

# GM Investment Funds

## July 2023



- GMCA has continued to deploy its investment funds to support businesses, housing and commercial property development
- The approach to investing and deploying funds continues to ensure funds are recycled for reinvestment and generates surpluses which are used to support the delivery of GM's wider Housing Strategy
- A blended approach to funding alongside the devolved Brownfield grant programme is increasingly important in order to maximise the impact of the Devo trailblazer deal

# Highlights – Part 1

GMCA have **invested over £1.2bn** into commercial property, residential development and businesses. The funds are a clear example of how GM's approach to investment can deliver **exponential outcomes** through effectively investing and recycling. The approach to investment taken in GM is **unique** and illustrates what can be achieved where there is **medium term flexibility** in the deployment of funding.



£829m committed into residential property of which **£700m has been invested to date**, supporting the development of **9,571 new homes**. The Housing Fund is on track to achieve its target of delivering **10,000 new homes** across GM. The Fund was £300m at its inception in 2015 - to date that funding has been **recycled over 2 times**.



**£110m** invested into business across all sectors, creating and supporting **8,347 jobs**. This from an initial recycling funding pot of £52m.



Over **£350m** invested into commercial property schemes and businesses, supporting the development of **204,295sqm** of BREEAM accredited space and **c27Ha of Brownfield land** redeveloped. An additional £15m of funding has been received from DLUHC in the year to increase the capacity of the commercial property funds.

# Highlights - Part 2



GMCA has committed £20m into **Social Impact Funds** that deliver homes to those most in need of safe & decent housing. The Funds focus on housing for those experiencing homelessness & rough sleeping, people with learning disabilities, autism & mental health challenges, asylum seekers, care leavers and survivors of domestic violence.

Over **200 properties** have been secured to date in GM, with a further 100+ forecast to be delivered to March 24.



GMCA has invested a total of £5.3m into Hive Homes through a combination of Housing Investment Funds and Brownfield grant. Hive Homes is a partnership between GMCA and 10 Registered Providers, established to **increase supply of good quality housing stock**. Hive saw its first site complete in the year and is now on track to deliver a further six schemes in the near term.



Demand for the **second Life Sciences Fund** (with over 160 applications reviewed to date) has supported the need for a regional specialist fund for growing businesses in this sector.

# Highlights – Part 3



Collectively the funds have generated circa **£41m of income** which has been partially utilised to:

- Establish a **self funded Investment and Delivery Team**. As well as managing GMCA investment and Brownfield funds, the Teams are working with Local Authorities to bring forward some of GM's most challenging opportunities.
- **£9.5m** has been ringfenced for re-investment into businesses.
- Over £6m generated by the fund is committed to invest back into different areas to support the implementation of the **GM Housing Strategy** such as Local Authority Development Support, Net Zero Social Homes, Modern Methods of Construction, Retrofit – Green Finance Solutions and GM Good Landlord Scheme amongst others.
- The balance of surpluses is available to support the wider Housing Strategy.

# Areas of focus



GM received £150m of Brownfield grant funding in the Devo Trailblazer deal. The year 1 allocation of up to £51m has been agreed and the Place Directorate are currently developing the strategy for the deployment of the balance of funding. The ability to blend grant with the investment funds is key to maximising the impact of the funds.



GM has a target to achieve net zero by 2038, 12 years ahead of the national target. The teams are working with the investment portfolio to nurture innovation in this area, and this is a key criteria for accessing Brownfield grant funding.



Scheme viability is a primary challenge for developers as build and labour costs continue to increase. A patient approach to investment is needed to ensure key sites are brought forward.

# GMCA Supporting New Homes – Part 1



## Alexander House

An £11.7m loan has been provided to support the delivery of 116 one- and two-bed apartments across 10 storeys including full parking and cycle storage. The scheme supports the Government's bid to tackle, 'embodied carbon', and it involves the renovation of a former office building which had been partially vacant for several years.

The scheme involves agile and innovative development solutions in order to redevelop the existing structure rather than demolish and rebuild. The scheme is fully on schedule for completion later this year with the 1<sup>st</sup> phase release to see 60 homes delivered in July 2023.

