APPENDIX 1

New Forest
DISTRICT COUNCIL

Asset Investment Strategy

'In support of a vibrant and prosperous New Forest economy'

Platinum Jubilee Business Park – An NFDC development due for completion January 2023

1. Introduction

1.1 In 2017 the Council introduced a new strategy to invest in commercial property in support of its stated priorities to help local businesses grow, to boost the economic viability of the District and to identify opportunities to generate income to maintain services that are important to residents.

1.2 Since the introduction of the new strategy, which set aside a £30M fund, the Council has been able to secure good quality commercial property within the District to support economic activity and industrial development within the New Forest. The purchases have also provided a worthwhile rental income to the Council to support the delivery of the Medium-Term Financial Plan. Based on purchases to date and in train, as well as projects currently under construction, the Council will have invested the initial £30M fund by the end of the 2022/23 financial year.

1.3 The Council is confident that in the long term there will continue to be opportunities to purchase and develop further good quality commercial property in the District in support of its objectives and so is planning within the investment strategy and capital strategy for a further £20M of funding to be made available to accommodate further property acquisitions before a further review of the strategy is necessitated.

2. Background

2.1 Stated aims of the Council as set out in its Corporate Plan 2020 - 2024 include to deliver a sustainable and prosperous New Forest, helping local businesses to grow and prosper and enabling service provision and ensuring value for money for the Council taxpayer including by identifying sites and opportunities through the asset investment strategy.

2.2 The purpose of the Asset Investment Strategy is to make commercial property investments in support of a sustainable New Forest economy, and to provide economic redevelopment or regeneration in the District. It also provides a satisfactory rental income in support of the Medium-Term Financial Plan.

2.3 The Asset Investment Strategy includes continual evaluation of the investment portfolio to ensure that it is fit for purpose.

2.4 It is considered that a meaningful contribution towards ensuring continued delivery of the Council's key priorities can be achieved through investment in good quality commercial property. The strategy is supplemental to other strategies being adopted by the Council that also aim to fulfil corporate priorities.

2.5 The management of long-standing and newly acquired assets, pursuant to the adoption of the 2017 strategy, is undertaken by the Estates and Valuation Service. In addition, the Council is developing the new Platinum Jubilee Business Park in Ringwood which is expected to support between 150 – 200 jobs with further added benefits to the wider supply chain, and will generate gross rental income over £0.5M per year when fully let.

2.6 Investments to date have been financed through the use of Council resources. Further purchases will require external borrowing, depending on the scale and the timing of the investment.

2.7 The specific governance arrangements put in place to deliver on the strategy have enabled the Council to respond swiftly when good opportunities arise in the District. The refreshed Asset Investment Strategy provides the Council with the ability to continue to assess opportunities in a systematic way whilst being able to move quickly. The Council has taken advantage of off-market introductions as well as open market sales to build the mixed portfolio and believes it has a strong local reputation and track record to complete transactions.

2.8 The management of the Council's cash is dictated within the Council's Treasury Management Strategy and is held within a variety of investment types. The average yield achieved as at 31 March 22 from these investments was 0.77%. The Treasury investment portfolio currently includes £13.6m held in pooled property and equity funds which are higher earning (4.17% achieved), with the majority of other funds being held with less than 1 year to maturity for operational reasons.

3. The Financial Strategy and Business Case

3.1 The Council's adopted corporate plan covering 2020 - 24 includes several key aspects that can be related back to this strategy. The vision and values of the corporate plan include:

- To secure a vibrant and prosperous New Forest
- Working with others to maintain a vibrant local economy that brings opportunities to the area
- To act fairly, openly and with financial responsibility in all that we do
- Protecting the special character of the New Forest
- Understanding local needs

3.2 The Council is looking to play a key role in the shaping of 'Place' across the District. The ability to make strategic asset purchases to support Town Centre regeneration and development and promote local economic activity is pivotal to the ability of the Council to deliver on a range of priorities.

