CB Hillier Parker Pension Scheme ('the Scheme')

Summary Funding Statement 31 December 2020

What's this statement for?

The Trustee is required to provide you with this statement giving you an update about the Scheme's financial security. We hope you find it useful and easy to understand, but if you have any questions please contact XPS Administration.

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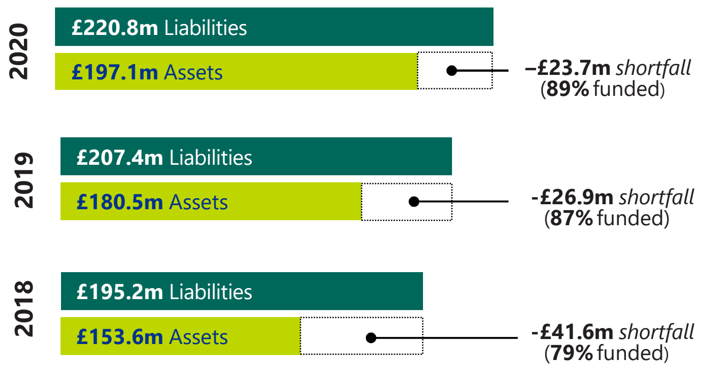
The *valuation* at 31 December 2020

A *valuation* is an exercise to compare how much money the Scheme has (its 'assets') with how much it needs to be able to pay everyone the benefits they are entitled to (its 'liabilities'). If the Scheme's assets are more than its liabilities, there is a 'surplus'; if they are less, there is a '*shortfall*'.

Formal valuations usually take place every three years and the last one was on 31 December 2018, with *interim valuations* on 31 December 2019 and 31 December 2020. The results of these *valuations* are shown on the right.



Summary of the Recovery Plan

Because there was a *shortfall* at the 2018 *valuation*, CBRE Limited ('the Employer') agreed to pay extra contributions of £4.74m in 2020, increasing by 3.8% each year. The Recovery Plan is due to finish on 31 December 2025.

In addition, it was agreed that the Employer may make additional contributions to the Scheme depending on their circumstances. Four of these payments were made to the Scheme of £136,875 each in March 2019, July 2019, October 2019 and December 2019.

Payment to the Employer

No payments have been made to the Employer out of the Scheme's assets since the last summary funding statement.

How are the Scheme's assets invested?

The Trustee's policy is to invest in growth assets until 31 December 2023, at which point the Trustee will gradually de-risk to a long-term investment allocation that better matches how the value of the liabilities may change.

Change in funding position December 2019 to December 2020

It is estimated that over the year to 31 December 2020 the *shortfall* slightly decreased and the funding level improved. The main causes of this were:

- higher than assumed returns on the Scheme's assets;
- lower than assumed inflation experience; and
- the contributions from the Employer over the period.

This was partially offset by:

- a change in investment market conditions, increasing the value placed on the Scheme's liabilities, i.e. the current value of expected future benefit payments.

How the Scheme works

This section has some information about this statement and the Scheme. If you would like any more information about the Scheme or your benefits, please contact XPS Administration.

How is my pension paid for?

The Employer pays contributions to the Scheme so that the Trustee can pay pensions to Scheme members when they retire. The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual. The Trustee's goal is for the Scheme to have enough money to pay all members their benefits, both now and into the future.

How do you work out how much the Scheme needs?

As part of the *formal valuation*, the Trustee agrees a funding plan (the Statement of Funding Principles) with the Employer, which aims to make sure there is enough money in the Scheme to pay for pensions now and into the future. The Employer also pays the cost of running the Scheme every year. This is why the Scheme relies on the Employer's continuing support.

Why does there not have to be enough money to secure benefits with an insurance company?

Insurers take a very cautious view of the future and need to make a profit; they will also take into account the future cost of running the Scheme. This means the cost of securing pensions in this way is considerably more expensive than if the Scheme runs normally with the continuing support of the Employer. Aiming to have enough money to cover that cost would likely mean that the Scheme will have far more than it actually needs if it keeps running.

The Trustee and Employer's approach of ensuring that the Scheme has sufficient funds to provide members' benefits from within the Scheme is in line with the requirements of the relevant legislation and normal practice, as described by the *Pensions Regulator*.

What would happen if the Scheme started to wind-up?

Whilst the Scheme remains ongoing, even though funding may temporarily be below target, benefits will continue to be paid in full.

