DISTRICT COUNCIL

TO: Babergh District Council **Mid Suffolk District Council**	**REPORT NUMBER:** CNL214
FROM: BDC Cllr John Ward Portfolio Holder Finance, Assets & Investments **MSDC Cllr Richard Winch Portfolio Holder Housing & Property**	**DATE OF MEETING:** **BDC: 22nd July 2025** **MSDC: 24th July 2025**
OFFICER: Emily Atack –Director Property, Development & Regeneration, Managing Director CIFCO	KEY DECISION REF NO. CNL214

This report is open for public inspection. However, Appendices referred to within the report are not open for public inspection as they contain exempt information by virtue of which the Council are likely to exclude the public during the discussion of the agenda item to which the report relates.

The description of the exempt information under Schedule 12A of the Local Government Act 1972 (as amended) is as follows: -

1. Information relating to the financial or business affairs of any particular person (including the authority holding that information) The author(s) confirm(s) that the public interest in maintaining the exemption outweighs the public interest in disclosing the information

CAPITAL INVESTMENT FUND COMPANY ('CIFCO CAPITAL LTD') BUSINESS TRADING AND PERFORMANCE REPORT

1. PURPOSE OF REPORT

1.1 This report presents the trading activity for CIFCO Capital Ltd (CIFCO) for 2024/25. Appended to the report is the draft business plan 2025/28 which, subject to Council approval, will form the basis of CIFCO's trading in 2025/28. Annual updates will be provided against this plan. CIFCO's performance against its business plan is monitored quarterly by the Holding Companies. The board of CIFCO directors with the assistance of Jones Lang LaSalle its property advisers, continually assess the market

and appropriately apply and adapt the guidelines of the business plan throughout each trading year.

2. OPTIONS CONSIDERED

2.1 The options available are to approve the 2025/28 CIFCO business plan for its adoption by CIFCO or to recommend amendments to the business plan.

2.2 The business plan has been prepared by the Board of CIFCO in consultation with its fund managers Jones Lang LaSalle (JLL).

3. RECOMMENDATIONS

The Council notes CIFCO Capital Ltd trading activity and performance for the year to 31st March 2025

The Council approves CIFCO Capital Ltd.'s 2025/28 business plan for adoption by CIFCO Capital Limited.

REASON FOR DECISION

3.1 **To provide appropriate governance and performance monitoring for the operation of CIFCO Capital Ltd.**

4. KEY INFORMATION

4.1 CIFCO has been trading since 2017, CIFCO completed the second phase of investment by March 2021- which included the drawdown of funds to complete the Stanton development, which completed in Autumn 2023. CIFCO holds 22 diverse commercial assets primarily in the industrial and office sectors. Details of these assets can be found on the CIFCO website https://cifcocapital.com/our-portfolio/.

4.2 A summary of the portfolio is set out below, alongside previous years:

	Q1 2020	Q1 2021	Q1 2022	Q1 2023	Q1 2024	Q1 2025
Total Asset Value	£52,490,000	£83,918,000	£94,110,000	£82,500,000	£81,775,000	£81.450,000
Contracted Rent p.a.	£3,393,112	£5,004,824	£5,355,618	£5,530,981	£5,758,035	£5,724,819
ERV*	£3,609,037	£5,556,641	£5,912,985	£6,545,589	£6,769,484	£6,886,101
Number of Assets	14	21	21	21	22	22
Number of Tenants	38	90	78	81	83	81 (94)
WAULT (years) To Break	6 years 8 months	7 years 0 months	6 years 6 months	4 years 6 months	3 years 8 months	4 years 1 month
WAULT (years) To Expiry	8 years 5 months	8 years 6 months	6 years 7 months	5 years 8 months	5 years 2 months	5 years 2 months
Initial Yield	5.78%	5.60%	5.00%	6.30%	7.04%	6.36%
Equivalent Yield	6.41%	6.16%	5.86%	6.98%	7.49%	7.52%
Reversionary Yield	6.40%	6.24%	6.28%	7.44%	7.77%	7.68%
Void Rate	3.96%	5.72%	2.01%	3.64%	3.40%	5.83%
Running Yield**	5.97%	5.20%	5.36%	5.75%	5.88%	5.85%

* Full investment drawn down by 31st March 2021.

