

THE MILLENNIUM & COPTHORNE PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TABLE OF CONTENTS

	Page
TRUSTEE AND ADVISERS	1
TRUSTEE'S REPORT	2
THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE	12
STATEMENT OF TRUSTEE'S RESPONSIBILITIES	23
SUMMARY OF CONTRIBUTIONS	24
INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS	25
INDEPENDENT AUDITOR'S REPORT	26
FUND ACCOUNT	28
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)	29
NOTES TO THE FINANCIAL STATEMENTS	30
SCHEDULES OF CONTRIBUTIONS	43
ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS	49
MEMBERS' INFORMATION	50
APPENDIX: STATEMENT OF INVESTMENT PRINCIPLES (DC SECTION)	

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE AND ADVISERS

Principal Employer

Millennium & Copthorne Hotels plc

Corporate Trustee

Millennium & Copthorne Pension Trustee Limited

Trustee Directors

Jonathon Grech - Chairman

David Cook (Member nominated)

Natalie Pinnington

Ruraigh Whitehead (Member nominated)

Plan Actuary

Mike Lane FIA

(of JLT Benefit Solutions Limited)

Independent Auditor

Grant Thornton UK LLP

Plan Administrators and Pension Consultant

JLT Benefit Solutions Limited

Solicitors

Pinsent Masons LLP

Bankers

The Royal Bank of Scotland plc

Address for enquiries

Trustee of the Millennium & Copthorne Pension Plan

c/o JLT Benefit Solutions Limited

Central Court

1b Knoll Rise

Orpington

Kent, BR6 0JA

Email: pensions@jltgroup.com

Investment Managers

Final Salary Section

JLT Investment Management Limited

Money Purchase Section

Legal & General Investment Management Limited

Prudential

The Equitable Life Assurance Society

AVC Providers

The Equitable Life Assurance Society

Friends Provident Life and Pensions Ltd

Zurich Assurance Ltd

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT

The Trustee of the Millennium & Copthorne Pension Plan (the Plan) is pleased to present the Trustee's Report and audited financial statements for the year ended 5 April 2019. The financial statements have been prepared and audited in accordance with the Sections 41(1) and (6) of the Pensions Act 1995.

The report sets out how the Plan is run, how the assets are invested, and the financial activity of the Plan in the year to 5 April 2019.

The Plan is a mixed benefits scheme, providing benefits for the employees of Millennium & Copthorne Hotels plc. The Plan was constituted by an Interim Trust Deed dated 6 April 1993 and is governed by a Definitive Trust Deed dated 22 December 2011 and subsequent amendments. The Plan is a "registered pension scheme" for tax purposes. Members may contract out of the State Second Pension (S2P, formerly State Earnings Related Pension Scheme) under a certificate issued by the Department for Work and Pensions until 6 April 2016 when the provisions for pension schemes to contract out were withdrawn.

Changes to the Plan

There were no changes to the rules of the Plan during the year.

Management of the Plan

Millennium & Copthorne Pension Trustee Limited is the Trustee of the Plan. In accordance with the provisions of the Pensions Act 1995 and the Trust Deed, the Trustee and Employer Nominated Directors are appointed and may be removed by the Principal Employer. Member nominated Directors are appointed via a nomination exercise and election by the Plan's members and serve up to a three year term, after which they can choose to stand for re-election.

The Trustee Directors who served during the Plan year are listed on page 1. During the year the Trustee met five times.

Administration

The administration of the Plan is carried out by JLT Benefit Solutions Limited. Enquiries about the Plan generally or about an individual's entitlement to benefits should be addressed to the Plan Administrators at the address shown on page 1.

On 1 April 2019 Jardine Lloyd Thompson Group plc (JLT) was acquired by Marsh & McLennan Companies (MMC). As a result JLT's employee benefits operations will become part of Mercer Limited, a MMC company, in due course.

Financial Development of the Plan

The Fund Account on page 28 shows that the net withdrawals arising from dealings with members for the year were £2,050,948 (2018: £2,357,488). The net return on the Plan's investments for the year was an increase of £2,908,528 (2018: £414,403). The total net movement in the Plan's assets for the year was an increase of £857,580 (2018: a decrease of £1,943,085), giving net assets of the Plan at the year-end of £62,631,308 (2018: £61,773,728). Further details of the financial development of the Plan may be found in the audited financial statements on pages 28 to 42.

Actuarial Review

The Financial Statements set out on pages 28 to 42 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Plan, these liabilities are considered by the Plan Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Plan and the level of contributions payable.

The most recent triennial valuation was carried out at 5 April 2017.

The formal actuarial certificate required by statute to be included in this Annual Report from the Plan Actuary appears on page 49.

The next triennial valuation is due to be performed as at 5 April 2020.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every plan is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled, based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, a copy of which is available to Plan members on request.

The most recent triennial actuarial valuation of the Plan effective as at 5 April 2017 showed that the accumulated assets of the Plan were £63,425,000 which represented 99.6% of the Plan's technical provisions in respect of past service benefits; this corresponds to a deficit of £264,000 at the valuation date.

If the plan had been discontinued and wound up at 5 April 2017 there would have been insufficient assets to buy out the accrued benefits through the purchase of annuity policies with an insurer. The estimated discontinuance (or solvency) funding level was 59%, corresponding to a shortfall of £44,144,000.

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Plan in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live.

The actuarial method used in the calculation of the technical provisions was the Projected Unit Method and the significant actuarial assumptions used in the calculations are as follows:

Significant actuarial assumptions

Discount interest rate:

The discount rate will be calculated as the annualised yield on the FTSE Actuaries' Government Securities 20 year Fixed Interest Yield Index plus 1.5% per annum. The rate adopted at the valuation was 3.2% per annum.

Return on existing assets and new contributions over the deficit recovery period:

The return on assets over the deficit recovery period will be calculated as the annualised yield on the FTSE Actuaries' Government Securities 20 Year Fixed Interest Yield Index plus 1.5% per annum.

The rate adopted at the valuation was 3.2% per annum. This is in line with the assumptions used to value the technical provisions and therefore a prudent estimate of future investment returns.

Rate of inflation - Retail Prices Index (RPI):

The rate of inflation as measured by RPI growth will be calculated using the Bank of England's implied inflation spot curve at a term of 15 years. The rate adopted at the valuation was 3.5% per annum.

Rate of inflation - Consumer Prices Index (CPI):

The assumption for CPI growth will be calculated as the assumption for RPI inflation less 0.7% per annum. The rate adopted at the valuation was 2.8% per annum.

Rate of pensionable salary increase:

The rate of pensionable salary increase will be calculated in line with the RPI assumption. The rate adopted at the valuation was 3.5% per annum.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Report on Actuarial Liabilities (continued)

Significant actuarial assumptions (continued)

Revaluation of pensions in deferment:

Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum. The rate adopted at the valuation was 2.8% per annum.

Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 2.5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 2.5% per annum. The rate adopted at the valuation was 2.5% per annum.

Increases to pensions in payment:

Elements of members' pensions which increase in payment in line with RPI subject to a maximum of 5% per annum will be taken to increase at the assumed rate of RPI growth less 0.1% per annum, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum. The rate adopted at the valuation was 3.4% per annum.

Pensions which increase in payment in line with RPI subject to a maximum of 2.5% per annum will be taken to increase at the assumed rate of RPI growth, subject to a minimum assumption of 0% per annum and a maximum assumption of 2.5% per annum. The rate adopted at the valuation was 2.5% per annum.

Pensions which increase in payment in line with CPI subject to a maximum of 3% per annum will be taken to increase at the assumed rate of CPI growth, subject to a minimum assumption of 0% per annum and a maximum assumption of 3% per annum. The rate adopted at the valuation was 2.8% per annum.

Mortality:

No allowance will be made for pre-retirement mortality.

For post-retirement mortality the 100% of the mortality rated in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach. Allowance for the future improvements: CMI core projection model with a 1.5% per annum long term projected rate of improvement (CMI 2016 1.5%), using a year of birth approach.

GMP Equalisation

No provision is currently included in the liability calculation for the actuarial valuation as at 5 April 2017.

Pension Increases (Final Salary benefits)

Increases to pensions in payment are made as outlined in the Trust Deed and Rules. No discretionary benefits were awarded in the year.

The post-1988 portion of the Guaranteed Minimum Pension has been increased in accordance with statutory requirements. Any pension accrued in respect of pensionable service after 6 April 1997 up to 5 April 2005 is increased in line with Retail Price Index increases up to a maximum of 5% each year. Any pension accrued in respect of pensionable service after 6 April 2005 is increased in line with the Retail Price Index increases up to a maximum of 2.5% each year with the exception of those membership categories that have a 5% guarantee.

Deferred benefits are increased in accordance with statutory requirements.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

GMP Equalisation

On 26 October 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this further. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in the financial statements. They will be accounted for in the year they are determined.

Schedule of Contributions

The Schedules of Contributions in place during the year under review were signed by the Trustee and the Principal Employer on 16 January 2015 and 29 June 2018 and are included on pages 43 to 48.

Investment Report

The day-to-day management of the investments has been delegated by the Trustee to the investment managers as shown on page 1.

Given the long term nature of a pension fund's liabilities, the investment objectives have been to maximise the overall return from the income and capital appreciation, without resorting to a high risk profile.

The Plan's investments are made in accordance with the Occupational Pension Schemes (Investment) Regulations 1996 and are considered readily marketable. There is no self-investment. All investment managers are registered in the United Kingdom. The assets of the Plan are held by investment managers themselves or on behalf of the investment managers, by a custodian that has been approved by the Trustee, either in writing or implicitly as part of their agreement.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles (SIP) for each section as required by Section 35 of the Pensions Act 1995 and a copy is available on request. Set out in this Statement of Investment Principles is the overall investment policy of the Plan which has been determined in consultation with the Trustee, the Principal Employer and the Plan's investment consultant.

The Trustee considers that the asset allocation at 5 April 2019 was not materially out of line with the SIP. Variances are reviewed periodically and addressed at the discretion of the Trustee.

Subsequent to the end of the year a revised SIP for each section was agreed by the Trustees in September 2019.

Employer Related Investment

The Plan did not hold any employer related investments at any time during the reporting year.

Socially Responsible Investment

As the assets of the Plan are managed in pooled arrangements, the Trustee accepts the assets are subject to the investment managers' policies on social, ethical and environmental considerations relating to the selection, retention and realisation of investments. The Trustee also accepts the investment managers' policies on voting rights attached to the investments. The Trustee has less influence over the underlying assets within the pooled investment vehicles held by the Plan but reviews the managers' policies and statements of compliance in respect of these matters.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Investment Report (continued)

Investment Strategy – Defined Benefit (Final Salary) Section

The Trustee has determined its investment strategy after considering the Plan's liability profile and requirements of the Statutory Funding Objective, its own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its Investment Adviser.

The basis of the Trustee's investment strategy is to divide the Plan's assets between a 'growth' portfolio, comprising assets such as diversified growth funds, equities and property, an a 'stabilising' portfolio, comprising assets such as bonds and liability driven investments.

The Defined Benefit or Final Salary Section's split of assets held at the year-end is as follows:

Sector	2019 (%)	2018 (%)
Bond Funds	30.09	27.41
Diversified Growth Funds	69.91	72.59
	<u>100.00</u>	<u>100.00</u>

Investment Strategy and Fund Selection – Defined Contribution (Money Purchase) Section

The current default strategy in place is in the form of a lifestyle strategy. The lifestyle option operates as a default if a member does not wish to make their own selection of funds, and is designed to be appropriate for a typical member with a predictable retirement date. However, the lifestyle option may not be suitable for members who unexpectedly retire early.

Members belonging to the Defined Contribution or Money Purchase Section of the Plan are given the option to invest in the following Legal & General funds:

- a) Legal & General Global Equity Index (60:40) Fund
- b) Legal & General Ethical UK Equity Index Fund
- c) Legal & General AAA-AA Fixed Interest Over 15-year Fund
- d) Legal & General Over 5 Year Index-Linked Gilts Index Fund
- e) Legal & General Property Fund
- f) Legal & General Cash Fund

There is a floating charge over the utilised funds managed by Legal & General. The purpose of the floating charge is to offer protection to investors in the event of a failure of Legal & General.

