LPPI Real Estate ACS

Annual Report & Financial Statements

for the year ended 31 March 2025

LPPI Real Estate ACS
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Annual Reports

The annual report of the Authorised Contractual Scheme ("the ACS") will normally be published within six months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. A report containing the full accounts is available on the Local Pensions Partnership Investments Ltd ("the ACS Manager") website at www.localpensionspartnership.org.uk to any person free of charge

Documents of the ACS

The following documents may be inspected by any Unitholder or potential Unitholder free of charge during normal business hours on any Business Day at the Principal Place of Business of the ACS Manager at First Floor, 1 Finsbury Avenue, London. EC2M 2PF:

- the Prospectus;
- the most recent annual and half yearly reports of the ACS; and
- the ACS Deed (and any amending documents).

Unitholders may obtain copies of the above documents from the ACS Manager. The ACS Manager may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly reports of the ACS and the Prospectus which are available free of charge to any Unitholder or potential Unitholder).

About the Scheme

LPPI Real Estate ACS (the "Scheme") is an authorised contractual scheme in co-ownership form authorised by the Financial Conduct Authority ("FCA") with effect from 9 September 2019. The Scheme is a Qualified Investor Scheme under the FCA rules and is subject to the limits on investments set out in the FCA Collective Investment Schemes Sourcebook.

The Scheme is organised as an umbrella authorised contractual scheme comprising separate Sub-funds. As at 31 March 2025, the following Sub-fund was available to investors:

LPPI Real Estate Fund

Cross Sub-fund holdings within the Scheme:

As at 31 March 2025 there were no cross Sub-fund holdings within the Scheme.

The Alternative Investment Fund Managers Regulations 2013

The ACS Manager is authorised and regulated by the FCA with permission to carry on the activity of "managing an AIF" in the United Kingdom. As such, the ACS Manager has been appointed to be the alternative investment fund manager of the Scheme, which is an alternative investment fund, or 'AIF', for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD").

In this document the term "AIFMD" means, collectively, Directive 2011/61/EU, as implemented by Commission Delegated Regulation (EU) No. 231/2013 and transposed in the UK by SI 2013/1773 entitled 'Financial Services and Markets; The Alternative Investment Fund Managers Regulations 2013' and any other applicable UK national implementing measures, including (without limitation) the rules contained in the FCA handbook, each as may be amended or updated from time to time.

Going Concern

The ACS Manager has reasonable expectation, despite current uncertainties around macro-economic risks, that the Scheme has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it has adopted the going concern basis in preparing the financial statements.

Potential implications of the macroeconomic climate on the Scheme

The ACS Manager, together with their advisors, continues to closely monitor the on-going impact of macro-economic challenges, such as global conflicts, inflation and interest rates and assess any impact this may have on the net asset value of the investments. If the need should arise then the ACS Manager would act accordingly but as it stands there is no significant impact to going concern.

Significant Events

There were no significant events during the period.

Assessment of Value

The Assessment of Value report is available to download on the LPPI website: LPPI Assessment of Value Reports.

Task Force on Climate-Related Financial Disclosures (TCFD)

These reports have been prepared in compliance with the FCA Environmental, Social and Governance (ESG) Sourcebook and are intended to provide investors with insights into how LPPI take climate-related risks and opportunities into account when managing investments.

The TCFD Product Report for the Real Estate Fund is available to download on the LPPI website: TCFD reports (localpensionspartnership.org.uk)

Report on Remuneration

The below disclosures are made in respect of the remuneration policies of the Local Pensions Partnership Ltd group ("LPP"), as they apply to the Manager. The disclosures are made in accordance with the Alternative Investment Fund Managers Directive, the European Commission Delegated Regulation supplementing the AIFMD (the "Delegated Regulation") as transposed into UK law by the EU Withdrawal Act 2018 and the "Guidelines on sound remuneration policies under AIFMD" issued by the European Securities and Markets Authority and the Financial Conduct Authority Handbook SYSC 19B: The AIFM Remuneration Code, and FUND 3.3.5 R.

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Scheme in respect of the Manager's financial year ending 31 March 2025 was:

	Number of Staff	Total Remuneration		Remuneration attributable to Fund	
		Fixed	Variable	Fixed	Variable
		£	£	£	£
Total	60	5,984,872	1,973,312	986,545	313,704

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Scheme in respect of the Manager's financial year ending 31 March 2025, to its senior management and to members of its staff whose actions have a material impact on the risk profile of the Fund was:

	Number of Staff	Total Remuneration	Remuneration attributable to Fund
		£	£
Material Risk Takers	9	1,634,074	421,769
Senior Management	5	2,320,657	164,409

LPPI has in place a Remuneration Policy which addresses the requirements of the AIFM Remuneration Code outlined in SYSC19B of the FCA Handbook. This policy is adopted by the LPPI Board and is now overseen by the LPPI Remuneration Committee, this Committee having been established in June 2023. Prior to the establishment of the LPPI Remuneration Committee, this oversight role was performed by the LPP Group Remuneration and Nomination Committee (now dissolved). The Remuneration Policy takes full account of strategic objectives of the LPP Group and the requirements of the shareholders. It aims to maintain a competitive package that will attract, motivate and retain individuals while allowing the overall strategy to be delivered. LPPI remuneration comprises fixed (salary and benefits) and variable pay, it is designed to avoid excessive or inappropriate risk taking. Receipt of variable pay is dependent upon the achievement of personal objectives which are aligned to LPPI strategic objectives. The remuneration of staff employed by the AIFM but providing services to the Fund is included in the remuneration disclosures above.

Richard J. Tomlinson
Chief Investment Officer
On behalf of Local Pensions Partnership Investments Ltd
31st July 2025

Opinion

We have audited the financial statements of LPPI Real Estate ACS (the ‘Scheme’) for the year ended 31 March 2025. These financial statements comprise together the Statement of Accounting and Distribution Policies, and the individual financial statements of the sub-fund of the Scheme:

- LPPI Real Estate ACS (the 'Sub-fund')

The individual financial statements for the Scheme's sub-fund comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the cash flow statement, notes to the financial statements, and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes sourcebook and the Scheme deed.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Scheme and the sub-fund as at 31 March 2025 and of the net revenue and net capital gains/(losses) on the Scheme property of the Scheme and the sub-fund for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes sourcebook and the Scheme deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Contractual Scheme Manager’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme’s and the sub-fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme and the sub-fund to cease to continue as a going concern.

