

APPENDIX 3:

Scoring Matrix



<u>Asset criteria</u>	<u>Weighted Score</u>	<u>Excellent</u>	<u>Very Good</u>	<u>Good</u>	<u>Acceptable</u>	<u>Marginal / Not Acceptable</u>
		5	4	3	2	1
Location	10	Inside NHDC's district <i>(see details in Appendix 2)</i>	Outside NHDC's district <i>(see details in Appendix 2)</i>	Outside NHDC's district <i>(see details in Appendix 2)</i>	Outside NHDC's district <i>(see details in Appendix 2)</i>	Outside NHDC's district <i>(see details in Appendix 2)</i>
Tenant Covenant	10	Single tenant with strong & resilient financial strength	Single tenant with good & resilient financial strength	Multiple tenants with strong & resilient financial strength	Multiple tenants with good & resilient financial strength	Single/Multiple tenants with average or poor financial strength
Building Performance	6	Modern or recently refurbished with nominal capex required	Good quality with capex not likely to be required until 20 years+	Good quality with capex not likely to be required until 10 years+	Good quality with capex not likely to be required until 5 years+	Low quality, older style or non-compliant with capex likely to be required within the next 5 years
Lease: Repairing Obligation	6	FRI or effective FRI	IRI – landlord costs 100% recoverable	IRI – landlord costs partially recoverable	IRI – landlord costs not recoverable	Landlord responsible
Lease: Rent Review Mechanism	7	Upwards only, open market, uncapped, short hypothetical term of 5 years or less	Upwards only, open market, uncapped, hypothetical term of 5 – 7 years	Upwards only, Retail (or Consumer) Price Index (RPI/CPI) linked, uncapped	Upwards only, open market, capped, short hypothetical term of 5 years or less or Upwards only, Retail (or Consumer) Price Index (RPI/CPI) linked, capped	Upwards and downwards, open market, uncapped but collared, hypothetical term of 7 years or less
Lease: Length of Occupational Lease	9	20 years+	Between 15 and 20 years	Between 10 and 15 years	Between 5 and 10 years	Less than 5 years or vacant
Tenure	6	Freehold	Long Leasehold of 125 years+	Leasehold between 100 and 125 years	Leasehold between 50 and 100 years	Leasehold less than 50 years
Lot Size	5	Between £3 million and £5 million	Between £2 million and £3 million or £5 million and £7 million	Between £1 million and £2 million or £7 million and £10 million	Between £0.5 million and £1 million or £10 million and £15 million	Less than £0.5 million or Greater than £15 million
Net Minimum Return	10	6.00% to 12%	5.00% to 5.99%	3.00% to 4.99%	1.50% to 2.99%	Less than 1.50% or Above 12%
MAXIMUM WEIGHTED SCORE:		345	276	207	138	69

THRESHOLD SCORE WEIGHTING SET @ 207

Scoring Matrix