9 December 2022
ASX Announcement

1Q23 Business Update

Diversified investment house, Washington H. Soul Pattinson and Company Limited (ASX:SOL or "WHSP"), updates shareholders with a business update for the period from 1 August to 31 October 2022 (1Q23) on an unaudited basis, and changes to its Board of Directors.

Attached is the business update that will be discussed as part of today's Annual General Meeting.

-ENDS-

This ASX announcement has been authorised for release by the Board.

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About WHSP

Washington H. Soul Pattinson is an Australian public company that first listed on the Sydney Stock Exchange (now ASX) on 21 January 1903. With origins in owning and operating Australian pharmacies, WHSP has since evolved into an investment house with a diversified and uncorrelated portfolio of assets across multiple industries. WHSP takes a long-term approach to investing with an objective to deliver superior returns by creating capital growth and regular dividends. Through owning WHSP shares, an investor gains access to the following asset classes: listed equities, private markets, structured yield, and property. More information: *https://www.whsp.com.au/*

1Q23 Business Update

Diversified investment house, Washington H. Soul Pattinson and Company Limited (**ASX:SOL** or **WHSP**), updates shareholders on recent investment activities for the period from 1 August to 31 October 2022 (**1Q23**) on an unaudited basis, as well as upcoming changes to its Board of Directors.

	31 Oct 2022	% Change
Net Asset Value (pre-tax)	$10.05b	+1% in 1Q23
Net Asset Value per share (pre-tax)	$27.84	+1% in 1Q23

FY22 was a transformational year for WHSP with the successful merger and integration of Milton. WHSP's Net Asset Value per share (pre-tax) increased by 13.8%, outperforming the All Ordinaries Index by 20.2% in a volatile year. Another key measure is the Net Cashflows from Investments per share which increased 28% on the prior year.

Strategically, the Milton merger has enabled WHSP to diversify its asset classes and provided us with the liquidity to take advantage of new opportunities. In addition to the merger, the change in macroeconomic conditions throughout the year resulted in a very active year for the portfolio. During FY22, WHSP sold and acquired over $7b of assets (including the Milton acquisition).

We have seen continued volatility in markets which finished flat during the 3 months ending 31 October (0.2% growth). Over the same period, WHSP's Net Asset Value (pre-tax) has increased 1.0% and the SOL share price has increased 8.8%.

Portfolio settings

WHSP has continued to actively manage investments across all six investment portfolios. 1Q23 transaction activity across the portfolio was in excess of $690m.

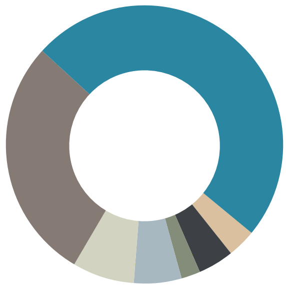
Markets have remained volatile as Central Banks, including Australia's RBA, target inflation by increasing official interest rates. In addition, a continuing tight labour market, ongoing supply chain issues, increased cost of energy and disruptive weather events are creating a difficult operating environment for most businesses. This is expected to slow economic growth and has provided interesting opportunities for WHSP's portfolios.

Reflecting the ongoing volatility and our cautious outlook for markets, during 1Q23 WHSP has:

- net sold listed equities by $205m;
- increased our net working capital position by $44m to $318m;
- increased our investment in Private Equity by $73m to $727m; and
- increased our investment in Structured Yield investments by $181m to $432m

Details of changes to the Private Equity and Structured Yield portfolios are set out below.

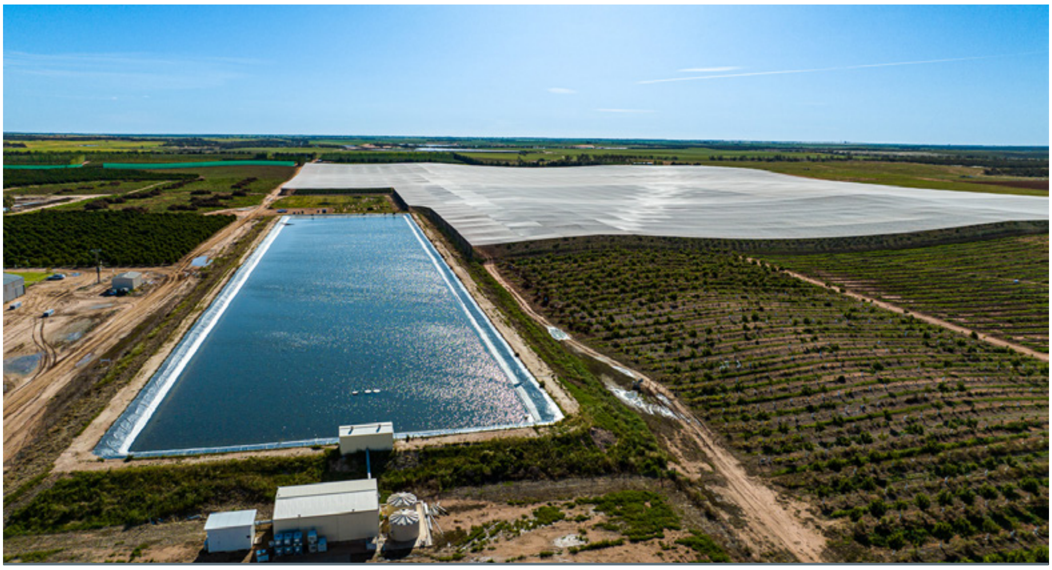
We continue to have significant access to liquidity for new opportunities with cash levels currently at approximately $473m, undrawn facilities of over $328m and significant liquid assets in the portfolio.



