

CIFCO CAPITAL LTD BUSINESS AND INVESTMENT PLAN 2021-22

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Chairman's Statement



CIFCO Capital Ltd. has reached a somewhat seminal moment in its growth, in that it has completed the acquisition stage of its portfolio. A further seven properties have been acquired this year and the portfolio now comprises 21 assets, with 90 tenants and a total rent roll of just over £5m. The portfolio is well-spread geographically, with 41% of assets in the eastern region. In terms of sector spread, there is an emphasis on the industrial sector, which has seen strong growth, and the best performing asset measured by growth in value was an industrial estate in Ipswich. 45% of assets are in the industrial sector, 31% offices, 11% alternatives, 8% high street retail and 5% retail warehouse. The final portfolio has a strong emphasis on secure, well-let, prime assets and these account for 69% of the portfolio. The remaining 31% also comprise secure, well-let assets but with more opportunity for income and value enhancement.

The year has been an extremely challenging one for all of us, and the pandemic has been difficult for some of our occupiers. We have lost one or two tenants and have worked hard with others, as a responsible landlord, to ensure their continuing ability to trade successfully. Overall, the portfolio has held up very well, due to the hard work of the board and professional team, and the quality of the assets and diverse portfolio. Rent collection on a quarterly basis has been well above industry norms and broadly in line with our KPI. I expect rent collection to return to normal levels by the end of this financial year. In spite of the very challenging year, the company has continued to make full debt repayment to our shareholders.

The key activities for the year ahead will be to continue to maximise revenue and return to our shareholders, and to seek out opportunities for value enhancement wherever possible.

The board is also keen to maximise the sustainability of its portfolio. With the majority of assets held on Full Repairing and Insuring leases, the main opportunity will be to work with occupiers to put in place measures to reduce the carbon footprint. Where refurbishment is required at lease end, this will be carried out with a focus on sustainability. The board is adopting a new KPI this year providing a means to measure our impact on reducing the carbon footprint of the portfolio. This will help us to explore what can be achieved in subsequent years.

Board meetings have been held virtually during the lockdown and a virtual strategy day was held with our investment advisers to set the strategy for the continuing growth of the portfolio and to ensure the efficient management and value maximisation of the existing assets. Whilst virtual meetings have proved to be an efficient and sustainable forum for decision-making, I hope that we will shortly be able to hold at least some meetings on a face-to-face basis.

At the end of the year, we were sorry to learn that Michael Holt had decided to step down from the board. His contribution, in what has been a challenging year, has been extremely valuable to the working of the board and we shall miss his input. However, we are very pleased to welcome Elisabeth Malvisi in his place. As in previous years, thanks must go to Clêr Hobbs, who works tirelessly in the background to ensure the smooth running of the board and the company.

Sir Christopher Haworth Bt
Chairman

1. Corporate Governance

- 1.1. CIFCO Capital continues to have robust corporate governance, reporting quarterly to the BDC (Suffolk Holdings) Ltd and MSDC (Suffolk Holdings) Ltd Boards, who in turn report to the Councils annually. The Councils' internal audit team are scheduled to undertake further review work during 2021/22.
- 1.2. CIFCO Capital has complied fully with all Companies House registration and filing requirements.
- 1.3. The Non-Executive Directors have signed service agreements laying out individual obligations. These agreements are aligned to the Company's adopted Articles. All directors complete conflict of interest and related parties declarations on an annual basis and comply with the code of conduct.
- 1.4. A self – evaluation and an evaluation of the Chair is undertaken by the Board annually to identify areas of improvement and training requirements.
- 1.5. During 20/21 CIFCO has updated its website to include more information about the fund to increase transparency.

2. Corporate Advisers

- 2.1. During 2020/21, the Board worked with its corporate partners to support its investment activity:
 - JLL – Fund Manager and Investment Adviser
 - Birketts LLP - Legal Adviser
 - Zurich UK – Corporate Insurer
 - AXA- Portfolio Insurer
 - Aquilla Insurance Brokers Ltd - Insurance Broker
 - Lloyds Bank PLC – Corporate Banking
 - Ensors – Accountancy and Audit
 - Grant Thornton – Tax and Strategic Finance Advice
 - Workman LLP – Property Management
 - Knight Frank – Independent Portfolio Valuers

The performance of these advisors is monitored on an on-going basis by the Board with annual reviews being undertaken at the annual Strategy meeting. Contracts with JLL and Birketts were reviewed and renewed during the year.

3. UK Economy and Property Market

3.1. UK Economic Overview

- While COVID-19 uncertainty persists, and restrictions will remain in place through much of the first half of the year, forecasts suggest that the UK economy should see a strong rebound in economic growth by the end of 2021, further strengthening during 2022.
- Service sector employment is expected to see solid growth, driven by professional services and the technology sector which should help support office market performance in the longer term.
- In 2021, total office employment is expected to decrease by -2.2% in Greater London but expected to increase by 7.8% in 2022. Similarly, the professional and technological sector is forecast to see a decline of -2.1% in 2021 but growth of 3.9% in 2022.
- Looking at short term trend, Accenture reported UK business optimism rising to its highest since 2015, fuelled by the Covid-19 vaccination rollout and the forthcoming reopening of domestic hospitality after lockdown restrictions. These forecasts suggest that UK businesses intend to boost spending plans in anticipation of an economic rebound during the latter half of 2021. The net balance for capital expenditure moved into positive territory, rising from -10% to +9% in February.
- UK Consumer confidence rose to the highest level since before the first lockdown in March 2020, fuelling hopes of a spending rebound. The index reported an increase from -23 in February to -16 in March. Anticipation of reduced restrictions continued strong government spending and the recent vaccine boost have fuelled the largest monthly jump in consumer confidence in almost a decade.

3.2. UK Property Market Overview

- All Property monthly total returns increased to 0.6% from 0.5% in January. This was largely on the back of an increase in industrial returns from 1.1% in January to 1.4% in February. Cumulative total returns in the 12 months to February were -0.5%, up from -0.8% in January. This was the highest 12-monthly total returns seen since March 2020 (0.1%).
- Monthly All Property capital values slightly increased to 0.1% in February, up from 0.0% in January. Across the different sectors, performance was varied. While retail was the most affected, and capital value growth is still negative at -0.5%, it has seen the highest total returns (0.2%) in February since May 2018 (0.3%).
- Both office and residential sectors experienced a slight decrease, -0.4% monthly capital value growth in February, down from -0.3% in January. The industrial sector saw improved performance from the previous month, from 0.7% in January to 1.1% in February. Similarly, hotel monthly capital growth jumped from 0.0% in January to 0.2% in February.

- Annual All Property capital value growth saw a slight increase from -6.1% in the 12 months to January to -5.8% in the 12 months to February.
- While income returns remain stable, All Property rental value increased from -0.1% in January to 0.0% in February. The industrial sector's rental value growth increased from 0.1% in January to 0.3% in February. The office sector remained constant at 0.0% in both January and February.

3.3. UK Investment Market Overview

- Investment volume remained muted over the first quarter of 2021 with total investment of around £5.7bn.
- Demand for Industrial and alternative assets were strong, accounting for nearly 70% of the total investment volume.
- Looking ahead, with a falling number of Covid-19 cases amid the ongoing vaccination rollout, the UK economy is expected to have a strong rebound in the second half of the year. City centres have suffered throughout the periods of lockdown but are expected to remain central to the UK's growth prospects going forward. From JLL's investor survey, 44% of respondents believe that there will be more than previous investment and development into major city centres, while only 29% believe that investment and development will be less than previously.
- JLL's latest European Prime Office forecasts indicate UK markets will offer strong capital value growth over the next three years. The UK regional cities are expected to perform particularly strongly. Forecasts suggest that the three-year average annual capital value growth for Glasgow is 3.5%, followed by Manchester (3.0%), Cardiff (2.6%), Leeds (2.5%), and Edinburgh (2.3%).
- It is also a positive story in terms of rental growth, with JLL's latest forecasts indicating that prime rents across the UK will rise by 2.1% on average in 2021-2023. Over the next three years, Glasgow and Manchester are again expected to deliver the strongest growth in the UK, with average annual growth forecast at 3.5% and 3.0% respectively.

3.4. UK Occupier Market Overview

Retail

- The impact of the structural change sweeping through the retail sector continues with John Lewis announcing that a further eight branches will not reopen when lockdown restrictions end. The closures at Ashford, Basingstoke, Chester, Tunbridge Wells, Aberdeen, Peterborough, Sheffield and York are in addition to the eight shops that did not reopen when restrictions were lifted last year.
- Despite the closures, which take John Lewis' UK-wide store estate to 34, the retailer said department stores 'remain critical to our future success'. Alongside a growing online business and the expansion of next-day click and collect, the partnership will invest in in-store services and experiences, as well as new, smaller

neighbourhood formats, plus the introduction of John Lewis ranges in more Waitrose shops.

- By contrast, two of the retailers that have benefitted from the COVID pandemic reported positive results this week. B&Q and Screwfix owner, Kingfisher, has reported adjusted pre-tax profits of £756m in the year to 31 March (up 634% YoY), while full-year like for like sales rose by 7.1%, with a 15.5% increase in Q4 and a 24.2% rise in the present quarter.
- Sales at Ocado Retail, meanwhile, rose 39.7% to £599m in its first quarter, with the most recent lockdown boosting at-home food consumption.