3.3 Local authorities are also seeking to become more self-sufficient and not reliant on grant funding. An important financial consideration when implementing the Asset Investment Strategy is for the properties to make a positive contribution towards the achievement of the Council's Medium Term Financial Plan, whilst noting that this is a long-term strategy.

3.4 Although the Council's cash balances ranged between £50.4m and £105.4m to the 12 months to March 2022, some of this balance was in relation to varying covid related Business Support grants held briefly by the Council, before onward distribution. Balances in general are forecast to decrease over the next few years. The Councils' Capital Programme Reserve stood at £12.004m as at March 2022, with this largely committed to schemes over the coming few years. It is envisaged that an internal borrowing arrangement would take place to initially finance any further property purchases, until such a time when external borrowing is required.

3.5 Officers believe that the Council could potentially borrow funds with the PWLB, or from a variety of other sources. The PWLB fixed interest rates are based on gilt yields and are published twice a day. The PWLB needs to be satisfied the Council is acting lawfully when borrowing funds.

3.6 One-off and on-going costs will be incurred to deliver the strategy. Prospective bids would allow for transactional costs (finder's fees, valuations, legal costs, stamp duty, etc.) when calculating the yield.

3.7 NFDC already has substantial loans of c£122.6M following the Housing Revenue Account resettlement in 2012. The Council's prudential indicators, which are agreed as part of the Treasury Management Strategy and Annual Budget 2022/23, include for example, a limit on external debt. The agreed size, funding mix and anticipated timing of the acquisitions of the investment portfolio would need to be taken into account in the prudential indicators, to include an increase in the overall external debt limit.

3.8 It is necessary for the Council to take a prudent approach to the management of its financial affairs. When assessing investments taking a prudent approach, the Council will need to consider such factors as the security against loss, the liquidity of the investment, the yield, affordability of the loan repayments, change in interest rates and property values.

3.9 In short, the Council must get right the balance between risk and reward in a manner befitting with the Council's overall risk appetite to ensure the cost of funding the Asset Investment Strategy does not fall on the taxpayer.

4. Recent market experience

4.1 As mentioned above, the Council has grown its portfolio pursuant to the Asset investment Strategy. The Council believes attractive properties will come to the market in the future. The Council also believes there is and will remain good demand for commercial space from local and regional business tenants serving the District economy and the wider region.

4.2 The portfolio is diverse with a mix of public sector, offices, leisure, industrial, professional services and retail. In the Council's view there is no overweighted exposure to any particular market or occupier. The portfolio has occupiers undertaking their various business activities with the Council's properties and acting as a supportive landlord we achieve a low level of void space.

4.3 The portfolio will be further complemented with completion of the Council's biggest investment in the development of Platinum Jubilee Business Park which is a mix of larger and smaller light industrial units and offices targeting the local business market. The Council believes there will be good demand for the units once the development is completed and expects that more than 150 jobs will be supported by the development.

4.4 In addition, and pursuant to this Asset Investment Strategy, the Council may invest in the redevelopment, re-purposing or improvement of its own landholdings. The Council undertook improvements at Lymington Town Hall and has let the space so created to a variety of public and private sector tenants including Hampshire Police and the Citizens Advice Bureau.

Market economic outlook

4.5 Regarding the present economic profile of the District:

4.6 The New Forest is the fourth largest economy in the Hampshire County Council Area. In 2020 the New Forest economy generated some £4.4bn (GVA). Including VAT and other indirect taxes on products (minus subsidies) this rises to nominal GDP of £5.1 billion to the economy.

4.7 Primary & secondary industries contribute approximately one third (31%, £1.36bn) of economic output in the New Forest, larger in relative terms than both Hampshire or UK economies. Manufacturing is the largest component with a concentration in New Forest above the national average. The construction sector is also significant across the New Forest.

