

Forest and Land Scotland’s outsourcing of the “glenmore” campsite – Natural Retreats Mark II?

Description



The entrance to the Glenmore campsite 23rd November still with sign saying it is to let.

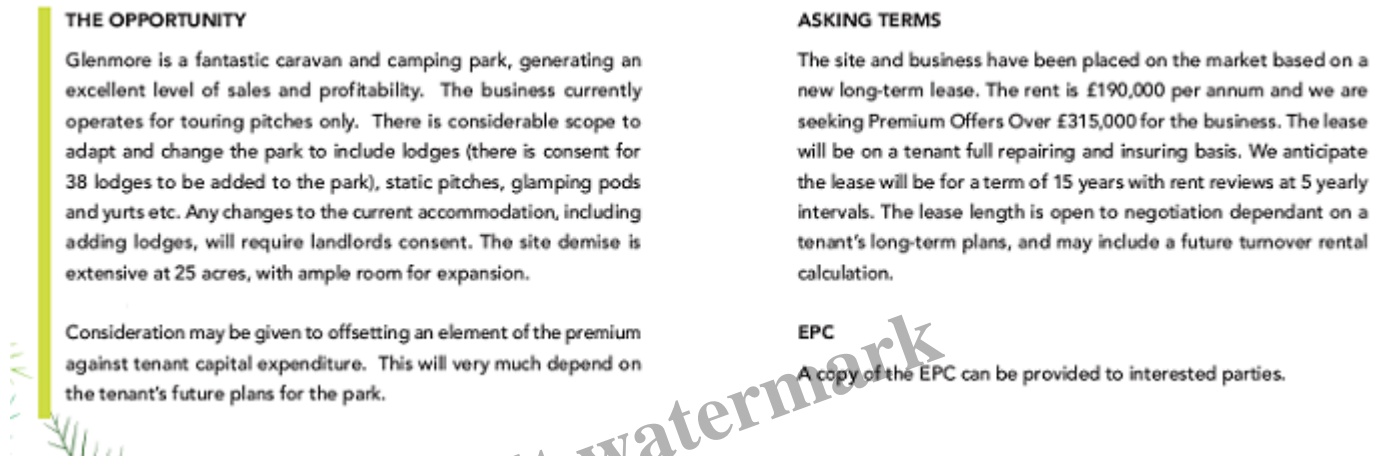
On Monday Forest and Land Scotland (FLS) announced ([see here](#)) that a new company called Twinflower will take over the management of the Glenmore campsite from 1st December. It has made no announcement as yet about its other two campsites in the Loch Lomond and Trossach National Park, Cobleland and Cashel, which it put out to tender at the same time ([see here](#)) and where the leases were also due to start from 1st December.

The news release was designed to mislead with the headline stating claiming “Campsite Management Company appointed to refresh Speyside’s Glenmore site”. The management team from the Hold Fast Entertainment Company”, carelessly misnamed by FLS as “Holdfast”, have no record in campsite management, just as Natural Retreats had no experience of managing ski resorts when Highlands and Islands Enterprise appointed them to run “Cairngorm Mountain” just up the hill. Both the Strathy ([see here](#)) and Herald ([see here](#)) reported that Hold Fast is a night club and entertainment business (based at George St in Glasgow). Will there now be an annual music festival on the shores of Loch Morlich?

The news release made no mention of how FLS had excluded the Aviemore and Glenmore Community Trust from taking over the campsite ([see here](#)).

The financials

While it is not clear from the news release, there are two financial aspects to the deal. FLS have sold the campsite business, which it bought back from “Camping in the Forest” earlier in the year for a so far undisclosed sum – just like HIE up the hill – but it has also agreed to lease the land and facilities at the campsite for £190k a year:



THE OPPORTUNITY

Glenmore is a fantastic caravan and camping park, generating an excellent level of sales and profitability. The business currently operates for touring pitches only. There is considerable scope to adapt and change the park to include lodges (there is consent for 38 lodges to be added to the park), static pitches, glamping pods and yurts etc. Any changes to the current accommodation, including adding lodges, will require landlords consent. The site demise is extensive at 25 acres, with ample room for expansion.

Consideration may be given to offsetting an element of the premium against tenant capital expenditure. This will very much depend on the tenant's future plans for the park.

