DMGT | PENSIONS & BENEFITS

DMGT AVC PLAN
Annual Funding Statement Year Ending 31 March 2016

A very warm welcome to your latest Annual Funding Statement

The DMGT AVC Plan is managed by a Board of Trustees, Northcliffe Trustees Limited, who are responsible for ensuring that the Scheme is compliant and managed appropriately. The Trustees make their decisions with the best interests of all Scheme members in mind. They also **take into account the views of the sponsoring employer, DMGT Plc (the 'Company'), although** they operate independently.

Each year the Trustees monitor the financial position of the Scheme, by way of an Annual Funding Update. A detailed formal valuation takes place every three years, known as the Triennial Valuation, with Annual Funding Updates taking place in between. This year's Annual Funding Statement reports on the findings of each as follows:

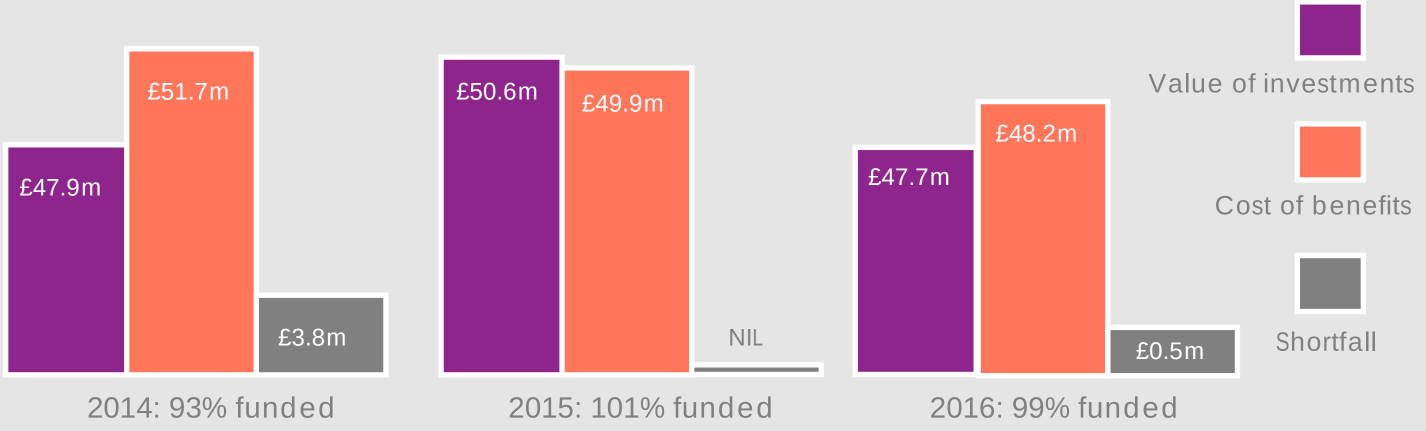
- Annual Funding Update at 31 March 2016
- Annual Funding Update at 31 March 2015
- Triennial Valuation at 31 March 2014

The Scheme's funding level involves comparing the value of investments held by the Scheme with the amount that we estimate is needed to pay for benefits. We choose assumptions for this comparison regarding future unknown events, such as how long people will live and the returns that might be achieved on investments. We hope that you will find this Statement informative and as always, we would welcome your comments.

Funding progress over the 3 year period to 31 March 2016

The Scheme's funding level represents a snapshot at any given point in time and is subject to movements in financial conditions and the investment markets. The funding level therefore fluctuates as illustrated in the chart below. Given this uncertainly it is unlikely that a bonus will be payable for the foreseeable future.

At the previous Triennial Valuation at 31 March 2014, the Scheme had a shortfall of £3.8 million, with a funding level of 93%. The funding position has subsequently improved by £3.3 million, equating to a funding level of 99% at 31 March 2016. The main factors contributing to this positive outcome are higher than expected investment returns over the period.



The next Triennial Valuation

Our next Triennial Valuation is at 31 March 2017, with the results expected by the end of next year.

