

# PERPETUAL ENTERS INTO REVISED AGREEMENT TO ACQUIRE TRUST COMPANY

9 September 2013

Perpetual 

# DISCLAIMER

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# PERPETUAL AND TRUST ENTER INTO REVISED SCHEME IMPLEMENTATION AGREEMENT

## The Trust Company (“Trust”) continues to recommend the binding agreement with Perpetual and regards the Perpetual revised Scheme as superior

- Under the terms of the revised Scheme, Trust shareholders will receive:
  - 0.182 Perpetual shares for each Trust share** (“Scrip Alternative”)
  - A fully franked special dividend of \$0.22 per Trust share** (“Special Dividend”)
  - Additionally, Perpetual supports Trust paying shareholders an **interim fully-franked dividend of up to \$0.17 per share** without any adjustment to the Scheme Consideration (“Interim Dividend”)
- Shareholders can also elect to receive some or all of their consideration in cash. **Shareholders who elect to receive cash, will receive the value of the Scrip Alternative or a value of \$6.29 per Trust share, whichever is greater** (“Guaranteed Minimum Cash Consideration”) plus the Special Dividend and Interim Dividend
- The **Guaranteed Minimum Cash Consideration will be subject to a cap on the amount of cash of \$110 million** and scaled back on a pro rata basis if demand exceeds the cap
- Shareholders in Trust will be able to elect to receive scrip, cash, or a mix of both**

Value per Trust Share (A\$)	 Scrip Alternative plus Dividends	 Guaranteed Minimum Cash Consideration plus Dividends
Consideration	\$6.79	\$6.29 or better
Special Dividend (excluding franking credits)	\$0.22	\$0.22
Trust Interim Dividend (excluding franking credits)	Up to \$0.17	Up to \$0.17
<b>Value per Trust share (excluding franking credits)</b>	<b>\$7.18</b>	<b>\$6.68 or better</b>

Source: IRESS

Note: Perpetual implied offer values calculated based on Perpetual’s closing price on 6-Sep-2013 of \$37.30.

# THE REVISED PERPETUAL PROPOSAL IS SUPERIOR TO THE IOOF OFFER AND IS RECOMMENDED BY TRUST



Value per Trust share – ex dividend <sup>1</sup>	\$7.18	\$6.47
Value per Trust share under the Guaranteed Minimum Cash Consideration <sup>1</sup>	\$6.68 (or better)	\$6.42 (or better)
Total cash available (excluding Special Dividend and Interim Dividend)	\$110m	\$100m
Special Dividend to Trust shareholders	\$0.22	\$0.22
Interim Dividend to Trust shareholders	Up to \$0.17	Up to \$0.17
Flexibility for Trust shareholders to mix and match consideration between cash and shares	✓	✗
ASX 100 Company	✓ <sup>2</sup>	✗
Upside value potential (benefit from positive movement in share price)	✓	✓
Demonstrated record of implementing large transformation programme and synergy realisation	✓	✓

Source: Company filings, IRESS

Note: Perpetual offer value based on close price on 6-Sep-2013 of \$37.30. IOOF offer value based on close price on 6-Sep-2013 of \$8.44, adjusted for announced dividend of 22.5c per share, which Trust shareholders would not receive (ex-dividend date is 18-Sept).

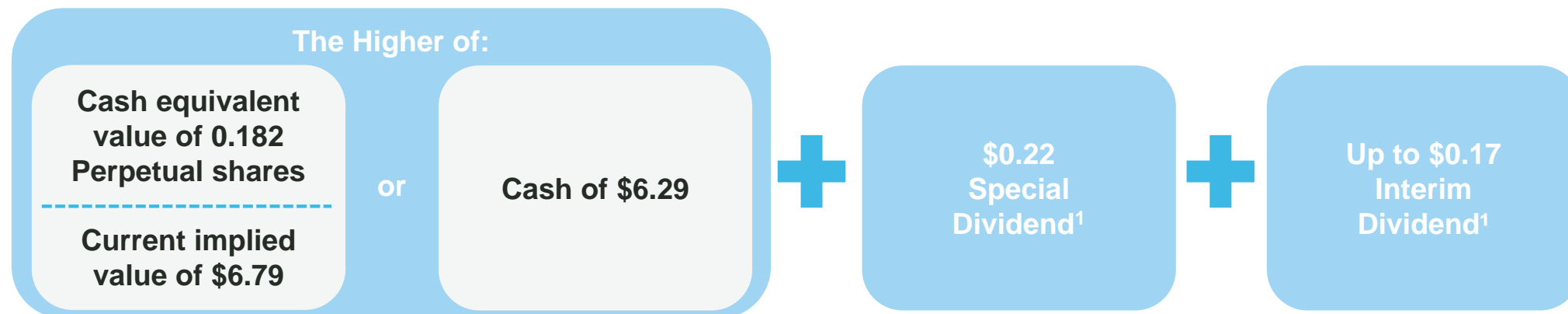
<sup>1</sup> Includes \$0.22 special dividend and \$0.17 interim dividend (excluding franking credits). IOOF "Value per Trust share – ex dividend" adjusted for announced dividend of 22.5c per share, which Trust shareholders would not receive (ex-dividend date is 18-Sept).

