

DATE: 26 November 2025

**AGREEMENT PURSUANT TO SECTION 106 OF THE TOWN AND COUNTRY PLANNING
ACT 1990 RELATING TO LAND AT BROADLAND BUSINESS PARK OLD CHAPEL WAY
POSTWICK NORFOLK**

Between

BROADLAND DISTRICT COUNCIL

and

COSTCO WHOLESALE UK LIMITED

and

LOTHBURY PROPERTY TRUST COMPANY LIMITED

CMS Cameron McKenna Nabarro Olswang LLP

6 Queens Road

Aberdeen AB15 4ZT

T +44 1224 622002

F +44 1224 622066

cms.law

Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

1 West Regent Street
Glasgow G2 1AP

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AGREEMENT

DATE

26 November

2025.

PARTIES

- (1) **BROADLAND DISTRICT COUNCIL** whose principal office is at Horizon Business Centre, Peachman Way, Norwich NR7 0WF (the "**Council**").
- (2) **LOTHBURY PROPERTY TRUST COMPANY LIMITED** (incorporated and registered in England and Wales under company registration number 03026290), the registered office of which is at 1 Angel Lane, London, United Kingdom, EC4R 3AB (the "**Owner**");
- (3) **COSTCO WHOLESALE UK LIMITED** (incorporated and registered in England and Wales under company registration number 2635489), the registered office of which is at Hartspring Lane, Bushey, Watford, Hertfordshire WD2 8JS (the "**Equitable Owner**").

RECITALS

- (A) The Council is the local planning authority for the purposes of the Act for the area within which the Site is situated.
- (B) The Equitable Owner has submitted the Application for the Permission and the Council has resolved to grant the Permission for the Development pursuant to the Application subject to the conditions specified in the Permission and subject to the prior conclusion of this agreement.
- (C) The Owner owns the legal interest in the freehold of the Site registered at HM Land Registry under title numbers NK199906 and NK200967 until such a time as the Transfer is registered at HM Land Registry and the legal interest passes to the Equitable Owner and has agreed to enter into this agreement so that the Site is bound by the planning obligations.
- (D) By the Transfer the Equitable Owner has purchased the freehold interest in the Site (pending registration at HM Land Registry) from the Owner and the Equitable Owner owns the equitable interest in the Site registered at Land Registry under title numbers NK199906 and NK200967 until such time as the Transfer is registered at HM Land Registry and the legal interest passes to the Equitable Owner.
- (E) The parties agree that the obligations in this agreement are in the interests of the proper planning of the area and meet the tests in Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 (as amended), being necessary to make the Development acceptable in planning terms, directly related to the Development and fairly and reasonably related in scale and kind to the Development.

IT IS AGREED AS FOLLOWS:

1. Definitions

In this agreement unless the context otherwise requires the following expressions shall have the following meanings:

"**1987 Order**" means the Town and Country Planning (Use Classes) Order 1987 (as amended);

"**Act**" means the Town and Country Planning Act 1990 (as amended);

"**Application**" means the application for detailed Permission for the Development submitted by the Equitable Owner on 23 October 2024 under reference number 2024/3141;

“Building” means a building to be built on the Site as part of the Development;

“Commencement of Development” means the date on which any material operation (as defined in section 56(4)(a) of the Act) forming part of the Development is first carried out other than (for the purposes of this agreement and for no other purpose) operations consisting of site clearance, demolition work, archaeological investigations, investigations for the purpose of assessing ground conditions, removal of any contamination or other adverse ground conditions, erection of any temporary means of enclosure, the temporary display of site notices or advertisements and **“Commence Development”** and **“Commenced Development”** and **“Commence”** and **“Commencement”** shall be construed accordingly;

“Costco Philosophy and Operations Document” means the Costco Philosophy and Operations Document (August 2024) appended at Schedule 3 or (subject to paragraph 2.2 of Schedule 2) any variation thereto as may be updated by the Owner from time to time;

“Development” means the development of the Site in accordance with the Permission;

“Fiscal Year” means the 51 or 52 week period ending on 1 September in any one year or such other date notified by the Owner to the Council prior to Opening for Trade

“Index Linked” means in relation to a payment to which this expression is applied by this agreement, means index linked from the date of this Deed until the date the payment is made (“the index period”), such index linking being an increase or decrease in the amount of the payment equivalent to any change during the index period in the RICS Building Cost Information Service All In Tender Index (or if such index ceases to be published, another index notified to the Owner by the Nominated Officer);

“Individual Member” means a person qualified as an individual member in accordance with the Owner’s terms and conditions relating to individual membership in force at the relevant time;

“Item” means a product stocked and offered for sale within the Warehouse Club and classified as a current separate stock keeping unit by the Owner whereby different brands and sizes of products and different multiples of that item shall be taken as each being a separate stock keeping unit save that this shall not apply to different sizes of clothing, footwear and optical ware and shall also exclude items purchased online then delivered to the Warehouse Club and only present at the Warehouse Club for onward home delivery to or collection by Members;

“Members” means a Trade Member or an Individual Member;

“Nominated Officer” means the senior officer of the Council responsible for development management or other officer of the Council notified to the Owner;

“Occupation” means the Occupation of the Site, or any part of it, for any purpose authorised by the Permission, but excluding occupation for the purposes of: construction, internal and external refurbishment, decoration, fitting-out, marketing and Occupy’ and ‘Occupied’ will be construed accordingly;

“Opening for Trade” means the date that the Warehouse Club comprised within the Development is first opened for trade to Members;

“Permission” means a valid detailed planning permission to be granted by the Council for the erection of a Warehouse Club (Sui Generis) including, tyre installation and sales, a petrol filling station, deck and surface car parking, accesses, landscaping, engineering, and associated works and allocated reference number 2024/3141;

“Plan” means the site location plan submitted as part of the Application and annexed to this agreement;

“Services” means the additional services provided by the Warehouse Club as listed in the Costco Philosophy and Operations Document under the heading “Additional Services”;

“Site” means such parts of the land known as land at Broadland Business Park, Old Chapel Way, Postwick, Norfolk, within the area shown edged in red on the Plan and registered at HM Land Registry under title numbers NK199906 and NK200967;

“Total Sales” means the annual turnover in total sales of goods and Services from the Warehouse Club in an Fiscal Year “(excluding for the avoidance of doubt any sales from the petrol filling station comprised within the Development);

“Transfer” means the transfer of land being the land registered at HM Land Registry under title numbers NK199906 and NK200967 dated 23 July 2025 and made between the Owner and the Equitable Owner;

“Trade Member” means a person qualified as a trade member in accordance with the Owner’s terms and conditions relating to trade membership in force at the relevant time;

“Trigger” means Commencement, Occupation, and Opening for Trade;

“Turnover Compliance Statement” means a statement showing the proportion of Total Sales from the Warehouse Club to Trade Members and Individual Members expressed as percentages only of the Total Sales from the Warehouse Club; and

“Warehouse Club” means the warehouse club Building forming part of the Development intended to be operated by the Owner.

