

***“After consideration, the sub-committee authorised the Director of Protective Services to enter into an agency agreement with Union Street Developments Ltd which would then become the Council’s partner and allow the repair of the building.”***

**GCC DRS Committee Minutes  
17th December 1999**

## **FAO SCOTTISH PARLIAMENT RESEARCH CENTRE**

**THE EGYPTIAN HALLS**

**BRIEFING NOTE – PREPARED BY GCC DRS  
19th FEBRUARY 2019**

**CLARIFIED AND UPDATED ON BEHALF OF  
THE OWNERS OF THE EGYPTIAN HALLS  
16th SEPTEMBER 2019**

# **RESTORE & REGENERATE**



*or*

# **REBUILD & REGENERATE**



[www.egyptianhalls.co.uk](http://www.egyptianhalls.co.uk)

## Why did the 1996 Egyptian Halls CPO fail?

USP/USD/USI now ask that the Scottish Parliament ask GCC to account for and explain why the objectives of the 1996 CPO, failed especially given there have been four approved planning applications (1997,2000,2005, 2013). And given it will now take until 2023 at the earliest to achieve this and that may well be only for a Façade Retention scheme, which could require circa £25M of public funding when in Year 2000 only £2M was required for a 100% preservation scheme.

And given the 1998 CPO Amendment, which has now directly caused a now, 264-month (22 years+) delay and given GCC stated it would only cause *a few months delay* then surely GCC can be asked to account for and explain why this has occurred? For the record the request for a CPO Review has been made since mid 2002. Thereafter USP/USD/USI would then be able to disprove this very recent most egregious GCC quote ***"Souter has been holding the council to ransom for years," said a source at the local authority."***

Now also contrast this with what GCC stated in their 17<sup>th</sup> Dec 1999 DRS (Property) Committee report *Union Street Developments Ltd (USD) had now purchased the interests of Portfolio Holdings in the building and wished to enter into an agreement with the Council, **thus becoming the Council's new partner**; and After consideration, the sub-committee authorised the Director of Protective Services to enter into an agency agreement with Union Street Developments Ltd **which would then become the Council's partner and allow the repair of the building.***

**This partnership was then reinforced by the following quotes, which prove USP and USD delivered on their partnership obligations.**

*Year 2000 - Private Eye's - Piloti (ergo Gavin Stamp) - The Council did the right thing and started compulsory purchase proceedings against the delinquent owners of the Upper Floors. "Now after legal wrangles majority ownership has been acquired by Dundee Developer Derek Souter who has commissioned **an admirable conservation report from good architects and structural engineers.** The resulting proposals for a **conservative restoration of the whole structure including the remarkable iron framed interior** – has won backing from Historic Scotland.*

*Feb 2004 from DLA to GCC DRS Iain Love "Derek Souter has been the driving force behind the second consortium **and re-secured the grant funding from Historic Scotland, which had reduced the offer of grant for the scheme from £990,000 to £250,000.** Union Street Properties negotiated the grant offered back up to £930,000 for the revised scheme. Union Street Developments also re-negotiated and entered into "Agency" missives with the Council to allow the CPO of the upper floors to proceed. **Union Street Developments also brought about the withdrawal of the objection to the promulgation of the CPO** by the upper floor proprietor of the building. The consortium has also had to deal with the problem of the withdrawal of £245,000 of funding which had previously been offered by Glasgow Development Agency but was subsequently withdrawn by Scottish Ent. Glasgow.*

*July 2010 GCC to Culture Minister Hyslop **"and the developer has committed very significant expenditure** on bringing the building into a single ownership, on preparing a range of technical and conservation studies, and in completing development appraisals for a variety of potential end uses.*

**So, no evidence at all of "holding the council to ransom" for years**

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## Executive Summary

To find out how this 150 year old structure works – click <http://www.egyptianhalls.co.uk/page17.html>  
“*The façade can’t stand without the support of the floors, walls and stairs - not today’s modern orthodoxy but it works.*”

Both GCC and then HS approved a scheme in 1997, which removed the floors, which was impossible to achieve due to a fundamental failure to understand the unique structural interrelationship. And since then GCC and HS (now HES) have struggled to come to terms with the consequences of this and further errors and mistakes, which have served to compound these.

The Egyptian Halls is a building of international significance and an important part of Glasgow and Scotland’s built and cultural heritage.

The Upper Floors of the Egyptian Halls have been empty since 1980, that’s approaching 40 years and is without doubt a national (and cultural) scandal.

July 2010: GCC stated to the Culture Minister ‘*and the developer has committed very significant expenditure on bringing the building into single ownership, a range of technical and conservation studies, and in completing both option and development appraisals for a potential end uses.* (USP

There is a collaborative model to fund this deficit but GCC, HES, Scottish Government refuse to discuss this with the co-owners USP and USI. If the only other alternative is Demolition and New Build then that has to be assessed objectively

The failure to regenerate the Egyptian Halls and the continuing presence of the massive Scaffold Platform has led to Union Street being excluded from GCC’s £115M City Plan “Avenues Project”.

USP became involved after near 20 years in 1998, solved the GCC CPO issues by Year 2000 and was legally entitled to the Upper Floors titles then, it did not get them till 2010, 12 year later. What caused the delays should be investigated.

The Egyptian Halls would have been preserved and returned to long term commercial sustainability by mid 2002 if GCC had been able to transfer the Upper Floors title as it had legally agreed to do early Dec 1999.

***GCC then claimed Dec 1999 After consideration, the sub-committee authorised the Director of Protective Services to enter into an agency agreement with Union Street Developments Ltd which would then become the Council’s partner and allow the repair of the building.***

GCC could not achieve this due to existence of a Feb 1999 CPO Amendment, which predated this Agreement and ultimately prevented any scheme from happening from then till the present day and beyond. GCC did not disclose this Amendment until April 2014.

The decision by GCC to implement unilaterally a legally irreversible CPO Amendment Feb 1998, which was estimated to cause only a “few months delay” and has now cause a 260 month delay, is believed to have caused this delay.

USP the Ground Floor owner is responsible for 100% of the Listed Building Repairs Notice costs - As defined by the registered and binding Deed of Conditions and Deed of Conservation Burden.

USI the Upper Floors owner is responsible for zero % of the Listed Building Repairs Notice costs - As defined by the registered and binding Deed of Conditions and Deed of Conservation Burden.

The ground floor properties (4 of them) therefore carry a massive and increasing deficit due to the now massive LBRN costs of 39 years of deterioration of circa £21M+ inc Site Development to a reduced circa £13M for pared back Conservation Deficit calculation.

Prior to the erection of the Scaffold Platform in mid 2008 the Egyptian Halls had suffered from 28 years of unchecked deterioration. However the Scaffolding Shroud/Banner has achieved effective wind and watertight status for the internals.

The adjacent tenants on Union Street are suffering from the negative social amenity effects of the Scaffolding, which has been in place for 10 years and will likely be in place for another 10 years unless a collaborative approach or indeed New Build is implemented.

The separately owned upper floors have been sold twice for Hotel development 1997 and Year 2000, and have had in place Heads of Terms for a 4 star hotel since 2010 but its implementation has been thwarted by the legally separate Ground Floor deficit.

When both Ground and Upper Floors valuations are combined and there is no legal requirement to do this. The overall deficit is reduced but it is still very significant.

Four successive Planning and Listed Building Consent Approvals have foundered due to legal problems then funding problems, then title problems and then the 2008 recession impacted and now funding and non-viability problems have just increased and increased.

All four successive schemes have been known to be non-viable and required grant support from £1.335M in 1997 to circa £12M in 2013 and now circa £21M+ in 2019.

Substantial public subsidy is now the only means of resolving the ground floor deficit and securing a sustainable future for the Egyptian Halls.

