ASX RELEASE

16 October 2013

THE TRUST COMPANY LIMITED – SCHEME BOOKLET

We attach the Scheme Booklet lodged with the Australian Securities and Investments Commission in relation to scheme of arrangement to effect the proposed acquisition of 100% of the issued shares in The Trust Company by Perpetual Limited.

The Scheme Booklet, including the Independent Expert's Report, will be mailed to The Trust Company shareholders on 24 October 2013.

ENDS

For further information, please contact:

For media enquiries:
Angus Urquhart
Hintons
Tel: +61 3 9600 1979
aurquhart@hintons.com.au

For shareholder enquiries:
Geoffrey Stirton
Group Company Secretary
Tel: +61 2 8295 8100
www.thetrustcompany.com.au

THE TRUST COMPANY

THE TRUST COMPANY LIMITED

ABN 59 004 027 749

SCHEME BOOKLET

In relation to a recommended proposal from Perpetual Limited ABN 86 000 431 827.

For a scheme of arrangement between The Trust Company Limited and the holders of The Trust Company Limited shares.

The Trust Company Limited Directors unanimously recommend that you **VOTE IN FAVOUR** of the Scheme in the absence of a superior proposal.

This is an important document and requires your immediate attention. You should read it in its entirety before you decide whether or not to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

Financial adviser

FLAGSTAFF

Legal adviser

KING&WOOD MALLESONS

This Scheme Booklet contains important information about the Scheme and it will help you make an informed decision about how to vote.

SHAREHOLDER INFORMATION LINE

The Trust Company has established a Shareholder Information Line which Shareholders should call if they have any questions in relation to the Scheme. The telephone number for the Shareholder Information Line is 1800 505 206 (Within Australia), +612 8256 3354 (Outside Australia). The Shareholder Information Line is available Monday to Friday from 9.00am to 5.00pm (Sydney time).

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IMPORTANT NOTICES

THIS SCHEME BOOKLET CONTAINS IMPORTANT INFORMATION

This Scheme Booklet is the explanatory statement required to be sent to Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved by a Requisite Majority of Shareholders and by the Court) and to provide information as is prescribed or otherwise material to the decision of Shareholders whether or not to vote in favour of the Scheme.

You should read this booklet in its entirety before making a decision as to how to vote.

STATUS OF SCHEME BOOKLET

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1). Instead, shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

RESPONSIBILITY FOR INFORMATION

The information contained in this Scheme Booklet other than in paragraphs 1.1(g) and 1.2(e) of section 1, paragraphs 2.4(a)(i) (other than the statement about The Trust Company's intentions), 2.6, 2.7 and 2.8 of section 2, sections 4, 5, 6, 7 (other than section 7.4), 8.3 and 8.4, the Investigating Accountant's Report and the Independent Experts' Report (**The Trust Company Information**) has been prepared by The Trust Company and is the responsibility of The Trust Company. Neither Perpetual, its shareholders, nor any of their advisers assume any responsibility for the accuracy or completeness of The Trust Company Information.

The information contained in paragraphs 1.1(g) and 1.2(e) of section 1, paragraphs 2.4(a)(i) (other than the statement about The Trust Company's intentions), 2.6, 2.7 and 2.8 of section 2, sections 4, 5, 7 (other than section 7.4), 8.3 and 8.4 of this Scheme Booklet (**Perpetual Information**) has been provided by Perpetual and is the responsibility of Perpetual. Neither The Trust Company nor any of The Trust Company Directors, its officers or advisers assume any responsibility for the accuracy or completeness of the Perpetual Information.

Lonergan Edwards & Associates Limited has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure A of this Scheme Booklet and takes responsibility for that report.

KPMG Transaction Services has been engaged by Perpetual to prepare the Investigating Accountant's Report as set out in Annexure B of this Scheme Booklet in relation to the compilation of the Pro Forma Historical Financial Information contained in section 5.3 of this Scheme Booklet and takes responsibility for that report.

King & Wood Mallesons has prepared the information on the taxation implications of the Scheme contained in section 6 of this Scheme Booklet and takes responsibility for that information.

ASIC AND ASX INVOLVEMENT

A copy of this Scheme Booklet has been reviewed by ASIC for the purposes of section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has been lodged with ASX.

Neither ASIC or ASX nor any of their respective officers take any responsibility for the contents of this Scheme Booklet.

FORWARD LOOKING STATEMENTS

Certain statements in this Scheme Booklet relate to the future. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance

or achievements expressed or implied by those statements. These statements reflect only views held as at the date of this Scheme Booklet.

None of The Trust Company, The Trust Company Directors or its officers, or any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

Subject to any continuing obligations under law or the ASX Listing Rules, The Trust Company and The Trust Company Directors disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or change in events, conditions or circumstances on which any such statement is based other than to comply with legal obligations or the ASX Listing Rules.

INVESTMENT ADVICE

Other than the Independent Expert's Report and the Investigating Accountant's Report, the information contained in this Scheme Booklet does not constitute financial product advice. In preparing this Scheme Booklet, The Trust Company has not taken into account the objectives, financial situation or needs of individual Shareholders. It is important that you consider the information in this Scheme Booklet in light of your particular circumstances. You should seek your own independent professional advice regarding your particular circumstances and the Scheme or if you are in doubt as to how to vote on the Scheme.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notices of the meeting does not mean that the Court:

- Has formed any view as to the merits of the proposed Scheme or as to how members should vote (on this matter members must reach their own decision); or
- Has prepared, or is responsible for the content of, the explanatory statement.

SHAREHOLDERS OUTSIDE AUSTRALIA

This Scheme Booklet is subject to Australian disclosure requirements. Financial information in this Scheme Booklet has been prepared in accordance with AIFRS and is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

Australian disclosure requirements and AIFRS may be different from those applicable in other jurisdictions.

FOREIGN SHAREHOLDERS

Foreign Shareholders may not be entitled to receive New Perpetual Shares pursuant to the Scheme. Foreign Shareholders should refer to section 2.5(o) of this Scheme Booklet.

This Scheme Booklet is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Securities Act 1978* (or any other relevant New Zealand law). This Scheme Booklet may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. Securities are offered to the public in New Zealand under this Scheme Booklet in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

TAX IMPLICATIONS OF THE SCHEME

Section 6 of this Scheme Booklet provides a general outline of the Australian income tax consequences for Scheme Participants who dispose of their Shares to Perpetual in accordance with the Scheme. It does not purport to be a complete analysis or to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Scheme Participants.

Scheme Participants who are subject to taxation outside Australia should also consult their tax adviser as to the applicable tax consequences of the Scheme in the relevant jurisdiction.

PRIVACY

The Trust Company and Perpetual may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Shareholders and the names of persons appointed by Shareholders to act as proxy, attorney or corporate representative at the Scheme Meeting.

The primary purpose of collecting this information is to assist The Trust Company and Perpetual to conduct the Scheme Meeting and to implement the Scheme. Personal information of the type described above may be disclosed to The Trust Company Registry and the Perpetual Registry, print and mail service providers, authorised securities brokers and Related Bodies Corporate of The Trust Company and Perpetual.

Shareholders have certain rights to access personal information that has been collected. They should contact The Trust Company Registry in the first instance, if they wish to access their personal information.

Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

NOTICE OF MEETING

The Notice of Meeting is set out in Annexure F.

