

Petershill Partners plc (the "Company" or "Petershill Partners"), today publishes its Q3 trading update for the quarter ended 30 September 2024

Gross Fee-eligible AuM raise of 9 billion for the quarter and 23 billion year to date

Highlights

- Aggregate Partner-firm AuM of 328bn and Aggregate Fee-paying Partner-firm AuM of 233bn, decreasing 1% and 2% during the quarter respectively, including the impact from the disposal of the stake in LMR Partners. Aggregate Partner-firm AuM and Aggregate Fee-paying Partner-firm AuM increased 8% and 18% year-over-year, respectively.
- In the third quarter, Partner Fee Related Earnings (FRE) were 57m, 8% higher than in Q3 2023 reflecting Net Management and Advisory Fees of 97m, 7% higher than Q3 2023 and Partner Fee Related Expenses of 40m, 5% higher than in Q3 2023.
 - Management fees during Q3 2024 were 96m, 1% lower than in Q3 2023. Transaction and Advisory Fees were 5m in Q3 2024, compared to zero in Q3 2023, and Offsets in Q3 2024 were (4m) compared to (6m) in Q3 2023.
- Partner Distributable Earnings in the third quarter were 90m, 13% higher than in Q3 2023 reflecting higher Partner FRE of 57m (53m, Q3 2023), Partner Realised Performance Revenues (PRE) of 23m (14m, Q3 2023) and lower Partner Realised Investment Income of 10m (13m, Q3 2023).
- Transaction activity during Q3 2024, included the completion of the disposal of the stake in LMR Partners for total nominal consideration of up to 258m, with the accounting fair value of the sale consideration at closing marginally above the carrying value of the investment in LMR Partners as at 31 December 2023 which was 195m.
- Subsequent to the quarter end:
 - On 13 November 2024, the Company completed a partial sale of its stake in Accel-KKR (AKKR), consisting of the entirety of its balance sheet investment capital and a small portion of FRE and PRE interests. The total nominal consideration was 282m, compared to the carrying value of the interests being sold of 253m as at 30 June 2024;
 - Special dividend of 17.5 cents per share, equivalent to 189m to be paid on 20 December 2024 to shareholders on the register as at close of business on 22 November 2024, with ex-dividend date of 21 November 2024.
- During 2024, the aggregate nominal consideration due from sales of stakes in Partner-firms has amounted to 575m relative to a carrying value of assets disposed of 483m, a premium of approximately 19%.
- During 2024, 449m of total capital return has been announced, taking the total capital return paid and announced since the beginning of 2022 to 888m. Since the beginning of 2022, our Partner-firms have raised total gross fee-eligible AuM of 106bn, in a generally slower fund-raising environment for the industry, with asset-raising meeting or exceeding our guidance in each of the last 3 years.
- We now expect 2024 organic fee-eligible AuM raise to be at the top end of the previous 2024 guidance range of 20-25bn and realisations to slightly exceed the previous guidance range of 5-10bn in fee-paying AuM. We reiterate the rest of our 2024 guidance as provided at our interim results on 17 September 2024.

Statement from Ali Raissi-Dehkordy and Robert Hamilton Kelly

"During the first nine months of 2024, we are pleased with our Partner-firms' ability to raise 23 billion of fee eligible assets, despite the slower fund-raising environment. The robust asset raising and growth in Fee-Paying AuM has translated into good growth in FRE during the first nine months of 2024. Strategically during the quarter, we made strong progress with the completion of the disposal of LMR Partners and subsequent to the quarter end we completed the partial sale of predominately balance sheet investment capital in AKKR. These disposals are consistent with our strategy of focusing on high quality management fee centric earnings while also demonstrating our ability to realise assets at attractive valuations relative to their holding values. As we look forward, our Partner-firms' robust capital raising and the Company's dynamic approach to capital allocation underpin our ongoing confidence about our prospects for shareholders."

AuM Development: Q3 2024

The following table summarises the changes in Aggregate Partner-firm AuM, Aggregate Fee-paying Partner-firm AuM and Ownership Weighted values for the quarter ended and the nine-month period ended 30 September 2024. All AuM figures are based on a one-period (3-month) lag:

(US bn unless otherwise indicated)	Quarter ended 30 September				Nine months ended 30 September			
	AuM	Fee-paying AuM	Ownership Weighted AuM	Ownership Weighted Fee-paying AuM	AuM	Fee-paying AuM	Ownership Weighted AuM	Ownership Weighted Fee-paying AuM
Aggregate AuM Prior Period (bn)	332	238	40	30	304	221	37	28
Inflows (bn)	9	10	1	-	25	24	2	2
Realisations (bn)	(3)	(3)	-	-	(11)	(11)	(1)	(1)
Investment performance (bn)	1	(1)	-	-	7	(1)	1	-
M&A (bn)	(11)	(11)	(2)	(2)	3	-	-	(1)
Aggregate AuM Current Period (bn)	328	233	39	28	328	233	39	28

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 30 September 2024, based on a one-period (3-month) lag:

		Q3
(bn unless otherwise indicated)		2024
Aggregate Fee-paying Partner-firm AuM (bn)		233
AuM not yet paying fees (bn)		8
Fee Exempt AuM (bn)		24
Investment performance (bn)		63
Aggregate Partner-firm AuM (bn)		328

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 30 September 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)	213	64%	137	60%	12	43%
Private credit (bn)	58	18%	50	21%	5	18%
Private real assets (bn)	42	13%	31	13%	8	29%
Absolute return (bn)	15	5%	15	6%	3	10%
Total Current Period (bn)	328	100%	233	100%	28	100%

2024 Guidance

- Organic fee-eligible AuM raise at the top end of the previous guidance range of 20-25bn. Realisations to slightly exceed the previous guidance range of 5-10bn in fee-paying AuM.
- 200 - 230 million full year Partner FRE (unchanged).
- PRE of 15% - 30% of total Partner Revenues (unchanged).
- Acquisitions in 2024 expected to be in-line with medium-term range of 100 - 300 million per annum (unchanged).
- 85-90% Company Adjusted EBIT margin (unchanged).

Contact Information

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Petershill Partners will provide a Q4 2024 AuM update on 17 January 2025

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 328 billion of Aggregate Partner-firm 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-firms, 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 and less any management fee offsets, payable by the Partner-firms' funds to their respective Partner-firms for the provision of investment management and advisory services.

Certain Partner-firms provide transaction and advisory services, as well as services to monitor ongoing operations of portfolio companies. Management fees paid to the Partner-firms may be subject to fee offsets, which are reductions to management fees and are based on a percentage of monitoring fees and transaction and advisory fees paid by portfolio companies to the Partner-firms.

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 reinvestment decisions.

Partner Fee Related Earnings (FRE)

Partner FRE is defined as Partner Net Management and Advisory Fees, less the Partner-firms' operating expenses, fixed and bonus compensation, net interest income/(expense) and taxes (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 meaningful measures of the management fee-related earnings of the Partner-firms and key performance indicators 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 reinvestment decisions.

Partner Realised Performance Revenues (PRE)

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

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