The project has gone beyond a critical stage. The condition of the Egyptian Halls continues to deteriorate and even mothballing the building is impossible, given the repair costs and current difficulties faced by USP Ltd in funding building works.

GCC is now insisting a series of repairs (cost £TBCF) carried out without asking for expert advice from the specified architect that these are required. Due to the belief that these were rejected mid 2016 and now GCC believes it can impose again a similar set of works citing that the Egyptian Halls is now a "Dangerous Building".

GCC's role in creating this now "Dangerous Building" status is under scrutiny as GCC was liable for Maintenance 1996-2010, during the tenure of the CPO and appears to have not carried out relevant, required and frequent Maintenance based on a robust and adaptive Maintenance Plan

GCC remarkably still refuses to accept it has caused a now 20 year delay due its failure to detail the true position GCC erroneously claimed it had set out.

USP the owners of the Ground Floor have an inalienable, legal right to a Commercial future but has been denied by GCC's now proven 20 years of Falsehoods and Misrepresentation.

USI the owners of the Upper Floors have an inalienable, legal right to a Commercial future but have been denied by GCC's now proven 20 years of Falsehoods and Misrepresentation.

GCC have refused numerous requests for a review of the 1996 CPO citing having assessed this internally only the emergence of issues of new materiality would see this re-visited.

GCC refuse to consider the admittance of a known contract breach but non-disclosed for 20 years as a new issue of materiality and instruct a CPO Review, which is as astonishing as it's perplexing.

Whether GCC in fact discharged its legal obligations (which only became known June 2019) to maintain the Egyptian Halls Upper Floors during the tenure of the CPO 1996-2010 is trying to be established but GCC has refused the 1st FOI request and an appeal has been lodged.

HES and GCC have to accept there is an overarching 23 legacy caused the 1996 CPO. And USP accepts fully the cultural heritage of the Egyptian Halls proven by a 21-year track record of preservation activity.

HES stated as recently as October 2018 the following relating to the Ferguslie B Listed School in Paisley - Given the long period of dereliction and previous abortive attempts to reuse the building, we accept that demolition is justified.

If this was a New Build then subject to an approved Planning Use both Ground and Uppers will both be viable or indeed would combine to become a single title and VIABLE!

It is believed at least one and shortly two of the four HES benchmarks to approve demolition have been met due to overwhelming evidence provided.

Façade Retention it is believed would be culturally popular but is commercially non-fundable but could be with core grant funding and the Upper Floors agreeing to cross subsidise.

New Build without doubt is culturally unpopular but commercially fundable with no grant-funding requirement. Demolition and New Build is therefore then the only commercial solution.

Any other non-commercial options that can be presented by GCC or HES or a Heritage body will be assessed objectively but have failed to be presented for the past decade.

GCC and HES continue to state they view the Egyptian Halls as a single building and end uses are then combined which does not reflect the legal ownership or legal obligations.

For the record GCC and HS did not treat the Egyptian Halls as a single building when it promoted a CPO of the Upper Floors only May 1996, which excluded the Ground Floor properties whose owners formed the original consortium lift the incumbent 1991 LBRN and sell the Upper Floors.

GCC breached the Dec 1999 Contract with USD due to not disclosing the existence of the CPO Amendment. which GCC did not disclose the CPO Amendment till April 2014.

GCC did not disclose the Dec 1999 known contract breach until July 2018, nearly 19 years later.

GCC induced USD then USP via Kidstons/Anderson Strathern into materially flawed contracts in 2002, 2005, 2007 and 2008. None of these would have been agreed if GCC had told the truth.

The Ground Floor Deficit of circa £20M is commercially non fundable. Further the Ground Floor Properties have been For Sale since 2011 no purchaser has progressed past due diligence which is when the scale of the Deficit becomes known.

The Ground Floors Properties owned by USP Ltd are subject to various Standard Securities in favour of the core investors/shareholders. These securities it should be noted have legal primacy over any future, potential charges that maybe be levied by GCC in the near future.

The Upper Floors owned by USI Ltd are subject to various Standard Securities in favour of the core investors/shareholders. The Upper Floors have no Repairs or Maintenance Liability as per the legally registered Deed of Conditions and GCC instigated Deed of Conservation Burden

It should be noted that USI has continued for over a decade to support via financial cross subsidisation scheme development plans, reports and appraisals. A clear fact that GCC DRS refuses to acknowledge far less appreciates.

*Egyptian Halls Briefing Note - February 2019 prepared by GCC DRS - Clarified and updated  
September 2019 on behalf of the owners of the Egyptian Halls - whose comments  
are in BOLD for contrast*

## **Background**

For the record FOUR separate planning applications have been approved 1997, 2000, 2005 and 2013 and all have foundered due to legal, then title problems the grant funding problems and then back to legal problems caused by GCC none of which were caused by any of the private sector Ground Floor Property owners who formed the original Ground Floor consortium then the 2<sup>nd</sup> USP led Ground Floor consortium

For the record July 2010: GCC stated to Culture Minister *'and the developer has committed very significant expenditure on bringing the building into single ownership, on preparing a range of technical and conservation studies, and in completing both option and development appraisals for a variety of potential end uses. (USP)*

For the record the ownership is as follows

1) The ground and basement floors ergo No 84, No 88, No 96 and No 100 Union Street are owned by Union Street Properties Ltd ("USP"), and the 1st floor upwards (accessed via 92 Union Street are owned by a separate company, Union Street Investments Ltd. ("USI"), under separate titles.

2) The boards of each of these two companies have a duty to run the companies and deal with the assets for the benefit of their respective shareholders. Each company is free to act on its own without consulting with or considering the interests of the other.

With reference to Glasgow City Council's Buildings at Risk Register, the following noted events are important landmarks regarding the building and its condition leading up to USP and USI's involvement.

***December 1990: External inspection reveals the building to be in poor condition, with the upper floors vacant for over 10 years. Developers have expressed an interest but the principal owner lives in Hong Kong and does not wish to sell.***

***January 1991: A Repair Notice is served. Glasgow District Council considers compulsory purchase. September 1995: Local planners report that the condition is deteriorating with extensive stone repairs required. Repairs are subsequently undertaken following an Urgent Works Notice.***

***24 August 1995: The Scotsman reports that consent has been granted for restoration. The building currently suffers from weakened concrete floors and rotten windows and the external walls require stabilisation. Proposed works include stone cleaning, re-roofing and rot eradication. The owners of the ground floor shops have agreed to contribute £2.3million towards costs and other sources of funding are to be sought.***

***March 1996: A Compulsory Purchase Order is announced to the press. (An integral part of this agreement is GCC becoming liable for Maintenance as per CPO Terms and Conditions)***

These landmark events are clear evidence that there was widespread acceptance that the *much-needed works* were required, and that had been the case for many years prior to the start of our involvement, and USP eventually taking ownership of the Upper Floors in January 2010 a decade after the Dec 1999 CPO Agreement allowed for this.

Egyptian Halls is a category A-listed building designed by Alexander 'Greek' Thomson, which is on the national Buildings at Risk Register. A Listed Buildings Repair Notice (LBRN) under the terms of Section 105 of the Town and Country Planning (Scotland) Act 1972 was approved at Committee on the 15 June 1990 and initially served on the 24 January 1991. Apparently there was an error in the service of this notice and it was subsequently re-served on the 16 May 1991.

On the 29 June 1992 a further Repairs Notice (Section 105) was served on 84-100 Union Street against one particular owner, Mr Dominic Woo of the China Palace Restaurant at 92 Union Street. The Repairs Notice (Section 105) was re-served on all owners at 88-92 Union Street on 25 May 1995. **These repeated and avoidable errors made by GCC allowed the then Upper Floor owners the time to regroup late 1997, when in fact if this exercise had been discharged competently in 1991 there would have not been any legal route for any new Upper Floors owners to become involved; a portent of further GCC errors and flawed decisions to come.**

An urgent works notice, under the terms of Section 97 of the Town and Country Planning (Scotland) Act 1972, was approved by Committee on the 15 September 1995 and served on the 21 September 1995. All required works were carried out by the Council in default of the owners and it is understood that the monies were paid to the Council.