DEFINED TERMS

Capitalised terms used in this Scheme Booklet are defined in the Glossary.

Each of the documents reproduced in some of the annexures to this Scheme Booklet has its own defined terms, which are sometimes different from those in the Glossary.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this document. All numbers are rounded unless otherwise indicated.

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A reference to $, A$ and AUD and cents is to Australian currency, unless otherwise stated.

All times referred to in this Scheme Booklet are references to times in Sydney, unless otherwise stated.

THE TRUST COMPANY AND PERPETUAL WEBSITES

The contents of The Trust Company and Perpetual's websites do not form part of this Scheme Booklet and Shareholders should not rely on their content.

DATE

This Scheme Booklet is dated 16 October 2013.

IMPORTANT DATES

16 October 2013	First Court Date for approval of this Scheme Booklet
21 October 2013	Record date for the FY14 Interim Dividend
24 October 2013	Scheme Booklet and Notice of Meeting despatched to Shareholders
5 November 2013	Payment of the FY14 Interim Dividend
14 November 2013	First day of the Perpetual VWAP Period
10.00am on 26 November 2013	Latest time and date for receipt of proxy forms for Scheme Meeting
7.00pm on 26 November 2013	Scheme Meeting Record Date for determining eligibility to vote at the Scheme Meeting
27 November 2013	Last day of the Perpetual VWAP Period
10.00am on 28 November 2013	Scheme Meeting to be held at Level 15, 20 Bond Street, Sydney NSW 2000
3 December 2013	Second Court Date for approval of the Scheme
4 December 2013	Effective Date – Court order is lodged with ASIC and Scheme takes effect Last day of trading in Shares on ASX
5 December 2013	New Perpetual Shares commence trading on a deferred settlement basis
7.00pm on 10 December 2013	Election Date – last time to lodge Election Forms
7.00pm on 11 December 2013	Special Dividend Record Date
7.00pm on 13 December 2013	Record Date for determining entitlement to Scheme Consideration
18 December 2013	Implementation Date Payment of the Scheme Consideration and Special Dividend and issue of New Perpetual Shares Dispatch of statements confirming the allotment of New Perpetual Shares Last day of deferred settlement trading for New Perpetual Shares
19 December 2013	New Perpetual Shares commence trading on a normal settlement basis on ASX

NOTES

All dates following the date of the Scheme Meeting where stated above or throughout this Scheme Booklet are indicative only and, among other things, are subject to all necessary approvals from the Court. Any changes to the above timetable (which may include an earlier or later date for the Second Court Date) will be announced through ASX and notified on The Trust Company's website **www.thetrustcompany.com.au**

LETTER FROM CHAIRMAN OF THE TRUST COMPANY
16 OCTOBER 2013

Dear Shareholder

PROPOSED ACQUISITION OF THE TRUST COMPANY BY PERPETUAL

I am pleased to enclose the details of Perpetual Limited's (**Perpetual**) proposal (**Revised Perpetual Proposal**) to acquire your shares in The Trust Company Limited (**The Trust Company**).

Your Directors consider that the Revised Perpetual Proposal is in the best interests of Shareholders in The Trust Company and unanimously recommend that you VOTE IN FAVOUR of the Scheme, in the absence of a Superior Proposal.

BACKGROUND ON THE REVISED PERPETUAL PROPOSAL

On 7 May 2013, The Trust Company announced that it had entered into a Scheme Implementation Agreement with Perpetual to implement a proposal from Perpetual to acquire all of the issued Shares in The Trust Company by way of a scheme of arrangement under Part 5.1 of the Corporations Act.

On 9 September 2013, following the receipt of an improved takeover offer from Equity Trustees and a proposal from IOOF, The Trust Company announced that it had received an improved proposal from Perpetual and that it had agreed with Perpetual to amend the Scheme Implementation Agreement to reflect the improved proposal. Under the Scheme Implementation Agreement (as amended), Shareholders in The Trust Company will receive:

a. **Scheme Consideration:** 0.182 Perpetual Shares for each Share in The Trust Company, which can be received as:
   i. Perpetual Shares (**Share Consideration**);
   ii. The cash equivalent of the Share Consideration, subject to an agreed aggregate cap, with a floor price of $6.29 per Share (**Cash Consideration**); or
   iii. A mix of the above; and

b. **Special Dividend:** a 22 cent special dividend (expected to be fully franked) paid by The Trust Company.

In addition to the Scheme Consideration and the Special Dividend, you will also receive an interim dividend of 17 cents (fully franked) to be paid by The Trust Company on 5 November 2013 provided you were a Shareholder on the record date for the interim dividend.

VALUE OF THE REVISED PERPETUAL PROPOSAL

Based on the closing price of Perpetual Shares of $37.30 on 6 September 2013, being the last trading day prior to the announcement of the Revised Perpetual Proposal, the implied value of the Scheme Consideration and Special Dividend (ignoring the potential value of franking credits associated with the Special Dividend) is $7.01 per Share. This represents a 59.3% premium to the closing price of Shares on 20 February 2013, being the last trading day prior to Equity Trustees announcing a takeover offer for The Trust Company, adjusted for the FY13 Final Dividend and the FY14 Interim Dividend declared by The Trust Company.

Based on the closing price of Perpetual Shares on 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet, the Scheme Consideration and the Special Dividend (ignoring the potential value of franking credits associated with the Special Dividend) together represent a value per Share in The Trust Company of $7.75.

You may also benefit from up to 9.4 cents per Share of franking credits attached to the Special Dividend. You should seek independent professional advice about the ability to use franking credits and the value of any franking credits to you.

DIRECTORS' RECOMMENDATION

Each member of The Trust Company Board recommends that you vote in favour of the Scheme and will vote the voting rights attached to all Shares over which he or she has control in favour of the Scheme, in each case in the absence of a Superior Proposal.

Your Directors believe that a combination of Perpetual and The Trust Company not only creates significant value for shareholders of both companies but will also provide substantial benefits for clients of the Combined Group. Perpetual's fiduciary heritage and commitment to service quality will also ensure the high standards that our clients rely upon are maintained.

Full details of the key reasons for the Directors' recommendation of the Scheme are set out in section 1.1 of this Scheme Booklet. As with all transactions of this nature, the Scheme has disadvantages and risks. These are set out in sections 1.2 and 7 of this Scheme Booklet.

OPINION OF THE INDEPENDENT EXPERT

The Trust Company Board commissioned Lonergan Edwards to prepare an Independent Expert's Report on the Scheme. The Independent Expert concluded that the Scheme is fair and reasonable and in the best interests of Shareholders in The Trust Company, in the absence of a Superior Proposal. The full report of the Independent Expert is set out in Annexure A of this Scheme Booklet.