AVCs are invested separately with three providers, namely The Equitable Life Assurance Society, Friends Provident Life and Pensions Ltd and Zurich Assurance Ltd.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Investment Report (continued)

Performance Review for the Final Salary Section (at 31 March 2019)

	Fund 1 Year %	Benchmark 1 Year %	Fund 3 Years % p.a.	Benchmark 3 Years % p.a.
Final Salary Section				
Baillie Gifford Diversified Growth Pension Fund	0.2	4.2	5.0	4.0
Invesco Perpetual Global Targeted Returns Pension Fund	-2.0	5.2	0.7	5.0
Columbia Threadneedle Multi-Asset Fund	4.6	4.2	7.0	4.0
BMO Real Dynamic LDI Fund	11.9	14.1	18.4	21.5
BMO Nominal Dynamic LDI Fund	9.4	11.2	14.4	17.5
Total Plan	3.5	7.1	7.4	8.8

Performance Review for Money Purchase Section (at 31 March 2019)

	Fund 1 Year %	Benchmark 1 Year %	Fund 3 Years % p.a.	Benchmark 3 Years % p.a.
Money Purchase Section				
Global Equity 60:40 Index	6.8	6.9	11.3	11.3
Ethical UK Equity Index	7.9	8.2	9.8	10.0
AAA-AA Fixed Interest Over 15 Yrs ¹	3.7	7.8	6.0	5.6
Over 5 Year Index-Linked Gilts Index	5.6	5.7	9.0	9.1
Property Fund	2.8	4.8	4.4	6.2
Cash	0.5	0.5	0.3	0.3

¹ LGIM suspended the benchmark for the AAA-AA Fixed Interest Over 15 Yrs Fund in 2014.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Membership

Details of the membership of the combined Plan as at 5 April 2019 are given below:

FINAL SALARY SECTION	2019	2018
ACTIVE MEMBERS		
Opening balance – active members	11	15
Adjustments to active**	-	(1)
Members retiring during the year	(2)	(2)
Leavers during the year with preserved benefits	-	(1)
ACTIVE MEMBERS AT THE END OF THE YEAR	9	11
PENSIONERS		
Opening balance	234	224
Adjustments to pensioners**	(1)	-
Members retiring during the year	10	7
Deaths	(6)	(2)
New beneficiaries	4	2
Cessation of dependant pensioners	-	(1)
Inter-section transfers	9	4
PENSIONERS AT THE END OF THE YEAR	250	234
MEMBERS WITH DEFERRED BENEFITS		
Opening balance	105	110
Adjustments to members with deferred benefits**	-	1
Leavers during the year with preserved benefits	-	1
Retirements	(8)	(5)
Transfers out	(1)	(2)
MEMBERS WITH DEFERRED BENEFITS AT THE END OF THE YEAR	96	105
TOTAL MEMBERSHIP FINAL SALARY SECTION	355	350

The above statistics do not take account of 32 annuitant pensioners (2018: 32) whose policies are held in the name of the Trustee and are in receipt of a pension direct from an insurance company.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Membership (continued)

MONEY PURCHASE SECTION	2019	2018
ACTIVE MEMBERS		
Opening balance – active members	40	43
Adjustment to actives**	(1)	(1)
Retirements	(2)	-
Transfers out	-	(1)
Other leavers	-	(1)
ACTIVE MEMBERS AT THE END OF THE YEAR	37	40
PENSIONERS		
Opening balance	8	8
Adjustments to pensioners**	1	-
Members retiring during the year	14	11
Full commutation	(6)	(7)
Inter-section transfers	(9)	(4)
PENSIONERS AT THE END OF THE YEAR	8	8
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS		
Opening balance	474	488
Leavers during the year with preserved benefits	-	1
Death	(1)	-
Retirements	(12)	(11)
Transfers out	(1)	(4)
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS AT THE END OF THE YEAR	460	474
TOTAL MEMBERSHIP MONEY PURCHASE SECTION	505	522
TOTAL MEMBERSHIP AT THE END OF THE YEAR	860	872

**The adjustments comprise late notifications and membership changes processed but not yet completed at the prior year end.

The inter-section transfers are in respect of Money Purchase members (on reaching retirement) electing to receive pensions from the Plan rather than from an external provider.

Transfer Values

Transfer values are calculated in accordance with the requirements of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 using assumptions determined by the Trustee on advice provided by the Plan Actuary. Transfer values do not take into account any future discretionary increases in payment.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Going Concern

During the year, the Trustee has received regular updates and evaluated the financial strength of the Employer and does not consider there to be any significant concerns regarding the going concern status of the Plan. As at the 5 April 2019, the Employer had significant net assets to support the Plan with the required funding due under the Schedule of Contributions.

General Data Protection Regulation

The European Union General Data Protection Regulation (GDPR) came into force on 25 May 2018. The Trustee is a data controller under the Regulation and has taken action to comply with it, taking professional advice where appropriate. The actions taken by the Trustee is set out in its Data Protection Policy and this document and associated risk assessment documents will be reviewed at least annually and following any material changes in the legislation or guidance.

Internal Dispute Resolution Procedure

The Trustee has adopted a dispute resolution procedure, a copy of which can be provided on request to the Plan Administrators.

Any member with a complaint against the Plan or a query about their pension entitlement which they consider has not been satisfactorily resolved can use the "Internal Disputes Resolution Procedure" or, alternatively, they can contact The Pensions Ombudsman free of charge.

Contact details for The Pensions Ombudsman can be found on page 50 of this Report.

Additional Information

The Pensions Act has extended the legal rights of members, beneficiaries and pensioners to receive on request a broad range of information. Some of these rights relate to specific benefit details for an individual which have, in any event, always been available to members or are already provided automatically without the need to make a request. Other rights, relating to more general Plan information and the availability of documents containing this information, must be drawn to your attention and are detailed below. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Plan Actuary's report. In addition your attention is drawn to other items which any member wanting more technical information is invited to request from the Plan Administrators.

- Trust Deed and Rules
- The latest report on the actuarial valuation
- The latest statement of investment principles drafted in accordance with Section 35 of the Pensions Act 2004
- Disputes resolution procedures
- Actuarial statement on calculation of transfer values

Information regarding The Millennium & Copthorne Pension Plan, including the address at which the Trustee may be contacted, has been lodged with the Registrar of Occupational Pension Schemes.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

TRUSTEE'S REPORT (CONTINUED)

Further Information

All personal data held electronically or in paper format in respect of members of the Trust (and where relevant their dependants and beneficiaries) is processed for the purpose of record maintenance and benefit provision in accordance with the eight principles of the Data Protection Act 1998. The Trustee is registered under Data Protection Act 1988 as "Data Controller".

Any query about the Plan, including requests from individuals for information about their benefits, should be addressed to Trustee at the address on page 1.

The Trustee's Report on pages 2 to 11 and the Members' Information on pages 50 and 51 were approved by the Trustee Directors on 4 November 2019 and signed on the Trustee's behalf by:


Director

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 05 APRIL 2019

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Millennium & Copthorne Pension Plan ("the Plan") is meeting the governance standards that apply to occupational pension plans that provide money purchase benefits (i.e. Defined Contribution ("DC") plans).

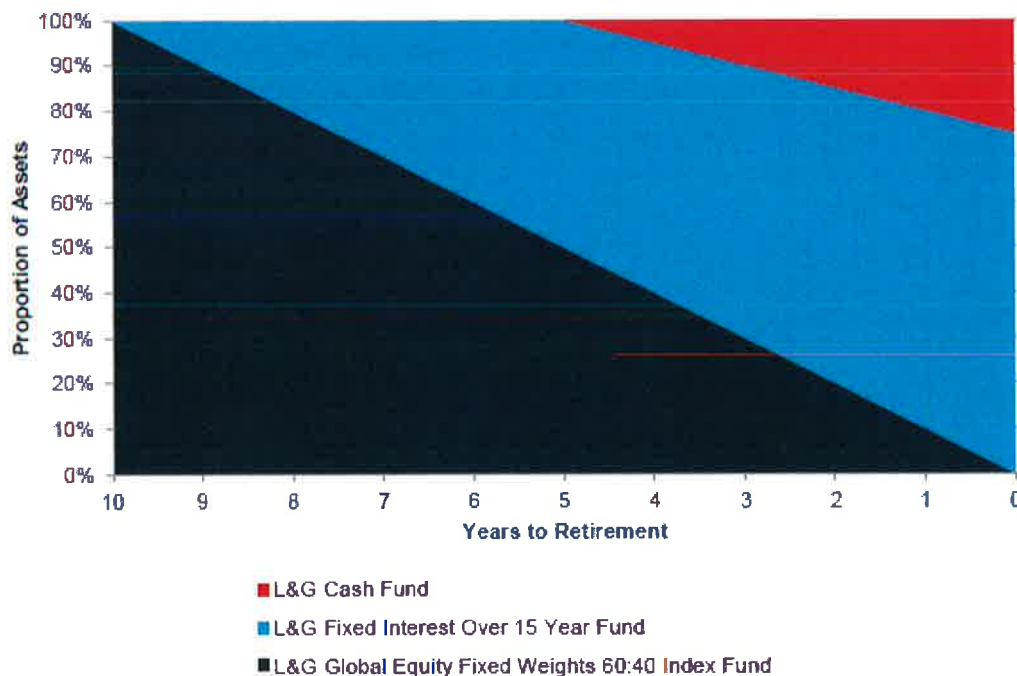
The Plan's DC benefits are subject to an Underpin at the point of retirement or transfer-out. When members draw their benefits (retire or transfer) they will receive the better of the value of their Retirement Account or the value of their Underpin.

Default arrangement

Members of the Plan who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustee Directors with the advice of their Investment Consultant.

The default lifestyle strategy can be separated into two distinct phases. Initially, the lifestyle option aims to generate investment growth by investing in a Growth Fund – the L&G Global Equity Fixed Weights 60:40 Index Fund. 10 years prior to a member reaching the Normal Retirement Age ("NRA"), the Strategy enters a de-risking transitional phase; which involves a gradual switch of assets out of the Growth Fund into fixed interest bonds and cash. At the NRA, the Strategy returns an asset allocation of 75% L&G Fixed Interest Over 15 Year Targeted Duration Fund and 25% L&G Cash Fund.

The default arrangement targets long term growth whilst diversifying risks. The L&G Global Equity Fixed Weights 60:40 Index Fund is a passively managed fund which gains diversity through investing 60% of funds in the UK and the remaining 40% overseas. The 10 years leading up to the NRA are believed to be crucial by the Trustee Directors, therefore the transition from growth assets to protection assets are undertaken on a quarterly basis from this point, so that little reliance is placed on the market conditions on any one transition date. The graph below demonstrates the varying combinations of investment vehicles a member will hold approaching retirement.



By investing in this manner, the Trustee Directors expect to deliver growth over the members' lifetime within the Plan without excessive risk taking, by increasing its focus on volatility reduction in the final 10 years. The aim of the default strategy is to target annuities and cash.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

The Trustee Directors continually monitor the performance of the Plan's investments throughout the year and receive quarterly performance reports from their advisors.

For the year to 31 March 2019, the default performed as follows:

Fund	Fund Return (%)	Benchmark Return (%)
L&G Global Equity Fixed Weights 60:40 Index	6.8	6.9
L&G Fixed Interest Over 15 Year Targeted Duration	3.7	7.8
L&G Cash	0.5	0.5

Source: L&G and net of fees.

The growth fund had the strongest return over the year, with the bond and cash funds being used to reduce volatility as members approach retirement. This is in line with the Plan's objectives to provide members with an investment strategy that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

Overall, the Trustee Directors are happy with the performance over the period covered by this statement.