<sup>2</sup> From September 20, 2013 post market close.



# THE REVISED PERPETUAL PROPOSAL CONTAINS A GUARANTEED MINIMUM CASH CONSIDERATION ALTERNATIVE

- The Guaranteed Minimum Cash Consideration alternative will provide Trust shareholders with the following:



***The current implied value of the Guaranteed Minimum Cash Consideration is \$6.79, plus the value of dividends results in a total value to shareholders of \$7.18<sup>2</sup> per Trust share***

- In the event Trust shareholders elect to receive greater than a total of \$110 million in Guaranteed Minimum Cash Consideration, there will be a proportional scale back of the cash, and Trust shareholders will receive the balance of their consideration in Perpetual shares (to a value not less than \$6.29 per Trust share)
- The maximum cash component of up to \$110 million available to electing Trust shareholders will be funded through existing and (if required) additional Perpetual bank debt facilities
- Allows Trust shareholders to participate in any upside from the movement in Perpetual's share price but places an effective "floor" on the value per share (\$6.68<sup>2</sup> including Special Dividend and Interim Dividend) that a shareholder will receive (with the amount of cash to be received subject to scale back)

Note: The cash equivalent value of 0.182 Perpetual shares will be calculated by reference to the Perpetual volume weighted average price over the ten ASX trading days immediately preceding the date of the Scheme Meeting (but not including that date). Perpetual implied offer values shown calculated based on Perpetual's closing price on 6-Sep-2013 of \$37.30.

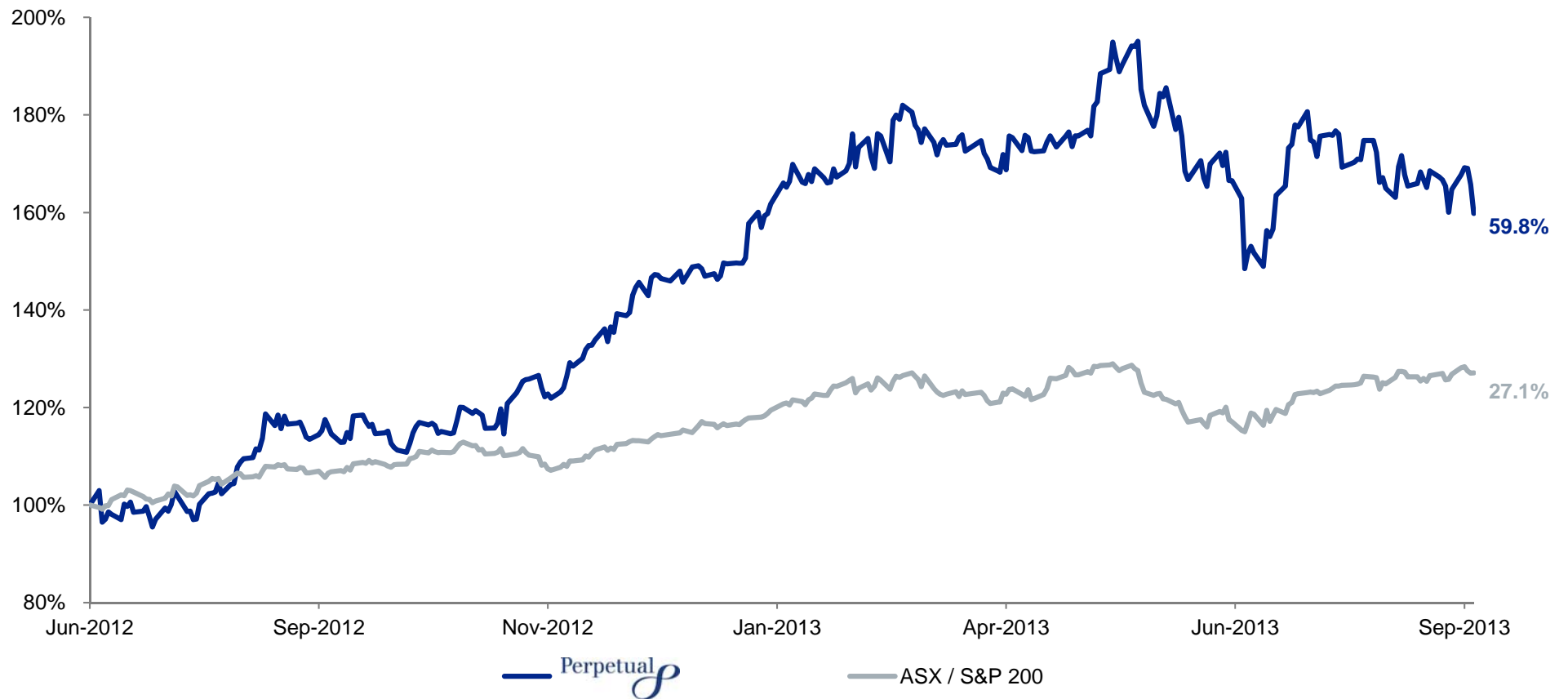
<sup>1</sup> Potentially fully franked.