2. CONSTRUCTION OF THIS AGREEMENT

- 2.1 Where in this agreement reference is made to any clause, paragraph or schedule or recital such reference (unless the context otherwise requires) is a reference to a clause, paragraph or schedule or recital in this agreement.
- 2.2 Words importing the singular meaning where the context so admits include the plural meaning and vice versa.
- 2.3 Any covenant in this agreement not to do something includes an obligation not to allow or permit it to be done.
- 2.4 Words of the masculine gender include the feminine and neuter genders and words denoting actual persons include companies, corporations and firms and all such words shall be construed interchangeable in that manner.
- 2.5 Wherever there is more than one person named as a party and where more than one party undertakes an obligation all their obligations can be enforced against all of them jointly and against each individually unless there is an express provision otherwise.
- 2.6 Any reference to an Act of Parliament shall include any modification, extension or re-enactment of that Act for the time being in force and shall include all instruments, orders, plans regulations, permissions and directions for the time being made, issued or given under that Act or deriving validity from it.
- 2.7 References to any party to this agreement shall include the successors in title to that party and to any deriving title through or under that party and in the case of the Council the successors to their respective statutory functions.

3. LEGAL BASIS

- 3.1 This agreement is made pursuant to section 106 of the Act and, to the extent that it does not contain planning obligations, under section 111 of the Local Government Act 1972, section 1 of the Localism Act 2011, section 93 of the Local Government Act 2003, and any and all other enabling powers.
- 3.2 The covenants, restrictions and requirements imposed upon the Owner under this agreement create planning obligations pursuant to section 106 of the Act and are enforceable by the Council and relate to the Site and to the extent that any provision is not capable of being made pursuant to section 106 of the Act it is made pursuant to section 111 of the Local Government Act 1972, section 1 of the Localism Act 2011, section 93 of the Local Government Act 2003 and any and all other enabling powers.
- 3.3 Representatives of the Council may enter the Site at any reasonable time to ascertain whether the terms of this agreement are being or have been complied with provided that:
- 3.3.1 they do not enter any individual Building; and
- 3.3.2 they adhere to all reasonable health and safety requirements.
- 3.4 This agreement is conditional upon and shall not take effect until the fulfilment of the following conditions precedent:
- 3.4.1 the Council have granted the Permission;
- 3.4.2 Commencement of Development
- save for the provisions of this clause and clauses 1, 2, 5, 6, 7, 8, 9, 10 and 11 which shall come into effect immediately on completion of this agreement and any obligation contained in this agreement which must be performed prior to Commencement of the Development which shall come into effect immediately on the grant of the Permission.
- 3.5 Any party who becomes an owner of the Site shall be bound by and comply with all obligations as set out in this agreement.

4. COVENANTS

- 4.1 The Owner covenants with the Council for himself and his successors in title to observe and perform the obligations and stipulations contained in Schedule 1 and Schedule 2 of this agreement.
- 4.2 The Council covenants with the Owner to comply with its requirements contained in Schedule 1 and Schedule 2 of this agreement.
- 4.3 The Owner shall not use or permit the use of any part of the Warehouse Club as a Class E(a) shop within the 1987 Order at any time.

5. USE OF CONTRIBUTIONS INDEXATION AND INTEREST

- 5.1 Nothing in this agreement binds the Owner to pay;
- 5.1.1 any contribution before the date on which it is due under the Schedules, or
- 5.1.2 any contribution at all if the relevant due date is not reached, or
- 5.1.3 any greater contribution than provided in the relevant Schedule (subject to being Index Linked).
- 5.2 The Council is entitled to use all interest accrued on each contribution specified in the Schedules from the date of actual payment of the contribution until the date when the contribution is spent.

- 5.3 The contributions specified in the Schedules are to be Index Linked.
- 5.4 In the event of any delay in paying the contributions specified in the Schedules then from the due date of payment:
- 5.4.1 the contributions are a debt due to the Council and are recoverable by action by the Council; and
 - 5.4.2 are liable to interest calculated on a daily basis at a rate of 4 percent over the base rate as set by the Bank of England in force from time to time from the due date for payment until the actual date of payment.
- 5.5 All payments under this agreement are exclusive of value added tax (VAT) and any VAT due must also be paid.
- 5.6 Any money from time to time held by the Council in respect of any payment made to the Council by the Owner under the provisions of this agreement will in any event become the absolute property of the Council and will not be subject to return to the party who made that payment if that party:
- 5.6.1 becomes bankrupt or has a winding-up petition or a petition for an administration order presented against it, or
 - 5.6.2 passes a winding-up resolution or an administrative receiver or a receiver and manager is appointed in respect of the property (or any part thereof) belonging to that party, or
 - 5.6.3 enters into any arrangement scheme compromise moratorium or composition with its creditors or any of them,
- but shall continue to be held under the terms of this agreement.
- 5.7 The Council may spend part of each contribution specified in the Schedules on reasonable legal costs and disbursements which are supplemental to or incurred in connection with the spending of the said contribution in accordance with the relevant Schedule.

6. OTHER PROVISIONS

- 6.1 The parties acknowledge that the use of the Warehouse Club as a shop within Class E(a) of the 1987 Order would amount to development requiring planning permission.
- 6.2 No person will be liable for any breach of this agreement if he no longer has an interest in the Site (unless the breach occurred before he disposed of his interest).
- 6.3 The covenants, restrictions and requirements contained in this agreement shall not be enforceable against any statutory undertaker or other person who acquires any part of the Site or an interest in it for the purposes of the supply of electricity, gas, water, telecommunications or highways in connection with the Development of the Site.
- 6.4 On completion the Equitable Owner will pay the Council's reasonable legal costs in connection with this agreement.
- 6.5 No provisions of this agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999.
- 6.6 If any provision of this agreement is held to be invalid, illegal or unenforceable it will not affect the remaining provisions.
- 6.7 No waiver, express or implied, by the Council of any breach or failure to perform or observe any of the covenants, terms or conditions of this agreement constitutes a continuing waiver, nor prevents the Council from enforcing any of the provisions in this agreement.

