

This announcement contains inside information

Petershill Partners plc ("Petershill Partners"), today announces the sale of the majority of its stake in General Catalyst at a significant premium and its intention to pay a special dividend of 14.0 cents (USD) per share

Highlights

- Petershill Partners has completed a sale of the majority of its stake in General Catalyst. The sale arises from a capital restructuring being undertaken by General Catalyst and external investors. The total nominal consideration of US 726 million represents a 62% premium to the US 447 million carrying value of the interests being sold as at 30 June 2024.
- Since the initial investment was made into General Catalyst in 2018, the business model of General Catalyst has evolved significantly from a pureplay venture capital firm into a global investment and transformation company, which is expected to result in a shift from management fee-centric earnings towards longer term performance-related value creation. Consequently, the change is less aligned with the Petershill Partners' alternative asset management investment strategy.
- The assets disposed of by Petershill Partners comprise its interest in General Catalyst's management fee earnings ("FRE") and future performance related earnings ("PRE"). The Company will retain rights to PRE and balance sheet assets relating to existing funds with a carrying value of US 137 million as at 30 June 2024. These are expected to be realised and run-off over time.
- The US 726 million consideration is being paid in the form of interest-bearing loan notes. US 207 million of the outstanding principal amount of the loan notes is expected to be repaid in cash by 31 March 2025 with the remaining US 519 million outstanding principal amount being repaid over time. The initial interest rate on the loan notes will be 10% per annum and will be payable on the outstanding principal amount of the loan notes.
- The total nominal consideration equates to 21% of Petershill Partners' market capitalisation, based on the closing share price of 259 pence per share on 15 January 2025. The impact of the sale is a reduction to 2025 distributable earnings of approximately 9%, based on current consensus distributable earnings of US 382 million, predominately reflecting reduced Partner Fee-related earnings. The Partner Fee-related earnings interests in General Catalyst are structured as a revenue share and the sale will accordingly reduce Petershill Partners' FRE margin by about 4 percentage points. The impact on 2025E consensus adjusted earnings before interest cost and tax is expected to be offset by the interest income from the loan notes, whilst the notes are held^[1].
- The transaction further demonstrates Petershill Partners' value creation model, where the blended discount rate implied in the holding value of General Catalyst at 30 June 2024 was approximately 17%, compared to the implied blended discount rate on exit of approximately 11%, and the typical reinvestment in new deals at an implied blended discount rate of 15-20%. The transaction also addresses the divergence between General Catalyst's future business plan and Petershill Partners' alternative asset management investment strategy. Petershill Partners retains a high quality and diversified portfolio, with the top five partner firms by ownership weighted AUM (Q2 2024) unchanged post the disposal. Since the start of 2024 and including this disposal, the aggregate nominal consideration due from sales of stakes in Partner-firms has amounted to US 1,301 million relative to a carrying value of assets disposed of US 930 million, a premium of approximately 40%.

- The Board intends to retain the majority of the net proceeds from the sale for redeployment into new investments. The Board also intends to declare a special dividend of 14.0 cents (USD) per share, equivalent to US 151 million, reflecting the return to shareholders of the majority of the net gain on the disposal after providing for taxes and fees. A further announcement on the timing of this special dividend will be made after the first loan notes have been repaid, which is expected to be at the end of the first quarter of 2025.

Ali Raissi-Dehkordy and Robert Hamilton Kelly, Co-Heads of the Petershill Business within Goldman Sachs Asset & Wealth Management commented:

"This transaction further demonstrates our ability to realise assets at attractive valuations relative to their holding values and allows us to exit the investment while facilitating General Catalyst's vision of building a global investment and transformation company over time. General Catalyst is an exceptional firm, and Petershill Partners and General Catalyst have benefitted from seven years of collaboration and growth. We wish them every success as they continue to execute on their business plan, support innovative founders and drive future global transformation. We see good opportunities to redeploy the retained proceeds from the sale into new investments that will drive attractive future returns for shareholders."