Office

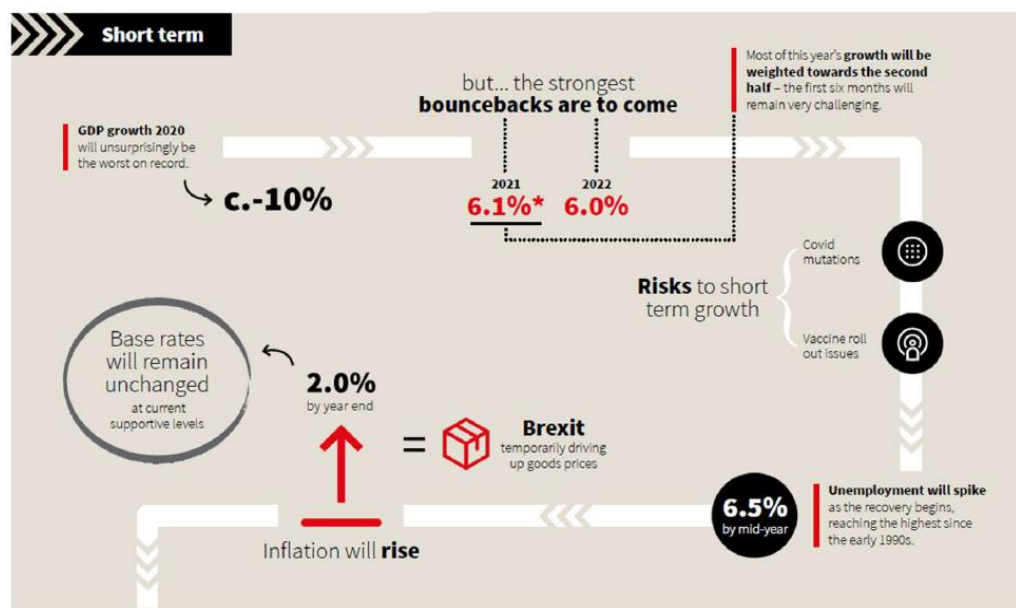
- With the pandemic impacting on everyday life for much of 2020, and office-based workers largely working from home, it was no surprise that occupiers delayed decisions. Big 6 (Leeds, Birmingham, Edinburgh, Manchester, Glasgow, Bristol) leasing activity was muted to say the least, with activity for the full year reaching just under 3.1 million sq ft, which was virtually on a par with the lowest year on record, back in 2011.
- Encouragingly, quarter-on-quarter activity increased in the second half of 2020, from the low of just 258,000 sq ft back in Q2. This was not enough to prevent H2 2020 recording the lowest 6-monthly volumes since H1 2011, at just under 1.5 million sq ft. This was over 40% down on the same period on 2019 and more than a third down on the 10-year H2 average.
- The level of supply on the market continued to rise, due to a combination of the subdued leasing market and increasing volumes of both new and second-hand space being marketed. The vacancy rate moved up to 5.1% at year-end, which remained marginally below the 5-year average of 5.3% and still some way under the 10-year average of 7.4%.
- Despite the pandemic, prime rental growth was evident across most Big 6 markets and prime rents across the board are at peak levels. Occupiers are willing to pay record rents in order to secure the best space.
- Looking forwards, while the pandemic will act as a brake on leasing activity in the first half of the year, as recovery starts occupiers are expected to secure the best quality spaces. This will drive prime rental values higher, albeit to varying degrees depending on the supply/demand balance of highly specified space within each city.

Industrial/Warehouse

- Around 3.5 million sq ft of industrial and logistics floorspace was taken-up in the Western Corridor in 2020, 2.2 million sq ft in West London and 1.3 million sq ft in the Thames Valley. Take-up in 2020 was 29% down on 2019 and 31% lower than the 5-year average, partially due to a lack of supply.
- At the end of 2020 supply in West London was 26% lower than 12 months earlier and in the Thames Valley it was 20% down.

- Despite continuing lockdown conditions at the start of 2021, the industrial and logistics market in the Western Corridor is proving to be remarkably resilient as highlighted by the continuing upward pressure on rents.
- Data from MSCI suggests 'Standard Industrial – London' saw an annual rental growth of 3.1% to December 2020 compared with -3.2% for the 'All Property' sector.
- Sentiment among investors/developers remains very positive with many markets characterised by a lack of buildings to satisfy the continuing demand from occupiers.

Short-term outlook for the Economy



Source: Oxford Economics, April 2020, unemployment rate based on ILO definition

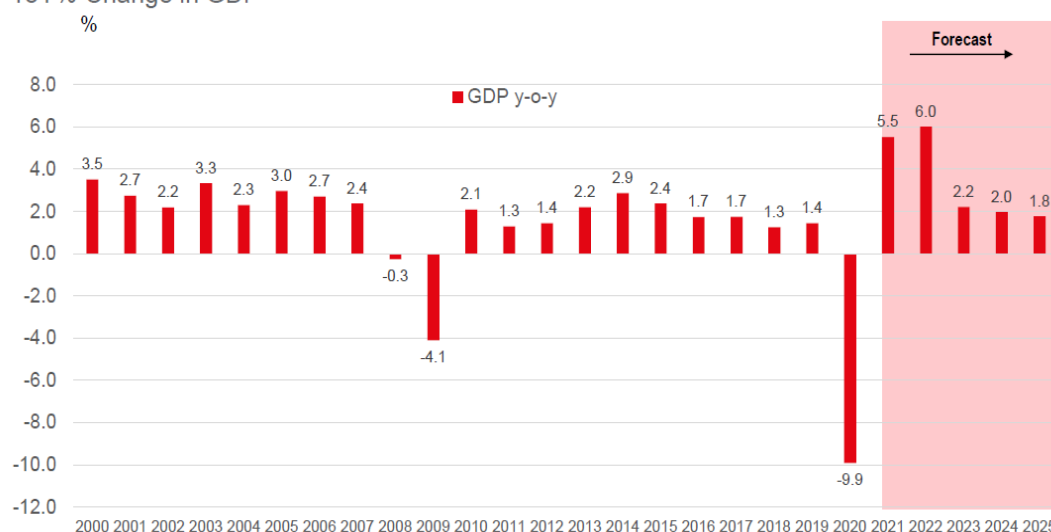
Figure 1

UK Economic Growth:

H2 expected to see bounce back, with some of the strongest GDP increases on record



YoY% Change in GDP



Source: Oxford Economics, Feb 2021

Figure 2

4. Portfolio Summary April 2021

- The Board has successfully acquired a further 7 properties within the last 12 months, bringing the portfolio to a total of 21 properties, with a commitment to acquire a further property in Autumn 2021. The portfolio core statistics are set out below with more detailed information on these within Appendix 2.

Q1 2021	
Total Asset Value	£83,918,000
Contracted Rent p.a.	£5,004,824
ERV	£5,556,641
Number of Assets	21
Number of Tenants	90
WAULT	To break 7 years 0 months To expiry: 8 years 6 months
Initial Yield	5.60%
Equivalent Yield	6.16%
Reversionary Yield	6.24%
Void Rate	5.72%
Running Yield*	5.20%

ERV = Estimated Rental Value. WAULT = Weighted Average Unexpired Lease Term

Table 1

The net income figures are calculated on a projected 5-year cashflow which is based on ERV assumptions of the existing portfolio and known reversions but does not allow for forecast rental growth

5-year cashflow

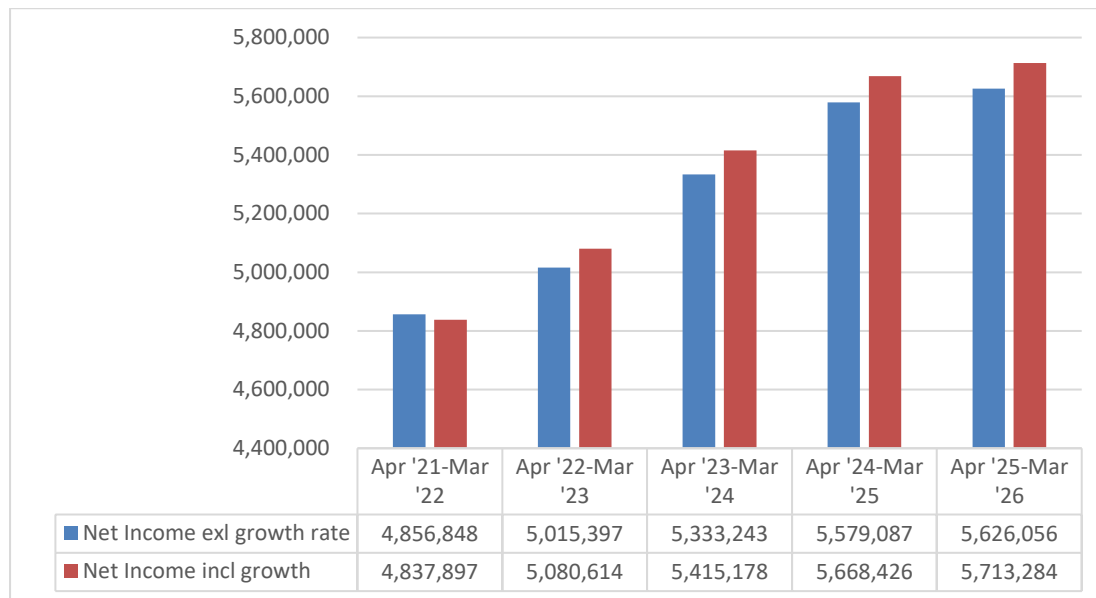


Figure 3

5. Key Performance Indicators (KPI) 2020/21

KPI	Description	Target	Actual
1	Net Initial Yield (NIY) Performance against target	5.75%	5.60%
2	Equivalent Yield (EY)	6%	6.15%
3	Progress against 24 Month full investment target to be achieved by April 2021	£100M	£99.2M
4	Quarterly Rent Arrears Measured by the amount of rent outstanding at the end of the quarter as a percentage of the total rent due that quarter.	<5%	Q June- 5.22% Q Sept- 6.86% Q Dec- 3.42% Q March- 3.29%

Table 2

6. 2020/21 Investment Strategy Performance Review

6.1. The 2020/21 Business Plan outlined the fundamental characteristics and criteria the fund was required to use when acquiring assets as set out below: -

- **Total Target Investment Fund £100m**
- **From April 2019** – period of 36 months to full investment by October 2021
- **Regional bias towards the Eastern Region**
- **Investment property only** - No speculative development
- **Target blended yield** of circa 5.75% plus. This is to meet cost (and opportunity cost) of funds and provide income from surplus. Targeting an investment yield spread of NIY 5.25% to 6.5%.
- **Sector** - Balanced sector split, weighted towards industrial and office sectors (see target chart below)
- **Location** - No more than 15% invested in any one town.
- **Lot size** in range £3m - £15m. No one asset should be over 20% portfolio value
- **Tenant diversification** - A single tenant to account for no more than 10% of total income
- **Development**- No more than 10% of the portfolio to be invested in direct development at any one time.

