

AMP sells AMP Capital GEFI business to Macquarie

AMP Limited today is pleased to announce it has entered into a binding agreement with Macquarie Asset Management to sell AMP Capital's Global Equities and Fixed Income (GEFI) business for a consideration of up to A\$185 million.

The sale delivers on AMP Capital's strategy to focus on high-growth opportunities in private markets across real estate, infrastructure and associated adjacencies, and is an important step in preparing the business for its planned demerger from AMP Limited in 1H 22.

The transaction delivers on the previously announced strategy for the AMP Capital public markets business to increase the scale of GEFI through partnerships or sale. AMP Capital is also in the process of transferring the Multi-Asset Group business to AMP Australia to create an end-to-end superannuation and investment platform business.

AMP Capital's GEFI business currently manages approximately A\$60 billion in assets under management (AuM) for AMP Australia as well as a number of external institutional, retail and direct clients.

Under the sale agreement, AMP Capital's capabilities in Australian and global listed equities and global fixed income will be combined with Macquarie's public investments platform.

As part of the Macquarie Group, GEFI will be positioned to further improve its high-quality client service offering and to expand its client base and product set over time. The transaction will also allow GEFI to benefit from Macquarie Asset Management's scalable global operating platform.

James Georgeson, AMP Acting Chief Executive Officer said:

"In bringing together two well-known Australian investment businesses with strong track records, we're pleased to deliver such a positive outcome for our clients, our GEFI teams and AMP shareholders. Our review of the GEFI business last year showed it had strong investment capabilities and performance but needed greater scale and broader distribution reach to compete effectively.

"Macquarie is a high quality and respected manager, with a complementary culture and capabilities, well-placed to develop the business and deliver continued strong investment performance for its expanded client base. We are committed to working with Macquarie to integrate and transition our clients and teams, and to explore new partnership opportunities to enhance the products and services we both provide to our clients."

Ben Way, Head of Macquarie Asset Management said:

"This transaction represents another opportunity to add high-quality, complementary capabilities as we continue to scale the MAM public investments platform. It cements Macquarie's position as the leading investment manager in Australia by AuM and allows us to further diversify our client offering and bring new opportunities to clients joining us from AMP Capital. Clients will be at the centre of our considerations as we work closely with AMP on a successful integration."

Key terms of the transaction are:

- The transaction price values GEFI at up to A\$185 million. The FY 21 run-rate revenue of GEFI is approximately A\$90 million with underlying earnings of approximately A\$10 million.
- Comprises a base payment of up to A\$110 million in cash, payable on completion, and a cash earn-out of up to A\$75 million payable after the second anniversary of transaction completion. The amount of the aggregate consideration is subject to meeting certain conditions, including revenue targets.
- Post completion, GEFI’s assets under management, investment teams focused on GEFI’s clients around the world, and other key staff will transfer to Macquarie. Macquarie Asset Management is expected to have AuM of approximately A\$720 billion post transaction completion.
- The post-tax gain on sale is expected to be broadly neutral, before any potential earn-out payment given one-off costs and other adjustments.
- AMP is assessing the stranded costs it expects will be generated by the separation of GEFI from AMP Capital, the transfer of the Multi-Asset Group business to AMP Australia and the private markets demerger. A further update will be provided closer to completion of the transaction.

Subject to customary closing conditions being met, the transaction is expected to close in the first quarter of calendar year 2022.

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Authorised for release by the Market Disclosure Committee.

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