4.8 Timelier national data saw the economy rebounding in 2021, with estimated Hampshire growth above the national average and the New Forest possibly even faster thanks to recovery of consumer-facing services sectors. However, the UK economy is showing signs of stalling in 2022 amidst geopolitical tensions and with rising inflation and low growth (stagflation)

4.9 there is an increasing likelihood of recession in late 2022 and throughout 2023. Forecast growth is therefore subdued in the short-term

SOURCE: Report: The New Forest Economic Profile 2022 Business Intelligence Service

4.10 **Industrial & Logistics sector**

Lambert Smith Hampton produced a report 'Fast Forward' Industrial & logistics Market 2022. A summary is:

"As investors in other property sectors continue to grapple with uncertainty, the UK industrial logistics market is thriving. The sector rose to the challenge of COVID-19 in 2020, paving the way for a frenzy of activity in 2021; a year that saw record take-up, record levels of speculative development and,

tellingly, record low levels of supply.

Investors are playing their part. The scale of global capital seeking UK logistics is seemingly without limit, drawn in by the sector's relatively defensive attributes and clear evidence of unprecedented levels of rental growth. Such is the strength of occupier demand; investors have never been more assured of putting their money into speculative development. But it isn't all plain sailing. Conflict in Eastern Europe has raised global geopolitical tensions substantially, bringing a new layer of uncertainty and risking further escalation of inflation. Landlords should be mindful at least of the threat of rising costs to consumers and occupiers alike, as well as the prospect of rising rating liabilities in 2023 and possible moves towards a new online sales tax.

Even if 2022 struggles to match the highs of last year, this does not for a moment look like a bubble about to burst. The growth and activity we are witnessing is underpinned by extremely positive dynamics, which I expect to continue to drive the market for years to come. If anything, a critical lack of supply is likely to prove the main impediment to activity in 2022"

JAMES POLSON
NATIONAL HEAD OF INDUSTRIAL & LOGISTICS
LAMBERT SMITH HAMPTON AUGUST 2022

4.11 **Retail Sector**

"UK consumer confidence remained at a historic low of -41 in July, according to GfK's Consumer Confidence Index. All five sub-indices remained virtually unchanged, with the general economic situation indices remaining extremely subdued at -66 (last 12 months) and -57 (next 12 months).

This collapse in consumer confidence reflects the rapid rise in inflation, which is creating the biggest fall in real household disposable incomes since records began in the 1960s, as well as rising interest rates and a deteriorating economic outlook. With already-high inflation set to increase further, this very weak confidence is likely to continue for some time.

A further sharp decline in real household incomes looks inevitable, although the Government's Cost of Living Support package, together with rising wages and the low rate of unemployment will help to cushion the impact. The Bank of England is now forecasting real household income to fall by 1.5% this year and by 2.25% in 2023, only returning to modest growth in 2024.

This will inevitably impact consumer spending levels. Indeed, a recent ONS survey reported that just over 60% of households were already spending less on non-essentials, and almost 50% were spending less on food. On the positive side, consumer spending will fall by less than incomes, as some households (typically higher income ones) will be able to tap into savings accumulated during the pandemic, or reduce the proportion of their income that they save. Discretionary spending will be most under pressure, as households delay big-ticket and non-essential purchases.

These impacts are yet to be fully seen in retail sales data. Retail sales volumes fell by 0.1% in June 2022 following a fall of 0.8% in May 2022 (revised from a fall of 0.5%); sales volumes were 2.2% above their pre-pandemic February 2020 levels, but down over the past year.

The proportion of retail sales online fell to 25.3% in June, the lowest proportion since March 2020 (22.8%), continuing a broadly downward since February 2021 (37.4%), as more shoppers return to physical stores following the pandemic. However, over the medium term, online sales are likely to resume their upward trend as a proportion of total sales.

UK town centre footfall remains circa 10% below its pre-pandemic levels, due mainly to the higher level of the remote working. This now appears to be a structural shift, to which retailers will need to permanently adjust. On the positive side, many local high streets continue to benefit, but at the expense of larger town and city centres.