6.2. Target Blended Yield

6.2.1. It is recognised that the timing, type and mix of investment acquired is dependent upon both market conditions and opportunity. With its professional advisers, the Board has continued to revise the investment strategy to take account of material changes in occupational markets and emerging investment markets. The current Net Initial Yield of the portfolio is 5.6% against a target Net Initial Yield of 5.75%. This aligns with the market focusing more on secure property investments, resulting in an increase in property prices (and therefore a lower yield) for prime assets particularly in the industrial sectors.

6.2.2. The downward trend in yields in some prime sectors of the market and the fact that it was not possible to acquire opportunistic assets at yields attractive enough to justify the increased risk has resulted in a portfolio with a lower risk profile than originally envisaged but with a marginally lower target return. The portfolio therefore comprises core and core plus assets only. This lower risk profile has been beneficial in the face of the COVID 19 market challenges resulting in rent collection rates throughout the past year exceeding the market norm and a lower-than-average tenant failure rate.

Categories		Target Weighting	Actual Weighting	Asset Profile
Core		65-70%	69%	Let on long leases to good covenants. Modern buildings well located. Liquid assets.
Core Plus/ Value Add		25-30%	31%	Mix of long and short leases likely to be multi let buildings with varying tenant profiles. Good asset management opportunities to improve value. Liquid in stable markets.
Opportunistic		0-5%	0%	Re-generation/development-based investments that can generate good future returns. Generally illiquid in early years until potential released with a drag on cash during development phase

Table 3

6.3. Sector

6.3.1. The original target when CIFCO was established was to hold no more than 25% of the fund in any sector, however with the weakening retail sector over the years since CIFCO was established and which has been exacerbated by the pandemic, the board has continued to successfully diversify the portfolio away from high street retail investments and has increased its exposure to the industrial sector which continues to perform well. The leisure sector has been particularly impacted by the pandemic with few suitable leisure investments being marketed during 20/21.

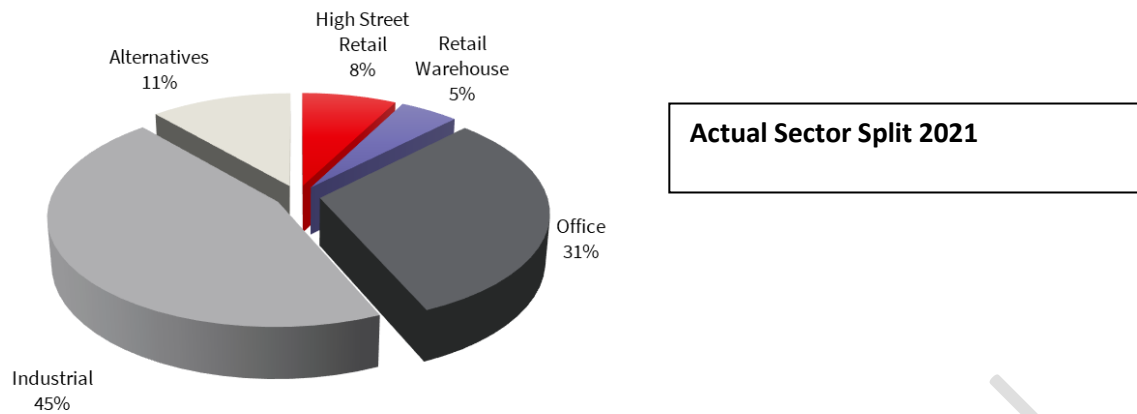


Figure 4

Target Core Weightings

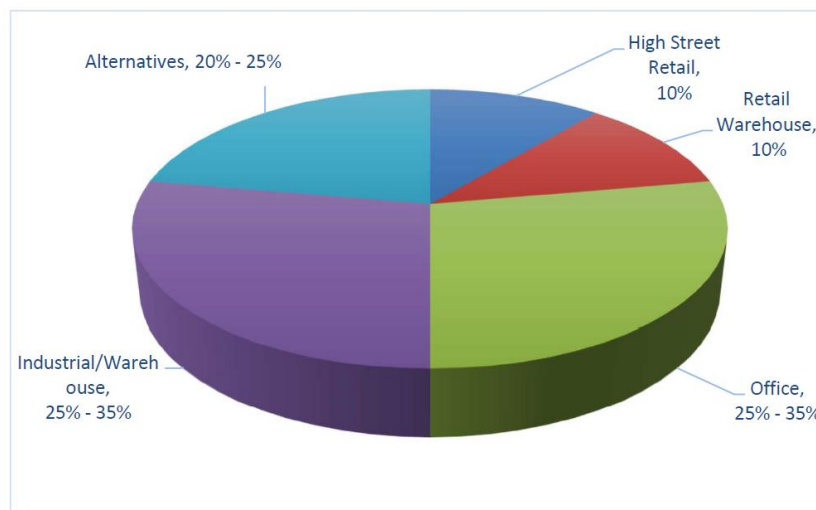


Figure 5

6.4. Location

6.4.1. The portfolio has 21 assets, 41% of these are in the Eastern region, 49% in the South East and 10% in the Midland. Whilst CIFCO had hoped to secure more assets within the Eastern region, it was not possible to acquire enough assets meeting the investment criteria within the Eastern Region. The fund does however have a greater weighting towards the eastern region than is typical.

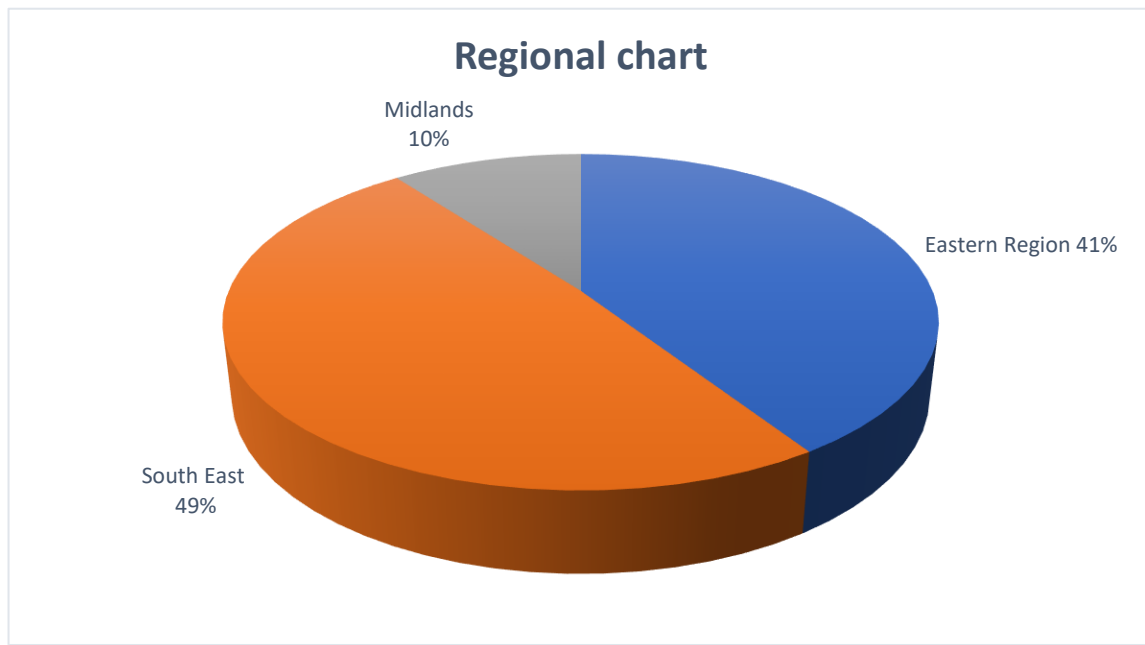


Figure 6

6.5. Lot size

6.5.1. The 21 assets held by the portfolio have ranged in lot size from £1.53m to £8.3m. The largest single investment represents 10% of the portfolio value.

6.6. Tenant diversification

6.6.1. A single tenant to account for no more than 10% of total income. The portfolio has 90 tenants, none of which exceed 10% of the total income of the portfolio. The portfolio has a good mix of small, medium and large tenants across different sectors and locations.

6.6.2. It should be noted that 46% of the Weak category is made up of Go-Outdoors which acquired the previous business in a pre- pack out of Administration. Given the business has been acquired as a going concern and effectively re-capitalised we would expect the covenant to improve quickly notwithstanding difficult trading conditions.