## Greengate

A £37.6m loan has been provided for Renaker's Cortland at Collier's Yard development, which will complete in Autumn 2023 and will see the construction of 557 apartments for rent together with a new public park. GMCA has also agreed a £54.1m loan for Renaker's Bankside development which will complete in Spring 2025 and will deliver a further 444 apartments for sale.

The schemes are within Renaker's masterplan for the transformation of the Greengate area of Salford to create a new neighbourhood within the city centre. Alongside the delivery of over 1,500 homes, the masterplan includes for bringing the Grade II\* listed former Collier Street baths back into use, the development of a mixture of bars, restaurants and shops and creation of new public spaces.



## Don Street

The scheme involves the development of 311 new homes on a 13ha site in Middleton which is a key site within Rochdale Council's housing land supply. Planning consent was granted in July 2022 for a mix of 167 units for open-market sale, 99 units being constructed for build to rent and 45 to go forward for affordable housing.

Alongside a £3.3m grant from GMCA's Brownfield Housing Fund, a loan of £12.6m is being provided for delivery of the open-market sale development. In addition to the creation of new open and green spaces and children's play facilities within the site and improvement of connectivity for pedestrians and cyclists through the site and surrounding area, the scheme is also making a £1m Section 106 contribution towards local education provision, outdoor sports facilities and biodiversity measures.

# GMCA Supporting New Homes – Part 2



## Aldersgate

A debt facility of £1.5m has been provided to support this scheme delivering 5 houses in Heavily, Stockport. The development sees the transformation of overgrown redundant brownfield land and is being delivered by a local SME developer who has aspirations to grow within Greater Manchester.

The founder is an ex-GP who has subsequently transitioned into property investment and development with the GMCA funding allowing him to continue this progression. The planning approval provides for a Section 106 contribution to be made which sees facility improvements made to the adjacent sports college.

## Ladhill Lane

A £1m loan has been provided to support the delivery of 5 houses in the Greenfield district of Oldham. The site is challenged as it was a former motor garage with several derelict commercial buildings.

The land is heavily contaminated and within close proximity to a landfill site. The developer is a local family run contracting business and the funding is helping support their growth into the wider sector of residential development.



## Gingerbread

A revolving debt facility of £1m has been provided to Gingerbread Properties who bring property back into use to provide homes for vulnerable cohorts such as those suffering with alcohol & drug misuse, those experiencing homelessness and care leavers.

Properties are leased to Local Authorities and are provided on fair terms that allow them to fully fund the property through Local Housing Allowance.

# GMCA supporting Social Investment

## Growth Impact Fund

GMCA committed £1m to the Growth Impact Fund, a landmark fund aimed at tackling inequality and promoting racial justice by being built around the needs of entrepreneurs historically locked out of social investment. **The fund has been designed and developed with social entrepreneurs of diverse genders, ethnicities, ages, and disabled people.**

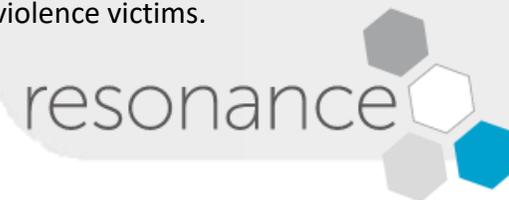
The fund offers flexible and patient capital for social businesses to grow their impact which should focus on reducing inequality in the UK. A key eligibility criterion is that over 75% of the board and 50% of the management team of each social business should identify with at least one protected characteristic; have direct lived experience of the social issues the social business is focused on; or have experienced socio-economic disadvantage.



## Social Impact Housing Funds

The GMCA was a founding investor in 3 of the 4 funds, and has catalysed significant match investment – c£20m GMCA investment across the 4 funds is expected to deliver £50m+ of investment in GM.

- 1. Resonance National Homelessness Property Fund 2** – acquires and refurbishes property, which are leased to Registered Providers, providing homes for rough sleepers and those at risk of homelessness.
- 2. Resonance Supported Homes Fund** – acquires and refits property for provision to those with learning disabilities or autism. Properties are leased to specialist charities and Registered Providers.
- 3. Resonance/Patron Women in Safe Homes Fund** – acquires and refurbishes property, which are leased to Charity Partners providing homes for women & families fleeing domestic violence.
- 4. Social & Sustainable Housing Funds I and II** – lending to charities that are developing & acquiring property, providing homes to a range of cohorts – including those at risk of homelessness, asylum seekers, care leavers & domestic violence victims.