- 6.8 If the Permission is quashed, revoked or expires before Commencement of the Development then, save for clause 6.4, this agreement will cease to have effect (insofar only as it has not already been complied with).
- 6.9 Subject to clause 6.10, nothing in this agreement prohibits or limits the right to develop any part of the Site in accordance with a planning permission (other than the Permission) granted after the date of this agreement.
- 6.10 If the Permission is subject to an application under Section 73 of the Act for the removal or amendment of any condition attached to the Permission then the obligations in this agreement shall also apply to the new planning permission resulting from such application if so agreed by the Council (acting in its absolute discretion).
- 6.11 This agreement is registrable as a local land charge by the Council.
- 6.12 Following the performance and satisfaction of all the obligations contained in this agreement, the Council will, upon the written request of the Owner, cancel all relevant entries contained in the Register of Local Land Charges.
- 6.13 An agreement, approval, consent, confirmation or expression of satisfaction required by the Owner from the Council under the terms of this agreement must be given in writing and shall not be unreasonably withheld or delayed.
- 6.14 The provisions of this agreement (other than this clause which takes immediate effect) will be of no effect until this agreement has been dated.
- 6.15 Nothing contained or implied in this agreement will fetter, prejudice or affect the rights, discretions, powers, duties and obligations of the Council in the exercise of any of their functions as local authority.

7. EXPERT DETERMINATION

- 7.1 If any dispute or difference of any kind whatsoever arising between the parties hereto out of or in connection with this agreement (including, without limitation, any question regarding its existence validity or termination) is not resolved between the parties, then any of the parties may refer it to arbitration before a single Expert (the “Expert”).
- 7.2 The respective parties shall jointly appoint the Expert by agreement not later than 28 days after service of a request in writing by either party to do so.
- 7.3 If the respective parties are unable to agree within 28 days as to the appointment of such Expert then the Expert shall be appointed in default of agreement, by the President for the time being of the Royal Institution of Chartered Surveyors and the Expert’s decision shall be final and binding.
- 7.4 The Expert is to be replaced by a fresh appointee if the Expert dies or becomes unwilling, unfit or incapable of discharging their functions for any reason. The fresh appointee is to be appointed in the manner prescribed in this clause.
- 7.5 The parties to the dispute agree that the Expert shall be entitled to adopt the procedure which he believes is most appropriate for the resolution of the dispute and agree to be bound by such procedure.
- 7.6 The Expert is to make their decision within 6 weeks of being appointed.
- 7.7 The costs of appointing the Expert are to be shared equally by the parties to the dispute except where the Expert takes the view that one party has acted unreasonably. In that case the expert has binding discretion as to apportionment of the costs.
- 7.8 The parties are to be bound by the decision of the Expert (except in the case of manifest error) unless and until the parties otherwise agree.

7.9 Unless this agreement has already been terminated each of the respective parties shall in every case continue to comply with its obligations under this agreement regardless of the nature of the dispute and notwithstanding the referral of the dispute for resolution pursuant to this clause 7 (but without prejudice to the rights and obligations of the respective parties in relation to the termination of the agreement)

7.10 Nothing in this clause will apply to the recovery of liquidated sums or prevent the parties from commencing or continuing court proceedings.

8. OWNER

8.1 The Owner consents to this agreement solely in its capacity as the registered freehold owner of the Site for the purpose of enabling the obligations contained in this agreement to bind the Site and be enforceable in accordance with section 106(3) of the Act against successors in title.

9. NOTIFICATIONS

9.1 Any notice or written communication given under this agreement is validly given if hand delivered or sent by recorded delivery post to the address set out at the beginning of this agreement, unless written notification of another address has been received.

9.2 The Owner will notify the Nominated Officer in writing of the relevant

9.2.1 anticipated Triggers seven days in advance of each anticipated date,

9.2.2 actual Triggers within seven days of each actual date.

9.3 If either the Owner disposes of his interest in all or part of the Site he will notify the Nominated Officer within 7 days of the name and address of the new owner and sufficient details to identify the Site or part of the Site.

10. JURISDICTION

This agreement is governed by and interpreted in accordance with the law of England and Wales.

11. DELIVERY

The provisions of this agreement (other than this clause which shall be of immediate effect) shall be of no effect until this agreement has been dated.

12. COUNTERPARTS

This agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts together shall constitute one and the same instrument. No counterpart shall be effective until each party has executed and delivered at least one counterpart.

SCHEDULE 1
DISTRICT COUNCIL MONITORING FEE

In this Schedule (and elsewhere in this agreement where the context permits) the following words and phrases shall have the following meaning:

"District Council Monitoring Fee"	means the sum of £760 Index Linked payable to the Council in respect of its duties and reasonable costs of monitoring performance of the obligations owed to it in this agreement
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The Owner hereby covenants with the Council as follows:

1. DISTRICT COUNCIL MONITORING FEE

to pay the District Council Monitoring Fee to the Council prior to the Commencement of the Development.

SCHEDULE 2 USE AND OPERATIONS

The obligations in this Schedule shall take effect from and after Opening for Trade and shall continue for so long as the Development is operated as a Warehouse Club.

The Owner hereby covenants with the Council as follows:

1. SALES RATIO

1.1 The Owner shall ensure that in each Fiscal Year:

- 1.1.1 Not less than approximately fifty-five percent (55%) (subject to a minimum of fifty-one (51%)) of the annual turnover in Total Sales attributable to the Warehouse Club is to Trade Members; and
- 1.1.2 Not more than approximately forty-five percent (45%) (subject to a maximum of forty-nine percent (49%)) of such Total Sales is to Individual Members.

2. COSTCO PHILOSOPHY

2.1 The Warehouse Club shall be operated broadly in accordance with the "Costco Philosophy and Operations" document appended at Schedule 3 to this agreement.

2.2 The Owner shall not vary the Costco Philosophy and Operations Document in any manner that would materially dilute the operational commitments referenced in paragraphs 1, 3 or 4 of this Schedule without having consulted the Council and taken in to account its reasonable comments PROVIDED THAT nothing in this agreement shall prevent the Owner from varying the the Costco Philosophy and Operations Document in its absolute discretion in respect of its operations elsewhere in the UK.

