Private Markets Update

Leicestershire Pensions Committee

26th September 2025

For Professional Investors Only

Agenda

AGENDA ITEM	PRESENTER
Private Equity	Jaswant Sidhu
Private Credit	Gillian Day
Infrastructure	Nadeem Hussain
Property	Nadeem Hussain

Private Markets Overview

Investment Summary

Private Markets (31 March 2025)	Total PF Commitments (£m)	Leicestershire Commitment (£m)	Closing Value 31/03/2025 (£m)	Drawn	IRR	B'mark	Target
Direct Property	180	120	78	65%	9.8%*	5.7%[1]	6.2%[1]
LGPS Central Core/Core Plus Infrastructure Partnership LP	1,314	235	143	82%	5.0%	5.5%	6.1%
LGPS Central Value Add/Opportunistic Infrastructure Partnership LP	322	30	3	39%	3.0%	5.5%	7.6%
LGPS Central PE Primary Partnership 2018 LP	150	10	9	90.5%	11.3%	10.9%	14.9%
LGPS Central PE Primary Partnership 2021 LP	365	30	11	36.5%	6.8%	10.6%	14.6%
LGPS Central PE Primary Partnership 2023 LP	315	80	7	7.8%	Not meaningful		
Private Credit I Higher Return	305	60	36	81.5%	8.1%	12% - 14%	
Private Credit II Lower Return	1,165	240	159	79.3%	8.9%	6% -8%	
Private Credit IV Real Assets	587	117	64	70.2%	1.2%	4.5% - 6%	
LGPS Central Private Credit Direct Lending Partnership 2024 LP	460	180	-	-	-	-	-
LGPS Central Private Credit Real Asset Partnership 2024 LP	198	100	-	-	-	-	-
Total Private Markets	5,361	1,202	510	-	-	-	-

Source: LGPS Central. Subsequent commitments have been made from Leicestershire Pension Fund which are not included in the above.
Note: 1. Denotes Direct Property Standing Investment (DPSI) total return from inception to 31 March 2025.
Past performance is not a reliable indicator of future returns.

RI Integration in Fund Selection and Monitoring

Internal Tools and Processes

Sub-category	Not Present (0)	Developing (1)	Intermediate (2)	Advanced (3)
Availability of Policy	No ESG policy in place.	Basic ESG policy	ESG policy supplemented by sub-policies such as exclusions, engagement or climate policies.	Building on 'Intermediate', GP also has an asset class-specific policy/framework, such as LGPS Central RIIS procedure.
Approach to Policy Review	No policy implemented; no plans to develop an approach towards the management of ESG considerations	GP may reference plans to periodically review or further develop its ESG policy, but detail regarding frequency and timing is lacking	GP conducts a periodic review (i.e. every 2-3 years) of its ESG policy and can share recent findings and updates	GP reviews its ESG policy annually and can comment on its evolution (prior findings and how they were addressed, how it keeps pace with industry developments, etc.)
ESG Ownership	No governance/ownership in place for ESG considerations	ESG oversight is represented via steering committee or exec level ownership as a shared responsibility (e.g., part of legal, compliance or investor relations)	Senior leadership is more actively involved with ESG issues, augmented by dedicated ESG staff or third party experts helping guide the process	Leadership-driven accountability for ESG ownership extends throughout the organization; including investment and deal team professionals, to ensure ESG considerations are integrated into decision making and operating processes
Resourcing	GP does not have dedicated ESG resource or ESG resource dedicated to communications.	Minimal ESG resource focussing on policy work. Heavy reliance on third party assistance.	More dedicated ESG resources supporting staff throughout the organization.	Extensive resource available. Investment personnel exhibit clear understanding of ESG during the due diligence call.
Capacity Building and Training	No training programs focused on ESG	Ad-hoc ESG training provided for some staff, including new hires responsible for executing some part of the ESG policy	There are more systematic, regular efforts to provide training internally to inform investment teams of ESG best practices Training may focus on ESG integration and capacity building, but also should generate awareness around how and when to work with consultants, service providers and field experts	Systematic, regular efforts to provide training for all staff; training includes recognizing ESG-related risks and opportunities specific to the sectors staff cover Training programs also extend to portfolio companies, providing those boards and leadership teams with industry/sector materiality-based topical training

LGPS Central RI&E Due Diligence Report

Date of report : 17 September 2024
Manager : Five Arrows
Website : https://www.rothschildandco.com/en/five-arrows/
Fund : Five Arrows Growth Partners II

LGPSC Fund : LGPS Central PE Primary Partnership 2023

Initial Due Diligence / Review : Initial Due Diligence

Summary 57.9%
The GP does not have the resources that larger competitors have. However, their approach and output is respectable.
We'd like to see clearer links between ESG approach and value and the GP using its influence on portfolio companies.
We don't see issues arising from data collection and reporting.

Policy 6.7% / 10.0%
GP-level sustainability policy which is supplemented with Rothschild & Co sectoral/thematic exclusions.
Buy-in from management is evident.
Next steps: Extend policy approach to portfolio companies.

People 6.3% / 12.5%
Four FTE supporting the GP. Considering the various asset class the GP invests in, this is relatively thin. However, approach to training (for internal employees) is reasonable. Employees are also remunerated based on adherent to ESG approach.
Next steps: Continually assess requirement for FTE and assistance for portfolio companies.

Process 20.0% / 35.0%
Thorough ESG overlay in investment process. Internal and external tools developed to assist with integration. Risk-focus.
Next steps: Link between ESG process and value could be enhanced. GP should also use ESG data that it collects for value creation.

Performance 16.7% / 30.0%
No controversies found which is evidence that process is adhered to. GP's example of value creations seems investee-driven.
Next steps: Monitor implementation in FAGP II - specifically linking process to value creation.

Transparency & Collaboration 8.3% / 12.5%
Comprehensive client reporting. GP also produces annual firmwide sustainability report. GP collects extensive portfolio-company data and would be able to deliver EDCi and Article 8 disclosures.
Next steps: Collate and analyse ESG-related reports on FAGP II.

Due Diligence Framework → Scoring and Reporting → Benchmarking and Monitoring

GPs are reviewed based on 1) assessed score; and 2) at regular intervals, with a minimum review every three years.

Private Equity

Private Equity – what is it?