**GCC to date have refused to provide any details of any works it has carried out, even refusing FOI requests, currently being appealed and if still refused an appeal to the Information Commissioner will be lodged. It is in fact believed strongly that no substantive works were carried out by GCC, GCC then encouraged and empowered the four separate Ground Floor Property tenants and the also three property owners to form what became the original Ground Floor Consortium and take on a CPO of the Upper Floors to develop and deliver a scheme to discharge the LBRN and also to sell on the Upper Floors, which were to be held in the name of the Egyptian Halls Hotel Ltd. The proceeds of the sale of the completed Upper Floors projected value of £515k plus £1.335M of grants funding plus a combined £1M from the Ground Floor property owners would see the scheme fully funded. Please note grant funding was then and increasingly became fundamental to any preservation scheme being delivered. And this became the foundation of the 1996 CPO.**

The CPO of the upper floors of the building was approved Committee on the 23 February 1996 under the terms of Section 104 of the Town and Country Planning (Scotland) Act 1972. The order was advertised on the 29 March 1996 and, having attracted no objections, the Secretary of State confirmed the order in favour of the City of Glasgow District Council on the 23 May 1996.

**During this period up to Jan 1998 a scheme was approved to discharge the LBRN and develop a serviced shell for an Upper Floors Hotel, which would see the Upper Floors sold to a Hong Kong based investor. Also it was a structurally flawed scheme as the floors could not be removed and replaced without significant propping works, which had not been factored in or estimated for. However there was then also an appeal as detailed below.**

Confirmation of the CPO and notice to treat/ notice of entry was advertised on the 9 January 1998 and an objection was received.

**In February 1998 GCC decided to unilaterally impose a legally irreversible CPO Amendment, which the original Ground Floor consortium did not ask for, GCC stated this would only delay any scheme by "a few months". To date its flawed effects has delayed all schemes for now an incredible 259 months and counting.**

**In May 1998 Union Street Properties Ltd purchased two of the Ground Floor units No 96 and 100 for circa £1.5M. And began to negotiate with a) The Ground Floor consortium and b) GCC c) The Upper Floor owners who had appealed to the Court of Session). In the interim due to the "only a few months" title transfer delay now at 18 months, the prospective buyer of the Upper Floors pulled out and USP was asked to step in and replace them, which GCC welcomed with extreme warmth. And please note the Upper Floors were being transferred to a separate legal entity.**

**A tripartite agreement was reached based on a) USP becoming the lead promoter of the 1996 CPO with GCC b) to achieve this it had to purchase No 84 and c) also to persuade the then Upper Floors to drop their CPO Appeal.**

All of this was achieved by USP and it was agreed with GCC to transfer the CPO onto USD which would hold the title deeds to the Upper Floors, so in Dec 1999 GCC and USD (USP) signed a CPO Agreement and within the minutes of the relevant committee meeting GCC stated as follows *"Union Street Developments Ltd (USD) had now purchased the interests of Portfolio Holdings in the building and wished to enter into an agreement with the Council, thus becoming the Council's new partner; and After consideration, the sub-committee authorised the Director of Protective Services to enter into an agency agreement with Union Street Developments Ltd which would then become the Council's partner and allow the repair of the building."*

This partnership was then reinforced by the following quotes, which prove USP and USD delivered on their partnership obligations. Year 2000- *Private Eye's - Piloti (ergo Gavin Stamp) - The Council did the right thing and started compulsory purchase proceedings against the delinquent owners of the Upper Floors. "Now after legal wrangles majority ownership has been acquired by Dundee Developer Derek Souter who has commissioned an admirable conservation report from good architects and structural engineers. The resulting proposals for a conservative restoration of the whole structure including the remarkable iron framed interior – has won backing from Historic Scotland.*

FACT- However what was not known was GCC immediately breached this Dec 1999 contract as it had failed to disclose to USD and USP and their respective lawyers the existence of the Feb 1998 CPO Amendment, which GCC somehow managed to avoid disclosing this contract breach from then until GCC by significant error and oh so inadvertently disclosed the following on the 3<sup>rd</sup> July 2018 some 18 years and 8 months later.

The objection was subsequently dropped on 29 February 2000 (due entirely to the efforts of USP Ltd a fact which GCC acknowledged in correspondence January 2010" and the Council took possession of the upper floors, 92 Union Street, early in 2003.

Which was SEVEN YEARS LATER than the May 1996 CPO should have achieved. GCC then remarkably managed to induce USD to sign amended CPO missives mid 2002 without disclosing the Dec 1999 contract breach, which it legally should have.

Feb 2004 from DLA to GCC DRS Iain Love *"Derek Souter has been the driving force behind the second consortium which at that stage comprised Union Street Properties, Birthdays and Superdrug (as tenants of numbers 88 and 96) and Co-operative Insurance as proprietors of number 100. Union Street Properties on behalf of the Consortium re-secured the grant funding from Historic Scotland, which had reduced the offer of grant for the scheme from £990,000 to £250,000. Union Street Properties negotiated the grant offered back up to £930,000 for the revised scheme. Union Street Developments also re-negotiated and entered into "Agency" missives with the Council to allow the CPO of the upper floors to proceed. Union Street Developments also brought about the withdrawal of the objection to the promulgation of the CPO by the upper floor proprietor of the building. The consortium has also had to deal with the problem of the withdrawal of £245,000 of funding which had previously been offered by Glasgow Development Agency but was subsequently withdrawn by Scottish Enterprise Glasgow.*

USP and USD complained vigorously about scheme and title delays and GCC just never disclosed its known contract breach and even when Scotland's then First Minister asked GCC's then Lord Provost to explain the reason for delays and still GCC DRS/Legal refused to disclose the true position to the aforementioned as well as USP and USD.

GCC then again (remarkably!) mid 2005 managed to induce USP to agree to take on the CPO stating this was due to USP having significant asset value. Again GCC failed to disclose the true position and both the existence of a historical contract breach caused by a non disclosed CPO Amendment. And to repeat also denied any Prescription centered claim for Damages.

**The 1999, 2002, 2005, 2007 and 2008 GCC –USD/USP contracts are now the subject of complaints to GCC, SPSO and the SLCC. And GCC is accused of inducing USD then USP via Kidstons/Anderson Strathern into ethically flawed contracts in 2002, 2005, 2007 and 2008. None of these contracts would have been agreed according to the statement given to GCC March 2016 by Kenneth Gerber lawyer during this period, which counters GCC’s unfounded statement that these contracts would have been agreed. GCC also refuse to discuss or reference Mr Gerber’s March 2016 statement.**

**USP and USD it should be acknowledged were side tracked massively by the former Historic Scotland Grant funding key officers who on a whim based on non professional advice decided to reduce the already awarded grant (for a then approved wholly destructive scheme) by 75% instead of increasing it by 50% for an scheme the HS Heritage key officers described as one of the best Conservation schemes they’d ever seen. This then stopped in its tracks the massive momentum of the Year 2000 Scheme and allowed GCC to hide from immediate contract breach non-disclosure.**

**Incrementally, Mr Souter’s company (Union Street Properties Ltd.) negotiated purchases of the various titles with the Council’s co-operation to consolidate ownership and enable the progression of a comprehensive scheme. GCC true to form are being again economical with the truth here, they had caused the issues due to a legally irreversible CPO Amendment causing a contract breach, which held all and any scheme from being implemented from Feb 1998 until January 2010 by when scheme costs had trebled, deterioration had accelerated, grant funding failed to keep pace with this and the economy was in the midst of the worst recession for 70 years.**

