

Description of properties & Group employees

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Signet attributes great importance to the location and appearance of its stores. Accordingly, in both Signet's US and UK operations, investment decisions on selecting sites and refurbishing stores are made centrally, and strict real estate criteria are applied.

US

Substantially all of Signet's US stores are leased. In addition to a minimum annual rental, a significant number of stores also pay turnover related rent based on sales above a specified base level. Under the terms of a typical lease, the US business is required to conform and maintain its usage to agreed standards, including meeting required advertising expenditure as a percentage of sales, and is responsible for its proportionate share of expenses associated with common area maintenance, utilities and taxes of the mall. The initial term of a mall store lease is generally ten years.

At 2 February 2008 the average unexpired lease term of US leased premises was six years and some 48% of leases had terms expiring within five years. The Jared stores are normally on 20 year leases with options to extend the lease and their rents are not turnover related.

The US division leases 15% of its store locations from Simon Property Group and 14% from General Growth Management, Inc. The division has no other relationship with any lessor relating to 10% or more of its store locations.

During the past five financial years the US business generally has been successful in renewing its store leases as they expire and has not experienced difficulty in securing suitable locations for its stores. No store lease is individually material to the Group's US operations.

A 340,000 square foot head office and distribution facility is leased in Akron, Ohio. On 2 February 2007 a new 25 year lease was entered into for this facility. On 1 January 2007 a 25 year lease was entered into for a 86,000 square foot office building next door to the head office. Over time this building will be used to accommodate the expected future growth of the head office facilities. Space surplus to the Group's requirements in this building is currently sublet. A 19,000 square foot repair centre was opened during 2005/06 and is owned by the Group.

UK

At 2 February 2008 Signet UK traded from seven freehold premises, five premises where the lease had a remaining term in excess of 25 years and 551 other leasehold premises. The division's stores are generally leased under full repairing and insuring leases (equivalent to triple net leases in the US). Wherever possible Signet is shortening the length of new leases that it enters into, or including break clauses in order to improve the flexibility of its lease commitments. At 2 February 2008 the average unexpired lease term of UK premises with lease terms of less than 25 years, was seven years and a majority of leases had either break clauses or terms expiring within five years. Rents are usually subject to upward review every five years if market conditions so warrant. An increasing proportion of rents are related to sales of the store, subject to a minimum annual value. For details of assigned leases and sublet premises see page 40.

At the end of the lease period, subject to certain limited exceptions, UK leaseholders generally have statutory rights to enter into a new lease of the premises on negotiated terms. As current leases expire, Signet believes that it will be able to renew leases, if desired, for present store locations or to obtain leases in equivalent or improved locations in the same general area. Signet has not experienced difficulty in securing leases for suitable locations for its UK stores. It is not believed that any of the store leases are individually material to the Group's UK operations.

Signet owns a 255,000 square foot warehouse and distribution centre in Birmingham, where certain of the UK division's central administration functions are based. The remainder are situated in Borehamwood, Hertfordshire where the facility is held on a 15 year lease entered into in 2005 and consists of 36,200 square foot of office space. The holding company functions are located in a 7,200 square foot office in central London, on a ten year lease which was entered into in 2005.

Distribution capacity

The US division has sufficient distribution capacity to meet its current requirements. It is planned to increase the capacity of the distribution centre in 2008/09. As a result, it is anticipated that there will be sufficient capacity to support medium term sales growth. The UK distribution centre has sufficient capacity for the anticipated future requirements of the businesses.

Trademarks and trade names

Signet is not dependent on any material patents or licenses in either the US or the UK; however, it does have several well-established trademarks and trade names which are significant in maintaining its reputation and competitive position in the jewellery retailing industry. These registered trademarks and trade names include the following in Signet's US operations: Kay Jewelers; Jared The Galleria Of Jewelry; JB Robinson Jewelers; Marks & Morgan Jewelers; Belden Jewelers; Weisfield Jewelers; Osterman Jewelers; Shaw's Jewelers; Rogers Jewelers; LeRoy's Jewelers; Goodman Jewelers; Friedlander's Jewelers; Every kiss begins with Kay; Peerless Diamond, Hearts Desire; and Perfect Partner. Trademarks and trade names include the following in Signet's UK operations: H.Samuel; Ernest Jones; Leslie Davis; Forever Diamonds; and Perfect Partner.

The value of the Group's trademarks and trade names are material but are not reflected on the Group's balance sheet. Their value is maintained and increased by the Group's expenditure on staff training, marketing and store investment.

Group employees

In 2007/08 the average number of full-time equivalent persons employed (including directors) was 17,243 (UK: 3,847; US: 13,396). The Company usually employs a limited number of temporary employees during each Christmas season.

None of Signet's employees in the UK and less than 1% of Signet's employees in the US are covered by collective bargaining agreements. Signet considers its relationship with its employees to be excellent.