- Finance provided in return for an equity stake in a company

- PE firms use this capital, often along with borrowed money and their own commercial acumen, to invest in companies that have the potential for high growth and strong returns

- PE is a long-term asset class characterised by ***illiquid structures with both irregularly-timed and irregularly-sized cash flows*** where:
    - daily pricing information does not exist
    - closed-end, illiquid, fund structures are the norm

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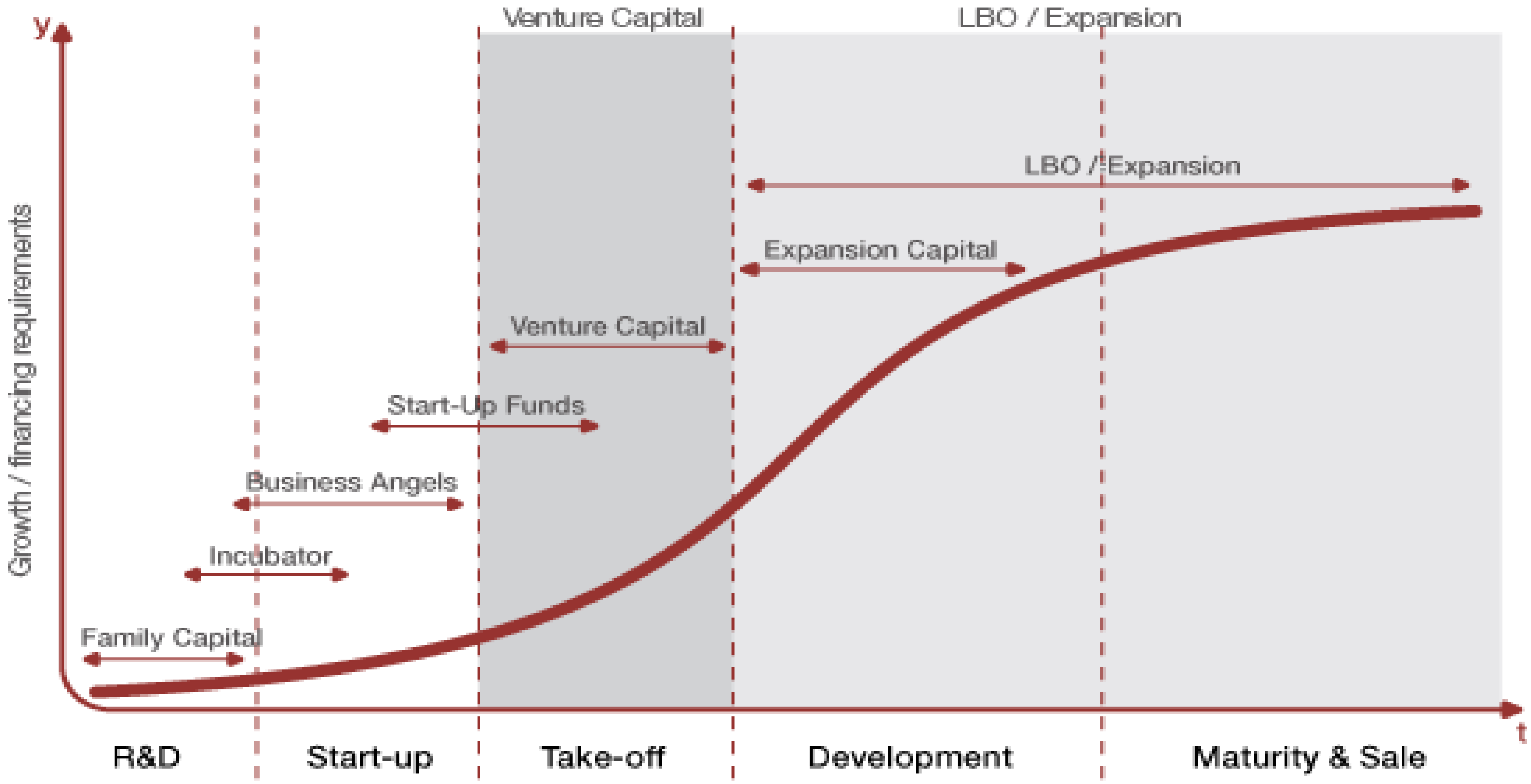
Private Equity – Company Life Cycle Financing



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Private Equity – why does it exist?

- Significant share of the global economy is in private ownership, (25% of the US economy by capital and 98% by the number of companies is controlled by private capital)
- Public markets are shrinking
- Most small businesses are privately owned
- Most innovation is funded by private capital
- Private Equity/Venture Capital is an important source of funding for:
  - start-ups
  - young companies
  - firms in distress
  - expanding businesses and
  - for buyout financing
- VC has a much better ‘success’ rate than in-house teams (tech & life sciences)

Private Equity at LGPS Central

- Long relationships with top-performing managers
- Deploying capital in hard-to-access funds and difficult to secure co-investments
- Diversifying investments across managers, strategies, sectors, geographies and vintages
- Reducing fees through no additional layering of management fees and carried interest versus a Fund-of-Funds approach
- Further reducing costs via direct investments into potentially attractive co-investments on a 'no-fee and no-carry' basis

LGPS Central Private Equity Partnerships Overview

Fund (LP)	Inception Date	Total Pooled Assets Under Management	LPF Commitment	Status	Performance Since Inception (%)	Benchmark* Since Inception (%)	Relative Vs. Benchmark (%)
LGPS Central PE Primary Partnership 2018 LP	Jan-19	£150m	£10m	Value-creation & early liquidation phase	11.3%	10.9%	0.4%
LGPS Central PE Primary Partnership 2021 LP	Sept-21	£365m	£30m	Investment & early value-creation phase	6.8%	10.6%	(3.8%)
LGPS Central PE Primary Partnership 2023 LP	Jan-24	£315m	£80m	Investment phase	Not meaningful	N/A	Not meaningful

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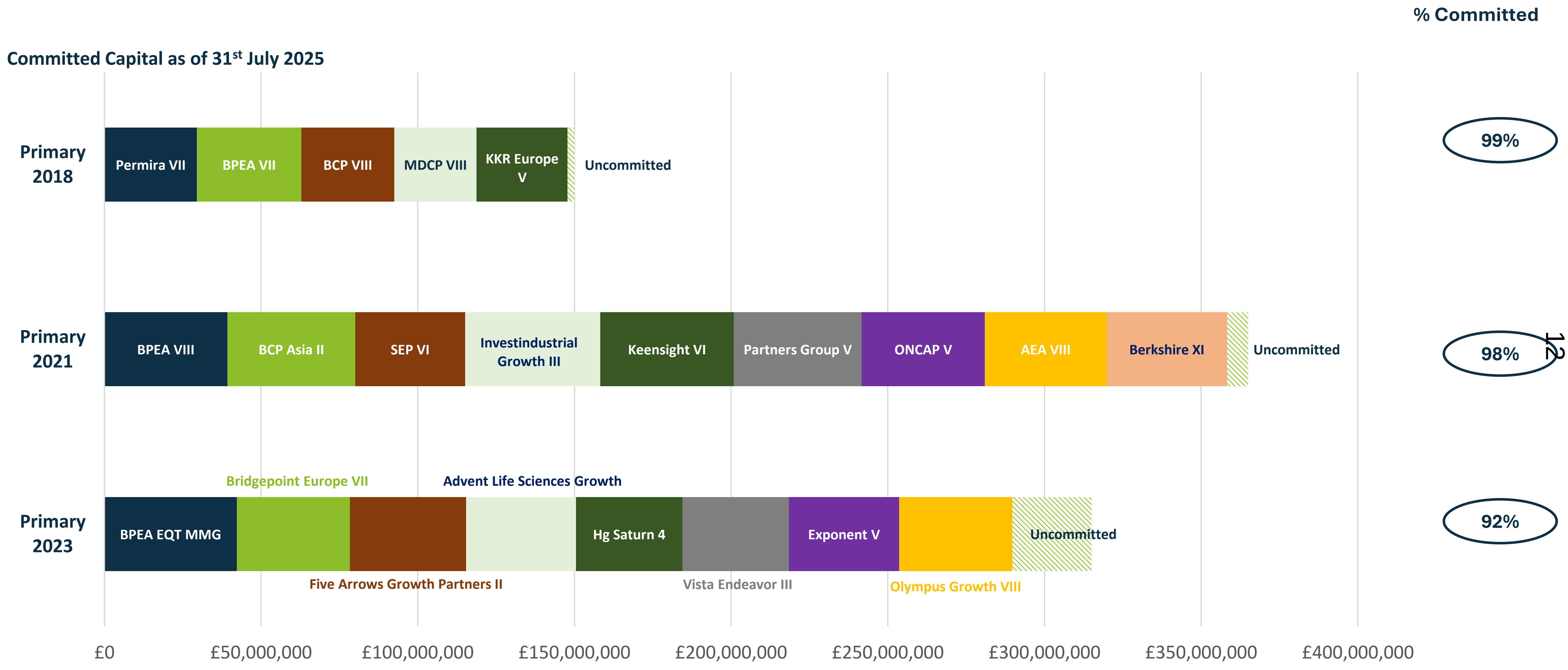
Source: LGPS Central as of 31 March 2025. Past performance is not a reliable indicator of future returns.

