

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

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19 February 2016

Dear Shareholder

Highlights

- **Operating profit before tax of \$17.3m**
- **Fully franked interim dividend of 0.80 cents per share**
- **Performance for the six months to 31 December 2015 was 6.7% outperforming the benchmark by 7.1%¹**

I am delighted to provide you with the interim financial report for Perpetual Equity Investment Company Limited for the period to 31 December 2015.

Today the Company has announced an operating profit before tax of \$17.3m and operating profit after tax of \$12.9m for the half year ended 31 December 2015. The operating profit has increased significantly since the same period last year and reflects the dividend and distribution income received less expenses.

An interim fully franked dividend of 0.80 cents per share will be payable to shareholders on 21 March 2016. The Board has an objective to pay a regular and growing dividend and remains focused on achieving this goal for shareholders. It is the intention of the Board that wherever possible, the Company will pay fully franked dividends twice per year. The interim dividend is a strong signal that the Board is confident the portfolio will deliver a sustainable and growing dividend stream. The Company's Dividend Reinvestment Plan (DRP) will be operating at a 2.5% discount for this year's interim dividend.

The key dates for the dividend are:

Ex dividend date:	3 March 2016
Record date for dividend entitlement:	7 March 2016
Last day for amendment of DRP participation:	8 March 2016
Payment date:	21 March 2016

Dividend Reinvestment Plan (DRP)

The Company is operating a DRP which provides you the choice to receive some or all of your future dividends as ordinary shares in the Company instead of cash, which is an efficient way of increasing your investment in Perpetual Equity Investment Company. If you would like to participate in the DRP

¹ Returns shown for the Company have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees and any income tax on realised gains) and assuming reinvestment of dividends. Any provisions for deferred tax on set up costs and on unrealised gains and losses are excluded. The benchmark is the S&P/ASX 300 Accumulation Index. Inception date is 18 December 2014. Past performance is not indicative of future performance.

for the interim dividend, DRP election forms must be received by 8 March 2016. To obtain a copy of the DRP election form please [click here](#), visit our website or contact LINK on Ph: +61 1800 421 712.

The investment performance of the Company's portfolio, as measured by growth of the pre-tax Net Tangible Assets (NTA), has been strong despite challenging market conditions. The portfolio has returned 5.6% per annum since inception to 31 January 2016, outperforming the S&P/ASX300 Accumulation Index by 4.6%¹ The Manager remains committed to Perpetual's proven investment process which focuses on identifying high quality companies with sound management, conservative debt levels, recurring earnings and quality businesses.

Options

I would also like to take this opportunity to remind those shareholders that acquired shares in the Company under the Initial Public Offer that they received one Option for every share exercisable at \$1.00. If you wish to exercise your options to be eligible for the dividend, all instructions and funds must be received by 5pm on Friday 26 February 2016. To obtain an Option exercise form please [click here](#) or contact LINK on Ph:+61 1800 421 712. Options expire on 10 June 2016.

Further information

I would encourage you to visit our website www.perpetualequity.com.au to view the following tools and documents:

- Daily Net Tangible Asset Statements
- Monthly Investment Updates
- Share price information
- Information on your shareholding.

If you need any assistance or further information about your shareholding, please contact Link Market Services on +61 1800 421 712.

I would like to thank you for your support as shareholders and I look forward to updating you on our progress. We will continue to manage the investment portfolio and select high quality Australian and global listed securities, aimed at providing you with a growing income stream and long-term capital growth.

Yours sincerely



Peter Scott

Chairman and Non-executive Director