

DRAFT

TTL Properties Limited

TREASURY MANAGEMENT STRATEGY (Appendix to TfL Treasury Management Strategy)

1 **Borrowing**

- 1.1 TTL Properties Limited (TTLP) is working to establish an unsecured non-recourse Revolving Credit Facility (RCF) for three-five years with a panel of banks for £200m which is expected to be in place by early FY22/23. This facility will allow TTLP to meet its goal of a focused delivery on its property activity.
- 1.2 This facility is expected to be agreed by the end of April 2022 and will be signed after:
- (i) the TTLP Business Plan has been approved by the managing and statutory Chief Finance Officers¹;
 - (ii) approval by the TfL Finance Committee (or any other relevant Committee of the TfL Board) for TTLP as an independent subsidiary to borrow on a non-recourse basis;
 - (iii) approval of the TTLP Treasury Management Policies; and
 - (iv) approval by the TfL Board of the Prudential Indicators for 2022/23, including the Authorised Limit for external borrowing, which are expected to include up to £200m for TTLP borrowing within the overall TfL Group Limits.
- 1.3 TTLP may set up short term intercompany loan facilities with TfL group companies

2 **Investment Strategy**

- 2.1 Cash balances will be invested in accordance with the TfL Treasury Management Strategy, the TfL Treasury Management Policies and the TTLP Treasury Management Policies.

3 **Liquidity Strategy**

- 3.1 TTLP will produce a cash flow forecast that will forecast its liquidity. This will be updated weekly and show liquidity demand each week of the next 18 months.

¹ References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer in this document mean the managing (non-statutory) Chief Finance Officer

3.2 TTLP will aim to hold a minimum balance of cash and short-term investments of £10m.

4 **Banking and Cash**

4.1 TTLP will set up independent accounts for TTLP that will operate outside the TfL Group Pool.

DRAFT

TTL Properties Limited

TREASURY MANAGEMENT POLICIES (Appendix to TfL Treasury Management Policies)

1 BACKGROUND

- 1.1 This document sets out TTL Properties Limited (TTLP) policies and practices, authorities and delegations of its treasury management activities which apply to TTLP and its subsidiaries.
- 1.2 Transport for London (TfL) will provide borrowing, investment, liquidity and banking services to TTLP in line with the policies set out in this document. TfL will recharge for these services.
- 1.3 This document is an appendix to the main TfL Treasury Management Policies. TTLP is subject to the same policies and practices as they apply to TfL and all its subsidiaries save where specified otherwise in this Appendix.

2 LIQUIDITY

- 2.1 TTLP will produce each month a cash flow forecast that will show liquidity demand each month over the next 18 months. TTLP will ensure that it has sufficient liquidity through a combination of its undrawn committed facilities and its cash balances to meet liquidity requirements.
- 2.2 For prudent financial management purposes, TTLP will aim to maintain a minimum level of cash reserves of at least £10m. Cash reserves include cash and short-term investments.
- 2.3 Actual cash balances fluctuate on a daily basis and could temporarily fall below the minimum requirement. In this event, an assessment will be made as to whether any action is required by the Director of Corporate Finance and/or the Group Treasurer to address such temporary fluctuations, taking into account any undrawn credit facilities and forecast cash movements.
- 2.4 Liquidity be will assessed on an annual basis against downside scenarios.
- 2.5 The statutory and managing Chief Finance Officers² will be notified of any breaches of expected liquidity needs.

² References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer mean the managing Chief Finance Officer.

3 BORROWING

- 3.1 The managing Chief Finance Officer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit). The Director of Commercial Development, Finance Director of Commercial Development or Director of Corporate Finance is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit) for a tenor of not more than 12 months.
- 3.2 The Director of Commercial Development, Finance Director of Commercial Development, Director of Corporate Finance and Group Treasurer are authorised to approve and enter into any required agreements or other documentation in relation to the implementation of permitted borrowing.
- 3.3 Authorised Treasury officers may execute drawdowns under existing debt facilities.
- 3.4 The Director of Commercial Development, Finance Director of Commercial Development or the Director of Corporate Finance are authorised to approve the pre-payment or refinancing of loans, or re-purchase or redeeming of existing debt.
- 3.5 TTLP can enter into borrowing facilities and to borrow without recourse to TfL.
- 3.6 TTLP can enter into short term loan facilities with TfL Group entities for working capital purposes.

4 INVESTMENTS

- 4.1 Surplus cash will be invested in accordance with the TfL Treasury Management Strategy and TfL Treasury Management Policies.

5 BANKING

- 5.1 The Director of Corporate Finance or the Group Treasurer shall as and when necessary be authorised to:
 - (a) supply to financial institutions, lists of officials authorised to sign in respect of each and any account(s) of TTLP with specimen signatures;
 - (b) open further accounts for and on behalf of TTLP and supply to the financial institutions, details of the signatories together with specimen signatures in respect of such account(s);
 - (c) notify the financial institutions of any restrictions on the operation of any such accounts; and
 - (d) agree on behalf of TTLP the terms of any facility or service provided by the financial institutions including but not limited to general banking services, bonds, guarantees and credit limits.
- 5.2 The financial institutions shall be entitled to rely on any such details or notifications supplied by the Director of Corporate Finance, Group Treasurer or any Treasury officer confirmed in writing as having the same authority as the Director of Corporate Finance or the Group Treasurer.

6 RESPONSIBLE OFFICERS

- 6.1 The TTLP Treasury Management Policies will apply to TTLP. The TTLP Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate of TfL.
- 6.2 The Finance Director of Commercial Development is responsible for advising the Land and Property Committee on investments, borrowing, derivatives, financial risk management, capital financing and also for banking arrangements necessary for TTLP. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 6.3 The Finance Director of Commercial Development is responsible for ensuring the execution of the TTLP Treasury Management Policies. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 6.4 The Finance Director of Commercial Development will be responsible for advising the managing Chief Finance Officer of TfL that it is in full compliance with all of the TTLP Treasury Management Policies. The managing Chief Finance Officer is responsible for ensuring that TTLP is in compliance with the TTLP Treasury Management Policies and updating the TfL Finance Committee accordingly.
- 6.5 The statutory or managing Chief Finance Officers or the Director of Corporate Finance or the Group Treasurer will appoint relevant Treasury officers to be authorised signatories for the purposes of paragraph 3.3
- 6.6 Subject as otherwise provided for within these policies, no investments, borrowings or entry into credit arrangements (including, but not limited to any lease or other such arrangement that might count towards TfL debt or liabilities under relevant accounting standards) shall be permitted without the consent of the statutory or managing Chief Finance Officer or Director of Corporate Finance or the Group Treasurer.

The managing Chief Finance Officer or Director of Corporate Finance or Group Treasurer will provide guidance for accepting financial guarantees, performance bonds, letters of credit and other credit enhancing products, and this must be followed by TTLP and/or its subsidiaries at all times.

7 TREASURY MANAGEMENT PRACTICES

Treasury Management Reporting

- 7.1 The following reports will be produced
 - (i) an annual report to the Land and Property Committee on the TTLP Treasury Management Strategy for the coming year and;
 - (ii) a monthly cash flow report to the Finance Director of Commercial Development and to the Director of Corporate Finance that will show liquidity demand for the next 18 months.

Cash Flow and Cash Flow Management

- 7.2 Cash flow projections and cash management will be managed outside of the TfL Group aggregation.