

Perpetual Limited

NOTICE OF MEETING 2012

ABN 86 000 431 827

Perpetual 

Dear Fellow Shareholders

The 49th Annual General Meeting (AGM) of Perpetual Limited (Perpetual) will take place on Thursday, 1 November 2012 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 2012
- the re-appointment to the Board of Directors of Ms Elizabeth Proust
- the appointment of a new Non-Executive Director, Mr Craig Ueland
- the approval of grant of performance rights to the Managing Director & CEO
- the approval of proportional takeover provisions.

You will also be asked to cast a non-binding vote in respect of the adoption of the Remuneration Report. The Board has implemented a number of changes to the company's remuneration practices recently. The Remuneration Report, which is included in the 2012 Annual Report, details our remuneration policy and discloses the remuneration of Perpetual's senior executives and Board members.

As Perpetual received 26.2% of the votes "against" the Remuneration Report in 2011, it received what is known as a "first strike" under the new executive remuneration laws. If the votes "against" the 2012 Remuneration Report again exceed 25% of the votes cast, Perpetual will receive a "second strike".

A Board Spill Meeting Resolution is also included on the agenda however this resolution will only be put to the AGM if at least 25% of the votes cast on the adoption of the Remuneration Report are cast against the adoption of the report and a "second strike" is received. If this resolution is put to the meeting, the Board unanimously recommends that shareholders vote against it on the basis that it would be extremely disruptive to the Company and in the Board's view it would be inappropriate to remove all of the Non-Executive Directors in the circumstances.

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. I would encourage you to cast your vote on these important agenda items, however if you are unable to attend in person, you are able to vote by either appointing a proxy to attend and vote on your behalf or by lodging your vote on-line at www.linkmarketservices.com.au.

We also encourage you to submit any questions you have in advance of the meeting using the enclosed form.

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

25 September 2012

NOTICE OF MEETING

Notice is given that the 49th 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, 1 November 2012, 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 2012.

RE-APPOINTMENT OF NON-EXECUTIVE DIRECTOR

1. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
‘That Ms Elizabeth Proust, 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.’
Ms Proust was re-elected as a Director at the Company’s 2009 AGM and accordingly must retire and seek re-election at this year’s AGM in accordance with the Constitution.
Information about Ms Proust appears in the Explanatory Memorandum attached to this Notice of Meeting.

APPOINTMENT OF NEW NON-EXECUTIVE DIRECTOR

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
‘That Mr Craig Ueland, having been appointed as a director of the Company in September 2012, be confirmed in that office in accordance with clause 20.2.2 of the Company’s Constitution.’
Information about Mr Craig Ueland appears in the Explanatory Memorandum attached to this Notice of Meeting.

APPROVAL OF GRANTS OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR & CEO

3. 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 rights to Mr Geoff Lloyd as his annual long term incentive grants in each of 2012, 2013 and 2014 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.’

APPROVAL OF PROPORTIONAL TAKEOVER PROVISIONS

4. To consider and, if thought fit, pass the following resolution as a special resolution:
‘That the Company’s Constitution be amended by the insertion of proportional takeover provisions as clause 11.9 and Schedule 2 of the Company’s Constitution in the terms specified in Schedule 1 to this Notice of Meeting.’
Information about the proposed amendments to the Constitution appears in the Explanatory Memorandum attached to this Notice of Meeting.

ADOPTION OF REMUNERATION REPORT

5. 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 2012 is adopted.’
In accordance with section 250R of the Corporations Act 2001(Cth) (Corporations Act), the vote on Resolution 5 will be advisory only. However, if more than 25% of votes cast on this resolution are against the resolution, then the Board Spill Meeting Resolution below will be put to shareholders for their consideration and vote.
Board Spill Meeting Resolution – this resolution will only be put to the AGM if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (Resolution 5) are cast against the adoption of the report.
6. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

‘That:

- (a) an extraordinary general meeting of the Company (the ‘Spill Meeting’) be held within 90 days of the passing of this resolution;
- (b) all of the Non-Executive Directors in office when the Board resolution to make the directors’ report for the financial year ended 30 June 2012 was passed (being Peter Scott, Paul Brasher, Philip Bullock, Paul McClintock, Elizabeth Proust and Philip Twyman) and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting.’

VOTING

The Chairman will put Resolutions 1 to 5 (and Resolution 6, if a vote is required) to a poll at the meeting. Voting results on the resolutions that are put to the meeting (including the relevant proxy votes) will be announced to the Australian Securities Exchange (ASX) as soon as practicable 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, 5 and 6 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 Rule 10.15A requires that a Notice of Meeting containing a resolution to approve the issue of securities to a Director under an employee incentive scheme (being Resolution 3) 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 (GRANTS OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR AND CEO)

The Company will disregard any vote cast (in any capacity) on Resolution 3 by Messrs Geoff Lloyd 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 or by the Chairman where he has been expressly authorised to do so.

