Notice of Annual General Meeting

Dear Fellow Shareholders

The 48th Annual General Meeting (AGM) of Perpetual Limited (Perpetual) will take place on Thursday, 3 November 2011, at The Westin Sydney, 1 Martin Place, Sydney. A copy of the Notice of Meeting is attached.

There are a number of items on the agenda for this year's AGM.

We will consider:

- our financial and statutory reports for 2011
- the re-appointment to the Board of Directors of Mr Philip Twyman and myself
- the approval of a sign-on equity grant and a long-term incentive grant to the Managing Director, and
- the refreshing of Perpetual's capacity to carry out buy-backs of ordinary shares.

You will also be asked to cast a non-binding vote in respect of the adoption of the remuneration report. The report, which is included in the 2011 Annual Report, details our remuneration policy and discloses the remuneration of Perpetual's senior executives and Board members.

All resolutions are explained in more detail in the Notice of Meeting and the Explanatory Memorandum enclosed with this letter.

I look forward to welcoming you to the AGM and providing you with a progress report on Perpetual. We encourage you to submit any questions you have in advance of the meeting using the enclosed form. If you are unable to attend, we encourage you to appoint a proxy to attend and vote on your behalf. Also, for those shareholders unable to attend the AGM, the meeting will be available via live webcast on our website at www.perpetual.com.au. Further information about how to access the webcast is contained in the attached Notice of Meeting.

Peter Scott
Chairman
30 September 2011

The 48th Annual General Meeting of Perpetual Limited
will be held in the Heritage Ballroom at The Westin Sydney,
1 Martin Place, Sydney, NSW
on Thursday, 3 November 2011,
commencing at 10.00am.
Registration will open at 9.00am.

Notice of Meeting

Notice is given that the 48th Annual General Meeting of Perpetual Limited ABN 86 000 431 827 ('Perpetual' or the 'Company') will be held in the Heritage Ballroom at The Westin Sydney, 1 Martin Place, Sydney, NSW on Thursday, 3 November 2011, commencing at 10:00am. Registration will open at 9:00am. The following business will be conducted:

Financial and statutory reports

To receive and consider the financial report and the reports of the Directors and of the auditor for the financial year ended 30 June 2011.

Re-appointment of non-executive Directors

1. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Philip Twyman, retiring from the office of Director in accordance with clause 20.9.1 of the Company's Constitution and, being eligible, is re-appointed as a Director of the Company.'

Mr Twyman was re-elected as a Director at the Company's 2008 AGM and accordingly must retire and seek re-election at this year's AGM in accordance with the Constitution.

Information about Mr Twyman appears in the Explanatory Memorandum attached to this Notice of Meeting.

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Peter Scott, retiring from the office of Director in accordance with clause 20.9.1 of the Company's Constitution and, being eligible, is re-appointed as a Director of the Company.'

Mr Scott was re-elected as a Director at the Company's 2008 AGM and accordingly must retire and seek re-election at this year's AGM in accordance with the Constitution.

Information about Mr Scott appears in the Explanatory Memorandum attached to this Notice of Meeting.

Adoption of remuneration report

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That the remuneration report of the Company for the financial year ended 30 June 2011 is adopted.'

In accordance with section 250R of the Corporations Act 2001 (Cth) (Corporations Act), the vote on resolution 3 will be advisory only and will not bind the Directors or the Company.

Approval of grants of performance shares to the Managing Director

4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That approval is given for all purposes, including the Australian Securities Exchange Listing Rule 10.14, for a sign-on grant of 20,422 performance shares in the Company to be issued to Mr Chris Ryan on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.'

5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That approval is given for all purposes, including Australian Securities Exchange Listing Rule 10.14, for the issue of performance shares in the Company to Mr Chris Ryan as his annual long term incentive grants for each of 2011, 2012 and 2013 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.'

Approval of buy-backs of ordinary shares

6. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That for the purposes of section 257C(1) of the Corporations Act and for all purposes, the members of Perpetual authorise and approve as an ordinary resolution:

(a) the buy-back of ordinary shares by buy-back agreements under:

(1) an off-market tender buy-back; and

(2) on-market buy-backs; and

(b) the terms of, and entry into, the buy-back agreements to the extent that:

(1) approval of such buy-back agreements is required under the Corporations Act 2001 (Cth); and

(2) the number of shares bought back under such agreements does not exceed 3,000,000 in aggregate,

during the 12 month period from the date of the AGM, as detailed in the Explanatory Memorandum which accompanies this Notice of Meeting.'

Voting

The Chairman will put resolutions 1 to 6 to a poll at the meeting. Voting results (including the relevant proxy votes) will be announced to the Australian Securities Exchange (ASX) as soon as the poll is finalised after the meeting.