4.3 CIFCO is a trading company that was set up jointly by Babergh and Mid Suffolk District Councils to acquire commercial property to generate a revenue stream. CIFCO is jointly owned by BDC (Suffolk Holdings) Ltd and MSDC (Suffolk Holdings) Ltd which in turn are each 100% owned by their respective councils. An ownership structure chart is set out at Appendix B. Commercial properties were acquired by CIFCO with funding provided by the Councils by way of loans (90%) and equity investments (10%). The loans to CIFCO are secured against the properties acquired and shares are issued in respect of equity investments made with each acquisition. The value of the shares (equity investment) fluctuates in line with the value of the portfolio. Over the longer term as the portfolio matures and debt is repaid dividends will be payable to the Holding Companies and their respective Council owners as a return on the equity investment as well as revenue being generated through loan repayment.

4.4 The last 2-3 years have been challenging for property investment recovering from the pandemic and subsequently being impacted by changing shopping habits and office use as well as high inflation and the resulting increases in interest rates which have impacted commercial property capital values. However, with interest rates falling the outlook is more favourable for capital values and rental values should continue to be maintained or increased. Rent collection on a quarterly basis continues to be above industry benchmarks and exceeds CIFCO KPI. Void levels have started to increase, and we anticipate that they will continue to grow as a number of significant lease expiry dates are approaching over the period of the business plan.

4.5 The 2025/28 business plan focuses on the on-going management of the fund and particularly seeks to address the growing void rate and need for capital investment in the fund to improve the energy efficiency of buildings but also to undertake necessary refurbishments to secure new tenants.

With this in mind the business plan sets out a strategy to reduce the number of large single let office properties within the portfolio and by selling these assets mitigating the need for capital to invest in large refurbishment programmes. Over the medium term this will reduce the funds weighting in the office sector and is likely to increase its weighting in the industrial sector. Capital raised from sales will fund energy improvement works and refurbishments to increase income and where appropriate may be used to repay debt.

4.6 CIFCO is also facing increasing challenges with Corporation Tax as rates are increased and without capital allowances from purchases to offset. The loans from Council shareholders delivers a particular challenge from a tax perspective as over half of the interest paid to the shareholders is disallowed for tax purposes, generating an unsustainable level of tax to be paid. Advice has been obtained to address this matter, and it is anticipated that some structural changes will be required to mitigate the tax burden. These will be developed during the business plan period as the Councils move through Local Government Reform.

4.7 The 2025/28 Business Plan contains all the elements of the previous Business Plan approved by both Councils in previous years. The Plan includes:

- A review of performance over the last 12 months against key performance indicators together with strategy for the year ahead.
- A summary of the full market conditions assessment and revised investment strategy commissioned by the Company's Fund Manager, JLL.
- The key portfolio risks and attributes.
- The Business Plan incorporates high level budget and financial cashflow back to the Council through loan repayments. CIFCO borrows at a fixed rate, so interest rate fluctuations are mitigated.
- Financial models are included within the business plan to cover the business plan period, together with operational budgets. Cashflow and operational finance is dealt with quarterly by the Board alongside quarterly risk analysis.
- In addition, the Board's future revisions to its investment strategy are influenced by the quarterly portfolio analysis report from JLL which covers:
    - Investment Guidelines
    - JLL IPD (a UK benchmarking index) Forecasts
    - Tenant Covenant Log
    - Critical Dates Schedule
    - Individual Property Business Plans
    - Tenancy Schedule
    - Arrears
    - EPC Schedule

4.8 CIFCO provides a long-term income stream for the Councils to use to support the delivery of services and projects within the district. The Councils' return is primarily the difference between their cost of borrowing and the lending to CIFCO. Over the last 12 months the Councils cost of borrowing has increased significantly, which has reduced net income. It is anticipated that interest rates will continue to fall and as a consequence the Councils' net interest should increase.