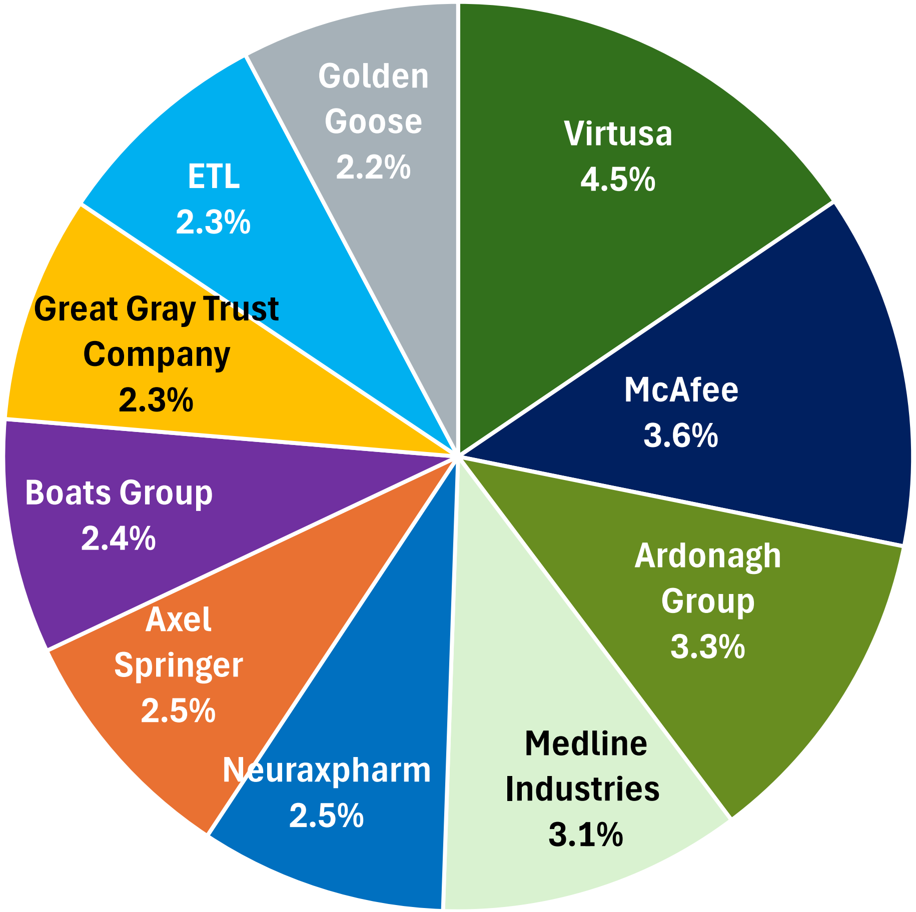
* FTSE All-World Index return since first drawdown date (annualised in sterling and assuming all investments were made at inception).

Private Equity Partnerships Committed Capital



LGPS Central Private Equity Primary Partnership 2018 LP

Top 10 - % of Fund's NAV



As of 31 March 2025

- 113 portfolio companies – diversified and defensive
- Well-positioned for an uncertain environment
- Performance impacted by public market declines
- Paid in capital nearing completion (~91%)
- Exit activity continues as the portfolios mature
- Partial realisations from more than 40 companies
- Full exits from almost 10% of holdings
- Expect to see a larger distribution profile over the coming years