Average retail rental values had been declining for 18 months prior to the pandemic, a trend that accelerated sharply during the lockdowns, and are now 17.4% below their 2018 peak (MSCI Monthly Index, June). However, the rate of decline has been moderating recently, and average all-rental values have now broadly levelled off. This does mask significant variation, depending on the type of property and location.

The retail warehouse subsector has fared considerably better than most of the wider retail sector. Average rental values saw only a modest fall during the pandemic, and have been rising steadily, by 1.1% between September 2021 and June 2022 (MSCI)."

CARTER JONAS RESEARCH AUGUST 2022

4.12 **Office Sector**

Vail Williams recently reported:

"In 2021 we saw the bounce back of the office markets in the region's major cities, including Portsmouth and Southampton, as the desire to be in and amongst city centre facilities and have a sense of place, returned.

Now, seven months into 2022 our South Coast agency team, the region's leading commercial office agent, Russell Mogridge, discusses what we are seeing on the ground across the South Coast office market.

"As businesses have begun to think about what their

post-pandemic workplace strategies look like, workforces have been encouraged back into the office, and the professional services sector has led the way.

Having enjoyed the benefits that working from home provided for some (but not all), most businesses have opted for a hybrid office model for the medium term at least.

This is giving their teams the benefit of both worlds – the flexibility of homeworking, together with the social, mental health, career and innovation benefits that the office environment delivers – not to mention the recruitment lure.

This is translating into a continued 'flight to office quality, as occupiers seek a higher standard of office building boasting a good range of amenities, collaboration spaces and green energy efficient credentials, to enable them to attract and retain talent."

RUSSELL MOGRIDGE
VAIL WILLIAMS -SOUTHAMPTON
AUGUST 2022

4.13 The Asset Investment Strategy may also consider acquisitions marginally beyond the District boundary on a case-by-case basis. This could broaden the opportunity to acquire good quality investments covering the range of types and locations and to spread risk. The Council may consider sites immediately outside the District boundary that can still demonstrate economic links to the District in terms of workforce commute and wider supply chain benefits back to within the District boundary. To date however all the Council's commercial property purchases have been within the District and the preference is to purchase commercial property within the District.

4.14 Overall and notwithstanding current economic headwinds, the Council remains of the view that purchases of commercial properties and future development (including re-development of land or the repurposing of existing Council real estate) when made on a cautious and prudent basis will over time contribute to the Council's vision and priorities as set out in this strategy.

Holding property investments

4.15 The Council may hold property assets either directly or indirectly. Direct property investment gives the Council full control over the property and responsibility for its management. All properties acquired to date are held in this way.

4.16 Indirect property investment (excluding pooled funds held through a Treasury Management Strategy) could take the form of either setting up a trading company or forming a joint venture with another property investment company.

4.17 The holding of property assets in a property company would enable greater freedom and flexibility of the decision-making process. However, there are potential risks and set up costs involved, the company would be subject to corporation tax and incur higher financing costs than if the investment acquisition programme is undertaken directly. Although there is the potential for higher returns, there is also the potential for significantlosses.

4.18 The preferred approach therefore is to establish governance arrangements that support the ability to seek and purchase suitable assets, avoiding the need for Council controlled separate legal entities to be involved. Larger and more complex projects may require alternative legal structures, but these will be developed and assessed on a case-by-case basis as required.

Criteria for selecting investment assets

4.19 The Council selects properties which support economic activity within the District. The criteria also confirms that the purchase will provide a satisfactory rental return for the provision of services. The Council will acquire and hold properties directly where possible and appropriate. The Council will also retain the discretion to make investments outside the immediate District where a clear economic benefit inflow exists back to within the NFDC boundary. The preference however is to secure properties within the District. The strategy also allows for the redevelopment, re-purposing or improvement of its own landholdings for these purposes.