4.9 Babergh and Mid Suffolk Councils are committed to strong governance, risk management and oversight of CIFCO operations. A review of operations, governance and risk has been undertaken and the outcome of this is that CIFCO is well managed with a professional team including board members, executive team and external consultants. The Council shareholders are committed to the need for CIFCO operations to be transparent and any key decisions being worked through and made jointly to deliver the best outcomes for our residents in the short, medium, and longer term.

4.10 The board agreed at the CIFCO strategy day to amend the length of the business plan to a cycle of 3 yearly business plans with annual reviews. This is to enable the board and its shareholders to have a proactive longer-term view of the portfolio. The board of CIFCO is reviewing the longer-term focus and shape of the company to ensure that it is fit for purpose as its shareholders progress through Local Government Reform.

5. KEY PERFORMANCE INDICATORS (KPI)

5.1 The key performance indicators were set within the 2024/25 Business Plan; these are set out below together with performance against these targets:

KPI	Description	Target		Target	CIFCO KPI Q4
1	**Increase contracted rent from £5,758,035 pa by 01 April 2025**	£5,815,615		**1%**	£5,724,819 (-0.6%)
2	**Equivalent Yield (EY)**	MSCI All property 6.6%		**Target at or above market Equivalent Yield**	7.52%
3	**Reduce EPC Portfolio Score from 7034 (Average D Rating)**	100%		**All Properties have an EPC rating of C or above by 2027**	55.1%
4	**Quarterly Rent Arrears of less than 5.00% (Data as at 07 April 2025)**	Current Arrears (£):	£13,741	**Measured by the amount of rent outstanding at the end of the quarter as a percentage of the total rent due that quarter**	
		Current Arrears (%):	0.10%		Q1 1.29%
		5% Target:	£82,046		Q2 2.02%
		Target: +/-	-£68,305		Q3 0.10%
		Total Income for Quarter:	£1,640,936		Q4 1.0%

Note: KPI 1 - figures to be adjusted to reflect full year end outturn. Unit 2b Coventry £35,050 not currently reflected.

Contracted Rent has reduced due to increased voids, the portfolio ERV (Estimated Rental Value) continues to increase

KEY PERFORMANCE INDICATORS (KPIs) 2025/28

5.2 The board propose to retain most of the existing key performance indicators which reflect the continuing emphasis on portfolio management, focusing on, return on investment, sustainability and rent collection. However, it is proposing to move from increase in contracted rates to mitigating voids as this is a key emphasis of the portfolio over the business plan period.

KPI	Description	Target
1	Mitigate voids with the portfolio maintaining voids below MSCI sector rates	<6.3% Retail <26.0% Office <9.6% Industrial
2	Portfolio Equivalent Yield (EY) aligns with or above All Property Yield (currently 6.6%)	>6.6%
3	All properties have an EPC rating of	C or above by 2027

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%

6. LINKS TO JOINT COUNCIL PLANS

6.1 A resilient and robust business plan for CIFCO Capital Ltd will contribute to the strong governance of the Company and its performance which will help the Councils to meet their objectives as set out within their plans (2023-2027) and moving forward as we progress through Local Government Reform The Business plan aligns with The Councils' Medium-Term Financial Strategies delivering an important income stream into our districts to support the delivery of services and projects within our districts.

7. COMPANY STRUCTURE AND IN-YEAR REPORTING

7.1 The Board of CIFCO Capital Ltd ('CIFCO') is responsible to its shareholders MSDC (Suffolk Holdings) Ltd and BDC (Suffolk Holdings) Ltd for the proper performance of the company against the business plan previously reviewed by The Joint Overview & Scrutiny Committee and subsequently approved by the two parent Councils usually in July each year. Please see the business plan for a company ownership structure.

