

Petershill Partners plc (the “Company” or “Petershill Partners”), the diversified, global alternatives investment group focused on private capital strategies, today publishes its Q1 trading update for the quarter ended 31 March 2024

Gross Fee-eligible AuM raise of \$8 billion

Highlights

- Aggregate Partner-firm AuM of \$312bn, increasing 3% during the quarter and 8% year-over-year.
- Aggregate Fee-paying Partner-firm AuM of \$225bn, increasing 2% during the quarter and 15% year-over-year.
 - Organic gross Fee-eligible AuM raised was \$8bn for the quarter.
- In the first quarter, Partner Fee Related Earnings were \$51m, 4% higher than in Q1 2023 reflecting Net Management and Advisory Fees of \$93m, 13% higher than Q1 2023 offset by Partner Fee Related Expenses of \$42m, 27% higher than in Q1 2023. Expense growth included the impact of the change to the fee model of one of our Absolute Return Partner-firms, as previously highlighted.
 - Management fees during Q1 2024 were \$96m, 10% higher than in Q1 2023. There were no Transaction and Advisory Fees in Q1 2024 and Q1 2023, and Offsets in Q1 2024 were (\$3m) compared to (\$5m) in Q1 2023.
- Partner Distributable Earnings in the first quarter were \$57m, 7% lower than in Q1 2023 reflecting lower Partner Realised Performance Revenues (PRE) of \$3m, (\$5m, Q1 2023) and Partner Realised Investment Income of \$3m, (\$7m, Q1 2023).
- Transaction activity during 2024:
 - We acquired additional interests in three existing Partner-firms in a secondary transaction from a financial investor for \$55m at a discount of approximately 16% to the carrying value at 31 December 2023;
 - We sold a partial interest of PRE and Investment Income in AKKR back to management for \$35m at a slight premium to the carrying value at 31 December 2023; and
 - Subsequent to the quarter end, the Company acquired a stake in Kennedy Lewis Investment Management (“Kennedy Lewis”) for \$150m of which \$66m was funded at close with \$84m deferred and yet to be funded. Kennedy Lewis is an alternative credit manager with over \$14bn AuM¹.
- Subsequent to the quarter end:
 - Goldman Sachs Asset Management “GSAM” in consultation with the Company, has determined the Private Shares in funds managed by GSAM could maintain an ownership greater than 25% of the Company beyond Sep-2026, while allowing the Company to continue to operate as it has been in the ordinary course; and
 - We announced a Tender Offer of up to \$100m subject to shareholder approval at the AGM today.
- We re-iterate our 2024 guidance as provided at our full year results on 26 March 2024.

Statement from Ali Raissi-Dehkordy and Robert Hamilton Kelly

“Our Partner-firms continued to experience steady fund-raising activity with \$8bn of gross fee eligible assets raised during the quarter. Following a slower deployment year in 2023 for new Partner-Firm M&A, activity has picked up – we have closed three transactions in recent weeks and are continuing to evaluate opportunities. Crucially, we have maintained our high bar for new acquisitions as we seek out high performing sector specialist Partner-firms. Our recent acquisition of Kennedy Lewis is testament to this, as we believe they are strategically positioned to capitalise on the opportunities in private credit adding to Petershill Partners credit portfolio, and further increasing exposure to private capital firms. Industry-wide realisations continue to be muted, which may reflect macro uncertainty with less visibility on the path to a reduction in rates. However, as we look forward, our Partner-firms’ robust capital raising and the Company’s dynamic approach to capital allocation underpins our ongoing confidence about our prospects for shareholders.”

1. AuM as of 31 December 2023

AuM Development: Q1 2024

The following table summarises the changes in Aggregate Partner-firm AuM, Aggregate Fee-paying Partner-firm AuM and Ownership Weighted values for the first quarter of 2024, based on a one-period (3-month) lag:

(\$bn unless otherwise indicated)	Quarter ended 31 March			
	AuM	Fee-paying AuM	Ownership Weighted AuM	Ownership Weighted Fee-paying AuM
Aggregate AuM Prior Period (\$bn)	304	221	37	28
Inflows (\$bn)	9	7	1	1
Realisations (\$bn)	(5)	(4)	-	-
Investment performance (\$bn)	4	1	-	-
M&A (\$bn)	-	-	-	-
Aggregate AuM Current Period (\$bn)	312	225	38	29