**During 2008, the upper floors were transferred into the ownership of Union Street Properties Ltd. This replicated the terms and conditions of the Dec 1999 USD-GCC CPO Agreement.**

**In acquiring these ownerships; USP Ltd signed a Deed of Conditions (actually it’s Deed of Conservation Burden) making them solely liable in fulfilling the terms of the LBRN, which remains unfulfilled. This Deed of Conservation Burden was signed under duress and would never have been needed or signed if GCC had told the truth and disclosed about the Dec 1999 CPO Contract Breach and/or disclosed the Feb 1998 CPO Amendment.**

**Therefore “these terms are unfulfilled” due to the causal consequences of GCC’s error strewn LBRN/CPO strategy (which for the record caused the massive non viability both GCC and HS recognised in correspondence mid 2010) starting as far back as having to re-serve the LBRN, re-advertise CPO Notices, implementing a legally irreversible CPO Amendment that has now caused a 259 month delay and all underpinned by a now admitted but non disclosed contract breach for 18 years 8 months and now as this contract breach approaches its 20 year anniversary GCC just continue and continue to double down and refuse to admit any of the aforementioned litany of errors, falsehoods and misrepresentation. The failure to disclose the truth Year 2000-2005 prevented both USP and USD claiming contractual damages from primarily GCC and complaints relating to GCC’s conduct from Dec 1999 until current time have been lodged with the SLCC and SPSO.**

**Further given GCC in June 2010 stated in its June Economic Development report as follows “However the initial development appraisal suggests that the development will cost approximately £18M (including site acquisition, main construction works, fit out etc)-but will show a loss of £5M based on the estimated returns. There is therefore no prospect of the project proceeding without external funding support.”**

**And given HS’s Head of Investment also stated August 2010 “However, I have made my position clear on the overall viability of the current project as presented in the application for grant and I cannot burden our technical staff with an appraisal of the scheme details, until such time as a workable proposition allows acceptance of your application.”**

**So given the aforementioned proves the then 3 storey extension scheme was non viable and needed external ergo Scottish Government funding, this next aspect is as bewildering as can possibly be. GCC then approved a 2-storey extension, which in fact increased the £5M deficit to circa £7M. Catch 22 meets Yes McMinister.**

## GCC's non-disclosed 20 Year CPO Contract Breach

### FACT V FALSEHOODS/MISREPRESENTATION

**FACT - 3rd July 2018 15.20pm GCC admits after 18 Years 8 Months a BREACH OF CONTRACT**  
*"The only point he has was that in December 1999 we entered into missives with Union Street Developments Ltd (not USP Ltd) (renewing the terms of the 1996 missives with the previous consortium).*

*These missives contained the provision that GCC would obtain title using the GVD procedure. Accordingly we were in breach of the missives entered into (subject to a weak argument on error). "We could answer Soutar's questions on the basis of the above but I would strongly advise against doing so. To concede now that we were indeed in breach of the 1999 missives will just renew his conviction he is right and will perpetuate further diatribes.*

### A SELECTION FROM 20 YEARS OF FALSEHOODS AND MISREPRESENTATION

**FALSEHOOD or MISREPRESENTATION – 3rd July 2018 – 8.29am GCC** *"As stated the Council's position is a final one and we have no intention in engaging in any further correspondence on this matter. I trust you will note the above".* Ken Clark City Centre Manager GCC DRS

**FALSEHOOD – 10<sup>th</sup> March 2018 GCC stated in Scotland on Sunday** *"These allegations in respect of misrepresentation and impropriety by the council are entirely refuted. The true position has been set out in detail on many occasions by the council"*

**FALSEHOOD or MISREPRESENTATION - 10<sup>th</sup> June 2014-** *Dear Mr Souter I refer to your e-mails below, and I have been in contact with my Legal Services colleagues as you have requested. They have noted they do not see where progress between GCC and yourself could be achieved as a result of continuing correspondence, having considered all of your representations and having responded to them, trying to understand them in their entirety, trying to clarify where there is a perceived selective use of documentation and seeking to set out GCC's position. It is considered that drawing a line under this correspondence would be appropriate, since there is nothing further to be gained in prolonged and repeated correspondence.* Forbes Barron Head of Planning and Building Control

**FALSEHOOD or MISREPRESENTATION - 10<sup>th</sup> April 2014** GCC letter in which then Director of Legal Services stated on Page 3 *"Given this comprehensive response, which has taken up a considerable resource, I do not consider that there is any merit in continuing this dialogue, unless any new matters of materiality emerge"* And this response of course to be unequivocal did not disclose the then known contract breach. Why was the Contract Breach not disclosed then? And how could it then have been a comprehensive response when the *true position* was not disclosed?

**FALSEHOOD or MISREPRESENTATION - May 2004** GCC DRS Executive Director Rodger McConnell stated to the Lord Provost/First Minister/Councillors/Owners the following **FALSEHOOD!** *"The circumstances surrounding the CPO process have now been explained to Union Street and a follow up meeting will be held with them, their solicitor and the Council's Solicitor to provisionally agree the way forward"* Again if the CPO Amendment had been disclosed or the 1999 Contract Breach then **PRESCRIPTION ACTION WOULD HAVE THEN BEEN APPLIED** and would have been 1M% successful without any doubt whatsoever.

**WHO IS TELLING THE TRUTH GOES TO THE HEART OF THIS NOW TOXIC CULTURAL AND FINANCIAL FARRAGO-** Kidstons Kenneth Gerber stated that GCC's Chief Solicitor apologised for the non disclosure of the CPO Amendment mid 2002 in correspondence March 2014, GCC Legal's then Director of correspondence denied this ever happened in April 2014 correspondence but provided no confirmation proof from the former Chief Solicitor that had stated this. Mr Gerber then reiterated he had in fact received an apology from Mr Graham McDiarmid in an updated statement that GCC Legal has failed to comment on.

**The FACT that within this correspondence GCC Legal also chose with pre-meditation to also not disclose the then known contract breach speaks volumes for the unethical conduct practices implemented by GCC Legal from mid 1999 to the current day (see more overleaf).**

In 2009, Mr Souter created a second company for the upper floor titles (Union Street Investments Ltd.) (and which to repeat restored the ownership structure that had been agreed with GCC within the Dec 1999 GCC – USD CPO Contract) which, despite being the majority part of the property, is liable for only a third of the costs of repair and maintenance.

**A legally registered Deed of Conditions governs the repair and maintenance costs for all commercial building with various ownerships. And the Egyptian Halls has had this in place since 1927. And apportionment is based on Rateable Values and which GCC used extensively during the 1996, 1999, 2002 and 2005 CPO Agreements. And also used by GCC during the elongated Lands Tribunal process to determine compensation for the Upper Floor owners, which took EIGHT YEARS to instruct and conclude at a cost of circa £300k, which would not have of course been needed if GCC had a) not implemented the Feb 1998 CPO Amendment b) GCC had disclosed this before the Dec 1999 CPO Agreement or just after when it would have been very easy to construct a £100k- £150k phased payment for the Upper Floor owners given they had a value of £20k each. Instead it took another EIGHT years and the 50% each pro-indiviso owners got £26k each but as stated costs had by then trebled, valuations had been impaired by circa 40% and grant funding had disappeared.**

**Also March 2018 GCC Rateable Assessors inspected the USI owned Upper Floors and decided to zero rate the entire 4 floors. This then has the following consequences; if one applies the Deed of Conditions as per its legally binding apportionment then the Upper Floors pays all but ZERO to the costs of implementing the LBRN or indeed any other statutory notice. Further USP (under duress) had agreed to also fund all Upper Floor Repair Costs as per the 2008 Deed of Conservation Burden.**

Mr Souter is now questioning the process undertaken by the CPO, which he claims was time consuming and the delay has impacted upon their ability to develop the property.