3. SKU CAP AND PRODUCT NATURE

3.1 From and after Opening for Trade, the Owner shall ensure that the:

- 3.1.1 Warehouse Club does not stock more than approximately four thousand (4,000) different Items at any one time for more than 30 consecutive days in any Fiscal Year.
- 3.1.2 Items stocked are aimed primarily at Trade Members and mainly consist of Items packaged in institutional packs or multipacks or of an institutional quality.

4. MEMBERSHIP CONTROLS

4.1 The Owner shall ensure that from and after the Opening for Trade:

- 4.1.1 All customers purchasing goods or Services are Members save for the exceptions in paragraph 4.3;
- 4.1.2 Membership requires payment of an annual membership fee (except for the Owner's employees), subject to paragraph 4.2; and
- 4.1.3 Each Member presents a valid membership card (digital or physical) including a photograph of that Member at the point of purchase.

4.2 The Owner may waive the annual membership fee for one additional person residing at the same address as a paying Member, provided that:

- 4.2.1 The person has produced sufficient identification and evidence to establish that he or she resides at the same address as an Individual Member or a Trade Member who has paid the full annual membership fee; and

- 4.2.2 The annual membership fee has not been waived for any other person residing at the same address.
- 4.3 From and after the Opening for Trade, the Owner shall ensure that the sale of goods and Services from the Warehouse Club shall take place only to Members and not to visiting members of the public provided that this shall not prevent the following classes of people entering the Warehouse Club for access only and not to shop:
 - 4.3.1 Eligible persons, organisations and other parties entering for the purpose of obtaining membership;
 - 4.3.2 Guests of Members; or
 - 4.3.3 Individual members of the public accessing the opticians for the purposes of having National Health Service eye tests.

5. MONITORING AND REPORTING

5.1 Turnover Monitoring and Reporting

- 5.1.1 The Council shall have the right to request a Turnover Compliance Statement during the operational period of the Warehouse Club at the Site provided that the Owner shall not be required to supply a Turnover Compliance Statement:
 - (a) more than once during any Fiscal Year; and/or
 - (b) until after the end of the first full Fiscal Year.
- 5.1.2 If a Turnover Compliance Statement reveals that there has been a breach of paragraph 1 of this Schedule the Council may at its absolute discretion enter into good faith discussions with the Owner to establish the circumstances of the breach and whether it is an isolated occurrence before taking enforcement action against the Owner for breach of this agreement.
- 5.1.3 If a Turnover Compliance Statement reveals that there has been a breach of paragraph 1 of this Schedule the Owner will:
 - (a) use their reasonable endeavours during the next full Fiscal Year to ensure compliance with paragraph 1 of this Schedule;
 - (b) provide a written report to the Council detailing what measures have been taken to comply with the reasonable endeavours obligation and;
 - (c) provide a further Turnover Compliance Statement as soon as practicable following the end of that Fiscal Year (and in any event within six months)

For the avoidance of doubt, nothing in paragraphs 5.1.1 and 5.1.3 shall limit or prejudice the Council's ability to take enforcement action in respect of any breach at any time.

- 5.2 Save for the purposes of enforcement of this agreement the Council shall treat any Turnover Compliance Statement as confidential and shall not release any Turnover Compliance Statement or details of any information contained in it to any third party or make any public announcement about it without the prior written consent of the Owner.

5.3 SKU Monitoring and Reporting

- 5.3.1 The Council may serve notice in writing on the Owner (not more frequently than quarterly in any calendar year) (the "**Notice**") requiring the Owner to submit to the Council (within 28 days of service of the Notice) a list of the Items being sold in the Warehouse Club on the date of the Notice. The Council shall treat any information provided within any submission by the

Owner in response to the Notice as confidential and shall not release such information to the public.

- 5.3.2 Officers duly authorised by the Council shall have the right to enter the Warehouse Club and to inspect and make a written record (having provided notice to the Owner for information purposes only) within the hours in which the Warehouse Club is open for business for the purpose of verifying the information provided pursuant to paragraph 5.3.1 of this Schedule without the prior written consent of the Owner. The Council shall keep commercially sensitive information confidential save to the extent required for enforcement. Where the number of Items inspected and recorded by the Council exceeds approximately four thousand (4,000) different Items pursuant to paragraph 3.1.1 or the Items stocked are found not to be aimed primarily at Trade Members and not mainly consisting of Items packaged in institutional packs or multipacks or of an institutional quality pursuant to paragraph 3.1.2 then the Owner shall reimburse the Council for its reasonable costs and expenses in connection with the inspection and recording process.
- 5.3.3 If the Council determines that there has been a breach of paragraph 3 of this Schedule the Council may at its absolute discretion enter into good faith discussions with the Owner to establish the circumstances of the breach and whether it is an isolated occurrence before taking enforcement action against the Owner for breach of this agreement.

5.4 Membership Controls Monitoring and Reporting

- 5.4.1 Officers duly authorised by the Council shall have the right to enter the Warehouse Club (having provided notice to the Owner for information purposes only) and to observe the inspection and checking of membership cards and make a written record within the hours in which the Warehouse Club is open for business for the purpose of verifying compliance with paragraph 4 of this Schedule without the prior written consent of the Owner. The Council shall keep commercially sensitive information confidential save to the extent required for enforcement.
- 5.4.2 If the Council determines that there has been a breach of paragraph 4 of this Schedule the Council may at its absolute discretion enter into good faith discussions with the Owner to establish the circumstances of the breach and whether it is an isolated occurrence before taking enforcement action against the Owner for breach of this agreement

SCHEDULE 3
COSTCO PHILOSOPHY AND OPERATIONS DOCUMENT



PHILOSOPHY & OPERATIONS

INTRODUCTION

August 2024

Costco Wholesale UK Limited is a subsidiary of Costco Wholesale Corporation, which operates a chain of membership warehouse clubs in North America, East Asia, Australia, Continental Europe and the United Kingdom.

Costco Wholesale Corporation, which opened its first warehouse in 1976, had annual sales of \$ US) 238 billion (approx. £187 billion) in fiscal 2023. Costco is publicly traded in the United States, with headquarters near Seattle, Washington and operates 884 warehouse clubs worldwide, employing over 310,000 people.

Costco opened its first warehouse club in the UK in Thurrock in November 1993. Since then Costco has opened a further 28 warehouse clubs in Thurrock, Watford, Glasgow, Liverpool, Manchester, Leeds, Edinburgh, Haydock, Gateshead, Aberdeen, Derby, Oldham, Chingford, Reading, Birmingham, Bristol, Milton Keynes, Sheffield, Chester, Cardiff, Croydon, Coventry, Leicester, Southampton, Farnborough, Hayes, Sunbury, Wembley and Stevenage.