On 14 June 2018 the Trustee Directors reviewed the default investment strategy. The new default strategy will replace the L&G Global Equity Fixed Weights 60:40 Index Fund allocations with the L&G Diversified Fund, a diversified growth fund ("DGF"). The reason for this change, despite the strong performance of the current default fund over recent years, is that the DGF has significantly lower risk than the LGIM Global Equity 60:40 Index Fund and invests in a far more diverse basket of asset classes including equities, corporate bonds, government bonds, and alternatives, and so the returns are far less reliant on equity markets, and the UK equity market in particular. The L&G Diversified Fund is expected to produce an equity like return over a full market cycle and employs a degree of tactical asset allocation, that is the investment manager has discretion to allocate capital to different asset classes depending on the investment managers views of the relative return and risk characteristics at different points in time, in an attempt to satisfy the objectives of the fund. The default arrangement will continue to target annuities and cash given the existence of a Defined Benefit ("DB") underpin and the Trustee Directors expect the new strategy to be in place by the end of 2019.

The current default arrangement is described in further detail in the Plan's Statement of Investment Principles (SIP) dated September 2019, a copy of which is submitted alongside this governance statement. The SIP will be reviewed as a minimum every three years or as soon as any significant developments in investment policy or member demographics take place.

The Trustee Directors have set up processes to publish relevant information on the default arrangement online at the following URL: <https://www.millenniumhotels.com/en/corporate/uk-pension-plan/> and will notify members about this in their annual benefit statements.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

Processing Plan transactions

The Trustee Directors have a specific duty to ensure that core financial transactions relating to the DC section are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members.

These transactions are undertaken on the Trustee Directors' behalf by the Plan administrator, JLT Benefit Solutions Limited (JLT) and its investment manager Legal and General Investment Management. The Trustee Directors periodically review the processes and controls implemented by those organisations, and consider them to be suitably designed to achieve these objectives. The Trustee Directors have a service level agreement (SLA) in place with the Plan administrator which covers the accuracy and timeliness of all core transactions and receive regular reports to monitor the performance against those service levels. JLT produce quarterly stewardship (administration) reports and these are presented at each Trustee meeting. The reports are reviewed in detail and discussed with JLT to ensure standards are consistently met. The principle areas of the report are listed below:

- Work completed over the period and in progress e.g. forthcoming retirements, deaths, transfers etc.
- Financials (contributions and transactions summary)
- Compliance (complaints, compliments and disclosure)

The processes adopted by the Plan administrator to help meet the SLA include dynamics checklists, a central financial control team separate to the admin team, peer checking and authorisation of payments, automated reporting of late contributions, daily monitoring of bank accounts, daily checking and reconciliation of member unit holdings, a dedicated contribution processing team, and a peer review of investment and banking transactions. During the period covered by this statement, 99% of work was completed within the agreed service. There were no issues during the period relating to the processing of Plan transactions. The Trustees receive an annual Assurance Report on Internal Controls (AAF 01/06) from JLT which provides additional independently audited information about JLT's control environment and highlights any exceptions identified as part of the audit.

The Trustee Directors will also perform periodic assessments of methods and efficiency of the Plan's administrators and will challenge them in terms of efficiency.

JLT has standard processes in place for reporting errors and omissions to clients where not already notified by the standard reporting routines.

Based on the information provided by the Plan administrator, the Trustee Directors are satisfied that over the period covered by this statement:

- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Plan year.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustee Directors to disclose the charges and transactions costs borne by DC Plan members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds, but should also include trading costs incurred within such funds. The Trustee Directors have taken account of statutory guidance when preparing this section of the statement.

In this context, "charges" means (subject to some specific exemptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs. "Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Transaction costs have been provided by the Plan's investment manager and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs) payable for each fund as well as the transaction costs within the default arrangement are as follows:

Default Arrangement		
Fund	TER (%)	Transaction Cost (%)
L&G Global Equity Fixed Weights 60:40 Index	0.18	-0.01
L&G Fixed Interest Over 15 Year Targeted Duration	0.15	-0.07
L&G Cash	0.12	0.00

Source: L&G

This is lower than the maximum TER allowed of 0.75% for default arrangements.

The Trustee Directors also make available a range of funds which may be chosen by members as an alternative to the default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows:

Non-default Arrangements/Self-select Funds		
Fund	TER (%)	Transaction Cost (%)
L&G Global Equity Fixed Weights 60:40 Index	0.18	-0.01
L&G Fixed Interest Over 15 Year Targeted Duration	0.15	-0.07
L&G Cash	0.12	0.00
L&G Managed Property	1.05	-0.21
L&G Over 5 Year Index-Linked Gilts Index	0.10	0.03
L&G Ethical UK Equity Index	0.20	0.01

Source: L&G

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

The Trustee Directors note that the L&G Managed Property Fund has a TER of more than the 0.75% fee cap (noting that the fee cap of 0.75% does not apply to non-default arrangements such as this fund). Nevertheless, they are comfortable with the TER for the L&G Managed Property Fund because property funds typically carry additional fund expenses due to the fund's nature of directly investing in property rather than shares of property companies.

Overall, the Trustee Directors are comfortable that the costs for the default arrangement and self-select funds represent good value for members and are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies. More information on value for members is provided in the section of the statement headed "Value for members".

Cumulative effect of charges

Given the Plan has a significantly higher proportion of deferred members versus active ones, the compounding effect of charges on both sets of members' funds are illustrated below. The Trustee Directors have taken account of statutory guidance when preparing this section of the statement.

Illustrations for an "Average Active" member										
Years from now	Default Strategy (most popular)		L&G Global Equity Fixed Weights 60:40 Index <i>(highest expected return fund)</i>		L&G Over 5 Year Index-Linked Gilts Index <i>(lowest expected return fund)</i>		L&G Managed Property <i>(most expensive fund)</i>		L&G Cash (cheapest fund)	
	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£51,915	£51,826	£51,915	£51,826	£49,418	£49,355	£51,243	£50,726	£49,514	£49,456
3	£59,245	£58,947	£59,245	£58,947	£51,307	£51,118	£57,031	£55,367	£51,598	£51,422
5	£66,895	£66,351	£67,157	£66,609	£53,153	£52,835	£63,116	£60,147	£53,643	£53,346
10	£82,852	£81,605	£89,803	£88,399	£57,582	£56,937	£79,732	£72,733	£58,581	£57,975
13 (retirement)	£88,754	£87,106	£105,624	£103,518	£60,117	£59,273	£90,748	£80,743	£61,430	£60,633
Total Fees	£1,504		£1,709		£902		£8,689		£843	

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

Illustrations for a "Deferred" member										
Years from now	Default Strategy (most popular)		L&G Global Equity Fixed Weights 60:40 Index <i>(highest expected return fund)</i>		L&G Over 5 Year Index-Linked Gilts Index <i>(lowest expected return fund)</i>		L&G Managed Property <i>(most expensive fund)</i>		L&G Cash <i>(cheapest fund)</i>	
	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£13,855	£13,831	£13,855	£13,831	£13,179	£13,162	£13,673	£13,533	£13,205	£13,189
3	£14,958	£14,880	£14,958	£14,880	£12,872	£12,822	£14,376	£13,938	£12,949	£12,902
5	£16,148	£16,008	£16,148	£16,008	£12,572	£12,491	£15,114	£14,356	£12,697	£12,622
10	£18,423	£18,112	£19,555	£19,216	£11,854	£11,701	£17,131	£15,455	£12,090	£11,946
14 (retirement)	£18,968	£18,534	£22,790	£22,240	£11,308	£11,105	£18,936	£16,394	£11,625	£11,432
Total Fees	£387		£434		£219		£2,162		£205	

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

To put the above investment returns and charges into context, if a member's funds were not invested at all (i.e. there were no investment returns or fees) then, according to our modelling, the value of an "Average Active" and "Deferred" member's pot at retirement would be £52,253 and £9,438 respectively in today's money.

Assumptions

The above illustrations have been produced for an "Average Active" member and a "Deferred" member of the Plan based on the Plan's membership data. The "Default Strategy" illustration assumes the member's asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member's assets are invested in that fund up to the Plan retirement age. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown.

You will note that the total fee figure is lower than the difference between the pot size before and after fees. The total fee reflects what has actually been taken from the pot to pay for the management of assets and other expenses, whereas the difference between before and after fee pot values reflects the effect of compounding.

Age	
• "Average Active" member	52 (the average age of the Plan's active membership)
• "Deferred" member	51 (the average age of the Plan's deferred membership)
Plan Retirement Age	65
Starting Pot Size	
• "Average Active" member	£48,456 (the median pot size of the Plan's active membership)
• "Deferred" member	£13,335 (the median pot size of the Plan's deferred membership)

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

Starting Salary <ul style="list-style-type: none"> • "Average" member 	£17,872 <i>(the median salary of the Plan's membership)</i>
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
Employer annual contributions	6.5% p.a.
Employee annual contributions	2.0% p.a.
Expected future nominal returns on investment: <ul style="list-style-type: none"> • Default Strategy <ul style="list-style-type: none"> ○ L&G Global Equity Fixed Weights 60:40 Index ○ L&G Fixed Interest Over 15 Year Targeted Duration ○ L&G Cash • L&G Global Equity Fixed Weights 60:40 Index • L&G Over 5 Year Index-Linked Gilts Index • L&G Managed Property • L&G Cash 	<ul style="list-style-type: none"> 4.0% above inflation 0.2% below inflation 1.0% below inflation 4.0% above inflation 1.2% below inflation 2.6% above inflation 1.0% below inflation

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

Value for members

The Trustee Directors have a good understanding of the membership demographics of the Plan and as such have a view as to what good member outcomes should look like for the Plan's members in aggregate and monitor value for members on an ongoing basis. The relevant legislation does not prescribe how the Trustee Directors should assess value for members; it is up to the Trustee Directors to develop their own assessment.

Whether something represents "good value" is not capable of being precisely defined, but for these purposes, the Trustee Directors consider that charges and transaction costs may be viewed as representing "good value" for members where the combination of costs and the quality of what is provided in return for those costs is appropriate for the Plan membership as a whole, when compared to other options available in the market.

The Trustee Directors understand that value for members does not necessarily mean selecting the cheapest offer and in their ongoing reviews of value for members they consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of Plan governance, fund management and performance of the funds. The Trustee Directors focus on good governance ensuring the Plan is compliant with relevant legislation and holding at least quarterly meetings to monitor the Plan, ensure good governance and address any material issues that may impact members. The Trustee Directors also ensure that administration is carried out efficiently. Members receive clear and concise member communications that set out the details of the benefit options available to them).

All of the funds used by the Plan are generally highly rated by the Trustee director's investment advisors as having good prospects of achieving their objectives, and the performance of funds are reviewed quarterly. With this in mind, the Trustee Directors have assessed the fees disclosed above and are satisfied that they have negotiated a good deal for members and that the stated explicit charges for the Plan's funds represent good value for money in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of plans with a similar membership profile. The Trustee Directors believe that members have received good value with the fund performances against their objectives. With member outcomes being the heart of the investment strategy review carried out over the year, the Trustee Directors will be formally assessing value for members in 2020.

The Trustee Directors have set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds publicly online and will notify members about this in their annual benefit statements.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

Additional Voluntary Contributions (AVCs)

The Trustee Directors also make available a facility to members to pay in additional contributions to boost DB and DC benefits. The facility is provided via Prudential, Equitable Life Assurance Society, Friends Provident Life and Pensions, and Zurich Assurance. Below are the available funds together with associated fees:

Fund	TER (% p.a.)	Transaction Cost (% p.a.)
Prudential Deposit	0.75*	n/a
Equitable Life With-Profits	1.01**	0.04
Equitable Life Managed	0.75	0.13
Zurich With-Profits	0.50***	n/a
Aviva Pension BlackRock Over 15 Year Corporate Bond Index Tracker	0.65	0.05
Aviva Pension BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.65	0.01
Aviva Pension BlackRock UK Equity Index Tracker	0.65	0.05
Aviva Pension Cash	0.65	0.00
Aviva Pension Global Equity	0.68	0.16
Aviva Pension Pacific Basin	0.65	n/a
Aviva Pension Pre-retirement Fixed Interest	0.65	0.08
Aviva Pension UK Equity	0.67	-0.05

*Runs in line with the Bank of England base rates. Therefore the current interest rate is 0.75%.