Portfolio Composition

Strategic	49.6%
Large Cap	28.4%
Private Equity	7.3%
Emerging Co	5.7%
Property	2.1%
Structured Yield	4.3%
Working Capital	3.2%

WHSP expands agricultural investment in its Private Equity Portfolio



Pictured here is Mildura Citrus at Colignan, NSW. Investment in irrigation and crop protection systems (e.g. netting) optimises growing conditions.

WHSP believes that agricultural investments are an attractive investment class due to their uncorrelated returns to other asset classes; Australia's global competitiveness; a natural hedge against inflation; and the positive contribution to natural and social capital.

The strategy targets commodities where Australia has a global competitive advantage due to its reputation as a supplier of high-quality produce and its counter seasonal supply to the northern hemisphere. Australia is a low-cost producer due to process efficiency, quality infrastructure and close proximity to the Asian region. We seek to buy underutilised or undeveloped assets in select commodities and reposition the assets by investing capital and adopting operating best practice farming techniques.

During the period WHSP completed the acquisition of Kubank Citrus and Manna Farms. Kubank Citrus is a 147-hectare citrus orchard located near Nericon in NSW. Manna Farms is a 56-hectare farm adjacent to Mildura Citrus (acquired October 2019) and will be planted with mandarins. Both acquisitions will be run by existing farm management teams and are strategic in creating larger citrus aggregations in regional NSW and VIC, respectively, where WHSP has existing farm assets and can take advantage of the global demand for premium citrus – particularly in the northern hemisphere off-season.

WHSP has also divested Hayloch and Katika during the period. Hayloch and Katika farmed 2456-hectares of irrigated cotton located north-west of Griffith. These assets no longer fit the long-term strategy of the portfolio. The IRR for these investments was greater than 30%.

To date WHSP has invested $269m in equity in agricultural investments that include water rights, citrus, macadamia, table grapes, stone fruit, and kiwi fruit. WHSP has a strong pipeline for a further $300m of potential investment.

Investing in Australian engineering and manufacturing capability to service the energy transition

WHSP acquired the remaining shares in Ampcontrol in late FY22 and now owns 100% of the business. Ampcontrol delivers integrated electrical, electronic and control solutions to improve safety and efficiency across the applications of mining, renewables, infrastructure and industrials.

AMPCONTROL®

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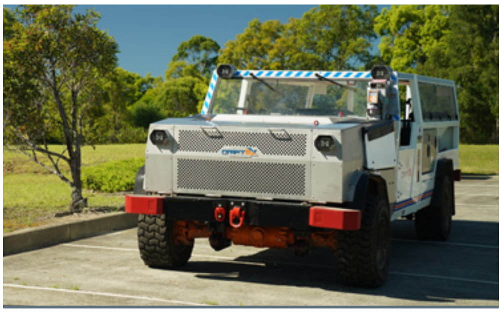
As a market-leader in mine electrification, Ampcontrol works in partnership with leaders in solar, battery, diesel and alternative energy. Ampcontrol recently designed and developed DRIFTEX, the first battery operated vehicle to operate in an intrinsically safe environment. It has been specifically engineered for use in hazardous environments and supports environmental emissions reductions for mine sites.



DRIFTEX – the first battery operated vehicle to operate in an intrinsically safe environment.

In what is a rapidly evolving industry, WHSP is committed to investing in research and development to create new products and solutions to support the global energy transition. Ampcontrol is also seeking bolt-on acquisitions that will accelerate its growth in targeted areas.

Designed to replace 'poles and wires' grid connection, Standalone Power Systems are remote-monitored solutions.

