APPENDIX 3

SUMMARY OF INVESTMENT PANEL MEETINGS WITH INVESTMENT MANAGERS (on 14 November 2012)

The Panel met with TT and Partners Group.

Panel Conclusions on TT

TT are being closely monitored following a period of poor performance. They made changes to the team and process in Q4 2011.

The most important changes were to Sector teams (financials, and oil and gas) and removing the directional bias of the portfolio in the absence of a strong directional view.

Performance has improved considerably since changes made in Q4 2011 with one year performance above target level and the 3 year rolling measure improving. The portfolio is now achieving consistent performance at target level (TT have achieved 4 consecutive quarters of relative outperformance) whilst keeping the sensitivity of the portfolio to market movements neutral (i.e. keeping beta around 1). Attribution of outperformance has been broad across sectors with particular improvement in financials, oil and gas and basic materials.

While uncertainties continue about the global economy (despite continued central bank support), company balance sheets continue to improve. TT see Eurozone near term tail risks reducing and believe there is now an opportunity for fundamentals to play out. Equity market valuations are currently attractive but TT are still cautious about earnings growth given the limited ability for many corporates to make further cost reductions. TT continue to position the portfolio to be relatively insensitive to market inflexion points.

TT explained their voting policy and decision making process. On remuneration, the key factor for them is transparency. In TT's experience, corporate boards are being more reflective of investor requirements.

The Panel were reassured by the changes made and the resulting consistent performance. The Panel felt that TT should return to normal monitoring. The Panel identified no particular issues to raise with the Committee.

Panel Conclusions on Partners Group

The portfolio is well diversified by investment year, transaction type, strategy and geography. It is c. 57% invested.

Performance is good with the portfolio achieving an aggregate internal rate of return (IRR) of 10.7% which given the early stage of some of the investments, is strong. It was agreed to monitor IRRs at underlying fund level as they became invested, and at the aggregate level. This information will be included in the quarterly performance monitoring report.

Given the weak market outlook (low rental growth and high stable vacancy levels) Partners continue to focus on deploying funds where capital is scarce and not seeking to compete for trophy assets. This involves exploiting their skills in structuring property deals and taking advantage of distressed and motivated sellers whilst maintaining a focus on defensive assets.

Partners described their concerns regarding Eurozone instability and their original plan to invest in core European property. Given these concerns and the limited ability to impact the overall value in core property investments, Partners have decided to allocate the remaining commitments to value-add investments via 2 of their global real estate funds. This allocation remains within the mandate guidelines.

The Panel were satisfied with the progress of investing the portfolio, the positioning and performance, and agreed the ongoing programme of commitments to the proposed funds.