**As at 31/12/2018.

***Approximation for the 2018 calendar year.

Prudential, Zurich and Aviva were unable to provide the transaction costs applicable to some of the funds above but the Trustee Directors will continue to challenge them to obtain the required information.

Trustee Directors' knowledge and understanding

The Plan's Trustee Directors are required to maintain appropriate levels of knowledge and understanding. The Trustee Directors have measures in place to secure compliance with the legal and regulatory requirements regarding their knowledge and understanding including funding and investment matters, pensions and trust law. This, together with the professional advice available, enables the Trustee Directors to exercise their functions and run the Plan properly and effectively.

All the Trustee Directors have a working knowledge of the Plan's trust deed and rules, Statement of Investment Principles (SIP) and other documents setting out the Trustee's current policies. Regular reference is made to these documents in managing the Plan and at trustee meetings. Trustee meetings are attended by advisers and the Trustee Directors consult advisers (such as legal and investment advisers) where appropriate on technical issues.

The Trustee Directors are all experienced and long-serving and so have good knowledge of the operation and governing documentation of the Plan. A number of Trustee Directors currently hold or have held senior positions within the Principal Employer and bring experience in financial, legal and business-related matters to the trustee board.

All of the existing Trustee Directors have completed the Pension Regulator's Trustee Toolkit. A self-assessment of training needs to help identify any knowledge gaps is due to be scheduled for Q2 2020. No knowledge gaps were identified during the year.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2018 – 5 APRIL 2019 (CONTINUED)

New Trustee Directors are required to complete the Pension Regulator's Trustee Toolkit in its entirety within six months of taking up office. No new Trustee Directors were appointed during the period covered by this statement.

A Trustee training log is maintained in line with best practice and the training programme is reviewed regularly to ensure it is up to date and that the Trustee Directors have the appropriate knowledge and understanding. Over the last year, the Trustee Directors have received training and guidance from their advisers on:

- the new SIP requirements, to incorporate responsible investment considerations into the SIP by 1 October 2019,
- their DC investment strategy to consider suitability of default arrangement in the context of pension freedoms; and
- the Plan's AVCs, including an assessment of the considerations around charges, value for money and suitability

Throughout the Plan year the Trustee Directors have demonstrated a working knowledge of the trust deed and rules when receiving advice from professional advisors to support them in governing the Plan in line with the trust deed and rules, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors. The Trustee Directors took advice on unclaimed benefits for a death, DC Code of Practice and AVCs. The Trustee Directors also include legislative updates and Trustee Knowledge and Understanding on their agenda for each of their meetings.

Throughout the year the Trustee Directors demonstrated that they are conversant with and have a working knowledge of all documents setting out the Trustee Directors' current policies by dealing with issues as they arose with the exercise of Trustee discretions being one example. The DC governance checklist is in place and reviewed at meetings, together with a risk register for the Plan. Regarding demonstrating sufficient knowledge and understanding of the law relating to pensions and trusts, the Trustee Directors receive documents covering current pension issues at meetings, attend webinars and conferences on an ad hoc basis and reviewed whether the AVCs provided are still suitable for members. Legal issues are discussed at meetings where the Plan's legal advisor is in attendance.

By reviewing the DC strategy and DGF managers over the year, and with the Plan's investment advisers attending every meeting to support the decision making, the Trustee Directors have demonstrated that they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.

Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustee Directors consider that they are well placed to properly exercise their functions as Trustee Directors of the Plan. While most pension schemes simply focus on trustee training and use of advisers, the Trustee Directors believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour, otherwise trustees cannot be certain that a pension scheme remains fit for purpose.

The Chair's statement regarding DC governance was approved by the Trustee Directors and signed on their behalf by:



Mr Jonathon Grech

Chair of the Millennium & Copthorne Pension Trustee Limited, Trustee of the Millennium & Copthorne Pension Plan

Date: 4 November 2019

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

SUMMARY OF CONTRIBUTIONS

Statement of Trustee's Responsibilities in respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's Summary of Contributions payable under the Schedule in respect of the Plan year ended 5 April 2019

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer and member contributions payable to the Plan under the Schedules of Contributions certified by the Plan Actuary on 16 January 2015 and 29 June 2018.

Contributions payable under the Schedules in respect of the Plan year		£
Employer:	Normal contributions	165,500
	Deficit contributions	280,000
Employee:	Normal contributions	32,833
Total contributions payable under the Schedules (as reported on by the Plan auditor)		478,333
Reconciliation of contributions payable under the Schedules to total contributions as reported in the financial statements		
Contributions payable under the Schedule		478,333
Employee:	Additional Voluntary Contributions	3,840
Contributions reported in the financial statements		482,173

Signed on behalf of the Trustee on 4 November 2019


Director

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS

Independent Auditor's Statement about Contributions to the Trustee of the Millennium & Copthorne Pension Plan

We have examined the summary of contributions to the Millennium & Copthorne Pension Plan (the 'Plan') for the Plan year ended 5 April 2019 which is set out on page 24.

In our opinion, contributions for the Plan year ended 5 April 2019 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Plan Actuary on 16 January 2015 and 29 June 2018.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 24, the Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of Our Statement

This statement is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.

.....

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date:

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Trustee of the Millennium & Copthorne Pension Plan

Opinion

We have audited the financial statements of the Millennium & Copthorne Pension Plan (the 'Plan') for the year ended 5 April 2019, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 5 April 2019, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Plan's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities set out on page 23, the Trustee is responsible for the preparation of financial statements which show a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
Manchester

Date:

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

FUND ACCOUNT FOR THE YEAR ENDED 5 APRIL 2019

	Note	Final Salary Section for the year ended 5 April 2019 £	Money Purchase Section for the year ended 5 April 2019 £	Total for the year ended 5 April 2019 £	restated Total for the year ended 5 April 2018 £
CONTRIBUTIONS AND BENEFITS					
Contributions receivable					
Employer contributions	3	396,294	49,206	445,500	146,081
Employee contributions	3	16,542	20,131	36,673	38,482
Other income	4	324	31,200	31,524	-
		<u>413,160</u>	<u>100,537</u>	<u>513,697</u>	<u>184,563</u>
Benefits paid or payable	5	(1,747,410)	(167,131)	(1,914,541)	(1,576,551)
Payments to and on account of leavers	6	(558,607)	(60,261)	(618,868)	(965,455)
Administrative expenses	7	(36)	-	(36)	(45)
Other payments	8	-	(31,200)	(31,200)	-
		<u>(2,306,053)</u>	<u>(258,592)</u>	<u>(2,564,645)</u>	<u>(2,542,051)</u>
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		<u>(1,892,893)</u>	<u>(158,055)</u>	<u>(2,050,948)</u>	<u>(2,357,488)</u>
INVESTMENT RETURNS					
Investment income	9	24,048	27	24,075	24,090
Investment management expenses	10	(68,381)	-	(68,381)	(67,896)
Change in market value of investments	11.1	2,198,504	754,330	2,952,834	458,209
NET RETURNS ON INVESTMENTS		<u>2,154,171</u>	<u>754,357</u>	<u>2,908,528</u>	<u>414,403</u>
NET INCREASE / (DECREASE) IN THE FUND DURING THE YEAR		<u>261,278</u>	<u>596,302</u>	<u>857,580</u>	<u>(1,943,085)</u>
TRANSFERS BETWEEN SECTIONS	12	349,164	(349,164)	-	-
NET ASSETS OF THE PLAN AT 6 APRIL		<u>49,754,734</u>	<u>12,018,994</u>	<u>61,773,728</u>	<u>63,716,813</u>
NET ASSETS OF THE PLAN AT 5 APRIL		<u>50,365,176</u>	<u>12,266,132</u>	<u>62,631,308</u>	<u>61,773,728</u>

The notes on pages 30 to 42 form an integral part of these financial statements.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 5 APRIL 2019

	Note	5 April 2019 £	5 April 2018 £
FINAL SALARY SECTION			
INVESTMENT ASSETS			
Pooled investment vehicles	11.4	50,125,821	49,414,722
TOTAL FINAL SALARY SECTION INVESTMENTS		50,125,821	49,414,722
CURRENT ASSETS	13	290,874	356,959
CURRENT LIABILITIES	14	(51,519)	(16,947)
TOTAL NET ASSETS OF THE FINAL SALARY SECTION		50,365,176	49,754,734
MONEY PURCHASE SECTION			
INVESTMENT ASSETS			
Pooled investment vehicles	11.4	11,679,565	11,421,238
Insurance policies	11.5	203,945	271,874
Cash in transit	11.1	89,361	-
AVC investments	11.6	306,753	290,616
TOTAL MONEY PURCHASE SECTION INVESTMENTS		12,279,624	11,983,728
CURRENT ASSETS	13	76,367	118,565
CURRENT LIABILITIES	14	(89,859)	(83,299)
TOTAL NET ASSETS OF THE MONEY PURCHASE SECTION		12,266,132	12,018,994
TOTAL NET ASSETS AT 5 APRIL		62,631,308	61,773,728

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Final Salary Section of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 3 and 4 and these financial statements should be read in conjunction with that report.

The notes on pages 30 to 42 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 4 November 2019 and were signed on its behalf by:


Director

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised November 2014) ("the SORP").

2 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

2.1 Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when paid.

2.2 Currency

The Plan's functional currency and presentational currency is pound sterling (GBP).

2.3 Contributions

Normal and deficit contributions are accounted for when due under the Schedules of Contributions. Additional voluntary contributions are accounted for on an accruals basis.

Additional Voluntary Contributions (AVCs) provide defined contribution benefits to the individuals on whose behalf contributions are paid.

2.4 Benefits payable

Benefits and withdrawal payments are accounted for as they fall due for payment. Where a member has a choice about the form of their benefit, the benefit is accounted for at the later of the date of retirement/leaving or when the member notifies the Trustee of their decision as to what form of benefit they will take.

2.5 Transfers to other schemes

Individual transfer values to other pension arrangements are accounted for on a cash basis when the liability is accepted by the receiving scheme.

2.6 Expenses

In accordance with the Schedules of Contributions dated 16 January 2015 and 29 June 2018, Pension Protection Fund levies, insurance premiums for death in service benefits as well as management and administration expenses are payable by the Employer as and when they fall due.

2.7 Investment income

Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price and is reported within 'Change in market value'.

Income from annuity policies held by the Trustee to fund benefits payable to the Plan members is accounted for as investment income on an accruals basis linked to the corresponding pension payments. Detailed information in this respect is currently not available and is subject to ongoing investigations, and therefore the annuity income and related payment amounts included in the financial statements have been estimated.

For the Final Salary Section any performance related fees as well as any periodic charges and the running costs of the funds are taken out of the underlying assets directly, except for LDI funds which are separately invoiced. For the Money Purchase Section investment managers' fees are not charged separately but are allowed for in the unit pricing of the funds.

Other income items are accounted for on an accruals basis.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

2.8 Valuation of investments

Investments are included at fair value.

Unitised pooled investment vehicles which are not quoted on an active market are valued at the bid-price quoted by the manager or at the single price if only one price is quoted.

The insurance policies are valued at the fair value provided by the insurer and are inclusive of reversionary and final bonuses.

Investments are included at market price at the year end, as provided by the AVC provider or, where market values are not readily available, at the latest valuation adjusted for subsequent cash movements.

Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members have been valued, where material, by the Plan Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

3 CONTRIBUTIONS

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Employer's Contributions			
Normal contributions	116,294	49,206	165,500
Deficit contributions	280,000	-	280,000
Employees' Contributions			
Normal contributions	16,542	16,291	32,833
Additional voluntary contributions	-	3,840	3,840
	412,836	69,337	482,173
	Final Salary Section 2018 £	Money Purchase Section 2018 £	Total 2018 £
Employer's Contributions			
Normal contributions	97,026	49,055	146,081
Employees' Contributions			
Normal contributions	20,214	16,228	36,442
Additional voluntary contributions	-	2,040	2,040
	117,240	67,323	184,563

AVCs for both DB and DC members are accounted for in the DC section as they provide defined contribution benefits to the individuals on whose behalf contributions are paid.