# GMCA Supporting Commercial Property Development



## Glassworks, Back Turner Street

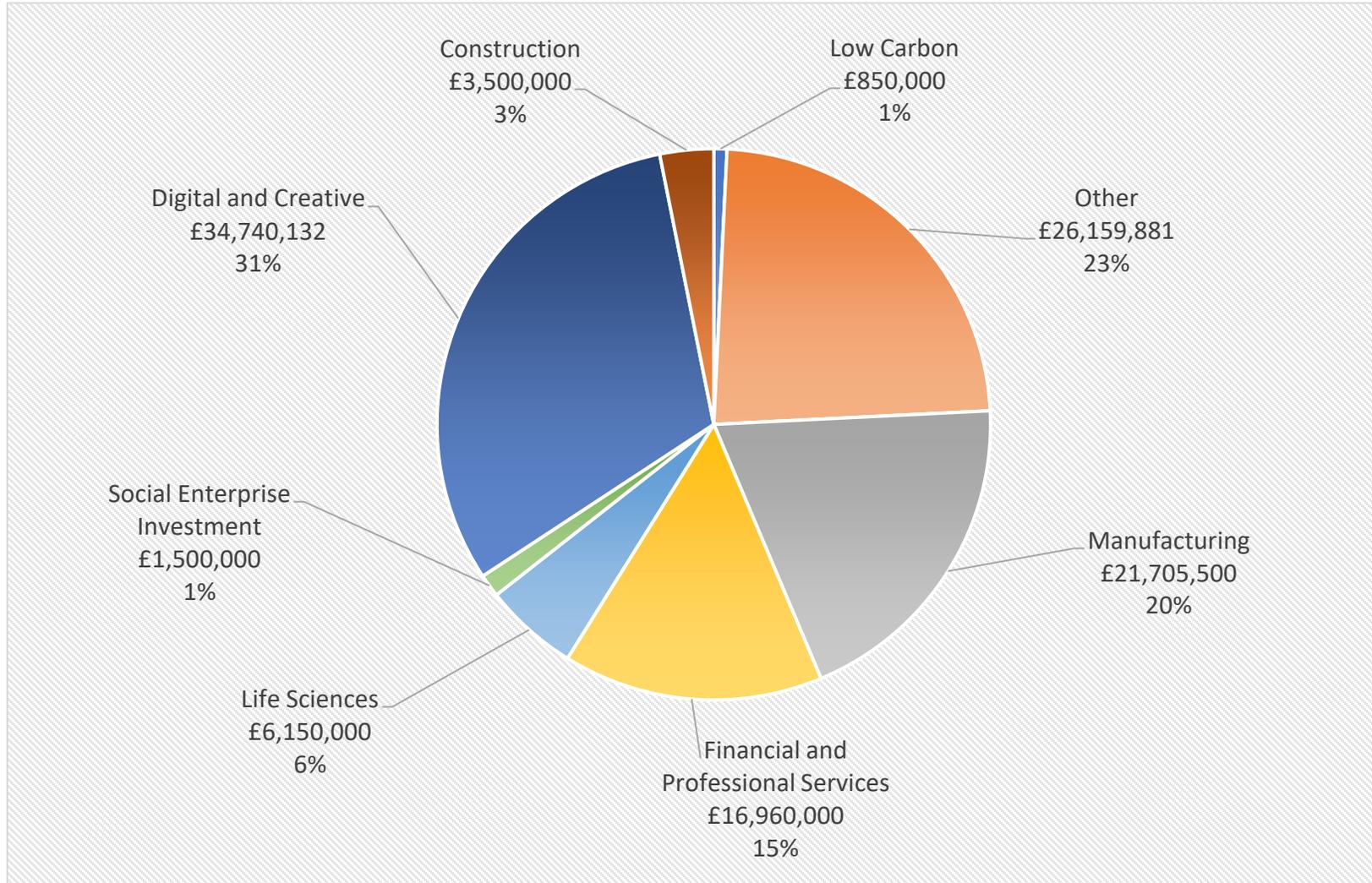
£16m of loan funding has been committed by the Evergreen Fund as part of a funding package to refurbish two existing buildings and develop a new 15 storey tower, creating 50,000 sq ft of flexible, high quality BREEAM Excellent energy efficient office space.