AuM Reconciliation: Aggregate Fee-paying AuM Vs Aggregate Partner-firm AuM

The below table reconciles Aggregate Fee-paying Partner-firm AuM to Aggregate Partner-firm AuM as at 31 March 2024, based on a one-period (3-month) lag:

(\$bn unless otherwise indicated)	Q1
	2024
Aggregate Fee-paying Partner-firm AuM (\$bn)	225
AuM not yet paying fees (\$bn)	10
Fee Exempt AuM (\$bn)	20
Investment performance (\$bn)	57
Aggregate Partner-firm AuM (\$bn)	312

The following table reflects the Aggregate Partner-firm AuM, Aggregate Fee-paying Partner-firm AuM and Ownership Weighted Fee-paying AuM by Asset Class as of 31 March 2024, based on a one-period (3-month) lag:

Asset Class (\$bn unless otherwise indicated)	AuM	Percentage	Fee-paying AuM	Percentage	Ownership Weighted Fee-paying AuM	Percentage
Private equity (\$bn)	202	65%	129	57%	12	41%
Private credit (\$bn)	40	13%	35	16%	4	14%
Private real assets (\$bn)	42	13%	33	15%	8	28%
Absolute return (\$bn)	28	9%	28	12%	5	17%
Total Current Period (\$bn)	312	100%	225	100%	29	100%

Unchanged 2024 Guidance

- \$20 - 25 billion organic fee-eligible AUM raise and realisations of \$5-10 billion in fee-paying AUM.
- \$200 - \$230 million full year Partner FRE.
- PRE of 15% - 30% of total Partner Revenues.
- Acquisitions in 2024 expected to be in-line with medium-term range of \$100 - \$300 million per annum.
- 85-90% Company Adjusted EBIT margin.

Contact Information

Please direct any questions to Petershill Partners Investor Relations, via e-mail, at PHP-Investor-Enquiries@gs.com

Analyst / Investor enquiries:

Gurjit Kambo

+44 (0) 207 051 2564

Media enquiries:

Brunswick Group

phll@brunswickgroup.com

Simone Selzer

+44 (0)207 404 5959

Petershill Partners will provide a Q2 2024 AuM update on 26 July 2024

ABOUT PETERSHILL PARTNERS

Petershill Partners plc (the "Company" or "Petershill Partners") and its Subsidiaries (the "Group") is a diversified, global alternatives investment group focused on private equity and other private capital strategies. Through our economic interests in a portfolio of alternative asset management firms ("Partner-firms"), we provide investors with exposure to the growth and profitability of the alternative asset management industry. The Company completed its initial acquisition of the portfolio of Partner-firms on 28 September 2021 and was admitted to listing and trading on the London Stock Exchange on 1 October 2021 (ticker: PHLL). The Company is operated by Goldman Sachs Asset Management ("Goldman Sachs" or the "Operator") and is governed by a diverse and fully independent Board of Directors (the "Board").

Through our Partner-firms, we have exposure to \$312 billion of total assets under management ("AuM"), comprising a diverse set of more than 200 long-term private equity and other private capital funds where capital is typically locked in over a multi-year horizon. These underlying funds generate recurring management fees and the opportunity for meaningful profit participation over the typical 8+ year lifecycles of such funds. We believe our approach is aligned with the founders and managers of our Partner-firms and, as a result, allows the Company to participate in these income streams in a way that provides high-margin, diversified and stable cash flows for our shareholders.

For more information, visit <https://www.petershillpartners.com>. Information on the website is not incorporated by reference into this press release and is provided merely for convenience.

Key Operating Metrics – Definitions

This document contains certain key operating metrics that are not defined or recognised under IFRS.

The Operator and the Directors use these key operating metrics to help evaluate trends, assess the performance of the Partner-firms and the Company, analyse and test dividends received from the Partner-firms and inform operating, budgeting and re-investment decisions. The Directors believe that these metrics, which present certain operating and other information in respect of the Partner-firm's, provide an enhanced understanding of the underlying portfolios and performance of the Partner-firms and are therefore essential to assessing the investments and performance of the Company.