In accordance with the recovery plan following the 5 April 2017 actuarial valuation, the Employer paid a contribution of £280,000 on 31 December 2018 in respect of the funding shortfall.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 OTHER INCOME

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Other income	324	31,200	31,524
	Final Salary Section 2018 £	Money Purchase Section 2018 £	Total 2018 £
Other income	-	-	-

5 BENEFITS PAID OR PAYABLE

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Pension payments	1,274,533	-	1,274,533
Commutations and lump sum retirement benefits	472,887	161,012	633,889
Lump sum death benefits	-	6,119	6,119
	1,747,420	167,131	1,914,541
	restated Final Salary Section 2018 £	Money Purchase Section 2018 £	restated Total 2018 £
Pension payments	1,186,392	-	1,186,392
Commutations and lump sum retirement benefits	270,631	119,528	390,159
	1,457,023	119,528	1,576,551

The prior year figures have been restated to include pension payments made directly to insured pensioners with corresponding income recognised within annuity income in note 9 and to ensure comparatives remain comparable.

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Individual transfers out to other schemes	558,607	60,261	618,868
	Final Salary Section 2018 £	Money Purchase Section 2018 £	Total 2018 £
Individual transfers out to other schemes	765,629	199,826	965,455

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 ADMINISTRATIVE EXPENSES

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Other expenses	36	-	36
	Final Salary Section 2018 £	Money Purchase Section 2018 £	Total 2018 £
Other expenses	45	-	45

In accordance with the Schedules of Contributions all administrative expenses are met by the Principal Employer.

8 OTHER PAYMENTS

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Other payments	-	31,200	31,200
	Final Salary Section 2018 £	Money Purchase Section 2018 £	Total 2018 £
Other payments	-	-	-

9 INVESTMENT INCOME

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Annuity income	24,000	-	24,000
Interest on cash deposits	48	27	75
	24,048	27	24,075
	restated Final Salary Section 2018 £	Money Purchase Section 2018 £	restated Total 2018 £
Annuity income	24,000	-	24,000
Interest on cash deposits	48	42	90
	24,048	42	24,090

The prior year figures have been restated to include annuity income relating to insured pensioners with corresponding payments recognised within pensions payable in note 5 and to ensure comparatives remain comparable.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENT MANAGEMENT EXPENSES (CONTINUED)

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Investment management & custody	68,381	-	68,381
	Final Salary Section 2018 £	Money Purchase Section 2018 £	Total 2018 £
Investment management & custody	67,896	-	67,896

11 RECONCILIATION OF INVESTMENTS

11.1 Reconciliation of investments held at beginning and end of year:

	Value at 6 April 2018 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 5 April 2019 £
Final Salary Section					
Pooled investment vehicles	49,414,722	3,711,791	(5,199,196)	2,198,504	50,125,821
Money Purchase Section					
Pooled investment vehicles	11,421,238	502,936	(973,007)	728,398	0
Insurance policies	271,874	-	(75,335)	7,406	50,125,821
AVCs	290,616	240	(2,629)	18,526	0
	49,414,722	3,711,791	(5,199,196)	2,198,504	50,125,821
Cash In transit	-				89,361
Total	11,983,728				12,279,624

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The pooled investment vehicles are other managed funds. The Trustee has delegated responsibility for the custody of the Plan assets to the investment managers. All investment managers are registered in the United Kingdom.

The Trustee holds individual insurance policies that secure the pensions payable, or an element of the pensions payable, to specified beneficiaries. Whilst these policies remain assets of the Trustee, it has determined with its advisers not to value them for the purpose of the Plan's accounts as they are deemed immaterial in value.

The money purchase section assets are allocated as follows:

	Value at 5 April 2019 £	Value at 5 April 2018 £
Allocated to members	12,279,624	11,983,728
Not allocated to members	-	-
	12,279,624	11,983,728

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.1 Reconciliation of investments held at beginning and end of year (continued)

Money purchase investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment managers hold the investment units on a pooled basis for the Trustee and the administrator allocates these investment units to individual members to reflect the member's chosen options. This is different from investment assets in the Final Salary Section. These are not allocated to individual members but retained with the aim of meeting all of the Plan's future pension payments.

The Trustee may hold investment units representing the value of Employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

11.2 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets at the year end:

	2019	2019	2018	2018
	£	%	£	%
Final Salary Section				
Baillie Gifford Diversified Growth	17,887,990	28.6	19,328,933	31.3
Thread Life Multi Asset	10,346,719	16.5	8,466,783	13.7
BMO Real Dynamic LDI	8,418,454	13.4	9,670,640	15.7
Invesco Global Targeted Returns	6,807,418	10.9	8,073,966	13.1
BMO Nominal Dynamic LDI	6,665,239	10.6	3,874,400	6.3
Money Purchase Section				
L&G Global Equity 60:40 Index	9,336,629	14.9	9,115,218	14.8
	59,462,449	94.9	58,529,940	94.9

The Final Salary Section investments are held on the Mobius Life Platform, a service provided by JLT Investment Management Limited.

11.3 TRANSACTION COSTS

Indirect transaction costs are incurred through the bid-offer spread on investments and are charged in the unit price. The amount of indirect transaction costs is not separately provided to the Plan. There were no direct transaction costs incurred in the year (2018: £nil).

11.4 POOLED INVESTMENT VEHICLES

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Equity	-	9,372,240	9,372,240
Bonds	15,083,693	1,975,595	17,059,288
Diversified Growth	35,042,128	-	35,042,128
Managed Property	-	30,835	30,835
Cash	-	300,895	300,895
	50,125,821	11,679,565	61,805,386

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.4 POOLED INVESTMENT VEHICLES (continued)

	Final Salary Section 2018	Money Purchase Section 2018	Total 2018
	£	£	£
Equity	-	9,147,602	9,147,602
Bonds	13,545,040	1,925,424	15,470,464
Diversified Growth	35,869,682	-	35,869,682
Managed Property	-	27,960	27,960
Cash	-	320,252	320,252
	<u>49,414,722</u>	<u>11,421,238</u>	<u>60,835,960</u>

11.5 INSURANCE POLICIES

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Insurance policies			
Equitable Life Assurance Society	-	22,134	22,134
Prudential	-	181,811	181,811
	<u>-</u>	<u>203,945</u>	<u>203,945</u>

	Final Salary Section 2018	Money Purchase Section 2018	Total 2018
	£	£	£
Insurance policies			
Equitable Life Assurance Society	-	72,145	72,145
Prudential	-	199,729	199,729
	<u>-</u>	<u>271,874</u>	<u>271,874</u>

11.6 AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 5 April confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Equitable Life Assurance Society	-	193,401	193,401
Friends Provident Life and Pensions	-	91,448	91,448
Zurich Assurance	-	21,904	21,904
	<u>-</u>	<u>306,753</u>	<u>306,753</u>

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.6 AVC INVESTMENTS (continued)

	Final Salary Section 2018	Money Purchase Section 2018	Total 2018
	£	£	£
Equitable Life Assurance Society	-	188,968	188,968
Friends Provident Life and Pensions	-	81,106	81,106
Zurich Assurance	-	20,542	20,542
	-	290,616	290,616

AVCs for both DB and DC members are accounted for in the DC section as they provide defined contribution benefits to the individuals on whose behalf contributions are paid.

11.7 FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

- Level 1 The unadjusted quoted price for an identical asset in an active market
- Level 2 Inputs other than the quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 Inputs are unobservable for the asset or liability

The Plan's investment assets have been fair valued using the above hierarchy categories as follows:

	Level 1	Level 2	Level 3	Total 2019
	£	£	£	£
Final Salary Section				
Pooled investment vehicles	-	50,125,821	-	50,125,821
Money Purchase Section				
Pooled investment vehicles	-	11,679,565	-	11,679,565
Insurance policies	-	-	203,945	203,945
AVC investments	-	91,448	215,305	306,753
Cash	89,361	-	-	89,361
	89,361	11,771,013	419,250	12,279,624

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.7 FAIR VALUE HIERARCHY (continued)

	Level 1	Level 2	Level 3	Total 2018
	£	£	£	£
Final Salary Section				
Pooled investment vehicles	-	49,414,722	-	49,414,722
Money Purchase Section				
Pooled investment vehicles	-	11,421,238	-	11,421,238
Insurance policies	-	-	271,874	271,874
AVC investments	-	81,106	209,510	290,616
	-	11,502,344	481,384	11,983,728

11.8 INVESTMENT RISKS

The Plan has exposure to investment risks because of the investments it makes to implement its investment strategy, as described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment manager agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Plan's exposure to credit and market risks is set out below. This excludes risks applying to annuity insurance policies and AVC investments as these are not considered material.

Final Salary Section

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Plan is exposed to at the year end. These risks are set out by FRS 102 as follows:

Credit risk

FRS 102 defines credit risk as: the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Plan is exposed to direct credit risk through the pooled investment vehicles it holds via the Mobius Life platform. It is also exposed to indirect credit risks arising from the underlying financial instruments held by these pooled investment managers.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled managers.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk mitigated by only investing in funds which hold at least investment grade credit rated investments.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.8 INVESTMENT RISKS (continued)

All funds are unit linked insurance contracts and are categorised as unrated pooled investment vehicles, summarised as follows:

	2019	2018
	£	£
Diversified Growth Funds	35,042,128	35,869,682
Bond Funds	15,083,693	13,545,040
Unit linked insurance contracts	50,125,821	49,414,722

Market risk

FRS 102 defines market risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency risk:

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Plan is exposed to currency risk as some of the Plan's assets are held in overseas markets through pooled investment vehicles. The exposure to foreign currencies within the pooled investment funds will vary over time as the fund managers change the underlying investments, but it is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds are at the discretion of the fund managers.

All Mobius Life funds are priced in GBP however the underlying portfolio is exposed to foreign exchange risk:

	2019	2018
	£	£
Baillie Gifford Diversified Growth	17,887,990	19,328,933
Thread Life Multi Asset	10,346,720	8,466,783
Invesco Global Targeted Returns	6,807,418	8,073,966
Total	35,042,128	35,869,682

ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Plan is exposed to interest rate risk as some assets, held through pooled investment vehicles, are subject to interest rate risk, for the purposes of this report we have included Index linked bonds in this categorisation. The Trustee believes it is appropriate to have exposure to this risk as part of the Plan's overall investment strategy. The following holdings are subject to changes in interest rates:

	2019	2018
	£	£
BMO Real Dynamic LDI	8,418,454	9,670,640
BMO Nominal Dynamic LDI	6,665,239	3,874,400
Baillie Gifford Diversified Growth	17,887,990	19,328,933
Thread Life Multi Asset	10,346,720	8,466,783
Invesco Global Targeted Returns	6,807,418	8,073,966
Total	50,125,821	49,414,722

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.8 INVESTMENT RISKS (continued)

iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency and interest rate risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan is exposed to other price risk in relation to its holdings in assets, through pooled investment vehicles, typically including equities, private equity, hedge funds and property. The Trustee believes that the Plan's assets are adequately diversified between different asset classes and within each asset class to manage this risk. The exposure to other price risk will vary over time depending on how the fund managers change the underlying asset allocations to reflect their market views.

The following holdings are subject to other price risk:

	2019	2018
	£	£
Baillie Gifford Diversified Growth	17,887,990	19,328,933
Thread Life Multi Asset	10,346,720	8,466,783
Invesco Global Targeted Returns	6,807,418	8,073,966
Total	<u>35,042,128</u>	<u>35,869,682</u>

Money Purchase Section

The Trustee's objective is to make available to members of the Plan an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their Employer, will provide a retirement amount with which the member can purchase a pension annuity (or other type of retirement product). The Statement of Investment Principles outlines the investment objectives and strategy for the assets of the Plan.

