

Recommendation for BPEA Private Equity Fund IX, SCSp

To: RISIC
Prepared: February 14, 2025
From: George Bumeder, Managing Director

The purpose of this memo is to provide the RISIC with a summary of Cliffwater's recommendation on BPEA Private Equity Fund IX, SCSp (the "Fund"). Cliffwater has completed its investment due diligence and operational due diligence and recommends the Fund as part of ERSRI and OPEB's Private Equity allocations.

Summary of BPEA Private Equity Fund IX

Fund Overview: BPEA Private Equity Fund IX will invest in buyouts in middle market and large companies in Asia.

People and Organization: Baring Asia was founded in 1997 by Jean Eric Salata when he was hired by Baring Private Equity Partners Limited, the United Kingdom-based subsidiary of ING, to create a regional Asian private equity program. The Firm initially received capital from ING and raised its first institutional fund in 1999. In 2000, Baring Asia initiated a proposal with ING and BPEP to spin out and create a separate, independent management company. By 2004, Baring Asia was an independent firm, which was 100% owned by the management team until the partial sale of 15% of the firm's equity was completed to a third-party investor. In 2022, Baring Asia underwent a transformative merger with EQT, one of the world's largest private markets focused firms. EQT was founded in 1994 by Investor AB (a Swedish industrial holding company founded by the Wallenberg family) together with AEA Investors (a U.S.-based private equity group), the Swedish bank SEB and Conni Jonsson. EQT launched its first private equity fund in Sweden in 1995. Since then, EQT has expanded the scope of its investment strategy to include other sectors and private capital strategies. Today, EQT operates eight distinct private equity strategies across Asia, Europe, and North America (including the former Baring Asia strategies). EQT also operates two infrastructure funds and three real estate strategies. In September 2019, EQT was listed on the Nasdaq Stockholm index. As of December 2024, EQT managed €269 billion. In 2024, the integration was successfully completed, and the business line previously known as Baring Private Equity Asia was subsequently rebranded as EQT Private Capital Asia.

The team continues to be led by Mr. Salata. EQT PC Asia is now comprised of 161 total professionals, including 104 investment professionals, 33 operational and deal support professionals, and 24 administrative professionals. The investment professionals are organized by geography and are based in offices across Hong Kong, Beijing, Seoul, Tokyo, Shanghai, Mumbai, Singapore, and Sydney. The Firm also has a dedicated operating team that works with portfolio companies for operating improvements.

Investment Strategy and Process: The Fund will complete control buyout investments in companies with a target enterprise value of \$500 million to \$2 billion. The Fund will opportunistically deploy a portion of the fund in significant minority growth investments. However, the majority of invested capital is expected to be deployed in control-oriented buyouts. The Fund will typically complete equity investments of \$150 to \$1 billion in companies which predominantly operate within Asia. The Fund will seek to create a diversified portfolio with no single company accounting for 12.5% or more of fund commitments. Fund IX is expected have 18 to 22 portfolio companies diversified by sector and geography. The average equity investment is expected to be approximately \$500 million. While there are no specific geographic diversification targets, the Firm anticipates that Fund IX will be deployed dynamically across China & Hong Kong, India, Southeast

This report reflects information only through the date hereof. Our due diligence and reporting rely upon the accuracy and completeness of financial information (which may or may not be audited by the fund manager) and other information publicly available or provided to us by the fund manager, its professional staff, and through other references we have contacted. We have not conducted an independent verification of the information provided other than as described in this report. Our conclusions do not reflect an audit of the investment nor should they be construed as providing legal advice. Past performance does not guarantee future performance. The information contained herein is confidential commercial or financial information, the disclosure of which would cause substantial competitive harm to you, Cliffwater LLC, or the person or entity from whom the information was obtained, and may not be disclosed except as required by applicable law.

Asia, Cross Border, Japan, Australia & New Zealand, and Korea. The Firm has indicated that areas of emphasis for Fund IX could include India, Cross Border, Australia, and Southeast Asia. EQT Private Capital Asia does not have a specific industry sector focus and pursues a bottom-up approach to deal sourcing, targeting companies with proven and sustainable earnings power, reasonable entry prices, and favorable long-term industry dynamics. EQT PC Asia seeks to provide intensive portfolio support and to drive value creation pre- and post-investment through its deal teams, in-house operating team, and an ecosystem of specialized third-party advisors and consultants.

Performance: As of September 30, 2024, EQT Private Capital Asia's nine prior funds have generated a combined net return of 1.53 times invested capital, a net IRR of 13.3%, and a net DPI of 0.90 times invested capital, before accounting for recycling of proceeds. After accounting for recycling, the combined funds have generated a net return of 1.67 times invested capital, a net IRR of 13.3%, and a net DPI of 0.99 times invested capital. As of September 30, 2024, EQT Private Capital Asia's nine previous funds have generated a net IRR of 13.3% since 1999. Collectively, the Firm's funds have outperformed the MSCI Asia Pacific Index by 9.1%. Each of the funds have outperformed the public index except for Fund IIa and Fund VIII (although, Fund VIII is still in its investment period).

Investment Terms: Cliffwater finds the investment terms, taken as a whole, to be in accordance with industry standards. The management fee is equal to 1.70% of committed capital during the investment period and 1.35% of invested capital thereafter. Limited partners committing by the first closing will receive a management fee rate of 1.55% during the investment period. The management fee will be offset by 100% of all directors', transaction, investment banking, break-up, advisory, monitoring, capital raising and other similar fees, and 100% placement fees and excess organizational expenses. The investment period is five years with a ten-year term and two one-year extensions. The Fund will charge a carried interest of 20% on a deal-by-deal basis subject to an 8% preferred return and a 100% GP catch-up, with a clawback.

Cliffwater Recommendation

Cliffwater recommends an investment of up to \$50 million to the Fund as part of ERSRI's Private Equity allocation and an investment of up to \$2 million to the Fund as part of OPEB's Private Equity allocation.