The key operating metrics described in this section are derived from financial and other information reported to the Operator by the Partner-firms. The Operator, with the assistance of an independent accounting firm, performs due diligence procedures on the information provided by the Partner-firms. It should be noted, however, that these due diligence procedures do not constitute an audit.

In addition, each Partner-firm may account for and define certain financial and other information differently from one another. For example, each Partner-firm may calculate its fee-paying AuM differently, the result of which being that the inputs of the Company's Aggregate Fee-paying AuM are not consistently calculated.

Whilst the operating metrics described in this section are similar to those used by other alternative asset managers, there are no generally accepted principles governing their calculation, and the criteria upon which these metrics are based can vary from firm to firm. These metrics, by themselves, do not provide a sufficient basis to compare the Partner-firms' or the Company's performance with that of other companies.

None of Partner Distributable Earnings, Partner Fee Related Earnings, Partner Realised Performance Revenues or Partner Realised Investment Income are measures of or provide any indication of profits available for the purpose of a distribution by the Company within the meaning of section 830 of the Companies Act 2006, or of any Partner-firm in accordance with the equivalent applicable rules.

Aggregate Partner-firm AuM

Aggregate Partner-firm AuM is defined as the sum of (a) the net asset value of the Partner-firms' underlying funds and investment vehicles, and in most cases includes co-investment vehicles, GP commitments and other non fee-paying investment vehicles and (b) uncalled commitments from these entities, as reported by the Partner-firms to the Operator from time to time and aggregated by the Operator without material adjustment. This is an aggregated figure across all Partner-firms and includes Partner-firm AuM outside of the Company's ownership interest in the Partner-firms.

The Operator and the Directors consider Aggregate Partner-firm AuM to be a meaningful measure of the size, scope and composition of the Partner-firms, as well as of their capital raising activities. The Operator uses Aggregate Partner-firm AuM to inform operating, budgeting and reinvestment decisions.

Ownership weighted AuM

Ownership weighted AuM represents the sum of the Company's ownership stakes in each Partner-firm's AuM.

Aggregate Fee-paying AuM

Aggregate Fee-paying AuM is defined as the portion of Aggregate Partner-firm AuM for which Partner-firms are entitled to receive management fees, as reported by the Partner-firms to the Operator. The principal difference between Aggregate Fee-paying AuM and Aggregate Partner-firm AuM is that Aggregate Fee-paying AuM typically excludes co-investment on which Partner-firms generally do not charge fees and, to a lesser extent, fund commitments in Partner-firm funds (i) on which fees are only earned on investment, rather than from the point of commitment and (ii) where capital has been raised but fees have not yet been activated. This may also include legacy assets where fees are no longer being charged.

The Operator and the Directors consider Aggregate Fee-paying AuM to be a meaningful measure of the Partner-firms' capital base upon which they earn management fees and use the measure in assessing the management fee related performance of the Partner-firms and to inform operating, budgeting and re-investment decisions.

Ownership weighted Fee-paying AuM

Ownership weighted Fee-paying AuM represents the sum of the Company's ownership stakes in each Partner-firm's Fee-paying AuM.

Aggregate Performance Fee Eligible Partner-firm AuM

The amount of Aggregate Partner-firm AuM that is eligible for performance fees.

Partner Net Management and Advisory Fees

Partner Net Management and Advisory Fees is defined as the Company's aggregate proportionate share of the Partner-firms' net management fees (as reported by the Partner-firms to the Operator), including monitoring and advisory fees, payable by the Partner-firms' funds to their respective Partner-firms for the provision of investment management and advisory services.

The Operator and the Directors consider Partner Net Management and Advisory Fees to be a meaningful measure of the management fee-related performance of the Partner-firms, and the Operator uses this metric to analyse and test income received from the Partner-firms and to inform operating, budgeting and re-investment decisions.

Partner Fee Related Earnings (FRE)

Partner FRE is defined as Partner Net Management and Advisory Fees, less the Partner-firms' operating expenses and fixed and bonus compensation (but not performance fee-related expenses) allocable to the Company's share of Partner Net Management and Advisory Fees, as reported by the Partner-firms to the Operator, and subject to applicable contractual margin protections in respect of certain Partner-firms.

