Treasury and Capital Management Group
28th July 2026

Report by: Simon Messervy

Lead Cllr: Cllr Jo Harvey
Executive Councillor for Finance & Resources

Wards	Open / Exempt	Key Decision?
ALL	Open	No

Commercial Investment Strategy (CIS) Report

Executive Summary:
This report provides the Treasury and Capital Management Group with an update on the current performance of the commercial investment portfolio which comprises seven diverse assets in terms of location, class and size and which has the potential to generate an estimated rental value of £3.09m per annum.
It identifies the principal threats and opportunities together with recent success as identified in the attached detailed spreadsheet update.
Since the last July 25 update headline income has declined from £2.165M pa to £2.151M largely due to the restructuring of Cineworld (Rowley) and the 11th hour decision by Poundland (Sudbury) not to renew. This has been partly offset by rental uplifts.

Recommendations

1.1. Members note the report

	Key Corporate Plan Priorities
1	Priority 2 - Creating a better Huntingdonshire for future generations • Forward-thinking economic growth • Lowering carbon emissions
2	Priority 3 - Doing our core work well • Delivering good quality, high value-for-money services

Report Author(s)

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1. PURPOSE OF THE REPORT

1.1 The purpose of this report and attached spreadsheet is to provide an update and overview of the performance of the commercial Investment portfolio and seeks to identify the principal threats, opportunities and ongoing work streams to improve performance and generate increased rental income while supporting corporate plan priorities.

2. BACKGROUND & CONTEXT

2.1 The CIS portfolio comprises the following assets summarised below and with further highlights set out in the financial section below:-

2.2 In area Assets

- **2.2.1** Stonehill Huntingdon. Industrial unit. Vacant. See separate report on this agenda.
- **2.2.2** Little End Rd St Neots, 4 x Industrial units. Let.
- **2.2.3** Rowley Centre St Neots. Leisure. Now fully let.

2.3 Out of area Assets

- **2.3.1** Wakefield. Warehouse Unit. Biggest asset, Let but 3 years to lease expiry.
- **2.3.2** Hitchin. Office. Let. Poor carbon footprint. Less than 3 years to expiry.
- **2.3.3** Sudbury. Retail Park. Poundland short term let. Other renewals agreed.
- **2.3.4** Fareham. 2x office buildings. One partially let. Uptick in enquires recently and lease of one floor about to complete with Corrigenda.

3. IMPLICATIONS OF THE DECISION

3.1 Council Key Priorities and Performance

The CIS links to Priorities 2 and 3 of the Councils Corporate Plan.

Priority 2 – Creating a better Huntingdonshire for Future Generations.

Maximisation of the rental income from the CIS portfolio will allow for economic growth within Huntingdonshire either directly for in area assets, or via income generation to support wider HDC priorities from those outside the area. Sustainability across the portfolio is key to securing long term asset performance and directly addresses a key initiative to lower carbon emissions.

Priority 3 – Doing our Core work well.

Following the feasibility at Stonehill it will allow the property to either be marketed providing a large competitively priced industrial unit/s with good control and compliance or sold for further development.

3.2 Financial Implications

3.2.1 The report is provided for information purposes, but the principal Financial Implications are highlighted below.

3.2.2 Following the completion of the Quarter 1 forecast, HDC are expecting an underspend in 26/27 of £69k within the commercial investment strategy portfolio. The underspend is a variance between forecast and budget. This underspend is due to expected income being forecasted higher than the budget. The 26/27 rent income budget was reduced from 25/26 (£2.6m in 25/26 to £2.1m in 26/26) to take into consideration property vacancies and market conditions at the time of setting the budget. The underspend from increased income is partially offset by increased business rate costs from Fareham and belief that the Stonehill dilapidations payment is likely to be lower that was accrued into 26/27.

3.2.3 An Estimated Rental Value (ERV) column has now been added to the attached spreadsheet to highlight the steps required to move the current rent receivable (£2.151M pa) to the full potential of the portfolio at £3.094M pa.

- Stonehill Huntingdon.
  - Vacant. Lost income £230K pax. Feasibility to identify best options for the asset. See separate report. Several recent interests and one second viewing from a St Ives based company.
- Little End Rd St Neots.
  - Fully occupied. Terms agreed to replace short-term letting with new 10 year lease. Lease renewal instructed on one unit. Modest income growth.
- Rowley Centre St Neots.
  - Now fully let. The Cineworld corporate restructuring saw the rent on that unit drop from c£208K to a turnover rent of C£50k. Following a recently completed deed of variation we have secured a revised rent of £90k pa which avoided a substantial void and retained the local amenity. Letting incentives on the other units have competed and the income forecast is more stable.
- Wakefield.
  - This is the biggest asset with an annual rent of £996K pax. The lease has less that than three years to run with the potential for a significant void. Recent discussions with the tenant have identified

that they are wishing to invest in the site and are looking for increased certainty and are keen to extend the terms. Very early days but tentatively we could regear the lease to provide a new 10-year term with 5yr break and rent review and capture some rental uplift. It is likely the tenant will seek some financial contribution. A regear would avoid the costs of a substantial void period and enhance the value of the asset providing options to maximise receipts in the event of any future disposal.

- Hitchin.
    - Currently let but with a lease expiry in less than 3 years. The tenant is currently likely to vacate due to a corporate requirement to hit Net Zero. Initial studies have suggested that the costs to bring this property to such a standard are uneconomic. An outstanding rent review is also being negotiated and will capture a reasonable uplift (£175k to c£223K) backdated to 2024. Further discussions are planned with the tenant to monitor their corporate plans against the back from of changing priorities and a challenging market. This income is at risk in the short/ medium term.
- Sudbury.
    - Following the earlier collapse of Carpetright and letting to Pure Gym we had agreed outstanding lease renewals to protect the investment. Unfortunately, Poundland have now decided to close the location. We have agreed terms to keep them trading while we remarket the unit to provide security and avoid vacant holding costs. Recent interest from Farmfoods, an existing tenant, in expanding and from Next although both are likely to require planning consent. Rent loss is expected to be c£110K per annum.
- Fareham.
    - Two floors of one building let although one floor is at risk later in the year as the full rent hits alongside a tenant break option. No indication at present. There has been a recent uptick in enquires recently and we have heads of terms out to Addingstone Insurance Solutions Ltd for one floor. We are about to complete a lease on the First floor of 1400 with Corrigenda who are in occupation on a tenancy at will. Terms consistent with what has been agreed previously. Current rental of c£56k reflects substantial rent incentives required to secure lettings at 12 months rent free spread over 2 years and increases in Oct 26 to ERV. Further lettings expected on the same basis as the market remains soft. The full headline rent of c£530k could take at least 24 months to achieve once letting have occurred.

3.3 Implications on Resources

3.3.1 A full breakdown of implication of resources will be provided based on the recommendations Submitted in respect of individual asset enhancement initiatives.

3.4 Local Government Reorganisation (LGR) Implications

3.4.1 Further details will be provided in respect of significant asset improvement plans as these are bought forward.

4. BACKGROUND PAPERS– LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

4.1 The previous CIS spreadsheet is attached for information alongside an updated version.

Document List	Custodian	File Location
Appendix 1 - CIS Properties 14 July 26	Simon Messervy	Attached
Appendix 2 CIS Properties 2025.09.08	Simon Messervy	Attached