

Date: 18 December 2020

Subject: GM Investment Framework, Conditional Project Approval

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources
and Eamonn Boylan, Portfolio Lead Chief Executive for Investment

PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval for loans to Manchester Science Partnerships Limited (“MSP”) and to IRAF UK Vantage 3 Limited (“Vantage”). The loans will be made from recycled funds.

Further details regarding the loans are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the funding application to Manchester Science Partnerships Limited (loan of £5,750,000), and progress to due diligence.
2. Approve the funding application to IRAF UK Vantage 3 Limited (loan of £4,750,000) and progress to due diligence.
3. Delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information in respect of the above companies, and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the transactions, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the investments at 1 and 2 above.

CONTACT OFFICERS:

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Equalities Implications:

Not applicable.

Climate Change Impact Assessment and Mitigation Measures:

None.

Risk Management:

The loans noted in this paper will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of performance.

Legal Considerations:

The legal agreements will be based upon the existing templates for the GM Investment Fund, amended for the specific requirements of the individual funding arrangements.

Financial Consequences – Revenue:

There are no revenue implications.

Financial Consequences – Capital:

The proposed loans will be made from recycled funds.

Number of attachments to the report:

None.

Comments/recommendations from Overview & Scrutiny Committee:

None.

BACKGROUND PAPERS:

None.

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		YES
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		NO PUBLIC DOMAIN RELEASE DATE: 18 DECEMBER 2035
GM Transport Committee	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION/BACKGROUND

1.1 The Combined Authority maintains and develops a pipeline of projects submitted by applicants seeking funding from the Combined Authority's Core Investment Funds allocation. These projects are assessed against criteria based on the GM Investment Strategy, developed to underpin the economic growth of Greater Manchester. A condition of investment is that the companies sign up as a supporter of the Greater Manchester Good Employment Charter.

1.2 This assessment incorporates:

- a) an appraisal by the GM Core Investment Team; and
- b) a review by a sub-group of GM Chief Executives.

2. INVESTMENTS RECOMMENDED FOR APPROVAL IN PRINCIPLE

2.1 Manchester Science Partnerships Limited, Manchester

The business case in respect of MSP (a loan of £5,750,000) for the construction of the "Base Building", has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Base Building is a 91,542 sq ft, city centre office block targeting SME occupiers focussed on research and development. The site is located off Oxford Road, and forms part of the Manchester Science Park Campus. The Oxford Road corridor is a key strategic development zone for Manchester City Council.

MSP is a subsidiary of Bruntwood Science Limited, which in turn is owned by Bruntwood Scitech, a JV between the Bruntwood Group and Legal and General. Bruntwood/MSP have successfully let and delivered six projects funded by the GMCA's Evergreen Funds ("Evergreen").

Senior debt funding is expected to be £17.05m (including finance cost), split between Growing Places and Evergreen 2 (£9.75m plus interest roll-up).

Further details regarding the loan are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.

2.2 IRAF UK Vantage 3 Limited, Salford

The business case in respect of Vantage (a loan of £4,750,000) for the construction of "Ravens Locks", has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Ravens Locks is a 172,000 sq ft multi-let industrial and logistics park in Little Hulton, Salford. The site is located 7.5 miles west of Salford and 10 miles west of central Manchester and close to the M61. It is located near Logistics North (an earlier Evergreen funded development), which is now considered a prime logistics location. The scheme will provide six units in total ranging from 11,000 sq ft to 69,000 sq ft.

IRAF UK Vantage 3 Ltd is an SPV wholly owned by InfraRed Capital Partners Limited, a global investment manager focused on both infrastructure and real estate. The Developer that will be responsible for delivery of the project is Network Space Developments Ltd. Network Space is a well-established regional property company.

Senior debt funding is expected to be split equally between Growing Places and Evergreen (£4.75m each, excluding finance).

Further details regarding the loan are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.