4.20 Investment property acquisitions need to be subject to the agreed parameters of the Council's Asset Investment Strategy. The Council's initial selection of an asset shall be assessed on three acid test criteria on a pass or fail basis.

I. Does the opportunity promote or support economic activity with the New Forest District.

II. To achieve the minimum evaluation requirement of yield, that is to ensure the income from the investment does not place an additional financial burden on the General Fund, the yield required from a purchase should exceed a minimum level of 1.5% above the most up to date PWLB lending rate; and

Leases should be classified, for accounting purposes, as an operating lease rather than finance lease, to ensure that all rental income can be treated as revenue income (rather than a mix of capital receipt and revenue income). Operating leases are those where the risks and rewards of ownership are retained by the lessor (the Council) and must meet certain criteria. The main criteria being that the lease term should not be for the major part of the property's economic life unless the price paid is underpinned by the sites redevelopment potential and at the start of the lease, the total value of minimum lease payments (rents) should not amount to a significant proportion of the value of the property.

4.21 Any asset meeting these first three criteria will pass to the next stage for consideration. Subject to paragraph 4.21 below, the Council will not consider any properties that do not meet the two acid test criteria.

4.22 For assets that pass the first two criteria, officers will evaluate any prospective property against a comprehensive set of defined property specific criteria. To form an initial view on the strength of a given investment proposition, officers will score the property against the scoring criteria shown in the table set out in Appendix 1. The minimum score should be at least 171 out of a maximum score of 285; this is equivalent to at least the 60th percentile of the maximum score. There will, however, always be a trade-off between the level of return and the score.

4.23 The table in Appendix 1 shows the suggested scoring criteria to be applied when considering an investment property.

4.24 The Council reserves a discretion to acquire commercial property assets that may fall outside the investment criteria if a strong case can be made that the target property provides an exceptional opportunity to promote the Council's main priorities and values.

Acquisition process and governance

4.25 The team comprises experienced officers from Finance and Estates & Valuation to prepare initial assessments and recommendations concerning suitable properties. It is important that the Council's approval procedures work swiftly to ensure that opportunities are not lost to rival purchasers.

4.26 To complement the governance arrangements that already exist within the Council, acquisitions are subject to the following process being completed in the following stages:

a. Maintain officer and member awareness of future investment acquisition programme via the Property Investment Panel

b. Source the asset

c. Inform Portfolio Holder for Finance Investment & Corporate Services and the Strategic Director Corporate Resources and Transformation (Section 151 Officer) of prospective asset.

d. Pre-offer stage: circulate template of information on full details and cash flow of the potential acquisition to key individuals and services to ensure the legal and financial implications of purchase are fully understood

e. Request approval to enter bidding process or to make an offer, subject to contract, from the Portfolio Holder for Finance, Investment and Corporate Services and the Strategic Director Corporate Resources and Transformation (Section 151 Officer), in consultation with the Property Investment Panel where appropriate

f. Finalise Heads of Terms where bid is successful and commission independent surveys, purchase report and valuation and legal due diligence.

g. Approvals to enter into binding contract then to be finalised as follows:

1. The Chief Executive, the Strategic Director Housing, Communities and Governance and the Strategic Director Corporate Resources and Transformation (Section 151 Officer), in consultation with the Portfolio Holder for Finance, Investment and Corporate Services, the Chairman of the Corporate Affairs and Local Economy Overview and Scrutiny Panel and the Portfolio Holder for Business, Tourism and High Streets, shall have authority to make asset purchases and investments up to £5million.
2. Cabinet shall have authority to make asset purchases and investments above £5million.

Purchaser's costs

4.27 Any direct property acquisition would be subject to purchaser's costs, typically these would include the following:

Stamp Duty	4.75%
Legal Fees	0.75%
Agent, Survey & Valuation Fees	1.75%
Total Acquisition Fees Circa	7.25%

Total Acquisition costs = 7.25% of the property purchase price.