**To repeat the CPO process was questioned by both USD and USP extensively well before “now” as in the current period. And there is on file significant chronological correspondence mid 2002-2005 and to repeat even after the intervention of the then First Minister GCC still refused to or failed to disclose the truth about scheme delays caused by the non disclosed contract breach, caused by the non disclosed legally irreversible CPO Amendment personified by the following quote - - May 2004 GCC DRS Executive Director Rodger McConnell stated to the Lord Provost/First Minister/Councillors/Owners the following FALSEHOOD! *"The circumstances surrounding the CPO process have now been explained to Union Street and a follow up meeting will be held with them, their solicitor and the Council's Solicitor to provisionally agree the way forward"* Again if the CPO Amendment had been disclosed or the 1999 Contract Breach then PRESCRIPTION ACTION WOULD HAVE THEN BEEN APPLIED and would have been 1M% successful without any doubt whatsoever.**

In May 2010 then Director of DRS Steve Inch wrote to the owner confirming that the Council had approved a grant of up to £1 Million towards the project to restore the building but placing strict time limits on the grant (to be taken up by March 312011) and requiring other match funding to be in place together with Planning and Listed Building Consent for an approved scheme and a robust development appraisal demonstrating the requirement for grant support. This was never achieved – despite a similar letter of commitment from Historic Scotland of £1.5 Million – and the Council funds were re-allocated, at a time of severe financial need, to other projects.

Again another example of GCC's misrepresentation of the actual facts given the following;

- Planning would take 18-24 months so the timescale was impossible to meet immediately.
- GCC had stated in internal Econ Dev reports (June 2010) the project would not proceed unless it received £5M grant funding.
- HS had also stated the project was non-viable August 2010.
- The grants were given to a scheme with a 3-storey hotel extension, GCC then approved a 2-storey extension, which reduced the valuation by £2M and increased the grant requirement from £5M to circa £7M.
- To summarise impossible to achieve the pre-conditions but it generated positive publicity for GCC when in fact it was pure puff, hyperbole bordering on falsehood.

The owner has previously (2011) applied to demolish the building (refused by the Council) and has intimated that if no public funding is forthcoming and/ or a much higher level of redevelopment on the site is not permitted, the companies may be forced into liquidation.

**GCC - Scottish Government Ministers and officials all told USP and USI to find a commercial funding solution to a financial deficit that the aforementioned had agreed was impossible to bridge. The only commercial solution that does not require grant funding is New Build. And that today is still the case. USI the Upper Floors owner was never mentioned in respect of any potential liquidation or administration as it had then a significant positive valuation and has since then increased significantly.**

**USP's assets were at risk as it had a loan with Dunfermline Building Society, which had gone into Administration via KMPG and they may have decided to call up their loan and exercise their legal rights to the relevant Standard Securities, which may have seen the titles "dumped". For the record late 2015 the core investors purchased DBS's interests in the 4 Ground Floor Properties and thereafter took over and registered 1<sup>st</sup> ranking Standard Securities. Further the same core investors have in place 1<sup>st</sup> ranking Standard Securities over the USI owned Upper Floors.**

**The application to demolish was refused on very spurious and inaccurate valuation and legal grounds and when the appeal was to be submitted GCC DRS persuaded the scheme architect/structural engineer/planning consultant to work to and develop a new scheme. When the scale of the then known projected deficit was discussed as the primary obstacle preventing any new application GCC DRS stated a full approval would unlock the funding sources required.**

Planning Permission and Listed Building Consent was granted in December 2012 and February 13 respectively for the redevelopment, extension and alteration of the listed building into a hotel however the scheme was unimplemented due to funding not being secured. These permissions have now lapsed and no new application for Planning permission has been submitted.

**GCC DRS after promising the required and known pre-application grant funding requirements then point blank refused to fund this and then denied the existence of any pre-application discussions that it had. This prompted on record correspondence from scheme architect/structural engineer/planning consultant stating GCC had in fact stated the known funding requirement would be funded. GCC again as is their modus operandi ignored all requests to discuss, even going as far as threatening DEMOLITION.**

DRS have continued dialogue with the owner and have focused on encouraging them to undertake what are considered to be basic but necessary works to the building to slow down the rate of deterioration.

**USP, which is now 100% liable for Maintenance under both the Deed of Conditions and Deed of Conservation Burden but cross-funded by USI significantly recognises no GCC encouragement what so ever from GCC. Instead USP states unequivocally GCC has harassed and attempts constantly to bully and exert pressure relating to a now toxic financial and cultural legacy created wholly by GCC's errors, falsehoods and misrepresentation stretching back to 1991- 28 years ago and counting.**

For the record the “owners” architect is also named/specified in the GCC created and signed Deed of Conservation Burden and TMP/Add Conservation have recommended Maintenance and Repairs approach, which GCC just plain and simply disagree with but provides no expert advice to support their claims e.g. *Please note that there are no reports that underpin the notices issued, rather these were the product of multiple informal meetings and internal correspondence.*” GCC 26 Nov 2018

Further GCC was legally responsible for Maintenance between May 1996 (CPO start) and Jan 2010 (GCC conceded USP had reconciled the CPO) but appears to have not carried out any sustained, programmed Maintenance as the issues it now raises and has done since mid 2014.

A survey of the building undertaken by DRS identified a series of works to secure the building and protect it from adverse weather suggested the securing of the windows, re- pointing and some maintenance to the roof coverings to prevent direct and indirect water ingress to the building.

For the record refer to this chronological listing of Studies and reports produced by TMP/Add Cons

- 1998-2000: Structural Survey/Scheme Preparation for Year 2000 Application
- 2000: *Full Planning Permission and Listed Building Consent Application and Approval*
- 2005: *Full Planning Permission and Listed Building Consent Application and Approval*
- Examples of approved (building) works that used the Scaffold 2008 TO 2019:
- 2009 – *Structural Review- requested by GCC*
- 2009 – *Conservation Plan- requested by GCC*
- 2010 – *TMP/ADD CONSV report: ‘WATER THE ENGINE OF DECAY’*
- 2011 2013: *Full Planning Permission and Listed Building Consent Application and Approval- ergo- approved.*
- 2014 – *Joint GCC/TMP/ADD CONSERVATION - Updated Building Review- requested by GCC*
- 2013; 2014; 2015 – *FOUR Heritage Enterprise Grant Applications for £5,000,000-*
- 2015- 2016 – *Structural – Parapet Review requested by GCC*
- 2016 – *Several Structural/Scaffolding/Urgent Repairs assessment reports - requested by GCC*
- 2017-2018 – *SIX/SEVEN Scheme Options were developed and presented at the request of GCC/HES*
- 2018 – *Additional structural assessment linked to Scheme Options – requested by GCC*
- April 2018 – *Structural Survey by David Narro Associates as commissioned by GCC issued Feb 2018*
- 2019 – *Assessment by TMP/ADD CONS of latest GCC- David Narro Structural Survey.*

TMP/Add Conservation have stated the presence of the Scaffold/Shroud/Banner has slowed down water ingress to a standstill, dried out the structure and have stated *“In a nutshell the Scaffold has to stay in place until a comprehensive scheme is funded”* due to the fact the building has a unique interrelationship of walls/floors/massive stairs and façade and work together to hold the building in place. Please be aware of the following there is a detailed chronological trail of Maintenance works, supported by qualified commentary, being undertaken by the current owners. That being significant building/construction works adapted and implemented to address particular issues arising in this Grade A Listed, architectural masterpiece. Those issues developed in the period 1980 to 2008, and included escalating deterioration and water ingress. All of which went unchecked, until the erection of the scaffold /shroud/hoarding in mid 2008.

