

Annex 3:

<b>NUMBER</b>	<b>2</b>
<b>OBJECTIVE</b>	<b>FINANCIAL RETURN</b> To assess the <b>capital and revenue</b> advantages and disadvantages of holding/disposing of assets in the <b>investment/surplus portfolio</b> .
<b>INDICATOR</b>	<b>Current internal rate of return (IRR) for the portfolio expressed as an average for each class of investment.</b>
<b>DEFINITION</b>	IRR calculated in accordance with DCF techniques based upon a 20 year projected cash flow period or the remainder of the existing property interest, whichever is the shorter.  <i>For this purpose Farms / Smallholdings should be seen as investment.</i>
<b>PURPOSE</b>	To enable continual review of appropriateness of retention, restructuring or disposal of investment asset through: A) Monitoring of performance of investment portfolio within authority over time; B) Comparison of the performance within authority; C) Comparison of the performance of investment with opportunity costs (e.g. PWLB loan rate) D) Comparison of performance of investments against similar investments held by other authorities / organisations - public and private.