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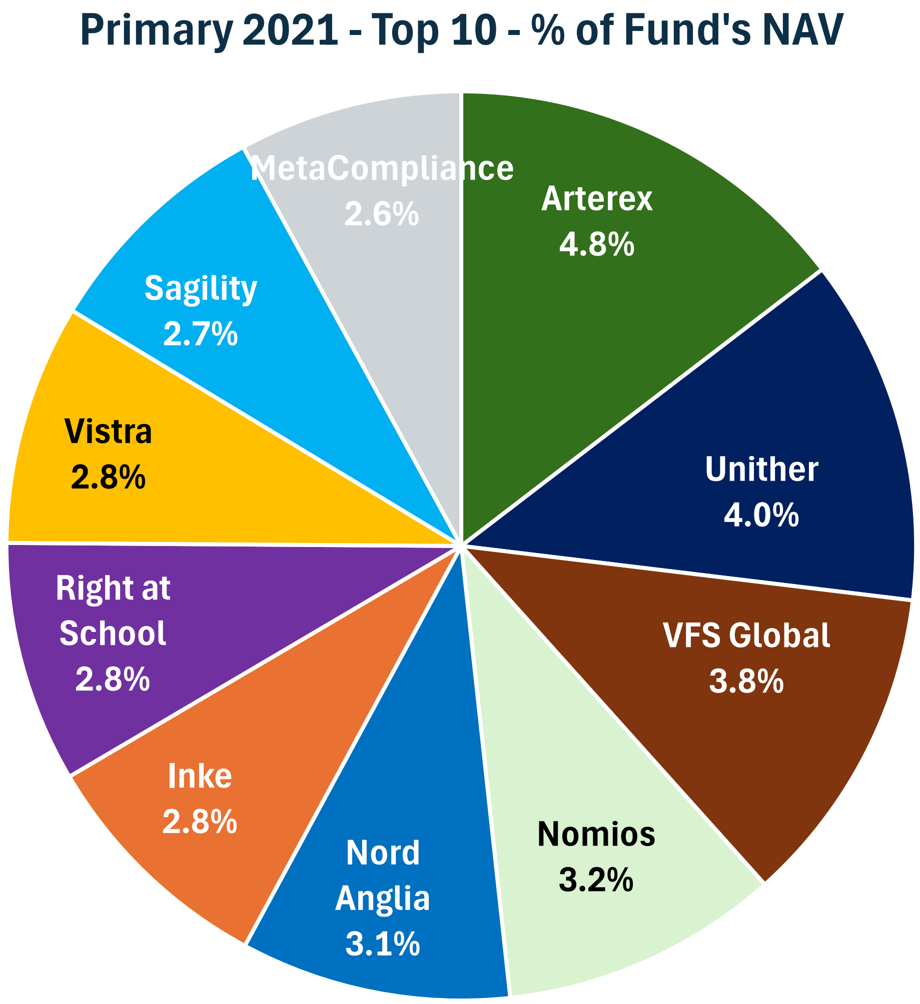
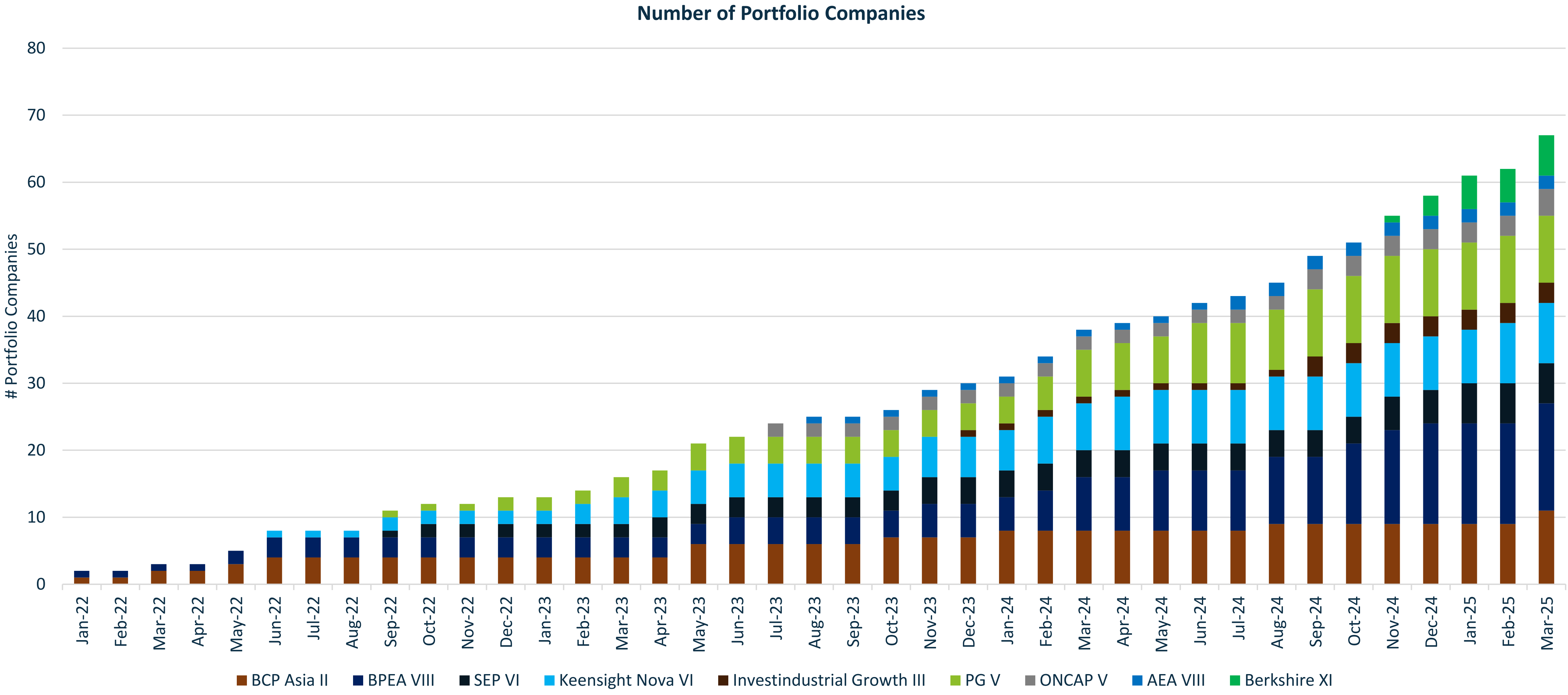
LGPS Central Private Equity Primary Partnership 2021 LP



As of 31 March 2025

- Total number of portfolio companies increased to 67
- 18 new holdings added in the last six months
- All funds in the portfolio are actively investing, with Baring PE Asia VIII, nearing the end of its investment phase
- Sagility (part of Baring PE Asia VIII) went public in India in November 2024 and is up over 40% since then
- International Gemological Institute (part of Blackstone Capital Partners Asia II) also listed in India in 2024. Its share price rose strongly but has settled around the IPO price following 'Liberation Day' tariffs
- Despite being a young portfolio, early liquidity from recapitalisations has seen distributions of 5% of paid–in capital