The relevant Heritage Stakeholders have been provided with regular updates on the status of the building, while the scaffolding, shroud and hoarding is currently the subject of in depth discussions, specifically with GCC DRS AND HES (formerly HS).

Works relating to the removal of loose material from the front elevation, to reduce any potential risk to public safety and prevent further acid erosion of ledges from pigeon guano were undertaken in April 2014.

A site inspection in 2014 confirmed that the building was continuing to deteriorate and it was suggested that a more comprehensive scheme of repairs including those recommended in the GCC DRS Survey be implemented.

**This 2014 Survey was in fact a joint GCC/TMP/Add Conservation - Updated Building Review- requested by GCC and written by TMP/Add Cons, which true to form GCC then decided to ignore the TMP summary and conclusions and wrote their own version, which was not issued to the co-owners until months later and only very grudgingly too. And again refer to expert advice from both scheme and Deed of Conservation Burden specified architect/structural engineer, which GCC a) does not agree with b) therefore ignore despite in February 2016 Glasgow City Council stated the following in conservation related correspondence: “ the Council acknowledges that George Morrison and John Addison have considerable experience, expertise and knowledge of this building”. Therefore this is fundamental in providing the context as to why, and how, the traditionally defined approved building/construction works had to be adapted and redefined, to cope with the previous deterioration that was clearly accelerating in its impact.**

The owner subsequently formed a Building Preservation Trust which applied to the Heritage Lottery Fund in January 2014 for circa £5M grant to develop the hotel which was subsequently refused on the basis that the future viability of scheme was uncertain, funding from public bodies was unconfirmed and the division of the building into two separate but interdependent developments presents too high a level of risk.

**As a result of this the option to combine into one title subject to requisite grant funding being made available GCC and HS supported this.**

The Council met with the owner’s architect along with Historic Scotland in Jan 2015. This meeting discussed alternative routes to resolution of the restoration and redevelopment of the building – however, these constructive discussions do not appear to have resulted in a positive outcome for the property. **USP and USI have no record of any notes from the scheme architects/structural engineers relating to any constructive discussions with GCC and HS during this period.**

The owner’s Building Preservation Trust submitted a further application to the HLF in January 2015, which was also refused on a similar basis as the previous application, in May 2015. The application was based upon funding from GCC £6.1M, HS £1.65M, Scottish Government £6.1M and HLF almost £5M. **(And the co-owners would have by then committed £10M+ to the project)** The Council has not committed any funds to the project, nor was the Council formally approached by the applicant in this respect. **This last phrase is significantly misformed and highly inaccurate, GCC knew in advance of the 2013 application approval what the grant funding requirement was and new what was required early 2015 but along with HS refused to meet to discuss collaborative options. GCC also has on file Development Appraisals for**

- **Combined Upper and Ground Floor schemes**
- **Ground Floor only**
- **Upper Floors only**

**Years 2009, 2010, 2012, 2013, 2014, 2016, 2017, 2018 and now in 2019. And in May 2015 despite offering to combine the significant Upper Floors valuation to reduce increasingly growing Ground Floor deficit both GCC and HS met with the HLF and refused to provide any funding.**

The Council requested that basic maintenance and holding repairs be carried out to the building following the second refusal of HLF funding towards the project. It is felt that these works are necessary to preserve the building and arrest further deterioration of its condition as a scheme of comprehensive redevelopment appears some time away.

Again to repeat GCC's stated position ignores the advice and opinion of the scheme/deed of conservation burden appointed architect. And regarding the implementation of *proper repair and maintenance of the building*" GCC was in fact liable as follows between May 1996 and January 2010 for the aforementioned based on the following

***5.2 In addition, the City Council will be liable for the maintenance and insurance of the upper floors for the duration of its tenure. January 2003 GCC Econ Dev Report***

Now given a significant proportion of the repair and maintenance issues today relate to before May 1996 GCC has been asked to detail the following via a FOI request

***1, Can it be confirmed what works/repairs/maintenance GCC carried out during this period***

***2, Can it be confirmed if GCC had in place a rolling Maintenance Plan and if so can a copies of these be provided?***

And GCC have refused and USP has now appealed this decision. And surely once GCC account for what it discharged from May 1996 to January 2010. Then what deterioration has occurred since January 2010 can be assessed also. This should lead to effective understanding of how the current Maintenance/Repairs requirement has developed. And who is responsible for this also can be established.

The owner's architect claimed that such works were costly and abortive in light of the intended scheme. **As stated earlier this architect is also specified in the GCC created Deed of Conservation Burden. And it was stated that these repairs were in fact counter productive, mis -specified and also it was reinforced in precise detail that what GCC asked for would very likely cause irreparable damage to the façade. And further façade repairs in isolation would not then allow for the Scaffolding to be removed. All of this and more is on record and can be supplied timeously for independent assessment.**

After repeated requests from the Council, the owner undertook some basic maintenance works to the property during Summer 2016. **These have in fact been carried out quarterly since mid 2014 and GCC have been updated regularly on this activity.**

However, these did not assure the Local Authority that the building is being adequately maintained. The works had not been carried out thoroughly or comprehensively. **Again GCC has no proof of this or foundation to state this. And also this is the diametric opposite of the expert opinion of the scheme architect also specified in the GCC created Deed of Conservation Burden.**

Council Services (GCC DRS and LES along with GCC Legal Services) are currently (Feb 2019) considering the use of the statutory powers which are available to ensure adequate maintenance and repairs are carried out and to try to enforce the removal of the scaffolding on Union Street at the property (the scaffolding has been in place for ~9 years). **Again to repeat GCC chooses to ignore the detailed advice and opinions of the scheme/deed of conservation appointed architect/ structural engineer that the removal of the Scaffold without a comprehensive scheme being implemented would cause significant public safety issues. GCC just plain and simple ignore any of this commentary. Yet have no expert advice to base their opinions on. The survey undertaken by David Narro Associates did not assess the structural role of the Scaffolding, did not carry out either Stone/floor sampling or indeed a 3D Survey of the overall building.**

**It has been described as a "snapshot" of the building that has to be viewed in a wider context taking into account other relevant factors and also did not recommend the repairs GCC is currently trying to enforce. This was all stated to USP and USI and the scheme architect TMP 27<sup>th</sup> June by Ben Adam – MD of David Narro Associates (DN)**

The owner submitted a range of options for the property early 2018 including façade retention and a larger scheme incorporating the NCP car park to the rear of the Egyptian Halls. These scheme options have not resulted in the submission of any Planning/ Listed Building applications at this time.

These were in fact asked to be developed by GCC and HES late 2016 and SIX scheme options were presented October 2017 by both USP and USI and were then highly praised by HES who welcomed the comprehensive approach including schematics/costs/valuations and updated development appraisals however this garnered scant response from GCC. Based on meetings Oct/Nov 2017 the schematics were re-assessed and an amended SEVEN Scheme options presented March 2018. And Option 5 – Façade Retention has the greatest potential for development but still requires significant grant funding but based on a long-term evaluation of the significant benefits that would accrue surely is feasible?