Detailed Notes:

- The US 726 million consideration is being paid in the form of interest-bearing loan notes. US 207 million of the outstanding principal amount of the loan notes is expected to be repaid in cash by 31 March 2025. The remaining US 519 million outstanding principal amount of the loan notes will mature between the 6th and 8th years after issue and will have an initial interest rate of 10.0%, increasing annually by 1.0% for four years, with the first interest rate step up at the beginning of 2026. There is no non-call period and it is possible that an additional portion of the remaining US 519 million outstanding principal amount of the loan notes will be repaid in 2025. There is also a partial mandatory quarterly amortization of the loan notes from 2026.
- The loan notes are an obligation of the main holding company which owns the substantial majority of the businesses which form part of the General Catalyst group and benefit from a range of covenant and other credit protections.
- The indicative IFRS gross gain is US 279 million, before deducting the estimated increase in divestment fee accrual, estimated tax and related charges.
- The total divestment profit on the disposal relative to the contribution value at the IPO of Petershill Partners is US 472 million. As at 30 June 2024, accrued divestment fees of US 38 million were held against the valuation of Petershill Partners' interests in General Catalyst, and the divestment fee accrual in respect of the General Catalyst interests is estimated to increase by US 56 million as a result of the disposal. Divestment fees are payable on realised cash and will only be payable when the loan notes are repaid. There is an estimated increase in the accrual for tax and related charges of US 28 million on the sale which will be added to the existing accrual held of US 47 million.

ABOUT PETERSHILL PARTNERS

Petershill Partners and its subsidiaries is a diversified, publicly listed, global alternatives investment group focused on private equity and other private capital strategies. Through its economic interests in a portfolio of alternative asset management firms ("Partner-firms"), Petershill Partners provides investors with exposure to the growth and profitability of the alternative asset management industry. Petershill Partners is operated by Goldman Sachs Asset Management and is governed by a diverse and fully independent Board of Directors (the "Board").

Through our Partner-firms, we have exposure to US 328 billion of total assets under management ("AuM") as at 30 September 2024, (US 308 billion on a pro-forma basis excluding General Catalyst), comprising a diverse set of more than 232 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. Petershill Partners believes its approach is aligned with the founders and managers of its Partner-firms and, as a result, allows Petershill Partners to participate in these income streams in a way that provides high-margin, diversified and stable cash flows for its 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.

ISIN: GB00BL9ZF303

ABOUT GENERAL CATALYST

General Catalyst was founded in 2000 and is headquartered in Cambridge, MA, with additional offices in San Francisco, New York, London, Berlin and Bengaluru. General Catalyst is a venture capital investment firm that focuses on providing capital to meet the evolving needs of founders and their businesses, including seed-stage, early-stage and growth equity investments in enterprise technology and consumer businesses.

For more information, visit <https://www.generalcatalyst.com/>

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

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption therefrom. The issuer has not and does not intend to register any securities under the US Securities Act of 1933, as amended, and does not intend to offer any securities to the public in the United States. Any securities of Petershill Partners plc referred to herein have not been and will not be registered under the US Investment Company Act of 1940, as amended, and may not be offered or sold in the United States or to "U.S. persons" (as defined in Regulation S under the US Securities Act of 1933, as amended) other than to "qualified purchasers" as defined in the US Investment Company Act of 1940, as amended. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted.

This announcement contains inside information for the purposes of Article 7 of assimilated Regulation (EU) No. 596/2014 as it forms part of the law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended. Upon publication of this announcement, this inside information will be considered to be in the public domain.

The person responsible for making this announcement on behalf of Petershill Partners is Narvindh Kherai, Chairman.

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.

^[1] Consensus estimate for 2025 distributable earnings of 382 million and 2025 adjusted earnings before interest and tax of 333 million.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

DISEAEFSFAESEAA