6.6.3. The covenant allocation, whilst based on trading figures, is representative of JLL's view of how the covenant of each tenant will be regarded in the investment market in a normalised market. Whilst lockdown restrictions are easing and businesses are starting to trade, the true impact of the current Covid-19 pandemic may alter this view over the coming months. JLL will provide further advice and updates in due course. Approximately 74% of the fund's income is currently attributable to strong covenants.

COVENANT RISK PROFILE (2021)

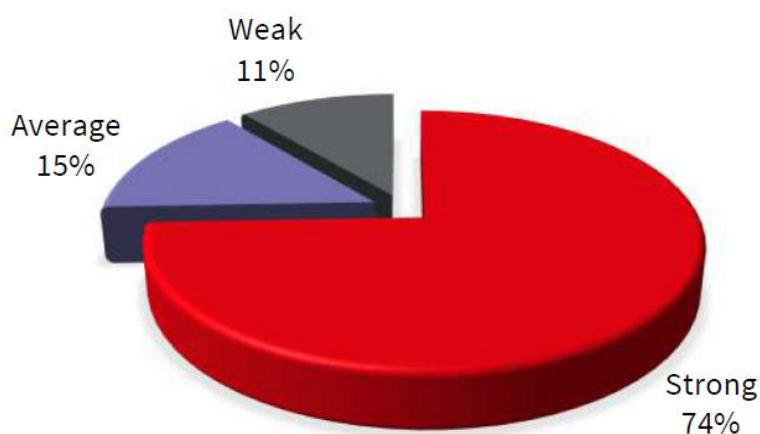


Figure 7

Tenant	Turnover	Net Assets	Profit Trend	Rent (pa)	% of Fund Income	RAG	Covenant Assessment
	X	X	X		8.8%	◆	Strong
	£13,703,242	£17,035,874	↗		8.2%	◆	Strong
	£417,000,000	£758,200,000	↗		7.7%	◆	Strong
	£10,181,900,000	0214436	↘		7.2%	◆	Strong
	£36,116,161	£5,146,786	↘		6.5%	◆	Strong
	£18,259,059	£7,030,265	↗		6.5%	◆	Strong
	£240,222,000	£14,414,000	↘		5.0%	◆	Weak
	X	£165,439	X		4.6%	◆	Strong
	£912,668,000	£61,946,000	↘		3.6%	◆	Strong
	£457,234,000	£23,635,000	↘		3.1%	◆	Strong

Table 4

7. Development

- 7.1. No development properties have been acquired to date, however, the board has committed to acquiring a new build convenience store which is currently under construction and is due for completion in Autumn 2021.
- 7.2. The Board has reviewed the portfolio of 21 assets and considers that it represents a balanced portfolio in terms of sector, location and risk profile delivering a secure income stream.
- 7.3. The Board has approved the refurbishment of two properties within the portfolio to enhance capital value and income. Further information is set out in the finance section below.

8. Risk Management

- 8.1. The Board has a robust approach to risk assessment and management, at a corporate and portfolio level. The Board has a corporate risk register which it reviews at least quarterly. This year the Board has undertaken a full review of the risk strategy and mechanism for quantifying risk to ensure that it is robust and fit for purpose particularly in the light of the pandemic.
- 8.2. The Managing Director also attends a group risk panel each quarter to report risk to Holding Company Chairs and shareholder senior risk officers. At the portfolio level, every acquisition is assessed to limit risks within the portfolio. The following risk mitigation strategies are adopted:
- Quality location, with limited supply and underlying occupier demand. Tight planning regime. Re-lettable if tenant failure, limited volatility in value and rent generation.
 - Modern fabric, or classic building with occupational flexibility. Minimising depreciation, sustainability, retaining occupational demand.
 - Full Repairing and Insuring (FRI) leases to quality tenants. Rent secured on tenants with strong financial profiles, who undertake to meet all property costs. Liquidity.

- Upward only rent reviews or indexed growth. During the lease lifetime, income returns can only increase. RPI linked increases protect against inflation.
- Asset value volatility- invest for long term with focus on income. Limit exposure to development. Professional support to investment timing/decisions and business planning. Ability to re-cycle capital.
- With the advent of COVID 19 the Board has rigorously assessed risk and updated our Risk register accordingly. The Board has applied additional due diligence particularly in relation to tenants' business strength and security of income, when considering further assets for acquisition. This approach has enabled the Board to complete the investment of the fund with appropriate risk mitigation in place.

9. On-going Portfolio Management Risk Mitigation

9.1 In addition to managing acquisition risk, the board continues to assess and manage risks in relation to the on-going management of portfolio, seeking to mitigate voids and maximise income generation. The board reviews changes in tenant covenant strength, voids and WAULT on a quarterly basis whilst income and tenant relationships are managed on an on-going basis to ensure a proactive approach to management. To control and limit risks within the portfolio, the following mitigation strategies are to be adopted:

Income security

- spread risk through covenant diversification and lease length. A single tenant to account for no more than 10% of total income.

Value/Income volatility

- invest in the portfolio for the long term to enhance and ensure it retains modern buildings fit for purpose, with a focus on income.

10. Key Strategic Objectives 2021/22

- Retain all assets at the current time with no sales anticipated
- Complete purchase of convenience store asset and no further acquisitions to be made now fund fully invested
- Maximise revenue through pro-active tenant engagement and lease events
- Post- Covid Restriction re-ignite inspection regime and direct tenant engagement – assess tenant business direction plus repair and maintenance of property
- Enhance ESG & Sustainability credentials – deliver current action plan and demonstrate achievements
- Maintain tight budgetary and credit control
- Manage lease expiries
- Strategic deployment of Capital Expenditure
- Monitor markets for opportunities to enhance value and income
- Implement individual asset initiatives creating measurable added value

11. Key Performance Indicators (KPIs) 2021/22

11.1. The board propose to change the key performance indicators to reflect the end of the acquisition phase and to reflect the emphasis on portfolio management, focusing on income growth, return on investment, sustainability and rent collection.

KPI	Description	Target
1	Increase contracted rent from £5m per annum by 1 st April 2022	CPI + 1%
2	Equivalent Yield (EY)	6%
3	Reduce Portfolio EPC Score from 6628 (Average D Rating)	-10%
4	Quarterly Rent Arrears Measured by the amount of rent outstanding at the end of the quarter as a percentage of the total rent due that quarter.	<5%

The Board anticipates that KPI 4 may be challenging in the short term due to the continuing impact of the pandemic but aspire to returning to meet this target longer term.

Table 5

12. Financial Strategy

12.1. CIFCO Capital Limited was created in 2017 to provide Babergh and Mid Suffolk District Councils with additional income to respond to the reduction in funding from Central Government, thereby mitigating the need for cuts to services and enabling balanced budgets.

12.2. Since 2017 Babergh District Council has benefited from net income (after borrowing costs) of circa £3m, whilst Mid Suffolk District Council has benefitted from circa £2.45m. Annual income is set out in the table below: -

CIFCO (Babergh)						CIFCO (Mid Suffolk)					
	£ 000						£ 000				
	2017-18	2018-19	2019-20	2020-21	Cumulative		2017-18	2018-19	2019-20	2020-21	Cumulative
Revenue Impact						Revenue Impact					
Interest Received	(86)	(782)	(1,245)	(1,551)	(3,664)	Interest Received	(86)	(782)	(1,245)	(1,551)	(3,664)
Interest Paid	11	119	316	277	723	Interest Paid	11	235	541	533	1,320
Net Interest	(75)	(663)	(929)	(1,274)	(2,941)	Net Interest	(75)	(547)	(704)	(1,018)	(2,344)
Other income/ Recharges	(9)	(25)	(32)	(35)	(101)	Other income/ Recharges	(9)	(25)	(32)	(35)	(101)
Total Revenue	(84)	(688)	(961)	(1,309)	(3,042)	Total Revenue	(84)	(572)	(736)	(1,053)	(2,445)
	£ m						£ m				
	2017-18	2018-19	2019-20	2020-21	Cumulative		2017-18	2018-19	2019-20	2020-21	Cumulative
Capital Movement						Capital Movement					
Capital Borrowed	12.38	13.71	4.05	19.44	49.58	Capital Borrowed	12.38	13.71	4.05	19.44	49.58
Loans Repaid	-	-	-	-	-	Loans Repaid	-	-	-	-	-
Gross Borrowing	12.38	13.71	4.05	19.44	49.58	Gross Borrowing	12.38	13.71	4.05	19.44	49.58
Loans Made to CIFCO	11.15	12.34	3.64	17.50	44.63	Loans Made to CIFCO	11.15	12.34	3.64	17.50	44.63
Loans Repaid	-	(0.08)	(0.12)	(0.15)	(0.35)	Loans Repaid	-	(0.08)	(0.12)	(0.15)	(0.35)
Equity	1.23	1.37	0.41	1.94	4.95	Equity	1.23	1.37	0.41	1.94	4.95
Gross Investment	12.38	13.63	3.93	19.29	49.23	Gross Investment	12.38	13.63	3.93	19.29	49.23
Net Capital Movements	-	0.08	0.12	0.15	0.35	Net Capital Movements	-	0.08	0.12	0.15	0.35

Table 6

12.3. The Councils' investment in CIFCO was completed by 31st March 2021, with a total of £99.2m being drawn down by CIFCO over the full investment period. This included a sum of approximately £4.5m for transactions that were due to complete after the 31st of March (Cavendish Street, Ipswich & Convenience Store in East Anglia) and approximately £1.6m for future capital investments in the portfolio. Approximately £810,000 of this is due to be invested during this financial year as set out below: -

Property	Town	Tenant	Description	Capital Investment
Epsom	Renaissance House Common Parts	N/A	Common Parts Reception & WC refurbishment	£ 120,000
Harlow	2& 3 Pasadena Way	Vacant	Full refurbishment including roof replacement for reletting.	£ 425,000
Harlow	Unit 2 Princes Gate	Under Offer Sports Bike Shop Ltd	Refurbishment to enable reletting	£ 120,000
Norwich	24 Kingsway	Wurth	Full refurbishment enabling new lease to Wurth	£ 100,000
Coventry	2a & 2b Pilot Business Park	Agreement to lease Nisbetts	Removal of mezzanine and refurbishment	£ 45,000
			2021/22	£ 810,000

Table 7

12.4. Capital investment in the portfolio is essential to protect and enhance the value of the portfolio ensuring that the properties remain fit for purpose and attract the highest possible rent and best tenants. For example, the refurbishment of 2 & 3 Pasadena Way will increase the ERV (estimate rental value) from £7 psf to £10 psf once the works are completed as well as ensuring that the property attracts a better tenant with a stronger covenant and therefore enhancing the investment (capital) value of the property. The remaining £835,000 will be held by CIFCO for future capital investments in the portfolio. There is no further investment by the Councils planned within the Councils' Medium Term Financial Strategies.