7.2 The Board meets regularly to review performance of the assets and fund, make portfolio decisions, appoint corporate advisers, and to put in place strategies and policies for company governance. A wide range of approvals have taken place throughout the year covering risk, performance management, governance, portfolio management, delegations, and procurement. The Board meets virtually for quarterly Board meetings and in person for a strategy day once a year to develop the business plan for the forthcoming year. The strategy day was held on 10th March this year and was attended by CIFCO Board members, the Chairs of the holding companies, Council Leaders and members of the Senior Leadership team as well as Jones Lang LaSalle as property advisers.

7.3 Each quarter the Chairman of CIFCO reports progress at a simultaneous Holding Company Boards' meeting. He presents his assessment of the market and company activity during the last quarter and performance data relating to that activity. The Director for Property, Development and Regeneration updates Portfolio Holders monthly and provides informal briefings to both cabinets on a quarterly basis.

7.4 The CIFCO Board reviews its business plan and investment strategy continuously to ensure that it remains consistent with the marketplace and emerging risks and opportunities. The Business Plan will be updated and amended annually. The Business Plan is presented to both Holding Companies for consideration and approval before it progresses to Joint Overview & Scrutiny Committee and subsequently to both full Councils for final consideration.

7.5 The review of properties for sale is important in the management of all property funds and the proposed business plan has identified the need for sales to be undertaken over the business plan period. The governance for property sales is thorough with recommendations and rationale for sale initially presented to the CIFCO board by Jones Lang LaSalle. If sales are agreed by the CIFCO board approval is then sought from the Holding Companies.

8. FINANCIAL PERFORMANCE

8.1 The Councils have received total net income of circa £13.766m since CIFCO's incorporation in 2017, details are set out in the tables below:

Babergh District Council									
					£ 000				
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**Cumulative**
Revenue Impact									
Interest Received	(86)	(782)	(1,245)	(1,551)	(2,209)	(1,942)	(2,053)	(2,172)	(12,041)
Interest Paid	11	119	316	277	235	523	1,412	2,098	4,992
Net Interest	**(75)**	**(663)**	**(929)**	**(1,274)**	**(1,974)**	**(1,420)**	**(641)**	**(74)**	**(7,049)**
Other income/ Recharges	(9)	(25)	(32)	(35)	(35)	(35)	(35)	(35)	(241)
Accrued interest receivable						(255)	(133)	-	(388)
Total Revenue	**(84)**	**(688)**	**(961)**	**(1,309)**	**(2,009)**	**(1,710)**	**(809)**	**(109)**	**(7,679)**
					£ 000				
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**Cumulative**
Capital Movement									
Capital Borrowed	12,380	13,710	4,050	19,440	-	-	-	-	49,580
Loans Repaid	-	-	-	-	-	-	-	-	-
Gross Borrowing	**12,380**	**13,710**	**4,050**	**19,440**	**-**	**-**	**-**	**-**	**49,580**
Loans Made to CIFCO	11,150	12,340	3,640	17,500	-	-	-	-	44,630
Loans Repaid	-	- 81	- 120	- 150	- 220	- 240	- 250	- 260	- 1,321
Equity	1,230	1,370	410	1,940	-	-	-	-	4,950
Gross Investment	**12,380**	**13,629**	**3,930**	**19,290**	**- 220**	**- 240**	**- 250**	**- 260**	**48,259**
Net Capital Movements	**-**	**81**	**120**	**150**	**220**	**240**	**250**	**260**	**1,321**

