

Investment Decision Guide

Property Name:



Criteria	Criteria Description	Comments	Weighted Property Score	Excellent	Good	Acceptable	Marginal	Poor
				5	4	3	2	1
Portfolio Strategy Context	The extent to which the property meets the strategy and contributes to the achievement of a diversified portfolio							
Location: Macro	Quality of the location (town, city, area) with regard to the property use							
Location: Micro	Quality of the individual situation of the property within the macro location, with regard to the property use							
Tenant Covenant	Ability of the tenant/s to pay the rent for the duration of the lease. Credit rating of the tenant							
Building Quality	Quality of the building compared to the Industry standard Grade A for the property type							
Lease Term	Length of the secured income.							
Lease Structure	Tenant repairing obligations, rent review mechanisms							
Rental Growth Prospects	Opportunity / Likelihood to increase passing rent							
Occupational Demand	Anticipated level of demand from alternative occupiers if the tenant/s were to vacate							
Management Intensity	Complexity and cost of managing the property							
Liquidity	The degree to which the property can be quickly sold in the market without affecting the price							
Alternative Use / Underlying Value	The value of the land and the opportunity to explore a change of use should this be required							
Tenure	Freehold / Long Leasehold. Consideration of any ground rent obligations							
Asset Management Opportunities	Opportunities to add value to the property							
Financial Return (risk v reward)	The forecast gross financial return considering the risk profile of the property and in accordance with the sector.							

Weighted Score		A property will be expected to score at least 140 out of 200 (70%) on the above matrix unless there are other economic / wider benefits to be delivered within or to the county.
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Criteria	Criteria Description	Maximum Weighted Score	Excellent	Good	Acceptable	Marginal	Poor
			5	4	3	2	1
Portfolio Strategy Context	The extent to which the property meets the strategy and contributes to the achievement of a diversified portfolio	15	Under-represented sector				Sector already heavily represented
Location: Macro	Quality of the location (town, city, area) with regard to the property use	15	Major Prime	Prime	Major Secondary	Micro Secondary	Tertiary
Location: Micro	Quality of the individual situation of the property within the macro location, with regard to the property use	15	Excellent transport / footfall				Location with limited benefit
Tenant Covenant	Ability of the tenant/s to pay the rent for the duration of the lease. Credit rating of the tenant	15	Excellent financial covenant	Strong financial covenant	Good financial covenant	Poor but improving covenant	Poor financial covenant
Building Quality	Quality of the building compared to the Industry standard Grade A for the property type	15	New, modern or recently refurbished	Good quality- no spend required for 20 years+	Good quality but spend required in 10 years	Spend required in 5 years	Tired / Significant spend CapEx likely
Lease Term	Length of the secured income.	15	Greater than 15 years	Between 10 and 15 years	Between 6 and 10 years	Between 2 and 5 years	Under 2 years / vacant
Lease Structure	Tenant repairing obligations, rent review mechanisms	15	Full repairing and insuring	Full repairing and insuring- partially recoverable	Internal repairing	Internal repairing- partially recoverable	Landlord responsible
Rental Growth Prospects	Opportunity / Likelihood to increase passing rent	15	Fixed uplifts at frequent intervals				Significantly over-rented (tenant paying above the
Occupational Demand	Anticipated level of demand from alternative occupiers if the tenant/s were to vacate	15	In demand from many tenants		Reasonable prospect of securing new tenants		Niche with limited demand
Management Intensity	Complexity and cost of managing the property	10	Single Tenant				Multiple Tenants
Liquidity	The degree to which the property can be quickly sold in the market without affecting the price	10	Lot size & sector attractive to investors				Attractive to niche purchasers only
Alternative Use / Underlying Value	The value of the land and the opportunity to explore a change of use should this be required	10	Favourable location / planning				No opportunity to change use
Tenure	Freehold / Long Leasehold. Consideration of any ground rent obligations	10	Freehold	Long Leasehold 125 years + / peppercorn ground rent	Lease between 100 and 125 years / peppercorn ground rent	Lease between 50 and 100 years	Less than 50 years and/or high ground rent (10%+)
Asset Management Opportunities	Opportunities to add value to the property	5	Significant opportunity to add value				No opportunity
Financial Return (risk v reward)	The forecast gross financial return considering the risk profile of the property and in accordance with the sector.	20	Return higher than expected for sector / the risk profile				Return lower than expected for sector / risk profile
Weighted Score		200	A property will be expected to score at least 140 out of 200 (70%) on the above matrix unless there are other economic / wider benefits to be delivered within or to the county.				