May 13, 2024

To Our Shareholders:

This letter represents our earnings-related communication piece outside our formal (required) quarterly financial statement filings. It is designed to provide you with a supplemental update on our most recent financial results and investment activity. The content of this letter should be reviewed in conjunction with our quarterly report on Form 10-Q for the quarter ended March 31, 2024, filed on May 2, 2024 with the Securities and Exchange Commission (SEC), and the presentation for the quarter ended March 31, 2024 posted in the Investor portal and on the Investor Resources section of SSLP's website at https://sixthstreetlendingpartners.gcs-web.com/presentations-and-events.

Financial Highlights

For the first quarter ended March 31, 2024, adjusted net investment income per share was $1.09, corresponding to an annualized return on average daily equity of 15.7%, and adjusted net income per share was $1.45, corresponding to an annualized return on average daily equity of 20.8%. At quarter end, we had approximately $0.12 per share of cumulative accrued capital gains incentive fees on the balance sheet. This non-cash expense, which was not paid or payable, was $0.04 per share for Q1. From a reporting perspective, our Q1 net investment income and net income per share, inclusive of these accrued capital gains incentive fee expenses, were $1.04 and $1.40, respectively.

Total investment income for the quarter was $131.6 million, compared to $90.8 million in the prior quarter. Net expenses, excluding the impact of the non-cash accrual related to capital gains incentive fees, were $53.6 million, up from $40.1 million in the prior quarter. The increase in expenses was primarily driven by higher interest expense resulting from an increase in the average debt outstanding and higher management and incentive fees due to an increase in pre-incentive fee net investment income.

At quarter-end, total assets were $4.4 billion, up from $3.1 billion in Q4 2023. Our average debt-to-equity ratio decreased quarter over quarter from 0.98x to 0.92x and was 0.81x at quarter-end. The lower reported leverage at quarter-end was largely driven by the delayed funding of an anticipated Q1 2024 investment that ultimately occurred in Q2 2024.

During Q1, we continued to build out the right side of the balance sheet including an inaugural debt offering in March of $600 million 6.500% unsecured notes due in 2029. In conjunction with the transaction, we obtained investment grade ratings from Moody's (Baa3; stable) and Fitch (BBB-; stable). The issuance also increased the unutilized capacity on our credit facilities to $1.16 billion at quarter-end, which can be viewed against $698 million of unfunded portfolio company commitments eligible to be drawn. We further enhanced our liquidity profile post-quarter end by closing on a $200 million upsize to the Truist Revolving Credit Facility bringing total commitments to $1.2 billion as of April 8, 2024. Adjusted for the upsize in April, unutilized capacity on the Wells Fargo Subscription Facility and the Truist Revolving Credit Facility totaled approximately $1.36 billion.

Total principal debt outstanding at quarter end was $1.9 billion, and net assets were $2.4 billion, or $28.47 per share. Net asset value per share was up $0.72 per share or 2.6% from prior quarter net asset value per share of $27.75. This growth was primarily driven by our over earning of the dividend declared during the quarter and by net unrealized gains from investments.

On March 29, 2024, our Board of Trustees approved a dividend of 67 cents per share to shareholders of record as of March 31, 2024, and the dividend was paid on May 6, 2024. As the record date occurred during Q1, the dividend liability (payable) is reflected on the balance sheet as of March 31, 2024.

Investment Activity

Commitments and fundings for the quarter ended March 31, 2024, were $1,902 million and $1,248 million, respectively. This was distributed across nine new investments and upsizes to two existing portfolio companies. Total exits and repayments were $147 million from one full paydown and six partial realizations in Q1.

Through the first quarter of 2024, public and private debt markets welcomed an increase in demand for financing solutions after a historically low level of transaction volume in 2023. Access to the broadly syndicated market has improved, providing some borrowers with the option between public and private financing solutions. With both markets open for business, competition has generally increased compared to this time last year, however, we remain highly selective in where we transact to make certain we over earn our cost of capital.

Our omni channel sourcing capabilities have contributed to a robust and building pipeline of investment opportunities that rely upon the structures and features available only in the private credit market. We believe the current environment underscores the value proposition of private credit for borrowers looking for more than the cheapest cost of financing. Direct lending provides creative solutions, certainty in pricing, stability through market volatility and structural flexibility such as delayed draw features. All of these components differentiate the private credit market from the broadly syndicated loan market and reinforce the importance of the solutions we provide to middle market companies.

Our investment in Equinox during the quarter highlights our differentiated capabilities as we stepped in to provide an alternative solution to a company with a complicated capital structure. As part of the transaction, Sixth Street led and agented a $1.2 billion first lien term loan and, to a lesser degree, participated in a $575 million second lien term loan. SSLP committed $240 million and $10 million in these loans, respectively, in support of the company's refinancing of its existing debt. This investment is also representative of the increase in opportunities we are seeing for companies with durable business models looking to restructure their balance sheets. In most cases, the complexity of these transactions requires a direct lender that is willing and able to structure and underwrite a creative solution. Given our extensive experience and dedicated resources across the Sixth Street platform, we are well positioned to lead these opportunities.

From a portfolio yield perspective, yields at fair value decreased slightly quarter-over-quarter from 13.4% to 12.9%. The weighted average yield at amortized cost of new investments, including upsizes, this quarter was 11.8%. As of Q1 2024, the weighted average revenue and EBITDA of our core portfolio companies was $593 million and $201 million, respectively. Finally, credit quality remains strong with no investments on non-accrual status as of March 31, 2024.

We thank you for your continued support.

Sincerely,

Joshua W. Easterly
Chief Executive Officer and Chairman, Sixth Street Lending Partners
Co-Founding Partner, Co-President and Co-Chief Investment Officer, Sixth Street