

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

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Tuesday, 21 August 2018

Dear Shareholders,

Notice to Shareholders – Entitlement Offer, Shortfall Offer and General Offer

On 20 August 2018, Perpetual Equity Investment Company Limited (the **Company**) announced that it is:

- raising up to approximately \$71.24 million via a non-renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 4 Existing Shares at an issue price of \$1.12 per New Share (**Entitlement Offer**);
- offering any New Shares not taken up by Eligible Shareholders under the Entitlement Offer to the general public, including Eligible Shareholders, who wish to apply for additional New Shares in excess of their pro rata entitlement under the Entitlement Offer at an issue price of \$1.12 (**Shortfall Offer**); and
- raising up to \$30 million via an offer to the general public to purchase New Shares at an issue price of \$1.12 (**General Offer**),

(collectively, referred to as the **Offer**).

New Shares issued under the Offer will have the same terms as, and rank equally with, all Company Shares. All New Shares issued under the Entitlement Offer, Shortfall Offer and General Offer will be eligible to receive the FY2018 final dividend.

The issue price of \$1.12 per New Share represents a discount of:

- approximately 6.7% to the closing share price on 15 August 2018 of \$1.20;
- approximately 5.2% to the NTA before tax on 15 August 2018 of \$1.182; and
- approximately 3.5% to the NTA after tax on 15 August 2018 of \$1.161.

The net proceeds from the Offer will be used by the Company to grow the Company's portfolio, by undertaking investments consistent with the Company's investment policy, objectives and guidelines previously announced by the Company.

Entitlement Offer

Eligibility

The Entitlement Offer will be open to shareholders of the Company (**Eligible Shareholders**) who:

- are registered as a holder of the Company's Shares at 7.00pm (AEST) on 23 August 2018;
- have a registered address in Australia and New Zealand; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The Entitlement Offer will not be made to any other shareholder (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Offer.

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations in those jurisdictions outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to Ineligible Shareholders and Ineligible Shareholders will be notified by the Company separately of their ineligibility.

Non-renounceable

The Entitlement Offer is non-renounceable which means that the entitlements to participate in the Entitlement Offer are not transferable and therefore cannot be traded on the ASX or any other exchange or transferred privately. Eligible Shareholders who do not take up their entitlements under the Entitlement Offer in full or in part will not receive any value in respect of those entitlements that they do not take up.

Prospectus

The Offer is being undertaken under section 713 of the *Corporations Act 2001* (Cth), meaning that the Company will issue a prospectus (**Prospectus**). The Prospectus will be sent to Eligible Shareholders on 28 August 2018 together with a personalized Entitlement and Acceptance Form.

Participation in Entitlement Offer

All directors of the Company intend to take up their entitlement under the Entitlement Offer.

Shortfall Offer

The general public, including Eligible Shareholders, may apply for the shortfall to the Entitlement Offer. Applications under the Shortfall Offer will only be satisfied to the extent that there is a shortfall under the Entitlement Offer and will be subject to the terms and conditions outlined in the Prospectus. The Board reserves the right to allot and issue New Shares under the Shortfall Offer in its absolute discretion.

General Offer

The General Offer consists of issuing up to 26,785,715 shares and will be open to the general public, including Eligible Shareholders, who:

- have a registered address in Australia or New Zealand or is in the case of a corporate applicant, a registered office in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a US person.

The Board reserves the right to allot and issue New Shares under the Shortfall Offer in its absolute discretion.

Key Dates

The key dates for the Offer are as follows:

Event	Date
Announcement of the Entitlement Offer and General Offer	20 August 2018
Lodgment of Prospectus with ASIC & ASX	20 August 2018
Opening date for General Offer	20 August 2018

Lodgment of Appendix 3B with ASX	20 August 2018
Ex-Date for the Entitlement Offer	22 August 2018
Entitlement Offer Record Date	7:00pm (AEST) 23 August 2018
Opening date for Entitlement Offer	28 August 2018
Closing date for Entitlement Offer	5:00pm (AEST) 26 September 2018
Entitlement Offer New Shares trade on ASX on deferred settlement basis	27 September 2018
Closing date for General Offer and Shortfall Offer	5:00pm (AEST) 28 September 2018
ASX notified of shortfall shares (if any)	28 September 2018
Settlement of the Entitlement Offer	2 October 2018
Allotment of New Shares issued under Entitlement Offer	3 October 2018
Entitlement Offer New Shares trade on ASX on normal basis	4 October 2018
Settlement of Shortfall Offer and General Offer	8 October 2018
Allotment of New Shares under Shortfall Offer and General Offer	9 October 2018
Shortfall Offer and General Offer New Shares trade on ASX on normal settlement basis	10 October 2018
Ex Dividend Date	18 October 2018
Dividend Record Date	7:00pm (ADST) 19 October 2018

The above timetable is indicative only and may change at the discretion of the Company.

Capital Structure

On completion of the Offer (assuming both the Entitlement Offer and the General Offer are fully subscribed), the capital structure of the Company will be as set out below:

Existing Shares on issue at the date of this Prospectus	254,442,926
New Shares offered under the Entitlement Offer at \$1.12 per New Share (approx.) ¹	63,610,732
New Shares offered under the General Offer at \$1.12 per New Share (approx.) ¹	26,785,714
Maximum amount raised under this Prospectus (approx.)	
• Entitlement Offer	\$71.24 million
• General Offer	\$30 million
Total (approx.)	\$101.24 million

Prospectus

Further details regarding the Offer are provided in the Prospectus which the Company lodged with the ASX on Monday 20 August 2018. Eligible Shareholders and investors wishing to participate in the Offer should read the Prospectus carefully and in its entirety. The Prospectus contains further details about the Offer and is expected to be despatched to Eligible Shareholders on or around 28 August 2018. You will also need to complete the application form contained in, or accompanying, the Prospectus. You can request a paper copy of the Prospectus and the application form by calling the

¹ This assumes no further Shares are issued prior to the Entitlement Offer Record Date.

Offer Information Line on 1800 421 712 (8.30am – 5.30pm, (AEST) Monday to Friday). You can also apply online using the online application form at www.perpetualequity.com.au.

Participating in the Offer

You should obtain and read a copy of the Prospectus carefully and in its entirety before considering whether to apply for shares in the Company. If you wish to participate in the Offer please follow the instructions contained in the Prospectus.

If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional advisers.

On behalf of the Board, thank you for your continued support.

Yours sincerely,

A handwritten signature in cursive script that reads "Nancy Fox".

Nancy Fox
Chairman