



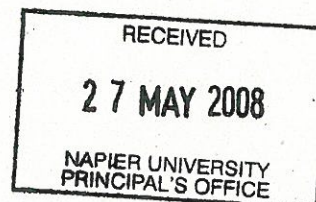
Scottish Funding Council

Promoting further and higher education

Comhairle Maoineachaidh na h-Alba

A' brosnachadh foghlam adhartach agus àrd ìre

Professor Joan K Stringer CBE
Principal and Vice-Chancellor
Napier University
New Craig, Craighouse Campus
Edinburgh EH10 5LG



23 May 2008

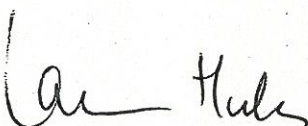
Dear Joan

Scottish Funding Council decision: Borrowing and disposal consent

- 1 The purpose of this letter is to inform you of the Council's decision regarding Napier University's disposal of exchequer-funded asset – Craighouse campus, and the University's request to the Council to borrow up to £45 million to finance the redevelopment of its estate.
- 2 I am pleased to inform you that, at its meeting on 14 April 2008, the Council gave approval for the University to dispose of its Craighouse campus. In principle, the University has approval to subsequently retain and reinvest the sale proceeds in the University estate, in accordance with its estate strategy.
- 3 As stated in my previous letter of 8 May 2008 regarding the disposal of the Craighouse campus, the Council has reserved the right to re-assess the position regarding final approval of the retention and reinvestment of the sale proceeds by the University once the final amount is known. In considering a major disposal of an Exchequer-funded asset, the Council is obliged to protect Scottish ministers' interests as set out in our Financial Memorandum with the Scottish Government. The Council has never sought to penalise any university or college seeking to dispose of such an asset and in the vast majority of cases disposal proceeds are reinvested in line with universities' or colleges' estate strategies.
- 4 In giving this approval, the Council advises the University that, should sale proceeds exceed the anticipated receipt of £18 million, the Council reserves the right to retain some or all of the excess in line with our normal practice. Therefore, we request that

the University provide additional information regarding the anticipated sale proceeds once this is known along with the proposals to reinvest these into the estate.

- 5 Council's approval is subject to the University meeting the conditions set out in the *Procedure notes for the disposal of exchequer-funded assets and the retention of proceeds*.
- 6 If you require any further information in relation to disposal consent, you should contact [REDACTED] (tel [REDACTED]) in the first instance.
- 7 I can also inform you that the Council agreed to grant borrowing consent under paragraphs 7 to 11 of the Council's specific financial conditions associated with our financial memorandum with the University. That consent will have attached to it the following conditions:
 - the borrowing shall be undertaken in a way that is consistent with the plans and information provided to the Council in support of the University's request;
 - the maximum additional borrowing is £45 million; and
 - this additional borrowing will be repaid in full by 31 July 2017.
- 8 It should be borne in mind that, in granting consent, the Scottish Funding Council:
 - will not be underwriting this debt, or providing a guarantee for repayment to the lender; and
 - will only be granting consent for the borrowings referred to above and will not be expressing an opinion on the suitability of the associated estate development for the University's future needs.
- 9 If you require any further information in relation to borrowing consent, you should contact [REDACTED] in the first instance.



Lawrence Howells
Interim Chief Executive