In our evaluation of the Contractual Scheme Manager’s conclusions, we considered the inherent risks associated with the Scheme’s and the sub-fund’s business model including effects arising from the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Contractual Scheme Manager and the related disclosures and analysed how those risks might affect the Scheme’s financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Contractual Scheme Manager’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme’s and the sub-fund’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Contractual Scheme Manager with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Contractual Scheme Manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Contractual Scheme Manager's Report (which comprises the cross sub-fund holdings within the Scheme contained in the ACS Manager's Report on page 1, the Investment Reports and the Portfolio Statements) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Scheme or the sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

Responsibilities of the Contractual Scheme Manager

As explained more fully in the Statement of the Contractual Scheme Manager's Responsibilities set out on page 29 , the Contractual Scheme Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Contractual Scheme Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Contractual Scheme Manager is responsible for assessing the Scheme's and the sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Contractual Scheme Manager either intends to terminate a sub-fund, wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Scheme and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Investment Association Statement of Recommended Practice (SORP) 'Financial Statements of UK Authorised Funds' and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.
- We enquired of the ACS Manager and management to obtain an understanding of how the Scheme is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the ACS Manager's meetings.
- In assessing the potential risks of material misstatement, we obtained an understanding of: the Scheme's operations, including the nature of the sub-fund's revenue sources, and of the sub-fund's objectives to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement and the Scheme's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations.

Auditor’s responsibilities for the audit of the financial statements (continued)

- We assessed the susceptibility of the Scheme’s financial statements to material misstatement, including how fraud might occur by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and
  - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner’s assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Scheme operates; and
  - understanding of the legal and regulatory frameworks applicable to the Scheme.

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the Scheme’s unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook. Our audit work has been undertaken so that we might state to the Scheme’s unitholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme’s unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Flatley

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
31st July 2025

1. Accounting and Distribution Policies

(a) The financial statements have been prepared in compliance with UK Financial Reporting Standard ("FRS") 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (the "SORP") issued by the Investment Management Association (now known as the Investment Association) in May 2014 and as amended in June 2017.

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

The presentation currency of these financial statements is Sterling.

These financial statements have been prepared on a going concern basis. Furthermore, the ACS Manager believes that the Scheme has adequate resources to cover financial liabilities as they fall due for the foreseeable future.

(b) The direct property investment, which comprise of properties held for generation of rental income and capital gains, are recognised at fair value, being market value as of the Balance Sheet date. The ACS Manager has appointed Savills (UK) Limited as the Standing Independent Valuer. The Standing Independent Valuer is responsible for valuing the direct properties on the basis of a full valuation with physical inspection at least once a year. The Standing Independent Valuer also values each direct property on the basis of a review of the last full valuation at least once a quarter. The Independent Standing Valuer will conduct its valuations on the basis of "market value" as defined in the Valuation Standard of the RICS Valuation – Global Standards 2017 as supplemented by the 2018 UK national supplement and as updated or superseded from time to time. The net capital gain or losses arising on revaluation of direct properties are recognised in the Statement of Total Return.

Any costs related to development or acquisition of the direct properties are capitalised on an accruals basis. Costs capitalised in respect of direct properties include acquisition costs of land and buildings, costs incurred in bringing the property to its present condition in accordance with FRS 102. Direct properties in course of development are measured at cost.

(c) Units or shares in the Collective Investment Schemes ("CIS") are recognised at fair value being market price as at Balance Sheet date if the units or shares are quoted. If prices for units and shares in the CIS are not quoted the market value is the price from the most recent valuation statement issued from time to time by the managers of the CIS the Scheme is invested in. The gain or losses arising on revaluation of units and shares in the CIS are recognised as capital in the Statement of Total Return.

All distributions from the CIS are recognised when the securities are quoted ex-dividend. All distributions from holdings in the CIS are treated as revenue with the exception of the equalisation element, which is treated as capital. All distributions accrued or received from the CIS are recognised in the Statement of Total Return.

Investments in jointly controlled entities are held as part of an investment portfolio at fair value with changes in fair value recognised in the Statement of Total Return.

Changes in net asset value of the Special Purpose Vehicles ("SPVs") that the Scheme invests in is recognised in the Statement of Total Return as capital gain or loss.

(d) Debtors are recognised initially at transaction price. Creditors are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in case of debtors.

(e) Borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

(f) Borrowing costs directly attributable to the acquisition or construction of a direct property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective direct property. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1. Accounting and Distribution Policies (continued)

(g) Rental income is recognised on a straight-line basis over the lease term. Rental income, which excludes value added tax, represents rent from direct properties leased out under operating lease agreements and is measured at fair value of the consideration received or receivable. Where income is received in advance for a period beyond the accounting period, income is deferred and a liability is recognised on the Balance Sheet.

(h) Service charge income which arises from expenses recharged to tenants is recognised in the period on which the expense can be contractually recovered and is measured at fair value of the consideration received or receivable.

(i) All expenses, except those relating to the purchase and sale of investments, are charged against revenue. All expenses are recognised on accruals basis.

(j) Any transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of any such transaction. Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at Balance Sheet date.

(k) Revenue items in foreign currencies are translated into Sterling at the exchange rate when the revenue is received.

(l) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Lease incentives in the form of rent free periods, cash incentives and contributions to capital expenditure incurred by the tenants are treated as a reduction in the overall return on the lease and, in accordance with FRS 102 are recognised on a straight line basis over the lease term. The total of the unamortised capital contributions and any lease incentives in place at the period end are included within the fair value of the leased investment property rather than held as a separate debtor.

(n) The Scheme is tax transparent and is not a taxable entity for UK tax purposes and is not subject to tax in the UK on income or gains arising on underlying investments.

(o) Distribution of the Scheme's income is made on a quarterly basis. The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable and deducting the charges and expenses paid or payable out of income in respect of that accounting period. Distributions paid are recognised in the Statement of Total Return.

2. Financial Instruments and Risks

The Scheme's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Scheme.

Risk management framework

The ACS Manager has implemented a 'three lines of defence' model for managing risks within the Scheme as follows:

1. **First line of defence (Portfolio Management) –** responsible for identifying and assessing the risks faced in the Scheme and ensuring that appropriate controls are monitored and followed.
2. **Second line of defence** (Risk Management & Compliance) – responsible for establishing an effective policy and control framework for the risk faced by the Scheme and conducting compliance monitoring.
3. **Third line of defence** (Internal Audit) – provides independent and objective assurance on the effectiveness of risk management, control and governance processes.

The ACS Manager has developed processes and procedures for the Portfolio Managers to manage the Scheme in line with the guidelines and limits as set out in the prospectus and for monitoring performance, regulatory and operational risk for the Scheme.

The Risk Management team of the ACS Manager is an independent function from the business responsible for developing a policy and control framework that identifies, analyses, measures, monitors and reports the various risks faced by the Scheme.

2. Financial Instruments and Risks (continued)

Risks are identified using several approaches including, but not limited to:

- calculating risk and stress testing;
- monitoring performance measurement against agreed objectives;
- findings of internal and external risk management reports; and
- informal meetings of senior officers or other staff involved in the management of the Scheme.

