

# Monitoring & Audit

## Commercial Investment Monitoring

10<sup>th</sup> April 2019

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# Property Investment Strategy

## Geographical Hierarchy

Preference	Location
1	Kettering Borough
2	North Northamptonshire (Kettering, Corby, East Northants and Wellingborough)
3	Northamptonshire (North Northants, Daventry, Northampton and South Northants)
4	UK

# Property Investment Strategy

## Ethical Framework

- Alcohol or tobacco
- Animal exploitation
- Armaments and nuclear weapons
- Environmentally damaging practices
- Gambling
- Human Rights Abuse / Oppressive regimes
- Pornography

*Where an investment is identified as having a direct link to these ethical issues – this will require further consideration.*

# Property Investment Strategy

## Risk & Return Summary

Criteria	Excellent	Very Good	Good	Acceptable	Marginal
Location	Major Prime	Macro Prime	Major Secondary	Macro Secondary	Tertiary
Covenant	Single Tenant Strong Financial Covenant	Single Tenant Good Financial Covenant	Multiple Tenants Strong Financial Covenant	Multiple Tenants Good Financial Covenant	Tenants Average Financial Covenant
Lot Size	£6m - £12m	£4m - £6m £12m - £18m	£2m - £4m £18m - £20m	£1m - £2m £20m - £25m	<£1m >£25m
Lease Length	> 10 Years	7 – 10 Years	4 – 7 Years	2 – 4 Years	< 2 Years
Tenure	Freehold	Long Leasehold 125 years minimum	Leasehold < 125 years > 75 years	Leasehold < 75 years	Leasehold < 50 years
Repairing Obligations	Full Repairing and Insuring (FRI)	Internal Repairing 100% Recoverable	Internal Repairing Partially Recoverable	Internal Repairing Non Recoverable	Landlord Repairs
Net Yield	5%+	4% – 4.99%	2.5% - 3.99%	>1 % - 2.49%	<1%

# 2017/18 Acquisitions



# Nene House Risk & Return Summary

Criteria	Excellent	Very Good	Good	Acceptable	Marginal
Location	Major Prime	Macro Prime	Major Secondary	Macro Secondary	Tertiary
Covenant	Single Tenant Strong Financial Covenant	Single Tenant Good Financial Covenant	Multiple Tenants Strong Financial Covenant	Multiple Tenants Good Financial Covenant	Tenants Average Financial Covenant
Lot Size	£6m - £12m	£4m - £6m £12m - £18m	£2m - £4m £18m - £20m	£1m - £2m £20m - £25m	<£1m >£25m
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# Corby Risk & Return Summary

Criteria	Excellent	Very Good	Good	Acceptable	Marginal
Location	Major Prime	Macro Prime	Major Secondary	Macro Secondary	Tertiary
Covenant	Single Tenant Strong Financial Covenant	Single Tenant Good Financial Covenant	Multiple Tenants Strong Financial Covenant	Multiple Tenants Good Financial Covenant	Tenants Average Financial Covenant
Lot Size	£6m - £12m	£4m - £6m £12m - £18m	£2m - £4m £18m - £20m	£1m - £2m £20m - £25m	<£1m >£25m
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# Denby Risk & Return Summary

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Covenant	Single Tenant Strong Financial Covenant	Single Tenant Good Financial Covenant	Multiple Tenants Strong Financial Covenant	Multiple Tenants Good Financial Covenant	Tenants Average Financial Covenant
Lot Size	£6m - £12m	£4m - £6m £12m - £18m	£2m - £4m £18m - £20m	£1m - £2m £20m - £25m	<£1m >£25m
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# 2018/19 Acquisitions

## RCI



# 2018/19 Acquisitions

## RCI

- Completed 07/01/19
- Acquisition price renegotiated from £4.5m to £4.35m
- Tenants
  - RCI
  - Affinion
  - Rentals
  - Balfour Beatty
  - NHFT

# RCI - Risk & Return Summary

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# 2018/19 Acquisitions

## Kingfisher House



# 2018/19 Acquisitions Kingfisher House



# 2018/19 Acquisitions

<b>Address</b>	Kingfisher House, Calder Park, Wakefield
<b>Cost</b>	£5.2m (off Market)
<b>Valuation</b>	£5.2m
<b>Size</b>	Building size 32,913 sq. ft.
<b>Specification</b>	Building constructed 2006
<b>Tenure</b>	999 Lease Hold – from 2006
<b>Tenants / Credit Scores</b>	Minster Law Ltd Company is a Legal Practice (5A1)

# Kingfisher House

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# Investment Update

Asset	Acquired / Est Completion	Acquisition Cost £'000	Projected Capital Cost £'000	2018/19 Revenue Projection £'000	Full Year Revenue Projection £'000	2019/20 Revenue Projections £'000
Nene House	Oct-17	1,170	1,224	46	46	46
Corby	Dec-17	17,700	18,777	415	415	415
Denby	Mar-18	14,000	14,861	252	252	252
<b>Total Completed Acquisitions 17/18</b>		<b>32,870</b>	<b>34,862</b>	<b>713</b>	<b>713</b>	<b>713</b>
Sheerness House	Apr-19	0	500	0	40	40
RCI	Jan-19	4,350	4,575	78	300	300
Wakefield	Mar-19	5,200	5,523	3	237	237
<b>Total Completed Acquisitions 18/19</b>		<b>9,550</b>	<b>10,598</b>	<b>81</b>	<b>577</b>	<b>577</b>
<b>Total Completed Acquisitions</b>		<b>42,420</b>	<b>45,460</b>	<b>794</b>	<b>1,290</b>	<b>1,290</b>
<b>Budget</b>				<b>885</b>	<b>885</b>	<b>1,385</b>
<b>(Surplus) / Deficit</b>				<b>91</b>	<b>(405)</b>	<b>95</b>

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<b>(Surplus) / Deficit</b>				<b>91</b>	<b>(405)</b>	<b>95</b>
Ongoing	May-19	1,580	1,678	0	59	77
<b>(Surplus) / Deficit</b>				<b>91</b>	<b>(464)</b>	<b>18</b>