COMPREHENSIVE PROCESS

The Trust Company Board arrived at its recommendation for the Revised Perpetual Proposal following a comprehensive process to maximise value for Shareholders, which culminated in five proposals for the company being announced by three different suitors:

- 21 February 2013: The Original Equity Trustees Offer was announced. On 19 April 2013, The Trust Company Board issued its Target's Statement, recommending that Shareholders reject the Original Equity Trustees Offer and outlining its reasons for doing so.
- 7 May 2013: The Trust Company announced that it had entered into a Scheme Implementation Agreement with Perpetual. Following the announcement of the Original Equity Trustees Offer, The Trust Company received approaches from a number of parties expressing interest in The Trust Company. Following a process of due diligence and negotiation with interested parties, The Trust Company Board determined that the proposal from Perpetual was the most attractive.
- 21 June 2013: The Revised Equity Trustees Offer was announced, which improved on the terms offered under the Original Equity Trustees Offer announced on 21 February 2013. On 13 September 2013, The Trust Company issued its Third Supplementary Target's Statement, recommending that Shareholders reject the Revised Equity Trustees Offer and outlining its reasons for doing so.
- 2 September 2013: The IOOF Proposal was received. At the time, after having considered the IOOF Proposal carefully, The Trust Company Board determined that the IOOF Proposal was likely to be a Superior Proposal to the Original Perpetual Proposal under the Scheme Implementation Agreement with Perpetual. On 4 September 2013, The Trust Company provided Perpetual with notice that it had three business days to match or better the IOOF Proposal pursuant to its obligations under the Scheme Implementation Agreement.
- 9 September 2013: The Revised Perpetual Proposal was announced. The Trust Company received an improved proposal from Perpetual and agreed with Perpetual to amend the Scheme Implementation Agreement to reflect the improved proposal. The IOOF Proposal lapsed.

In addition to representing a higher value to Shareholders than the Revised Equity Trustees Offer and IOOF Proposal, the Revised Perpetual Proposal is superior for a number of reasons. These include (but are not limited to) the higher minimum value of $6.29 per Share under the Cash Consideration option, higher total cash amount of $110 million available to satisfy the Cash Consideration and greater

consideration flexibility for Shareholders in being able to mix and match Cash Consideration and Share Consideration.

Since the Revised Perpetual Proposal was announced, no Superior Proposal has emerged. Should any further third party proposal be received, your Directors will, consistent with their fiduciary duties, consider the merits of any such proposal and advise you accordingly.

EQUITY TRUSTEES TAKEOVER OFFER

The takeover offer from Equity Trustees of 37 Equity Trustees Shares for every 100 Shares and a special dividend of 22 cents per Share (expected to be fully franked) to be paid by The Trust Company will remain open until 7.00pm (Melbourne time) on 29 November 2013 (unless further extended or withdrawn).

For the reasons previously outlined in the Third Supplementary Target's Statement sent to Shareholders in The Trust Company on 17 September 2013, The Trust Company Board unanimously recommends that Shareholders reject the Revised Equity Trustees Offer, and do nothing in relation to all documents sent to you by Equity Trustees.

The Independent Expert has considered the relative merits of the Revised Equity Trustees Offer as well as the IOOF Proposal and concluded that the proposed scheme with Perpetual is a superior proposal to both the Revised Equity Trustees Offer and the lapsed IOOF Proposal.

SCHEME MEETING

The Scheme can only be implemented if it is approved by the Requisite Majority of Shareholders in The Trust Company at the Scheme Meeting to be held at Level 15, 20 Bond Street, Sydney NSW 2000 at 10.00am on 28 November 2013, and if it is subsequently approved by the Court. You do not need to attend the Scheme Meeting in person to vote, as your vote can be made by proxy. A blue proxy form is enclosed with this Scheme Booklet and if you wish to vote by proxy, you must return the completed blue proxy form to The Trust Company Registry by post, delivery or facsimile in accordance with the provisions of the "How to Participate in the Scheme" section of this Scheme Booklet no later than 10.00am on 26 November 2013.

This is a very significant moment in The Trust Company's history and it is important that you vote at the Scheme Meeting so that you can have a say as to whether or not the Scheme proceeds. The Scheme will only proceed if the requisite voting thresholds outlined in the "Voting" section of the Frequently Asked Questions section are met. I urge you to read the Scheme Booklet (including the Independent Expert's Report) in its entirety as it contains important information that will need to be considered before you vote on the Scheme.

If you are in any doubt as to the action that you should take in relation to the Scheme, you should seek your own independent professional advice. If you have any questions about your Shares in The Trust Company or any other matter in this Scheme Booklet, you should contact The Trust Company's Shareholder Information Line on 1800 505 206 (Within Australia) or +612 8256 3354 (Outside Australia).

On behalf of The Trust Company Board, I would like to take this opportunity to thank you again for your ongoing support of The Trust Company. Your Board believes that the proposed acquisition of The Trust Company by Perpetual makes strong commercial and strategic sense and is in the best interests of Shareholders in The Trust Company. I look forward to your participation in the Scheme Meeting.

Yours sincerely

Bruce Corlett AM
Chairman
The Trust Company

LETTER FROM CHAIRMAN OF PERPETUAL
16 OCTOBER 2013

Dear Shareholder

The Trust Company Board and the Perpetual Board have unanimously agreed to a proposal for Perpetual to acquire all of the issued Shares in The Trust Company (**Revised Perpetual Proposal**).

The Revised Perpetual Proposal requires your approval of a Scheme of Arrangement.

With your approval, we believe we have the ability to deliver enhanced shareholder value to both The Trust Company and Perpetual shareholders.

If the Revised Perpetual Proposal proceeds, for each Share in The Trust Company you hold, you will receive:

- Scheme Consideration of:
  - 0.182 Perpetual Shares (**Share Consideration**);
  - The cash equivalent of the Share Consideration, with a floor price so that you receive at least $6.29 for each of your Shares in The Trust Company, and subject to an aggregate cap of $110 million (**Cash Consideration**); or
  - A combination of Share Consideration and Cash Consideration.
- A 22 cent special dividend (expected to be fully franked) paid by The Trust Company.

In addition to the Scheme Consideration and the 22 cent special dividend, you will also receive an interim dividend of 17 cents (fully franked) to be paid by The Trust Company on 5 November 2013 provided you were a Shareholder on the record date for the interim dividend.

Perpetual and The Trust Company share a heritage that pre-dates Australia's federation, as well as outstanding client service values. The Trust Company has strong and longstanding client relationships and a team of talented and dedicated people; attributes that are strongly aligned with Perpetual's culture.

We believe that the Revised Perpetual Proposal represents a compelling opportunity for shareholders of both companies. The Trust Company's operations are highly complementary with each of Perpetual's three businesses, and will deliver economies of scale and a broader range of capabilities to clients that we believe will be in Shareholders' interests. The proposal is expected to deliver enhanced value to The Trust Company and Perpetual shareholders over the medium and long term by bringing together highly complementary businesses and established, respected brands.

Both Perpetual and The Trust Company have taken a thorough and disciplined approach to preparing for this transaction. We are confident in our ability to successfully combine the operations of both companies.

Perpetual is well placed for the integration of The Trust Company following our investment in the new portfolio wrap service of our Perpetual Private wealth advice business and the refocusing of our Corporate Trust business on its corporate fiduciary services.

An Independent Expert has considered the terms of the Revised Perpetual Proposal and concluded that the Scheme is fair and reasonable and in the best interests of Shareholders of The Trust Company, in the absence of a Superior Proposal.

In conclusion, Perpetual's offer to acquire all the outstanding ordinary shares in The Trust Company represents a compelling opportunity for the shareholders of both companies and will contribute to the realisation of a shared vision of becoming Australia's largest independent wealth manager of choice. Our Board believes that the combination of the two businesses will provide substantial benefits for shareholders and clients.

Your participation is important. I encourage you to read this Scheme Booklet and to vote in favour of the Scheme by returning the enclosed blue proxy form by 10.00am on 26 November 2013 or by attending the Scheme Meeting on 28 November 2013.