Once identified, risks are documented on the ACS Manager's risk register, which is the primary control document for the subsequent analysis, control, and monitoring of those risks.

a) Market risk

Market risk is potential loss in the value of investments from movements in market prices such as real estate assets, interest rate and currency movements. The funds in the Scheme are exposed to these risks.

LPPI Real Estate Fund:

The worst loss potential of the LPPI Real Estate ACS for March 2025 based on the conditional 95% Value-at-Risk is -21.6%. In a scenario of 10% negative return in the Real Estate markets, the expected loss in the real estate fund for March 2025 is -9.7%.

b) Risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme is accounted for in Sterling and holds financial assets and liabilities denominated in Sterling and other international currencies. Therefore, the Balance Sheet and Statement of Total Return may be affected by currency movements.

Management of foreign currency risk

The ACS Manager may utilise various instruments including, but not limited to forward currency contracts, currency futures and currency swaps to seek to reduce, but not eliminate, the effect of exchange rate fluctuations between the currencies of the underlying investments of the Scheme.

The foreign currency profile for the Scheme's net assets at 31 March 2025 was:

	Monetary £000's	Non-Monetary £000's	Total £000's
Australian Dollar	517	67,259	67,776
Euro	15,842	47,966	63,808
Japanese Yen	155	4,274	4,429
Norwegian Krone	-	5,787	5,787
US Dollar	2,976	161,102	164,078
Total	**19,490**	**286,388**	**305,878**

A 10% adverse move in the foreign currencies will result in 1.89% loss for the Scheme at 31 March 2025 (2024: 1.76%).

i) Risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme's exposure to risk of change on market interest rates relates mainly to floating interest rate on the cash and bank balances. As at Balance Sheet date the exposure to interest rate risk is not significant. An adverse movement in floating interest rates would have a minimal effect on the net asset value of the Scheme.

2. Financial Instruments and Risks (continued)

ii) Risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Scheme is exposed to other price risk arising from its investments. The exposure of the Scheme to other price risk is the market value of the investments held as shown in the portfolio statement of the Scheme.

Management of other price risk

The Investment Managers manage the Scheme's other price risk on a daily basis in accordance with the individual Sub-fund's investment objective.

By diversifying the portfolio, where this is appropriate and consistent with the individual Sub-fund's objectives, the risk that a price change of a particular investment will have a material impact on the net asset value of the Sub-fund is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

c) Counterparty credit risk

Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Scheme is exposed to counterparty credit risk from the parties with which they trade and will bear the risk of settlement default.

Management of counterparty credit risk

The ACS Manager maintains a list of approved counterparties. This list is regularly monitored and revised for the changes based on the counterparty's creditworthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list. KFIM monitors the financial standing of the tenants within the portfolio and any credit is provided based on it.

As at 31 March 2025, the LPPI Real Estate ACS portfolio has 46.73% (2024: 43.62%) invested in Collective Investment Schemes which are not rated.

i) Depositary and Custodian

The Scheme's Depositary is NatWest Trustee and Depositary Services Limited (the "Depositary"). The Depositary has delegated some of the function of custodian of the property of the Scheme to The Bank of New York Mellon SA/NV London Branch (the "Custodian").

Substantially all of the investments other than financial derivative instruments of the Scheme are held by the Custodian at the year end. Investments are segregated from the assets of the Custodian's, with ownership rights remaining with the Scheme. Bankruptcy or insolvency of the Custodian may cause the Scheme's rights with respect to its investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the amount of long investments disclosed in the portfolio statement.

Management of counterparty credit risk related to the Depositary and Custodian

The Scheme will be exposed to the credit risk of the Custodian, or any depositary used by the Depositary regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depositary used by the Depositary, the Scheme will be treated as a general creditor of the Depositary.

To mitigate the Scheme's credit risk with respect to the Depositary, the Investment Managers of the Scheme employ specific procedures to ensure that the Depositary employed is a reputable institution and that the associated credit risk is acceptable to the Scheme. The Scheme only transacts with counterparties that are regulated entities subject to prudential supervision or with high credit-ratings assigned by international credit-rating agencies.

2. Financial Instruments and Risks (continued)

d) Liquidity risk

Exposure to liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulties in meeting its obligations associated with financial liabilities.

Liquidity risk to the Scheme arises from the redemption requests of investors and the liquidity of the underlying investments the Scheme is invested in. The Scheme's Unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Scheme's Net Asset Value. The Scheme is therefore potentially exposed to the liquidity risk of meeting the Unitholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands.

The Scheme invests primarily in real estate properties and Collective Investment Schemes based in the UK, which are typically considered to be illiquid assets which may take time to realise. The mitigation of inherited liquidity risk involved in holding real estate properties and collective investment schemes is explained below.

All financial liabilities held by the Scheme as at 31 March 2025, based on contractual maturities, fall due within one to three months.

As at 31 March 2025, there are no assets which are subject to special arrangements due to their illiquid nature.

Management of liquidity risk

The ACS Manager is responsible for managing the liquidity risk of the ACS. To manage and monitor liquidity risk the ACS Manager maintains liquidity risk management policies and procedures.

The liquidity risk management policies and procedures include the management implementation and maintaining of appropriate liquidity limits and monitoring and assessing the policies and procedures of the Investment Managers in managing the Scheme's liquidity limits.

Liquidity risk management policies also include the periodic stress testing of the Scheme and the procedures of each Investment Manager under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

In determining its risk management policies, the ACS Manager has taken into account the nature, scale and complexity of its activities including those of the delegated Investment Managers, and has liquidity risk profiles that are consistent with those required for a well-functioning and robust system including the requirement to meet redemption requests from Unitholders on each dealing day.

In exceptional circumstances, if there is insufficient liquidity in the Scheme to meet the redemption requests, the ACS Manager may ultimately need to temporarily suspend dealing in the Scheme.

2. Financial Instruments and Risks (continued)

e) Property risk

Property valuation risk

The value of a property is generally a matter of a valuer's opinion rather than fact and may go down as well as up. There is also a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to lack of liquidity in the relevant market.

The simplest yardstick of property valuation is initial yield, which is current annual rent divided by the value of the property, including purchase costs. Property yields will fluctuate through time and may reflect the general economic cycle. Past performance is no indicator of future performance.

At any time, the market value of a property will, broadly, reflect market expectations for rental growth. If an investment is made in the expectation that a certain level of rental growth will be achieved and that growth fails to materialise, then the returns from holding that property are likely to be lower than anticipated. Rental growth is affected by many things: general economic conditions, local trading conditions, relative scarcity of alternative space and so on.

If, in exceptional circumstances, significant redemptions are requested, the ACS Manager may be forced to sell properties which could result in properties being sold for less than expected which would reduce the value of Units.

Property transaction charges

Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.

Leverage

The Scheme may employ leverage and borrow cash in accordance with the stated investment policy or investment strategy of each Sub-fund. The Scheme may employ leverage in its investment programmes through various means including the use of financial derivative instruments (FDIs).