The Trustee has appointed Legal & General to manage the money purchase assets of the Plan. The risks disclosed here relate to the Plan's investments as a whole. Members are able to choose their own investments from a range of funds offered by the Trustee and therefore may face a different profile of risks from their individual choices compared to the Section as a whole.

The Money Purchase Section is also subject to indirect credit and market risk arising from the underlying investments. The funds which have significant exposure to these risks are set out below:

	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Equity funds	✓	✓	-	✓
Bonds	✓	-	✓	-
Property funds	✓	-	✓	✓
Cash	✓	-	✓	-

The value of the above funds has been disclosed within Note 11.4 (DC Section).

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 TRANSFERS BETWEEN SECTIONS

The transfer between sections arises following the retirement of members who held benefits in both sections. The amount relates to the members' money purchase benefits, including the surrender value of any AVC benefits, which were transferred to the final salary section, for inclusion in the benefits payable by the Plan.

13 CURRENT ASSETS

	2019 £	2018 £
Final Salary Section		
Bank balance	89,135	231,518
Contributions due		
- from Employer	-	7,635
- from employees	-	1,591
Other debtors	201,739	116,215
	290,874	356,959
	2019 £	2018 £
Money Purchase Section		
Bank balance	76,367	112,845
Contributions due		
- from Employer	-	4,057
- from employee	-	1,663
	76,367	118,565

Included in the bank balance of the Money Purchase Section is £72,309 (2018: £104,419) which is not allocated to members. Final Salary current assets are not allocated to members.

14 CURRENT LIABILITIES

	2019 £	2018 £
Final Salary Section		
Unpaid benefits	33,826	730
Accrued investment fees	17,693	16,217
	51,519	16,947
	2019 £	2018 £
Money Purchase		
Unpaid benefits	-	66,393
Other creditors	89,859	16,906
	89,859	83,299

Final Salary current liabilities are not allocated to members. All other Money Purchase current liabilities are allocated to members.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 EMPLOYER- RELATED INVESTMENTS

There were no employer related investments during the Plan year within the meaning of Section 40(2) of the Pensions Act 1995 (2018: none).

16 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities as at 5 April 2019 (2018: none).

17 GMP EQUALISATION

As explained on page 5 of the Trustee's Report, on 26 October 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this further. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in the financial statements. They will be accounted for in the year they are determined.

18 TRANSACTIONS WITH RELATED PARTIES

The Plan is deemed to be related to its members, the Employer, the Trustee and its advisers.

The cost of Millennium & Copthorne Hotels plc staff involved in running the Plan is not recharged to the Plan. No refunds have been made to the Principal Employer.

One Trustee Director (2018: one) is a pensioner member of the Plan and the benefits payable are in line with the Plan Rules and non-Trustee members.

One Trustee Director (2018: one) is an active member of the Plan. Benefits accruing were in line with the Plan Rules and non-Trustee members.

During the year £587 (2018: £548) was reimbursed by the Employer to the Trustee Directors for expenses incurred in the provision of Trustee services.

Included within Notes 4 and 8, during the year the Plan received a lump sum death benefit of £31,200 for a deceased individual that was not a member of the Plan which was subsequently paid to the Employer for settlement with the beneficiary.

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

Schedule of Contributions

Millennium and Copthorne Pension Plan

This schedule of contributions has been prepared by the trustees, after obtaining the advice of Michael J Lane, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 4 July 2012.

Period covered by this schedule of contributions

This schedule of contributions takes effect from 16 January 2015 and ends on 16 January 2020.

Defined Benefit Section

Contributions by active members

5% of Pensionable Salaries for Final Salary members. Members may also make Additional Voluntary Contributions (AVCs).

These are to be deducted by the employer and paid to the Plan by the 19th of the calendar month following that in which they are deducted (the legal due date).

Contributions by employer in respect of future accrual of benefits, death in service benefits and expenses

24% of Pensionable Salaries payable monthly by the 19th of the calendar month following that to which they relate (the legal due date).

Levy payments to the Pension Protection Fund, insurance premiums for death in service benefits as well as management and administration expenses are payable by the employer in addition, as and when they are due.

Contributions by employer in respect of the shortfall in funding

In accordance with the recovery plan following the 5 April 2014 actuarial valuation, the employer will pay a contribution of £3,310,000 by 31 January 2015 (the legal due date).

Additional employer contributions

The employer may pay additional contributions of any amount and at any time from those set out above.

Pensionable Salary

This is defined as "basic salary calculated at 1 April each year"

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

Defined Contribution Section

Contributions by active members

Category	Rate
Previous members of the Rank Pension Plan	Can choose to pay 0.0%, 1.0% or 2.0% of Pensionable Salary
All other members	2.0% of Pensionable Salary

Members may also make Additional Voluntary Contributions (AVCs).

Members' contributions are deducted from their earnings each pay period (monthly/fortnightly) and the Employer will pay these contributions to the Plan by the 19th day of the calendar month following that in which they are deducted (the legal due date).

Contributions by the employer in respect of active members

Category	Rate
Previous members of the Rank Pension Plan	6.0% of Pensionable Salary, plus an additional contribution to match the contribution made by the member
All other members	6.0% of Pensionable Salary

The Employer will pay these contributions to the Plan by the 19th of the calendar month following that to which they relate (the legal due date).

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

Signatures

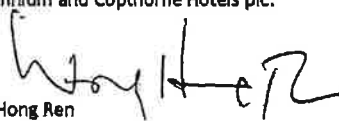
This schedule of contributions has been prepared and agreed by the trustees.

Signed on behalf of Millennium and Copthorne Pension Trustee Limited:

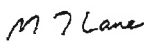
Signature: 
Name: Jonathon Grech
Position: Trustee Director
Date: 16 January 2015

This schedule of contributions has been agreed by the employer.

Signed on behalf of Millennium and Copthorne Hotels plc:

Signature: 
Name: Wong Hong Ren
Position: Director
Date: 16 January 2015

This schedule of contributions has been agreed by the trustees after obtaining actuarial advice from me.

Signature: 
Name: Michael J Lane
Position: Fellow of the Institute and Faculty of Actuaries, Scheme Actuary
Date: 16 January 2015

SCHEDULE OF CONTRIBUTIONS

MILLENNIUM AND COPTHORNE PENSION PLAN

This schedule of contributions has been prepared by the trustees, after obtaining the advice of Michael J Lane, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 16 January 2015.

Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary. It ends five years after the date it is certified by the Scheme Actuary.

Defined Benefit Section

Contributions by active members

5% of Pensionable Salaries. Members may also make Additional Voluntary Contributions (AVCs).

These are to be deducted by the employer and paid to the scheme by the 19th day of the month following that in which they are deducted.

Contributions by employer in respect of future accrual of benefits, death in service benefits and expenses

39.2% of Pensionable Salaries payable monthly by the 19th of the calendar month following that to which they relate.

Levy payments to the Pension Protection Fund, insurance premiums for death in service benefits as well as management and administration expenses are payable by the employer in addition, as and when they are due.

Contributions by employer in respect of the shortfall in funding

In accordance with the recovery plan following the 5 April 2017 actuarial valuation, the employer will pay a contribution of £280,000 by 31 December 2018.

Additional employer contributions

The employer may pay additional contributions of any amount and at any time to those set out above.

Pensionable Salary

This is defined as "basic salary calculated at 1 April each year".

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

Defined Contribution Section

Contributions by active members

CATEGORY	RATE
Previous members of the Rank Pension Plan	Can choose to pay 0.0%, 1.0% or 2.0% of Pensionable Salary
All other members	2.0% of Pensionable Salary

Members may also make Additional Voluntary Contributions (AVCs).

Members' contributions are deducted from their earnings each pay period (monthly/fortnightly) and the Employer will pay these contributions to the scheme by the 19th day of the month following that in which they are deducted.

Contributions by the employer in respect of active members

CATEGORY	RATE
Previous members of the Rank Pension Plan	6.0% of Pensionable Salary, plus an additional contribution to match the contribution made by the member
All other members	6.0% of Pensionable Salary

The Employer will pay these contributions to the scheme by the 19th of the calendar month following that to which they relate.

Additional employer contributions

The employer may pay additional contributions of any amount and at any time to those set out above.

Pensionable Salary

This is defined as "basic salary calculated at 1 April each year".

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

SIGNATURES


This schedule of contributions has been agreed by the trustees

Signed on behalf of Millennium and Copthorne Pension Trustee Limited:

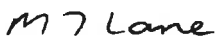
Signature: 
Name: Jonathon Green
Position: Trustee Director
Date: 29 June 2018

This schedule of contributions has been agreed by the employer

Signed on behalf of Millennium and Copthorne Hotels plc:

Signature: 
Name: Jennifer Fox
Position: Director
Date: 29 June 2018

This schedule of contributions has been agreed by the trustees after obtaining actuarial advice from me

Signature: 
Name: Michael J Lane
Fellow of the Institute and Faculty of Actuaries
Position: Scheme Actuary
Date: 29 June 2018

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

MILLENNIUM AND COPTHORNE PENSION PLAN

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 5 April 2017 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the trustees on) 29 June 2018.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated (i.e. signed on behalf of the trustees on) 29 June 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:	<i>M J Lane</i>	Date:	29 June 2018
Name:	M J Lane	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	JLT Employee Benefits St Botolph Building 138 Houndsditch London EC3A 7AW	Name of employer:	JLT Benefit Solutions Limited

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

MEMBERS' INFORMATION

INTRODUCTION

The Plan is a mixed benefit scheme and is administered by JLT Employee Benefits in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

Other information

- (i) The Trustee is required to provide certain information about the Plan to the Registrar of Pension Schemes. This has been forwarded to:

The Registrar of Pension Schemes
PO Box 1NN, Newcastle Upon Tyne
NE99 1NN

- (ii) The Pensions Ombudsman (TPO) deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes. Members have the right to refer a complaint to TPO free of charge.

Contact with TPO about a complaint needs to be made within three years of when the event(s) being complained about happened – or, if later, within three years of when a member first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

TPO now operates an Early Resolution Service (**ERS**) in addition to its normal Adjudication Service that aims to provide a quick, informal and streamlined process. Any member that elects to use the ERS does not need to follow the Trustees' Internal Dispute Resolution Procedure (**IDRP**). However should any complaint that has gone through the ERS remain unresolved, TPO expects the IDRP to be followed prior to complaint being passed to its Adjudication Service.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU



enquiries@pensions-ombudsman.org.uk



0800 917 4487



www.pensions-ombudsman.org.uk

- (iii) The Money & Pensions Service ("MAPS") is committed to ensuring that people throughout the UK have guidance and access to the information that they need to make effective financial decisions over their lifetime.

MAPS brings together Pensions Wise, the Money Advice Service and the Pensions Advisory Service and can be contacted at the following address:

Money and Pensions Service
120 Holborn
London
EC1N 2TD



www.moneyandpensionsservice.org.uk

MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2019

MEMBERS' INFORMATION (CONTINUED)

- (iv) The statutory body that regulates occupational pension schemes is The Pensions Regulator ('TPR'). TPR works with pension scheme trustees, scheme managers and employers to help protect workplace pensions but does not deal with queries about individuals' pension benefits.
- (v) The Pensions Compensation Scheme was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the Plan's assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Compensation Scheme is funded by a retrospective levy on occupational pension schemes.
- (vi) The Trust Deed and Rules, the Plan details, a copy of the Schedule of Contributions and Statements of Investment Principles are available for inspection free of charge by contacting the Trustee at the address on page 1. Any information relating to the members' own pension position, including estimates of transfer values should also be requested from the Plan Administrators at the address on page 1.

MILLENNIUM & COPTHORNE DC
PENSION PLAN
STATEMENT OF INVESTMENT
PRINCIPLES – 2019 EDITION

AUGUST 2019

TABLE OF CONTENTS

1 Introduction	3
2 Investment Responsibilities	4
3 Investment Objectives	6
4 Default Investment Strategy	8
5 Responsible Investing	10
6 Risk	12
7 Monitoring of Investment Adviser and Managers	14
8 Code of Best Practice	15
9 Compliance	16
Appendix 1: Investment Manager Information and Default Lifestyle Strategy	17
Appendix 2: Responsibilities of Parties	19

1 INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustee of the Millennium & Copthorne DC Pension Plan ("the Plan") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Plan and the activities undertaken by the Trustee to ensure the effective implementation of these principles.

