOREOF Seeker Ltd bid, that they were proposing to build on large parts of the site, including the orchard? Did you ask them how they proposed to obtain planning permission for such a massive development on such a highly protected site?
- c) Did you consider Caltongate or Leslie House when choosing the bid?
- d) Why sell at the bottom of the market? Would it have been better to wait?
- e) Why have you sold the site at such a low value? It is repeatedly denied that you have sold it undervalue, but Mountgrange repeatedly state that they only buy undervalued assets.
- f) Did you ask GVA Grimley to perform due diligence on any acquirer, and did they provide you with any information?
- g) Was the Mountgrange offer the highest bid?
- h) Were the other bids more sensitive to the landscape setting of the buildings and the planning protections on the site?
- i) If the development proposed by Mountgrange/Sundial is abandoned (as they have repeatedly said they will do if they don't get the unacceptable level of development they are asking for) would their bid still be competitive with the other bids you received?

2. Land Acquisition and Promotions LLP (LA&P)

LA&P were originally declared, by Napier, as one of three companies leading the development⁶. We later found out (through much investigation, as you refused to answer our questions about LA&P,

² Mountgrange Capital plc has been in administration since March 2009, and (according to documents filed at Companies House) a report on the administrator's investigation into the conduct of the directors was submitted to the Insolvency Service on 15th January 2010

³ Leslie House in Fife: http://www.buildingsatrisk.org.uk/ref_no/3423

⁴ See discussion of LA&P, below

⁵ Information on other bidders obtained under FoI request

⁶ <http://www.napier.ac.uk/media/Pages/NewsDetails.aspx?NewsID=199>



despite issuing a press release praising them) that LA&P was founded by Heneage Stevenson and its full name is Land Acquisition and Promotions LLP. There is also another similar-sounding overseas company called LAP Seeker LLP, also founded by Heneage Stevenson.

- a) Soon after the sale, Napier issued a press release describing LA&P's 2 projects "amidst the sensitive settings" of 2 beautiful historic buildings. Were you aware that these 2 projects were over a mile away from the buildings in question, and the only one that got built was on a disused quarry on the outskirts of Corby⁷? Mountgrange's website now describes those 2 projects as "in the midlands"⁸. Why did Napier describe these projects in that way? Did you believe that these 2 projects were as close to the stately homes as the proposed development at Craighouse is to the historic buildings there?
- b) You told us that LA&P are no longer involved in the Craighouse project. Why then, is their founding partner still meeting politicians and planners, been given a share of a Mountgrange co-investment fund, writing articles for Mountgrange, representing Mountgrange at the Community Liaison Forum, and now listed on their website as a partner⁹? There are only 2 partners of LA&P, and Heneage Stevenson is the founder. Were you aware he was still involved when you said his partnership is not?
- c) Were you asked not to mention Heneage Stevenson's name? If so, was it explained to you why?
- d) LA&P were not listed in the original bid (although the name "MOREOF Seeker Ltd" referred to a joint venture with LA&P called "Project Seeker"¹⁰). When did LA&P first get involved, and why? Did the bidders explain to you what "Project Seeker" was?

3. Mountgrange

There are several, related, Mountgrange companies. MOREOF Seeker Ltd is the company that bought Craighouse in March 2011. According to public records¹¹, it is an off-shore company, based in the Isle of Man, owned by MOREOF Ltd, an off-shore investment trust, which is managed by Mountgrange Investment Management LLP, which itself was founded (and initially funded) by Mountgrange Capital plc. Mountgrange Capital plc went into administration in March 2009.

⁷ Priors Hall Park is the development that matches your description

⁸ <http://mountgrange.com/peopleDetail/38>

⁹ We can't find a record at Companies House of Heneage Stevenson being a director of MOREOF Investment Management Ltd, despite that being what is said on the Mountgrange website.

¹⁰ <http://business.highbeam.com/410162/article-1G1-254245497/mountgrange-homes-edinburgh-uni-fund-manager-buys-napier>

¹¹ Records available from the Isle of Man companies registry



The two directors of Mountgrange Capital were Manish Chande and Martin Myers, who are also the two Designated Members of Mountgrange Investment Management LLP.