Yours faithfully

Peter Scott
Chairman
Perpetual

REASONS TO VOTE IN FAVOUR OF THE SCHEME

- The Trust Company 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 Shareholders, in the absence of a Superior Proposal
- Shareholders will be paid a 22 cent Special Dividend (expected to be fully franked[1]) if the Scheme proceeds
- The Scheme Consideration, taken together with the Special Dividend, provides a significant premium[2] for your Shares based on undisturbed prices
- A comprehensive process has been undertaken and a number of subsequent proposals have been received. However, no Superior Proposal to the Revised Perpetual Proposal has emerged
- Shareholders have the choice of receiving their Scheme Consideration as Share Consideration, Cash Consideration or various combinations of both[3]
- If you elect to receive Share Consideration, you will have the opportunity to participate in the strategic and financial benefits of the Combined Group, which are expected to be significant
- If you elect to receive Cash Consideration, you are guaranteed to receive Scheme Consideration to a value of at least $6.29 per Scheme Share[4]
- The Scheme Consideration provides an opportunity for all Shareholders to readily realise value for their Shares that is otherwise not available in the current relatively illiquid market for trading in Shares in The Trust Company
- If the Scheme does not proceed and no Superior Proposal emerges, the price of Shares in The Trust Company may fall below prevailing prices
- Scheme Participants who elect to receive Share Consideration may be eligible for CGT rollover relief
- There is no brokerage or stamp duty associated with the disposal of your Shares under the Scheme

REASONS WHY YOU MAY CONSIDER VOTING AGAINST THE SCHEME

- You may disagree with The Trust Company Directors' recommendation or the conclusion of the Independent Expert
- You may consider that the Revised Equity Trustees Offer is a more attractive proposal compared to the Revised Perpetual Proposal
- You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future
- The value of the Scheme Consideration will be dependent on the market value of Perpetual Shares leading up to the implementation of the Scheme. The value of the Scheme Consideration you ultimately receive may be lower than the value calculated before the date of this Scheme Booklet
- You may not want to own Perpetual Shares (which you may receive even if you elect to receive all of your Scheme Consideration as Cash Consideration and you are scaled back[4]), for the following reasons:
  - The integration of The Trust Company and Perpetual may be more difficult or take more time than currently anticipated and there is a risk that expected synergies may not be realised within the anticipated timeframe or at all to their full extent
  - Perpetual Shares may not be attractive for some Shareholders, who may prefer to maintain their current investment exposure to a pure trustee company
  - There are a number of risks associated with owning Perpetual Shares (see section 1.2(e)(iii) and section 7.3)
- The tax consequences of transferring your Shares pursuant to the Scheme may not be optimal for your financial position

Section 1 provides further detail on the reasons to vote in favour or reasons why you may consider voting against the Scheme, which you may wish to take into account before deciding how to vote.

[1] The value of franking credits will vary depending on Shareholders' individual tax position. You should seek independent professional advice about the ability to use franking credits and the value of any franking credits to you.

[2] The Scheme Consideration together with the Special Dividend reflects a 59.3% premium to the closing price of Shares in The Trust Company on 20 February 2013, being the last trading day prior to the announcement of the Original Equity Trustees Offer. The closing price of Shares in The Trust Company has been adjusted for the FY13 Final Dividend of 18 cents per Share and the FY14 Interim Dividend of 17 cents per Share declared by The Trust Company Board on 9 October 2013. The Scheme Consideration together with the Special Dividend also represents a premium of 11.8% and 21.4% to the implied value of the Revised Equity Trustees Offer and IOOF Proposal respectively as at 14 October 2013, the last practicable trading day before the date of this Scheme Booklet. Shareholders should note that the Cash Consideration (if they elect to receive Cash Consideration) will be calculated based on the trading price of Perpetual Shares for a defined period leading up to the Scheme Meeting. See "Entitlements under the Scheme" in the Frequently Asked Questions section of this Scheme Booklet for more details.

[3] Shareholders have the choice of electing to receive 0%, 20%, 40%, 60%, 80% or 100% of the Scheme Consideration in the form of Cash Consideration (the remainder being received in the form of Share Consideration). See section 2.2(b)(i) for further information.

[4] As explained in section 2.2(c), the Cash Consideration is a capped amount and you may therefore be subject to scale back and receive some New Perpetual Shares even if you elect 100% Cash Consideration.

HOW TO PARTICIPATE IN THE SCHEME

SCHEME CONSIDERATION AND SPECIAL DIVIDEND

If the Scheme is implemented, for each Share in The Trust Company held, Scheme Participants will receive:

a. **Scheme Consideration:** 0.182 Perpetual Shares for each Share, which can be received as:
   - Perpetual Shares (**Share Consideration**);
   - The cash equivalent of the Share Consideration, subject to an agreed aggregate cap (as outlined below), with a floor price of $6.29 per Share (**Cash Consideration**); or
   - A mix of the above; and

b. **Special Dividend:** a 22 cent special dividend (expected to be fully franked) paid by The Trust Company.

Irrespective of whether the Scheme proceeds, Shareholders will receive the FY14 Interim Dividend of 17 cents per Share (fully franked) as declared by The Trust Company Board on 9 October 2013.

HOW TO VOTE

The Scheme Meeting at which Shareholders will vote on whether to approve the Scheme will be held at Level 15, 20 Bond Street, Sydney NSW 2000 at 10.00am on 28 November 2013.

Your personalised blue proxy form for the Scheme Meeting accompanies this Scheme Booklet. Information setting out how you may vote by proxy is contained in the Notice of Meeting.

Proxy forms may be lodged as follows:

Post:
Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne VIC 3001
Australia

Delivery:
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
Australia

Fax:
Within Australia 1800 783 447
Outside Australia +613 9473 2555

Proxy forms, together with any power of attorney or authority under which the proxy form is signed, must be received no later than 10.00am on 26 November 2013 (48 hours prior to commencement of the Scheme Meeting). Proxy forms received after this time will be invalid.

For further information regarding voting by proxy and other methods by which you may vote at the Scheme Meeting (including if you hold Restricted Shares), please see the "Voting" section of the Frequently Asked Questions section of this Scheme Booklet.

HOW TO ELECT YOUR SCHEME CONSIDERATION

Scheme Participants may elect to receive their Scheme Consideration in the following combinations:

- 100% Share Consideration only;
- 20% Cash Consideration and 80% Share Consideration;
- 40% Cash Consideration and 60% Share Consideration;
- 60% Cash Consideration and 40% Share Consideration;
- 80% Cash Consideration and 20% Share Consideration; or
- 100% Cash Consideration only.

You can elect the form of Scheme Consideration that you would prefer to receive by completing the enclosed Election Form and returning it to one of the addresses stated in the "How to Vote" section above in accordance with the instructions on the Election Form so that it is received by The Trust Company Registry prior to 7.00pm on the Election Date, 10 December 2013. Scheme Participants who elect to receive all or part of their Scheme Consideration as Cash Consideration will receive at least $6.29 per Share, or a greater amount determined in accordance with the Perpetual VWAP subject to an aggregate cap amount of $110 million to be paid by Perpetual.

Shareholders electing to receive Cash Consideration will have their entitlements to Cash Consideration scaled back proportionately to the extent that this cap would otherwise be exceeded. To the extent that a Shareholder's Cash Consideration is scaled back, the Shareholder will receive at least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that the Shareholder ultimately receives per Share on the Implementation Date may be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)).

