

8 May 2024

ASX Announcement

Perpetual concludes Strategic Review **Creation of a standalone, global multi-boutique Asset Management business and separation of Corporate Trust and Wealth Management**

- Perpetual to become a standalone, global multi-boutique Asset Management business with scale, diversified investment strategies, and supported by a leaner and more streamlined structure, with a strong balance sheet.
- Wealth Management and Corporate Trust businesses to be separated to unlock value for shareholders.
- Perpetual has entered into a Scheme Implementation Deed with an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, “KKR”) who will acquire 100% of the two businesses via a Scheme of Arrangement (Scheme), for total cash consideration of A\$2.175 billion. This represents an attractive valuation of 13.7x Last Twelve Month (LTM) EBITDA and 16.3x Last Twelve Months (LTM) EBIT¹ and will realise significant value for Perpetual’s shareholders.
- The Scheme is subject to a Perpetual shareholder vote (amongst other conditions) and if implemented, Perpetual shareholders are expected to receive cash proceeds. Proceeds will be determined post repayment of outstanding Perpetual Group debt² as well as separation and transaction costs and including customary business-specific net debt adjustments at completion, and shareholders will retain their current ownership in a more streamlined and debt-free global Asset Management business.
- Perpetual’s Board unanimously recommends shareholders vote in favour of the Scheme subject to there being no superior proposal and an Independent Expert concluding that the Scheme is in the best interests of Perpetual shareholders.
- Completion is anticipated to occur in February 2025, subject to satisfaction of customary conditions.
- Group Managing Director and CEO, Rob Adams will retire following a period of orderly transition upon Completion.
- Non-executive Director, Gregory Cooper has been appointed as Deputy Chair to assist the Board with the Asset Management business and will chair a sub-committee to recruit a new CEO of Asset Management.

¹ Last twelve months as at 31 December 2023. Based on management segment reporting EBIT of \$133.5million, and management segment reporting EBITDA of \$158.3 million (D&A is primarily on operating leases and software intangibles).

² Gross debt was approximately A\$771 million as at 30 April 2024.

Perpetual Limited (Perpetual, Perpetual Group or the Company) (ASX:PPT) today announced the completion of an extensive Strategic Review³, which has examined a broad range of options available to unlock additional value for shareholders including but not limited to a divestment of the Wealth Management and Corporate Trust businesses and maintaining the status as a diversified financials conglomerate.

Following a comprehensive process, the Board has determined that becoming a pure-play global Asset Management business through a demerger, combined with the separation of the Wealth Management and Corporate Trust businesses, will provide superior value for shareholders.

Upon completion of the transaction, shareholders will continue to own shares in Perpetual Limited which will be a leaner, debt-free, global, multi-boutique Asset Management firm managing A\$227⁴ billion in Assets Under Management, with quality investment teams, diversified investment capabilities and global distribution reach.

In addition, the Board has determined that the separation of the Wealth Management and Corporate Trust businesses represents compelling value to shareholders. As a result, Perpetual has today entered into a binding Scheme Implementation Deed (SID) under which KKR will acquire these businesses.

Under the agreement, KKR will acquire the businesses for A\$2.175 billion by way of a Scheme of Arrangement (Scheme) and net proceeds will be returned to shareholders. Proceeds will be determined after paydown of Perpetual Group debt, as well as separation and transaction costs and including customary business-specific net debt adjustments at completion⁵. The estimated cash proceeds to shareholders will be communicated to shareholders at Perpetual's FY24 results in August 2024.

The Perpetual Board agrees that a transaction with KKR represents compelling value for shareholders and is equally a strong outcome for employees, clients and other stakeholders. KKR is a leading investment firm with a longstanding track record of investing and supporting the growth of businesses in Australia since 2006, with strong capabilities and experience in both complex carve-outs and the financial services industry. KKR will make its investment from its private equity strategy.

