

## CREST NICHOLSON GROUP PENSION & LIFE ASSURANCE SCHEME SUMMARY FUNDING STATEMENT

### Purpose of Statement

Welcome to the latest annual Summary Funding Statement, which aims to provide you with some up to date information about the financial (or funding) position of the Crest Nicholson Group Pension and Life Assurance Scheme ("the Scheme"). This statement is issued on behalf of the Trustees of the Scheme and is made available to all members.

### Scheme Funding Valuation results

The previous summary funding statement included as part of the 2016 Pension Newsletter showed the results of the actuarial valuation of the Scheme as at 31 January 2015 ("the 2015 valuation"). Since then, approximate updates of the funding level of the Scheme as at 31 January 2016 and 31 January 2017, have been produced. The funding positions at these dates were:

	31 August 2015 £m	31 January 2016 £m	31 January 2017 £m
Market Value of Assets	159.8	155.7	186.3
Value of Technical Provisions	182.5	167.4	200.5
Past Service Shortfall/Surplus	(22.7)	(11.7)	(14.2)
Funding Level	88%	93%	93%

As a result of the 2015 valuation, a "recovery plan" was put in place with the aim of eliminating the shortfall by 30 November 2017. Crest Nicholson plc (the "Company") has agreed to pay contributions of £9m per annum over this period.

In addition, the Company has agreed to continue to contribute £9m per annum until 31 August 2021 or, if earlier, such time that the Scheme achieves a funding level of 100% on the Trustees' Secondary Funding Basis (an additional funding objective that targets a higher level of assets).

### Change in Funding Position

The Scheme's shortfall improved over the period from 31 January 2015 to 31 January 2017. This improvement was due to the contributions paid over the period by the Company and higher than expected investment returns on the Scheme's assets. This has partially been offset by changes in long-term interest rates and inflation resulting in a higher value of technical provisions.

### Payment to the Company

There has not been any payment to the Company out of the Scheme's funds since the last summary funding statement.

### Further Information

Further information about the Scheme is available by written request to Stephanie Fleming, Assistant Secretary to the Trustees, Crest Nicholson Group Pension & Life Assurance Scheme, Crest House, Pycroft Road, Chertsey, Surrey, KT16 9GN.

## NOTES

### 1) Operation of the Scheme

The Scheme is a defined benefit scheme, which means that the money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual. The Trustees' objective is for the fund to be sufficient to pay pensions now and in the future.

The Trustees obtain regular valuations of the benefits earned by members, at least every 3 years. Using this information, the Trustees come to an agreement with the Company on the level of future contributions to be paid. Successfully achieving the Trustees' funding objective relies on the Company continuing to support the Scheme.

### 2) What would happen if the Scheme started to wind up?

In the unlikely event that the Scheme were to wind-up, the Company would be required to pay enough into the Scheme to enable members' benefits to be completely secured with an insurance company. As at 31 January 2015 it was estimated that the amount required to secure these benefits in full with an insurance company was £310.9m (implying a shortfall compared to available Scheme assets of approximately £161.4m). These figures are provided to give an indication of the likely shortfall and do not imply that the Trustees or the Company are currently considering winding-up the Scheme.

Furthermore, if the Scheme were to wind up in the future, you might not get the full amount of pension you have built up even if the Scheme were fully funded as defined by our ongoing valuation assumptions. If the Company became insolvent and was unable to pay such a shortfall in full, the Pension Protection Fund ("PPF") might be able to take over the Scheme and pay compensation to members. Further information and guidance is available on the PPF's website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk). Alternatively, you can write to the Pension Protection Fund at 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

### 3) What is the scheme invested in?

The Trustees' policy is to invest in a broad range of assets. The current strategic allocation is to invest in 53% growth investments, such as equities, and 47% in fixed income investments, such as bonds.

### 4) Additional documents available on request

Further information about the Scheme is available on request (a charge may be incurred). The available documents are listed below:

- Statement of Funding Principles - sets out the Scheme's funding plan
- The Recovery Plan - explains how the funding shortfall is being made up
- Statement of Investment Principles - explains how the Trustees invest the Scheme funds
- Schedule of Contributions - shows how much money is being paid into the Scheme
- Annual Report and Accounts - shows the Scheme's income and expenditure in the previous 12 months
- Full report on the actuarial valuation - shows in detail the Scheme's situation as at 31 January 2015
- Actuarial Report - shows the actuary's review of the Scheme as at 31 January 2016 and 31 January 2017
- The Rules of the Scheme