You can also make an Election if you currently hold Unvested Performance Rights or Restricted Shares. This is discussed further in the "Entitlements under the Scheme" section of the Frequently Asked Questions and in sections 2.2 and 2.3 of this Scheme Booklet.

If no Election is made, or an Election is invalid, or it is received after the Election Date, a Shareholder will be deemed to have validly elected to receive 100% of their Scheme Consideration as Share Consideration. See section 2.2(b) for further information on Election of Scheme Consideration.

FREQUENTLY ASKED QUESTIONS

This Scheme Booklet contains detailed information regarding the Scheme. This section provides summary answers to some questions that Shareholders may have in relation to the Scheme and will assist you to locate further detailed information in this Scheme Booklet.

QUESTION	ANSWER
Background	
What is the Scheme?	On 7 May 2013, The Trust Company and Perpetual announced that they had entered into a Scheme Implementation Agreement under which Perpetual will acquire all of the Shares in The Trust Company and, as a result, The Trust Company will become a wholly owned subsidiary of Perpetual. On 9 September 2013, the parties announced that they had amended the Scheme Implementation Agreement to reflect the Revised Perpetual Proposal. The acquisition will be implemented by way of a scheme of arrangement under which Shareholders can elect to receive the Scheme Consideration in New Perpetual Shares, cash (Cash Consideration is subject to potential scale back) or a mixture of New Perpetual Shares and cash. Shareholders who elect to receive some of their Scheme Consideration as Cash Consideration will receive at least $6.29 per Share or a greater amount if the Perpetual VWAP is higher than $34.56. If the Scheme is approved and implemented, all Scheme Shares will be transferred to Perpetual. Section 2 contains a summary of the Scheme (including the conditions to which the Scheme is subject) and its effect.
Who is Perpetual?	Perpetual is an ASX-listed investment, financial advice and trustee group offering a range of managed investment, wealth management, superannuation and trustee services for individuals and institutional investors. Perpetual is included in the S&P/ASX 100 Index. The company was founded in 1886 and has a longstanding reputation as one of the most trusted providers of financial services in Australia.
Recommendations	
What does The Trust Company Board recommend?	The Trust Company Board considers that the Scheme is in the best interests of Shareholders and unanimously recommends that Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The reasons as to why The Trust Company Directors unanimously recommend the Scheme are set out in section 1.1 of this Scheme Booklet.
How do The Trust Company Directors intend to vote?	Each of The Trust Company Directors intends to vote the voting rights attached to all Shares over which he or she has control in favour of the Scheme, in the absence of a Superior Proposal.

QUESTION	ANSWER
Recommendations cont.	
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Shareholders, in the absence of a Superior Proposal. The complete Independent Expert's Report is set out in Annexure A. You are encouraged to read it.
Entitlements under the Scheme	
What will I receive if the Scheme is approved and implemented?	If the Scheme is implemented, for each Scheme Share, Scheme Participants will be entitled to receive, at their election, their Scheme Consideration in Share Consideration, Cash Consideration or a mixture of Share Consideration and Cash Consideration. Shareholders are able to elect to receive their Scheme Consideration in the followings combinations: • 100% Share Consideration only; • 20% Cash Consideration and 80% Share Consideration; • 40% Cash Consideration and 60% Share Consideration; • 60% Cash Consideration and 40% Share Consideration; • 80% Cash Consideration and 20% Share Consideration; or • 100% Cash Consideration only. If, following the Elections by the Scheme Participants, Cash Consideration payable by Perpetual exceeds $110 million, there will be a proportional scale back of the Cash Consideration. To the extent that a Scheme Participant's Cash Consideration is scaled back, the Scheme Participant will receive at least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that the Scheme Participant ultimately receives per Share on the Implementation Date may be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)). Shareholders whose registered address is outside Australia and its external territories or New Zealand should consider the question relating to Foreign Shareholders below. In addition to the Scheme Consideration, if the Scheme is implemented, Shareholders who are registered in the Register as a holder of Shares on the Special Dividend Record Date will be paid a Special Dividend of 22 cents per Scheme Share, expected to be fully franked, on the Implementation Date.

QUESTION	ANSWER
Entitlements under the Scheme cont.	
How is the Share Consideration calculated?	If, after making an Election (or deemed Election) a Scheme Participant is entitled to receive Share Consideration, they will receive 0.182 New Perpetual Shares for every Scheme Share or, if a dividend (other than the Excluded Dividend) is paid by Perpetual or the record date for a Perpetual dividend (other than the Excluded Dividend) occurs prior to the Implementation Date, an adjusted number of New Perpetual Shares reflecting the diminished value of Perpetual Shares after the dividend. All New Perpetual Shares issued as Share Consideration will be quoted on ASX and rank equally with existing Perpetual Shares.
How is the Cash Consideration calculated?	If a Scheme Participant elects to receive Cash Consideration for all or a portion of their Scheme Consideration, for every Scheme Share they will receive an amount calculated by multiplying the Perpetual VWAP by either 0.182 (reflecting the offer ratio for the Share Consideration) or, if a dividend (other than the Excluded Dividend) is paid by Perpetual or the record date for a Perpetual dividend (other than the Excluded Dividend) occurs prior to the Implementation Date, by the Adjusted Number, subject in any event to the Cash Consideration for each Scheme Share being not less than $6.29. If, following the Elections by the Scheme Participants, Cash Consideration payable by Perpetual exceeds $110 million, there will be a proportional scale back of the Cash Consideration. To the extent that a Scheme Participant's Cash Consideration is scaled back, the Scheme Participant will receive at least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that the Scheme Participant ultimately receives per Share on the Implementation Date may be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)).
Will I be entitled to the FY14 Interim Dividend?	On 9 October 2013, The Trust Company Board declared a fully franked FY14 interim dividend of 17 cents per Share which is payable on 5 November 2013 (**FY14 Interim Dividend**). You will be entitled to receive the FY14 Interim Dividend if you were noted on the Register as a Shareholder on 21 October 2013 irrespective of whether the Scheme is approved and implemented.
If, following my Election, I am entitled to receive a certain percentage of my Scheme Consideration as Share Consideration, will I receive that Share Consideration?	Yes, if after your Election you are entitled to receive a certain percentage of your Scheme Consideration as Share Consideration, you will receive that Share Consideration provided that you are not a Foreign Shareholder.