THE CONCEPT OF THE MEMBERSHIP WAREHOUSE CLUB

Costco Wholesale is a membership warehouse club aiming to sell the highest quality products for the lowest possible price.

Costco was created to serve the needs of the small business owner who is typically forced to pay a premium for small purchases from traditional wholesale distributors and who cannot otherwise obtain their full range of product needs from any single source. At Costco, small businesses can purchase products at wholesale prices which are lower than those of traditional sources of distribution, regardless of how much they purchase. Businesses can obtain most of their inventory needs under one roof.

Costco offers a limited selection of products within a wide variety of product categories. Whilst this results in 'lost' sales, for Costco it is an intelligent loss of sales. Costco follows the 80/20 rule - that 80% of business comes from 20% or less of the items carried. By focusing on these few fast moving items, Costco can lower its overhead costs and purchase those few items in large quantities providing substantial savings to members.

By catering primarily to trade customers Costco avoids costs typically associated with retail stores: elaborate sales fixtures, service personnel, advertising, credit and broad product selection.

Costco is not open to the public. Membership is restricted to businesses and to certain individuals who fall within specified groups; including government employees and individuals employed in the fields of healthcare or education, certain professional and other groups. Costco reviews the qualifying categories from time to time and may add to them consistent with its overall trading model.

Costco operates on a paid membership basis for several reasons. Restricting membership to prevent access by the general public allows Costco to focus on its trade customer, which results in a higher average sale, enabling the warehouse to operate more efficiently. Membership fees also allow Costco to further lower prices, which rewards the biggest customers. Restricting access also reduces the potential for shrinkage (shoplifting).

COSTCO'S MEMBERSHIP POLICY

In the UK the annual membership fee is currently £22 (plus VAT) for trade members and £28 (plus VAT) for qualifying individual members. Executive membership is also available which gives members a 2% reward on eligible Costco purchases, at a fee of £56 (plus VAT) for Trade members and £62 (plus VAT) for Individual members.

Trade members are the most important membership category for Costco, accounting for the majority of total sales. Trade members making purchases visit Costco regularly and result in high average transactions. The advantage of focusing on trade members can be seen when one analyses the average value of transactions at Costco compared with retailers. Costco achieves average merchandise transactions of approximately £129, compared with average transactions of between £24 - £30 at UK supermarkets.

Individual members supplement Costco's main customers - the trade members. Costco reviews the qualifying categories from time to time and may add to them in line with its overall trading model. Given Costco's focus on goods primarily aimed at trade members, prospective Individual members must decide whether they will benefit from a Costco membership.

The membership policy is strictly enforced and all prospective members must provide proof of eligibility. For trade members, this involves production of a VAT registration or other proof of a bona fide business and photographic identification. Individual members must provide evidence of their employment in one of the specified groups, by producing either a valid employee photo identification card from a qualifying employment group or a recent payslip receipt accompanied by photo identification.

Members are issued with a non-transferable membership card (either a physical card which includes a laser imprinted photo of the member and their signature or an electronic card with photo available via the Costco app). Cards are checked on entry to the warehouse and at the checkout to initiate a transaction and ensure the validity of the membership. An invalid or expired membership will prevent the cashier from commencing a transaction. This acts as an effective check on unauthorised use of the card.

COSTCO'S PRODUCT OFFERING

Costco's warehouses offer a large range of product categories under one roof.

The categories include Confectionary, Grocery, Sundries, Beer/Wine/Spirits, Tobacco, Fresh/Cooler/Frozen Foods, Deli, Health & Beauty, Office, Tyres, Hardlines, Majors, Auto, Sport, Stamps/Tickets, Luggage, Apparel, Jewellery, Bakery, Optical, Hearing, Cafe.

Whilst the product range at Costco is very wide, there is very limited selection within each product category. It is important to note that Costco is not a discounter - it provides the highest quality products for the lowest possible prices.

ADDITIONAL SERVICES

Costco also offers a number of ancillary additional services within the warehouse such as tyre fitting, opticians and a hearing aid department. Accessible to members only, Costco also operates cafés within the warehouse selling hot and cold food along with hot and cold beverages.

In addition to the items stocked and services offered within its warehouses, Costco is introducing a separate service for its trade members only which allows them to purchase items from the warehouse online. Those items may then be taken from the stock within the warehouse or, where not stocked, delivered to the warehouse for collection or for onward delivery to the member.

Costco is constantly striving to improve and add to the services it offers members from its warehouses and so the services listed above will evolve and be extended over time to meet customer and commercial demands.

Whilst the goods and services available from its warehouses are offered only to its members, Costco also has a separate online business, Costco.co.uk, which allows purchases of a wider range of goods by members and online only members who may not qualify to shop within the warehouse club. These items are sent direct from the supplier to the purchaser. Returns of goods which have been ordered online by members (but not online only members) can be accepted at the warehouses.

THE OPERATION

Costco operates from traditional warehouse buildings, an example of which is shown in the photograph below.



Costco Wholesale warehouse

Warehouses are typically between 140,000 sq ft and 160,000 sq ft (13,000 and 14,850 square metres) in area, with an internal clear height of 23 feet (7 metres). There are generally three dock loading bays which receive products principally from Costco's distribution centre in Northamptonshire. Some products are delivered directly to the warehouses from the

manufacturer. Industrial high level racking is used to store the products on pallets, and customers pick items directly from the pallets at floor level. There are no traditional sales fixtures or sales assistants. The majority of stocking by forklift operation takes place before warehouse trading hours.

The business accepts cash, debit and credit cards. No credit facilities by Costco are provided. There is no general advertising (TV, radio etc), although there is marketing to attract new members, using limited direct mail (and email) and other target marketing techniques. For example, when a new warehouse is established Costco will make contact individually with potential trade members within the catchment area.



Internal View of a Typical Costco warehouse

EMPLOYMENT

The development of a Costco warehouse club makes a significant contribution to the number of well paid jobs in the local economy.

A typical warehouse employs approximately 180 staff when it first opens, increasing to 250 or more within three years. Job opportunities at Costco are diverse. The company provides local people with a broad range of quality jobs that reflect the unique nature of Costco's operations. Positions range from unskilled jobs, which provide a point of entry for those who have little or no qualifications or training; to craft and operative jobs including forklift drivers, cake decorators, tyre fitters, bakers and butchers, for which specialist training is given, and technical posts which require high levels of training and experience.