ASKING TERMS

The site and business have been placed on the market based on a new long-term lease. The rent is £190,000 per annum and we are seeking Premium Offers Over £315,000 for the business. The lease will be on a tenant full repairing and insuring basis. We anticipate the lease will be for a term of 15 years with rent reviews at 5 yearly intervals. The lease length is open to negotiation dependant on a tenant's long-term plans, and may include a future turnover rental calculation.

EPC

A copy of the EPC can be provided to interested parties.

Extract from a response to a Freedom of Information request from FLS last month about its tender

Twinflower Ltd was incorporated as a company on 31st October with a share capital of £100 ([see here](#)). The shares were lodged in the name of Brian Fulton, the Director of the company quoted in FLS' news release. Two days later Twinflower reported a change of control to Donald Cameron Macleod, the second Director of the company, who owns the Hold Fast Entertainment Company. Mr Macleod therefore appears to be the sole owner and Twinflower to be a standalone company with no legal relationship to Hold Fast Entertainment Ltd. That has important contractual implications just as it did at Cairn Gorm where HIE sold the business CML to Natural Assets Investment Ltd but where another company, Natural Retreats, operated it.

Whether Mr Macleod intends to purchase FLS' campsite business through a capital injection into Twinflower or directly himself and how the deal will be financed is unclear.

Hold Fast, however, just about has the money. A day after FLS' news release, its latest accounts were published. As Private Eye might say, some coincidence surely? The accounts for the year to 31st March 2022, which are abbreviated and therefore don't say much, do reveal that Hold Fast's assets increased significantly in the last financial year, from £83,551 to £338,473 – just over the premium bid price of £315k – while the average number of staff it employed dropped significantly from 22 to 12.

HOLD FAST ENTERTAINMENT LIMITED (REGISTERED NUMBER: SC464

**BALANCE SHEET
31 MARCH 2022**

	Notes	2022	
		£	£
FIXED ASSETS			
Tangible assets	4		2,868
Investments	5		<u>568,671</u>
			571,539
CURRENT ASSETS			
Debtors	6	61,554	104
Cash at bank and in hand		<u>790,136</u>	<u>61</u>
		851,690	166
CREDITORS			
Amounts falling due within one year	7	<u>1,078,083</u>	<u>364</u>
NET CURRENT LIABILITIES			<u>(226,393)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			345,146
PROVISIONS FOR LIABILITIES	8		<u>6,673</u>
NET ASSETS			<u><u>338,473</u></u>
CAPITAL AND RESERVES			
Called up share capital			100
Fair value reserve			44,290
Retained earnings			<u>294,083</u>
SHAREHOLDERS' FUNDS			<u><u>338,473</u></u>

The increase in value in the company appears almost entirely due to the investment of £250k (explained under Note 5) into shares of its subsidiaries.

Why an entertainment business suddenly became awash with cash during a year in which covid restrictions applied is not clear but part of the explanation may lie in the number of staff having almost halved from the previous year.

In the past Hold Fast's net assets have been more than they are now while the amount of money it owes has increased significantly in the last year:

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022
Trade creditors	£ 5,030
Amounts owed to group undertakings	645,160
Corporation tax	47,200
Social security and other taxes	21,600
Value added tax	241,600
Dividends payable	18,200
Pension contributions	6,100
Other creditors	30,900
Directors' current accounts	9,100
Accrued expenses	52,900
	<u>1,078,000</u>

This is not a sign of financial strength. With the entertainment sector struggling it looks like the management team at Hold Fast was looking to diversify and find a secure source of income. Exactly what is provided by the Glenmore campsites!

The business trades at a high level of sales and profitability. To year end February 2022, the business achieved total revenue in the region of £935,000 and an EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortisation and Rent) in the region of £565,000.

A summary of the historic accounting information is provided below:

Year End February	2022	2020	2019
Total Income	£933,225	£834,575	£783,816
Total Costs	£369,548	£334,987	£302,470
EBITDAR	£563,677	£499,588	£481,346

NOTE:

The business did not operate to year end February 2021.

Extract from FLS tender documentation

Take away the £190k rent and this appears a very attractive business proposition, significant profits guaranteed unlike the ski business at Cairn Gorm!

The Heads of Term for the lease agreement ([see here](#)), obtained through FOI, reveals that the tenant will be required to submit a deposit of 6 months rent, ie £95k, but this will be offset by an initial rent free period of four months! Two months rent therefore deposited for a 15 year lease! What a deal

compared to those offered by private landlords to people desperate for accommodation!

The Heads of Terms also state “A Guarantor will be required throughout the term of the lease.....The Guarantor will guarantee 1.5 years rental and other lease obligations enforceable at any time during the lease agreement. A Guarantor may not be required if the tenant/tenant company has high net worth.”