Voting Exclusion Statement

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel (KMP) of the Company (being resolutions 3, 4 and 5 of this Notice of Meeting), the Corporations Act restricts KMP and their closely related parties from voting in some circumstances. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

Additionally, ASX Listing Rules 10.15 and 10.15A require that a Notice of Meeting in respect of approval of the issue of securities to a Director under an employee incentive scheme (being resolutions 4 and 5) must contain a voting exclusion which excludes the person who may participate in the proposed issue and their associates, as well as any Director eligible to participate in any employee incentive scheme of the Company and that Director's associates.

Resolution 3 (Remuneration Report)

The Company will disregard any votes cast (in any capacity) on resolution 3 by or on behalf of a member of the KMP named in the Company's remuneration report or that KMP's closely related party, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Resolutions 4 and 5 (Grants of securities to Managing Director)

The Company will disregard any vote cast (in any capacity) on resolutions 4 and 5 by Messrs Chris Ryan, Ivan Holyman and Roger Burrows (being the only Directors of the Company eligible for participation in an employee incentive scheme) and any of their associates, as well as any votes cast as proxy by a member of the KMP or a KMP's closely related party, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Proxies

A member who is entitled to attend and vote at the AGM may appoint a proxy to attend and vote at the meeting on behalf of that member. A proxy may be an individual or body corporate and is not required to be a member of the Company. A member who is entitled to cast two or more votes at the AGM may appoint two proxies.

Where a member appoints two proxies, the member may specify the proportion or number of votes each proxy is appointed to exercise.

Where a member appoints two proxies but does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half the appointing member's votes. Fractions of votes will be disregarded.

A member may direct the member's proxy how to vote on the proposed resolutions by following the instructions on the proxy form that accompanies this Notice of Meeting.

A proxy may decide whether or not to vote on any proposed resolution, except where required by law or the Company's Constitution to vote. If the member appointing the proxy:

- directs the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution only in the way directed or
- does not direct the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution as the proxy thinks fit.

If a member appoints the Chairman of the AGM as proxy, or the Chairman is appointed by default, and the Chairman is not directed as to how to vote on an item of business, then, on the poll for that item, the Chairman will vote all available proxies for that member in favour of that item of business.

If a member does direct the Chairman how to vote on an item of business, the Chairman must vote on a poll in accordance with the direction.

If you wish to appoint a proxy, you must complete the proxy form accompanying this Notice of Meeting and return the completed proxy form to the Company's share registrar by:

- hand delivery at Link Market Services Limited, Level 12, 680 George Street, Sydney, NSW, 2000
- post to Perpetual Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 1235
- facsimile to +61 2 9287 0309

or to the Company's registered office by:

- hand delivery or post to Level 12, Angel Place, 123 Pitt Street, Sydney, NSW, 2000
- facsimile to +61 2 8256 1461

or by lodging the proxy appointment online through the Company's share registry website at www.linkmarketservices.com.au. To use the online proxy appointment facility, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which is shown on the top right hand side of your personalised proxy form accompanying this Notice of Meeting and then follow the prompts and instructions.

Duly completed proxies (and any necessary supporting documents) must be received by the Company at an address or facsimile number specified above, or by online lodgement at the website specified above, by no later than 10:00am (Sydney time) on Tuesday, 1 November 2011. Proxies received after that time will not be effective.

Corporate representatives

A body corporate that is a member, or that has been appointed as a proxy of a member, may appoint an individual to act as representative at the AGM. The appointment must comply with the requirements of section 250D of the Corporations Act.

The representative should bring to the meeting evidence of his or her appointment, including the authority under which the appointment is signed, unless that evidence has previously been given to the Company.

Determination of entitlement to attend and vote at the meeting

The Company has determined that for the purpose of ascertaining entitlements to attend and vote at the AGM, the shares in the Company on issue as at 7.00pm (Sydney time) on Tuesday, 1 November 2011 (Entitlement Time) will be taken, for the purposes of the AGM, to be held by the persons who hold them as registered members at that time.

This means that if you are not the registered holder of a share in the Company at the Entitlement Time, you will not be entitled to attend or vote at the AGM.

Shareholder questions

The Company is offering a facility for members to submit written questions in advance of the AGM.

To submit a written question, please complete and return the accompanying form, or submit the question online through the share registrar's website, in accordance with the instructions on the form. The form must be received by the Company's share registrar by no later than Friday, 14 October 2011. Questions should relate to matters that are relevant to the business of the AGM, as outlined in this Notice of Meeting and the attached Explanatory Memorandum.

Questions that are relevant to:

- the contents of the auditor's report or
- the conduct of the audit of the Company's financial report

may be addressed to the Company's auditor.

Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible and, where appropriate, will give a representative of KPMG, the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

Webcast of the AGM

For shareholders who are unable to attend the AGM in person, the AGM, including the addresses of the Chairman and CEO, will be available live via webcast. Any slides will also be available on-line. For information about how to access the webcast of the AGM please go to: http://shareholders.perpetual.com.au/

Explanatory Memorandum

Please refer to the Explanatory Memorandum attached to this Notice of Meeting in relation to the items of business set out in this Notice.

By the order of the Board.

Joanne Hawkins,
Company Secretary
30 September 2011

Explanatory Memorandum

Financial and statutory reports

The financial reports and the reports of the Directors and of the auditor for the financial year ended 30 June 2011 will be laid before the AGM, as required by section 317 of the Corporations Act. The Corporations Act does not require a vote of shareholders on these reports.

The Company's 2011 Annual Report (which includes the Directors', auditor's and financial reports) is available on the Company's website: **www.perpetual.com.au**

During this item of business, the members as a whole at the AGM will be given a reasonable opportunity to ask questions about, and make comments on, those reports and the business and management of the Company.

Members will also be given a reasonable opportunity to ask a representative of the Company's auditor, KPMG, questions relevant to the conduct of the audit, the preparation and the content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of financial statements or the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Re- appointment of Mr Philip Twyman BSc, MBA, FAICD (Age 67)

Mr Twyman was first appointed as a Director of the Company in November 2004. He was formerly Group Executive Director of the London-based Aviva plc, one of the world's largest insurance groups with extensive funds management and wealth management businesses. Mr Twyman was also formerly Chairman of Morley Fund Management, a director of the Quilter Group, a UK private client stockbroker, and a senior executive of AMP in Australia. He has also been Chief Financial Officer of General Accident plc, Aviva plc and the AMP Group. Since returning to Australia, Mr Twyman has joined the board of IAG Limited, Medibank Private Limited and the local boards of the Swiss Re Group. He is also Chairman of Overseas Council Australia. He is Chairman of Perpetual's Audit Risk and Compliance Committee and a member of the Investment Committee and Nominations Committee.

As an experienced international executive and director, Mr Twyman brings to the Board his expertise in financial services, investment and wealth management, together with considerable practical experience in relation to the audit and risk management issues faced by public companies in Australia and overseas.

After a review of Mr Twyman's contribution to the Board by the Nominations Committee, the Directors (with Mr Twyman abstaining) are strongly supportive of the re-appointment and recommend that shareholders vote in favour of resolution 1.

Resolution 2: Re-appointment of Mr Peter Scott BE (Hons), M.Eng.Sc (Age 57)

Mr Scott was first appointed as a Director of the Company in July 2005, and was appointed Chairman of the Company on 26 October 2010. He was formerly the Chief Executive Officer of MLC, an Executive General Manager of National Australia Bank and has held a number of senior positions with Lend Lease.

He is currently Chairman of Sinclair Knight Merz Pty Limited, a director of Stockland Corporation Limited and an advisory board member of Pilotlight Australia. He is the Chairman of Perpetual's Nominations Committee.

Mr Scott has more than 20 years of senior business experience in publicly listed companies and extensive knowledge of the wealth management industry.

After a review of Mr Scott's contribution to the Board by the Nominations Committee, the Directors (with Mr Scott abstaining), are strongly supportive of the re-appointment and recommend that shareholders vote in favour of resolution 2.

Resolution 3: Adoption of remuneration report

The Company's remuneration report for the financial year ended 30 June 2011 is set out on pages 29 to 57 of the Annual Report 2011, which is available at **www.perpetual.com.au**

The remuneration report forms part of the Directors' report for the financial year ended 30 June 2011. The remuneration report contains information required by section 300A of the Corporations Act, including:

- the Board's policy in relation to the nature and amount of remuneration paid to Directors and executives (including senior managers of the Company and the group)
- the relationship between the Board's remuneration policy and the Company's performance, including information about performance hurdles applicable to the short-term and long-term incentive components of the remuneration of senior managers and
- details of the remuneration paid to each Director of the Company (including the Managing Director) and to the employees with the greatest authority for managing and setting the strategic direction of the Company (which include the five highest paid group executives) for the financial year ended 30 June 2011.

Remuneration Policy

Perpetual's remuneration philosophy is that the remuneration strategy should align with and support the achievement of its business strategy, while ensuring remuneration outcomes are aligned with shareholder interests and are market competitive. To that end, Perpetual has created six guiding principles that direct our remuneration approach:

1. the remuneration structure should attract, motivate and retain the desired talent within Perpetual
2. the remuneration structure should align value creation for shareholders, clients and employees
3. the remuneration structure should embed sound risk management
4. incentive arrangements should motivate performance
5. remuneration should be delivered efficiently and effectively considering the level of administration required
6. the remuneration structure should be supported by a governance framework that avoids conflict of interest and ensures proper controls are in place.