Perpetual will provide transitional services to KKR for a period of 18 months post Completion with options to extend for a further 12 months. Following completion of the transaction, the Wealth Management and Corporate Trust businesses will continue to operate as standalone independent businesses, with continuity of management.

Perpetual Group Chairman, Tony D'Aloisio said, "Following a comprehensive review, which included shareholder feedback, the Board has concluded that becoming a standalone Asset Management business, rather than remaining a complex diversified financial services conglomerate which is difficult for the market to value, will provide better long-term value for Perpetual shareholders. Shareholders will benefit from cash proceeds following the separation and acquisition by KKR of our Wealth Management and Corporate Trust businesses, while

³ Announced on 6 December 2023.

⁴ As at 31 March 2024.

⁵ Gross debt was approximately A\$771 million as at 30 April 2024.

also retaining ownership in a more streamlined and debt-free global Asset Management business.

“In assessing the options under the Review, the Board determined that a separation of Corporate Trust and Wealth Management via a Scheme of Arrangement was a superior path for our shareholders compared to other options available, delivering certainty, an attractive valuation and nearer-term returns to shareholders.

“KKR is highly reputable and has worked constructively with Perpetual management and our Board to come to an outcome that we believe is compelling for our shareholders.

“The Strategic Review was extremely thorough and considered a number of options, involving extensive engagement with several high-quality parties and potential bidders. KKR offered both compelling value for shareholders as well as the highest degree of certainty in relation to the funding, execution and the ability to work with Perpetual to deliver a successful outcome. These were important criteria as the Board considered and assessed options to maximise value for shareholders.”

Perpetual Group CEO and Managing Director, Rob Adams said, “This is a positive outcome for our shareholders, our clients and our people. Each business will now have the focus and capital required to continue to grow in their respective markets ensuring our clients continue to receive world-class advice and services. In the remaining Asset Management business, our shareholders will own a simpler, more streamlined, pure-play and independent global multi-boutique investment management business, with organic growth potential.

“The combination of Perpetual’s Australian Asset Management business and the acquisitions of Trillium, Barrow Hanley and Pental, has created a high-quality global firm. As a standalone business, it will be leaner, more agile and fully focused on enabling our highly respected investment professionals to continue to deliver strong returns to clients, whilst presenting long-term growth opportunities for our shareholders.”

Mr D’Aloisio added, “On behalf of the Board, I want to also thank our shareholders, employees, and clients for their support and patience during this important process.”

Partner and Co-Head of KKR Australia, David Lang, said: “It is a privilege to be working with Perpetual on today’s transformational announcement and we thank the Board of Perpetual for their significant trust in KKR. We have developed important relationships with the Wealth Management and the Corporate Trust management teams and will invest behind their strategic ambitions of being two independent standalone businesses. We look forward to supporting the continued success of the Wealth Management business and the Corporate Trust business to deliver long-term benefits for their respective clients.”

Board Renewal and Leadership Changes

The existing Board and Executive Team will continue in place to deliver the benefits from this transaction. To assist the Board, Non-executive Director, Gregory Cooper has been appointed as Deputy Chairman with a primary focus of assisting the Board on the Asset Management business.

Group CEO and Managing Director, Rob Adams will retire following a period of orderly transition upon Completion.

Gregory Cooper will chair the sub-committee of the Board that will recruit the CEO for Asset Management and a global search has commenced.

Mr Adams said, “Following transaction Completion, Perpetual will be ready for its next phase as a standalone Asset Management business, and I believe that it is the appropriate time for fresh leadership and renewed focus on driving that growth over time. Our Asset Management business has world-class portfolio managers, diverse capabilities and a global distribution reach. I am confident that this combination will deliver positive outcomes for our clients and shareholders over time, benefiting from the focus and balance sheet strength that will result from this transaction.”

Mr D’Aloisio added, “The Board, Mr Adams and the Executive Team will remain focussed on successful delivery of this transaction and the resetting of the standalone Asset Management business for success over the coming months. The Board is extremely appreciative of Mr Adams’ tenure and the contribution that he has made to the Group.”