The ACS Manager is required to calculate and monitor the level of leverage of the Scheme, expressed as a ratio between the exposure of the Sub-fund and its Net Asset Value, under both the gross and commitment methods (in accordance with articles 7 and 8 of The Alternative Investment Fund Managers Regulations 2013). For a scheme with no borrowing or derivative usage the leverage ratio would be 1:1 under the commitment method. The gross method calculation excludes cash and cash equivalents which are highly liquid.

	Gross method 31 March 2025	Commitment method 31 March 2025	Gross method 31 March 2024	Commitment method 31 March 2024
Sub-Fund				
LPPI Real Estate Fund	97.56%	100%	95.66%	100%

The table below shows the maximum level of leverage each fund is allowed to employ.

	Gross method 31 March 2025	Commitment method 31 March 2025	Gross method 31 March 2024	Commitment method 31 March 2024
Sub-Fund				
LPPI Real Estate Fund	135%	135%	135%	135%

LPPI Real Estate Fund
About the Sub-fund

Investment Objective & Policy

The LPPI Real Estate Fund (the “Sub-fund”) seeks a total return (comprising income and capital growth) exceeding that of the Consumer Price Index by 3% to 5% each year measured over a rolling 10-year period net of all fees and expenses at portfolio level.

The Sub-fund invests in a diverse portfolio of real estate assets in the UK and globally. As well as investing directly, the Sub-fund’s investment in real estate may be indirect, through Collective Investment Schemes (including those managed by the ACS Manager), REITs and other transferable securities and derivatives.

The Sub-fund may invest in cash, money market instruments and Collective Investment Schemes for cash management purposes and may also use derivatives for the purpose of Efficient Portfolio Management.

The Sub-fund may borrow up to 35% of its NAV for such purposes which include, but are not limited to, funding acquisitions, and/or redemptions or the repayment of other property related costs including, but not limited to, property development costs and property refurbishment costs and fees.

Performance Table	01 April 2024 to 31 March 2025	01 April 2023 to 31 March 2024
Total Return		
Unit Class I		
LPPI Real Estate Fund	0.3%	(5.4%)
MSCI Quarterly UK Property Index	6.1%	(1.1%)

The Sub-fund figures quoted are based on single prices and are calculated net of fees. Performance returns are cumulative. All returns are in Sterling.

All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the return of the initial investment amount cannot be guaranteed. Changes in exchange rates may cause the value of an investment to fluctuate.

Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

LPPI Real Estate Fund ('The Sub-Fund')

The Sub-fund was authorised by the FCA on 9 September 2019 and began trading on 1 October 2019.

Summary of Performance over the period

The Sub-fund returned 0.3% (net of fees) over the period from 1 April 2024 to 31 March 2025. Its benchmark (MSCI Quarterly UK Property Index) returned 6.1% over that period.

ACS Manager's Commentary

Capital markets continued to be challenging in the 12-month period to 31 March 2025 with global commercial real estate volumes still below long-term averages. However there are signs that market conditions are improving at various degrees, and cyclical recovery appears to have begun. During the year, interest rate-driven repricing experienced previously had largely slowed down, encouraged by Central Bank interest rate cuts, which were observed across developed economies. Overall, real estate developments continue to remain subdued compared to 2021 and 2022 levels globally. Divergence in real estate markets was still evident throughout the year with favorable sectors such as Industrial, Living and some Retail leading the recovery. Prime real estate continued to outperform, demonstrating resilience and liquidity over secondary real estate, where location and quality have been the key drivers of occupier demand.

Within occupier markets, the Residential sector reported steady leasing demand given the high costs associated with ownership and slow housing construction across multiple market. This drove strong rental growth in the UK and Europe, and moderate rental growth in Asia Pacific and US markets. The Logistics sector continued to be supported by structural drivers, albeit experiencing a net absorption slowdown closer to normalised pre-pandemic levels. Within capital markets, transactions volumes improved moderately year-on-year after a spike of activities towards the latter half of the year. Following a rebound in the UK market, yield compression began to occur widely across Europe which had a positive impact on capital values across the continent. On the contrary, latest interest rate uncertainties, US tariff chaos, policy disruptions and a weaking economic outlook in the US has slowed the capital market recovery as investors have been reassessing due to the heightened near-term challenges.

Within the UK, the MSCI All Property Quarterly Index (12 months to March 2025 end) reflected signs of bottoming out with Retail warehouse and Industrial sectors as the best performers with capital values growth accelerating during this period. The Office sector, though still in negative territory, continued to show improvement with capital values falling less in the quarter ending March 2025 versus the end of 2024. Still, there are signs that the market has not been completely immune to the current economic and financial environment and investors remain cautiously optimistic. With the UK commercial real estate correction behind, the downside risks may be limited versus the prior year, however liquidity is likely to come back at a much slower pace than hoped for. Transaction volumes are likely to rise this year, though the improvement may be conditional on global financial concerns not deteriorating further. This recovery cycle will potentially be more constrained than previous ones as there is now even less room for property yields to move in, at least in the short term.

The Sub-fund's total return of 0.3% over the 12-month period to 31 March 2025 comprised of an income return of 3.6% which was partially offset by a capital value decline of 3.2%. The Sub-fund's underperformance versus the benchmark over the same period was predominantly driven by the repricing of its UK direct assets. As part of a rotational policy, the Sub-fund welcomed a new independent valuer, Savills, for direct UK assets (as at 30 June 2024) which had led to some volatility as a result of the difference in the sentiment between the outgoing and incoming valuers. Over the year, the direct UK assets delivered a total return of 2.2%, of which 5.5% was attributable to the income yield and -3.3% in capital values. The top 5 assets that have contributed to the total returns within the UK direct portfolio have been in the Industrial and Retail warehouse sectors whilst assets in Offices and a hotel have attributed to the Sub-fund's underperformance versus benchmark during this period. Within the indirect assets, the biggest detractors over the year have been from a Global Life Sciences fund and an Australian Office fund, attributed to further write downs in the underlying office assets. A UK Built-to-rent multi-family fund investment in the Sub-fund also experienced negative returns due to fire safety remediation requirements led by changes in regulation. Notwithstanding, the best performers were a US Industrial fund, which we had increased our exposure to over the year; a newly committed European Value add fund; and a UK Residential Land fund where the Sub-fund received capital proceeds as part of the fund wind down process.

The ACS Manager continued to optimise the portfolio to reduce exposure to holdings which do not benefit from structural changes to real estate, including secondary offices. The second Global Real Estate Sustainability Benchmark (GRESB) submission over the year for direct UK assets achieved an improved score of 79, up from 67 in 2023, demonstrating the ongoing commitment to sustainable asset management, good governance practices and enhanced ESG performance. Carbon data coverage had significantly improved to 92%. The ACS Manager continues to collect Scope 1,2, and 3 for the direct UK assets to produce the direct portfolio's Carbon Report 2024 which we expect to align with the GRESB reporting in July 2025.