Remuneration structure

The structure of Perpetual's remuneration for the Managing Director and Group Executives comprises the following components:

- fixed remuneration
- short-term incentive (STI) payable in cash or deferred shares, and
- long-term incentive in the form of performance shares or options.

When determining the variable (or 'at risk') elements of remuneration, Perpetual ensures that risk management is a key performance metric in determining at-risk elements of remuneration.

In accordance with section 250R of the Corporations Act, the vote on resolution 3 will be advisory only and will not bind the Directors or the Company. Notwithstanding the 'advisory' status of the vote on the remuneration report, the Board will take the outcome of the vote into account when considering the Company's remuneration policy.

Members will be given a reasonable opportunity at the AGM to ask questions about, and make comments on, the remuneration report.

The Directors unanimously recommend that shareholders vote in favour of resolution 3.

Resolution 4: Approval of Sign-on Grant of performance shares to the Managing Director

Background

On 11 January 2011, the Board announced that Mr Chris Ryan would be assuming the role of Managing Director and Chief Executive Officer of the Company, commencing on 14 February 2011.

The announcement included a summary of the key terms of Mr Ryan's employment agreement. Under the employment agreement, Mr Ryan's remuneration will consist of the following components:

- fixed remuneration
- short-term incentive (STI) payable in cash or deferred shares and
- long-term incentive (LTI) to be awarded in the form of performance shares or options to acquire shares in the Company if specific performance conditions are met.

In addition, Mr Ryan's employment agreement also provides for him to receive an upfront cash payment of $500,000 gross less applicable taxation and an equity award to a maximum value of $600,000 in the form of performance shares under the Company's LTI Plan (Sign-on Grant) as consideration for him agreeing to assume the role of Chief Executive Officer and Managing Director of the Company. The sign-on amounts provided to Mr Ryan were determined in consideration of entitlements foregone by him in joining Perpetual, taking into account both the form and timing of the foregone incentives.

Approval sought

ASX Listing Rule 10.14 permits a Director of the Company to acquire securities under an employee incentive scheme only if that Director's participation in the employee incentive scheme has been approved by shareholders. Accordingly, this resolution is being put to shareholders to seek approval for the Sign-on Grant to be made to Mr Ryan.

Overview of Sign-on Grant

The proposed issue of performance shares will be pursuant to the Company's LTI Plan and in accordance with the employment agreement between the Company and Mr Ryan.

Each performance share will represent a conditional entitlement to one ordinary fully paid share in the Company. There is no cost to Mr Ryan on the grant of performance shares.

The maximum number of performance shares proposed to comprise the Sign-on Grant to Mr Ryan is 20,422. This has been calculated by dividing $600,000 by $29.38 which is the volume weighted average price of the Company's shares traded on the ASX over the 5 trading days prior to 1 April 2011.

Performance hurdles and treatment of performance shares on cessation of employment or change of control

The performance shares will be divided into two equal portions with each portion being subject to a different hurdle. These hurdles are based on the Company's total shareholder return (TSR) and earnings per share (EPS) and will be tested at the end of a two year performance period commencing on 1 April 2011. Any performance shares that remain unvested following testing of the performance hurdles will be forfeited.

The TSR and EPS hurdles comprising the performance hurdles for the grant are set out in more detail in Schedule 1 to this Notice of Meeting.

Details in respect of the treatment of the performance shares on cessation of employment of Mr Ryan or a change of control of the Company are also set out in Schedule 1 to this Notice of Meeting.

Additional information provided in accordance with the ASX Listing Rules

The ASX Listing Rules require information to be included about other directors who receive securities under the LTI Plan.
No non-executive Directors are entitled to participate in the LTI Plan. However, in addition to Mr Ryan, two executives who are alternate directors, Mr Roger Burrows and Mr Ivan Holyman, are entitled to participate in the plan. Mr Burrows and Mr Holyman have not received any securities under this LTI Plan. Since the last time the Company obtained shareholder approval for the purposes of ASX Listing Rule 10.14, Mr Burrows has received 19,480 performance shares and Mr Holyman has received 14,610 performance shares under the former Executive Share Plan. There was no cost to Mr Burrows or Mr Holyman on the grant of these performance shares.

No loans will be made available by the Company in relation to the grant of performance shares to Mr Ryan.

If approval is obtained, it is the intention of the Board to issue the performance shares to Mr Ryan in November 2011 (and, in any event, no later than 12 months after the date of the AGM the subject of this notice).