The Operator and the Directors consider Partner FRE to be a meaningful measure of the management fee-related earnings of the Partner-firms and key performance indicator of the Company's income from investments in management companies derived from management fee income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and re-investment decisions.

Partner Realised Performance Revenues

Partner Realised Performance Revenues is defined as the Company's aggregate proportionate share of the Partner-firms' realised carried interest allocations and incentive fees payable by the Partner-firms' funds to their respective Partner-firms, less any realised performance fee-related expenses of the Partner-firms allocable to the Company's share of performance fee-related revenues, as reported by the Partner-firms to the Operator.

The Company's share of the Partner-firms' performance fee-related earnings will be lower than its share of the Partner-firms' management fee-related earnings because the Company's ownership stake in the Partner-firms' performance fee-related earnings is lower than its ownership stake in the Partner-firms' management fee-related earnings.

The Operator and the Directors consider Partner Realised Performance Revenues to be a meaningful measure of the performance fee-related earnings of the Partner-firms and key performance indicator of the Company's income from investments in management companies derived from performance fee income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and reinvestment decisions.

Partner Realised Investment Income

Partner Realised Investment Income is defined as the Company's aggregate proportionate share of Partner-firm earnings resulting from the realised gains and losses, or any distributed income, from the investments held on Partner-firms' balance sheets, as reported by the Partner-firms to the Operator. Partner Realised Investment Income is also realised by the Company through a limited number of direct stakes in certain Partner-firms' funds. Realised Investment Income includes income that has been realised but not yet paid, as well as amounts that are realised and either fully or partially reinvested.

The Company's share of the Partner-firms' investment and balance sheet income will be lower than its share of the Partner-firms' management fee-related earnings because the Company's ownership stake in the Partner-firms' investment and balance sheet income is lower than its ownership stake in the Partner-firms' management fee-related earnings.

The Operator and the Directors consider Partner Realised Investment Income to be a meaningful measure of the investment performance of certain assets held by the Partner-firms and key performance indicator of the Company's income from investments in management companies derived from investment income. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and reinvestment decisions.

Partner Distributable Earnings

Partner Distributable Earnings is defined as the sum of Partner FRE, Partner Realised Performance Revenues and Partner Realised Investment Income.

The Operator and the Directors consider Partner Distributable Earnings to be meaningful measures of the overall performance of the Partner-firms and key performance indicators of the Company's total income from investments in management companies. The Operator uses this metric to analyse and test dividends received from the Partner-firms, as well as to inform operating, budgeting and re-investment decisions. These measures reflect any contractual margin protections or revenue share interests that the Company may have with the Partner-firms, which means that the Partner Distributable Earnings Margin may differ from the margins achieved by other shareholders or partners of the Partner-firms.

Partner Revenues

Partner Revenues is defined as the sum of Partner Net Management and Advisory Fees, Partner Realised Performance Revenues and Partner Realised Investment Income.

The Operator and the Directors consider Partner Revenues to be a meaningful measure of the overall performance of the Partner-firms. The Operator uses this metric to inform operating, budgeting and re-investment decisions.

AuM and Associated Data

The data presented in this document for the following key operating metrics reflects AuM data reported to the Operator on a three-month lag. This three-month data lag is due to the timing of the financial information received by the Operator from the Partner-firms, which generally require at least 90 days following each period end to present final financial information to the Operator. The key operating metrics reflected on a three-month lag are:

- Aggregate Partner-firm AuM
- Aggregate Fee-paying Partner-firm AuM
- Average Aggregate Fee-paying Partner-firm AuM
- Aggregate Performance Fee Eligible Partner-firm AuM
- Average Aggregate Performance Fee Eligible Partner-firm AuM

This announcement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The announcement should not be relied on by any other party or for any other purpose.

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FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "target," "estimate," "intend," "continue," or "believe" or the negatives thereof or other variations thereon or comparable terminology. You should read statements that contain these words carefully because they discuss our plans, strategies, prospects and expectations concerning the business, operating results, financial condition and other similar matters. These statements represent the Company's belief regarding future events that, by their nature, are uncertain and outside of the Company's control. There are likely to be events in the future, however, that we are not able to predict accurately or control. Any forward-looking statement made by us in this press release is based upon information known to the Company on the date of this press release and speaks only as of such date. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.
