

**Appendix A – Risk Analysis**

<b>Risk</b>	<b>Risk Areas</b>	<b>Likelihood 1(low)- 5(High)</b>	<b>Impact 1(low)- 5(High)</b>	<b>Total Score</b>	<b>Controls</b>
Downturn in property market	Capital value and income potential reduce for purchased assets	2	3	6	Continued monitoring of markets.
Upturn in property market	Purchase cost of potential assets increases	4	4	16	Continued monitoring of markets.
Increase in interest rates (borrowing)	Cost of borrowing increases with detrimental impact on income	4	3	12	Ensure most competitive rate achieved if borrowing. Consider increased use of reserves.
Increase in interest rates (investment)	Lower rate of return when compared to potential treasury management income	4	1	4	Consider revising income return criteria upwards
Tenant default	Loss of rental income, increased costs incurred	2	4	8	Undertake financial due diligence of tenants
Void periods and costs	Loss of rental income, increased costs incurred	2	4	8	Undertake financial due diligence of tenants
Available opportunities	Market opportunities meeting investment criteria not available.	4	4	16	Identify opportunities early and move swiftly to acquire