If the resolution is not approved

If the resolution is not approved, Mr Ryan will receive a cash equivalent to the value of the Sign-on Grant which would have vested at the end of the performance period, subject to the satisfaction of performance conditions.

The Directors (with Mr Ryan abstaining) unanimously recommend that shareholders vote in favour of resolution 4.

Resolution 5: Approval of 2011, 2012 and 2013 LTI grants of performance shares to the Managing Director and Chief Executive Officer

Background

Pursuant to his employment agreement with the Company, Mr Chris Ryan is entitled to receive annual LTI grants equivalent in value to 100% of his annual fixed remuneration, subject to him meeting certain performance hurdles which are outlined below.

The annual LTI grants for 2011, 2012 and 2013 to Mr Ryan are to be in the form of performance shares. The proposed issue of each grant of performance shares will be pursuant to the Company's LTI Plan and in accordance with the employment agreement between the Company and Mr Ryan.

ASX Listing Rule 10.14 permits a director of the Company to acquire securities under an employee incentive scheme only if that director's participation in the employee incentive scheme has been approved by shareholders. Accordingly, this resolution is being put to shareholders to seek approval for the 2011, 2012 and 2013 grants to be made to Mr Ryan.

The Board believes that long term incentives form a key part of remuneration for senior executives and assist to align the interests of executives with the longer term interests of shareholders.

Overview

It is proposed that, for 2011, 2012 and 2013, Mr Ryan be granted performance shares with a value of 100% of his annual fixed remuneration. Mr Ryan's current fixed remuneration is $1,225,000 and this will be used to determine the number of performance shares he will receive for his 2011 grant.

Mr Ryan's total annual fixed remuneration is reviewed annually. In 2012 and 2013, Mr Ryan will receive performance shares with a value equivalent to 100% of his annual fixed remuneration for the relevant financial year.

It is not possible to specify a maximum number of performance shares to be granted to Mr Ryan, as it will depend on the share price leading up to the annual grant date. The number of performance shares to be granted will be calculated by dividing his annual fixed remuneration amount by the volume weighted average price of the Company's shares traded on the ASX over the 5 trading days prior to the grant date.

Subject to shareholder approval, the effective grant date for each annual grant of performance shares will be on or about 1 October. The 2011 grant of performance shares are expected to be issued to Mr Ryan in November 2011. The last grant will, in any event, be issued within three years of the date of the Annual General Meeting to which this notice relates.

The terms of each of the grants will be consistent with the terms of the LTI Plan. Each performance share will represent a conditional entitlement to one ordinary fully paid share in the Company. There is no cost to Mr Ryan on the grant of performance shares.

Performance hurdles and treatment of performance shares on cessation of employment or change of control

The performance shares will be divided into two equal portions with each portion being subject to a different hurdle. These hurdles are based on the Company's total shareholder return (TSR) and earnings per share (EPS) and will be tested at the end of a three year performance period commencing on the annual grant date. Any performance shares that remain unvested following testing of the performance hurdles will be forfeited.

The TSR and EPS hurdles comprising the performance hurdles for the grant are set out in more detail in Schedule 1 to this Notice of Meeting.

Detail in respect of treatment of the performance shares on cessation of employment of Mr Ryan or a change of control of the Company are also set out in Schedule 1 to this Notice of Meeting.

Additional information provided in accordance with the ASX Listing Rules

The ASX Listing Rules require information to be included about other Directors who receive securities under the LTI Plan.
No non-executive Directors are entitled to participate in the LTI Plan. The Directors who are entitled to participate in the LTI Plan are Mr Ryan, Mr Ivan Holyman (in his capacity as alternate director) and Mr Roger Burrows (also in his capacity as alternate director). Mr Burrows and Mr Holyman have not received any securities under this LTI Plan. Since the last time the Company obtained shareholder approval for the purposes of ASX Listing Rule 10.14, Mr Burrows has received 19,480 performance shares and Mr

Holyman has received 14,610 performance shares under the former Executive Share Plan. There was no cost to Mr Burrows or Mr Holyman on the grant of these performance shares.

Details of any securities issued under the LTI Plan (and for which shareholder approval was given) will be published in each Annual Report relating to the period in which the securities are issued, and will state that approval for the issue of securities was obtained under ASX Listing Rule 10.14.

Any additional persons (for whom shareholder approval is required) who become entitled to participate in the LTI Plan after the resolution was approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

No loans will be made available by the Company in relation to the grant of performance shares to Mr Ryan.

The Directors (with Mr Ryan abstaining) unanimously recommend that shareholders vote in favour of resolution 5.

