

Pendal Group Limited
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Australia
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PENDAL
GROUP

23 December 2022

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Pendal Group Limited Scheme Meeting 23 December 2022

The address to be given by the Chairman of Pendal Group Limited to the Scheme Meeting and accompanying slides are attached for lodgement.

Yours sincerely



Authorising Officer

Joanne Hawkins
Group Company Secretary
Pendal Group Limited
Tel: +61 2 9220 2000

Scheme Meeting: Pendal Chairman's address

Friday, 23 December 2022

Welcome

Good morning ladies and gentlemen and welcome to our Scheme Meeting. My name is Deborah Page and I am the Chairman of Pendal Group Limited.

Firstly, I would like to acknowledge the Traditional Custodians of the land on which we meet today, the Gadigal people of the Eora Nation. We pay our respects to their Elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples here today.

Scheme of Arrangement

I would now like to say a few words about the proposed Scheme of Arrangement.

This meeting has been convened in accordance with orders made by the Supreme Court of New South Wales on 21 November 2022 and is for you to consider, and if you think fit, to approve a scheme of arrangement whereby, subject to all other conditions being met, Perpetual will acquire all of the issued shares of Pendal.

Details of the Scheme are outlined in the Scheme Booklet dated 21 November 2022, which was made available to shareholders in accordance with the orders of the Supreme Court of New South Wales.

If approved here today, the Transaction will bring two iconic financial services firms together to create one of Australia's largest ASX-listed asset managers with a substantial global presence and distribution platform as well as enhanced ESG and responsible investment capabilities.

Since the announcement of the Scheme, the volatile backdrop and outsized impact of falling markets for asset managers have reinforced the strategic rationale for the Transaction. We believe that the combination of Pendal and Perpetual will create a larger, more diverse business that is more resilient across different market cycles.

On 25 August 2022, Pendal and Perpetual announced that they had entered into an Implementation Deed under which Perpetual agreed to acquire 100% of the issued shares of Pendal by way of a Scheme of Arrangement, subject to several conditions, including shareholder and court approvals.

To further strengthen the balance sheet and enhance flexibility of the Combined Group, the initial Scheme Consideration mix announced on 25 August 2022 was revised on 16 November 2022. As a result, there was an increase in the scrip consideration and a balancing adjustment to the amount of cash consideration. Therefore, Pendal shareholders will receive 1 Perpetual share for every 7 shares instead of 1 Perpetual share for every 7.5 Pendal shares. The cash component offered now stands at \$1.650 per Pendal share, down from \$1.976, less the cash value of the Permitted Dividend Amount of 3.5 cents per Pendal share, which was paid to shareholders on 15 December.

The implied value of the Scheme Consideration as at 22 December 2022 was \$5.16 (including Pental's FY22 final dividend of 3.5c), valuing Pental at \$2.0 billion and representing a 15.2% premium to Pental's share price on 1 April 2022 (being the last day before Pental announced the receipt of a non-binding indicative offer from Perpetual).

The Scheme becomes effective if the resolution is approved by you or your representative at today's meeting and the other outstanding conditions precedent are satisfied or waived. I will provide more detail on the status of the conditions precedent shortly.

If the Scheme becomes effective and is implemented on the implementation date of 23 January 2023, Pental shareholders will receive the Consideration Mix for shares held as at the Scheme record date of 16 January 2023.

The Pental Directors commissioned Kroll Australia Pty Ltd as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and consequently in the best interests of Pental shareholders in the absence of a superior proposal.

Kroll has assessed the value of each Pental share at between \$4.87 to \$5.71 against the implied value of the Scheme Consideration that it has determined to be in the range of \$5.04 to \$5.62 per Pental share. This assessment was calculated taking into account the Permitted Dividend Amount of 3.5 cents per Pental share, which will reduce the value of the Scheme Consideration directly received by Pental shareholders from Perpetual.

The Pental Board has identified various reasons why Pental shareholders may want to vote in favour of the Scheme and various potential reasons why they may want to vote against the Scheme.

These reasons are set out in detail in the Scheme Booklet and are summarised on the next two slides. For more detail, you can refer to pages 15 to 22 in the Scheme Booklet.

After carefully considering the expected advantages and potential disadvantages, each Pental Director considers the Scheme to be in the best interest of Pental shareholders.

In addition, the Board confirms that, as at the time of today's meeting, no superior proposal has emerged and the Pental Directors are not aware of any superior proposal that is likely to emerge. As a result, the Pental Board unanimously recommends that Pental Shareholders vote in favour of the Scheme.

Each Pental Director has procured the voting of any Pental shares held or controlled by them and will be voting in favour of the Scheme Resolution.

