

**EXEMPT - GMPF - EXECUTIVE DECISION NOTICE**

<b>SUBJECT MATTER:</b>	<b>MANCHESTER CITY CENTRE HOTEL (ADAIR ST) – DEVELOPMENT LOAN</b>
<b>DECISION:</b>	<p>DETERMINED that as part of the 3% allocation to Greater Manchester Property Venture Fund (GMPVF) approved by Panel on 12 September 2014, to approve (subject to further legal and technical due diligence) a development loan up to £23.5m (including rolled up interest) for a new Manchester City Centre Hotel development.</p> <p>The costs for the due diligence will be met by the prospective borrower, subject to an agreed cap of £100,000.</p>
<b>DECISION TAKER:</b>	Sandra Stewart
<b>DESIGNATION OF DECISION TAKER:</b>	Director of Pensions
<b>DATE OF DECISION:</b>	14 October 2019
<b>REASON FOR DECISION:</b>	<p>An allocation of 3% of Fund assets to GMPVF, was ratified by Panel 12 September 2014.</p> <p>The debt funding is an opportunity for GMPF to invest in a well located, high quality project, which has been significantly de-risked through the exchange of a forward sale agreement.</p> <p>It also provides for diversification into a property sector which is currently under represented within the current GMPVF portfolio.</p> <p>The developer has a strong presence in Manchester and whom GMPVF has previous experience of partnering with.</p> <p>Avison Young (AY) in their role as non-discretionary manager to GMPVF, has recommended instructing legal and technical due diligence to fully understand and test the details of the proposed development loan. Please refer to the AY report attached which supports this recommendation.</p>
<b>ALTERNATIVE OPTIONS REJECTED (if any):</b>	The Local Investments team and AY review development debt opportunities on a regular basis. Other development debt opportunities have been assessed, but not progressed at this stage.
<b>CONSULTEES:</b>	The Local Investment team has discussed the opportunity internally, with Avison Young as Fund Managers to GMPVF and consulted with GMPF's Investment Committee. There was a consensus that subject to satisfactory due diligence, this would be an appropriate investment for GMPVF's portfolio.
<b>FINANCIAL IMPLICATIONS:</b>	The loan will be made from GMPF's 3% allocation to the GM Property Venture Fund. The £600m investment approved by BDWG on 31 July 2014 and ratified by Panel on 12 September 2014.

<b>LEGAL IMPLICATIONS:</b>	An external firm of lawyers are required to be appointed, to undertake legal due diligence and prepare a market standard LMA lending agreement, review the construction documents and ratify the title of the site to be held as security for the loan.
<b>RISK MANAGEMENT:</b>	<p>Associated risks with providing development debt have been discussed in the due diligence paper. The associated mitigants to some of the risks have also been considered and deemed appropriate. The developer is experienced and has committed substantial sums in progressing the works to date. A forward purchase agreement has been exchanged, with completion due 10 days from practical completion. The purchaser's parent company has provided a guarantee.</p> <p>The strategy for GMPVF provides diversification to the portfolio, both in sector and type of financial instrument.</p>
<b>CONFLICT OF INTEREST:</b>	None
<b>DISPENSATION GRANTED BY STANDARDS COMMITTEE ATTACHED:</b>	N/A
<b>ACCESS TO INFORMATION:</b>	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.
<b>REFERENCE DOCUMENTS:</b>	<p><b>Appendix 1- GVA Recommendation dated 9 October 2019</b></p> <p>Further background papers relating to this report can be inspected by contacting: Andrew Hall, Investment Manager by phone on 0161 301 7203 or by email: <a href="mailto:andrew.hall@tameside.gov.uk">andrew.hall@tameside.gov.uk</a>.</p>

Signed .....  .....  
Sandra Stewart, Director of Pensions

Dated: 14 October 2019