<sup>2</sup> Excludes value of franking credits.

# PERPETUAL'S TRANSFORMATION 2015 STRATEGY HAS DELIVERED STRONG SHAREHOLDER RETURNS

Perpetual has outperformed the market since the announcement of its Transformation 2015 strategy in June 2012

Indexed Share Price Performance Since Announcement of Perpetual's Transformation 2015 Strategy



Source: Bloomberg, prices at 6-Sep-2013

Note: Share prices indexed to 100 from close price on 22-Jun-2012 (prior to announcement of Transformation 2015 strategy on the morning of 25-Jun-2012 (the next trading day)).

# SYNERGY ESTIMATES FURTHER SUPPORTED; EXPECTED TO BE EPS ACCRETIVE FROM FY14 ON A UPAT BASIS

**Significant cost synergies expected at both the corporate and business unit levels through the rationalisation of administrative and technology costs**

- Continued integration assessment has further supported Perpetual's view on expected synergies
- Synergies of at least \$15 million p.a. (pre-tax) achieved by the end of the 2nd year post-acquisition
- Implementation cost estimates reconfirmed by continued integration assessment; expected to be ~200% of fully phased cost synergies achieved, including one-off IT related costs
- Ability to successfully integrate Trust evidenced by the success of Perpetual's Transformation 2015 strategy, which is 75% complete and continues to progress on schedule and on budget
- EPS accretive on a UPAT basis from FY14

# TIMELINE AND EXPECTED NEXT STEPS

<b>Key Events</b>	<b>Indicative Date</b>
Revised Scheme Implementation Agreement announced	9-Sep-2013
ACCC decision	19-Sep-2013
Scheme Booklet and Notice of Meeting dispatched to shareholders	27-Sep-2013
Trust Scheme meeting for shareholders to consider and approve Scheme	1-Nov-2013
Second court hearing to approve Scheme	6-Nov-2013
Scheme becomes effective	7-Nov-2013
Election Date – last time to lodge Election Forms; Special Dividend record date	14-Nov-2013
Record date for determining entitlement to Scheme Consideration	15-Nov-2013
Implementation date: Payment of the Scheme Consideration and Special Dividend and issue of new Perpetual shares	21-Nov-2013

*Note: Trust to pay permitted Interim Dividend of up to \$0.17 per share prior to Scheme becoming effective.*