FLS have sold the Glenmore campsite to a person/company backed by far fewer financial assets than the Aviemore and Glenmore Community Trust, whose rent was guaranteed by the billionaire Anders Povslen. But this will only matter if the price they have paid for the business is significantly over FLS’ premium price of £315k and requires them to take out loans. In terms of Mr Macleod/Hold Fast’s financial standing, however, one wonders whether they also bid for Cashel and Cobleland and, if so, why the awards of those contracts have not been announced?

While the question of whether FLS has sold the Glenmore campsite business on the cheap remains to be answered, the much more important issue is that in outsourcing it they have deprived not just Glen More but also Cairn Gorm of a secure source of income. With the snow sports business at Cairn Gorm always likely to struggle financially, an AGCT takeover offered the opportunity to invest profits from Glenmore up the hill and benefit the whole community. Instead, most of those profits are now likely to flow out of the area.

What will FLS get for their money and will there any benefit to Glen More?

In announcing the award of the lease, FLS director of commercial development John Mair claimed:

“Twinflower plans an initial three-year investment programme likely [my emphasis] to include a simplified booking system, additional play facilities and a new community hub, improved tent, caravan, and motorhome pitches, enhanced shower facilities, wifi connectivity and “sustainable measures to manage energy and waste”.

None of these measures appear to require significant investment and although cheap stuff are still only “likely” and will take three years to implement.

Just what the local area is getting is unclear:

“Twinflower emerged as the strongest bid based on their proposed approach to community values”

and

“The new operators have also committed to promoting and using local suppliers and to establishing partnerships with local community groups and charities. They will also introduce a ‘Community Pitch’ initiative which will allocate a percentage of each customer booking to benefit local good causes.”

In addition the Heads of Terms state:

“The Tenant is to provide an updated copy of their Community Engagement Plan by each anniversary

of the date of entry, to include a summary of actions taken during the preceding year.”

Just what happens if that plan is not implemented – Natural Retreats made similar promises – and just what qualifies FLS to judge community values when they have deliberately excluded the Aviemore and Glenmore Community Trust from taking over the campsite is unclear.

In my view the only way that Twinflower is going to be able to establish any effective working relationships with the local community and repair the damage done by FLS is if they pledge all their profits to the AGCT. Local politicians, including Kate Forbes MSP, could start calling for that now.

It is also worth noting that unlike the AGCT bid for the campsite, FLS has made no mention of Twinflower offering a ranger base or trying to attract backpackers (which would require lower prices) to relieve the camping pressures around the shores of Loch Morlich. There is no mention either in the tender documentation or FLS’ announcement of what role the campsite might play in any new plan for visitor management in Glen More (the current strategy [\(see here\)](#) has effectively collapsed). This is what happens when a public body like FLS puts money first, fails to work in partnership and reneges on all their other obligations, in this case to support outdoor recreation.

What needs to happen

There are important similarities between the way FLS has sold the Glenmore campsite business to Twinflower and how HIE sold the Cairngorm Mountain Business to Natural Retreats: both involve sales to companies without a proven track record in the respective business, without assets and where the relationship between the real owner and operating company is unclear. The risks on relying on guarantors in such circumstances is high: HIE has still, as far as I am aware, not recouped any of its losses from David Michael Gorton the owner of Natural Assets Investment Ltd which bought CML.

The two businesses, however, are very different and it would take an extraordinary degree of incompetence for the Glenmore campsite not to make a profit.



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other similarity between HIE and FLS is how Scottish Ministers have allowed them to put their own

financial interests – in HIE’s case with disastrous consequences that has cost the public purse £millions – before the public interest. That was perhaps unsurprising with Fergus Ewing, the Scottish Government Minister responsible for the Natural Retreats debacle, but it is Mairi McAllan, who is minister responsible for both forestry and land reform who supported FLS’s procurement charade, claiming they had followed appropriate procedures.

What a contrast to the Green MSP, Lorna Slater, who is responsible for NatureScot. She stepped in at the last moment to halt their proposed sale of Kinloch Castle on Rum due to community concerns showing that it would have also been quite possible for Mairi McAllan to do this at Glenmore. Perhaps, as minister responsible for National Parks, Ms Slater could now start advocating to her ministerial colleagues that it is time that both HIE and FLS put the public interest first?

Category

- 1. Cairngorms

Tags

- 1. CNPA
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