Looking ahead, the ACS Manager believes that the Sub-fund will meet its long-term return objectives. We anticipate that the commercial real estate market will continue to stabilise over the next year, with support from further interest rate reductions globally. The portfolio will continue to focus on well-located assets with counter-cyclical qualities and strong income profiles. Additionally Environmental, Social & Governance (ESG) credentials will continue to be a key focus. Diversification remains a key risk mitigator across the portfolio and within the real estate allocation.

LPPI Real Estate Fund
Comparative table

Unit Class I	01/04/2024 to 31/03/2025 (£ per unit)	01/04/2023 to 31/03/2024 (£ per unit)
Change in net assets per unit		
Opening net asset value per unit	**9,321.85**	**10,202.91**
Return / (Loss) before operating charges**	132.23	(507.93)*
Operating charges**	(65.31)	(69.04)*
Return/ (Loss) after operating charges**	66.92	(576.97)
Distributions**	(327.78)	(304.08)
Closing net asset value per unit	**9,060.99**	**9,321.85**
Performance		
Return after charges†	0.72%	(5.65)%*
Other information		
Closing net asset value (£000's)	1,617,098	1,663,654
Closing number of units	178,468	178,468
Operating Charges#	1.00%	0.96%*
Prices		
Highest price	9,083.11	10,046.65
Lowest price	9,045.11	9,385.36

** Above comparative table is prepared based on time weighted average number of units during the year.

† The return after charges figure is based on the net asset value reported for financial statement purposes and is not the same as the performance returns figure in the Performance Table which is based on dealing prices (the price at which units are sold).

The Operating Charges figure includes the direct property cost 0.72% (2024: 0.71%)* and the Synthetic TER costs 0.28% (2024: 0.25%*) of the Sub-fund expressed as a percentage of the average net assets for the year – it does not include initial charges. The Operating Charges figure is expressed as an annual percentage rate.

*Restated to update for the incorrect classification.

LPPI Real Estate Fund
Portfolio Statement
as at 31 March 2025

Holding or Nominal Value (000's)	Investment	Market Value (£000's)	% of Total Net Assets
	Investment Property 50.45% (2024: 52.48%)		
20,900	B & Q, Tangent Link, Gallows Corner, Romford, RM3 8GZ	21,650	1.34%
14,900	Bath Road, Chippenham, SN14 0AT	14,900	0.92%
22,497	Beacon Retail Park, Watling Street, Bletchley, MK1 1BN	22,500	1.40%
18,675	Broadbridge Heath Retail Park, Horsham, RH12 3TQ	18,950	1.17%
9,804	Cala Trading Estate, Ashton Vale Road, Ashton Vale, Bristol, BS3 2HA	9,900	0.61%
12,937	8-18 Clarence St, 22 Church St & The Cloisters, Kingston, KT1 1NX	12,900	0.80%
7,012	Collingham House/Lime Tree House, Russell Road & Gladstone Road, Wimbledon, SW19 1QT	7,000	0.43%
15,250	Crown Road, Unit C, Crown Road, Enfield, EN1 1TH	15,250	0.94%
5,725	Dolphin Square, Weston Super Mare, BS23 1TT	5,000	0.31%
9,115	Eastgate Court, High Street, Guildford, GU1 3DE	9,115	0.56%
15,150	Effra Road Retail Park, Effra Road, Brixton, London, SW2 1BZ	15,900	0.98%
17,500	Gemini Retail Park, 92 Europa Boulevard, Warrington, WA5 7TY	17,500	1.08%
7,450	35-38 George Street, Richmond Upon Thames, TW9 1HY	7,700	0.48%
4,450	41-53 Goswell Road, London, EC1V 7EH	4,450	0.28%
10,045	Guiseley Retail Park, Leeds Road, Leeds, LS20 8QH	10,000	0.62%
4,495	GWR Building, 1 Passage Street, Bristol, BS2 0JF	4,500	0.28%
17,700	James Street, 8-10 Lower James Street, London, W1F 9EL	18,100	1.12%
15,150	Kingsland Trading Estate, St Philips Road, Bristol, BS2 0JZ	16,500	1.02%
10,500	London Road Retail Park, London Road, Hemel Hempstead, HP3 9AA	10,500	0.65%
23,900	Manchester Stay City, Mason Street, Manchester, M1 2GH	23,900	1.48%
28,250	Menzies Distribution Wakefield Distribution Centre, Wakefield Europort, Normanton, Wakefield, WF6 2UA	28,400	1.76%
14,300	Mitre House, 223-237 Borough High Street, London, SE1 4XW	14,300	0.88%
28,700	Oxonian Park, 1-12 Oxonian Park, Kidlington, OX5 1FP	28,700	1.77%
9,551	Riverside House, Riverside Walk, Windsor, SL4 1NA	9,400	0.58%

LPPI Real Estate Fund
Portfolio Statement (continued)
as at 31 March 2025

Holding or Nominal Value (000's)	Investment	Market Value (£000's)	% of Total Net Assets
	Investment Property (continued)		
17,000	Scimitar Park, Roydon Road, Harlow, CM19 5GU	17,225	1.07%
10,400	Slyfield Industrial Estate, Guildford, GU1 1SQ	10,400	0.64%
31,500	Spectrum West, 20/20 Business Park, St Lawrence Avenue/St Barnabus Close, Maidstone, ME16 0LL	31,500	1.95%
19,000	St Edmundsbury Retail Park, Easlea Road, Bury St Edmunds, IP32 7BT	20,300	1.26%
17,595	51-57 St Peters Street, St Albans, AL1 3DY	17,450	1.08%
15,300	71-77a St Peters Street, St Albans, AL1 3ED	15,365	0.95%
11,950	Stukeley Road Retail Park, Stukeley Road, Huntingdon, PE29 6DA	12,200	0.75%
5,850	The Whitehouse, Units 2 and 6 Belvedere Road, London, SE1 8GA	8,300	0.51%
41,878	Trafford Retail Park, Barton Road, Manchester, M41 7FP	41,500	2.57%
8,475	Units 1 & 2, Kelvin Lane, Crawley, GU10 9EZ	8,475	0.52%
11,559	Victoria Square, 4 Victoria Square, St Albans, AL1 3TF	11,550	0.71%
11,350	Waitrose Food Store, Tuttles Lane, Wymondham, NR18 0NS	11,350	0.70%
14,650	Waitrose, Station Road, Cheadle Hulme, SK8 5AE	14,650	0.91%
9,400	Warren Retail Park, Simone Weil Avenue, Ashford, TN24 8XH	9,400	0.58%
5,600	Wates House, Station Approach, Leatherhead, Surrey, KT22 7SQ	5,600	0.35%
79,804	1-7 Weir Rd & 15 Endeavour Way, Units 1-7 Weir Rd, Wimbledon, SW19 8UG	80,000	4.95%
30,200	33 Wellington Street, Leeds, LS1 4JP	30,200	1.87%
9,700	Wickes Retail Warehouse, Vincent Lane, Dorking, RH4 3HQ	9,800	0.61%
15,825	1-2 Woodbridge Meadows, Guildford, GU1 1BD	15,825	0.98%
29,732	Wolf Pack, Hilton Cross Business Park, Wolverhampton, WV10 7QZ	29,750	1.84%
42,350	Woodside Business Park, Foster Avenue, Dunstable, LU5 5TA	42,350	2.62%
25,500	XPO - Tuscany Way, Wakefield Westport, Normanton, Wakefield, WF6 2UA	25,600	1.58%
		815,805	**50.45%**

