

EAST MIDLANDS

# Urban Development Fund

CREATING A LEGACY FOR THE REGION

## Introduction

The East Midlands Urban Development Fund (the Fund) is open for business and will support, across the East Midlands region, the development of commercial property focused around innovation, science, technology and growth. The Fund, which is the first regional Urban Development Fund to have been established in England, has been set up to provide funding to commercial development projects which will support lasting jobs across the region. It will invest in opportunities across the urban areas of the East Midlands, many of which have stagnated due to the lack of bank finance resulting from the credit crunch and the resulting recession.

The Fund has already secured £15 million as follows:

- £5 million of the East Midlands Development Agency's (emda's) own funding; and
- £10 million from the European Regional Development fund (ERDF).

Appropriate investment opportunities across the regions are now being sought.

## JESSICA

The fund has been established through a European funding mechanism called JESSICA (Joint European Support for Sustainable Investment in the City Areas) and will primarily focus on ERDF's Priority Axis 1 which is about creating the physical environment for businesses to innovate and grow.

## Form of Investment

The Fund will provide investment to commercial property schemes, with the aim of the capital investment being returned to the Fund, along with a suitable return. This will ensure that the capital base of the Fund continues to grow and will therefore be available for further investments.

Investment in opportunities will be offered in the form of:

- equity;
- loans; and / or
- rental guarantees

The Fund will create a recyclable and ongoing source of funding by generating a return on investment rather than the traditional grant funding approach. The model has been adopted to ensure that a longer term



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legacy for the region, in the form of an ongoing stream of investment, is created. It is anticipated that investment for projects will work alongside other forms of finance or investment (e.g. bank loans, local authority grant, etc) to ensure a scheme's viability.

## Scale of Investment

There is no specific limit as to how much investment a project may seek. However, the Fund will make investment decisions based on a robust evaluation of each individual scheme and will need to hold a balanced portfolio of investments in order to diversify risk while targeting the greatest return on investment for public funds. It is, however, likely that the Fund will provide investment of between £3 million and £5 million per project.

## Terms of Investment

The cost of providing funding will be tailored to the individual project and will depend on issues such as:

- whether the investment is provided in the form of equity, loan and / or rental guarantee;
- the overall funding package; and
- the levels of risk associated with the project.

## Projects

The fund will support a range of projects across the region that can demonstrate:

- How they will create the right physical environment to help stimulate further innovation, research and development in the region – such as science parks, innovation premises, or high tech employment floorspace.
- Additional high quality employment opportunities.

The fund is therefore likely to invest in those projects where the following offer a significant proportion of any development:

- research and development;
- innovation; and
- workspace for small and medium sized enterprises ("SMEs") and high technology operators.

## Timescales

The objective of the Fund is to create a legacy for the region. By making flexible investments, an ongoing source of funding will be generated.

The deadline for the initial £15 million of investment is 2015.

## Opportunities

The Fund is open for business. Individuals, groups and organisations from both the public and private sector with investment ideas are invited to contact Jones Lang LaSalle to further discuss these opportunities:

## Contact

Dan Jones - Jones Lang LaSalle Finance LLP on 020 7087 5146 / dan.jones@eu.jll.com

Joseph von Maltzahn - Jones Lang LaSalle Finance LLP on 020 7087 5221 / joseph.vonmaltzahn@eu.jll.com

Visit: [www.eastmidlandsandurbandevlopment.co.uk](http://www.eastmidlandsandurbandevlopment.co.uk)



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