## Citylabs 4.0

£26m of loan funding has been provided through the Evergreen and GMCA Core Funds to develop the next phase of Citylabs on Oxford Road Corridor. The development will bring forward c120,000 sqft of key research and innovation led Grade A office and laboratory space.

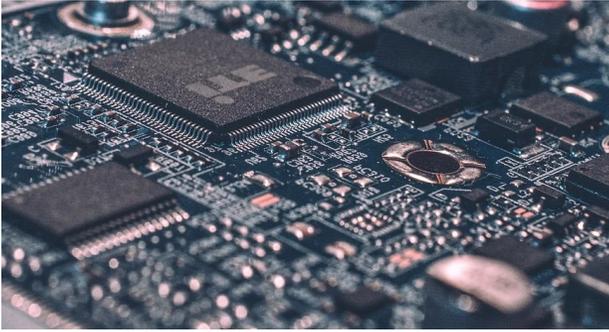


# GMCA investing into business



Business funding has been deployed across a range of sectors with over a third of investments made into the digital and creative sector, supporting the increasing profile of this sector across the region

# GMCA Supporting Business



## Vector Homes

Vector Homes is an ambitious clean-tech company which is part of the Graphene@Manchester ecosystem. It is developing sustainable and affordable smart houses from nano-material enhanced recycled materials and embedded electronics to help tackle the national housing crisis.

The total investment is £150k

## FM Outsource

FM Outsource are a UK-based outsourced customer care business, offering technology enabled customer service solutions to corporate clients, with a current focus on the retail, logistics and utilities sectors.

With headquarters in Bury, it employs 275+ people and takes on approximately 100 temporary staff during peak season.

The total investment is £650k.



## **BANKIFI**

### Bankifi

BankiFi provides technology designed to make business banking better. It enables banks and financial institutions to provide a set of integrated services designed around the processes businesses use to run their business.

Funding has been used to develop technology and fund the expansion into new global markets.

The total investment is £1m.

# Annex – Fund overview and performance

	Core Funds	Housing Investment Fund	City Deal Receipts	Life Sciences Fund	Evergreen	Low Carbon Fund
<b>Fund source</b>	RGF and Growing Places	Loan from DLUHC	Homes England	Fund 1: LGF Fund 2: GMCA	ERDF	ERDF
<b>Fund size</b>	£76m	£180m	£30m	Fund 1: £30m Fund 2: £20m	Fund 1: £60m Fund 2: £60m	£15m
<b>Funding criteria</b>	<ul style="list-style-type: none"> <li>Debt and equity for business and commercial property schemes</li> <li>£250k to £5m</li> </ul>	<ul style="list-style-type: none"> <li>Debt and equity for residential housing schemes.</li> <li>£1m to £62m</li> </ul>	<ul style="list-style-type: none"> <li>Debt and equity for residential housing schemes.</li> </ul>	<ul style="list-style-type: none"> <li>Equity for Life Sciences businesses in GM and Cheshire.</li> <li>£50k to £2m</li> </ul>	<ul style="list-style-type: none"> <li>Evergreen 1 - Commercial property debt fund invested to deliver urban regeneration projects.</li> <li>Evergreen 2 - Commercial property debt funding focusing on:                             <ul style="list-style-type: none"> <li>Research and Innovation (£30m)</li> <li>Energy efficiency of buildings (£30m), including new and refurbished office development.</li> </ul> </li> <li>£2m to £20m</li> </ul>	<ul style="list-style-type: none"> <li>Debt and equity up to £5m</li> <li>Maximum term of 15 years</li> <li>Aimed at renewable/low carbon technology installations and district energy networks</li> </ul>
<b>Fund performance – net realised profit/(loss)</b>	(£3.4m)	<ul style="list-style-type: none"> <li>£23m retained by GMCA</li> <li>£14m passed to DLUHC</li> </ul>	No defaults to date – income is not retained by the GMCA	Not available	There have been no defaults on the funds to date	There have been no defaults on the fund to date
<b>Managed by</b>	GMCA	GMCA	GMCA	Fund 1: Catapult Ventures Fund 2: Praetura Ventures	CBRE	CBRE