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AMP and Ares Management Corporation announce intention to pursue joint venture partnership for AMP Capital's private markets businesses

AMP Limited ("AMP") and Ares Management Corporation (NYSE: ARES) ("Ares") today announced that they have entered into a non-binding Heads of Agreement to pursue the formation of a joint venture for AMP Capital's private markets businesses of infrastructure equity and infrastructure debt, real estate and other minority investments ("Private Markets").

Under the proposed transaction, Ares would acquire 60 per cent of Private Markets and assume management control, with AMP retaining 40 per cent. AMP and Ares will enter into a 30-day period of exclusivity, to work towards a binding transaction.

The partnership would facilitate an acceleration of the growth of Private Markets, while unlocking immediate value for AMP shareholders. Ares, with a current market capitalisation of more than US\$13 billion¹, has a global footprint and capabilities in credit, private equity and real estate which are highly complementary to Private Markets.

The key components of the proposed transaction are as follows:

- A Private Markets joint venture valued at A\$2.25 billion (excluding retained assets and contingent consideration outlined below) with Ares acquiring 60 per cent for A\$1.35 billion and AMP retaining the residual 40 per cent (A\$0.90 billion).
- The Private Markets joint venture businesses will include:
 - Infrastructure equity
 - Infrastructure debt
 - Real estate
 - Other minority investments.
- AMP to retain up to A\$0.9 billion of assets and contingent consideration related to the current private markets businesses comprising:
 - Seed and sponsor and related investments of approximately A\$0.5 billion
 - Surplus capital released of A\$0.1 billion; and
 - Contingent consideration of up to A\$0.3 billion related to future performance including carried interest from existing funds.
- Total implied value for AMP Capital's existing private markets business of up to A\$3.15 billion.

¹ As at 24 February 2021

- AMP will retain ownership of AMP Capital’s public markets businesses, which in FY 20 made a modest NPAT contribution. The public markets strategy will continue, including the Multi-Asset Group (“MAG”) being transformed and transferred to AMP Australia, and actively exploring sale or partnership opportunities for the Global Equities and Fixed Income (“GEFI”) business.
- The joint venture is expected to raise A\$0.5 billion of debt to maximise capital efficiency which would reduce the pro rata equity contributions for each party in the joint venture. Therefore, under this assumption, Ares would fund A\$1.05 billion in equity to the joint venture and AMP would receive expected gross cash proceeds of up to A\$1.55 billion (before separation costs and capital release).
- The board of the Private Markets joint venture would initially comprise 10 board seats with six nominees from Ares and four from AMP.
- Ares and AMP to have structured call and put options, respectively, in relation to AMP’s residual holdings in Private Markets, commencing after five years.

The joint venture would enable the Private Markets business to benefit from Ares’ brand and global strengths in investment and distribution as well as already strong infrastructure and real estate capabilities, and continue to build upon AMP Capital’s well-established processes and investment capabilities, improving its scale and potential growth trajectory. At 31 December 2020, Ares had US\$197 billion in assets under management (AUM), after growing both AUM and fee-related earnings in excess of 30 per cent over the year and fundraising a record US\$41.2 billion². Ares managed US\$18.3 billion in infrastructure and real estate AUM with over 100 investment professionals in North America and Europe.

The proposed partnership would enable AMP shareholders to benefit from both the anticipated accelerated growth of Private Markets through its 40 per cent shareholding, as well as realising value from Private Markets’ growth to date. Ares shareholders would benefit from the strategic global expansion of its infrastructure and real estate strategies which would total to over US\$60 billion in total AUM, as of 31 December 2020 on a pro forma basis.

If agreed, the transaction will be subject to regulatory approvals, an Independent Expert’s Report, approval by AMP’s shareholders and other customary conditions precedent, including change of control approvals. AMP shareholders do not need to take any action at this stage.

The proposed transaction will mark the conclusion of AMP’s portfolio review.

During the exclusivity period³, the AMP group must not directly or indirectly solicit, engage with or accept any competing proposal (including any proposal that may prevent, prejudice or jeopardise the transaction as well as a change in control of AMP), or any inquiries, indications of interest, offers or discussions with, or furnish any information to, any third party in relation to a competing proposal, or that could reasonably be expected to lead to a competing proposal or to AMP not proceeding with the transaction.

