

Investment Advisory Board Evaluation Criteria

The acquisition or investment must be within the powers of the Council and must be undertaken with appropriate regard to tests of reasonableness, fiduciary duty, value for money and the Council's corporate priorities. The Investment Advisory Board will apply the following criteria in evaluating proposed investments.

Draft Investment Criteria to be applied to all investment proposals – individual criteria where applicable.

1. Investment Type	<ul style="list-style-type: none"> • Good quality investment property in traditional sectors (retail, office and industrial) • Low management costs – which may include long leases, secure tenants, FRI leases, or a combination of these factors, or by managing through agents
2. Location	<ul style="list-style-type: none"> • Strong investment locations – now or with future prospects
3. Financial benefits and considerations	<ul style="list-style-type: none"> • Secure medium to long-term income;
4. Price and Return	<ul style="list-style-type: none"> • Good rental or capital growth prospects • A return over the first 5 years of ownership at least 2% greater than long-term cash returns over the previous 12 months
5. Security	<ul style="list-style-type: none"> • Pre-let to tenants of good covenant on FRI terms • Normally, at least 5 years unexpired • Quality and location (easily relettable or with redevelopment potential or capital growth prospects)
6. Period	<ul style="list-style-type: none"> • The period over which a return will be made, ensuring that this is achieving a balance between the short, medium and longer term.
7. Balanced Portfolio	<ul style="list-style-type: none"> • Whether the investment aids the achievement of a balanced portfolio in the longer term.

These are key headline criteria but each scheme will be subject to an appraisal of risk, legal matters and overall assessment of financial position.