In preparing the Statement, the Trustee has:

- Obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, JLT Employee Benefits (a trading name of JLT Benefit Solutions Limited), whom they believe to have a degree of knowledge and experience that is appropriate for the management of the Plan's investments; and
- Consulted with the Principal Employer, although the Trustee affirms that no aspect of this strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustee's investment policy for the Plan.

The Trustee will review the Statement formally at least every three years to ensure its ongoing suitability. Furthermore, the Trustee will review the Statement following any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Principal Employer.

2 INVESTMENT RESPONSIBILITIES

2.1 Trustee's duties and responsibilities

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives.

The Trustee carries out its duties and fulfils its responsibilities as a single body. The duties and responsibilities of the Trustee include, but are not limited to, the following tasks and activities:

- Setting of investment objectives and formulating investment strategy
- Selecting funds for member choices
- The regular approval of the content of the Statement
- The appointment and review of the investment managers and investment advisers
- The compliance of the investment arrangements with the principles set out in the Statement

2.2 Investment adviser's duties and responsibilities

The Trustee has appointed JLT Employee Benefits ("JLT EB") as the independent investment adviser to the Plan. JLT EB provides investment advice as required by the Trustee, as well as raising any investment-related issues, of which it believes the Trustee should be aware. Matters on which JLT EB expects to provide advice to the Trustee include the following:

- Setting of investment objectives
- Determining investment strategy and structure of the default strategy
- Advising on appropriate member fund choices
- Selecting and replacing investment managers

JLT EB monitors the performance of the Plan's investment managers against their benchmarks.

JLT EB will also advise the Trustee of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Plan is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet their long-term objectives. If the investment manager and fund are not covered by JLT EB's manager research process, JLT EB will advise the Trustee accordingly.

JLT EB is remunerated on a fee basis for the investment advice it provides and does not receive any commission in relation to the Scheme. The Trustee is satisfied that the investment arrangements, including the charging structure, are clear and transparent. Any additional services provided by JLT EB will be remunerated primarily on a time-cost basis.

Both JLT and the individual investment consultants who advise the Trustee are authorised and regulated by the Financial Conduct Authority (FCA).

2.3 Investment manager's duties and responsibilities

The Trustee, after considering appropriate investment advice, has appointed a professional, authorised investment manager to manage the assets of the Plan.

Details of the manager's mandates and annual management charges applied by the investment manager are set out in Appendix 1.

JLT EB monitor the Plan's investment manager to ensure their continuing appropriateness to the mandates given and notify the Trustee if the manager is downgraded to a REVIEW or SELL rating by JLT's Manager Research Team.

The Trustee considered a range of active and passive approaches to investment management and assessed these against their investment objectives. The Trustee selected an investment manager having regard to its ability to provide one or more of the identified fund types and their potential to meet the investment objectives of the Scheme. Before selecting any investment manager, the Trustee ensures that appropriate due diligence is carried out.

The investment manager is responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

The investment manager engaged by the Trustee is authorised and regulated by the FCA.

The investment manager is remunerated by ad valorem charges based on the value of the assets that it manages on behalf of the Plan. These charges are set out in Appendix 1. The Trustee believes that this is the most appropriate basis for remunerating managers.

2.4 Summary of responsibilities

A summary of the responsibilities of all relevant parties, insofar as they relate to the Plan's investments, is set out in Appendix 2.

3 INVESTMENT OBJECTIVES

The Trustee's objectives is to provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

3.1 Risks Considered

The Trustee recognises that in a defined contribution arrangement, members assume the investment risks themselves. The Trustee further recognises that members are exposed to different types of risk at different stages of their working lifetimes. Broadly speaking, seven main types of investment risk can be identified, as noted below:

- **Investment Return Risk:** the risk that a member is not invested in those asset classes that are expected to generate the highest returns over the long run.
- **Volatility risk:** the risk that the value of a member's pot will fluctuate substantially over the investment term.
- **Market Switching Risk:** the risk that arises if there is to be switching between investment vehicles. The risk is that large investment switches are made at one point in time, thereby unnecessarily exposing members to unfavourable market pricing on a particular day.
- **Environmental, social and governance (ESG) risks:** these risk factors can have a significant effect on the long-term performance of the assets the Plan holds. Where applicable these factors will be considered in the investment process.
- **Inflation Risk:** the risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).
- **Liquidity Risk:** as far as is practicable and necessary, the Trustee invests in liquid assets that can be quickly realised as required.
- **Pension Conversion Risk:** the Trustee increases the proportion of assets that more closely match how they expect members to use their pots at retirement.

The Trustee has determined its investment policy in such a way as to address the above risks.

The Trustee is mindful of its responsibility to provide members with an appropriate range of investment funds and a suitable default strategy.

Details of the approach the Trustee has taken to meet these investment objectives are set out in Section 4.

To help mitigate the most significant of these risks, the Trustee has:

- Made a lifestyle strategy available as a default solution, which transitions members' investments from higher risk investments to lower risk investments as members approach retirement, and
- Offered a range of self-select funds across various asset classes.

When deciding on the investment options available to members, the Trustee took into account the expected return on such investments and was mindful to offer a range of funds with varying levels of expected returns for members to choose from.

When it comes to realisation of investments, the Trustee considers the impact of transaction costs before making any changes.

The Trustee will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

3.2 Fund choices

To balance the investment needs of members, the Trustee offers a range of self-select funds alongside the default investment strategy. Members can opt out of the default strategy as they have the option to invest in self-select funds. The range of investment options cover multiple asset classes and this balance will determine the expected return on members' assets and should be related to the members' own risk appetites and tolerances.

The Trustee has made six funds available for self-selecting, details of which can be found in Appendix 1. The Trustee will continue to keep the fund range under review, and will make changes if appropriate.

3.3 Types of investments to be held

The Trustee is permitted to invest across a wide range of asset classes, both active and passive.

Actively managed funds will only be included to the extent that the Trustee has a high level of confidence in the investment manager achieving its performance objectives, net of active investment management fees.

All of the funds in which the Plan invests are pooled and unitised. Details of each fund can be found in Appendix 1.

3.4 Additional voluntary contributions

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year. This arrangement is held with Equitable Life Assurance Society, Friends Provident Life and Pensions and Zurich Assurance Ltd.

4 DEFAULT INVESTMENT STRATEGY

4.1 Aims and Objectives

The lifestyle strategy operates as a default if a member does not wish to make their own selection of funds, and is designed to be appropriate for a typical member of the Plan.

The default strategy for the Plan is comprised of three funds managed by L&G which reduces investment risk as members get closer to retirement. The asset allocation at retirement is suitable for members who wish to take their 25% tax free cash lump sum and buy an annuity with the remainder of their pot.

In determining the investment strategy, the Trustee undertook extensive investigations and has received formal written investment advice from their investment consultants. Further information is set out below.

4.2 The Default Lifestyle Strategy

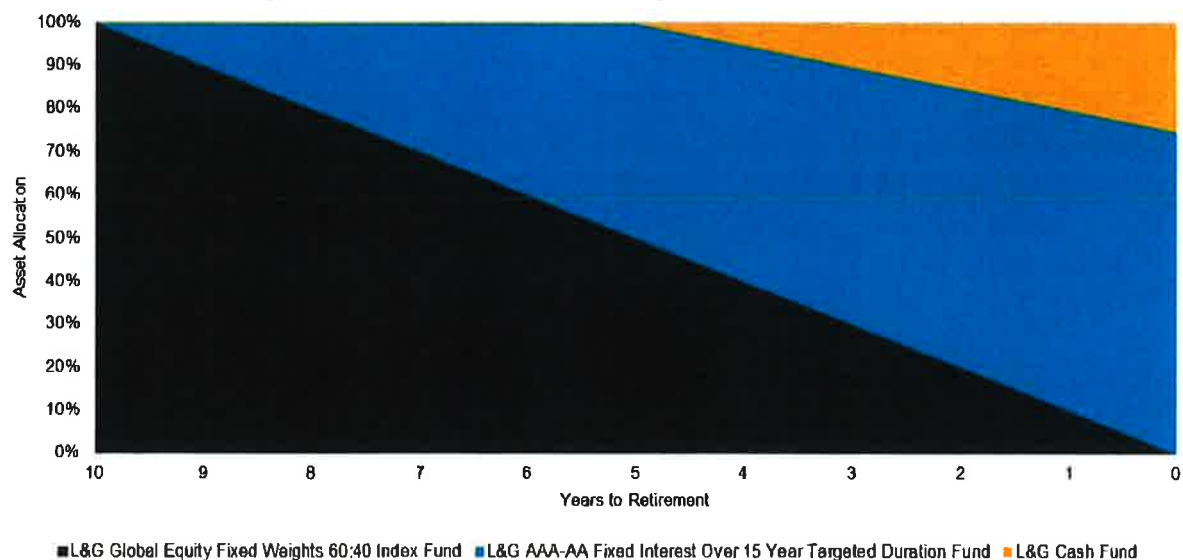
The Trustee has assumed responsibility for setting an investment strategy that provides a broad level of protection against the key risks identified in Section 3. This is achieved by using a Lifestyle Strategy.

The default strategy is designed after careful analysis of the membership demographics and other characteristics in order to offer a suitable approach that is tailored to the needs of the Plan's members.

The default lifestyle strategy can be separated into two distinct phases. Initially, the lifestyle option aims to generate long-term growth by investing in the **L&G Global Equity Fixed Weights 60:40 Index Fund**; a passively-managed equity fund which invests around 60% of funds in the UK and the remaining 40% overseas. 10 years prior to a member reaching their selected retirement age, the Strategy enters a de-risking phase. This involves a gradual switch of assets out of the global equity fund into the **L&G AAA-AA Fixed Interest Over 15 Year Fund** and then the **L&G Cash Fund**. When a member reaches retirement they will have 75% of their savings in the fixed interest fund and 25% in the cash fund.

This higher to lower risk lifestyle strategy provides a balance between the different kind of investments and will determine the expected return.

The default lifestyle strategy can be illustrated with the following chart:



Further details relating to these Funds can be found in Appendix 1.

All funds are daily-priced pooled investment arrangements, with assets invested in regulated markets, therefore should be realisable at short notice, based on members' demand.

A range of asset classes are included within the default arrangement, including developed market equities, corporate bonds and cash. Both active and passive funds are utilised depending on the asset class.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations in relation to the default investment strategy. The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the membership level. This will be dependent on the members' age and when they expect to retire.

The Trustee will, in particular, review the extent to which the return on investments relating to the default arrangement (after fees) is consistent with the aims and objectives of the Trustee or managers in respect of the default arrangement.

4.2 The Trustee's Policy to Risk in relation to the Default Strategy

In addition to the Trustee's Policy to risk monitoring and management set out in Section 6, the Trustee has considered the following items to monitor and manage the risk in relation to the default investment option. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option. The Trustee has considered how to monitor risks from a number of perspectives in the default investment option. The list below is not exhaustive but covers the additional risks that the Trustee considers specifically with regards to the default and how they are managed.

Volatility risk, Liquidity risk and Pension Conversion Risk – The default option is a lifestyle strategy which automatically switches member assets into investments whose value is expected to be less volatile relative to the growth phase approaching retirement age and is appropriate for members taking their tax free cash lump and buying an annuity sum at retirement. The Trustee regularly reviews the default investment strategy to ensure the outcome remains appropriate.

4.3 Members' Best Interests

The Trustee will continue to review the default strategy (a) at least every 3 years; and (b) without delay after any significant change in investment policy or the demographic profile of relevant members. This is in addition to more regular performance monitoring, which takes place quarterly. Member views are not explicitly taken into account in the selection, retention and realisation of investments within the default strategy.

