

2014 Annual General Meeting

# NOTICE OF MEETING

10:00am Thursday, 30 October 2014



Dear Fellow Shareholders

The 51<sup>st</sup> Annual General Meeting (AGM) of Perpetual Limited (Perpetual) will take place on **Thursday, 30 October 2014** at **Perpetual Limited, Angel Place, Level 12, 123 Pitt Street, Sydney NSW 2000.**

A copy of the Notice of Meeting is enclosed.

We will consider:

- our financial and statutory reports for 2014
- my re-appointment to the Board of Directors
- approval of the terms of the LTI grant for the Managing Director and CEO.

You will also be asked to cast a non-binding vote in respect of the adoption of the Remuneration Report. The Remuneration Report, which is included in the 2014 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. If you are unable to attend in person, you can vote by appointing a proxy to attend and vote on your behalf. You can appoint a proxy using the enclosed proxy form or lodging your proxy vote online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). We also encourage you to submit any questions you have in advance of the meeting online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or by 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](http://www.perpetual.com.au). Further information about how to access the webcast is contained in the attached Notice of Meeting.

**PETER SCOTT**  
Chairman

24 September 2014

Perpetual

## NOTICE OF MEETING

**Notice is given that the 51<sup>st</sup> Annual General Meeting of Perpetual Limited ABN 86 000 431 827 (“Perpetual” or the “Company”) will be held at Perpetual Limited, Angel Place, Level 12, 123 Pitt Street, Sydney NSW 2000 on Thursday, 30 October 2014, 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 2014.

### RE-APPOINTMENT OF NON-EXECUTIVE DIRECTOR

1. 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 last elected as a Director at the Company’s 2011 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.

### APPROVAL OF THE LTI GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

2. 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 grant in 2014 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.’

Information about the terms of the grant 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 2014 is adopted.’

In accordance with section 250R of the *Corporations Act 2001* (Cth) (Corporations Act), the vote on Resolution 3 will be advisory only.

### VOTING

The Chairman intends to put Resolutions 1 to 3 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 2 and 3 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, a voting restriction applies to Resolution 2 under ASX Listing Rules.

### RESOLUTION 2 (GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR AND CEO)

The Company will disregard any votes cast on Resolution 2:

- by or on behalf of Mr Geoff Lloyd and Ms Gillian Larkins (being the only Directors of the Company eligible for participation in the employee incentive scheme in respect of which shareholder approval is sought) and any of their associates (regardless of the capacity in which the vote is cast) or
- as proxy by a person who is a member of the KMP on the date of the Annual General Meeting or their closely related parties,

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, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of the Company’s KMP.

### RESOLUTION 3 (REMUNERATION REPORT)

The Company will disregard any votes cast on Resolution 3:

- by or on behalf of a KMP named in the Company's Remuneration Report for the financial year ended 30 June 2014, or their closely related parties (regardless of the capacity in which the vote is cast) or
- as proxy by a person who is a member of the KMP on the date of the Annual General Meeting or their closely related parties,

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, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of the Company's KMP.

### 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 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 intends to vote all available proxies for that member in favour of that item of business. Please note that if the Chairman of the AGM is a member's proxy and the member does not direct him how to vote on Resolution 1 (Re-appointment of Mr Peter Scott as a Director), Resolution 2 (Grant of performance rights to Managing Director and CEO) or Resolution 3 (Remuneration Report), then by completing and submitting the proxy form the member will be expressly authorising the Chairman to exercise their proxy on the relevant resolution even if it is connected with the remuneration of the Company's KMP.

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 Angel Place, Level 12, 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](http://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, 28 October 2014**. Proxies received after that time will not be effective.

## NOTICE OF MEETING CONTINUED

### 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, 28 October 2014 (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 5:00pm (Sydney time) on Monday, 13 October 2014. 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 the Company's website. 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

24 September 2014

## EXPLANATORY MEMORANDUM

### FINANCIAL AND STATUTORY REPORTS

The financial report and the reports of the Directors and of the auditor for the financial year ended 30 June 2014 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 2014 Annual Report (which includes the Directors', auditor's and financial reports) is available on the Company's website: [www.perpetual.com.au](http://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 PETER SCOTT, CHAIRMAN AND INDEPENDENT DIRECTOR, BE (HONS), M.ENG.SC (AGE 60)

Mr Peter Scott was appointed as a director of Perpetual in July 2005 and Chairman on 26 October 2010. Mr Scott was formerly the Chief Executive Officer of MLC, an Executive General Manager of National Australia Bank and held a number of senior positions with Lend Lease. He is a Director of Stockland Corporation Limited and an advisory board member of Igniting Change. He is 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.