Mid Suffolk District Council									
	£ 000								
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Cumulative
Revenue Impact									
Interest Received	(86)	(782)	(1,245)	(1,551)	(2,209)	(1,942)	(2,053)	(2,172)	(12,041)
Interest Paid	11	235	541	533	468	850	1,429	1,739	5,806
Net Interest	**(75)**	**(547)**	**(704)**	**(1,018)**	**(1,741)**	**(1,092)**	**(624)**	**(433)**	**(6,235)**
Other income/ Recharges	(9)	(25)	(32)	(35)	(35)	(35)	(35)	(35)	(241)
Accrued interest receivable						(255)	(133)	-	(388)
Total Revenue	**(84)**	**(572)**	**(736)**	**(1,053)**	**(1,776)**	**(1,382)**	**(792)**	**(468)**	**(6,864)**
	£ 000								
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 Q4	2024-25	Cumulative
Capital Movement									
Capital Borrowed	12,380	13,710	4,050	19,440	-	-	-	-	49,580
Loans Repaid	-	-	-	-	-	-	-	-	-
Gross Borrowing	**12,380**	**13,710**	**4,050**	**19,440**	**-**	**-**	**-**	**-**	**49,580**
Loans Made to CIFCO	11,150	12,340	3,640	17,500	-	-	-	-	44,630
Loans Repaid	-	- 81	- 120	- 150	- 220	- 240	- 250	- 260	- 1,321
Equity	1,230	1,370	410	1,940	-	-	-	-	4,950
Gross Investment	**12,380**	**13,629**	**3,930**	**19,290**	**- 220**	**- 240**	**- 250**	**- 260**	**48,259**
Net Capital Movements	**-**	**81**	**120**	**150**	**220**	**240**	**250**	**260**	**1,321**

8.2 The Councils have different treasury management approaches and as such whilst the gross amount receivable from CIFCO is the same, the net amounts differ depending upon the Councils' finance costs, as illustrated in the table below for 2024-25:

BDC **CIFCO**	**£ 000**	**MSDC** **CIFCO**	**£ 000**
Interest Receivable (From CIFCO)	**-2172**	Interest Receivable (From CIFCO)	**-2172**
Interest Payable		Interest Payable	
Short term loans	1900	Short term loans	1343
£5m 10 Year loans @ 1.71%	42	£10m 10 Year loans @ 1.71%	85
£6.25m 50 Year loans @ 2.63%	155	£12.5m 50 Year loans @ 2.63%	311
Total Interest Payable	**2098**	Total Interest Payable	**1739**
Net Return	**74**	**Net Return**	**433**

BDC		**MSDC**	
Total Net Return	**74**	Total Return	**433**
Total Capital borrowed	**49580**	Total Capital borrowed	**49580**
Percentage return	**0.001**	**Percentage return**	**0.009**

8.3 The Councils' investment in CIFCO was completed by 31st March 2021, with a total of c.£99.2m being drawn down by CIFCO over the full investment period. CIFCO has repaid £2.642m of these loans to date.

8.4 CIFCO's draft year end accounts for 2024/5 have been prepared. Once these have been finalised, they will be audited and will be submitted to Companies House as soon as is practical and by no later than the filing deadline of 31st December 2025. CIFCO's draft accounts (year ending March 2025) show gross forecast income of £6.43m, company costs (excluding the portfolio revaluation) of £6.13.7m, delivering an operational profit before tax. We are anticipating a loss overall to reflect the reduction in value of the CIFCO portfolio at the end of March 2025 and corporation tax paid.

8.5 The portfolio was revalued as of 31st March 2025 by Cushman & Wakefield as independent valuers for the fund. Valuers are reviewed and replaced every 3-4 years to maintain independence.

8.6 The portfolio value has stabilised this year with a small decrease of 0.4% overall (£325k). Over half of the properties have seen value growth or remained stable. The remaining properties have seen a reduction- the most impacted are those properties with impending lease expiries or voids, particularly those in the office sector.