It is company policy to recruit for the broad range of positions from the local area whenever possible, and to then retain, train and promote from within the company. Costco looks to employ both skilled and unskilled staff, as Costco's overriding requirement is for the individual to demonstrate that they have an understanding of customer service, and a willing and flexible attitude. If a candidate can offer these key attributes, then every other aspect of their work can be covered by specific training within Costco. All training and the relevant external courses are arranged and funded by Costco.

There can be few, if any, comparable businesses that employ people carrying out such a diverse range of jobs under one roof. There are also several management positions including General Managers, Head of Departments and Supervisors. It is company policy to promote from within. 90% of Costco's current managers have been promoted through the business in this way, starting as entry level employees. The UK operation now employs more than 8,500 people.

As well as impacting those directly employed by Costco, an opening of a new warehouse will also have significant indirect benefits to the local area. For example, independent surveys have shown that small businesses with Costco Trade memberships can use Costco's lower prices to remain competitive, increase profitability and in turn this can lead to sustained or enhanced levels of employment and business growth. Wherever possible, Costco will look to encourage local companies to become suppliers. This again can lead to significant employment opportunities.

The construction of a Costco warehouse can generate significant opportunities, and whilst the main contractor is appointed centrally, a major part of the subcontract work force will be recruited locally. For example, the construction of Costco Leeds required 1,457 person weeks of work. More than 90% of the jobs were skilled or semi-skilled; and 77% of the jobs were taken up by local workers. Subsequent servicing and maintenance of the Costco building and site will give rise to a number of opportunities for locally based workers.

Costco also hires demonstration staff for products via a third party company. Each warehouse has on average 26 demo rotation staff who work part time with 2 full time managers.

SUSTAINABILITY

Sustainability is an important consideration for the business and is reflected in the way new buildings are designed, built and operated. The company has established a specific 'Costco Corporate Sustainability and Energy Group' and Climate Action Plan which is responsible for developing solutions to manage sustainability within the company.

Initiatives employed in warehouses include:

Operational Management: Costco introduced its STAR programme in 2021. The STAR framework (Sustainability Assistance Technical Review) provides a compliance audit of each warehouse against a series of criteria, including energy, water and waste to ensure that buildings are operating as efficiently as possible, helping to reduce operational costs whilst protecting the environment.

Energy Efficiency: Warehouses are designed with highly efficient LED lighting. Each warehouse includes high efficiency hot water generators and space heating, and a Building Management System (BMS), enabling energy use to be continually monitored.

Carbon Reduction: Costco's warehouses are designed and constructed to meet continually more stringent requirements for carbon reduction. To achieve this, renewable and low carbon energy technologies are routinely applied in the construction of new warehouses.

Water Efficiency: Each warehouse incorporates measures to reduce water consumption; this includes low water sanitary fittings and a fully metered operation. This is combined with regular staff training and awareness raising events, where environmental practices are promoted.

Sustainable Materials: Costco Warehouses are constructed from highly sustainable materials, which are recognised by the Building Research Establishment (BRE) for their high sustainability ratings.

Sustainable Construction: Costco adopt various measures in the construction of its warehouses to ensure that environmental impacts are limited and social outcomes promoted. Each site is registered against the Considerate Constructors Scheme. Contractors are also required to adopt best practice measures in construction, through the implementation of a Construction Management Plan (CMP).

Waste and Recycling: A number of initiatives are implemented to limit waste production. Costco reuse packaging boxes used to deliver goods. Waste plastic packaging is compacted into bails and recycled through a third party. Costco also recycle meat scraps and chicken grease for the animal feed industry.

Sustainable Travel: Costco is committed to the achievement of sustainable transport objectives through the implementation of travel plans. Costco does this primarily by encouraging its employees to travel to and from work using sustainable modes of travel.

The nature of Costco's unique operating characteristics results in a number of positive environmental impacts:

- Bulk sizes/purchases mean fewer trips are required to the warehouse.
- Bulk sizes mean less packaging is used per unit of product.
- Because Costco's buildings do double duty as a warehouse and a sales floor, HGV trips to Costco's centralised distribution centre are minimised.
- Most trade members are likely to have shopped previously at a cash and carry, which has a narrow range of items principally related to food and catering supplies. Costco provides the opportunity to purchase goods in one trip, rather than making several trips to different outlets.

PRODUCT RANGE

The total number of items (i.e. different products and different sizes of products) stocked and offered for sale within a Costco warehouse is approximately 4,000. This compares with 20,000-40,000 items carried by a typical UK food supermarket.

As described above, Costco's product range is wide, covering food and non food items, Product depth however is limited. For example, Costco may stock 3 options for baked beans (the brand leader in a catering pack (6 x 2.62KG) and resale pack (24 x 415g), and a secondary brand in a resale pack (24 x 410g); whereas a typical supermarket will have over 20 options, including a variety of brands and pack sizes (max of 6 x 415g). The products offered at Costco are all high quality well known brands representing the best value available for that particular product.

Products may be sold either as individual items in certain categories (e.g. electrical goods) or as multipacks. Most items are packaged in institutional sizes for Costco, aimed particularly at businesses and organisations such as schools, nurseries, etc. Costco's buyers continually negotiate with suppliers to provide products in multi-packs or trade sizes in order to assist the trade customer and to drive down prices.

The wholesale nature of Costco's operation is demonstrated below:

Food: The institutional sizes and brands that are offered are similar to those found in a traditional cash and carry. There is very little overlap with supermarkets.

For example, Costco may stock 2 options for White Sugar (25kg catering pack and 15 x 1kg pack for resale). A typical supermarket may at most offer a 5kg pack of white sugar.



Confectionary Multi Packs

Health and Beauty Aids (HABA): Costco carries a limited assortment of Health and Beauty Aids, such as toothpaste, shampoo, deodorant and lotion, that are packaged in large multipacks for resale. For example, Costco may offer 2 options for toilet paper - a brand leader such as Cushelle in a 45 pack, and our own Kirkland Signature brand in a 40 pack. A typical supermarket will offer a wide range of brands, specifications and pack sizes (between 4 - 24).