LGPS Central Private Equity Primary Partnership 2021 LP



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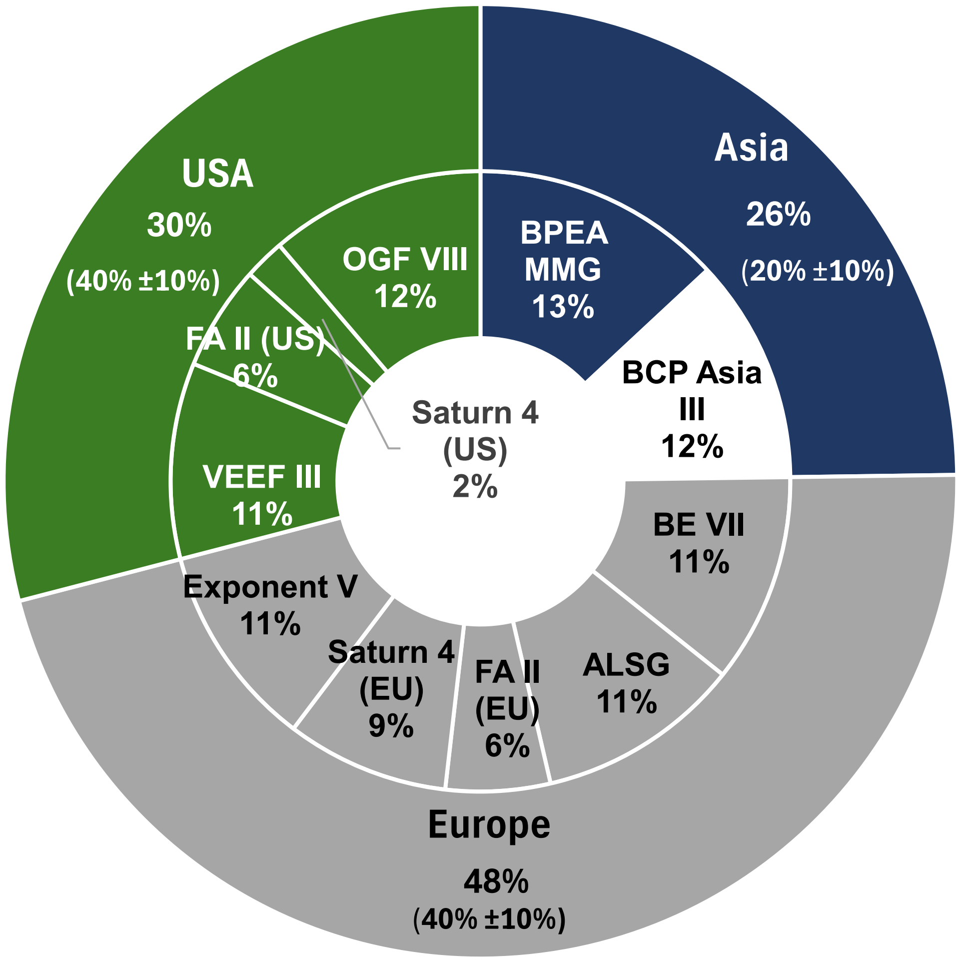
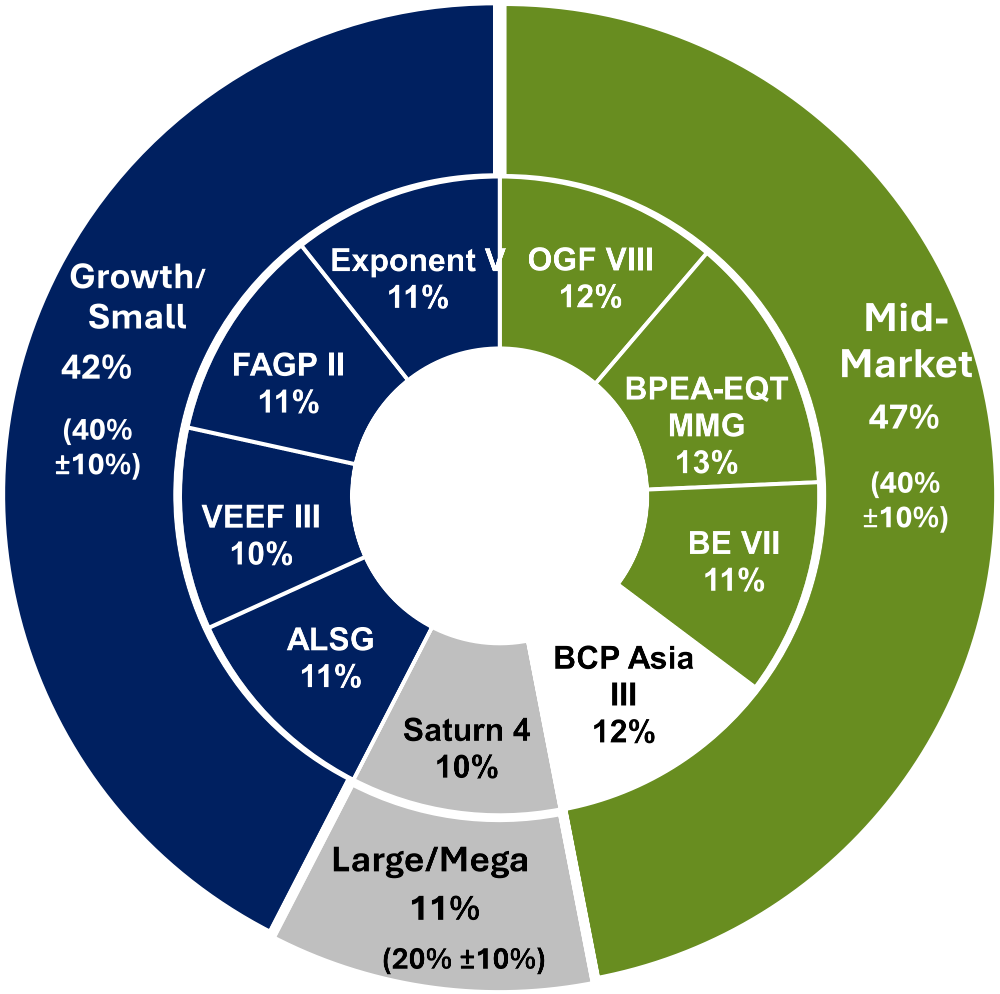
LGPS Central Private Equity Primary Partnership 2023 LP





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LGPS Central Private Equity Primary Partnership 2023 LP

At the end of March 2025 there were 28 underlying investments in the portfolio diversified by sector (Industrials, Business Services, Consumer, Software, Technology Services). Since then, there has been additional investment activity:

- Olympus Growth Fund VIII hadn't called any capital at the end of Q2 2025 but had received distributions from both of its seeded deals at the time of our commitment – its DPI and IRR at the end of June were 'infinite' due to a zero denominator!

- Bridgepoint Europe VII has now completed 14 investments and is 66% committed, following its recent deal in Esker, a global provider of AI-powered automation solutions for the Office of the CFO, headquartered in France

- Advent Life Sciences Growth announced its first deal, alongside the British Business Bank, into Cyted. Cyted is a UK-based, commercial-stage diagnostics company focused on the early detection of oesophageal cancer. This was quickly followed by the announcement of it second deal alongside the British Business Bank and Calpers into Sitala, a best-in-class Factor B inhibitor for complement-mediated diseases

- Hg Saturn 4 has completed its first two platform investments in IFS and P&I

- Baring PE Asia-EQT Mid-Market Growth Fund announced the take-private of CareNet, a leading platform for online medical information, promotion, and education in Japan

- Five Arrows Growth Partners II has signed its first investment into Hublo, a French next generation SaaS provider for healthcare talent management. This deals is expected to close in Q3 2025

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Private Equity 2025

Workshop held with Partner Funds
- Separate sleeves (Growth/Buyout funds, Co-investments, Secondaries, Venture)

- Investment Case approved

- Business Case in progress

- Target Closings:
  - First close in Q4 2025
  - Final close in Q1 2026

<u>Investment Landscape:</u>
- ***Attractive vintage to deploy capital into a less competitive environment***
- ***Risks (geopolitical, interest rates, etc.) exist but should be navigable for experienced and disciplined managers***
- ***Deal pipeline for all four strategies is strong and active, both globally and locally***
- ***Tough fundraising market allows more opportunity to secure attractive terms***

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Private Credit

Private Credit Funds Overview

Fund	Launched	Leicestershire commitment	Fund size	Sub-commitments	% of Fund sub-committed	Drawn	Underlying Managers	Net target	Net performance March 2025
Credit Partnership I	March 2021	£60m	£305m	£270m	89%	81.5%	3 managers	12-14%	8.1%
Credit Partnership II	March 2021	£240m	£1,165m	£1,158m	99%	79.3%	7 managers	6-8%	8.9%
Credit Partnership IV	June 2022	£117m	£587m	£580m	99%	70.2%	4 managers	4.5-6.0%	1.2%
Direct Lending 2024	October 2024	£180m	£565m	£90m	16%	-	1 manager	6-8%	n/a
Real Asset 2024	October 2024	£100m	£197.5m	-	-	-	-	4.5-6.0%	n/a

Source: LGPS Central. Drawn and performance figures as of March 2025. Past performance is not a reliable indicator of future returns.

