



c/o Homestlye pensions
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Private & confidential

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23 November 2020

Dear «Title» «Surname»

Homestyle 2007 Pension Scheme (the "Scheme")

You may recall that we wrote to you in July 2019 to provide a summary of the agreement reached with the Steinhoff UK Group, following the completion of the 31 December 2016 actuarial valuation.

We are writing to you today to provide an update on the future funding and administration of the Scheme following some very significant developments over the past few months. We are pleased to announce that the Trustee has purchased an insurance policy (known as a buy-in policy) for all members of the Scheme with the well-known insurance company, Aviva.

The purchase of this buy-in policy means that the benefit payments made to Scheme members will be backed in full by Aviva and is an important step in improving the security of members' benefits.

What this means for your pensions

We believe the purchase of the buy-in policy with Aviva is a very positive step for all members of the Scheme.

It is important to note that the purchase of this buy-in policy will not affect your benefits in the Scheme. Members who are currently receiving their pension will continue to receive their pension payments in the same way, and Isio (you would previously have known them as KPMG) will continue to administer the Scheme as before.

For those who have yet to retire, the buy-in does mean that it will take longer to process requests for early or late retirement, or for transfer values, as Isio now need to liaise with Aviva on all such requests. In each case, the expected timescales for providing a response are 10 to 12 weeks. Please, therefore, try to plan ahead for these events.

Members will continue to automatically receive a retirement quotation as they reach their normal retirement date in the Scheme.

Future of the Scheme

The purchase of this buy-in policy was made possible following a one-off contribution of £25,317,176 paid by the Scheme's Principal Employer, Homestyle Pension Company Limited ("PensionCo"), to the Scheme. This one-off contribution was paid in addition to the monthly contributions of £266,667 that PensionCo had agreed to pay from 1 June 2019 following the completion of the 31 December 2016 actuarial valuation.

We, the Trustee, would like to thank PensionCo, and the wider Steinhoff UK Group, for working constructively with the Trustee to achieve this very positive outcome.

The Trustee is preparing to smoothly pass all liability and day to day administration of the Scheme to Aviva, in what is known as a Scheme buyout. The Trustee will then no longer have any involvement and the Scheme will be run by Aviva. PensionCo has agreed to meet any further contributions required to convert the current buy-in policy held with Aviva to a Scheme buyout.

It is expected that this change will happen within the next 18 months, and we will be in touch with you again before this change happens.

Guaranteed Minimum Pension (GMP) equalisation

There are different classifications of pension benefits depending on when they were earned. One of these is called 'Guaranteed Minimum Pension' (or 'GMP' for short). GMP was earned between 6 April 1978 and 5 April 1997 and is the minimum pension that UK workplace pension schemes had to provide for their employees who were contracted out of the State Earnings Related Pension Scheme (or 'SERPS' for short) during this time.

In common with the vast majority of UK pension schemes, the Trustee will need to adjust benefits to allow for the differing treatment of historic GMP benefits between men and women which were earned between 17 May 1990 and 5 April 1997 in those sections of the Scheme that were contracted out of SERPS. This is commonly known as 'GMP equalisation'.

The sections of the Scheme that were contracted out of SERPS were the Harveys Group Pension Scheme (excluding Directors), the Rexmore Management Pension Scheme, the Homestyle Operations Pension Scheme (formerly known as the S Ross & Company Limited Pension and Death Benefit Scheme), the Kingsbury Group Pension Scheme and the Rosebys Pension Scheme.

We are currently considering how best to make these adjustments, which will need to be done before benefits are passed fully over to Aviva. We will provide further details as this process develops. We do not expect members' benefits to reduce as a result of this process.

Member Nominated Director (MND)

As you may be aware, Mark Spicer is the MND for the Scheme. Although Mark is no longer an employee of the Steinhoff Group, we are pleased to confirm that the Trustee and PensionCo have agreed that Mark will continue as the MND until the expiry of his term in January 2023, or until the Trustee has successfully passed benefits fully over to Aviva if this is sooner.

Actuarial valuation as at 31 December 2019

You may recall that an actuarial valuation of the Scheme is required at least once every three years to help the Trustee assess whether the Scheme has sufficient assets to pay all members' benefits.

We are pleased to announce that the Scheme's latest actuarial valuation as at 31 December 2019 has now been completed. We have enclosed the Summary Funding Statement, which is a statutory document setting out the results of the actuarial valuation for members of the Scheme.

It is important to note that the actuarial valuation represents a snapshot of the Scheme as at 31 December 2019. An actuarial valuation carried out at today's date would show a much-improved funding position following the contribution from PensionCo and the purchase of the buy-in policy with Aviva.

Getting in touch

If you have any queries regarding the buy-in insurance policy taken out with Aviva, or any other questions or comments, please contact Isio using the contact details above.

Useful information for members of the Scheme

You can find a copy of the Scheme's Statement of Investment Principles, the Summary Funding Statement, and other useful information at the following website:

<https://members.pensionpal.co.uk/Homestyle2007Pensions>

Yours sincerely

Rachel Tranter

Director – BESTrustees Limited

For and on behalf of the Trustee of the Homestyle 2007 Pension Scheme

Please find enclosed with this letter:

- The Scheme's Summary Funding Statement, which sets out the results of the actuarial valuation as at 31 December 2019 prior to the purchase of the buy-in policy with Aviva.
- The Scheme's Privacy notice