

Investment

Criteria	Criteria Description	Maximum Weighted Score	Excellent	Good	Acceptable	Marginal	Poor	WEIGHTED SCORE	Comments supporting assessment	Actions taken to reduce risk and change to assessment	Consequences of actions taken to reduce risk (eg. reduced yield)	
Score to Apply to Each Column:			5	4	3	2	1					
Portfolio Strategy Context	Does the acquisition take the exposure of the whole portfolio to over 30% in either of the six sectors: - retail - office - industrial - hotel - food and beverage - other		YES	Proposal to be scored using risk matrix below.						To be confirmed	Review of council portfolio % value/income/floor area	Informs decision
			NO	Over exposure to one of the six sectors. Proposal can not proceed without a review of existing portfolio to ensure that Council is not over exposed to any one sector.						The purchase does not form more than 30% ownership in sector	As above	Informs decision
Location: Micro	Quality of the individual situation of the property within the macro location with regard to property use (i.e. sector). Refer to separate sector definition sheet.	20	Excellent links x	Good links	Reasonable links	Poor links, but prospects of improvement	Location with limited benefit	100				
Tenant Covenant	Financial rating provided by Dun & Bradstreet	20	Excellent financial covenant x	Strong financial covenant	Good financial covenant	Poor but improving financial covenant	Poor financial covenant	100				
Building Quality	Quality of the building compared to its market sector. Refer to separate sector definition sheet.	15	New, modern or recently refurbished x	Good quality, no spend required for 20+ years	Good quality but spend required in 10-20 years	Spend required in 5-10 years	Tired, Spend required in next 5 years	75				
EPC	fact	5	A/B x	C	D	E	F/G	25				
Lease Term	Unexpired lease terms, WAULT	15	Greater than 15 years x	Between 10 and 15 years	Between 6 and 10 years	Between 2 and 6 years	Under 2 years	75				
Tenants Repairing Obligations	Tenants repairing obligations	10	Full repairing and insuring (Effective FRI) x	Full repairing and insuring - partially recoverable	Internal repairing	Internal repairing - partial recovery	Landlord responsible	50				
Rent Review	Rent review mechanisms	10	Fixed uplift + OMRV x	OMRV but no near comparable	CPI/RPI	Caps and Cuff review	No proper review mechanism	50				
Occupational Demand	Anticipated level of demand from other occupier if tenant(s) was (were) to vacate	15	Demand from many tenants x	Demand from a few tenants, but low number of competing buildings	Reasonable prospect of securing new tenants	Poor demand	Niche / limited demand	75				
Management Intensity	Complexity and cost of managing the property	15	1-2 tenants x	3-5 Tenants	5-9 tenants	10-15 tenants	16 plus tenants	75				
Liquidity	The degree to which the property can be quickly sold in the market without affecting the price	15	Lot size and sector attractive to investors x	Lot size not attractive to investors but sector is	Lots size attractive to investors but sector is not	Generally unattractive	Attractive to niche investors only	75				
Tenure	Freehold / Leasehold. Consideration of any ground rent obligations	10	Freehold x	Long leasehold 125+ years / peppercorn ground rent	Lease between 100 and 125 years / peppercorn ground rent	Lease between 50 and 100 years	Lease less than 50 years and/or high ground rent	50				
Environmental Impact	Opportunities for secondary sources of green energy	10	Excellent x	Good	Acceptable	Marginal	Poor	50				
Asset Management	Opportunities for additional sources of income, or efficiencies through effective asset management	10	Excellent x	Good	Acceptable	Marginal	Poor	50				
Weighted Score (850 Max Sum)								850				