

Outline Protocols for Spinout Facilities Arrangements

Objective: to outline a consistent set of principles to be applied to all eligible QUB spinouts in relation to the provision of University facilities, and services. The rationale behind this is a) to support the development of those companies that the University has a significant investment in during their early genesis (on a market investor basis), b) to reduce transaction costs and to provide consistent and transparent treatment of such companies across the University's estates and facilities; and c) to encourage other shareholders to likewise aid early (and mostly pre-revenue) spin-out outs.

Eligible Companies: Spin-outs (and spin-ins) eligible for discounted facilities and services are those in which QUBIS Ltd holds (on behalf of the University) no less than 20% (fully diluted) of the equity of the company - i.e. an associated undertaking. Where QUBIS holds less than 20% of equity of in a spin out or spin-in the relationship will be regarded as arms-length - not one where the ownership justifies the University in subsidising the early facilities cost of the company.

Reciprocal Shareholder Arrangements: Notwithstanding the eligibility criteria above, where other significant shareholders charge full economic cost for services they provide to the company, the University may waive the application of this protocol to the spinout.

Shareholder Consultancy Charges: Notwithstanding the above, where founder members and shareholders in the company are charging commercial rates to early stage or pre-profit companies benefiting from discounts under this policy, the University may be inclined to cease providing subsidised facilities. The University would not be amenable to providing subsidies to the company where other shareholders are charging full rates or extracting revenue from companies not able to afford the cost. This would be regarded as a one-sided subsidy benefiting the individual and not the company.

Contingencies: The companies benefiting from these principles will be responsible for: arranging their own contents and liability insurance; ensuring that a formal facilities agreement is put in place with the University and gaining the Faculty Director of Operation's consent. A copy of the University Template Facilities Agreement¹ is appended hereto and it is expected that this will be used by companies seeking to benefit from this policy.

Application of Discounts to Space Charges: It is anticipated that the most material discounts applicable to eligible companies will be applied to the TRAC rates on Space, Office and Laboratory charges this will include inter alia heat, light and power, IT infrastructure and water costs.

The full economic cost of space based on the UK wide Transparency Review costing principles (TRAC 2013-14) rates² that inform the charging are as follows:

¹ We will provide hyperlinks to this.

² Subject to annual review and update

Space Category	TRAC ³ cost	Fully Discounted Cost Y1
Office type space	£215 per m ²	£43 per m ²
Laboratory type space	£270 per m ²	£54 per m ²
Resource Intensive space	£470 per m ²	£94 per m ²

All of the above are subject to inflationary uplifts and the category of space will be determined by the Faculty Director of Operations in conjunction with Estates for each Spin-out, but for illustration is likely to be as:

- **Office type space** Standard resource consumption space with normal maintenance, heat, light and power requirements. For example offices and residential accommodation.
- **Laboratory type space** for example, computer workstation rooms.
- **Resource Intensive space**, for example, specialist research laboratories.

A rate between **Laboratory type space** and other more resource intensive space may be agreed depending on the services and power consumption of the space in question. This determination would be informed by discussion with Estates.

Additional Services such as:

- Analytical and Testing Service Fees
- Technical and Post Doctoral Researcher staff costs.
- Storage and Cleaning

Will be agreed with the Faculty Director of Operations in conjunction with Finance & Estates Directorate and documented in a Service Level Agreement (SLA). It will be for the Faculty Director of Operations to determine if the same discounts are applied to these headings.

Where Spinouts have identified space allocated shared, or dedicated, this will be subject to the execution of an appropriate licence with the University or other agreements required by Estates.

Discounts to be Applied: Eligible companies may benefit from this arrangement over the duration of 3 years from incorporation/ spinout. The discount applied will be in the region of or non-dedicated space, or shared space.

			Year 1	Year 2	Year 3
Discount		TRAC	80%	50%	20%
Office (Type 2)		£215	£43	£108	£172
Laboratory (Type 3)		£270	£54	£135	£216

³ The full economic cost of space based on the UK wide Transparency Review costing principles'

Resource Intensive	(Type 4)	£470	£94	£235	£376
--------------------	----------	------	-----	------	------

Where the eligible company is benefiting from dedicated solely occupied space the following discounts will be applied:

Year1	Year 2	Year 3
70 %	40 %	10%

All discounts will generally be disapplied three years from the start of their application.

Investment: If the otherwise eligible company receives significant post seed external investment (generally in excess of £500,000 specifically to meet these costs the policy may be disapplied. Priority will be given to those companies that are most likely to benefit from the discounts.

Office and Laboratory Space: Where eligible companies are seeking to take advantage of this policy they should secure the agreement of their Faculty Director of Operations and Estates using the above rates guidelines, and document this. This should establish the nature of the space and facilities and the full cost thereof before the discounts can be applied. All fit out and reinstatement costs will be the full responsibility of the company.

Insurance: The space and facilities themselves will be covered by the University's insurance policy, and Spinouts will undertake to comply with the requirements of that insurance policy. Spinouts will however be responsible for their own content and their own PI and EL liability insurance and must provide evidence of such, together with signed University Facilities Agreement.

Use of Janet: Reasonable use of Queen's and Janet internet connections will be acceptable where this is in line with the Janet Connection Policy which "does allow businesses on science parks, in innovation centres and incubator units and spin out companies wishing to collaborate with the JANET community on research, learning or teaching or wishing to receive learning, research or development services from members of the JANET community". Where in doubt this should be checked with Queen's Information Services.

Telephony: Generally laboratories will require an internal number for health & safety and security purposes, but access to an outside line will not be provided unless agreed in the SLA.

Individual Service Level Agreements

For each eligible company to benefit from this policy they should agree and record in a Service Level Agreement the following with Estates and the appropriate Faculty Director of Operations:

- The actual space allocated or the area to be shared/accessed
- Access rights including permitted use and access times
- Insurance obligations for the company (including Liability insurances, contents and any others required)
- The costs of the space and the facilities and the discount applied
- Use of any facilities and use monitoring and charging arrangements
- Any sub-metering - if appropriate - and rates
- Responsibility for Health and Safety and PAT testing and training

These protocols are a framework, and intended to guide to help Faculties apply general principles consistently, and to inform spin-outs of the support they may benefit from in their early stages. Ultimately the application of the details of these arrangements will be subject to the agreement of the Faculty and any legal, space or financial constraints placed upon them. The decision of the Faculty Operations Director will therefore be final on these matters.