Portfolio Statement (continued)
as at 31 March 2025

Holding or Nominal Value (000's)	Investment	Market Value (£000's)	% of Total Net Assets
	Investment in Collective Investment Schemes 46.73% (2024: 43.62%)		
43,934	Blackstone BioMed Life Science Real Estate	36,943	2.28%
17,889	Blackstone Real Estate Partners Europe VII SCSp	21,206	1.31%
150,587	CBRE GIP London Limited Partnership	143,466	8.87%
39,378	Charter Hall Core Plus Industrial Fund	36,321	2.25%
5,664	DnB NOR FCP-SIF Vital Scandinavian Property Unleveraged Fund	5,787	0.36%
52,322	DOOR S.L.P	51,187	3.17%
22,349	Gatefold Hayes LP	23,187	1.43%
24,428	Goodman Australia Industrial Partnership	23,581	1.46%
5,325	Goodman European Logistics Fund FCP-FIS	5,463	0.34%
9,088	GPT Wholesale Office Fund	7,357	0.45%
31,701	Harrison Street Core Property Fund A LP	30,416	1.88%
2,450	Hunter UK Retail Unit Trust	2,522	0.16%
8,709	Invesco Real Estate - European Hotel Fund FCP-RAIF	8,541	0.53%
13,027	Morgan Stanley Prime Property Fund	12,366	0.76%
59,446	Multiply Logistics North LP*	60,674	3.75%
75,819	Octopus Healthcare Fund	78,187	4.84%
80,928	Prologis Targeted US Logistics Fund	81,377	5.03%
4,178	Savills Japan Value Fund II	4,274	0.26%
2,666	Schroder Residential Land Partnership	6,297	0.39%
43,346	Sodor London Bridge Co-invest Limited	42,651	2.64%
14,566	Tishman Speyer European Core Fund-SIF	12,756	0.79%
61,083	Vesta Limited Partnership*	61,132	3.78%
		755,691	**46.73%**

Portfolio Statement (continued)

as at 31 March 2025

Holding or Nominal Value (000's)	Investment	Market Value (£000's)	% of Total Net Assets
	Investment Portfolio Summary		
	Investment Property	815,805	50.45%
	Investment in Collective Investment Schemes	755,691	46.73%
	Other net current assets	45,602	2.82%
	Total net assets	**1,617,098**	**100.00%**

* Multiply Logistics North LP and Vesta Limited Partnership are jointly controlled entities where the Scheme holds 80% of each entity.

LPPI Real Estate Fund

Statement of Total Return

for the year ended 31 March 2025

	Notes	31/03/2025 £000's	31/03/2025 £000's	31/03/2024 £000's	31/03/2024 £000's
Income					
Net capital losses	4		(46,556)		(154,546)
Revenue	5	79,077		71,492	
Expenses	6	(20,215)		(17,508)	
Interest payable and similar charges	7	(363)		(252)	
Net revenue before taxation		58,499		53,732	
Taxation	8	-		-	
Net revenue after taxation			58,499		53,732
Total return before distributions			**11,943**		**(100,814)**
Distributions	9		(58,499)		(53,727)
Change in net assets attributable to Unitholders from investment activities			**(46,556)**		**(154,541)**

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 March 2025

	31/03/2025 £000's	31/03/2025 £000's	31/03/2024 £000's	31/03/2024 £000's
Opening net assets attributable to Unitholders		1,663,654		1,748,195
Amounts received on issue of units	-		70,000	
		1,663,654		1,818,195
Change in net assets attributable to Unitholders from investment activities (see above)		(46,556)		(154,541)
Closing net assets attributable to Unitholders		**1,617,098**		**1,663,654**

LPPI Real Estate Fund

Balance Sheet

as at 31 March 2025

	Notes	31/03/2025 £000's	31/03/2025 £000's	31/03/2024 £000's	31/03/2024 £000's
ASSETS					
Fixed assets					
Investment properties	10		815,805		873,010
Investment in collective investment schemes	10, 11		755,691		725,718
Current assets					
Debtors	12	7,508		5,356	
Prepayments		3		-	
Cash and bank balances	13	72,677		90,352	
Total other assets			80,188		95,708
Total assets			1,651,684		1,694,436
LIABILITIES					
Creditors					
Distribution payable	9	(13,248)		(11,595)	
Creditors	14	(21,338)		(19,187)	
Total liabilities			(34,586)		(30,782)
Net assets attributable to Unitholders			**1,617,098**		**1,663,654**

RJ Tomlinson

Richard J. Tomlinson
Chief Investment Officer
On behalf of Local Pensions Partnership Investments Ltd
31st July 2025

Louise Jack
Chief Operating Officer
On behalf of Local Pensions Partnership Investments Ltd
31st July 2025

LPPI Real Estate Fund
Cash Flow Statement
for the year ended 31 March 2025

	31/03/2025 £000's	31/03/2024 £000's
Cash flow from operating activities		
Reconciliation from net revenue before taxation to net cash flows from operating activities		
Net revenue before taxation	58,499	53,732
Interest payable and other charges	363	252
Effect of foreign exchange movements	(960)	(1,475)
(Increase) / Decrease in debtors	(1,421)	1,494
Finance income	(19,932)	(15,956)
Increase /(Decrease) in creditors	2,151	(1,196)
Gain on disposal of investment property	(874)	
Net cash flows from operating activities	37,826	36,851
Cash flows from investment activities		
Purchase of investment properties and development costs	(43,041)	(10,248)
Subsequent expenditure on investment properties	(2,154)	(1,868)
Proceeds from sale of investment properties	70,791	-
Amounts invested in collective investment schemes	(74,716)	(92,017)
Proceeds from sale of collective investment schemes	31,631	9,979
Net cash used in investment activities	(17,489)	(94,154)
Cash flows from financing activities		
Amounts received on creation of the units	-	70,000
Finance income received	19,197	18,663
Interest and finance costs paid	(363)	(252)
Distributions paid	(56,846)	(59,492)
Net cash used in financing activities	(38,012)	28,919
Net (decrease) in cash and bank balances	(17,675)	(28,384)
Cash and bank balances at the beginning of the year	90,352	118,736
Cash and bank balances at the end of the year	**72,677**	**90,352**

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 6 to 7.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 7 to 11.

3. Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions are made taking into account historical experience, current trends and future expectations. The nature of estimation means that actual outcomes could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming year are set out as follows:

Investment properties valuation

Investment properties are valued at the current open market value as defined by the RICS Appraisal and Valuation Standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Information about the valuation techniques and inputs used in determining fair value is disclosed in Note 10 to the financial statements.

Investment properties in the financial statements total £816m (2024: £873m).

All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the return of the initial investment amount cannot be guaranteed. Changes in market conditions may cause the value of an investment to fluctuate. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

The fair value of the properties acquired in the year have been arrived at via a combination of valuations carried out by an independent expert. This is on a basis of a full valuation with physical inspection of at least once a year. The valuations by the independent expert conform to RICS Valuation – Global Standards of the Royal Institution of Chartered Surveyors (RICS) effective from 31 January 2022.

4. Net capital (losses)

The net capital (losses) on investments during the year comprise:	31/03/2025 £000's	31/03/2024 £000's
Net unrealised (losses) on revaluation of investment properties	(32,484)	(57,166)
Net unrealised (losses) on collective investment schemes	(4,471)	(86,853)
Net unrealised foreign exchange (losses) on collective investment schemes	(9,601)	(10,527)
Total net capital (losses)	**(46,556)**	**(154,546)**

5. Revenue

	31/03/2025 £000's	31/03/2024 £000's
Rental income from investment properties	49,250	48,927
Income from Collective Investment Schemes	19,932	15,956
Net realised gain on disposal of investment properties	874	-
Recharge income	247	310
Service charge income	7,747	4,648
Other income	1,027	1,651
Total revenue	**79,077**	**71,492**

6. Expenses

	31/03/2025 £000's	31/03/2024 £000's
Payable to the Manager or Associate of the Manager		
Management Fee	2,138	1,745
	2,138	**1,745**
Payable to the Depositary		
Depositary's Fees	123	144
	123	**144**
Other property operating expenses		
Property management fees	906	1,957
Void costs	7,382	7,426
Insurance expenses	19	27
Service charge expenditure	7,747	4,648
Other property expenses	55	74
	16,109	**14,132**
Other expenses		
Administrative expenses	230	181*
Audit fee	100	96*
Legal and professional fees	701	548
Bad debt expense	814	662
	1,845	**1,487**
Total expenses	**20,215**	**17,508**

All property expenses are related to investment properties that generated rental income during the year.
Audit Fees are inclusive of VAT during the year.
*Restated Audit Fees (inclusive of VAT)

7. Interest payable and similar charges

	31/03/2025 £000's	31/03/2024 £000's
Finance cost	363	252
Total interest payable and similar charges	**363**	**252**

8. Taxation

a) Analysis of tax charge

As the scheme is an ACS, neither the Scheme nor its Sub-funds are subject to UK tax on income or capital profits.

b) Factors affecting the tax charge

As an Authorised Contractual Scheme, the Sub-fund is tax transparent for UK tax purposes and not subject to corporation tax.

9. Distributions

	31/03/2025 £000's	31/03/2024 £000's
First interim distribution	13,666	16,033
Second interim distribution	16,532	11,199
Third interim distribution	15,053	14,900
Final distribution	13,248	11,595
Total distributions	**58,499**	**53,727**

10. Investment properties

	31/03/2025 £000's	31/03/2024 £000's
Value at the beginning of the year	873,010	918,060
Acquisitions of investment properties	43,041	10,248
Disposal of investment properties	(69,916)	-
Subsequent expenditure on investment property	2,154	1,868
Net unrealised loss on valuation	(32,484)	(57,166)
Total investment properties	**815,805**	**873,010**

From the total above:

Investment properties held for income generation and capital appreciation	815,805	873,010
Total investment properties	**815,805**	**873,010**

As at the Balance Sheet date, there are no restrictions on disposal of the investment properties or use of income and disposal proceeds from the investment properties.

The ACS Manager appointed Savills (UK) Limited as an independent expert to independently value investment property of £816m as at 31 March 2025 (2024: £873m). The ACS Manager has used the independent expert's report to determine the fair value of investment property as at the period end.

Property valuations

In determining the fair value of investment property, estimates are being used such as future cash flows and discount rates. This is based on the existing local market conditions as at the reporting date.

Level 1 – Quoted prices for identical asset in active markets

Quoted in an active market means that quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques using observable inputs

This category includes assets being valued using quoted prices in active markets for an identical asset; quoted prices for an identical asset in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all assets where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the asset's valuation. This category also includes assets that are valued based on quoted prices for an identical asset where significant entity determined adjustments or assumptions are required.

These valuations are at the current open market value, as defined by the RICS Appraisal and Valuation Standards.
These valuations are performed quarterly.

10. Investment properties (continued)

Level 3 – Valuation techniques using significant unobservable inputs (continued)

The table shows the basis of valuation for Sub-fund investment portfolio.

31 March 2025	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
Investment property	-	-	815,805	815,805
Investment in Collective Investment Schemes	-	-	755,691	755,691
Total	**-**	**-**	**1,571,496**	**1,571,496**

31 March 2024	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
Investment property	-	-	873,010	873,010
Investment in Collective Investment Schemes	-	-	725,718	725,718
Total	**-**	**-**	**1,598,728**	**1,598,728**

Key unobservable inputs

The significant unobservable inputs used in the fair value measurement of the real estate and real estate related investments are equivalent yield and ERV (Estimated Rental Value).

Significant increases and decreases in any of those inputs in isolation could result in significantly lower or higher fair value measurements.

	ERV Range		Equivalent Yield Range	
	Max £	Min £	Max %	Min %
Industrial	25.00	6.75	6.84	5.27
Offices	90.00	18.65	11.56	4.66
Retail	205.00	21.00	18.94	12.22
Other	50.00	8.00	14.72	5.89

11. Investment in collective investment schemes

	31/03/2025 £000's	31/03/2024 £000's
Value at the beginning of the year	725,718	739,584
Drawdowns during the year	74,716	92,017
Disposal during the year	(31,631)	(9,979)
Net unrealised (loss) on valuation	(4,471)	(86,853)
Net foreign currency translation (loss)	(8,641)	(9,051)
Total investment properties	**755,691**	**725,718**

Collective investment schemes don't have separately identifiable transaction costs and that these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

12. Debtors

	31/03/2025 £000's	31/03/2024 £000's
Tenant debtors*	1,609	626
VAT Input	2,053	2,072
Accrued income from CIS	3,393	2,658
Other receivables	453	-
Total debtors	**7,508**	**5,356**

* The tenant debtor is net of a bad debt provision of £6.5m (2024: £5.7m). The movement amount has been recognised in the Statement of Total return as part of the expenses (included in note 6).