Recommendation

The Board of Perpetual unanimously recommend that Perpetual shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to an Independent Expert concluding that the Scheme is in the best interests of Perpetual shareholders. Subject to the same qualifications, each Perpetual director intends to vote, or cause to be voted, all of the Perpetual shares they own or control in favour of the Scheme.

Perpetual shareholders do not need to take any action at this stage. A Scheme Booklet will be sent to shareholders ahead of the Scheme meeting which will contain more detail regarding the transaction.

Conditions and Process

The Scheme is subject to customary conditions, including:

- Obtaining all required regulatory approvals;
- An independent expert issuing an Independent Expert Report concluding that the Scheme is in the best interests of shareholders;
- Perpetual shareholder approval of the Scheme;
- Court approval of the Scheme;
- No material adverse change of prescribed events (each defined in the SID); and
- Other customary conditions.

The Scheme is not subject to a financing condition.

All of the obligations of the transaction with KKR, including deal protections and break fee, are agreed and set out in the SID attached to this announcement.

Timetable

A Scheme Meeting is currently expected to be held in January 2025 with implementation anticipated shortly thereafter following satisfaction of conditions, including Perpetual shareholder vote, regulatory and other approvals.

A Scheme Booklet will be sent to shareholders ahead of the Scheme meeting in late 2024. The Scheme Booklet will contain important information relating to the Scheme, the Scheme meeting, the rationale for Perpetual's Directors' recommendation to shareholders, and the Independent Expert's Report opining on whether the Scheme is in the best interests of Perpetual shareholders.

The estimated cash per share proceeds to shareholders will be communicated to shareholders at Perpetual's FY24 results in August 2024, in advance of the release of the Scheme Booklet.

Shareholders will be able to vote on whether to approve the Scheme. Shareholders are not being asked to take any action at this point.

Investor call

An investor briefing will be held at 11.00am AEST today where Perpetual Group Chairman, Tony D'Aloisio, Group Chief Executive Officer and Managing Director, Rob Adams, and Group Chief Financial Officer, Chris Green will present the outcomes of the Strategic Review. Shareholders will have the opportunity to ask questions.

If you would like to join the briefing, please register to join the webcast via the link below:

<https://edge.media-server.com/mmc/p/oy84dgbm>

If you would like to ask questions, please join the teleconference via the link below:

<https://register.vevent.com/register/BI89edf23cdba946bbb42a1c0b0b9a5647>

Advisers

BofA Securities and Goldman Sachs are acting as financial advisers on the transaction. Luminis Partners is acting as independent advisers to the Board of Perpetual. Herbert Smith Freehills is acting as legal adviser to Perpetual.

-ENDS-

This announcement was authorised for release by Perpetual's Board.

Contacts:

Investors:

Susie Reinhardt
Head of Investor Relations
Perpetual Limited
Tel: +61 2 9125 7047
susie.reinhardt@perpetual.com.au

Media:

Jon Snowball or Lachlan Johnston
Morrow Sodali
+61 477 946 068 | +61 499 953 336
j.snowball@morrrowsodali.com or l.johnston@morrrowsodali.com

About Perpetual Group

Perpetual Limited (Perpetual Group) is an ASX listed (ASX:PPT) global financial services firm operating a multi-boutique asset management business, as well as wealth management and trustee services businesses.

Perpetual Group owns leading asset management brands including Perpetual, Pandal, Barrow Hanley, J O Hambro, Regnan, Trillium and TSW.

Perpetual Group's wealth management business services high-net worth clients, not for profits, and private businesses through brands such as Perpetual Private, Fordham and Jacaranda Financial Planning.

Perpetual Group's corporate trust division provides services to managed funds, the debt market and includes a growing digital business, encompassing Laminar Capital.

Headquartered in Sydney, Perpetual services its global client base from offices across Australia as well as internationally from Asia, Europe, the United Kingdom and United States.