- a) Were you aware that Mountgrange's previous company, Mountgrange Capital, had gone into administration after failing to fund 3 massive proposed projects? One of their projects, Caltongate, involved the demolition of listed buildings on the Royal Mile. It received a huge level of objections (including from architects Simpson & Brown¹²) before the banks announced they had pulled their funding. Were you aware of Caltongate, and the likely fear this would cause by bringing a similar level of insensitivity to Craighouse?
- b) Were you aware that the banks pulled their funding for Mountgrange Capital plc only after the directors had pulled out over £18m in dividends, salaries, and loans to their new company?
- c) Were you not concerned that the failure to fund all of Mountgrange Capital's 3 projects might be a sign of a more serious underlying funding problem?
- d) Did you investigate the founders of Mountgrange and their previous companies? To us they listed just three projects in the 80s/early 90s: Royal Court Mint, the Lanesborough Hotel and the Rose Theatre¹³. Did they use these projects when presenting to you? Were you aware that the Rose Theatre was the subject of a massive campaign by actors such as Lawrence Olivier and Peggy Ashcroft, as well as members of the House of Lords¹⁴? Did you know that the development company in question (Imry) collapsed owing £240m (Britain's largest ever banking loss at the time) and its owner (Castor Holdings) collapsed into a \$1bn fraud case, while the man who ran it all (Wolfgang Stolzenberg) is still sought by Interpol? Did you know that Mountgrange's 2 founders (Martin Myers and Manish Chande) were directors of Imry at the time of its collapse?
- e) Mountgrange's representatives have repeatedly told us that Mountgrange Investment Management LLP is a completely different company to Mountgrange Capital plc. Did they say this to you as well? Did you check the public records to see if this really is true?
- f) Mountgrange describe the project at Craighouse as "strategic land". Did they explain to you what this means?

4. Sundial Properties

There are several Sundial Properties companies. It is unclear which Sundial company is involved at Craighouse, and the description of their involvement has changed over time. Originally it was only

¹² http://eh8.org.uk/revamp_plans_for_capital_s_old_town_mistaken

¹³ <http://friendsofcraighouse.com/2012/03/12/minutes-of-meeting-with-the-craighouse-partnership-jan-26th-2012/>

¹⁴ <http://www.guardian.co.uk/stage/theatreblog/2007/jan/16/post15>



focused on the listed buildings and being the public face of the partnership, now it is said to be leading the project.

- a) Did you know that Sundial's only similar development to Craighouse (involving beautiful grounds, a historic building, and enabling development) is Leslie House, a beautiful grade A listed building in Fife, which received planning permission for enabling development in 2006, but was gutted by fire in 2009 and is now derelict? Does this give confidence in Sundial's ability to protect listed buildings?
- b) Did you ask why Sundial should be allowed to take on Craighouse before they had cleared up the disaster at Leslie House?
- c) How can the public be reassured that the risk of fire at Craighouse has been minimized?
- d) You stated that Sundial is the leading developer of listed buildings in Edinburgh. Is this an endorsement? What checks did you do before making this statement of support for Sundial?
- e) Did you check Sundial's financial position?

5. Audley Court

The original bid for Craighouse by MOREOF Seeker Ltd was described as "MOREOF Seeker Ltd, Owned by Mountgrange Real Estate Opportunity Fund, Managed by McGrange hw Management LLP + Sundial & Audley Court". Audley Court provide retirement homes.

- a) What happened to Audley Court's involvement in the partnership?
- b) Was the original plan at Craighouse to provide retirement homes? If so, what happened to that plan?

6. Napier's Financial Interest and Support of the Proposals

It has been written that Napier have "a financial interest" in Craighouse, and we can see that Napier have a "charge notice" over the property in the Isle of Man companies registry.

- a) What is Napier's financial interest in the site at Craighouse? Is Napier acting as a property developer? Is the financial interest so strong that there is a conflict of interest between Napier acting as a publicly-funded custodian of the site and the profit to be made?
- b) Why did Napier agree to jointly submit the planning application with Mountgrange?
- c) Napier appears to be contractually owed money in the future by an Isle of Man company whose true ownership is unclear. If the money isn't paid, can Napier chase debts from such an off-shore company? Given the debts that Mountgrange Capital left behind, how can you be sure that you won't be left in the same position as HBOS was? Did you investigate the difficulties of chasing debts from Isle of Man trusts?



- d) Why in March did you issue a new statement saying that being a joint partner in the process “will help to ensure that whatever development takes place is felt to be appropriate by ourselves”. Do you think the current plans are appropriate?
- e) You state that new-build is necessary because “the buildings and grounds stand to fall into disrepair, a situation that no-one would wish to see develop”. Are you aiding the Partnership in what appears to be a threat? Given the two most significant members of the partnership received planning permission for sites, that they appear to have since allowed to become derelict, do you think this is a reasonable statement?
- f) If you had wanted to avoid the buildings falling into disrepair, would it not have been better to sell the site to property developers who had a financially viable plan that was within the existing planning protections?
- g) Why did you state in an email to us: “New build on the site is necessary to help offset the considerable cost of restoring and maintaining Craighouse’s historic listed buildings”. Did you check the profitability of renovating the buildings? We used the consortium’s own figures to calculate an £8.5m profit without any new-build. Did you check their figures? Why are you repeating what is basically a threat to the community by a company trying to maximize its profit without regard for the public interest?
- h) Why are we being shown dry and wet rot in the buildings under the Partnership’s care, and no such deterioration in the buildings still under Napier’s care? Are the Partnership maintaining the buildings to a lower standard than Napier? Why is it taking so long to fix the dry rot problem, which the partnership have been talking about for months? Were you aware of dry rot before you sold the site?
- i) Why did you state in an email to us: “The Partnership’s initial proposals are consistent with the areas identified as suitable for development in the conservation audit by Simpson & Brown”, when the Partnership’s proposals are clearly not consistent with the conservation audit by Simpson & Brown? For example, the proposed building is on areas the Simpson & Brown audit states very clearly “should not change”. Would you like to show the Simpson & Brown conservation audit and compare it to the developers’ current proposals?
- j) Why did you not turn up to any of the Community Liaison Forum events?
- k) Are you happy for the proposals for new-build to significantly increase after the public consultation caused so much public opposition?
- l) Why are the maintenance costs the partnership claim are “historic” twice the historic maintenance costs you provided under freedom of information requests?
- m) Is Napier lobbying politicians in favour of the development?
- n) How much public funding has been given to Napier to support the historic buildings? Will you be paying this money back now that you have sold the property to developers?



