

Date of adoption: 5 October 2006
Issue Date: 9 October 2006
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Re-adopted: 22 October 2009

Pendragon PLC

Building Maintenance Policy

This document sets out the policy of Pendragon PLC with regard to buildings and property maintenance.

1.0 Policy Statement

1.1. We aim to maintain our freehold and leasehold property portfolio as far as reasonably practicable. The objectives of maintenance are broadly to:

- prolong the useful life of assets to prevent obsolescence
- prevent major defects occurring from relatively minor defects, which are easily preventable by maintenance
- ensure that properties comply with statutory legislation and provide a safe environment for team members and customers
- ensure that properties comply with our manufacturer partners' requirements.

2.0 Responsibilities for the policy

2.1. The company employs a small in-house team consisting of a Property Asset Manager and Project Manager. This team works closely with the Health and Safety Leader and all individual Dealer Principals or Site Leaders to ensure that advice is given on building matters. This is so that maintenance issues of significance can be addressed in order of priority and works executed efficiently and cost effectively by known Group Suppliers/Contractors.

2.2. In addition, we have a Group Health and Safety Leader who deal with all aspects of Health & Safety ("H&S") to include fixed asset testing. They liaise with individual sites, each of which has an H&S co-ordinator to assist with the reporting, implementation and resolution of H&S issues.

2.3. As a general rule, individual sites have empowerment and delegated responsibility for minor routine maintenance below £2,000, with reference to the Project Manager up to a level of £5,000. Individual sites are not permitted to carry out any repairs or alterations outside the above arrangements as this is a 'no go' area of empowerment. Repairs, works and refurbishment at a cost exceeding £5,000 have to be undertaken by reference to tenders for works and a signed Capital Expenditure form by an executive director of Pendragon PLC. Our implementation policy is described in more detail below.

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3.0 Implementation of Policy

Maintenance works fall into three definitive areas:

3.1 Minor Works/Reactive Maintenance

3.1.1. These are works, generally carried out by individual sites which can be effected relatively quickly and are below the £2,000 threshold. These include works such as general site cleaning, gutter and drain cleaning, landscaping, small works ie painting, plumbing and joinery. If advice is required, then sites can refer to the Project Manager on these issues before works commence.

Implementation of reactive maintenance can be prioritised into 3 areas:

- a) Emergency situations likely to cause H & S implications or major disruption to business.
- b) Minor damage to properties which are not H & S related. The dealerships and sites are empowered to resolve these issues in a reasonable timescale according to the problem with reference to the Project Manager if required.
- c) Routine issues that are not emergencies and can be implemented at any time eg gutter cleaning.

3.2 Planned Maintenance (Preventative)

3.2.1. This is cyclical routine maintenance including some of the works mentioned above together with servicing and inspection of fixed electrical equipment including workshop equipment. These works are also often required to comply with leases and H & S regulation.

3.2.2. Inspections of properties are carried out by the Property Asset Manager and the Project Manager in order to provide an assessment of overall building condition. This also permits prioritisation of future long term maintenance. The Project Manager will also deal with site specific issues which have already been reported, attended to and require monitoring. Maintenance issues revealed as a result of inspections are either referred to the Dealer Principals to resolve at the discretion of the Project Manager or, for more serious issues, the Project Manager will take responsibility. These are all in accordance with the cost thresholds previously outlined.

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3.2.3. Maintenance testing in compliance with H & S is carried out and monitored by the H & S team, also on an annual basis or as frequently as the law requires.

3.2.4. Asbestos management falls into this category and a separate statement of company policy and its implementation are available.

3.3 Major Works/ Long Term Maintenance

3.3.1. This generally extends to non-routine repairs and maintenance which arise as a result of component failure. It also includes works required to comply with legislation and manufacturer CSI issues relating to manufacturer and the requirements of our dealer agreements.

This can be sub-divided as follows:

- Works with a cost implication of over £5,000

These works are prioritised according to stability of building fabric and manufacturer required.

- Refurbishment, rebuilding and Manufacturer led works

Long term maintenance is reviewed on an ongoing basis to reflect manufacturer, operational and property needs.

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Approved by the Board

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Date