**Acknowledged Project Benefits Preservation (4 Years) or New Build (3 years)**

- *The preservation of world famous Egyptian Halls (n/a New Build)*
- *£20M+Development kick starts much desired, well overdue overall Union Street Regeneration*
- *114-154+ bedroom, circa 3-4 star hotel on the USI owned Upper Floors*
- *Bars/Restaurants on USP owned Ground Floor*
- *200 jobs-30+Modern Apprenticeships*
- *Meets GCC-Scot Govt's Econ Growth, Tourism, Training, and Cultural Preservation policies.*
- *Pay Rates of £400k p.a, over 10 years= £4M and over 25 Years = £10M*
- *The long-term opportunity to integrate the NCP Car Park to create Mackintosh - Thomson Mews personifies the Glasgow City Districts/City Deal Plan.*

However due to its deficit USP cannot enter into tendering/constructions contracts it can't fund as if so the Directors would be in breach of legal fiduciary duties/various Companies Acts. This also prevents USI entering into related contracts, which has also been stressed to GCC-HES. Across Options 1, 2,3 and 5 USP has a circa £19-£21M deficit and USI has a minor deficit across Option 1 but increasing surpluses across Option 2, 3 and 5.

In order to assess the current proposals and gain further information on the structural and fabric condition of the building, the Council commissioned a full structural appraisal from an independent, conservation accredited structural engineer. The findings of this survey are currently being considered by the Council and will inform any actions going forward.

**POST GCC Briefing Document Feb 19<sup>th</sup> 2019**

The DN report was issued to GCC April 2018 some 10 months before this briefing report was issued Feb 2019. And within the email GCC have stated it's content should not be relied upon. In March 2019 the scheme structural engineer for 21 years- John Addison of Addison Conservation passed away very, very suddenly. A suitable period of respect was afforded to allow the practice to firstly grieve then assess if it was to continue with the project role served with distinction by John Addison since 1998. This was not to be taken forward and therefore a new structural engineer practice had to be selected, which Will Rudd Davidson (WRD) were successful in achieving via tender process facilitated by the scheme/Deed of Conservation Burden specified architect – TMP.

This selection process also involved David Narro and then led the owners to meet the independent, conservation accredited structural engineer see above and the practice via MD Ben Adam has also confirmed this report does not provide the owners with any duty of care or collateral warranties if it was implemented and something serious went awry. Hence why a comprehensive structural survey is now underway via Will Rudd Davidson (WRD) or if David Narro had been selected the structural report would have been re-engineered to reflect the marketplace demands this GCC-HES defined “commercial project” has to meet.

Regarding the provenance and perceptual benefits of the now underway survey these were discussed and agreed with GCC DRS with Will Rudd Davidson (WRD and Savills) and this on the face of it appeared to have been viewed as very proactive towards establishing a scheme that can be delivered structurally and then funded. Without an effective survey supported by detailed expert assessment the achievement of this objective would be all the more challenging and close to being impossible to deliver and therefore delay the permanent removal of the Scaffold.

And as of August 19<sup>th</sup> 2019 WRD in an email to GCC/USP/USI/TMP stated *“We would note that the remedial works which are potentially required to make the parapet structurally stable will be integral to the overall remedial works to the building as the front façade also supports the floors of the building. We would therefore advise that the scaffolding will need to remain in place until the future plans for the overall regeneration of the Egyptian Halls has been agreed accordingly and appropriate works are developed in a holistic fashion as appropriate to address these issues.”*

And again it should be stressed full cognisance of this expert advice will be taken by USP/USI and one hopes also GCC and HES.

And again I would reiterate that the safe removal of the Scaffold based on all public safety concerns being reconciled would see USP's income stream treble. And this removal has to be agreed with the scheme architect/structural engineers whom have not recommended when this can be actioned.

And to repeat this expert advice if ignored then the USP Directors run a very real risk of breaching Companies Acts negligence rules and regulations. If however GCC wishes to indemnify USP and USI against any future safety issues then the Scaffold can be removed timeously and that option remains open for GCC to assess and raise for further discussion.

#### A few Defective Notice Questions

1. Can a Notice be served competently upon a building that has had an LBRN in place since 1991? And has required grant funding since 1997 (then £1.335M) to discharge this LBRN

2. Can a Notice be served competently on a building that's remediation has been defined as non-viable by both GCC and Historic Scotland (HS) since June 2010 and August 2010 respectively?

3. Can a Notice be served competently upon a building when during the tenure of the CPO (May 1996 to January 2010) GCC who were legally responsible for Maintenance appears to have not discharged their obligations? And currently refuse to disclose what Maintenance was implemented.

4. If a Defective Notice is applied and costs then apportioned then this would only increase the non-viability of the Ground Floor properties.

5. Given the now underway Will Rudd Davidson Survey (WRD) may well define the building as Dangerous leading to either Façade Retention or New Build then the worth of minor repair works requires to be re-assessed.

#### Court of Session USI V Scottish Ministers - Ongoing

GCC DRS has claimed that no approved Building/Construction works have been carried out for over a decade and have chosen deliberately to ignore the following expert advice from TMP/Add Cons. This led to an Enforcement Notice stating USI had breached 1 of 8 Planning Conditions for the incumbent Scaffolding Advertising Hoarding. This was challenged; a Scot Govt Reporter sided with GCC and did not take any cognisance apparently of the expert advice, siding with GCC's "informal - gut feel" perceptions.

## **DEVELOPMENT WORKS 1998 – 2010**

The following are extracts from the presentation to GCC and HES in July 2014 by TMP/ADDISON CONSERVATION. Which support the indications appeared to be that GCC had not been carrying out planned or comprehensive Repairs and Maintenance works during the CPO process in 1996 to 2010.

**1997 – Many of the then owners and tenants (Client Group) in the Building had a design team appointed. They also had proposals to Repair the Building progressed, tenders obtained and a contractor about to be appointed to undertake the repair works. Those clients and their architect made the following statements to TMP.**

**1. The façade was not tied to the rest of the building and could collapse into Union Street at any time.**

**2. The concrete floors had been tested and the concrete was of such poor quality it was incapable of carrying a load.**

**3. Historic Scotland and City of Glasgow Council had accepted those proposals including items 1 and 2 above. As a result substantial grant support was offered.**

**1999 – TMP in conjunction with John Addison (Structural Engineer) undertook detailed inspections of the building and historical record sources. Detailed information and repair proposals followed. TMP and John Addison then informed the various parties that:**

**a) The front elevation was tied to the rest of the building.**

**b) The lime concrete floor slabs were not load bearing slabs but had other purposes, and as such the material was acceptable.**

**c) The building was not about to fall down, and that it could be repaired and saved.**

**1999 – TMP on behalf of the upper floor owners cleared the interior of the upper floors of all later fit outs and rubbish:**

**a) The building interior was left clean with substantial areas of plaster remaining on the walls and ceilings as sound finishes. The timber floors were also sound.**

**b) There was little evidence of water leaks through the roof.**

**c) Many of the windows were arranged in a semi – open position to allow necessary ventilation of the building.**

**YEAR 2000: Mike Fraser at City of Glasgow Council sent a letter expressing concerns about the condition of the building and the need for action.**

**2002 – 2008: At different times over that period TMP had steeplejacks remove items of loose stone from the façade to a place of safety inside the building.**

**2002 – 2009: On a few occasions during that period Historic Scotland, Building Control and the Planning Department reluctantly visited the building with us. Building Control resisted going through the building while declaring the building safe and sound.**

**2002 – 2011: TMP over this period produced relevant reports (detailed earlier) on the building at the request of both Building Control and in particular the Planning Department.**

**2004- 2006: Glasgow Council did some temporary repairs to the flat roof. They shored up some windows and closed the windows. Structural bracing was fixed to the rear wall.**

**Circa 2006: TMP noted the Council had closed the building with no through ventilation. Internal conditions got very bad due to no cross ventilation and continuing water ingress. The result of which was spreading rot, plaster falling off walls and ceilings, as well as timber floors rotting and collapsing. Deflection in the roof structure was noted. Corrosion occurred in the iron frame. Masonry walls, concrete floor slabs etc were saturated in several areas.**

**2002- 2008: Water ingress was getting worse and on occasions reaching the basement. Large areas of the building fabric became saturated.**