12.5.2020/2021 has been a challenging year with the pandemic continuing to see business failures and impact on rent collection. Total arrears across the portfolio as at 23rd June 2021 equate to approximately 3% (c. £185,000) of the annual contracted rent, however a further £300,000 (6% of the current contracted rent) was written off in 2020/21 due to tenant failure and administrations noted below: -

Property	Tenant Administration	Current Position
Princes Gate Retail Park, Edinburgh Way, Harlow	Go Outdoors Ltd	Assignment to Go Outdoors Retail Limited
Princes Gate Retail Park, Edinburgh Way, Harlow	Lewis's Home Retail Ltd.	Let to Sports Bikes Limited
Unit 24 Kingway, City Trading Estate, Norwich	Economy German Kitchens Ltd	Let to Wurth Ltd
Units 2-3 Pasadena Trading Estate, Harlow	Majestic Shower Company Ltd	Vacant- Refurbishment Underway
DW FITNESS, Tritton Road, Lincoln	Dave Whelan Sports Ltd	Assignment to SDI Fitness Ltd.
36-39 Long Causeway, Peterborough	Nero Holdings Ltd	Nero remain in occupation subject to CVA

Table 8

12.6.Despite the administrations above and challenging market conditions, the portfolio has maintained a low void rate throughout the last year and it has reduced from 5.6% in April 21 to 4.0% with the letting of Unit 2 Princes Gate, Harlow and 24 Kingsway, Norwich during May 2021. The table below sets out the current portfolio voids.

Property	Date Void	Area (sq ft)	Comments
First Floor, Renaissance House, Epsom	16/09/2020	3,685	Letting agents appointed & Common parts refurbishment to be undertaken
Part Third Floor, Renaissance House, Epsom	24/06/2020	840	Letting agents appointed and Common parts refurbishment to be undertaken
Units 2 & 3, Pasadena Trading Estate, Harlow	In Admin	12,603	Refurbishment works to be undertaken Summer 2021
		17,128	Estimate Rental Value £221,000

Table 9

12.7.The capital investment for the first phase of funding from Babergh and Mid-Suffolk District Councils is scheduled to be repaid in full by December 2068 with the second phase being repaid by 2071. During 2020/21 CIFCO has been able to maintain full debt repayment to the Councils, however this may not be the case for the next 3 years as the fund continues to recover from the impacts of the pandemic. It is proposed that debt repayments are deferred for 13% of the portfolio during 21/22, 11% in 22/23, and 6% in 2023/24. All deferred repayments will be accrued in the Councils accounts and

additional interest will be payable to the Councils in relation to these delayed repayments. The table below sets out the debt repayment schedule for the next 3 years together with additional interest charges. In the event that income levels exceed expectations, CIFCO will endeavour to make full debt repayments.

Financial Year	Amount of Repayments to be Deferred	Full Repayment	Adjusted Repayment	Additional Late Payment Interest Payable on deferred amount
2021/22	£654,678	£4,867,981.25	£4,213,303.49	£35,349.19
2022/23	£538,570	£4,867,981.25	£4,329,410.93	£15,876.58
2023/24	£293,493			
		£4,869,970.99	£4,576,478.47	£2,982.78
			Total	£54,208.55

Table 10

12.8. The costs of operating the portfolio are borne by CIFCO Capital Limited and these include finance costs, management, legal, audit and accountancy fees, director costs and staffing costs (paid to the Council) and any property expenses such as repairs that are not the responsibility of the tenants. The running costs for 2020/21 excluding finance costs, impairment and bad debts equated to approximately £838,000 including recharges of £70,000 paid to the Council for staff and premises overheads. Operating budgets for the next three years are set out within Appendix 4.

12.9. CIFCO's draft year end accounts for 2020/21 are set out in Appendix 3 these accounts are currently being audited and will be submitted to the Companies House as soon as practical. CIFCO's annual accounts (year ending March 2021) show a loss of £4.58m before tax. This loss comprises an adjustment in the portfolio value following the revaluation as at 31st March 2021 and the one-off costs of acquiring the 7 additional assets during 2020/21 (including stamp duty and professional fees). The professional fees and stamp duty costs of acquisitions during 2020/21 equated to circa £1,900,000. The costs of acquiring assets equates to approximately 6.75% of the total acquisition costs including stamp duty and professional fees.

12.10. The portfolio was revalued as at 31st March 2021 by Knight Frank as independent valuers for the fund. The portfolio value has reduced by 2.88% overall (£2.42m) including the acquisitions of Braintree and Cavendish Street in Ipswich in March and April 2021. Whilst values have been largely stable, capital growth has been seen primarily with our industrial assets and those let on long term leases to good covenants (e.g., Nottingham). Those within the retail and leisure sectors have been adjusted downwards reflecting the structural change and malaise in the High Street which continues to be accentuated by COVID 19. A summary of the portfolio valuations is set out below and in Appendix 6 which also details valuation movement since date of purchase: -

		March 2021 Market Valuation				
Property		Value 2021	NIY	EQ	Value Move	%
Town	Address				Value (Mar 2020 - Mar 2021)	%
Ipswich	Olympus Way				£465,000	20.58%
Norwich	20-25 Kingsway				£225,000	14.06%
Nottingham	Upper Parliament St				£300,000	10.91%
Hemel Hempstead	2 Eastman Way				£400,000	5.13%
Epsom	Renaissance House				£10,000	0.33%
Milton Keynes	Honda, Greyfriars Court				£0	0.00%
Luton	Cosgrove Way				£0	0.00%
Epsom	Horizon House				£0	0.00%
Basingstoke*	Basingstoke Business Park				£0	0.00%
Coventry*	Pilot Trade Park				£0	0.00%
Brentwood	Lutea House				-£175,000	-2.81%
Harlow	2-4 Pasadena Way				-£65,000	-3.31%
Milton Keynes	Omron House				-£200,000	-4.21%
Milton Keynes	Volvo Greyfriars Court,				-£115,000	-4.32%
Southampton	Westpark House				-£325,000	-6.60%
Brentwood	43-45 High Street (M&S)				-£775,000	-15.27%
Peterborough	36.39 Long Causeway				-£410,000	-16.33%
Lincoln	SDI Fitness, Tritton Road				-£330,000	-17.37%
Harlow	Princes Gate (Go-Outdoor)				-£1,425,000	-26.27%
Braintree*	Kestrel Park				£0	0.00%
Ipswich*	Cavendish Street				£0	0.00%
Total		£83,918,000			-£2,420,000	-2.88%

*Book cost

Table 11

12.11. The current portfolio profile is weighted towards core lower risk assets which is also reflected in the secure income flow and yield profile. Given current economic uncertainty we consider that this represents a stable/ defensive position for CIFCO to take.

12.12. In the short to medium term portfolio capital growth is expected to be through asset management and rental growth. The focus for the portfolio management therefore remains on income growth. CIFCO performance has been benchmarked by JLL against MSCI. MSCI is a property investment industry standard benchmarking tool. The tables below set out CIFCO's total return and relative performance over the last 3 years together with a graph showing JLL's projection of CIFCO returns against the benchmark, showing a trend of outperforming the benchmark and increasing returns as the portfolio matures. CIFCO out-performance reflects the focus on core and core plus assets and a sector split which has limited exposure to retail and leisure assets that have been particularly impacted by the pandemic.

Portfolio Total Return Vs MSCI All Property Returns



Portfolio TR Including acquisition costs

	CIFCO Total Return	Benchmark TR (All Property)	Relative Performance
2018	-2.90%	5.12%	-7.63%
2019	-0.83%	0.56%	-1.38%
2020	-0.61%	-2.35%	1.78%

Portfolio TR excluding acquisition costs

	CIFCO Total Return	Benchmark TR (All Property)	Relative Performance
2018	2.09%	5.12%	-2.88%
2019	0.08%	0.56%	-0.48%
2020	2.02%	-2.35%	4.48%

Table 12

Portfolio Total Return Projections



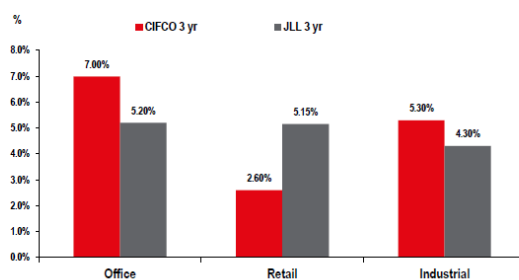
Total Return Projections

Total Return Projections	2021	3yr	5yr
Portfolio Returns	5.63%	6.00%	6.80%
JLL ALL Property	5.09%	4.70%	5.01%

Excess Return Against Benchmark

	2021	3yr	5yr
JLL ALL Property	0.70%	1.30%	1.70%

Sub-Sector Forecasts – 3yr avg TR



Sub-Sector Forecasts – 5yr avg TR

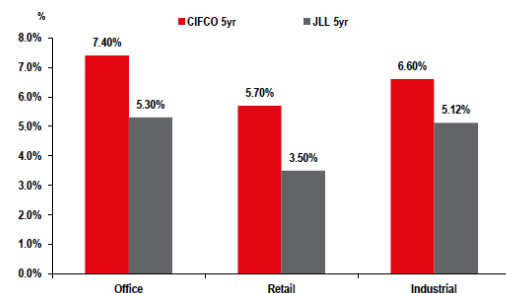


Table 13

13. Property and Fund Management

13.1. The Board appointed Jones Lang LaSalle (JLL) as portfolio fund manager in October 2017. JLL report quarterly to the Board on asset management opportunities, capital expenditure predictions linked to asset management, rental streams, predicted growth and tenant covenant strength.