4.28 This level of acquisition costs is the industry standard and all commercial property yields quoted are generally net of purchaser's costs.

Financing Costs

4.29 The extension of the portfolio fund would continue to utilise a 20% General Fund reserve contribution, whilst seeking to finance the remaining 80% through loan. The decision as to whether the Council will borrow externally and at what point in time is a treasury management decision and not directly linked to the purchase of the asset or this strategy.

4.30 The requirement to borrow externally requires assessing through the Council's prudential indicators to ensure that the overall level of debt is suitable in relation to its standard operating cash flows.

Timescales

4.31 The Council and officers should take a long-term view with the intention of applying the Asset Investment Strategy over a period of at least 25 years.

4.32 The Council will continue to implement the strategy, subject to the availability of 20% reserve contributions as outlined at paragraph 4.25, or will review within 5 years, or when a further £20M is utilised, whichever is sooner.

5. Risk Management

5.1 There are a number of risks the Council should consider, all of which could have an impact on the net return to the Council. These include:

5.1.1 Capital values and rental values can fall as well as rise.

5.1.2 Borrowing costs could increase.

5.1.3 Vacancies (voids) in the portfolio will reduce average yield. As well as lost rental income on vacant units, the Council could find itself liable for a share of on- going costs which a tenant would normally pay such as empty property rates.

5.1.4 Disputes with tenants. Common disputes include ongoing maintenance and repair costs of buildings and the ability to recover those costs from tenants.

5.1.5 Tenant default, and that financing costs could rise.

5.1.6 External factors. Property investment, whether direct or through pooled funds, is subject to factors the Council cannot control, e.g. failure of tenants, changes in perception of what is a good location, economic downturnetc.

5.2 The overall investment value and range of properties being acquired needs to represent a good mix and spread of risk across differing sectors. The overall size of the investment pool needs to establish a suitable mix.

5.3 It is important that the Council maintains an adequate level of reserves and balances to ensure it can manage any downturn in the property market and limit the impact it will have on revenue income. There is a risk that substantial expansion of the asset portfolio may result in a lower credit rating.

5.4 All forms of investment carry an element of risk and the acceptance of a risk factor is rewarded by the achievement of key corporate plan objectives and priorities, and of course the potential for financial return.

5.5 New development, regeneration and redevelopment can take time before cash inflows commence. Officers will prepare a detailed cash flow model for each prospective investment in order to appraise the cash flow risk and the internal rate of return of the investment. Officers will also take into account the ability for lending rates to increase, noting that this strategy has a long-term focus.

6 Ongoing management and performance review of the assets

6.1 Property management varies between properties. Managerial issues include rent collection, service charge calculation and collection, building maintenance, security, dealing with tenants, re-letting empty units, negotiating terms of rent reviews, dilapidation claims and the general miscellany of property management.

6.2 The means of ongoing management of acquired commercial property investments will be determined on a case-by-case basis. In some management intensive cases, such as multi-let properties, day to day management fees may be largely recoverable by way of service charge, provided an external firm is used. However, there does remain a ‘client side’ management function for all owned properties and the time commitment will increase relative to the number and type of properties acquired as well as the number of tenants within the portfolio.

6.3 The Estates and Valuations team will be responsible for providing regular reports on management issues and the performance of the Councils property investment portfolio.

6.4 The Council’s Capital Change Board (CCB) will review all investment assets every six months and the Corporate Affairs and Local Economy Overview and Scrutiny panel will receive an annual report, with further updates as requested by the panel Chairman.