- All four Credit Partnerships from the 2021 vintage have now completed their respective investment programmes
- 98% of capital raised for the 2021 vintage was successfully deployed to 16 managers across a total of 19 sub-funds

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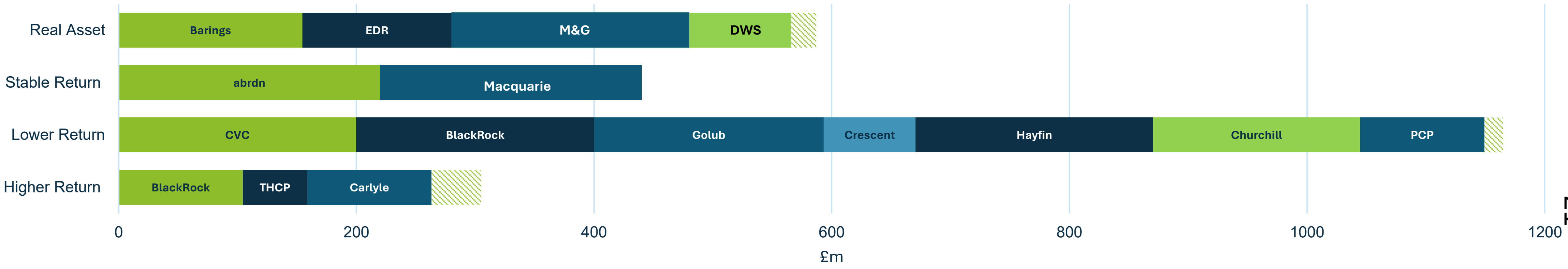
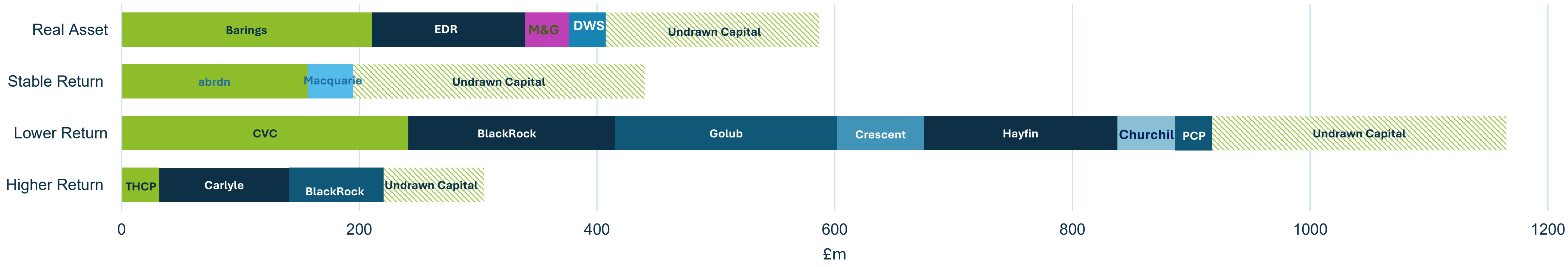
Committed and Drawn Capital

Committed Capital (£)



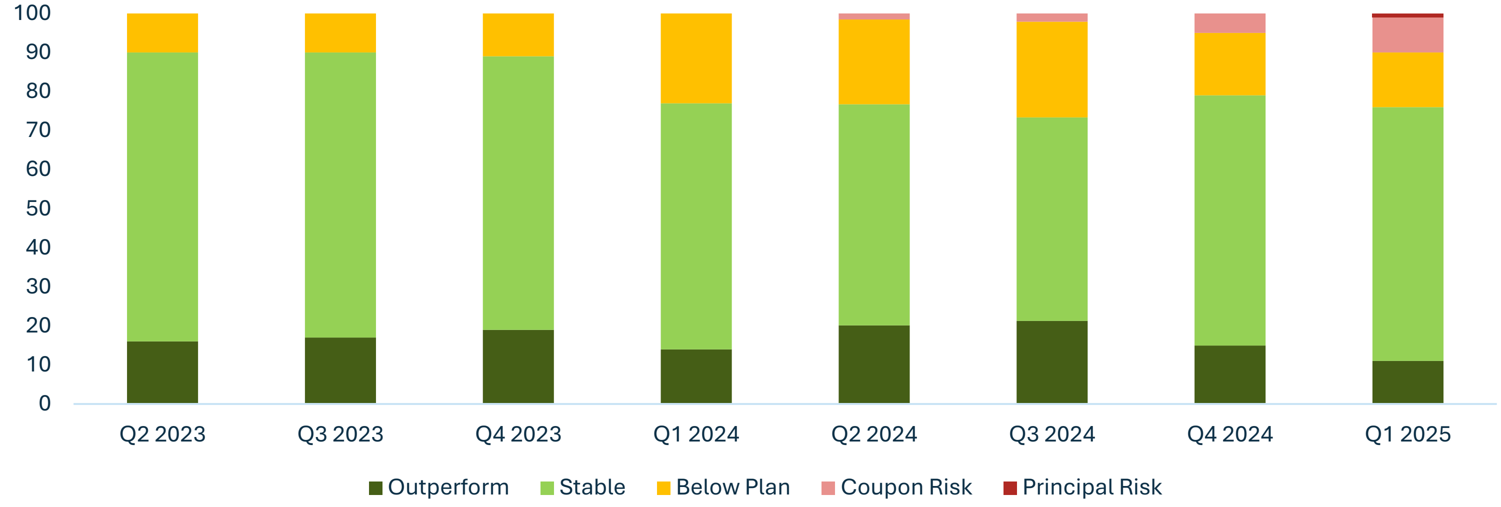
Drawn Capital



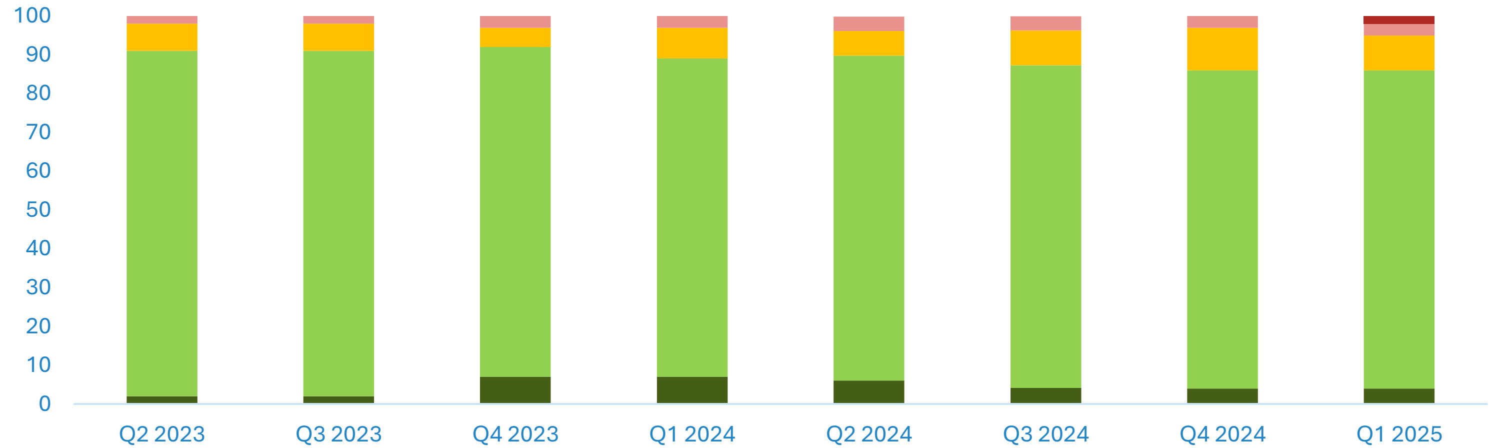
Source: LGPS Central. Data as of April 2025

Portfolio Monitoring – Risk Rating Review

Credit Partnership I



Credit Partnership II



Mapped to the below risk ratings	
Outperform	Performing substantially above base case expectation
Stable	Performing in line with base case expectation
Below Plan	Performing below base case expectation but no loss of investment return or principal is expected
Coupon Risk	Performing materially below base case expectation. Some loss of investment return is likely, but no loss of principal is expected
Principal Risk	Performing materially below base case expectation. Some loss of principal or invested capital is likely

Source: LGPS Central. Data as of March 2025

Direct Lending 2024 - CVC

The new Direct Lending 2024 fund completed its first investment in June 2025, a commitment of £90m to CVC's EUDL Fund IV. This followed a thorough review of available investment opportunities in the market, a scoring exercise of 10 shortlisted funds and then an in-depth two stage review of CVC and their new fund.