The Trustee strives to ensure the strategy evolves in line with the Plan's membership characteristics in order to ensure that assets are invested in the best interests of the members in the default investment strategy.

5 RESPONSIBLE INVESTING

This section below sets out the Trustee's policy in relation to responsible investment issues for the Plan (including the Default Strategy).

5.1 Financially Material Considerations

The Trustee understands that it must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate investment and funding time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors (including but not limited to climate change).

The Trustee recognises that ESG factors, including climate change, can influence the investment performance of the Plan's portfolio and it is therefore in members' and the Plan's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.

The Trustee, with the assistance of JLT EB (the Trustee's investment adviser), will take into account ESG factors (including climate change) in the selection, retention and realisation of investments.

The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk-adjusted performance as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

When appointing a new investment manager, the Trustee will work with JLT EB to help select the investment managers that have passed the initial ESG screening. ESG screening will involve some of the following activities, but is not limited to:

- Ensuring the managers are signatories to UNPRI;
- Reviewing the managers' own ESG policies;
- The ESG ratings assigned by JLT;
- Investigating the extent to which these policies are integrated into their standard procedures of investment research and analysis etc.

The Plan's assets are currently invested in pooled funds. The Trustee accepts the fact that it has very limited ability to exert direct influence on the ESG policies and practices of the companies in which its manager invests. The Trustee will therefore rely on the policies and judgement of its investment manager and the Trustee will review those policies with the assistance of JLT EB annually at its quarterly trustee meetings, where they will be provided in advance of the meeting and there will be an item within the agenda for discussion of the policies.

The Trustee will continue to review the available products and approaches in this space and strive for the Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

5.2 Non-Financial Considerations

The Trustees only consider factors that are expected to have a financial impact on the Plan's investments. Non-financial matters are not taken into account in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Plan.

5.3 Stewardship and Voting Policy

The Plan's stewardship approach focuses on selection, monitoring and, where necessary, switching of underlying investment managers. The Trustee believes that choosing the right managers who fully engage with issuers of

equity or debt instruments in their portfolios (including in respect of ESG factors, including climate change considerations) will lead to better financial results for members. JLT EB assist the Trustee in the selection and monitoring of managers to ensure that appropriate managers are selected and to monitor the performance of appointed managers.

The Trustee is supportive of the UK Stewardship Code published by the Financial Reporting Council and encourages the Plan's underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. JLT EB check that these reports have been issued on the Trustee's behalf.

The Trustee expects the Plan's investment managers to use their influence as major institutional investors to pursue the Trustee's rights and duties as an investor in the pooled fund including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good governance, accountability, and positive change.

Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee (having sought advice) will exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's membership.

The Trustee requests details of its investment managers' activities and policy on stewardship and engagement and reviews these annually with input from JLT EB at its quarterly trustee meetings. Where the Trustee is concerned about an investment manager's approach to stewardship and engagement, JLT EB will engage with the manager on behalf of the Trustee as necessary by communicating with the investment manager to express these concerns and/or request an explanation.

5.4 Member Views

As explained above the Trustee does not explicitly take account of member views when selecting investments for the Plan, however, the Trustee believes that it has an understanding of membership demographics, behaviours and preferences and strives to provide a fund range that meets both financial and non-financially relevant member needs. To that end, an "Ethical" equity fund is available to members to provide them with an opportunity to invest in line with their beliefs and principles. The Trustee is committed to reviewing this policy on a biennial basis.

6 RISK

The Trustee is aware, and seeks to take account, of a number of risks in relation to the Plan's investments, including those set out below. Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. These are also set out below.

Manager risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the manager's investment process through the quarterly performance updates provided by JLT EB.

Liquidity risk

- The risk that the Scheme's assets cannot be realised at short notice in line with member demand.
- It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.

Political risk

- This is measured by the level of concentration of any one market, leading to the risk of an adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Corporate governance risk

- This is assessed by reviewing the Plan's investment manager's policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the manager, who exercise this right in accordance with their published corporate governance policies. Summaries of voting records are reviewed by the Trustee annually. Further information on how we measure ESG and corporate governance risk is highlighted in section 5.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The Trustee acknowledges that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustee will however ensure that it is comfortable with the amount of risk that the Plan's investment manager takes.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk:

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the Plan may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- For currency hedged funds, the Trustee acknowledges that currency risk related to overseas investments is hedged appropriately by the underlying investment managers.

Interest rate risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustee acknowledges that the interest rate risk related to individual debt instruments is managed by the underlying investment managers.

Other Price risk

- This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.
- The Trustee acknowledges that the Plan can manage its exposure to price risk by investing in a diverse portfolio across various markets.

7 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 Investment adviser

The Trustee continually assesses and reviews the performance of its adviser in a qualitative way.

6.2 Investment managers

The Trustee receives quarterly information from the Plan's investment manager to assess whether the Scheme's investments are performing in line with expectations.

The Trustee also receives quarterly monitoring reports on the performance of the investment manager from JLT EB as an independent check on the performance of the funds that the Scheme invests in.

JLT EB will advise the Trustee of any significant developments of which it is aware relating to the investment manager, or funds managed by the investment manager in which the assets of the Scheme are invested, such that in JLT EB's view there exists a significant concern that these funds will not be able to meet their long-term objectives.

8 CODE OF BEST PRACTICE

The Pensions Regulator has published a new code on standards for DC schemes and this came into effect in November 2013 as part of a wider initiative to get DC right. This was updated further on 28 July 2016 and this revised version is shorter and simpler than its predecessor and has been updated to include the DC flexibilities and governance legislation introduced from April 2015.

The Code of Practice 13 on the governance and administration of occupational DC trust based schemes places bigger than ever emphasis on good quality investment arrangements and stricter requirements for reviewing these on the Trustee. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for the Plan's membership. The Code can be found here:

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase>

When formulating their investment policy, the Trustee has acted in line with the Code of Practice 13.

9 COMPLIANCE

The Plan's Statement of Investment Principles is available to members.

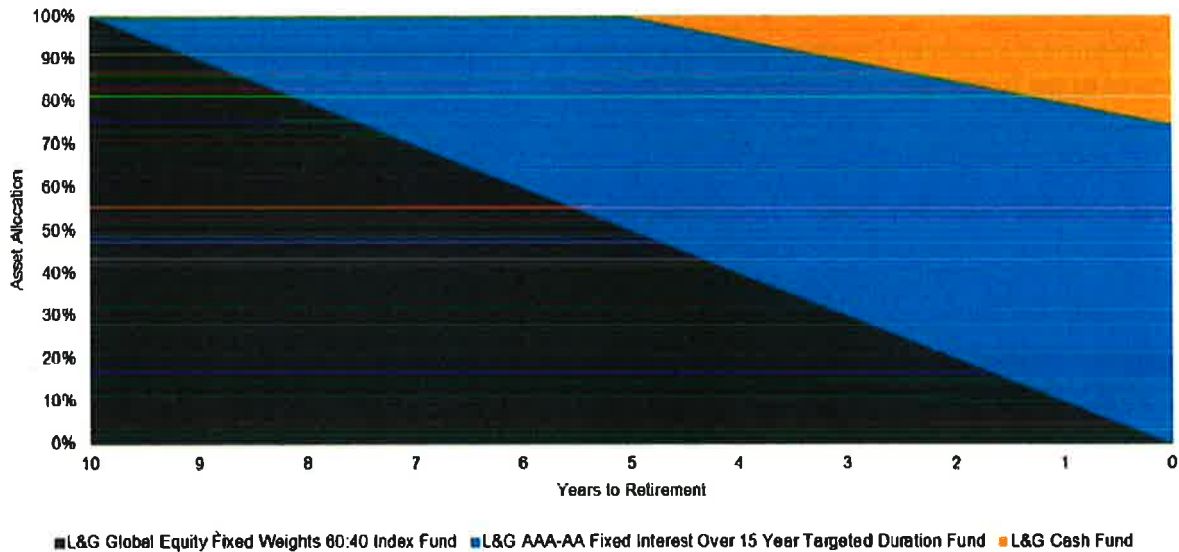
A copy of the Plan's current Statement plus Appendices is also supplied to the Principle Employer, the Plan's investment managers, auditors and administrators.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee on5 SEPTEMBER 2019.....

Signed on behalf of the Trustee by	<u>Jonathan Grech</u>	<u>Natalie Pinnington</u>
On	<u>30 SEPTEMBER 2019</u>	<u>30 SEPTEMBER 2019</u>
Full Name	<u>JONATHAN GRECH</u>	<u>NATALIE PINNINGTON</u>
Position	<u>DIRECTOR OF TRUSTEE</u>	<u>DIRECTOR OF TRUSTEE</u>

APPENDIX 1: INVESTMENT MANAGER INFORMATION AND DEFAULT LIFESTYLE STRATEGY

For members who are invested in the default lifestyle strategy the following table sets out the switches between the funds that will be carried out on a member's behalf up to their retirement date:



15 Year Lifestyle			
Years to retirement	L&G Global Equity Fixed Weights 60:40 Index Fund	L&G AAA-AA Fixed Interest Over 15 Year Fund	L&G Cash Fund
0	0%	75%	25%
1	10%	70%	20%
2	20%	65%	15%
3	30%	60%	10%
4	40%	55%	5%
5	50%	50%	-
6	60%	40%	-
7	70%	30%	-
8	80%	20%	-
9	90%	10%	-
10	100%	-	-

The Trustee will monitor the suitability of the funds used on an ongoing basis and make changes as they consider appropriate. The table below shows the details of the current mandates with each manager.

Default Strategy Funds

Fund	Asset Class	Annual Management Charge	Fund Benchmark / Objective
L&G Global Equity Fixed Weights 60:40 Index Fund	Global Equity	0.16% p.a.	To track a composite benchmark with a 60/40 splits between the FTSE All-Share and Overseas equity indices
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	Corporate Bonds	0.15% p.a.	To produce a return in line with a subset of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index
L & G Cash Fund	Cash	0.125% p.a.	To perform in line with the 7 Day GBP LIBID

Self-Select Funds

Fund	Asset Class	Annual Management Charge	Fund Benchmark / Objective
L&G Global Equity Fixed Weights 60:40 Index Fund	Global Equity	0.16% p.a.	To track a composite benchmark with a 60/40 splits between the FTSE All-Share and Overseas equity indices
L&G Ethical UK Equity Index Fund	UK Equity	0.20% p.a.	To track the performance of the FTSE4Good UK Equity Index to within +/-0.5% p.a. for two years out of three
L&G Managed Property Fund	Property	0.735% p.a.	To outperform the BNY Mellon CAPS Property Survey Median over three and five year periods
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	Corporate Bonds	0.15% p.a.	To produce a return in line with a subset of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index
L&G Over 5 Year Index-Linked Gilts Index Fund	Index-Linked Government Bonds	0.10% p.a.	To track the performance of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index to within +/-0.25% p.a. for two years out of three
L&G Cash Fund	Cash	0.125% p.a.	To perform in line with the 7 Day GBP LIBID

APPENDIX 2: RESPONSIBILITIES OF PARTIES

Trustee

The Trustee's responsibilities include the following:

- Reviewing at least triennially and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate
- Selecting the Investment Managers
- Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Consulting with the Principal Employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis
- Publishing this Statement on a publically available website and informing members of the location

Investment adviser

The Investment Adviser's responsibilities include the following:

- Participating with the Trustee in reviews of the Statement of Investment Principles
- Production of quarterly independent performance monitoring reports
- Advising of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Plan is invested, such that in its view there is a significant concern that any of these funds will not be able to meet its long term objectives.
- Updating the Trustee on changes in the investment environment, and advising the Trustee, at its request, on how such changes could present either opportunities or problems for the Plan
- Undertaking project work, as requested, including:
 - Reviews of the default strategy and fund range; and
 - Research into and reviews of Investment Managers.
- Advising on the selection of new managers and/or custodians

Investment managers

The Investment Manager's responsibilities include the following:

- Informing the Trustee of any changes in the internal performance objectives and guidelines of their funds
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing their funds in accordance with their stated mandates