Toilet Paper

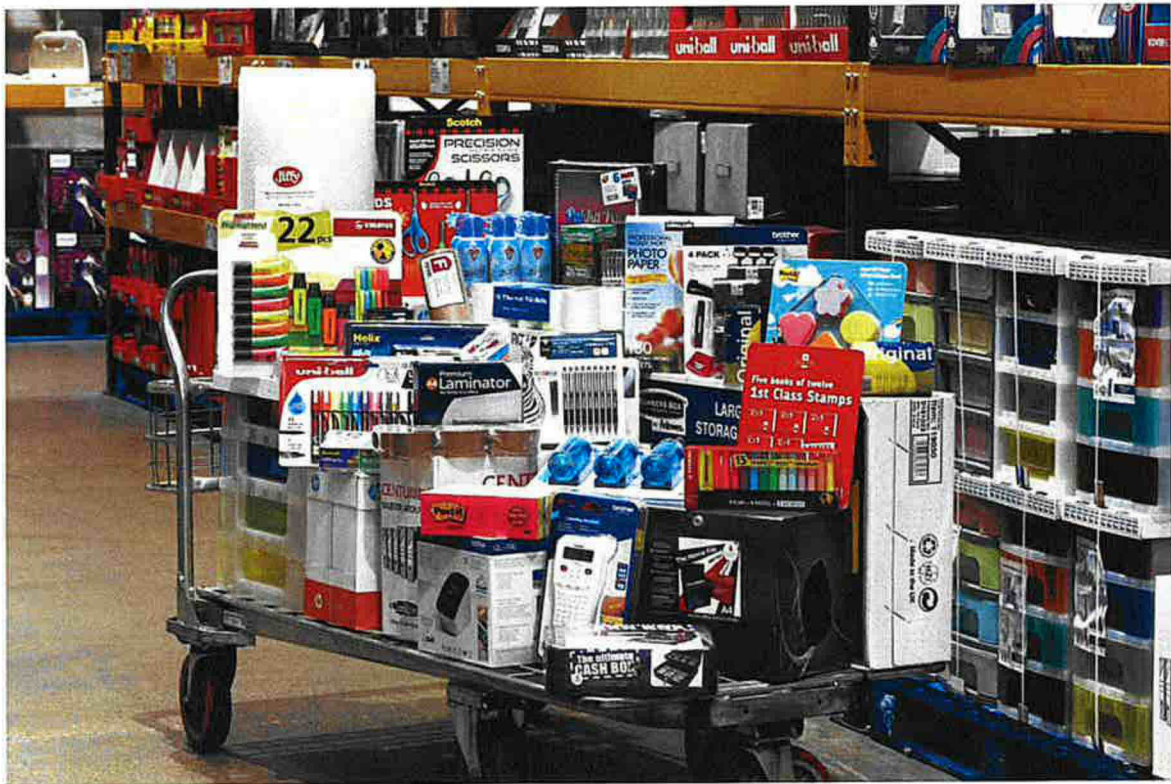
Sundries: At Costco sundries are mostly comprised of cleaning solvents, detergents, janitorial supplies and paper products. These products are primarily in large pack sizes more suited to business applications and therefore have limited overlap with sundries product lines of food supermarkets.



Sundries

Hardlines: Costco carries a variety of hardline products that are aimed primarily at business users, for example a range of office products such as copy and computer paper (sold by the case), pens and tape. Costco carries office furniture and office electronics such as laptop computers, electronic cash registers, televisions. Product depth in the hardline area is particularly limited. For example, Costco may carry around 4 power tools aimed at the professional tradesperson, whereas B&Q carry over 150.

Other hardline items include automotive products such as tyres, oil and sporting goods. A tyre fitting bay enables members to have tyres purchased at Costco fitted and balanced on the premises.



Office Supplies

Softlines: Costco offers a limited range of clothing. Many of these items are packaged in bulk intended for resale. Examples of this include undergarments and socks. In addition, a line of high quality bedding and towels is suited to trade members such as independent hotel businesses.

Bakery: Costco operates an on-site bakery in each warehouse. The bakery offers an assortment of freshly prepared muffins, pastries and scones in large resale quantities. Many convenience stores, cafeterias and delicatessens purchase these items for resale.



Multipack Pastries

Meat: Costco also has an on-site meat processing facility in each location. A limited selection of the highest quality meat is offered in large quantities, targeting primarily customers such as restaurants, caterers and takeaways.



Meat sold in bulk quantities

Fresh Produce: Costco offers a limited selection of high quality fresh produce available in large pack sizes.



Fresh Produce



Vehicles Tyres

Whilst the product range at Costco is very wide, limited selection within each product category means that the potential impact on a given retailer or wholesaler is low.

A garage owner, for example, might purchase many different items for their business. They could purchase tyres, motor oil, car batteries, windscreen wiper blades, de-icer, polishes and cloths, shampoo and waxes. They could also purchase sweets and drinks for their vending machines, toilet paper, paper towels and cleaning solvents for their toilet and shop, towels and tools for their mechanics. They may even purchase a telephone, computer and printing equipment or security camera system for the garage. The garage owner would rarely purchase the majority of these items from retail sources. They would purchase most of these items from different wholesale distributors. Therefore, their purchases will have little effect upon retailers or indeed individual wholesalers.

An independent hotel or B&B for example, might purchase a wide range of items for their business. They could purchase for the bedrooms, beds, wardrobes, TV's, linen, towels, toilet rolls, and kettles for coffee and tea making. They can also purchase in large quantities meats, produce, cakes, biscuits, wine, beers and spirits, along with kitchen equipment required to prepare the foods, as well as cookers, fridges and washing machines through to cutlery and kitchenware. These items would typically have to be sourced from multiple supply sources, many using delivered wholesale.

Costco also draws trade from a wider catchment area than traditional supermarkets. Costco typically draws the majority of trade from a 30 minute catchment.

The vast majority of Costco Warehouse club permissions have been secured at local level and authorities have recognised the above principles.

CONCLUSION

Costco is recognised as a leader in the warehouse club industry worldwide because it has been able to consistently provide its members with high quality merchandise at the best possible price.

Businesses are able to purchase a wide range of products, in whatever quantity they require, under one roof. Costco believes that small business owners are sophisticated customers who will recognise the value Costco offers through its straightforward, low pricing and high quality products. Businesses will be able to pass on to their customers the savings resulting from Costco's purchasing power and its very competitive prices. Institutions, charitable organisations and other groups will similarly benefit from Costco purchasing power and prices.

The wide catchment area from which Costco draws its customers, the limited number of products sold by comparison with a supermarket or department store, and the restricted membership will ensure that there is very little impact on retailers.

