

PROPERTY BOARD TERMS OF REFERENCE

Membership:

The Property Board (PB) comprises the Director of Property, Chief Executive and Chief Finance Officer. The quorum is two members, including the Chairman of the Committee.

Hugo Adams Chairman
Steve Rowe
Helen Weir

Attendees:

- Attendees will be invited as and when appropriate for relevant agenda items concerning the proposal of property expenditure.

Meetings:

- The PB will meet monthly (or more frequently as may be required) to an annual calendar set in advance of Group Board meetings.
- Key decisions of the PB will be circulated as appropriate.

Main Responsibilities:

The PB ensures capital expenditure is allocated to the Group's UK and International property portfolio (including Retail Property, Head Office Buildings and Core Investment) in line with the Group's strategic goals and business priorities, whilst also ensuring maximum flexibility:

- To recommend to the Executive/Group Board the allocation of the property capital expenditure plan and the relevant investment policies on a three year cycle;
- To approve and control all UK property expenditure (including Retail Property, Head Office Buildings and Core Investment), projects, programmes on a three year cycle, within delegated authority limits from the Group Board. To recommend to the Group Board (with Executive Board review), any UK property capital expenditure over these limits;
- To approve all International property expenditure (including Retail Property, Head Office Buildings and Core Investment) relating to joint ventures and wholly owned subsidiaries within delegated authority limits from the Group Board. To recommend to the Group Board (with Executive Board review), any International property capital expenditure over these limits;
- To regularly monitor performance of all UK and International stores against pre-determined criteria to ensure property investments deliver required returns;
- To identify, evaluate and manage risks relating to property investment expenditure;
- To review and update annually its terms of reference, recommending any changes to the Executive Board and Group Board and to evaluate its own membership and performance on a regular basis.

Authority:

Delegated authority limits from the Group Board are as stated below. Approval for property investments falling into the categories below must be sought from the PB before any commitment to property expenditure or entering into any property contract with a third party.

- All UK and International property related expenditure, greater than £1m lifetime capital plus revenue up to £15m. **All expenditure greater than £15m requires Group Board approval;**
- All expenditure (capital or revenue) relating to property projects which is greater than the agreed Operating Plan or Forecast;
- Re-classification of property related expenditure from revenue to capital and vice versa greater than £0.5m or H1/ H2 revenue movement greater than £0.5m within the current Property Operating Plan/ Forecast;

- Re-approval of any significant changes to a property project or scheme (sales, footage, NPV) which had been approved:
 - The lower of a 10% increase in investment costs or an increase greater than £1m;
 - The lower of a 10% reduction or more than £1m reduction in investment benefits;
 - More than 6 months slippage in the delivery of benefits;
- All property expenditure (capital or revenue) of a “strategic” or brand sensitive nature, **prior to Group Board approval;**
- All new or renewed property financial and operating lease approvals greater than £1m lifetime cost but less than £50m. **All property, financial and operating lease approvals with a lifetime cost greater than £50m require Group Board approval.**