However, if the Scheme *winds-up*, you might not get the full amount of pension you have built up, even if the Scheme is fully funded under the agreed funding plan. Details of the ways in which the Scheme may *wind-up* are set out below:

1. If the Scheme were to start to *wind-up*, the Employer would be required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company.

   As at 31 December 2018, it was estimated that the amount required to ensure that all members' benefits could have been purchased in full from an insurance company if the Scheme had started *winding-up* was approximately £318.6m i.e. a *shortfall* of approximately £165.0m.

   In the event of insolvency, the Trustee has agreed a guarantee such that CBRE Group Inc will be liable to pay an additional lump sum of £44.8m reducing in line with Employer contributions paid since 31 October 2014.

   The *wind–up* figure is included for compliance purposes and does not in any way imply that the Trustee or Employer is thinking of *winding-up* the Scheme.

2. If CBRE Limited became insolvent, the *Pension Protection Fund (PPF)* might be able to take over the Scheme and pay compensation to members. This compensation would be at a lower level than the benefits that would otherwise be payable from the Scheme.

3. If CBRE Limited became insolvent, and the Scheme can secure benefits with an insurance company at a higher level than the *PPF* compensation then the Scheme would not be taken over by the *PPF*. The Scheme would instead secure members' benefits with an insurance company at as high a level as possible.

The *Pensions Regulator*

In certain circumstances the *Pensions Regulator* can:

- Direct how the Scheme's liabilities must be calculated
- Set the period for removing any funding *shortfall*
- Set the level of Employer contributions to be paid
- Change the way members build up benefits in the future

None of these things have happened in the Scheme.

Thinking of leaving the Scheme?

If you are thinking of leaving the Scheme for any reason, you should talk to an independent financial adviser before doing so; you can find one local to you at www.unbiased.co.uk.

Stay in touch

If any of your personal details are changing, such as your name or address, please tell XPS Administration.

Where can I get more information?

The Trustee's preferred method of communication is electronically via email and by using the Scheme's website to speed up communication, reduce the risk of communications being intercepted and to improve the Scheme's green credentials.

https://mypension.com/cbhillierparker/xpsbridge/cb-hillier-parker-pension-scheme/

If you are still receiving communications from the Scheme via post, please consider switching to electronic communications.

Further information on the Scheme and the following documents are available on the website.

- Statement of Investment Principles – explains how the Trustee invests the money paid into the Scheme.
- Annual Report and Accounts – show the Scheme's income and expenditure in each year up to 31 December.
- Annual Benefit Statement – provides an illustration of your likely retirement benefits (Additional Voluntary Contribution funds only).

If you are unable to access the website please contact the Scheme's administrators using the details shown overleaf.

Glossary

Assumptions – The valuation makes a number of assumptions about what will happen in future. This includes assumptions about the income the Scheme's funds will earn, and how long people will live.

Interim valuation – This is a more simplistic comparison of the Scheme's current funds to the target amount needed to provide the benefits. An interim valuation is carried out in years when there is no *formal valuation*. The Scheme's last interim valuation was at 31 December 2020.

Formal valuation – This is a detailed check of the Scheme's current funds compared to the target amount needed to provide the benefits as well as the contributions to be paid by CBRE Limited. A formal valuation needs to be carried out at least every three years. The Scheme's last formal valuation was at 31 December 2018.

Pension Protection Fund (PPF) – The PPF was set up to provide compensation to members if their pension scheme's employer becomes insolvent and where there are insufficient funds in the pension scheme to cover PPF levels of compensation.

Further information is available at www.pensionprotectionfund.org.uk

Pensions Regulator – An independent statutory body accountable to parliament. It works with trustees, employers and their advisers, giving guidance on what is expected of them. It can intervene in the running of pension schemes where trustees, employers or advisors have failed in their duties.

Shortfall – The difference between the Scheme's current funds and the target amount needed to provide benefits to members.

Valuation – Regular valuations are carried out to compare the Scheme's current funds to the target amount needed to provide the benefits. A more detailed *formal valuation* is carried out at least every three years. In years when a detailed *formal valuation* is not carried out then a more simple *interim valuation* is carried out.

Wind-up/winding-up – If a pension scheme ceases to exist it will wind-up and stops paying benefits to members. There are a number of ways in which a pension scheme can wind-up which may affect the amount of benefits members get. Further details are under the section "What would happen if the Scheme started to wind-up?"