8.7 The Councils' total interest repayments in respect of loans taken out to fund CIFCO equated to £3,837m in 2024/25 which is equivalent to an average of approximately 66% of the current contracted rent payable to CIFCO (36% Babergh DC & 30% Mid Suffolk DC). Income from CIFCO exceeds the Councils' cost of debt delivering a net income. Net income in 2024/25 was £0.507m (Babergh £0.074m and Mid Suffolk £0.433m) plus recharges as set out in the table above.

8.8 One of the most significant factors outside of the Councils' control is the level of interest rates, interest payable is being closely monitored. The table below shows the sensitivity analysis of interest rate costs for the Councils.

				2025/26	Decreased Total Debt Costs / Rate Decrease	
					-0.25%	-0.5%
				Total Annual Cost of Debt	£000	
Mid Suffolk	**Interest Rate**	**Loan Amount**	**Total Loan %**	**£000**		
CIFCO PWLB 50 Year annuity	2.63%	£12.5m	25.2%	£326	no cost change long term fixed rate until 2068 @2.63%	
CIFCO PWLB 10 Year annuity	1.71%	£10m	20.2%	£155	no cost change 10 year fixed rate until 2028@1.71%	
CIFCO Short Term Borrowing	4.25%	£27.1m	54.6%	£1,219	£1,117	£1,095
Total Borrowing Costs				**£1,700**	**£1,598**	**£1,576**
Gross Income from CIFCO				£2,159	£2,159	£2,159
Net Income				**£459**	**£561**	**£583**
Babergh						
CIFCO PWLB 50 Year annuity	2.63%	£6.25m	12.6%	£163	no cost change long term fixed rate until 2068 @2.63%	
CIFCO PWLB 10 Year annuity	1.71%	£5m	10.1%	£78	no cost change 10 year fixed rate until 2028@1.71%	
CIFCO Short Term Borrowing	4.25%	£38.3m	77.3%	£1,637	£1,582	£1,549
Total Borrowing Costs				**£1,878**	**£1,823**	**£1,790**
Gross Income from CIFCO				£2,159	£2,159	£2,159
Net Income				**£281**	**£336**	**£369**

8.9 The interest rate risk relates mainly to the short-term portion of the debt. The Councils have different treasury management approaches; Mid Suffolk has fixed loans for 45.37% of the total debt and Babergh has 22.69% of its debt to fixed long term loans with PWLB. The sensitivity analysis above shows that the Councils will continue to benefit from full debt coverage and still receive a net income as rates are forecasted to start reducing. Arlingclose, the Councils' treasury advisors, are forecasting a decrease in interest rates and expect that the MPC will cut rates in the medium term. Arlingclose expect to see rate cuts to a low of around 3.75% by late 2025, down from a peak of 5.25% during 2024/25.

8.10 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. CIFCO made 3 full debt repayments during 24/25 with a half payment in the final quarter. The balance of this payment will be made in July 2025. CIFCO is seeking a 10% deferment facility over the business plan period to enable it to manage cashflow and capital works whilst properties are sold.

8.11 The balance from previous (COVID) deferments is £832,064 with additional interest of £39,488 up to 31 March 2025. The proposed deferments over the business plan period equate to a total of £1.46m (£486k per annum) which if used will provide additional interest of £48,500. Deferments will only be drawn down if required and will be repaid through sales income or an annual payment plan.

9. RISK MANAGEMENT

This report most closely links with the following Significant Risk:

Risk Description	Likelihood	Impact	Score	Mitigation Measures	Risk Register and Reference
The income, capital and outcome projections for the Councils investment in CIFCO may not be met	3	3	9	The adoption of the proposed business plan will provide governance, accountability, and a framework for the management of the property fund. CIFCO activity continues to be closely monitored, together with market conditions and any changes or prospective changes in government legislation.	Significant Risk Register SRR001

9.1 The Board of CIFCO Capital Ltd actively manages risk and considers the fund risk register formally at the Board meetings each quarter. There is a comprehensive risk management strategy in place which requires the Managing Director to attend a group risk panel each quarter to report on risk to the Holding Company Chairs and shareholder senior risk officers.