13. Cash and bank balances

	31/03/2025 £000's	31/03/2024 £000's
Cash at bank	58,756	75,365
Managing agent cash	13,921	14,987
Total cash and bank balances	**72,677**	**90,352**

14. Creditors

	31/03/2025 £000's	31/03/2024 £000's
Deferred Income	8,520	8,007
VAT Output	5,539	6,303
Accrued manager's charge	538	707
Accrued other expenses	856	652
Service charge balancing adjustment	5,472	3,069
Trade and other payables	413	449
Total creditors	**21,338**	**19,187**

15. Contingent Assets and Liabilities

As at the Balance Sheet date, there were £245.7m (2024: £302.3m) of undrawn commitments into Collective Investments Schemes which the Sub-fund invests in. Other than this, there were no contingent assets or liabilities.

16. Related parties

Local Pensions Partnership Investments Ltd are deemed to be related parties per section 33.10 of FRS102 as they are an entity with control, joint control or significant influence over the entity.

Fund Management Fee charges paid to the ACS Manager are shown in note 6 and details of shares issued and cancelled by the ACS Manager are shown in the statement of change in net assets attributable to Unitholders.

No balance due from the ACS Manager is noted in note 14. No balance due to the ACS Manager in respect of cancellations is noted in note 12.

Distributions payable to the ACS Manager and related parties of the ACS Manager during the year amounted to £58,499k (2024: £53,727k). The amount outstanding at the year-end was £13,248k (2024: £11,595k). Related parties of the ACS Manager are deemed to be all entities under the control of the ACS Manager. This will include entities which hold Units in the Sub-fund on behalf of other external investors.

Holdings at the year end and movements during the year are as follows:

	Holdings as at 31/03/2025	Movement (units)	Holdings as at 31/03/2024
Lancashire County Pension Fund	93,818	-	93,818
London Pensions Fund Authority	72,092	653	71,439
Royal County of Berkshire Pension Fund	12,559	(653)	13,212

17. Subsequent events

There are no subsequent events after 31 March 2025 to the date the Financial Statements have been approved...

LPPI Real Estate ACS

Distribution Table

for the year ended 31 March 2025

Final Distribution in £ per unit
Units purchased prior to 31 March 2025

Unit Class I	Net Revenue (£ per unit)	Amount paid on 30/05/2025 (£ per unit)	Amount paid on 31/05/2024 (£ per unit)
Group 1	74.23	74.23	64.97

Third Interim Distribution in £ per unit
Units purchased prior to 31 December 2024

Unit Class I	Net Revenue (£ per unit)	Amount paid on 28/02/2025 (£ per unit)	Amount paid on 28/02/2024 (£ per unit)
Group 1	84.34	84.34	83.49

Second Interim Distribution in £ per unit
Units purchased prior to 30 September 2024

Unit Class I	Net Revenue (£ per unit)	Amount paid on 29/11/2024 (£ per unit)	Amount paid on 30/11/2023 (£ per unit)
Group 1	92.63	92.63	61.63

First Interim Distribution in £ per unit
Units purchased prior to 30 June 2024

Unit Class I	Net Revenue (£ per unit)	Amount paid on 30/08/2024 (£ per unit)	Amount paid on 31/08/2023 (£ per unit)
Group 1	76.57	76.57	93.60

* Income from the Sub-fund will normally be distributed within two months of the accounting dates but the ACS Manager reserves the right to pay at a later date but no later than four months after the accounting date. For this Sub-fund, income equalisation does not apply.

Statement of ACS Manager's Responsibilities

The ACS Manager is required by the rules of the FCA Collective Investment Schemes Sourcebook and the FCA Investment Funds Sourcebook (COLL) to prepare the financial statements for each financial period. These financial statements must be prepared in accordance with generally accepted accounting standards in the United Kingdom to give a true and fair view of the state of affairs of the Scheme at the year end and of the net revenue for the year.

The financial statements should comply with the disclosure requirements of the UK Financial Reporting Standard (“FRS”) 102 and with the Statement of Recommended Practice (the “SORP”) for Authorised Funds issued by the Investment Association, compliance with this SORP is required by the Financial Conduct Authority’s (FCA’s) Regulations.

In preparing the financial statements the ACS Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the SORP relating to Financial Statements of Authorised Funds as well as in accordance with FRS 102;
- follow applicable accounting standards; and
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The ACS Manager is responsible for the management of the Scheme in accordance with the Prospectus which has been prepared in accordance with the FCA Collective Investment Schemes Sourcebook and the FCA Investment Funds Sourcebook.

The ACS Manager is responsible for managing and administering the Scheme’s affairs in compliance with the COLL Sourcebook. The ACS Manager may delegate its management and administration functions, but not responsibility, to third parties subject to the rules in the COLL Sourcebook.

The ACS Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LPPI Real Estate ACS

Statement of the Depositary's Responsibilities and Report of the Depositary to the Unitholders of LPPI Real Estate ACS ("the Scheme") for the period ending 31 March 2025

The Depositary must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (together "the Regulations"), the Contractual Scheme Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Depositary must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AIFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Schemes income in accordance with the Regulations and the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee and
Depositary Services Limited
31st July 2025

ACS Manager:

Local Pensions Partnership Investments Ltd

Registered Office and Principal Place of Business:
1st Floor
1 Finsbury Avenue
London
EC2M 2PF

Authorised and regulated by the Financial Conduct Authority.

Depositary:

NatWest Trustee and Depositary Services Limited
250 Bishopsgate
London
EC2M 4AA

Authorised and regulated by the Financial Conduct Authority.

Fund Accounting, Registrar and Transfer Agent:

Langham Hall UK LLP
8th Floor
1 Fleet Place
London
EC4M 7RA

Legal Advisors:

Eversheds Sutherland LLP
One Wood Street
London
EC2V 7WS

Auditors:

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

Custodian:

The Bank of New York Mellon
160 Queen Victoria Street
London
EC4V 4LA

Authorised by the Prudential Regulation Authority Limited and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Directors of the ACS Manager:

Margaret Ammon - Director*
Malcolm Cooper - Director*
Sonia Gogna - Director* (appointed 1 April 2025)
Louise Jack - Chief Operating Officer
Sarah Laessig - Director* (resigned 31 March 2025)
Jonathan Little - Chair of LPPI Board*
Thomas Richardson - Chief Risk Officer
Christopher Rule - Chief Executive Officer
Richard J. Tomlinson - Chief Investment Officer
Martin Tully - Director*
* Non-executive Director

Investment Managers:

Knight Frank Investment Management LLP
Saddlers House
44 Gutter Lane
London
EC2V 6BR

Local Pensions Partnership Investments Ltd
1st Floor
1 Finsbury Avenue
London
EC2M 2PF

Independent Property Valuers:

Savills (UK) Limited
33 Margaret Street
London
W1G 0JD