Should Mr Peter Scott be re-elected as a director at the 2014 AGM, his tenure as a director will continue beyond Perpetual's ordinary nine-year term for Non-Executive Directors. This was foreshadowed at the time of announcing Mr Scott's succession to the role of Chairman of the Board in 2010, when the Board announced that, to ensure continuity in the Chairman's role, it was the Board's intention to invite Mr Scott to serve an additional term of three years after his nine-year term as a director expires in 2014. In financial year 2014, the Board has conducted its annual review of the independence of all Non-Executive Directors, and found Mr Scott continues to be independent.

After a review of Mr Scott's contribution to the Board by the Nominations Committee, the Directors (with Mr Scott abstaining) unanimously support the re-appointment of Mr Scott to the Board, and recommend that shareholders vote in favour of Resolution 1.

### RESOLUTION 2: APPROVAL OF THE LTI GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

#### BACKGROUND

Under his employment agreement, and pursuant to shareholder approval given at the Company's Annual General Meeting on 1 November 2012, the Company's Managing Director and CEO, Mr Geoff Lloyd, is entitled to receive annual long term incentive (LTI) grants in 2014 equivalent in value to 80% of his annual fixed remuneration, subject to meeting certain performance hurdles.

Since shareholder approval was obtained in 2012, Mr Lloyd's contribution to the organisation has been significant, delivering a sizeable turnaround in business performance (above target Transformation 2015 project initiatives) and strong shareholder returns. Mr Lloyd's contribution to this turnaround has led the Board to recommend an increase in Mr Lloyd's LTI component of his remuneration package to assist in retaining him as CEO, and to increase the alignment of his interests and that of shareholders through increased holdings of Perpetual shares over time. This also better aligns Mr Lloyd's LTI component as a percentage of total remuneration with market practice for CEO's in his peer group.

The Board recommends increasing Mr Lloyd's 2014 LTI allocation to 100% of Gross Employment Cost (GEC), subject to meeting the same performance hurdles as previously disclosed to shareholders in the Explanatory Memorandum to the Notice of Meeting for the 1 November 2012 Annual General Meeting, which are also described below. It is intended that Mr Lloyd's LTI allocations in 2015 and 2016 will also have a value of 100% of GEC.

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 grant to be made to Mr Lloyd in 2014.

#### OVERVIEW

As explained above, it is proposed that in 2014 Mr Lloyd be granted performance rights with a value of 100% of his GEC. Mr Lloyd's current GEC (as of 1 September 2014) is \$1,133,000 and this will be used to determine the number of performance rights he will receive for his 2014 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 a three-year performance period. Performance rights are granted at no cost to the recipient. Performance



## EXPLANATORY MEMORANDUM CONTINUED

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.

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 the grant. The number will be determined by dividing 100% of Mr Lloyd's GEC by the volume weighted average price of the Company's shares traded on the ASX over the five trading days prior to the effective date of grant, discounted for the non-payment of dividends during the performance period, as calculated by an independent external advisor.

As an illustrative example, if the volume weighted average price of Perpetual's shares traded on the ASX over the five trading days prior to the effective date of grant, discounted for the non-payment of dividends during the performance period, was \$49.00 per share, the number of performance rights granted to Mr Lloyd would be 23,122 (that is, \$1,133,000 divided by \$49.00).

Subject to shareholder approval, the effective grant date for the grant of performance rights will be on or about 1 October 2014.

The 2014 grant of performance rights is expected to be issued to Mr Lloyd in November 2014, and in any event no later than 12 months after the Annual General Meeting.

The 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. 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 a three-year performance period commencing on 1 October 2014 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 three 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 a three year performance period commencing on 1 July 2014 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 maximum EPS growth target is 10.0% 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 schedule:

COMPANY'S EPS GROWTH OVER THE EPS GROWTH PERFORMANCE PERIOD	PERCENTAGE OF PORTION THAT VESTS
At or less than 5.0% EPS growth	0%
Greater than 5.0% but less than 10.0% EPS growth	Straight line vesting between 0% and 100%
At or above 10% EPS growth	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, all unvested performance rights will remain eligible for vesting subject to satisfaction of performance conditions.