QUESTION	ANSWER
Entitlements under the Scheme cont.	
If I elect to receive a certain percentage of my Scheme Consideration as Cash Consideration, will I receive that Cash Consideration?	There is an aggregate cap of $110 million on the amount of Cash Consideration to be paid by Perpetual. See section 2.2(c) for further details. Shareholders who elect to receive Cash Consideration will have their entitlements to Cash Consideration scaled back proportionately to the extent that this cap would otherwise be exceeded. To the extent that a Shareholder's Cash Consideration is scaled back, the Shareholder will receive at least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that the Shareholder ultimately receives per Share on the Implementation Date may be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)).
How do I make an Election?	The Election Form enclosed with this Scheme Booklet is the form of Election under which each Shareholder elects to receive Share Consideration, Cash Consideration or a mixture of both. The Election Form sets out the Election process and must be received before 7.00pm (Sydney time) on the Election Date, 10 December 2013, by The Trust Company Registry.
Can I make an Election if I hold Restricted Shares or Unvested Performance Rights?	Yes. The Election you make will apply to any Shares that you hold as at the Record Date. Accordingly, if you are issued with Shares following the vesting of Performance Rights or your Restricted Shares are released from their trading restriction and you hold these Shares at the Record Date, any Election you make will apply in respect of those Shares. It is currently anticipated that: • All Unvested Performance Rights as at the Effective Date will become vested (unless cancelled) and relevant Shares issued on the Effective Date; and • All Restricted Shares will be released from their trading restriction and transferred to their beneficial holders on the Effective Date.
What if I do not make an Election?	If a valid Election is not received by 7.00pm on the Election Date you will be deemed to have validly elected to receive 100% of your Scheme Consideration as Share Consideration. If you make an invalid Election, you will be deemed to have validly elected to receive 100% of your Scheme Consideration as Share Consideration.
Should I make an Election even if I intend not to vote or to vote against the Scheme?	If you intend not to vote, or to vote against the Scheme, you should nevertheless consider making an Election. If you do not make an Election and the Scheme becomes Effective, you will be taken to have elected to receive 100% of your Scheme Consideration as Share Consideration regardless of whether you voted for or against the Scheme.

QUESTION	ANSWER
Entitlements under the Scheme cont.	
How will I know the result of Elections made?	The Trust Company will announce a summary of the Elections made as soon as possible after the Record Date through ASX and on The Trust Company's website at **www.thetrustcompany.com.au**.
What if I am a Foreign Shareholder?	All Shareholders, regardless of citizenship or residence, will be entitled to make an Election. However, regardless of this Election and any subsequent scale back of Cash Consideration, Foreign Shareholders, being Shareholders who as at the Record Date are residents or citizens of, or whose address shown in the Register is, a place outside Australia and its external territories or New Zealand, will not receive any New Perpetual Shares except where Perpetual determines that they are not a Foreign Shareholder. To the extent that any Foreign Shareholders would be entitled to New Perpetual Shares, whether as a result of that Shareholder electing or being deemed to have made an Election which results in them receiving a percentage of their Scheme Consideration as Share Consideration or there being an oversubscription for Cash Consideration, those New Perpetual Shares will be issued to a nominee appointed by Perpetual who will sell those Perpetual Shares and the proceeds of sale will be remitted to Foreign Shareholders after deducting any applicable brokerage, taxes and charges in accordance with the Scheme. Foreign Shareholders should read section 2.5(o) of this Scheme Booklet on the Scheme Consideration available to Foreign Shareholders.
When will I receive the Scheme Consideration?	New Perpetual Shares will be issued and the Cash Consideration will become available for payment to Shareholders entitled to Cash Consideration on the Implementation Date. Foreign Shareholders will be provided with any cash proceeds of sale of New Perpetual Shares to which they are entitled at a different time in accordance with the process explained in section 2.5(o) of this Scheme Booklet.
If I receive Share Consideration, when will my New Perpetual Shares start trading on ASX?	Perpetual will seek confirmation from ASX that, as from the Business Day after the Effective Date (or such later date as ASX requires), the New Perpetual Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX, initially on a deferred settlement basis and, with effect from the Business Day after the Implementation Date (or such later date as ASX requires), on an ordinary settlement basis.

QUESTION	ANSWER
Entitlements under the Scheme cont.	
What is the Special Dividend?	If the Scheme is approved, Shareholders who are registered in the Register as a holder of Shares at 7.00pm on the Special Dividend Record Date, 11 December 2013, will be paid a 22 cent Special Dividend per Scheme Share which is expected to be fully franked on the Implementation Date, 18 December 2013. This Special Dividend is separate from, and in addition to, the FY14 Interim Dividend that will be received by Shareholders on 5 November 2013. You should read section 6 of this Scheme Booklet which contains details of the taxation treatment of this dividend.
If I receive Share Consideration will I be eligible to receive the Perpetual dividend for the year ending 30 June 2013?	The New Perpetual Shares issued pursuant to the Scheme will rank for dividends equally with all other Perpetual Shares from the Implementation Date. You will not receive the final dividend for the financial year ended 30 June 2013 which was paid by Perpetual on 4 October 2013 (**Excluded Dividend**). If any other dividend is paid on Perpetual Shares, or a record date for any other Perpetual dividend occurs before the Implementation Date, the number of New Perpetual Shares to which the Scheme Participants will be entitled will be increased to reflect the value of that dividend. This is achieved by replacing the offer ratio of 0.182 with the Adjusted Number in the calculation of the number of New Perpetual Shares to which the Scheme Participant is entitled under the Scheme. The value of any Cash Consideration will also be similarly increased to reflect the diminished value of the Perpetual Shares following any such dividend in accordance with the formula for the calculation of the Cash Consideration as set out in the "How is the Cash Consideration calculated?" question above.
Voting	
When and where will the Scheme Meeting be held?	The Scheme Meeting is scheduled to be held at 10.00am on 28 November 2013 at Level 15, 20 Bond Street, Sydney NSW 2000.
Am I entitled to vote?	If you are registered as a Shareholder on the Register as at 7.00pm on 26 November 2013, you will be entitled to vote at the Scheme Meeting. You may vote in person, by proxy, by attorney or, in the case of a body corporate, by a duly appointed corporate representative.

QUESTION	ANSWER
Voting cont.	
How must the Scheme be approved?	For the Scheme to be approved, votes in favour of the Scheme must be received from: • A majority in number (more than 50 per cent) of Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in case of a body corporate, by a duly appointed corporate representative), unless the Court orders otherwise; and • Shareholders who together hold at least 75 per cent of the total number of votes cast on the resolution. It is also necessary for the Court to approve the Scheme before it can become Effective.
Should I vote?	You do not have to vote. However, The Trust Company Directors believe that the Scheme is important to all Shareholders and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. If you are not able to attend the meetings in person, you may also vote by proxy.
Where do I send my proxy form?	If you would like to vote at the Scheme Meeting by proxy, the blue proxy form which accompanies this Scheme Booklet should be returned by posting in the reply paid envelope provided (for use in Australia only), or by posting, or faxing or hand delivering to The Trust Company Registry: **Post:** Computershare Investor Services Pty Limited GPO Box 1282 Melbourne VIC 3001 Australia **Delivery:** Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000 Australia **Fax:** Within Australia 1800 783 447 Outside Australia +613 9473 2555 **In order for an appointment of a proxy to be effective, a validly completed blue proxy form must be received by The Trust Company Registry no later than 10.00am on 26 November 2013.** Appointing a proxy does not mean that you are not able to attend the Scheme Meeting. However, the Corporations Act specifies that the presence of a Shareholder at a meeting suspends his or her proxy's rights to speak and vote. Accordingly you will be asked to revoke your proxy when registering at the Scheme Meeting.