Rationale for Selection

- ✓ A strong track record in direct lending with a proven strategy executed across three previous funds
- ✓ A highly experienced senior team with an average tenure of 8 years at CVC and 27 years in the industry
- ✓ A seed portfolio of 17 assets, reducing blind pool risk
- ✓ Competitive management fee with maximum available savings through LGPS aggregation

Manager:	CVC Credit Partners
Target Fund Size:	Hard cap of €4.5bn
Target Return:	10-12% gross IR, 9% net IRR
Investment Period:	3 years
Fund Life:	6 years from final close
Geography:	Europe
Sub-sectors:	Agnostic

Real Asset 2024 - Invesco

The team are now finalising the commitment with an expected close of September 2025, which will be the first from the new Real Asset 2024 fund.

Rationale for Selection

- ✓ Lending to well-resourced and experienced sponsors who have a strong track record in the sector
- ✓ Strong pipeline of opportunities from various sources, in addition to seven seed assets already in portfolio
- ✓ Very experienced team with an average of 20 years industry experience. The majority of the team have worked together for over 15 years
- ✓ Option to invest in all property sectors across Europe, providing diversification and the opportunity to pivot to attractive markets
- ✓ Favourable terms including heavily reduced management fee, no performance fee and the option to invest via a GBP sleeve

Invesco

Manager:	Invesco Asset Management Limited
Fund Size:	€326m
Target Return:	8-10% gross IRR 7-9% net IRR
Investment Period:	Open-ended
Fund Life:	Open-ended
Geography:	EU, UK and Switzerland
Sub-sectors:	Agnostic (Real Estate)

Real Asset 2024 - HSBC

Legal and tax reviews are now being undertaken with a view to completing the commitment in September. This will be the second commitment from the new Real Asset 2024 fund.

Rationale for Selection

- ✓ Lending to infrastructure projects which reduce greenhouse gas emissions in investment-grade markets
- ✓ Mid-market focus which is traditionally less competitive and has stronger lender negotiating power
- ✓ Five seed assets and a strong pipeline of opportunities from the wider HSBC group
- ✓ Strong and consistent track record, with zero defaults or realised losses to date

HSBC

Manager:	HSBC Asset Management
LGPSC Commitment:	£60m (c.$81m)
Target Fund Size:	$750m
Target Return:	8-10% gross IRR 7-9% net IRR
Investment Period:	3 years
Fund Life:	6 years from final close
Geography:	Predominantly Europe and North America
Sub-sectors:	Renewables and energy transition

Infrastructure

LGPS Central Infrastructure Funds

FUNDS OVERVIEW

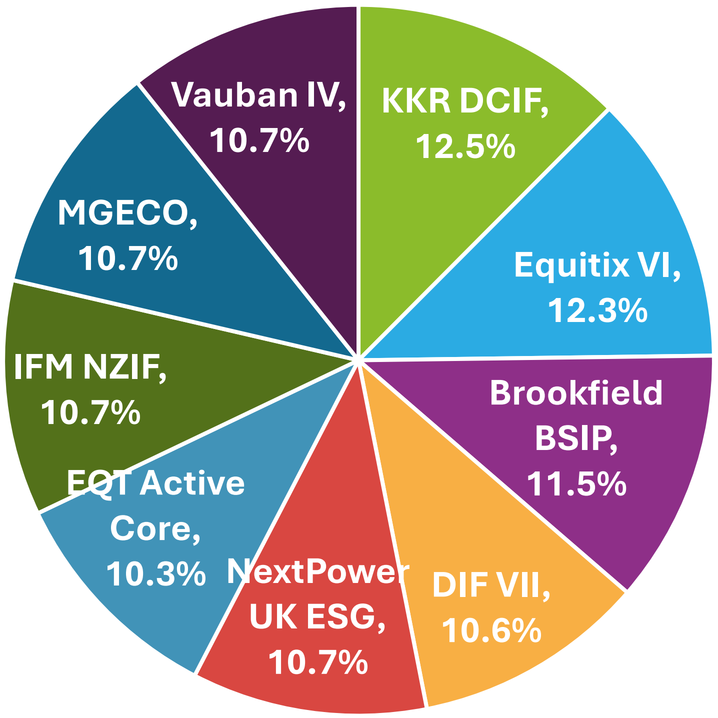
Fund	Partner Fund Commitments	Sub-Commitments	% of Fund	Drawn[1]	Underlying Managers	Target	Benchmark	Performance
Core/Core Plus	£1313.5m	£933.4m	71%	82%	9 managers	9.1%	5.6%	5.0%
Value Add/Opportunistic	£321.5m	£190.1m	59%	39%	5 managers	10.6%	5.6%	3.3%
	£1,635.0m	**£1,123.5m**	**69%**		**14 managers**			

Source: LGPS Central, as of 31st March 2025. Notes: 1. Drawn refers to the percentage of sub-committed funds which have been called by the underlying manager(s).
Past performance is not a reliable indicator of future returns.

- **Additional Commitments:** £150m in additional commitments received from Partner Funds in Q2 2025.
- **Core / Core Plus:** During Q3 additional commitments of were made to three existing Core open ended funds. Expected to be fully drawn within 6-9 months.
- **Value Add / Opportunistic:** In Q2, additional commitment of ~£61m made into Copenhagen Infrastructure Partners (CIP) V (previous allocation to CIP IV made in 2021).

LGPS Central Infrastructure Core/Core Plus Portfolio

Infrastructure Core/Core Plus Portfolio



As of 31 March 2025

- Diversified portfolio still deploying capital
- Open ended funds have been quicker at deploying capital
- Portfolio performance during Q1 2025 benefitted from net valuation changes of the underlying funds and favourable currency movements.
- However additional deployment of capital has created a short term drag on the overall performance as investments are made.
- Currently finalising a commitment into European Infrastructure Fund with an allocation of £130m, expecting to close in Q3.