RESOLUTION 5 (REMUNERATION REPORT) AND RESOLUTION 6 (SPILL RESOLUTION, IF REQUIRED)

The Company will disregard any votes cast (in any capacity) on Resolution 5 or Resolution 6 by or on behalf of a member of the KMP (including each of the directors and executives 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 or by the Chairman where he has been expressly authorised to do so.

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 who is entitled to vote on a resolution may direct the member's proxy how to vote on the resolution 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, subject to any voting exclusions that apply to the proxy.

If you would like the Chairman to vote on Resolutions 3 (Mr Lloyd's LTI Grants), 5 (Remuneration Report), and 6 (Spill Meeting), it is important that you either mark one of the instruction boxes for those resolutions in Step 3 of the proxy form accompanying this Notice of Meeting, or tick the box in Step 2. If the Chairman is or becomes your proxy and you tick the box in Step 2, you are expressly authorising the Chairman to vote in accordance with his voting intentions (i.e. in favour of Resolutions 3 (Mr Lloyd's LTI Grants) and 5 (Remuneration Report), and against Resolution 6 (Spill Meeting)), even though the resolutions are connected directly or indirectly with the remuneration of a member of the KMP.

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, except Resolution 6 (Spill Meeting), where any available proxies will be voted against.

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, 1A Homebush Bay Drive, Rhodes, NSW, 2138
- 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, 30 October 2012. 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, 30 October 2012 (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, 12 October 2012. 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.

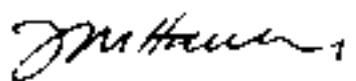
WEBCAST OF THE AGM

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 IS PART OF THIS NOTICE OF MEETING

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

By order of the Board.



JOANNE HAWKINS

Company Secretary

25 September 2012

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 2012 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 2012 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 MS ELIZABETH PROUST AO, BA (HONS), LLB, FAICD

Ms Proust was appointed as a Director in January 2006. She was formerly Managing Director of Esanda, part of the ANZ Group. Prior to joining ANZ she was Secretary (CEO) of the Victorian Department of Premier and Cabinet and Chief Executive Officer of the City of Melbourne. She is currently Chairman of Nestle Australia Ltd and Bank of Melbourne Board and a director of Insurance Manufacturers of Australia Pty Ltd and Sinclair Knight Merz Pty Ltd. She is Chairman of Perpetual's People and Remuneration Committee and a member of Perpetual's Audit, Risk and Compliance Committee and Nominations Committee.

In addition to her skills from her leadership roles in significant change management programs, Ms Proust brings to the Board her strengths in human resources, public affairs and strategy development, and her strong knowledge of board processes and governance through her many senior executive and board roles.

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

RESOLUTION 2: APPOINTMENT OF MR CRAIG UELAND, B Ec (STANFORD UNIVERSITY), MBA (FINANCE) (UNIVERSITY OF WASHINGTON)

Mr Ueland was appointed as a Director in September 2012. He is an experienced investment professional and business leader who spent 25 years at Russell Investment Group, most recently as global President and Chief Executive Officer. Other leadership positions Mr Ueland held at Russell include Chief Financial Officer, Chief Operating Officer and Managing Director of International and Australasia.

Mr Ueland brings to the Board a number of strengths relevant to Perpetual's business. These include a detailed knowledge of global financial markets and the investment management industry, first-hand experience as a senior executive and CEO of

a major investment firm, and a strong commitment to leadership development. Through his various leadership roles at Russell, Mr Ueland has also gained knowledge and experience in strategy development, mergers and acquisitions, and change management.

After review by the Board's Nominations Committee, the Directors (with Mr Ueland abstaining) are strongly supportive of the appointment to the Board of Mr Ueland, and recommend that shareholders vote in favour of Resolution 2.

RESOLUTION 3: APPROVAL OF LTI GRANTS OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CEO

BACKGROUND

Under his employment agreement, the Company's Managing Director and CEO, Mr Geoff Lloyd, is entitled to receive annual long term incentive (LTI) grants equivalent in value to 80% of his annual fixed remuneration, subject to meeting certain performance hurdles which are outlined below.

The annual LTI grants to be awarded to Mr Lloyd in 2012, 2013 and 2014 will be in the form of performance rights granted under the Company's LTI Plan and in accordance with the employment agreement between the Company and Mr Lloyd.