QUESTION	ANSWER
Voting cont.	
How do I vote by attorney?	If you are attending as an attorney you should bring the original or certified copy of the power of attorney or other authority (if any) to the Scheme Meeting unless The Trust Company has already noted it. An attorney will be admitted to the Scheme Meeting and given a voting card upon providing, at the point of entry to the Scheme Meeting, written evidence of their appointment and their identity.
How do I vote by corporate representative?	If you are attending as a corporate representative for a corporation you must bring evidence of your appointment. The appointment must comply with section 250D of the Corporations Act. An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing, at the point of entry to the Scheme Meeting, written evidence of their appointment (including any authority under which it is signed), their name and address and the identity of their appointer.
What if I hold Restricted Shares?	If you hold Restricted Shares, then you will be able to exercise the voting rights attached to those Restricted Shares by completing and posting, or faxing or hand delivering the green Instruction Form enclosed with this Scheme Booklet to The Trust Company Registry: **Post:** Computershare Investor Services Pty Limited GPO Box 1282 Melbourne VIC 3001 Australia **Delivery:** Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000 Australia **Fax:** Within Australia 1800 783 447 Outside Australia +613 9473 2555 **In order for a voting instruction to be effective, a validly completed green Instruction Form must be received by The Trust Company Registry no later than 10.00am on 22 November 2013.**
What if I hold Unvested Performance Rights?	If you hold Unvested Performance Rights and these have not become vested and Shares issued prior to 7.00pm on 26 November 2013 you will not be able to instruct the Trustee to vote at the Scheme Meeting in connection with those Unvested Performance Rights. It is not currently anticipated that there will be any accelerated vesting of Unvested Performance Rights prior to the Scheme Meeting. It is currently anticipated that all Unvested Performance Rights as at the Effective Date will become vested (unless cancelled) and relevant Shares issued on the Effective Date.

QUESTION	ANSWER
Voting cont.	
What happens if I do not vote or if I vote against the Scheme?	If you are a Shareholder as at 7.00pm on the Record Date and the Scheme is approved, your Shares will be transferred pursuant to the Scheme and you will be entitled to receive the Scheme Consideration for your Shares. This applies even if you did not vote, or voted against the Scheme. If the Scheme is not approved, you will remain a Shareholder in The Trust Company.
Other	
Where can I find information on the Revised Equity Trustees Offer and the IOOF Proposal?	Information on the Revised Equity Trustees Offer and the IOOF Proposal (which has since lapsed) is contained in The Trust Company Chairman's Letter and sections 1.1(d) and (e) and section IX of the Independent Expert's Report.
Have all required regulatory approvals been obtained?	Yes. Approval from the Minister, the Overseas Investment Office (New Zealand) and the Monetary Authority of Singapore has been obtained. Further, the ACCC has advised that it will not oppose the Scheme having accepted a court enforceable undertaking from Perpetual to divest The Trust Company's shareholding in Equity Trustees.
What will happen to The Trust Company if the Scheme proceeds?	Perpetual's intentions for The Trust Company if the Scheme proceeds are set out in section 5 of this Scheme Booklet.
What will happen to The Trust Company if the Scheme does not proceed?	The Trust Company Directors' intentions for The Trust Company if the Scheme does not proceed are set out in section 2.9 of this Scheme Booklet.
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX once available. You should be aware that the Scheme is subject to the approval of the Court at the Second Court Hearing.
What happens if a Superior Proposal emerges?	If a Superior Proposal emerges The Trust Company Directors will carefully consider the proposal, review their recommendation in relation to the Scheme and advise you of any decision via an announcement to ASX.
Will this be a taxable transaction for Australian tax purposes?	The sale of your Shares pursuant to the Scheme may be a taxable transaction. Further details of the general Australian tax consequences of the transaction are set out in section 6 of this Scheme Booklet. You should seek your own independent professional advice regarding the individual tax consequences applicable to you. It will vary with your country of tax residence.

QUESTION	ANSWER
Other cont.	
Will I have to pay brokerage fees or stamp duty?	No brokerage fees or stamp duty will be payable on the transfer of Scheme Shares under the Scheme.
What if I have further questions about the Scheme?	If you have any further questions about the Scheme please contact The Trust Company Shareholder Information Line on 1800 505 206 (Within Australia) or +612 8256 3354 (Outside Australia) 9.00am to 5.00pm (Sydney time) Monday to Friday.

1 MATTERS RELEVANT TO YOUR VOTE ON THE SCHEME

1.1 KEY REASONS TO VOTE IN FAVOUR

a. The Trust Company Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal

The Trust Company Directors acknowledge the merits of consolidation in the trustee industry and recognise that a combination of Perpetual and The Trust Company not only creates significant value for Shareholders, but will also provide substantial benefits for clients of the Combined Group.

For the reasons set out below, The Trust Company Directors unanimously recommend that Shareholders vote in favour of the Scheme.

While The Trust Company Directors acknowledge that there may be reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages. In reaching their recommendation, The Trust Company Directors have, among other things:

- Assessed the Scheme having regard to The Trust Company's standalone prospects;
- Assessed the Scheme against other competing proposals received by The Trust Company; and
- Obtained advice from The Trust Company's financial and legal advisers.

The Trust Company Directors will each vote the voting rights attached to all Shares over which he or she has control in favour of the Scheme, in the absence of a Superior Proposal.

Further details about the interests of The Trust Company Directors in Shares are set out in section 8.2.

b. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Shareholders, in the absence of a Superior Proposal

The Trust Company Board appointed an Independent Expert to prepare an independent assessment of the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Shareholders, in the absence of a Superior Proposal.

In reaching this conclusion, the Independent Expert has made the following observations (refer to paragraph 40 of the Independent Expert's Report):

- *"The Total Entitlements to be received by Trust Company shareholders exceed our assessed value range of Trust Company shares on a 100% controlling interest basis"*
- *"The Total Entitlements represent a significant premium to the market prices of Trust Company shares prior to the original announcement of the Equity Trustees Offer on 21 February 2013 and reflect an implied premium which exceeds observed premiums paid in successful takeovers generally"*
- *"The Scheme provides Trust Company shareholders with the opportunity to realise their investment in a company in which share trading has historically been relatively low in a cost effective manner"*
- *"The proposed Special Dividend allows the release of franking credits to Australian resident shareholders of Trust Company, thereby increasing the potential value of the Total Entitlements to some resident Australian shareholders by up to $0.09 per share (on a pre-tax basis)"*

Furthermore, in relation to the Revised Equity Trustees Offer, the Independent Expert made the following statements (refer to paragraphs 37 and 38 of the Independent Expert's Report):

- *"We have assessed the equivalent consideration to Trust Company shareholders under the Revised Equity Trustees Offer and the IOOF Proposal... we have concluded that the proposed Scheme with Perpetual is a superior proposal to both the Revised Equity Trustees Offer and the IOOF Proposal"*

A full copy of the Independent Expert's Report is set out in Annexure A. You should read this report carefully before making a decision as to whether or not to vote in favour of the Scheme.

c. Shareholders will be paid a 22 cent Special Dividend (expected to be fully franked) if the Scheme proceeds

If the Scheme is approved, Shareholders who are registered in the Register as a holder of Shares on the Special Dividend Record Date, 11 December 2013, will be paid a 22 cent Special Dividend per Scheme Share, expected to be fully franked, on the Implementation Date, 18 December 2013.

You should read section 6 of this Scheme Booklet which contains details of the taxation treatment of this special dividend.