9.2 The Board continues to review the risk register regularly to ensure that risks were appropriately recorded and mitigated and best practise for risk management is adopted.

10. REVISED BUSINESS PLAN CONSULTATIONS

10.1 The Board of Directors together with the Chairs of the Holding Companies and representatives of the Ultimate Shareholders considered the 2025/28 business plan at its strategy day in March 2024 with the fund manager JLL. The Business Plan has subsequently been developed with the Board of CIFCO for approval.

10.2 The Business Plan was considered by Joint Overview and Scrutiny Committee on 16th June 2025. Their recommendations were as follows:-

I) That the Committee notes the CIFCO Performance Report (2024/25) and the Business Plan (2025/26) ahead of its consideration at Full Council.

II) That the Committee welcomes the change to a 3-year business plan.

III) That the Committee endorses the alterations to the portfolio's key performance indicators, particularly KPI 1's focus on maintaining voids below MSCI sector rates.

IV) That the Committee encourages the CIFCO Board to remain open to opportunities of divestment to maintain flexibility within the capital strategy.

11. EQUALITY IMPACT ASSESSMENT

11.1 An Equality Impact Assessment Initial Screening was originally completed in September 2016. The outcome of the assessment was that the strategy itself will not impact residents, staff or any specific protected characteristics. A further Equality Impact Assessment Initial Screening was undertaken on 4th March 2025 which re- confirmed the outcome from 2016.

12. ENVIRONMENTAL IMPLICATIONS

Sustainability

12.1 CIFCO has an adopted sustainability policy and has adopted a key performance indicator relating to improving the sustainability of the portfolio. 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.

12.2 55.1% of the CIFCO portfolio now has an EPC rating of C or above and CIFCO are pleased that it now also owns an A+ rated property and does not have any properties within band F and G. A breakdown of CIFCO EPC ratings is set out below:

EPC Rating	Total	%
A+	1	1.1%
A	1	1.1%
B	21	23.6%
C	26	29.2%
D	27	30.3%
E	13	14.6%
F	0	0.0%
G	0	0.0%
Total	**89**	**100.0%**

13. CORPORATE GOVERNANCE AND LEGAL

13.1 CIFCO Capital continues to have robust corporate governance, reporting quarterly to the BDC (Suffolk Holdings) Ltd and MSDC (Suffolk Holdings) Ltd Boards and to joint cabinet briefing meetings. In addition, meetings are held on a monthly basis between the managing director of CIFCO and the s151 officer, Head of Finance and Finance business partner to review the company management accounts and trading position.

13.2 CIFCO Capital has complied fully with all Companies House registration and filing requirements. Ensor's are the company's financial auditors. CIFCO Capital Ltd.'s financial year aligns with the shareholders financial year ending 31st March. The Non-Executive Directors have signed service agreements laying out individual obligations. These agreements are aligned to the Company's adopted Articles.

13.3 Board Members undertook Director training focusing on Corporate Law and Director requirements in 2023.

13.4 A self-evaluation and an evaluation of the Chair is undertaken by the Board annually.

13.5 CIFCO appoint Birketts as our representatives for dealing with all legal matters for the company.

13.6 CIFCO is a separate legal entity to the councils. The councils jointly invested in CIFCO, funding some of their investment by loans from PWLB (Public Works Loan Board). All debt for yield investments (including CIFCO) were completed by the Councils by 31st March 2021 and before the changes to regulations preventing borrowing for yield purposes.

14. APPENDICES

Title	Location
14.1 DRAFT CIFCO CAPITAL LTD Business Plan 2025/28 CONFIDENTIAL	Attached
(a) DRAFT CIFCO CAPITAL LTD Business Plan 2025/28 Commercially sensitive information REDACTED	Attached
(b) Risk Matrix 2025	