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.

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 annual LTI grants to be made to Mr Lloyd in 2012, 2013 and 2014.

OVERVIEW

It is proposed that, in 2012, 2013 and 2014, Mr Lloyd be granted performance rights with a value of 80% of his annual fixed remuneration. Mr Lloyd's current fixed remuneration is \$1,100,000 and this will be used to determine the number of performance rights he will receive for his 2012 grant.

Each performance right will give Mr Lloyd the right to acquire one fully paid ordinary share in Perpetual, or cash to the same value, if the performance hurdles (described below) are met at the end of the three-year performance period. Performance rights are granted at no cost to the recipient. Performance rights do not carry dividend or voting rights or the right to participate in new issues of shares (such as rights or bonus issues), but these rights will attach to any shares allocated to Mr Lloyd if his performance rights vest.

Mr Lloyd's total annual fixed remuneration is reviewed annually. For the 2013 and 2014 financial years, Mr Lloyd will receive performance rights with a value equivalent to 80% of his annual fixed remuneration for the relevant financial year.

It is not possible to specify the maximum number of performance rights to be granted to Mr Lloyd as the number will be calculated by reference to the Company's share price at the time of each grant. For each grant, the number will be determined by dividing 80% of Mr Lloyd's fixed remuneration in the relevant financial year by the

volume weighted average price of the Company's shares traded on the ASX over the five trading days prior to the date of grant, discounted for the non-payment of dividends during the performance period, as calculated by an independent external advisor.

Subject to shareholder approval, the effective grant date for each annual grant of performance rights will be on or about 1 October. The 2012 grant of performance rights is expected to be issued to Mr Lloyd in November 2012. 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.

Each grant will be made under the Company's LTI Plan.

PERFORMANCE HURDLES

The performance rights will be divided into two equal portions with each portion being subject to a different hurdle. These hurdles are based on the Company's relative 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 rights that remain unvested following testing of the performance hurdles will be forfeited.

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 the achievement of annual earnings growth is aligned with shareholders' interests.

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 rights 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 than 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 RIGHTS ON CESSATION OF EMPLOYMENT

In the event that Mr Lloyd ceases employment with the Company due to termination by Mr Lloyd (other than for illness or injury, mutual agreement between the Company and Mr Lloyd, or an agreed material diminution event) or due to termination by the Company for poor performance or for cause, all Mr Lloyd's unvested performance rights will lapse.

Should termination occur:

- due to termination by the Company with notice
- by Mr Lloyd because of illness or injury
- by mutual agreement between the Company and Mr Lloyd or
- due to an agreed mutual diminution event,

unvested performance rights granted within the 12 months prior to termination lapse immediately. Unvested performance rights granted more than 12 months prior to termination remain eligible for vesting, subject to the same performance conditions had Mr Lloyd remained employed with Perpetual.

In the event that termination occurs due to Mr Lloyd's death, unvested performance rights remain eligible for vesting subject to satisfaction of performance conditions.

IF SHAREHOLDERS DO NOT APPROVE THE GRANT TO THE MANAGING DIRECTOR AND CEO

To compensate Mr Lloyd for the remuneration he would forego if shareholder approval of the LTI grants is not given, Mr Lloyd is entitled under his employment agreement to receive a cash benefit equivalent to the value of the performance rights which would otherwise have vested, subject to the satisfaction of the performance hurdles.

ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE ASX LISTING RULES

Performance rights do not entitle the holder to participate in any new issue of shares prior to vesting. However the LTI Plan Rules provide that the Board may adjust the number of underlying shares to which each participant is entitled upon vesting of a performance right if:

- before the performance right vests, Perpetual makes a rights issue, bonus issue or other corporate action such as a capital reconstruction and
- the Board considers the adjustment appropriate in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from the corporate action.

The Board would have regard to relevant ASX Listing Rules in determining any such adjustment. For example, in determining the number of shares represented by a performance right following a discounted rights issue, the Board would take into account the principles underlying the formula in ASX Listing Rule 6.22.2 which calculates the foregone value of the opportunity to participate in the rights issue.

The ASX Listing Rules require information to be included about other Directors who receive securities under the LTI Plan. The Directors who are entitled to participate in the LTI Plan are Mr Lloyd, Mr Ivan Holyman (in his capacity as alternate director until 6 July 2012) and Mr Roger Burrows (also in his capacity as alternate director). Since the last time the Company obtained shareholder approval for the purposes of ASX Listing Rule 10.14, Mr Burrows has received 28,503 performance shares and Mr Holyman has received 21,377 performance shares under the LTI 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 rights to Mr Lloyd.

