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AMP's simplification moves into its next phase with sale completion

AMP Limited today announced the first-stage completion of the sale and transfer of the AMP Capital real estate and domestic infrastructure equity business to Dexu Funds Management Ltd (Dexu) would occur on Friday 24 March 2023, after both parties entered into an unconditional agreement on a revised transaction structure (revised structure) for the sale of the business.

The revised structure enables the transfer to Dexu of most legal entities, holding the majority of AMP Capital domestic assets and management rights.

At first completion, AMP will receive payment of approximately A\$337 million from Dexu comprising:

- A\$175 million of the A\$225 million base purchase price for the real estate and domestic infrastructure equity business;
- A\$105 million¹ for sponsor investments; and
- A\$57 million for the cash, net of the remaining liabilities, held on the business' balance sheet.

Payment of the remaining A\$50 million of the base purchase price is contingent on the transfer of AMP's interest in China Life AMP Asset Management Company Limited (CLAMP) out of the sale perimeter by 30 September 2024. Following that transfer, the one remaining AMP Capital legal entity will move to Dexu and final completion of the transaction will occur.

Today's announcement marks a significant milestone in the delivery of AMP's simplification strategy, following the divestment in the past 18 months of the remaining interest in AMP Life, the sale of AMP Capital's Global Equities and Fixed Income business, the Infrastructure debt platform and the International infrastructure equity business.

AMP Chief Executive Alexis George said:

"Completion of the sale of the remaining AMP Capital business will mark the delivery of a key pillar of our strategy to simplify AMP. The sale allows AMP to have a clear focus on our go forward businesses of retail banking and wealth management in Australia and New Zealand. We will continue to build on the hard work of the past 12 months to position AMP to win in those markets, deliver for customers and drive value for shareholders."

"I would like to express my gratitude to all AMP Capital employees, including those transferring to Dexu and those who will be leaving AMP. Their commitment to their clients and to helping transition the business has been critical to the success of all of the AMP Capital transactions."

Ongoing capital management and cost base review

With the imminent completion of the remaining AMP Capital transaction, AMP's simplification will move into its next phase with a comprehensive review of its balance sheet and its cost base. The review of the

¹ Reflects net final amount as a result of unit realisations, investments, and revaluations in the period since the announcement of 27 April 2022, when reported as A\$180 million.

balance sheet will be conducted with the view to returning excess liquidity to shareholders and/or reducing outstanding debt. While AMP has identified it has in the order of A\$500 million surplus capital, in the current environment it is deemed appropriate to retain this funding. When the capital and balance sheet review is completed, the return of excess liquidity will be reconsidered.

AMP will continue to work through its previously announced A\$1.1 billion return of capital to shareholders as follows:

- A\$350 million via an on-market buyback (~A\$315 million purchased to date);
- A\$400 million via the announcement of an FY 22 final dividend and further on-market buybacks; and
- A\$350 million through on or off-market buybacks or other capital mechanisms subject to regulatory and shareholder approvals.

AMP has been simplifying its business and the next step is to now determine the appropriate operating model and cost base for the future business. This work will be completed over the next six months and reflect the forward-looking focus on AMP Bank and the Australian and New Zealand wealth management businesses, together with the China partnerships.

Whilst FY 23 controllable costs have been guided as flat due to higher inflation and the costs of transitional arrangements post completion of the AMP Capital sales, AMP believes there is an opportunity to drive further operational and group office efficiency across the simplified portfolio of businesses.

AMP intends to update shareholders on the outcomes of these reviews as soon as practical but no later than the announcement of its 1H 23 results in August 2023. The updates will include the quantum and intended use of any identified surplus liquidity and timing for delivery of identified cost savings. AMP's focus remains on organic growth in banking and wealth management and it does not intend to make any material acquisitions whilst the reviews are ongoing or prior to their outcomes being announced to shareholders.

Alexis George added: "The completion of the AMP Capital transactions enables a clear focus on the banking and wealth management businesses and moves AMP into the next phase of its simplification. With this clarity now is the right time to review the balance sheet and cost base of AMP. The review will consider, amongst other things, if AMP is holding any further surplus capital and the appropriate cost base for AMP going forward."

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