**Circa 2008: Union Street Properties achieved early resolution of the CPO to assist City of Glasgow Council. Meanwhile Union Street Properties had internal rainwater pipes repaired and blockages cleared. That greatly reduced the water ingress.**

**CONSERVATION/PRESERVATION ergo APPROVED BUILDING /CONSTRUCTION WORKS AND THE ROLE OF THE SCAFFOLDING – opinions and advice by The Morrison Partnership and John Addison.**

**2013 -2014: Glasgow City Council applying extreme pressure to remove the scaffold. They wanted to cover the façade in netting. TMP and JA repeatedly advising that the scaffold should not be removed. It would be detrimental to the building and create risks to the public. Reinforced by a detailed technical report, submitted, to the Planning Dept explaining the issues and why the scaffold had to stay on the building.**

**Circa 2016: The Planning Dept and Building Control decided to undertake a detailed inspection of the façade from the scaffold. They were accompanied by GM from TMP. At one of the intermediate levels on the scaffold a small piece of masonry fell unexpectedly from an upper level and landed beside Ms S. Connolly (Senior Planning Officer). Understandably it caused a real concern. These events demonstrating that failures in various aspects of the masonry façade will continue to be random and likely without warning, until such time as the comprehensive, integrated scheme to repair the fabric and develop new uses for the building are complete.**

**8 January 2019- “Derek, I think it is reasonable to define the scaffolding as a key part of significant and essential on going building works having particular reference to the façade and safety.” Kind Regards- George Morrison-THE MORRISON PARTNERSHIP-Edinburgh.**

**August 2019- WRD (new Structural Surveyors) opinion outlined earlier reinforces comprehensively the long given but ignored expert advice and commentary provided by TMP/Add Cons to GCC**

## KEY DOCUMENTS THAT CAN BE SUPPLIED TIMEOUSLY

- Feb 1998 CPO Amendment letter
- 1999, 2002, 2005, 2007 CPO Contracts, 2008 Deed of Conservation Burden
- 2002-2004 First Minister/GCC Lord Provost/GCC DRS CPO Review correspondence
- 2004 DLA (ground floor consortium lawyer's) letter to GCC DRS
- 2009 GCC Summary of LBRN and CPO errors (does not reference CPO Amendment)
- 2010 GCC Letter confirming USP has reconciled GCC's CPO Issues.
- 2010 GCC Letter to Culture Minister confirming USP's significant project/property investment.
- April 2014- GCC discloses CPO Amendment but not contract breach and refuses CPO Review
- March 2016 - KSG Statement detailing actions he'd have taken if truth had been disclosed.
- March 2018 - GCC deny "any impropriety or wrong doing" "true position-always been stated"
- March 2018 - SEVEN Scheme Options Document submitted
- July 2018 - GCC admit a long known but non-disclosed contract breach after 19 years.
- November 2018 - CPO Review Requested Again Document
- November 2018 - Historic Non Viability 1998-2018 Document
- November 2018 - Historic Marketing Opportunities 1998-2018 missed Document
- April 2019 - J&E Shepherd Valuation Report
- July 2019 - USP Response to GCC's June 2019 Dangerous Building's Letter
- July 2019 - USI Response to GCC's June 2019 Dangerous Building's Letter
- July 2019 - USD Pre-Demolition Application Discussion Document (1600 pages)
- July 2019 - TMP's Expert Witness Court of Session Statement detailing 20 years of approved Studies/Surveys/Maintenance/Repairs by TMP/Add Conservation.
- Aug 2019 WRD email to GCC stating Scaffolding has to stay in place for structural support safety reasons- reinforcing TMP/Add Cons long stated expert advice and opinion.
- For further information also log to <http://www.egyptianhalls.co.uk>

## VALUATION / DEVELOPMENT APPRAISAL UPDATE

*Valuation Report Extract June 14<sup>th</sup> 2019- Shepherd Surveyors*

*Please note this is a draft and indicative only for the sole use of USP/USI/USD and the Standard Security holders. And it is advised strongly should not be relied upon by any third parties.*

### Development Appraisal Splits Summary – “Adjusted Development Value to reflect LBRN and Site Assembly as per Deed of Condition (June 2019)”

	<u>Ground Floor</u>	<u>Upper Floors</u>	<u>Combined</u>
Option 1	<b>-£18,083,998</b>	<b>-£1,420,688</b>	<b>£19,504,676</b>
Option 2	<b>-£18,083,998</b>	<b>+£1,529,000</b>	<b>£16,544,988</b>
Option 3	<b>-£21,118,988</b>	<b>+£5,809,000</b>	<b>£15,309,998</b>
Option 5	<b>-£20,997,000</b>	<b>+£6,754,000</b>	<b>£14,243,000</b>

### Development Appraisal Splits Summary – on the special assumption that the £10M site assembly cost is reprofiled subject to agreement (June 2019)

	<u>Ground Floor</u>	<u>Upper Floors</u>	<u>Combined</u>
Option 1	<b>-£8,083,998</b>	<b>-£1,420,688</b>	<b>-£9,504,676</b>
Option 2	<b>-£8,083,998</b>	<b>+£1,529,000</b>	<b>-£6,544,988</b>
Option 3	<b>-£11,118,988</b>	<b>+£5,809,000</b>	<b>-£5,309,998</b>
Option 5	<b>-£10,007,000</b>	<b>+£6,754,000</b>	<b>-£4,243,000</b>

In view of discussions to date where Option 5 has the potential to offer the most likely solution based on **offering the lowest combined single title deficit and least call for grant funding**, the foregoing demonstrates that the current value specifically excluding the £10M site assembly cost, (based on separate ownership/Titles/Deed of Condition split) is as follows:

Ground Floor (USP)	<b>-£10,000,000</b>
Upper Floors (USI)	<b>+£6,750,00</b>

## **84-100 Union Street Ownership Confirmation and Standard Securities Clarification**

1. The ground and basement floors ergo No 84, No 88, No 96 and No 100 Union Street are owned by Union Street Properties Ltd ("USP"), and the 1st floor upwards (accessed via 92 Union Street are owned by a separate company, Union Street Investments Ltd. ("USI"), under separate titles.
2. The boards of each of these two companies have a duty to run the companies and deal with the assets for the benefit of their respective shareholders. Each company is free to act on its own without consulting with or considering the interests of the other.
3. USP's Ground Floor assets has a significant negative value (circa- £9M and a even bigger development deficit of circa £15M
4. USI's Upper Floors have a site value of circa +£3M and development value of circa £7M+
5. Due to its deficit USP cannot enter into tendering/constructions contracts it can't fund as if so the Directors would be in breach of legal fiduciary duties/various Companies Acts
6. This also prevents USI entering into related contracts, which has also been stressed to GCC-HES.
7. USP is bound by the terms of the Deed of Conditions to fund 100% of the LBRN costs and the works defined by the Conservation Burden, which encompass the whole building.
8. Therefore legally USI has no financial liability for any LBRN repairs but is of course liable for any extension costs. USI however is more than willing to and always has been to combine title or combine valuations but will not agree to any cross subsidies unless it's commercially sound for it to do so.
9. If both USP and USI agree then the Deed of Conditions can be amended. Also GCC can ask USP to relax/revise the Conservation Burden.
10. The Ground Floors Properties owned by USP Ltd are subject to various Standard Securities in favour of the core investors/shareholders. These securities it should be noted have legal primacy over any future, potential charges that maybe be levied by GCC in the near future.
11. The Upper Floors owned by USI Ltd are subject to various Standard Securities in favour of the core investors/shareholders. The Upper Floors have no Repairs or Maintenance Liability as per the legally registered Deed of Conditions and GCC instigated Deed of Conservation Burden



**UNION STREET  
PROPERTIES**

**Union Street Properties Ltd  
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**UNION STREET  
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