Resolution 6: Approval of buy-backs of ordinary shares

Background

Under the Corporations Act, Perpetual may, without shareholder approval, buy back shares under one or more of an on-market buy-back, equal access scheme and off-market tender buy-back (in respect of which ASIC has granted standard relief) provided that it complies with the '10% in 12 months limit' set by the Corporations Act. The '10% in 12 months limit' provides that a company conducting a buy-back may only buy back shares if the number of voting shares it will buy in that buy-back and the number bought back by it in any other buy-back conducted in the preceding 12 months does not exceed 10 percent of the smallest number of votes attaching to the company's voting shares at any time during that preceding 12 months.

As at the date of this Notice of Meeting, Perpetual has 44,692,304 ordinary shares on issue and had not bought back any of its ordinary shares in the preceding 12 months.

On 26 August 2011, Perpetual announced an off-market tender buy-back (the 2011 Buy-Back) under which up to approximately $70 million worth of its ordinary shares are expected to be bought back on 17 October 2011. By way of example, this would represent approximately 7.9% of the ordinary shares on issue assuming the market price for Perpetual shares was $22.00 and the buy-back discount was determined to be 10%. The buy-back amount, the buy-back price and the number of shares to be bought back will be determined in accordance with the process described in the Off-Market Buy Back Booklet for the 2011 Buy-Back sent to shareholders and available from Perpetual's website.

Shareholders should refer to the Off-Market Buy Back Booklet for the 2011 Buy-Back sent to shareholders and available from Perpetual's website for more detail on the potential effects of the 2011 Buy-Back. Examples of the buy-back amount, the buy-back price and the number of shares to be bought back used in this Notice of Meeting are illustrative only and further examples are given in that booklet.

Authorisation sought

Perpetual wishes to obtain shareholder authorisation to conduct further buy-backs in the 12 months after this AGM should the Directors determine that it is in the best interests of Perpetual to do so.

Perpetual seeks this authorisation to provide flexibility and capacity to use buy-backs in its capital management including as one of the ways in which it can return and distribute capital to its shareholders. Obtaining shareholder authorisation at this AGM has the advantage to Perpetual of saving the costs and time of convening a special purpose general meeting if the Directors were to determine that it was appropriate to proceed with a buy-back of shares which would otherwise exceed the 10% in 12 months limit.

By resolution 6, the Company is seeking approval to buy back up to 3 million shares during the year from the AGM. This is in addition to shares bought back under the 2011 Buy-Back, which could be approximately 3.5 million shares, and shares Perpetual is permitted to buy back without shareholder approval within its 10% in 12 months capacity.

The 3 million shares specified in resolution 6 represents the maximum number of additional shares that may be repurchased rather than the actual number that will definitely be bought back. It does not represent a commitment or even intention to buy back that number of shares or any shares. The Board will only decide to buy back shares if it considers it is in the best interests of Perpetual, taking into account a range of factors including:

- market conditions
- the Company's capital or liquidity position, operating cashflow and earnings outlook and
- any growth opportunities, acquisitions, investment or divestment opportunities that may arise or be identified.

Reasons

The Board and management of Perpetual regularly review Perpetual's capital structure to ensure appropriate returns of capital to shareholders while:

- retaining sufficient surplus capital to provide for uncertainty and operational risk that resides within the business
- maintaining adequate liquidity to ensure financial flexibility and
- ensuring the company has capital resources to take advantage of growth opportunities as they arise.

As advised in the CEO's letter to shareholders dated 1 June 2011 and again in the Off-Market Buy Back Booklet for the 2011 Buy-Back dated 29 August 2011, Perpetual is taking a more active approach to the management of its capital in order to improve returns to shareholders. In light of this policy, the Company has already announced a reduction in its risk-based capital requirements to approximately A$140 million and a reduction in shareholder capital invested in a number of seed funds. After undertaking its recent capital management review, the Board decided and announced on 26 August 2011 that the most efficient method to return available funds was to undertake the 2011 Buy-Back.

The Board seeks approval effectively to refresh its capacity to buy back shares over the year following the AGM.

While there is no present proposal to conduct a buy-back or buy-backs to use that capacity in whole or in part, the Board believes that if Perpetual is in the position that it has surplus capital, it may be appropriate that further returns of capital are made by way of buy-back to return that surplus capital to shareholders if those returns can be made without impacting Perpetual's growth opportunities, compromising Perpetual's capital or liquidity position, or affecting Perpetual's dividend policy.

The Board considers that this resolution will provide it with the flexibility to maintain a more efficient capital structure and optimise returns to shareholders.

Prior to any decision to buy back shares the Board will evaluate whether a buy-back is the most effective mechanism to return capital relative to other forms of capital management such as dividends or special dividends.