13.2. The day-to-day management of the portfolio is undertaken by Workman LLP. This includes rent collection, management of service charges, tenant liaison and other estate/property management matters. Workman were formally appointed by the board in Autumn 2018.

13.3. During 2020/21 there were 10 transactions within the portfolio including five open market lettings, two lease renewals and three rent review as set out below. These combined transactions add £34,816 of rental income to the portfolio per annum and the majority were agreed ahead of expectations (ERV) as set out below.

[illegible]

Table 14

13.4. In addition to the above transactions two assignments have also been negotiated following the Go Outdoors and DW Fitness administrations. Whilst these assignments mitigated void periods within the portfolio, they did result in a reduction in the passing rents for these units of circa 30% in relation to the Go Outdoors Unit and 10% in respect of the DW unit.

13.5. In the forthcoming year we anticipate approximately 20 transactions will occur including rent reviews, lease renewals and open market lettings, which provide opportunities to increase rents in line with ERV, which will have a positive impact on capital values. These are primarily in respect of small business units in Ipswich, Norwich and Basingstoke (Olympus Close, Kingsway, Basingstoke Business Centre) but also the reletting of void units such as Unit 2 Princes Gate in Harlow, Pasadena Way and Renaissance House.

13.6. Rent Collection

13.6.1. Rent collection has been a significant focus during the course of 20/21 with approximately 20 requests from tenants to vary payment terms, including moving from quarterly to monthly rental payments and some requests for rental concessions. All requests were considered on a fair and reasonable basis and in the context of limited recourse being available to Landlord's to pursue debts- Government restrictions limiting debt recovery are currently in place until March 2022 but could yet be extended further.

13.6.2. In most situations our tenants have been keen to maintain a strong relationship with their landlord and payment plans agreed. In addition to informal agreements in relation to rental payment, CIFCO has been subject to administrations (as listed above) and 1 CVA with Nero Holdings Limited. The CVA has resulted in an agreement for 30% of the rental arrears being paid with the balance written off and a turnover rent being paid for 3 years. The rent collection figures to date are set out below, against industry benchmarks (Alt Remit & Workman), these figures may increase further as arrears are recovered:

	June 2020 Qtr			September 2020 Qtr		
	CIFCO	Workman	Alt Remit	CIFCO	Workman	Alt Remit
Day 0	54.41%	47.01%	37.80%	63.80%	56.73%	50.50%
Day 7	69.10%	61.33%	50.70%	67.03%	70.82%	62.00%
Day 21	73.84%	71.08%	59.20%	68.99%	74.84%	67.80%
Day 35	74.01%	77.37%	63.30%	73.91%	83.37%	72.70%
Day 90	94.78%	87.89%	72.50%	93.14%	87.89%	79.10%
	December 2020 Qtr			March 2021 Qtr		
	CIFCO	Workman	Alt Remit	CIFCO	Workman	Alt Remit
Day 0	75.32%	64.48%	52.60%	63.47%	55.49%	46.40%
Day 7	81.37%	70.31%	59.50%	67.59%	68.09%	60.50%
Day 21	82.27%	73.34%	67.20%	78.41%	77.57%	67.30%
Day 35	82.60%	77.58%	71.70%	88.12%	80.63%	71.80%
Day 90	96.58%	82.89%	78.60%	96.71%	84.75%	80.70%

Table 15

14. Sustainability

14.1. During 20/21 CIFCO adopted a sustainability policy attached at Appendix 7. Taking action on climate change and the greenhouse gas emissions which cause it, is a critical part of building a more sustainable future – and every business must play their part. Buildings account for 40% of emissions, creating an urgent need for the real estate sector to develop and implement plans to transition to net zero carbon.

14.2. Methods of measuring the sustainability of investment property portfolios are still developing, however whilst this is the case we will seek to measure the sustainability of our portfolio with the data currently available, namely EPC data. All of the properties held within the portfolio have EPC ratings, 71.5% are rated D and above with the 27.3% rated E and 1.3% rated F. The table below sets out the current portfolio rating, together with target ratings to achieve by the end of this financial year. The target equates to a 10% reduction in portfolio rating, which would move the portfolio from a D rating to a C rating.

Total Portfolio Rating	6628
Average Portfolio Score	83
Average Portfolio Rating	D
Target Portfolio Rating April 2022	5965
Target Average Portfolio Score April 2022	75
Target Average Portfolio Rating April 2022	C

Table 16

14.3. Whilst our tenants are largely responsible for maintaining and repairing their own demises, CIFCO is keen to support tenants to improve their EPC ratings and to improve the ratings of buildings within our control, such as vacant properties and the common parts of multi-let buildings.

14.4. The action plan below details current planned or potential sustainability improvements and how they are to be measured. As initiatives are implemented JLL and Workman will record and measure the benefit for future reporting purposes.

Sustainability Action Plan 2021/22

Property	Initiative	Measurement
Renaissance House, Epsom	LED lighting 1 st /3 rd floor	EPC rating improvement/energy consumption
Renaissance House, Epsom	LED lighting to common parts	EPC rating improvement/energy consumption
Renaissance House, Epsom	Smart Meters	Energy consumption
Units 2&3 Pasadena Way, Harlow	Refurbishment works/materials/lighting/smart meters/insulation	Identify specific green construction ratings. EPC rating improvement
Units 2&3 Pasadena Way, Harlow	PV panels feasibility study to new roof	Energy savings
Unit 24 Norwich	Refurbishment works/materials/lighting/smart meters/insulation	Identify specific green construction improvements
Olympus Park	Cycle Cage feasibility	Social and environ benefits
Unit 2 Princes Close, Harlow	Engage with prospective tenant on refurbishment works – identify green initiatives	
Renaissance, Epsom	Electric charging points in car park - feasibility	Support use of green energy through take up
Green Leases	Workshop with Birketts to review green covenants in leases and consents for alterations	Identify lease improvements
Coventry	Establish use of existing solar panels	Measure take up and energy consumption

Table 17**Acknowledgement:**

The market summary and all tables and charts reproduced in this document have been provided by Jones Lang Lasalle (JLL)

Appendix 1

Director's Profiles



Chris Haworth (Non-Executive Director and Chair) - BSc in Estate management from Reading University, fellow of the Royal Institution of Chartered Surveyors, and a member of the National landlords Association. Partner of Carter Jonas for 12 years, until August 2012, and Head of the National Commercial Division for 8 years.



Emily Atack (Managing Director) – Emily is a Member of the Royal Institution of Chartered Surveyors (RICS). She has approximately 20 years' experience in both private and public sector, primarily in dealing with commercial property transactions.



Henry Cooke (Non-Executive Director)- Investment banking professional with over 30 years' experience in roles across research, sales, trading, structuring, origination, syndication and asset management of US, UK, Australian and European mortgage backed, asset backed, whole-business and real estate financing



Mark Sargeantson (Non-Executive Director) – Fellow of the Royal Institution of Chartered Surveyors, partner of Cluttons, until early 1991. Acted for a wide range of property owners and investors mostly in portfolio and asset management in London and across the UK. Joined Fenn Wright, Ipswich in April 1991 and was a partner until 2008 and a consultant to the practice to the present day.

Elisabeth Malvisi (BDC Councillor Director)



Elisabeth has over 20 years' experience gained in the retail sector with such household names as Marks & Spencer and the university of Stirling Institute for Retail studies. Established a world leading provider of automotive waste. Elected as a District Councillor in May 2019.



Richard Meyer (MSDC Councillor Director)

Retired security risk management professional with senior management experience in: the Armed Forces, RAF Regiment; the Private Sector, De Beers; and the Public Sector with the British Library. He was elected as a District Councillor in May 2019.

Appendix 2

Acquisitions Completed *(Asset Commentary relates property details at the date of acquisition)*

36-39 Long Causeway, Peterborough (Completed 18 December 2017)

The property presented a good opportunity to invest in a centrally located asset within the prime retail pitch in Peterborough. The units are well let to strong covenants [REDACTED]

[REDACTED] expiry). Additionally, both units are let off rebased rents in line with the market, providing an opportunity for future rental growth as the retail market in Peterborough continues to strengthen.



- Purchase Price: £3,525,000
- NIY – 5.2%
- Let to Wagamama Ltd and Nero Holdings Ltd
- The property is classified as a 'Core' asset

20-25 Kingsway, Norwich. (Completed 14 February 2018)

The property presented a good opportunity to invest in a fully let estate within an established industrial location in Norwich. The units are fully let to a variety of smaller local and regional traders, although risk is spread across 6 separate tenants. 2 have been in occupation since the 1980s. [REDACTED]

[REDACTED] years (to expiry) are reasonable but provide opportunities for asset management initiatives and the capture of rental growth within the strengthening industrial market.



