



GMPF - EXECUTIVE DECISION NOTICE

SUBJECT MATTER:	DISPOSAL OF AN INDUSTRIAL UNIT
DECISION:	DETERMINED that as part of the 3% Greater Manchester Property Venture Fund (GMPVF) allocation approved by Panel on 17 July 2020, to approve a disposal of an industrial unit for the value set out in the report subject to the usual legal due diligence before sale.
DECISION TAKER(S):	Sandra Stewart
DESIGNATION OF DECISION TAKER (S):	Director of Pensions
DATE OF DECISION:	12 April 2021
REASON FOR DECISION:	<p>An allocation of 3% of Fund assets to GMPVF, was ratified by Panel 17 July 2020.</p> <p>GMPVF currently own an industrial unit which was acquired by way of forward funding in 2019. The building was marketed and placed under offer during construction which resulted in a lease completing simultaneously as the building reaching Practical Completion. The lease was for a 10 year term to a North West based printing company. The tenant has since been in rent free period, with the rent commencement date in May 2021.</p> <p>A number of speculative expressions of interest with respect to acquiring the unit were received early in 2021 which led officers to instruct Avison Young to run an informal sales process.</p> <p>Six formal offers were received. The highest offer has been made by a credible party.</p> <p>After careful consideration, officers decided to proceed with instructing solicitors to conclude this sale, and therefore now seek to obtain approval for the sale of the asset.</p> <p>The building was acquired as part of a larger transaction and is considered to be in a secondary location for a long-term ownership and is forecast to underperform the wider sector rental growth due to the availability of low value land and limited barriers to entry for development.</p> <p>It is not the objective of GMPVF's Income Producing Portfolio to seek to dispose of assets due to the desire of long dated secure income and high frictional costs for trading assets. However, in this situation, officers consider the price offered represents a significant premium to what it considers fair value to be taking account the risks associated to the asset.</p> <p>Whilst the sale of the unit will reduce the allocations exposure to a preferred sector, officers are confident that this can be rectified within the short-medium term and that more suitable assets in line with the portfolio objectives can be acquired as demonstrated by a recent transaction in a preferred location.</p>
CONSULTEES:	The Local Investment team has discussed the opportunity internally and also with Avison Young who are advisors to GMPVF.

FINANCIAL IMPLICATIONS:	The disposal will be made from GMPF's allocation to the GM Property Venture Fund ratified by Panel on 17 July 2020.
LEGAL IMPLICATIONS:	The sale of the property will be dealt with by DAC Beachcroft due to the firm's involvement at acquisition.
CONFLICT OF INTEREST:	None
DISPENSATION GRANTED BY STANDARDS COMMITTEE ATTACHED:	N/A
ACCESS TO INFORMATION:	Not for Publication: This report contains exempt information relating to paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). On balance, under paragraph 10 of Part 2 of Schedule 12A, it would not be in the public interest to disclose this information to the public because disclosure would, or would likely to, prejudice the commercial interests of the Fund and/or its agents which, in turn, could impact upon the interest of the local taxpayer and/or the beneficiaries of the Fund.
REFERENCE DOCUMENTS:	<p>Appendix 1 – Portfolio Construction Analysis</p> <p>Appendix 2 – Avison Young Recommendation</p> <p>Further background papers relating to this report can be inspected by contacting: Kevin Etchells, Senior Investment Manager</p> <p> Telephone: 0161 301 7164</p> <p> E-mail: kevin.etchells@tameside.gov.uk</p>



Signed
Sandra Stewart, Director of Pensions

..... Dated: 12 April 2021