Proposed terms

Aside from the 2011 Buy-Back, there is no present proposal to conduct a buy-back or buy-backs in the 12 months after the AGM, nor is there any commitment to conduct a buy-back.

Perpetual might consider buying back its shares under an off-market buy-back tender similar to the 2011 Buy-Back, or might consider returning any surplus capital to shareholders through on-market share buy-backs as described below.

An off-market tender buy-back, such as the 2011 Buy-Back, is a process that has been used by a number of ASX listed companies. Under this type of buy-back, a company invites its shareholders to offer to sell their shares (to the company) by way of a tender process. Shareholders may tender their shares at specified discounts to a market price, at the final price determined by the company, and in some cases with a specified minimum price. Following the close of the tender period, the company determines the buy-back price having regard to the outcome of the tender process. All successful participants receive that buy-back price for any shares bought back by the company.

Similarly to the 2011 Buy-Back, any off-market tender buy-back by Perpetual would only proceed on the basis of standard ASIC relief to permit tender buy-backs under subsection 257D(4) of the Corporations Act.

On-market buy-backs are currently regulated under the Corporations Act and ASX listing rules. Terms include:

- shares can only be purchased in the ordinary course of trading on the ASX (or another permitted stock exchange or both) and
- a notice must be lodged with the ASX prior to buying back any shares setting out:
  - the maximum number of shares that may be bought back
  - the reasons for the buy-back
  - the period (if the company has determined one) for the buy-back and
  - all other information that may be material to a shareholder's decision as to whether to sell into the buy-back
- the company is also required to lodge daily notices with the ASX reporting as to shares bought back on the previous day, including details of the number of shares bought back and the buy-back prices
- the price paid under an on-market buy-back must be no more than 5% higher than the average closing price for the company's ordinary shares over the previous five trading days

Shares bought back by the company under any buy-back will be cancelled, thereby reducing the number of shares the company has on issue.

Advantages

The Board considers the potential benefits of a buy-back are as follows:

- it provides an efficient mechanism to return any surplus cash to shareholders
- although the precise impact of the buy-back cannot be determined until the buy-back price and size are determined, a buy-back would be expected to improve Perpetual's future consolidated earnings per share and return on equity for continuing shareholders
- a special dividend provides only a discrete, one-off cash benefit to shareholders, and offers no choice of participation and
- a pro-rata reduction or return of capital may not be an efficient mechanism to return surplus cash to shareholders, requires shareholder approval at a general meeting and offers no choice of participation.

The Board considers the benefits of a buy-back by way of tender are as follows:

- all eligible shareholders have an equal opportunity to participate
- a competitive tender process:
  - allows shareholders to tender their shares at prices chosen by them within any tender range which means that shareholders effectively determine the buy-back price for a given number of shares to be bought back
  - may enable the Company to repurchase shares at a lower average cost than a fixed price buy-back or an on-market buy-back and at a discount to the market price, because of value placed by tendering shareholders on the franked dividend component of the buy-back price
  - compared with a fixed price buy-back, reduces the risk of setting a buy-back price which is too low and the buy-back tender being unsuccessful through a low take-up
  - should allow the Company to buy back the targeted number of shares within a shorter period (compared to an on-market buyback) and

– should enable shareholders to sell a large volume of shares without depressing Perpetual's market price

- shareholders should not have to pay brokerage or appoint a stockbroker to sell their shares in the buy-back tender.

The advantages of an on-market buy-back include the following:

- purchases under the buy-back can be tailored to react to changing market conditions
- Perpetual has complete flexibility after the buy-back is announced to initiate, adjust the volume of, and cease, purchases at any time and
- implementation of an on-market buy-back is very simple and involves very few costs.

Disadvantages

The Board does not think that potential buy-backs pose any significant disadvantage to shareholders. However, in making their decision shareholders should, among other things, evaluate the following factors:

- there will be a reduction in available cash and thus Perpetual's ability to use that cash including for acquisitions
- depending on the type and terms of buy-back, there may be a small reduction in net asset backing per share
- the buy-back may result in a reduction of Perpetual's ASX free float and it may reduce ASX trading volumes and liquidity in Perpetual's shares and
- a buy-back may reduce Perpetual's weighting in S&P/ASX share market indices.