The voting exclusion statement for this resolution is set out on page 2 of this Notice of Meeting.

The Directors (with Mr Lloyd abstaining) unanimously recommend that shareholders vote in favour of Resolution 3.

RESOLUTION 4: APPROVAL OF PROPORTIONAL TAKEOVER PROVISIONS

This item of business involves the insertion of new clause 11.9 and Schedule 2 relating to proportional takeovers in the Company's Constitution.

The proposed new clause 11.9 and Schedule 2 of the Constitution are set out at Schedule 1 to this Notice of Meeting. In essence, if this resolution is approved and a takeover bid is subsequently made for some but not all of each shareholder's shares, these proportional takeover provisions will enable shareholders as a whole to vote on whether the proportional bid should be allowed to proceed, independently from their individual decisions whether or not to accept the bid.

Under the Corporations Act, shareholder approval of provisions relating to proportional takeovers extend for a three year period. Once the three year period elapses those provisions cease to have effect unless shareholder approval is renewed.

Provisions in respect of proportional takeovers were last approved at the Company's 2003 Annual General Meeting and were effective for three years.

Shareholder approval is now sought for the insertion of new provisions in respect of proportional takeover bids into the Constitution.

More detail about the insertion of the provisions relating to proportional takeovers is set out below.

WHAT IS A PROPORTIONAL TAKEOVER BID, AND WHY DO WE NEED THE PROPORTIONAL TAKEOVER APPROVAL PROVISIONS?

A proportional takeover bid (also referred to as a 'partial takeover bid') involves the bidder offering to buy a proportion of each shareholder's shares in the Company. This means that control of the Company may pass without members having the chance to sell all their shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Constitution that:

- in the event of a proportional takeover bid being made for shares in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer and
- the majority decision of the Company's members will be binding on all individual members.

The Directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressure to accept the bid even if they do not want it to succeed.

WHAT IS THE EFFECT OF THE PROPOSED PROPORTIONAL TAKEOVER APPROVAL PROVISIONS?

If a proportional takeover bid is made, the Directors must ensure that shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote, with the exception of the bidder and its associates, who are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of approval. The provisions may be renewed, but only by a special resolution.

Similar provisions are commonly found in the constitutions of publicly-listed companies on the ASX, and are regularly renewed.

POTENTIAL ADVANTAGES AND DISADVANTAGES

While the insertion of the proportional takeover provisions will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The provisions will ensure that all members have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of members, including appropriate pricing. Similarly, knowing the view of the majority of members may help individual members assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.

However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of members to freely deal with their shares.

The Board of Directors considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

At the date this statement was prepared, no Director is aware of a proposal by a person to acquire, or to increase, a substantial interest in the Company.

The Directors unanimously recommend that shareholders vote in favour of the resolution to insert the proportional takeover provisions as clause 11.9 and Schedule 2 in the Company's Constitution in the terms specified in Schedule 1 to this Notice of Meeting.

RESOLUTION 5: ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the financial year ended 30 June 2012 is set out on pages 31 to 62 of the Annual Report 2012, which is available at www.perpetual.com.au

The Remuneration Report forms part of the Directors' Report for the financial year ended 30 June 2012. The Remuneration Report provides information relating to:

- 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 Key Management Personnel of the Company for the financial year ended 30 June 2012.

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 Perpetual securities for which vesting is subject to performance hurdles.

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 5 will be advisory only, but as explained below the outcome of the vote could have consequences for the Board.

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

SPILL MEETING

At last year's AGM, 26.2% of the votes cast in respect of the resolution to adopt the 2011 Remuneration Report were voted "against" that resolution. Because the votes "against" exceeded 25% of the votes cast, Perpetual received what is known as a "first strike" under the new executive remuneration laws, which applied for the first time last year.

If the votes "against" the 2012 Remuneration Report again exceed 25% of the votes cast, Perpetual will receive a "second strike" and Resolution 6 will be put to the meeting. If Resolution 6 is put to the meeting and passed, then it will be necessary for the Board to convene a further general meeting ("Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board.

CHANGES TO PERPETUAL'S REMUNERATION PRACTICES SINCE LAST YEAR

The Board has undertaken an extensive review of Key Management Personnel remuneration with the assistance of its remuneration advisors, PricewaterhouseCoopers (PwC). The Board has met with proxy advisors, major shareholders and other stakeholders to seek feedback on Perpetual's remuneration practices and changes considered as a result of the review.