Castle Hill property

WHSP has sold a property in Castle Hill, which was originally acquired in April 2014 for \$19.5m, for \$88.48m. Settlement is expected to occur before the end of calendar year 2022. Our direct property investments are largely concentrated in the Sydney region and positioned towards infrastructure development.

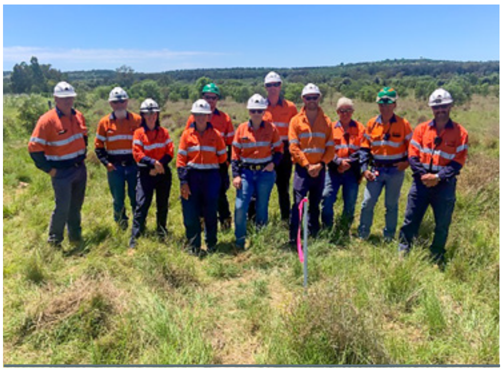
Recently taken image of Castle Hill refurbishment.

New Hope gains approval for New Acland

In October 2022, New Hope was granted the final approvals to re-start operations at New Acland, with work now underway to recommence operations. This comes 15 years after New Hope applied to extend mining at its New Acland mine and has been a welcomed employment opportunity in the local community with over 1,000 applications received, including a large number of former employees who lost their job when the mine was shut down a few years ago.

New Hope's latest quarterly update (released 24 November 2022) indicated that the company made \$648.1m underlying EBITDA for the quarter ending 31 October 2022, an increase of 167% on the prior comparative period.

Pleasingly, New Hope announced at its AGM that a continued focus on safety saw New Hope reduce its Total Recordable Injury Rate by 52% in FY22.



New Hope workers surveying the New Acland mine site in October.

Announcing a \$300m buyback, New Hope CEO, Rob Bishop, said "although our share price has increased considerably over the last 12 months, given the underlying shift in the thermal coal market and unprecedented demand for our product, which we see continuing in the short to medium term, we consider that New Hope presents value in excess to that recognised within the market and an on-market buy-back is appropriate at this time."

Brickworks continues strong property gains

Recently completed Oakdale West development.

In FY22, Brickworks generated record profits with a $644m EBITDA contribution from its property division.

At the end of FY22, Brickworks held a total of almost $1.8b in net assets across two joint venture property trusts with Goodman Group. In addition, Brickworks owns operational land and surplus land with a market valuation between $0.8b and $1.3b.

On 22 November 2022, Brickworks provided a trading update indicating that it expects to complete a sale of the $300m Oakdale East Stage 2 site into the Industrial JV in the first half of FY23. A further three properties have been identified for potential sale into the property trusts over the coming years.

Brickworks indicated that due to continued strong tenant demand, significant rental growth is expected to offset the impact of higher interest rates.

In relation to the building products division, Brickworks Managing Director, Lindsay Partridge, said "whilst the start of FY23 has been positive, once the existing pipeline of work is completed, a period of softer demand is expected, with tightening monetary policy set to act as a handbrake on the housing industry in the medium term."

Continued growth in Structured Yield investments

WHSP continues to identify attractive opportunities in the corporate credit market. Utilising WHSP's flexible approach to investing, we are increasingly looking at ways to invest where we can secure attractive returns while protecting downside risk in the event of adverse market conditions.

Over the course of the last year, we have witnessed regular rises in interest rates and a widening of credit spreads resulting in better returns to this asset class. A further $181m has been deployed across 4 new investments and we continue to have a well-developed pipeline of new opportunities. The current portfolio value at the end of the quarter was $432m with a further $178m of committed or undrawn investments. The current yield on this portfolio exceeds 10% per annum.

Board update

WHSP also updates shareholders on two changes to the Board of Directors as announced at today's Annual General Meeting.

Mr Warwick Negus has provided the Board with notice of his intention to retire at the end of this calendar year.

On behalf of WHSP's Board of Directors, Chairman Mr Robert Millner thanked Warwick for his significant contribution to the Board since 2014 which has included Chairing the Remuneration Committee since 2017. Warwick's deep financial expertise has provided invaluable counsel to the Company during its transformation into Australia's leading, diversified investment house.

WHSP's Board has appointed Mr David Baxby as an independent Non-Executive Director, taking effect from 1 February 2023. David is an experienced senior executive, investment expert, and public company director. Before co-founding his investment firm Coogee Capital, David held executive leadership positions in Asia Pacific and internationally with software development company Global Blue, the industrial division of Wesfarmers, and various roles at Virgin Group – including as Co-CEO of the Group's $6 billion family office with responsibility for the branded investment activities globally.

Warwick Negus

David Baxby

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More information: www.whsp.com.au

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