Effect of the potential buy-backs on Perpetual

In addition to the potential effects of the types of buy-backs outlined above as advantages and disadvantages, a buy-back may have the following effects on Perpetual:

- if the shares to which the approval relates were bought back at an average price per share of $21.46 which represents the same price as the closing price of shares on ASX on 21 September 2011, the total cash cost of the buy-back (before transaction costs) would be $64.4 million. The actual cost could not be determined until the completion of any buy-back and may be greater than or less than this amount, depending on the number of shares the Company buys back, the type of buy-back conducted, and the prevailing price of shares in the Company at the particular time. Any buy-back pursuant to this approval may be funded from Perpetual's existing cash and equivalents or if appropriate external sources of capital such as third party debt.
- Perpetual has a diversified shareholder base. As such, any buy-back of ordinary shares permitted by this resolution is not expected to have any impact on the control of Perpetual.
- although the precise impact of a buy-back could not be determined until the buy-back price and size was determined, a buy-back would be expected to improve Perpetual's future consolidated earnings per share and return on equity for continuing shareholders.
- Perpetual would not buy back any shares if the Board considered it would materially prejudice Perpetual's ability to pay its creditors.
- a buy-back will reduce cash balances and as such would reduce the ability to make investments. The Company would not buy back shares if it would hinder pursuing growth opportunities or accretive investments that may be identified or arise.

The Directors unanimously recommend that shareholders vote in favour of resolution 6.

Schedule 1 – Performance hurdles and treatment of performance shares on cessation of employment or change of control

TSR hurdle

The TSR hurdle requires the Company's TSR over the performance period to be at or above the median of the Company's comparator group for vesting to occur in accordance with the sliding vesting scale outlined below. The comparator group comprises the 100 companies with the largest market capitalisation in the ASX200 (excluding property trusts).

TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights issues, bonus issues and any capital reconstructions) measured from 3 months prior to the date of the grant to the date of testing of the TSR hurdle.

The TSR hurdle was chosen as it is widely recognised as one of the best indicators of shareholder value creation. The stated comparator group was chosen as it best represents Perpetual's performance, which is influenced by equity market movements (given that Perpetual's revenue is significantly dependent on Funds Under Management and Funds Under Advice).

Company's TSR ranking relative to the comparator group	Percent of portion that vests
Less than median	0%
At the median	50%
Greater than median but less than 75th percentile	50% plus 2% for every one percentile increase in the Company's relative position
At the 75th percentile and above	100%

EPS hurdle

The EPS hurdle requires that the Company's EPS growth over the relevant performance period must be greater than the target set by the Board for vesting to occur in accordance with the vesting scale outlined below.

The threshold EPS hurdle has been set by the Board at 5.0% per annum compounded and the initial maximum EPS growth target is 10% per annum compounded.

The EPS measure was chosen as it provides evidence of the Company's growth in earnings.

Growth in EPS is defined as compound average annual growth in the Company's earnings per share comprising basic earnings per share (after tax) before annual goodwill amortisation. The Board may adjust EPS for items such as those of a capital nature that do not reflect management and employee performance and day-to-day business operations and activities.

The proportion of the performance shares subject to the EPS hurdle will vest in accordance with the following:

Company's EPS Growth over the EPS Growth Performance Period	Percentage of portion that vests
At or less than the threshold EPS growth target.	0%
Greater than the threshold EPS growth target but less the maximum EPS growth target	Straight line vesting between 0% and 100%. For example, if the threshold EPS growth target is 5% per annum and the maximum EPS growth target is 10% per annum, vesting is 2% for every 0.1% per annum above 5.0% per annum.
At or above the maximum EPS growth target	100%

Treatment of performance shares on cessation of employment of Mr Ryan

In the event that Mr Ryan ceases employment with the Company due to termination by Mr Ryan (other than for illness or injury or an agreed material diminution event) or due to termination by the Company for poor performance, all or Mr Ryan's unvested performance shares will be forfeited. Should termination occur due to termination by the Company with notice, by Mr Ryan because of illness or injury, or due to an agreed mutual diminution event, unvested performance shares granted within the previous 12 months will be forfeited and those granted more than 12 months prior to termination remain eligible for vesting, subject to satisfaction of performance conditions in due course. In the event that termination occurs due to Mr Ryan's death, unvested performance shares remain eligible for vesting subject to satisfaction of performance conditions.

Treatment of performance shares on change of control of the Company

Sign-on Grant

All of the Sign-on Grant performance shares will vest in certain circumstances of change of control of the Company for the purposes of the employment agreement.

Annual LTI Grants for 2011, 2012 and 2013

In the case of a takeover bid, scheme of arrangement or some other change of control transaction of the Company, the Directors have discretion to determine if, and the extent to which, any performance shares will vest. In exercising their discretion the Directors will have regard to all relevant circumstances, including Mr Ryan's performance in line with relevant performance conditions since the commencement of the performance period.

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Shareholder enquiries

If you have any questions about your shareholding or matters such as dividend payments, tax file numbers or change of address please contact the Company's share registry office or visit their website www.linkmarketservices.com.au or email registrars@linkmarketservices.com.au

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