- Purchase Price: £1,500,000
- NIY – 5.83%
- Fully let to 6 tenants, [REDACTED]
[REDACTED]
[REDACTED]
- The property would be classified as a 'Core Plus' asset

43-45 High Street, Brentwood. (Completed 15 January 2018)

The property provides a well let, recently refurbished retail unit in an established prime retail location. The long unexpired term and fixed rental uplifts of 1.95% per annum will generate an increasing annual income for the fund with minimal exposure to capital expenditure. Marks and Spencer PLC provide a strong covenant and a [REDACTED]. Going forward the Brentwood location should also benefit from the soon to open Crossrail transport links.



- Purchase Price: £6,722,000
- NIY: 4.75%
- Fully let to Marks and Spencer PLC
- The property would be classified as a 'Core' asset of the portfolio.

Greyfriars Court, Milton Keynes. (Completed 31 January 2018)

The property is a well-located asset within an established dealership location. The showroom is let to a good covenant with the additional benefit of a guaranteed lease. The recent refurbishment, FRI lease and [REDACTED]

[REDACTED] provide income for an extended period with minimal need for capital expenditure. The building comprises the head office for the [REDACTED]



- Purchase Price: £3,100,000
- NIY: 5.45%
- Fully let to [REDACTED], with the lease guaranteed by [REDACTED]
- The property is classified as a 'Core' asset of the portfolio

2-4 Pasadena Trading Estate, Harlow. (Completed 14 February 2018)

The property presents a good opportunity to invest in an industrial asset within a promising south-eastern location. The units are both let to local covenants, although market evidence demonstrates that the acquisition is underpinned by VP values, which are currently higher than the agreed investment value being paid. [REDACTED]



[REDACTED] provide a good income stream as well as presenting asset management opportunities. The strengthening industrial market and lack of competing stock provides a good basis for future rental growth.

- Purchase Price: £1,825,000
- NIY: 6.45%
- Fully let to 2 tenants, [REDACTED]
- The property is classified as a 'Core Plus' asset of the portfolio.

[REDACTED], Princes Gate Retail Park, Harlow. (Completed 23 March 2018)

The property presents a good opportunity to secure a retail warehouse within an established south-eastern location. [REDACTED]

[REDACTED] provide a good income stream as well as presenting asset management opportunities. The strengthening local market provides a good basis for future rental growth.



- Purchase Price: £6,900,000
- NIY: 6.41%
- Fully let to 2 tenants, [REDACTED]
- The property is classified as a 'Core' asset of the portfolio.

2 Eastman Way, Hemel Hempstead (Completed 17 July 2018)

Situated in the established 'Maylands BusinessPark, surrounded by similar uses and occupiers.

The unit is let on a long lease to a good covenant providing secure long-term income.

- Purchase Price: £7,800,000
- Yield Profile NIY: 4.99%,
- Fully let to [REDACTED] on a [REDACTED]
- This property is classified as a Core asset.



Olympus Business Park, Ipswich (Core Plus)

- Purchase Price: £2,250,000
- Yield Profile on Purchase: NIY: 5.82%,
- Fully let to 15 tenants
- A well located industrial asset in an established location. The units are well let to a range of tenants, diversifying the income risk and providing a [REDACTED]



[REDACTED] Approaching lease events provide the opportunity to secure tenants on longer terms and demonstrate rental growth.

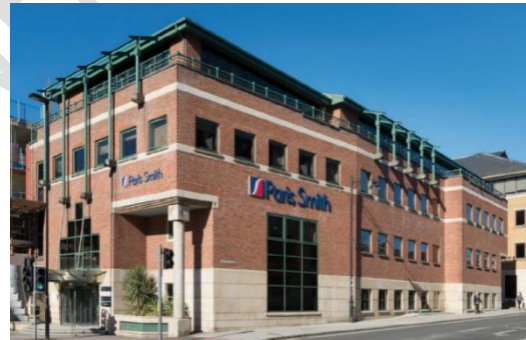
Lutea House, Brentwood (Completed 12 March 2019)

- Purchase Price: £6,175,000
- Yield Profile on Purchase: NIY: 5.75%, EY: 6.29%; RY: 6.81%
- Fully let to [REDACTED]
- The property provides a well let office building in an established business location in Brentwood.
- [REDACTED] provides a good income, with fixed rental uplifts, for the fund without exposure to capital expenditure. [REDACTED] provides a strong covenant with minimal risk of failure.
- The property is classified as a 'Core' asset of the portfolio.



Westpark House, 23 Cumberland Place, Southampton (Completed 19 Dec 2018)

- Purchase Price: £5,100,000
- Yield Profile on Purchase: NIY: 5.98%, EY: 5.98%, RY: 5.98%
- Fully let to [REDACTED]
- The property provides a well let office building in an established business location in Southampton.
- Following the removal of the tenant's break, the long unexpired term [REDACTED] expiry) provides a good income for the fund without exposure to capital expenditure. [REDACTED] provides a strong covenant with minimal risk of failure.
- The property is classified as a 'Core' asset of the portfolio.



Omron, Opal Drive, Milton Keynes (Completed 9 Jan 2019)

- Purchase Price: £4,735,000
- Yield Profile on Purchase: NIY: 6.44%, EY: 6.44%, RY: 6.44%
- Fully let to [REDACTED] Ltd.
- The property provides a well located, fully let and recently refurbished office building. Milton Keynes has been projected to be a leading growth centre in the UK.
- A strong tenant covenant combined with a low rental base provides the opportunity to generate an increasing income for the fund, especially if the tenant's break can be removed.
- [REDACTED]
- The property is classified as a 'Core' asset of the portfolio.



DW Fitness, Lincoln (Completed 15 May 2019)

- Purchase Price: £2,200,000
- Yield Profile on Purchase: NIY: 5.95%, EY: 6.92%, RY: 6.90%
- Fully let to Dave Whelan Sports Ltd
- The property provides a well located, fully let building currently fitted out for gym/leisure use.
- A good tenant covenant combined with fixed rental uplifts provides the opportunity to generate an increasing income for the fund.
- [REDACTED]
- The property is classified as a 'Core' asset of the portfolio.



██████████ Honda, Greyfriars Court, Milton Keynes (Completed 15 January 2020)

- Purchase Price: £2,400,000
- ██████████
- Yield Profile on Purchase: NIY:6.02% EY: 6.02%, RY: 6.02%
- A purpose-built car showroom occupying a prominent position, fronting an agglomeration of car dealerships including Mercedes Benz, Volvo, VW and Skoda.
- Freehold with a leaseback to ██████████ ██████████
██████████
██████████



- The tenant operates 46 showrooms across England from Southport to Slough. They have a 4A2 Dun and Bradstreet Rating.
- The property is adjacent to CIFCO's existing holding let to Volvo and is classified as a 'Core' asset of the portfolio.

Renaissance House, Epsom (Completed 15 January 2020)

- Purchase Price: £2,990,000
- ██████████
- Yield Profile on Purchase: NIY:6.26%, EY: 7.08%, RY: 7.78%
- Multi let town centre office fully let to 5 tenants all with a "very low" or "moderate" covenant risk of failure.
- Virtual freehold (999 years at a peppercorn rent).
- The asset forms a modern well let office building in an established business location in Epsom.
- ██████████ to expiry the asset is seen as a value-add opportunity with the rents reversionary in a tight market with limited supply.



Health Centre, 62-64 Long Row & 77/77A Upper Parliament Street, Nottingham (17th July 2020)

- Purchase Price: £2.75m
- [REDACTED]
- Yield profile: 8.23% NIY, 9.36% EQ, 9.57% RY
- Freehold Health Centre comprising 20,230 sq ft (GIA) and a small retail unit
- [REDACTED]
[REDACTED].



Units 8B & 9 Cosgrove Way Industrial Estate, Cosgrove Way, Luton (30th October 2020)



- Purchase price £2,475,000
- [REDACTED]
- Yield Profile NIY 5.4%, EQ 5.4%, RY 5.4%.
- Two individual industrial units totalling 17,673 sq ft GIA in an established trade/industrial area of Luton. Both units are let to Wolseley UK Ltd on separate FRI leases.
- [REDACTED]

Horizon House, 28 Upper High Street, Epsom (6th November 2020)

- Purchase price £7,970,000
- [REDACTED]
- Yield Profile: NIY 5.20%, EQ 5.20%, RY 5.20%
- The property is held freehold and includes the long leasehold interest of Renaissance House, Epsom which CIFCO acquired in 2019. Built in 1988 the building forms 21,819 sq ft of modern office accommodation and was extensively refurbished in 2017/18 and let in 2020.



Basingstoke Business Centre, Winchester Road, Basingstoke (29th December 2020)

- Purchase price: £5,375,000
- [REDACTED]
- Yield Profile: NIY 5.27%, EQ 5.76%, RY 5.91%
- 20 industrial/trade units arranged over five terraces, built in the late 1980s, providing a gross internal area of 23,229 sq ft. The estate was refurbished in 2019
- [REDACTED]



Units 2 – 8c Pilot Trade Centre, Pilot Drive, Coventry (Completed 29th January 2021)



- Purchase Price: £5,540,000
- [REDACTED]
- Yield Profile NIY 5.2%, EQ 5.37%, RY 5.38%.
- New build, modern Trade Park comprising 14 units
- Freehold
- [REDACTED].