- o) Why did you apply for £45m new funding for Sighthill at the same time as selling Craighouse?

7. Craighouse Site Planning History

The 2002 planning permission for Napier's Creative Industries building states that the Orchard "has been rejected as a development site, and the University is prepared to give an undertaking not to develop this area."

- a) What form did Napier's undertaking (to not develop on the orchard) take in 2002?
- b) Why is Napier, as part of the Craighouse Partnership, now proposing to develop the orchard?
- c) What happened to this planning application? Sundial has been telling people that there is existing planning consent for this building. Is this consent still active? Was it ever fully approved?
- d) It appears from documents that we have, that this application was not fully referred to Scottish Ministers, because it was said to be only for minor alterations to the basement. But it also involved significant impact on the setting of historic buildings. Can you explain this discrepancy?

8. Invicta PA

The Partnership, of which Napier is a part, is being represented by Invicta PA, a lobbying company often accused of upsetting community groups¹⁵. Sometimes, this has even lead to accusations of "bullying"¹⁶. And in one high profile case, allegations against its director, Mark Cummings, of "sectarian abuse"¹⁷. Although no charges were pressed against Mark Cummings, the allegations are still available online, including from organizations such as Kick Racism out of Football.

We have been dealing with Invicta PA ourselves. We had a meeting with them after which they refused to agree, or discuss openly the minutes. Then, they wrote their own minutes, which we strongly dispute, and which removed almost all factual detail, as well as including made up quotes and mis-attributions.

Invicta PA is not a member of any of the main associations of lobbying companies. This means they are not covered by the disclosure rules that most lobbying companies are subject to. And there is no independent organization to complain to. They do have a complaints procedure on their website: you can email their only director, Mark Cummings, with your complaint, and he will reply. Nothing is

¹⁵ e.g. <http://www.fifetoday.co.uk/news/we-won-t-be-silenced-say-lingo-campaigners-1-2204355>

¹⁶ <http://www.fifetoday.co.uk/news/local-headlines/we-won-t-be-silenced-say-lingo-campaigners-1-2204355>

¹⁷ http://www.kickitout.org/news.php/news_id/4464



said about what to do if you want to complain about Mark Cummings. There used to be 3 individual directors, but according to documents filed at Companies House, the other 2 resigned in late 2010.

- a) Did you know, when agreeing to be part of a Partnership, that this partnership would be represented publicly by Invicta PA?
- b) Did you know who Invicta PA are before agreeing to be represented by them? Did you read the many news articles about them, suggesting a sometimes very aggressive style?
- c) Are you happy that they have been phoning members of our group at work, and on our mobiles?
- d) Have you read the "minutes" they produced of our meeting, which disagree wildly with our own minutes and recollection of the same meeting?
- e) Are you happy for this lobbying company to be running a consultation with the public, inside your buildings, using your name in this way?
- f) Have you seen that the letters that the developers have been sending to significant numbers of members of the community¹⁸? Are you happy for Napier to be part of a partnership talking to the public in this way? Do you really think that local communities should not be allowed to question the sale of public open green space to property developers? We don't know if this is Invicta PA, or Sundial acting on their own, or with you.
- g) Did you check on Invicta PA's governance structure? Or ask why they are not a member of the APPC association of lobbying companies?
- h) Is there a legal arrangement between Napier University and Invicta PA?
- i) Do you support Invicta PA's style of community engagement?

Conclusion

The local community are very upset and angry about the way the sale of Craighouse has happened. Friends of Craighouse has spent a huge amount of time and effort trying to find out the truth behind statements being made about the partnership and their proposals. It is shocking that there is still such a huge difference between what has been said, and what we are finding out.

We await your answers with great interest

Andrew Richards,

Friends of Craighouse

¹⁸ <http://www.edinburghcraighouse.co.uk/wp-content/uploads/2012/03/160312-Letter-to-MCC.pdf>