Costco considers that its presence in an area will have positive advantages for the local economy of which small businesses play an important part.

IN WITNESS whereof the parties hereto have executed this agreement as a Deed on the day and year first before written.

THE COMMON SEAL OF
Broadland District Council
was affixed hereto in the presence of:



Authorised Signatory:
Deputy Monitoring Officer

and this deed has been duly and properly executed
in accordance with the constitution of Broadland District Council

EXECUTED as a **DEED** by **LOTHBURY PROPERTY TRUST COMPANY LIMITED** pursuant to
a Power of Attorney dated 26 February 2024 by its Attorney:

.....
Attorney
In the presence of:

.....
Witness signature

Name:
Address:
Occupation:

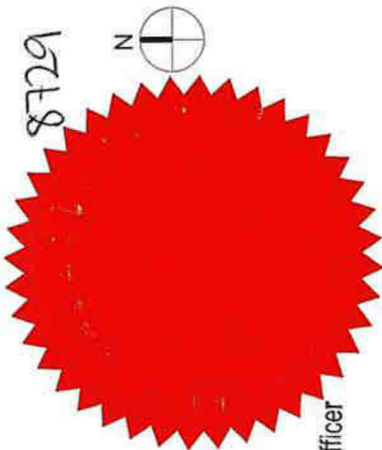
Executed as a deed by)	
Costco Wholesale UK Limited)
acting by a director:)	Director
.....)	

In the presence of:
Name of witness (BLOCK CAPITALS)

Signature of witness:
Address:
.....
Occupation:

ANNEXURE 1 PLAN

8729

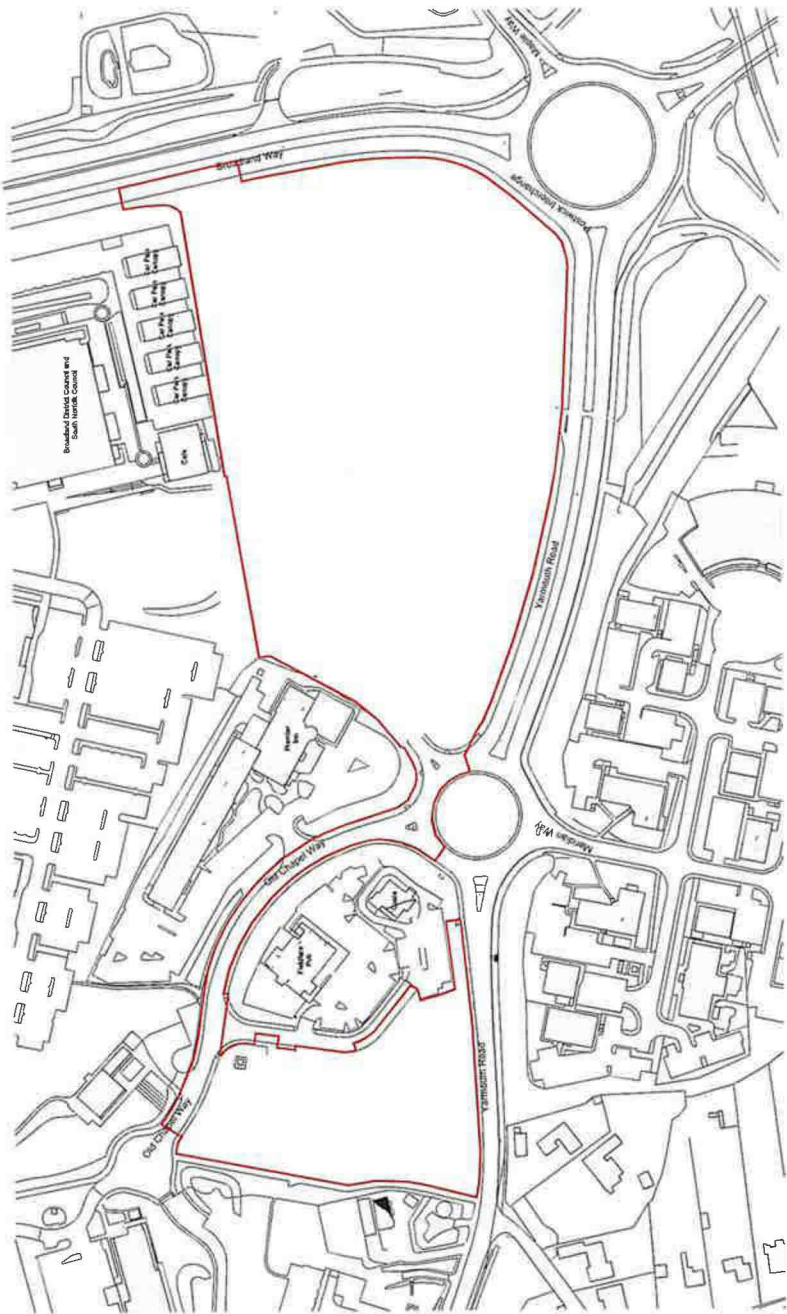


General Notes

1. Contractors and Consultants are NOT TO SCALE DIMENSIONS from this drawing.
2. The survey is based on Ordnance Survey data of 1:2500 scale and is not a substitute for a professional survey. The survey is not a substitute for a professional survey.
3. Landscape shown for illustrative purposes only. For detailed landscape information, please refer to the landscape information & documents.
4. The survey information shown on this drawing is based on a topographical survey prepared by a third party and therefore Broadway Malayan is not responsible for the accuracy or completeness of the survey.
5. Drawings to be used in conjunction with the associated Design & Access Statement, associated consultant design team documents & reports, in addition to the landscape information.

Deputy Monitoring Officer

APPLICATION BOUNDARY
55,291 m² (5.529 ha)



Revision	Date	Description	CA	PA	Checked
001	14/09/2024	Issue for Planning			

BroadwayMalayan SM

Holmes House
4 Pear Place
London
SE1 8BT
T: +44 (0)20 7261 4200
E: Lon@BroadwayMalayan.com
www.BroadwayMalayan.com



Client
Costco Wholesale UK, Ltd.
Project
Costco Norwich

Description
Site location plan

Scheme		PLANNING	
Scale	Drawn	Date	Sep 2024
1:2500@A3	CA	Revision	P01
Job number	Drawing number	Original size 70mm @ A3 Copyright Broadway Malayan Limited	
36694	A-DR-XX-90-001		