# STRATEGICALLY ATTRACTIVE AND FINANCIALLY COMPELLING ACQUISITION

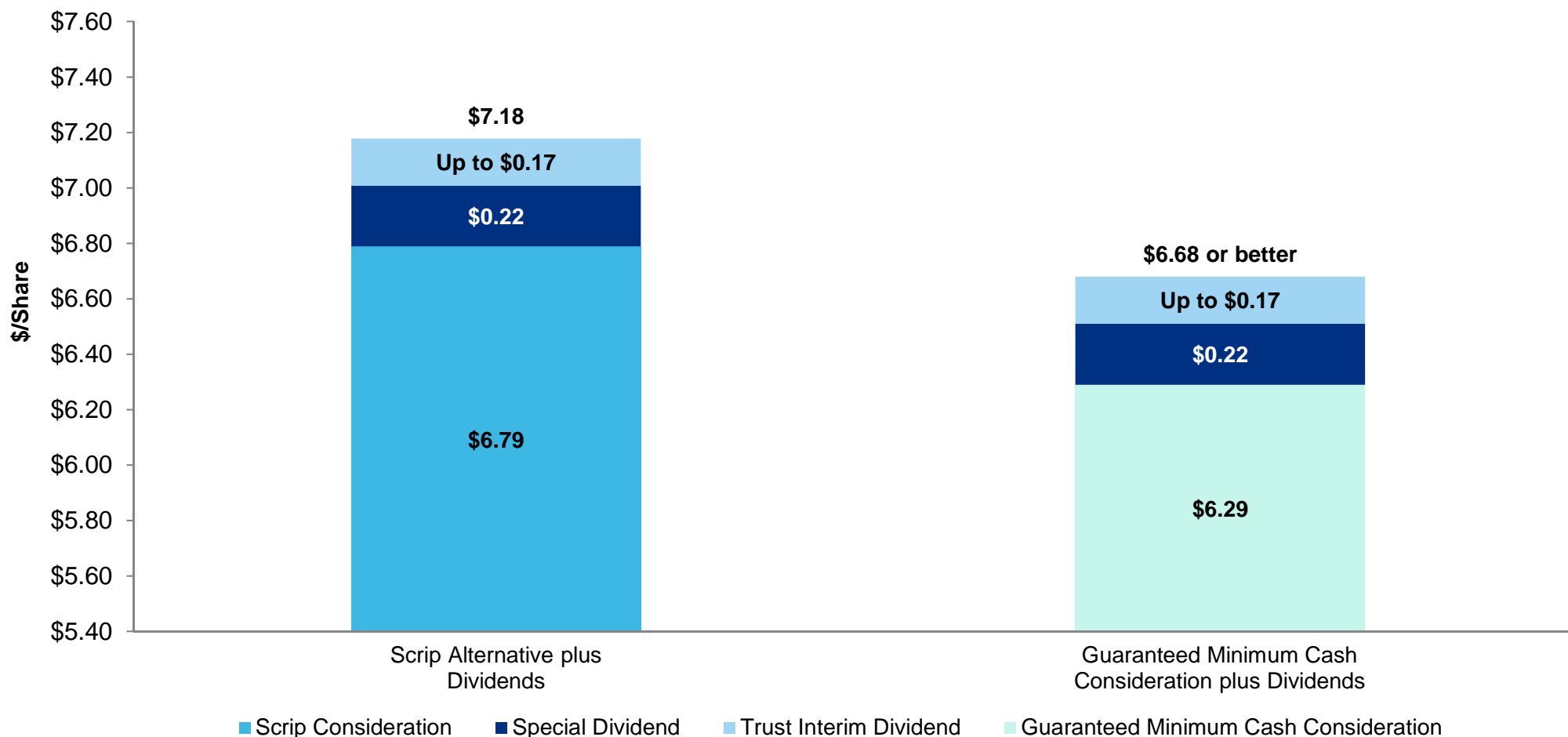
- Accelerates growth, delivers significant strategic benefits for Perpetual and contributes to the Transformation 2015 corporate vision and strategy
- Provides complementary businesses to Corporate Trust, economies of scale to Perpetual Private and Perpetual Investments
  - Builds on core competencies and capabilities
  - Provides additional capability, skills and talent
  - Adds scale and supports momentum
- EPS accretive on UPAT basis from FY14
- Continued integration assessment has further supported Perpetual's view on expected synergies and integration costs
- Represents compelling opportunity for Trust shareholders to join the Perpetual growth journey
- Leverage the shared heritage, long standing client relationships and talented teams

# APPENDIX

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# BREAKDOWN OF VALUE TO TRUST SHAREHOLDERS UNDER THE REVISED PERPETUAL PROPOSAL

The Perpetual Scrip Alternative, the Trust Special Dividend and Interim Dividend totaling to a value of \$7.18 represents a material premium to previous offers



Source: IRESS

Note: Perpetual implied offer values calculated based on Perpetual's closing price on 6-Sep-2013 of \$37.30.