What if the Scheme winds up?

In the unlikely event of the Scheme winding up, the Company would be obliged to pay enough money for **members' benefits to be secured with an insurance company. This is known as the 'Buy Out' cost.**

For example, if the Scheme had started to wind up following the 2014 valuation, the estimated extra contributions required from the Company to make sure all benefits could be paid in full was £23.1million. On this 'winding up basis' the Scheme was around 67% funded at 31 March 2014. Please note that inclusion of this information is a mandatory requirement and there is no intention to wind-up the Scheme.

Pension Protection Fund

In the unlikely event of the Company becoming insolvent, the Pension Protection Fund may be able to take over the Scheme and pay compensation to members, although this compensation is likely to be less than the benefits provided for under the Scheme rules.

For information on the Pension Protection Fund see www.pensionprotectionfund.org.uk or write to Pension Protection Fund, Renaissance, 12 Dingwall Road, Croydon, Surrey CR0 2NA.

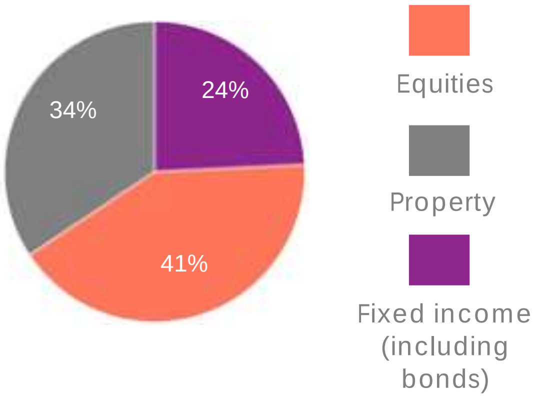
Other information

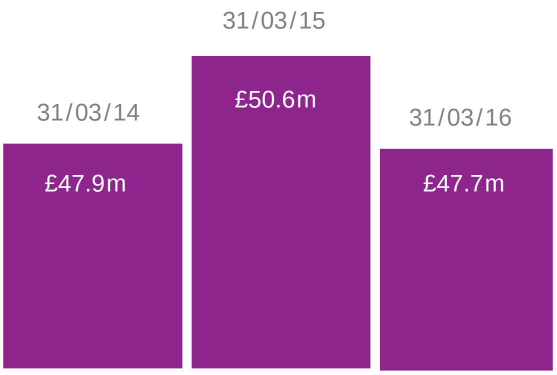
The Pensions Regulator was closely engaged with the 2014 Triennial Valuation and confirmed in writing that there are no further questions in this regard. In line with expectations, the Company has not taken any money out of the Scheme in the last 12 months.

If you are interested in looking at any of the Scheme's formal documents, please contact the DMGT Pensions & Benefits Team.

The Scheme's assets and investments

The Scheme's investments are held within a portfolio of assets that are managed by the Trustees in accordance with the Statement of Investment Principles. The aim is to invest in assets that **generate investment income to pay for benefits, while at the same time limiting the Scheme's** exposure to adverse market movements.





The Scheme's investments are spread across a range of asset classes, the proportions of which change periodically. The asset allocation at 31 March 2016 is shown in the chart on the left.

Value of the Scheme's investments

As at 31 March 2016, the value of the Scheme's investments was £47.7 million, compared with £50.6 million the previous year and £47.9 million in 2014. These changes can be explained by a combination of varying investment returns and benefit payments from the Scheme to members.

In the year to 31 March 2015, strong investment returns from equities, property and income bonds resulted in an impressive return over the period of 16%. This increased assets from £47.9m to almost £55m. However, during the period, benefit payments to members reduced the value of assets to £50.6m.

In the year to 31 March 2016, negative investment returns from equities were offset by positive returns from property and bonds. This resulted in a 0% return over the period and hence the assets did not increase in value. During the period, payments from the Scheme reduced the value of assets to £47.7m.

At 30 September 2016, there was an increase in the value of the Scheme's investments to £48.265 million.