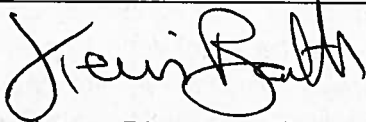


Haringey Council

Report for:	Corporate Committee 28 th January 2014	Item number	
Title:	Novation of CBRE Investment Management Agreement		
Report authorised by :	 Assistant Director – Finance (CFO)		
Lead Officer:	George Bruce, Head of Finance – Treasury & Pensions George.bruce@haringey.gov.uk 020 8489 8621		
Ward(s) affected: N/A	Report for Non Key Decision		

1. Describe the issue under consideration

- 1.1 This report seeks Committee approval to the novation of the property management agreement to CBRE Global Collective Investors UK Limited.

2. Cabinet Member Introduction

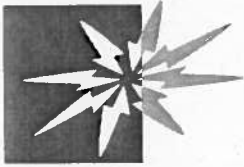
- 2.1 Not applicable.

3. Recommendations

- 3.1 That the Committee approve the appointment of CBRE Global Collective Investors UK Limited as fund manager for the pension fund property portfolio in place of CBRE Global Investors (UK Funds) Ltd (formerly called Ing Real Estate Investment Management (UK Funds) Ltd) by way of novation of the Fund's existing investment management agreement dated 28 February 2003.

4. Other options considered

- 4.1 None.



5. Background information

5.1 The pension fund has a 10% allocation to property. This has been managed, under an investment management agreement dated 23 Feb. 2003, by Ing Real Estate Investment Management (UK Funds) Ltd, a company within the ING Group. During 2011 ING sold its shares in this company, its property management arm, to the CBRE Group. The ownership of the shareholding in the company changed hands and the company was renamed CBRE Global Investors (UK Funds) Ltd. However the legal entity/company that had the right to manage the scheme's property assets under the Fund's investment management agreement remained the same. Some of the ING staff remained with the company and therefore became part of the CBRE Group.

5.2 Although the change in ownership of the property manager was notified to the Committee in 2011, there was no change in the legal entity managing the Fund's property portfolio. As a result, there was no need then for a resolution agreeing a new appointment.

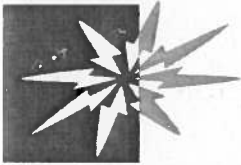
5.3 The CBRE Group are currently undertaking a reorganisation of their business structure and wish to change the legal entity that manages the Scheme's assets from CBRE Global Investors (UK Funds) Ltd to CBRE Global Collective Investors UK Limited. There will be no change in the staff involved in managing the portfolio. However, this change requires a formal transfer by way of a deed of novation of the Fund's investment management agreement to a different legal entity/company with the CBRE Group. The terms of the deed of novation have been agreed by the Council's Legal Team. As a new legal entity is formally being appointed, the Committee's approval is now required. However, the novation will not in practice have an impact on the manner in which the property portfolio is managed.

6. Comments of the Chief Financial Officer and financial implications

6.1 The CBRE group comprises a number of legal entities with integrated day to day operations. It is not unusual for structural reorganisations to occur. This change will not impact on the management of the property portfolio.

7. Head of Legal Services and Legal Implications

7.1 This report is recommending the transfer of the Fund's existing investment management agreement from one CBRE company to a



new one. In law this amounts to an appointment of the new company to carry out the contract which is done by way of a deed of novation of the contract.

7.2 Under the Council's Contract Standing Orders (CSO), the novation of contracts relating to the Pension Fund and valued over £250K may only be approved by the Corporate Committee which has the powers of Cabinet in relation to such contracts (see CSO 3.03 & 9.07.1(d).

7.3 There are no significant legal reasons preventing the approval of the recommendation in paragraph 3.1 of this report.

8. Equalities and Community Cohesion Comments

8.1 Not applicable.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 None.

11. Use of Appendices

11.1 None.

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