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

If shareholders do not approve the increased 2014 LTI allocation, the Company will grant the LTI allocation that was approved at the 2012 Annual General Meeting (to the value of 80% of annual fixed remuneration). In that case, the Board may also elect to provide Mr Lloyd with a cash benefit equivalent to the value of the additional performance rights which would otherwise have vested if shareholder approval had been received, subject to the satisfaction of the performance hurdles. This, however, is not the Board's preferred option as a primary goal of the Board in seeking this change to Mr Lloyd's remuneration arrangements is to strengthen the alignment of Mr Lloyd's interests with the interests of shareholders through equity ownership if the additional performance rights vest.

## **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 will 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 securities received by Directors under the LTI Plan since the last approval. The Directors who have received securities under the LTI Plan since the last approval are:

- Mr Geoff Lloyd (62,838 performance rights and 4,946 deferred STI shares); and
- Ms Gillian Larkins (who has received 11,482 performance rights and 2,379 deferred STI shares since her appointment as an alternate director).

There was no cost to Mr Lloyd or Ms Larkins on the grant of these securities.

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.

Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without security holder approval in a 12-month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without security holder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if shareholder approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1. This means that securities issued to Mr Lloyd in accordance with this approval will not use up part of the 15% available under ASX Listing Rule 7.1.

The Directors (with Mr Lloyd abstaining) unanimously recommend that shareholders vote in favour of Resolution 2.

## EXPLANATORY MEMORANDUM CONTINUED

### RESOLUTION 3: ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the financial year ended 30 June 2014 is set out on pages 23 to 52 of the Annual Report 2014, which is available at [www.perpetual.com.au](http://www.perpetual.com.au)

The Remuneration Report forms part of the Directors' report for the financial year ended 30 June 2014. 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 2014.

### REMUNERATION POLICY

Perpetual's remuneration philosophy is that the remuneration strategy should align with and support the achievement of our 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 payable in cash or deferred shares, and
- long-term incentive in the form of Perpetual securities (including performance rights) for which vesting is subject to performance conditions.

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

In accordance with section 250R of the *Corporations Act*, the vote on Resolution 3 will be advisory only and does not bind the Company or its Directors. Notwithstanding the 'advisory' status of the vote, the Board will take the outcome of the vote into account when considering the future remuneration arrangements of the Company.

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

The voting exclusion statement for this resolution is set out on page 2 and 3 of this Notice of Meeting.

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





**By mail:**  
Perpetual Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



**All enquiries to: Telephone:** +61 1300 732 806



**X99999999999**

## PROXY FORM

I/We being a member(s) of Perpetual Limited and entitled to attend and vote hereby appoint:

### STEP 1

#### APPOINT A PROXY

☐

**the Chairman  
of the Meeting  
(mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting and vote on my/our behalf (in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 30 October 2014 at Level 12, Angel Place, 123 Pitt Street, Sydney, NSW, 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Chairman authorised to exercise undirected proxies, including on remuneration-related resolutions (Resolution 2 and Resolution 3)**  
Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), then by signing and returning this form, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

**The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

### STEP 2

#### VOTING DIRECTIONS

##### Resolution 1

Re-election of Mr Peter Scott

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

##### Resolution 2

Approval of the LTI grant of performance rights to the Managing Director and Chief Executive Officer

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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##### Resolution 3

Adoption of Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3

#### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**PPT PRX401R**



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate that only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses subject to the voting restrictions outlined below. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

### Proxy voting by key management personnel (KMP)

The KMP of the Company (which includes each of the Directors) and their closely related parties will not be able to vote as your proxy on Resolution 2 or Resolution 3 unless you direct them how to vote or the Chairman of the Meeting is your proxy. If you intend to appoint a member of the KMP or one of their closely related parties as your proxy, you can direct them how to vote by following the instructions on the proxy form.

If you appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting becomes your proxy by default, and you have not directed him how to vote on Resolution 2 or Resolution 3, then by completing and submitting the Proxy Form you will be expressly authorising him to exercise your proxy on the relevant resolution even though it is connected with the remuneration of the Company's KMP.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 28 October 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE** > [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



**by mail:**

Perpetual Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**