

Susan Martin
Local Pensions Partnership
2nd Floor
169 Union Street
London
SE1 0LL

6 June 2016

Letter of Intent

Dear Susan,

In light of ongoing discussions between Local Pensions Partnership Ltd (LPP) and The Royal Borough of Windsor & Maidenhead ("RBWM") acting as the administering authority of The Royal County of Berkshire Pension Fund (Berkshire Pension Fund), this letter of intent establishes the foundations of these discussions. A Mutual Non-Disclosure Agreement is already in place.

RBWM is considering how it should meet the Government's directive that Local Government Pension Scheme Funds in England & Wales should pool their investment assets. As such as the administering authority for the Berkshire Pension Fund it is considering the various routes available in which to participate in the LPP Group. This could be as a shareholder in LPP Ltd, which brings with it the benefits of ownership and participation in the full range of pension fund services provided by LPP, or alternatively as an investor/customer of LPP Investments Ltd. The investor/customer route would involve a delegation of investment management services only. Both of the options above require RBWM to remain responsible for the strategic direction of the Berkshire Pension Fund, with the implementation of the strategies being carried ^{out} by the LPP Group under suitably agreed legal documentation.

By signing this letter of intent both LPP and RBWM agree to collaborate to achieve a successful pooling outcome. This will include the further sharing of information, negotiation of legal agreements and working in a manner which is constructive to the development of the partnership. It also confirms that RBWM's pooling activities on behalf of the Berkshire Pension Fund will be solely focused on an interaction with the LPP Group.

In line with the agreed Mutual Non-Disclosure Agreement it should be highlighted that any intellectual property of either LPP or RBWM, that is shared, should only be used for the purposes of working collaboratively and with an aim to further the pooling initiatives discussed in this letter of intent. Should the pooling arrangement not come to fruition then both LPP and RBWM will be required to return shared documents and information to their respective partners, including any intellectual property.

Once RBWM have agreed to proceed at a political level, following the Berkshire Pension Fund Panel meeting on 6th June 2016, the following actions will be carried out:

- Appointment of legal advisors by LPP and RBWM to review and amend the relevant partnership legal documentation.
- Agreement of the Sovereignty Guarantee by RBWM
- Development of an implementation plan for the relevant partnering method selected
- Development of a transition plan for pension fund assets

The above activities may involve joint expenditure. A specific implementation budget and division of implementation costs will be agreed between the parties on a fair basis. However, for clarity, neither RBWM nor the Berkshire Pension Fund will be liable for any costs incurred to date in the establishment of LPP, nor will additional regulatory capital be required.

Signed On behalf of RBWM



Nick Greenwood

Pension Fund Manager

Signed on behalf of LPP



Susan Martin

Chief Executive Officer