6.5 Regular reports to be provided to the Property Investment Panel consisting of:

6.5.1 Portfolio Holder for Finance, Investment and Corporate Services,

6.5.2 Chairman of the Corporate Affairs and Local Economy Overview and Scrutiny Panel,

6.5.3 Portfolio Holder for Business, Tourism and High Streets,

6.5.4 the Chief Executive,

6.5.5 Strategic Director Corporate Resources and Transformation (Section 151 Officer), and

6.5.6 Strategic Director Housing, Communities and Governance.

7 Financial implications

7.1 The Council currently holds property leased out on commercial terms, with a book value of approximately £29M associated to the principal assets. This figure will increase when the Platinum Jubilee Business Park is completed. The Estates and Valuation team deal with the leases and rent reviews and are responsible for ensuring that all income due to the Council is collected.

7.2 The experience of the Council since 2017 indicates that a range of properties with differing gross yields are marketed or get passed to the Council for early consideration off-market. The resultant net revenue income of any prospective purchase is compared against the cost of capital (i.e. either the cost of a loan or investment interest foregone, or a combination of both). It is generally accepted that properties promoting regeneration and redevelopment will come with a potential lower prospective yield.

7.3 The financial assessment for each prospective purchase will take into the specific costs and incomes associated with the property and will account for Minimum Revenue Provision based on the internal borrowing requirement over a useful life period of 50 years.

7.4 Properties will continue to be financed using a combination of reserve-based equity investments (20%) and borrowing (80%). Internal borrowing will be utilised initially, with specific decisions on the timing and size of any external financing requirement being a Treasury Management decision taking into account the Council's whole Capital Financing Requirement.

7.5 The Council's Capital Strategy and Investment Strategy for 2023 will account for the extension of the Asset Investment Strategy and will be based on additional investment of £20M. This will cap the Council's overall exposure to investment property acquired pursuant to this and the preceding Asset Investment Strategy at £50M. The Council's Section 151 officer considers this proportionate taking into account the size of the Council, it's cash and reserve balances, and its risk appetite.

7.6 It is envisaged that additional resources will be required once a tipping point in reached in the number, size and complexity of properties owned and managed by the Council. The resource will either be in-house or via an external management contract (or possibly a combination of both depending on purchases identified). Separate resource covering regeneration exist within the Council and will be supplemented on a project-by-project basis.

APPENDIX 1 - INITIAL SCORING MATRIX

Scoring Criteria	Score	5	4	3	2	1
	Weighting Factor	Excellent / very good	Good	Acceptable	Marginal	Low
Economic Benefit to the District	12	Supporting substantial economic benefits and/or growth, and new or sustainable employment	Supporting good economic benefits and/or growth, and new or sustainable employment	Supporting acceptable economic benefits and/or growth, and new or sustainable employment	Supporting marginal economic benefits and/or growth, and new or sustainable employment	Supporting economic benefits and/or growth, and new or sustainable employment but is outside of District
Lot size	10	Between £1.5M & £5.5M	Between £0.5M and £1.5M or between £5.5M and £7M	Less than £0.5M or between £7M and £8M	Between £8m & £10m	More than £11m
Tenure	10	Freehold	Lease 125 years plus	Lease between 75 & 125 years	Lease between 25 & 75	Lease less than 25 yrs
Building Quality, Obsolescence and Energy Performance	8	Newly Built with EPC Rating A, B or C	Recently Refurbished EPC Rating A, B or C	Average condition and likely to continue to be fit for current use EPC Rating A,B or C	Aged property with redevelopment potential EPC Rating D or E	Nearing end of useful life/ use unlikely to continue when lease expires EPC rating > E
Tenancy strength	8	Single tenant with strong financial covenant	Multiple tenants with strong financial covenant	Single tenant with satisfactory financial covenant	Multiple tenants with satisfactory financial covenant	Tenants with poor financial covenant strength
Occupiers lease length	5	Greater than 15 years	Between 10 and 5 years	Between 5 & 2 years	1 year or less	Vacant with little opportunity to let.
Repairing terms*	4	Full repairing & insuring	Internal repairing - 100% recoverable	Internal repairing - partially recoverable	Internal repairing - non recoverable	Landlord