Changes that the Board will introduce in respect of Key Management Personnel from 2012/13 include:

- from October 2012, ceasing the practice of paying dividends on new LTI awards prior to performance hurdles being met
- reviewing and reducing the quantum of remuneration paid to Non-Executive Directors and the Chief Executive Officer to better align with Perpetual's position in the ASX index
- refining our approach to STI deferral to strengthen the focus on risk management and better align with the market
- transitioning to a remuneration mix that provides greater consistency and alignment with Perpetual's business model.

The Board believes that Perpetual's remuneration policy and practices, as described in the 2012 Remuneration Report, are sound, reasonable and appropriate.

The voting exclusion statement for this resolution is set out on page 2 of this Notice of Meeting.

The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

RESOLUTION 6: BOARD SPILL MEETING

This resolution will only be put to the AGM if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (Resolution 5) are cast against the adoption of the report.

If this resolution is put to the meeting and passed, then it will be necessary for the Board to convene a further general meeting ("Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board.

Section 250V of the Corporations Act, which sets out the statutory requirements of a Spill Meeting resolution, applies to all of the Non-Executive Directors in office when the Board resolution to make the Directors' Report for the financial year (ended 30 June 2012) was passed. Consequently, if a Spill Meeting is held, the following Directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Peter Scott
- Paul Brasher
- Philip Bullock
- Elizabeth Proust
- Philip Twyman.

Even if Ms Proust is re-elected at this year's AGM, she will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting.

As Mr Ueland was appointed as a Director of the Company on 25 September 2012, being after the date on which the resolution was passed to make the Directors' Report for the financial year ended 30 June 2012, he will not be required to vacate office and stand for re-election at the Spill Meeting.

The total cost to Perpetual of holding a Spill Meeting is expected to be approximately \$250,000. If required, the Spill Meeting will be held on 19 December 2012 at The Westin Sydney, 1 Martin Place, Sydney.

The voting exclusion statement for this resolution is set out on page 2 of this Notice of Meeting.

If Resolution 6 is put to the meeting, the Directors unanimously recommend that shareholders vote against Resolution 6 on the basis that it would be extremely disruptive to the Company and in the Board's view it would be inappropriate to remove all of the Non-Executive Directors in the circumstances. However, the Board recognises that shareholders can remove a director by a majority shareholder vote at any time and for any reason.

SCHEDULE 1 – PROPORTIONAL TAKEOVER PROVISIONS

11.9 PROPORTIONAL TAKEOVERS

A transfer giving effect to a contract resulting from a takeover bid that is made or purports to be made under section 618(1)(b) of the Act in respect of securities included in a class of securities of the company (**‘Proportional Takeover Bid’**) must not be registered unless a resolution to approve the Proportional Takeover Bid has been passed or is taken to be passed in accordance with the provisions of Schedule 2.

SCHEDULE 2 – PROPORTIONAL TAKEOVER BIDS (CLAUSE 11.9)

In this Schedule:

Approving Resolution means, in relation to a Proportional Takeover Bid, a resolution to approve the Proportional Takeover Bid passed in accordance with this Schedule;

Approving Resolution Deadline means, in relation to a Proportional Takeover Bid, the day that is 14 days before the last day of the bid period, during which the offers under the Proportional Takeover Bid remain open or at a later day allowed by ASIC;

Relevant Class means, in relation to a Proportional Takeover Bid, the class of securities in the company in respect of which offers are made under the Proportional Takeover Bid.

1. Where offers have been made under a Proportional Takeover Bid for securities of the company, the Directors must, before the Approving Resolution Deadline:
 - (a) convene a meeting of the persons entitled to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing a resolution to approve the Proportional Takeover Bid; and
 - (b) ensure that the resolution is voted on in accordance with this Schedule.
2. The provisions of this Constitution relating to general meetings apply, with such modification as the circumstances require, to a meeting that is convened under paragraph 1, as if that meeting were a general meeting of the company.
3. The bidder under a Proportional Takeover Bid and any associates of the bidder are not entitled to vote on the Approving Resolution and if they do vote, their votes must not be counted.
4. Subject to paragraph 3, a person who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held securities of the relevant class, is entitled to vote on the Approving Resolution relating to the Proportional Takeover Bid.
5. An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
6. If an Approving Resolution has not been voted on in accordance with this Schedule as at the end of the day before the Approving Resolution Deadline, an Approving Resolution will be taken to have been passed in accordance with this Schedule on the Approving Resolution Deadline.
7. Clause 11.9 and this Schedule will cease to have effect at the end of 3 years beginning:
 - (a) where they have not been renewed in accordance with the Act, on the date they were adopted by the company; or
 - (b) where they have been renewed in accordance with the Act, on the date last renewed.

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