

**Telereal Pension Plan
(the Plan)**

Statement of Investment Principles

January 2025

Introduction

This statement has been drafted to record the Trustees' investment principles and to provide details of the investment strategy adopted for the Plan.

In preparing this statement, the Trustees have considered the legislative requirements regarding the production of a Statement of Investment Principles, in particular, consideration has been given to:

- the Pensions Act 1995;
- the Occupational Pensions (Investment) Regulations 2005;
- the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The Trustees have also considered The Pension Regulator's guidance with regard to the contents of a Statement of Investment Principles.

However, following the purchase of a buy-in policy through which all of the Plan's liabilities have been insured, the Plan's investment strategy is very simple and responsibility for the day-to-day investment of the vast majority of the Plan's assets has been delegated to the insurer providing the buy-in policy. Accordingly, the Trustees have concluded that this Statement only needs to be brief.

In producing this Statement, the Trustees have received advice from their Investment Adviser (First Actuarial LLP) and has consulted with the sponsoring employer.

The Plan's Investment Strategy

The Trustees have invested in a buy-in insurance policy provided by Aviva Life & Pensions UK Limited. This insurance policy provides income which is expected to fully cover the future benefit payments due to all members of the Plan.

In addition, the Trustees maintain a property portfolio which is self-managed by the Trustees:

| Property | | |
|----------------------------|-----------|---------------|
| Property | Tenure | Area (sq. ft) |
| St Albans Computer Centre | Free hold | 78,458 |
| Stechford ATE | Freehold | 17,395 |
| Norwich TEC | Freehold | 20,258 |
| Swindon TEC & MTW | Freehold | 22,970 |
| Bemerton TEC, Salisbury | Freehold | 20,032 |
| York TEC/MTW, Askham Bryan | Freehold | 9,236 |
| Great Oaks House | Leasehold | 40,523 |

The Trustees borrowed funds under a temporary liquidity facility from Telereal Services Limited to enable the Plan to enter into the buy-in policy with Aviva.

The Trustees are exploring options to either sell properties or take out short term secured borrowings against the properties to facilitate repayment of the liquidity facility. Rental income from the property portfolio is expected to cover any loan repayments.

The Trustees may also hold cash in the Trustees' bank account and in an account managed by Shore Capital.

The Trustees also have access to a liquidity facility supplied by Telereal Services Limited. Use of this facility is permitted where there is a need for short term cash funding.

The investment strategy is expected to ensure that all members will receive the benefits to which they are entitled as those benefits fall due.

Environmental Social and Governance considerations

Since the Plan's assets are invested entirely in an insurance policy and cash, the Trustees do not consider ESG risks to be material for the Plan.

Stewardship

The Plan does not invest in equities and therefore there are no voting rights associated with the Plan's investments.

Non-financial matters

Legislation defines non-financial matters as meaning the views of the members and beneficiaries including (but not limited to) ESG matters and the present and future quality of life of the members and beneficiaries of the Plan.

The trustees do not expect to make future changes to the Plan's investment strategy and are of the view that the approach adopted is in members' best interests.

Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) are held separately from the Plan's other investments and will be used to secure benefits on a money purchase basis for members at retirement. The Plan's AVC arrangements are held with Aviva plc, and Royal London Asset Management Limited. From time to time the Trustees review the ongoing suitability of the AVC arrangements.

Risks

The nature of the Plan's investment strategy means that the Trustees consider almost all risks to have been very effectively mitigated. This means that there is a high likelihood of all members receiving their benefits in full as they fall due.

One risk that remains is the risk of the insurer defaulting on the payments due under the terms of the buy-in policy. This risk is mitigated by the legislative framework under which the insurer operates and the reserves held by the insurer.

A further risk is that rent from the property portfolio proves insufficient to cover the loan repayments. It is also possible that a fall in property values might mean the capital values no longer exceed the loan amount.

The loan to value for the any secured borrowing will be capped at 70% at the start of the borrowing which provides considerable mitigation against the risk of a property market downturn.

This Statement has been agreed by the Trustees of the Plan.

Signed: Carl Clissold

Date: 31/01/2025

For and on behalf of the Trustees of the Telereal Pension Plan