Kestrel Park, Springwood Industrial Estate, Braintree (Acquired 30th March 2021)

- Purchase price
£8,300,000
- [REDACTED]
- Yield Profile NIY 4.67%,
EQ 5.38%, RY 5.56%
- Freehold Industrial
estate constructed in
1987, consisting of 13
light
industrial/warehouse
units arranged in four
terraces and a single
detached unit, providing
a gross internal area of
49,913 sq ft (4,637.07 sq
m)
- [REDACTED]
- Completion took place on 30th March 2021



Cavendish Street, Ipswich – (30 April 2021)



Purchase price of £1,438,000

•Yield Profile 5.85% NIY, 6.02%
EQ, 6.07% RY

•The property comprises 4 trade
counter units occupied by three
tenants totalling 11,937 sq ft with
an ancillary hand car wash
which may provide future
development opportunities

• [REDACTED]
[REDACTED]

Co-Op Food store, East Anglia,

- Purchase Price £1,370,000
- [REDACTED]
- Yield Profile (NIY 5.37%).
- [REDACTED]
- The transaction forms a forward commitment with an aim to complete towards the end of October 2021.



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Appendix 3

Annual Accounts – see separate document

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Appendix 4 Budgets

Category	Item	Value	Unit	Notes
Agriculture	Wheat	1200	kg	
	Rice	800	kg	
	Corn	500	kg	
	Beans	300	kg	
Livestock	Cattle	200	kg	
	Poultry	150	kg	
	Pigs	100	kg	
	Goats	80	kg	
Manufacturing	Textiles	1800	kg	
	Food Processing	1200	kg	
	Chemicals	900	kg	
	Metals	600	kg	
Services	Transportation	1400	kg	
	Healthcare	1100	kg	
	Education	900	kg	
	Retail	700	kg	
Construction	Bricks	1600	kg	
	Cement	1300	kg	
	Steel	1000	kg	
	Wood	800	kg	
Energy	Coal	1700	kg	
	Natural Gas	1400	kg	
	Oil	1100	kg	
	Solar Panels	900	kg	
Information Technology	Hardware	1500	kg	
	Software	1200	kg	
	Cloud Services	1000	kg	
	Telecommunications	800	kg	

Appendix 5

Loan Repayment Schedule

[illegible]

Appendix 6

Valuation movements

Property	Address	Purchase Date	Net Purchase Price	NIY	March 2021 Market Valuation					March 2021 Market Valuation				Value Move	%
					Value 2019	NIY	Value 2020	NIY	EQ	Value 2021	NIY	EQ	Value Move		
Town	Address												Value (Mar 2020 - Mar 2021)		%
Ipswich	Olympus Way	Aug-18	£2,250,000	5.82%											20.58%
Norwich	20-25 Kingsway	Feb-18	£1,500,000	5.82%											14.06%
Nottingham	Upper Parliament St	Jul-20	£2,750,000	8.23%											10.91%
Hemel Hempstead	2 Eastman Way	Jul-18	£7,800,000	4.99%											5.13%
Epsom	Renaissance House	Jan-20	£2,999,000	6.26%											0.33%
Milton Keynes	Honda, Greyfriars Court	Jan-20	£2,400,000	6.02%											0.00%
Luton	Cosgrove Way	Oct-20	£2,475,000	5.30%											0.00%
Epsom	Horizon House	Nov-20	£7,970,000	5.21%											0.00%
Basingstoke*	Basingstoke Business Park	Dec-20	£5,375,000	5.27%											0.00%
Coventry*	Pilot Trade Park	Jan-21	£5,540,000	5.43%											0.00%
Brentwood	Lutea House	Mar-19	£6,175,000	5.75%											-2.81%
Harlow	2-4 Pasadena Way	Feb-18	£1,825,000	6.45%											-3.31%
Milton Keynes	Omron House	Jan-19	£4,735,000	6.44%											-4.21%
Milton Keynes	Volvo Greyfriars Court,	Jan-18	£3,100,000	5.45%											-4.32%
Southampton	Westpark House	Dec-18	£5,100,000	5.95%											-6.60%
Brentwood	43-45 High Street (M&S)	Jan-18	£6,722,000	4.75%											-15.27%
Peterborough	36.39 Long Causeway	Dec-17	£3,525,000	5.20%											-16.33%
Lincoln	SDI Fitness, Tritton Road	May-19	£2,200,000	5.95%											-17.37%
Harlow	Princes Gate (Go-Outdoors)	Mar-18	£6,900,000	6.41%											-26.27%
Braintree*	Kestrel Park	Mar-21	£8,300,000	4.46%											0.00%
Ipswich*	Cavendish Street	Apr-21	£1,438,000	5.82%											0.00%
Total			£91,070,000							£83,918,000					-2.88%
*Book cost															

Appendix 7

Sustainability Policy

CIFCO Capital Limited

Sustainability Policy 2020/21

CIFCO Capital Limited (CIFCO) is a property investment company established in 2017 and wholly owned by Babergh District Council (BDC) and Mid Suffolk District Council (MSCD) group. The core objective of the company is to generate income to the Councils from property investment to support the provision of services to their Districts, communities and residents. Babergh District Council and Mid Suffolk District Council declared a climate emergency in 2019 and CIFCO is keen to assist its shareholder in mitigating its impact on the environment.

CIFCO invests in commercial real estate across all sectors of the UK property market targeting an aggregated income return of c.6% per annum. The geographical area is national with a bias towards the East of England region. Investment strategy balances attributes such as location, asset class and sector, so that resistance to medium and longer-term market stresses in any individual sector can be mitigated.

Governance of the company is exercised by the CIFCO Board which comprises elected councillors and industry-experts. The Board operates under a strong risk management framework and closely scrutinises property investment opportunities with appointed legal and professional investment advisors. This ensures that the criteria approved by the Council shareholders are met.

The principal investment advisor is Jones Lang LaSalle Limited (hereafter referred to as JLL), domiciled in the UK and part of JLL Inc, headquartered in USA. JLL provide investment strategy and investment acquisition advice as well as ongoing investment management of the portfolio.

This sustainability policy incorporates the approaches of CIFCO and of JLL as those who are the principal advisors in strategic decision-making for the property portfolio.

CIFCO Capital Limited Sustainability Policy 2020/21

CIFCO commits to the following sustainability goals:-

- We will meet and, where appropriate, exceed legislative and other requirements which include global, national and corporate commitments, Local Government and other stakeholder expectations, and pledges made to meet industry best practice standards across our business.
- We shall support compliance with internationally recognised human rights across our business activities.
- We are committed to continual improvement and protection of the environment, including prevention of pollution, sustainable resource use, climate change mitigation, and protect and enhance biodiversity and green/blue spaces through application of best practice.
- We seek to mitigate the impacts of climate change, through a long-term energy and greenhouse gas (GHG) emissions efficiency targets which align with ratified EU targets, where appropriate.
- We will maintain through our advisors an environmental management system (EMS), aligned with the international standard ISO 14001 (2015), to manage deliverable actions derived from our Sustainable strategy. *[Board note: both JLL and Workman hold ISO 14001 certification]*
- We are committed to supporting the health, safety, security, wellbeing, inclusivity, heritage, prosperity and productivity need of our customers, suppliers, communities and places.
- Our Directors, responsible for governing our commitments and ensuring they are implemented, will undertake sustainability focussed training to ensure they are competent to deliver our sustainability programme.
- We shall continuously review the effectiveness of our Sustainable Policy to ensure it delivers its stated aims commensurate with our investment objectives.
- We will seek commitments from our partners and consultants that they will mitigate their impact on the environment.

JLL Sustainability Approach and Commitments

JLL's vision is to create spaces, buildings, and cities where everyone can thrive, Building a Better Tomorrow everywhere it can. JLL is committed to partnering with its stakeholders to achieve shared ambitions for a sustainable future.

In the UK specifically, JLL seeks to transform the property sector by integrating sustainability in to its advice, by delivering leading sustainability expertise, by working in partnership to address social issues, and by playing a leading role in the UK's transition to a net zero carbon, circular economy.

JLL has an established environmental management system which covers operations and all services certified to ISO 14001. JLL have a specific EPC Policy which governs all compliance with the suite of UK government legislation relating to display of EPCs during sale or leasing and with regards to tightening minimum standards for EPCs in use.

JLL also has a full suite of sustainability policies which govern our business activities and staff behaviours, including an Environmental Policy, a Health & Safety Policy, a Code of Business Ethics, a Modern Slavery Statement and a Vendor Code of Conduct. These policies are available via their web site www.jll.com

Application of the sustainability commitments of CIFCO and JLL to the property investment portfolio (fund)

The signatories to this policy commit to applying CIFCO and JLL's sustainability policies to the investment decisions and active asset management of the property investment portfolio. As CIFCO invests in and manages commercial real estate in the UK, the primary sustainability goals of CIFCO and JLL relate the appropriate screening of sustainability factors during acquisition due diligence, and the integration of sustainability during refurbishment and development, and to the active environmental management of the investment properties.

On behalf of its stakeholders, CIFCO/JLL will ensure it actively:

- Identifies asset management sustainability improvement opportunities
- Promotes sustainability initiatives with its customers
- Adds sustainability requirements in lease clauses
- Tracks and monitors the environmental performance of assets under management where appropriate (e.g. EPCs, energy, water, waste, flood risk)
- Considers the environmental impact of assets prior to acquisition
- Reduces their own impact on the environment by reducing travel and consumption of materials

This Policy will be reviewed annually and will be actively communicated to stakeholders and key suppliers. CIFCO and our supply chain partners are responsible for implementation of this Policy and will create an action plan to measure performance and progress in achieving the company's sustainable goals.

CIFCO Capital Limited

Dated: 9.9.2020

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