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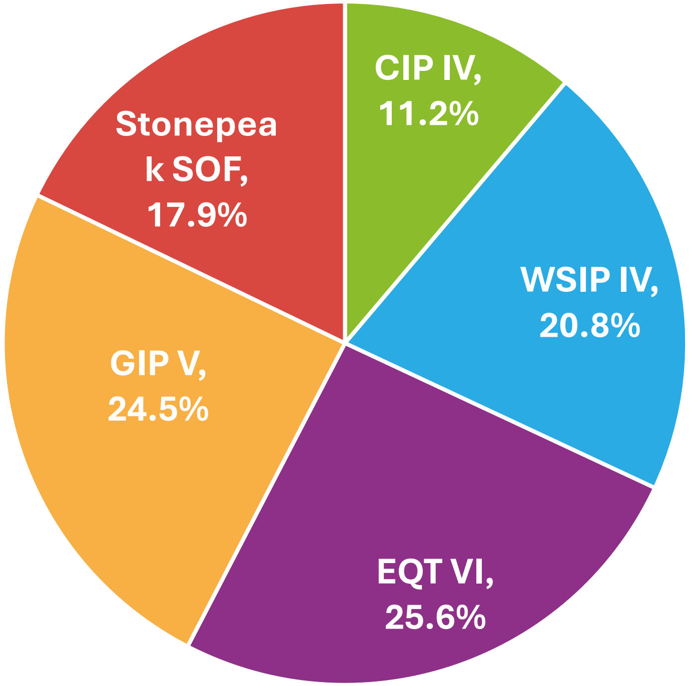
LGPS Central Value Add/Opportunistic Infrastructure Portfolio

Infrastructure Value Add/Opportunistic Portfolio



As of 31 March 2025

- In Q1 2025, performance of the overall portfolio benefited from the net valuation changes of the underlying funds and the favourable currency movements.
- Most of the funds are still in the investment period so experiencing the J-curve effect, however we continue to see positive improvements in the fund level performance.
- In April 2025, a commitment of c.£60m was made to CIP V following the positive performance to date of CIP IV.

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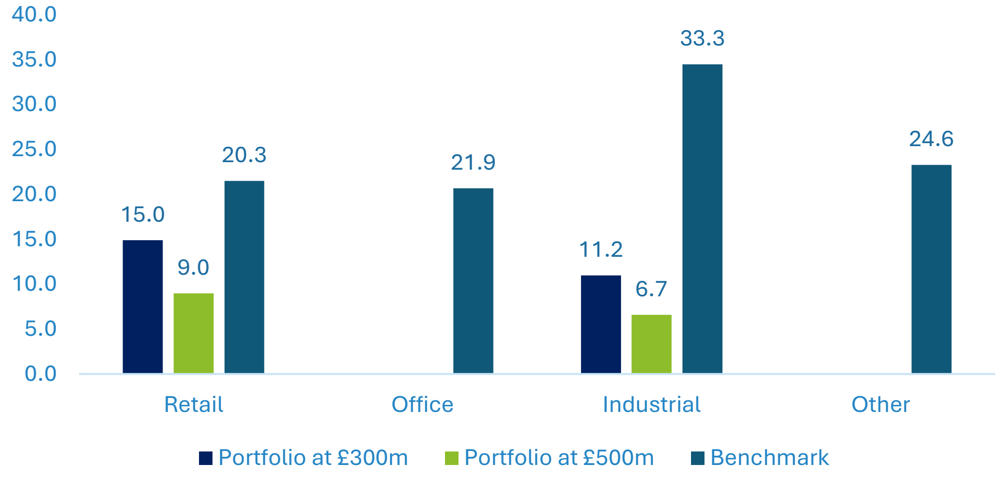
Property

LGPS Central UK Direct Property Fund

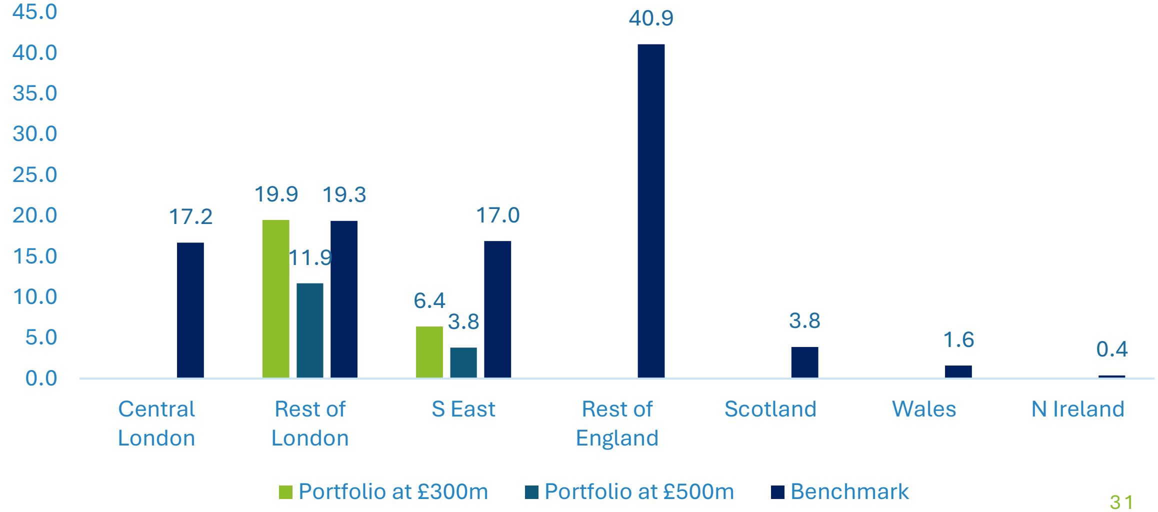
LGPS Central UK Direct Property Fund Overview and Strategy

- Updated strategy approved in July 2025 Investment Committee, with minor changes to passing strategy
- Concentrate capital in sustainable locations in dynamic urban centres with at least 50% of the Fund invested in London and the southeast and the balance in major regional centres
- Mitigate credit risk through a high level of tenant diversification and strong property fundamentals
- Overweight Retail and Industrial sectors, with opportunistic purchases of office sector assets
- Increased target lot size range to £20-£50m (with flexibility for exceptions)
- Target return – MSCI UK Quarterly Property Index + 50bps
- Manager: LGPS Central
- 'Partnership' with DTZ Investors
- LGPSC role: Approve annual strategy, approve all capital items

SECTOR (%)



REGION (%)



Performance

Total Fund Characteristics	Q1 2025	Q2 2025
Fund Valuation	£77,700,000	£78,650,000
Passing Rent	£4.6m	£4.7m
Gross ERV	£5.2m	£5.2m
Net Initial Yield	5.8%	5.6%
Nominal Equivalent Yield	5.6%	5.6%
Void Rate	0.0%	0.0%
Weighted Average Unexpired Lease Term	5.3 yrs	4.5 yrs

Data as of 30 June 2025. Source: LGPS Central. Past performance is not a reliable indicator of future returns.

- During Q2, the Fund's portfolio delivered a total return of 2.5% versus the MSCI UK Quarterly Property Index return of 1.3%.
- On a Direct Property Standing Investment basis, the Fund delivered a total return of 2.5%, outperforming the benchmark by 110bps.
- Total capital deployed stands at £79.0m, through the acquisition of two industrial estates and two retail parks, with a further £10.5m drawn.
- The remaining c£40m of undrawn capital in LCC's tranche is expected to be deployed over the remainder of 2025.

London Road Retail Park, Maidstone

- Completed October 2024
- Multi-let retail park
- 5 tenants across retail and food store units

Purchase Price	£18.8m
Net Initial Yield	6.4%
Expected 10-year IRR	6.7%

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Asset Rationale:

- ✓ Strong commuter town
- ✓ Strong levels of trade
- ✓ All tenants have been in occupation for more than ten years
- ✓ Limited availability of retail warehouse space in the area

LPF Portfolio Update

- Formal handover undertaken on 14th February
- New, independent valuers have been appointed to produce December 2024 and ongoing quarterly valuations
- All properties inspected by DTZ
- Formal strategy proposed and communicated to LPF
- Asset management initiatives being refined

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LGPS Central Limited

Thank you for listening

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