There is no certainty that a transaction will proceed, or the terms on which it would proceed.

² As disclosed in Ares Management Corporation Fourth Quarter and Full Year 2020 results presentation dated 11 February 2021.

³ The exclusivity obligations are binding on AMP, but are subject to a limited fiduciary out which allows AMP group members which are trustees, managers, responsible entities or administrators to discharge their fiduciary obligations to act in the best interests of beneficiaries or unitholders.

AMP Chair Debra Hazelton and AMP Chief Executive Francesco De Ferrari commented:

"We believe the proposed partnership with Ares would deliver strong outcomes for our clients, our shareholders and our broader business. We expect it would strengthen the business and significantly accelerate our strategy to grow private markets, while de-risking our international expansion plans, and bringing forward the value in AMP Capital for our shareholders. The joint venture would also enable AMP shareholders to participate in anticipated accelerated growth from a business with increased global scale and capability.

"The transaction will enable AMP to increase focus on the transformation of our wealth management business in Australia, drive the continued growth of AMP Bank and New Zealand wealth management and benefit from driving further efficiency. We look forward to working towards a binding agreement with Ares, which will mark the conclusion of the portfolio review."

Ares Management Corporation Chief Executive Michael Arougheti commented:

"We are excited to further expand our real estate and infrastructure investment capabilities through our partnership with AMP. We believe we can add significant value through our global scale, relationship network, investor relationships and our broad, collaborative investment platform. We've been impressed by the growth of AMP Capital's private markets business over the past several years and our time with the team as part of the portfolio review has further cemented our view on the intrinsic value of this business under our leadership. We expect that this transaction would be highly strategic and complementary to our business and financially accretive for our shareholders."

About AMP

Founded in 1849, AMP is a leading wealth management company offering clients financial advice and superannuation, retirement income, banking and investment products across our portfolio of businesses. AMP is one of Australia's largest retail and corporate superannuation (pension) providers.

AMP Capital is a global investment manager with A\$190 billion in assets under management as of 31 December 2020 and more than 250 investment professionals. AMP Capital has a heritage and strength in infrastructure and real estate, as well as in fixed income, equities and multi-asset solutions.

About Ares Management Corporation

Ares Management Corporation (NYSE: ARES) is a leading global alternative investment manager operating complementary, integrated investment groups that invest across the credit, private equity and real estate markets. Ares Management's investment groups collaborate to deliver innovative investment solutions and consistent and attractive investment returns for its fund investors throughout market cycles. For more information, please visit www.aresmgmt.com.

Forward-Looking Statements

Statements included herein contain certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or our future performance or financial condition. Forward-looking statements can be identified by the use of forward looking words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or negative versions of those

words, other comparable words or other statements that do not relate to historical or factual matters. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including but not limited to the impact of the COVID-19 pandemic and the pandemic's impact on the U.S. and global economy, as well as those described from time to time in Ares' filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors which are, in some cases, beyond the control of Ares and could materially affect actual results, performance, or achievements. For a further description of such factors, you should read Ares' filings with the Securities and Exchange Commission. Ares undertakes no duty to update any forward-looking statements made herein, whether as a result of new information, future developments or otherwise, except as required by law.

In addition to factors previously disclosed in Ares' filings with the Securities and Exchange Commission, including those discussed under the heading "Risk Factors" in its most recently filed reports on Form 10-K and Form 10-Q, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: whether the parties will agree on final terms for the joint venture and the related transactions, whether the transaction will proceed, or the terms on which it would proceed, the possibility that regulatory and other approvals and conditions to the transaction are not received or satisfied on a timely basis or at all, or contain unanticipated terms or conditions; the possibility that modifications to the terms of the transaction may be required in order to obtain or satisfy such approvals or conditions; delays in closing the transaction; difficulties, delays or unanticipated costs in integrating the joint venture's operations; purchase price adjustments; unexpected costs resulting from the transaction, delays or other disruptions associated with the acquisition or integration of personnel or operations; changes in economic conditions; and regulatory conditions.

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Authorised for release by the AMP Limited Board