Implementation of the Scheme remains subject to the following conditions precedent (amongst others):

- approval of the Scheme Resolution by Pental shareholders by the requisite majorities at this Scheme meeting;
- approval of the Scheme by the Supreme Court of New South Wales at the second Court hearing; and
- none of the prescribed events or material adverse changes detailed in the Scheme Booklet having occurred.

The Scheme is also subject to other customary conditions precedent, which are described in detail in the Scheme Booklet on pages 42 and 43.

I note the Scheme is not subject to any financing or due diligence conditions and all regulatory approval conditions have now been satisfied.

As at the time of today's meeting, the Pental Directors are not aware of any circumstances which would cause any of the outstanding conditions not to be satisfied or waived.

If the Scheme is approved by Pental shareholders today, the key events and the expected timing in relation to the approval and implementation of the Scheme are set out in the timetable shown on screen.

The second Court hearing to approve the Scheme is scheduled for 11 January 2023. If the Scheme is approved by the Court, lodgement of the Court orders with ASIC and suspension from trading on the ASX of Pental shares are expected to occur on 12 January 2023. The Scheme is then expected to be implemented on 23 January 2023, and it is on this date that the Scheme consideration will be provided to Pental shareholders in respect of shares held on the record date for the Scheme, which is scheduled to be 7:00pm (AEDT) on 16 January 2023. These dates are subject to the satisfaction of the outstanding conditions precedent. Any changes to these dates or times will be announced to the ASX.

I would like to take this opportunity to thank all our shareholders who have invested in Pental over the years - we thank you for your support.

I would also like to thank my fellow directors for their unwavering commitment and expertise and express the Board's appreciation for the advice received from our advisers Macquarie, Adara and King & Wood Mallesons.

Finally, I would like to thank Nick Good, his management team and all Pental employees for their dedication over many years to build a wonderful business, and in particular their hard work this year to maximise this opportunity for the consideration of shareholders.

Please note that terms not defined in this document have the meaning given in the Scheme Booklet dated 21 November 2022.



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Scheme Meeting Pendal Group Limited

23 December 2022 at 10am (AEDT)

Chairman's address



Deborah Page AM

Reasons to vote in favour of the Scheme

- Your Pental Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal
- The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Pental Shareholders in the absence of a Superior Proposal
- The Scheme Consideration represents an attractive premium to the recent trading price of Pental Shares
- The Scheme represents an attractive acquisition multiple
- You have the opportunity to become a shareholder in a larger global asset manager, with increased scale and capabilities
- The Combined Group will have a more diversified business mix and greater stability with higher non-market linked revenue
- No proposal exists that the Pental Board considers to be a Superior Proposal
- If the Scheme does not proceed, and no Superior Proposal emerges, the Pental Share price may fall in the near-term and you may be exposed to other potentially adverse consequences
- If the Scheme does not proceed, Pental Shareholders will continue to be exposed to risks associated with Pental's business as well as other potentially adverse consequences
- No brokerage charges on transfer of existing Pental Shares to New Perpetual Shares
- Scheme Shareholders that are residents of Australia for tax purposes may be eligible to claim CGT roll-over relief for some or all of any gains made from the disposal of their Scheme Shares.

These reasons are discussed in more detail on pages 15 to 22 of the Scheme Booklet.

Reasons to vote against the Scheme

- You may disagree with your Pental Directors' recommendation and the Independent Expert's conclusion
- The value of the Scheme Consideration is not certain
- You may not wish to have exposure to the Perpetual portfolio, business or risk profile
- You may believe it is in your best interests to maintain your current investment and risk profile
- You may believe there are risks associated with the integration of Pental and Perpetual that could exceed the benefits of the Scheme
- The dividend income received on Perpetual Shares may be lower than the dividend income received by Pental Shareholders historically
- You may consider that there is potential for a proposal to emerge that you consider to be superior in the foreseeable future
- The tax consequence of the Scheme may not be suitable for your circumstances

These reasons are discussed in more detail on pages 15 to 22 of the Scheme Booklet.

Timetable if the Scheme resolution is passed by Pental Shareholders

11 January 2023, at 9:15am	Second Court Date for approval of the Scheme
12 January 2023	<p>Effective Date</p> <p>This is the date on which the Scheme comes into effect and is binding on Pental Shareholders</p> <p>Scheme Order lodged with ASIC and lodgement is announced on ASX</p> <p>Last day of trading in Pental Shares on ASX (with Pental Shares suspended from trading on ASX from close of trading)</p>
16 January 2023	Scheme Record Date for determining entitlements to Scheme Consideration
23 January 2023	<p>Implementation Date</p> <p>Payment of Scheme Consideration and transfer of Scheme Shares</p>

Note: All dates are indicative only and, among other things, are subject to all necessary approvals from the Court and regulatory authorities. Any changes to the above timetable will be announced to ASX and published on Pental's website. Refer to the Scheme Booklet for further details.

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