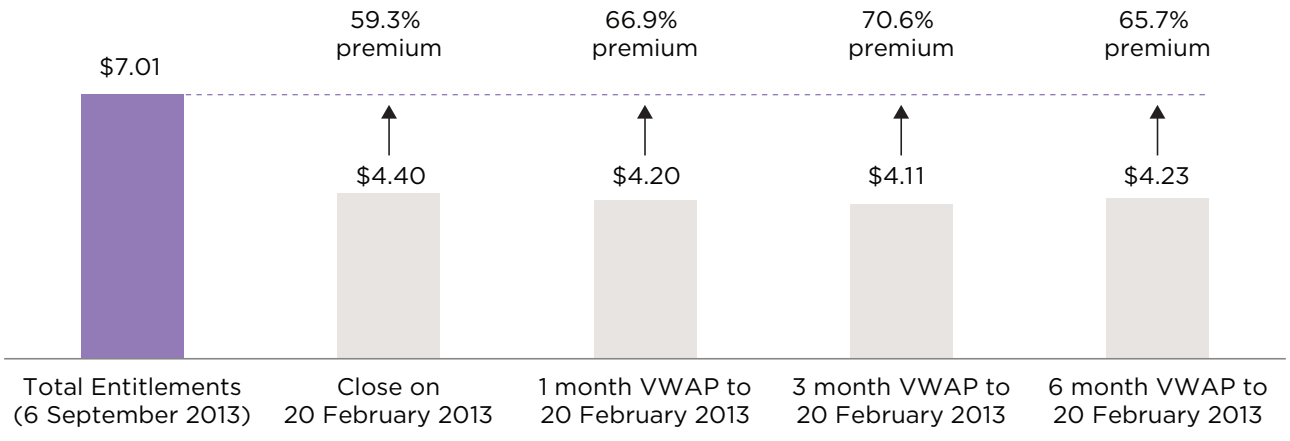
If the Scheme is not approved, the Special Dividend will not be paid.

d. The Scheme Consideration, taken together with the Special Dividend, provides a significant premium for your Shares based on undisturbed prices

The Scheme Consideration, taken together with the Special Dividend (ignoring the value of franking credits associated with the Special Dividend) (**Total Entitlements**) represents a substantial premium over historical trading prices for Shares. Based on the closing price of Perpetual Shares of $37.30 on 6 September 2013, being the last trading day prior to the Announcement Date, the implied value of the Total Entitlements is $7.01 per Share, which represents:

- A 59.3% premium to the closing price of Shares on 20 February 2013, being the last trading day prior to the announcement of the Original Equity Trustees Offer, adjusted for the FY13 Final Dividend and the FY14 Interim Dividend declared by The Trust Company;
- A 66.9% premium to the one month VWAP of Shares up to and including 20 February 2013, adjusted for the FY13 Final Dividend and FY14 Interim Dividend declared by The Trust Company;
- A 70.6% premium to the three month VWAP of Shares up to and including 20 February 2013, adjusted for the FY13 Final Dividend and FY14 Interim Dividend declared by The Trust Company; and
- A 65.7% premium to the six month VWAP of Shares up to and including 20 February 2013, adjusted for the FY13 Interim Dividend, FY13 Final Dividend and FY14 Interim Dividend declared by The Trust Company.

Total Entitlements[5] premium to historical trading prices for Shares in The Trust Company[6]



[5] Ignoring the value of franking credits associated with the Special Dividend.

[6] Historical trading prices for Shares in The Trust Company have been adjusted for the FY13 Interim Dividend, FY13 Final Dividend and the FY14 Interim Dividend declared by The Trust Company.

Based on the closing price of Perpetual Shares on 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet, of $41.39, the Total Entitlements represent a value per Share in The Trust Company of $7.75. If you elect to receive all or part of your Scheme Consideration as Cash Consideration, you will receive at least $6.29 per Share, or a greater amount determined in accordance with the Perpetual VWAP, subject to the scale back provisions.

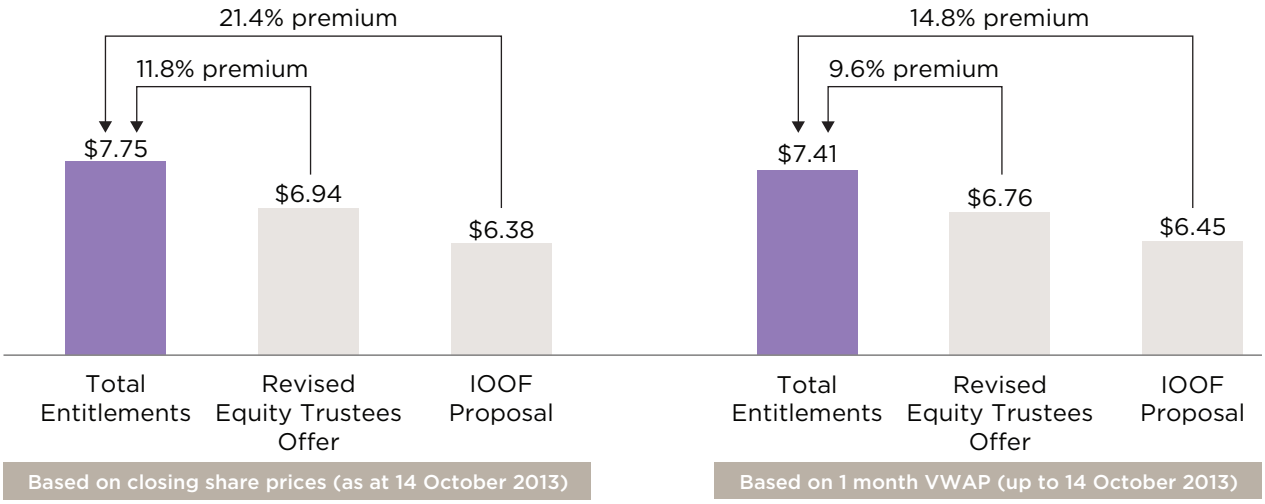
To the extent that your Cash Consideration is scaled back, you will receive at least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that you ultimately receive per Share on the Implementation Date may be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)) – see section 2.2(c).

You may also benefit from up to 9.4 cents per Share of franking credits attached to the Special Dividend. The ability to use franking credits and the exact post-tax value achieved by you will depend on your individual tax circumstances. Further details of the general tax consequences of the transaction are set out in section 6 of this Scheme Booklet. You should seek independent professional advice about the value of any franking credits to you.

The Total Entitlements (ignoring the value of franking credits associated with the Special Dividend) also represent a premium over the Revised Equity Trustees Offer announced on 21 June 2013 and the IOOF Proposal announced on 3 September 2013.

- Based on the closing price of Perpetual Shares of $41.39, the closing price of Equity Trustees Shares of $18.15 and the closing price of IOOF Shares of $8.33 on 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet, the Total Entitlements represent a 11.8% premium to the Revised Equity Trustees Offer and a 21.4% premium to the IOOF Proposal
- Based on the one month VWAP of Perpetual Shares of $39.49, the one month VWAP of Equity Trustees Shares of $17.67 and the one month VWAP of IOOF Shares of $8.42 up to and including 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet, the Total Entitlements represent a 9.6% premium to the Revised Equity Trustees Offer and 14.8% premium to the IOOF Proposal.

Total Entitlements[7] premium to the Revised Equity Trustees Offer and the IOOF Proposal[8]



[7] Ignoring the value of franking credits associated with the Special Dividend.

[8] IOOF VWAP adjusted to exclude final dividend of 22.5 cents per share.

Shareholders should note that the Cash Consideration will be determined by multiplying the offer ratio of 0.182 (as adjusted if a dividend (other than the Excluded Dividend) is paid by Perpetual or the record date for a Perpetual dividend (other than the Excluded Dividend) occurs prior to the Implementation Date) by the Perpetual VWAP. The Perpetual VWAP is not known at this point and will be calculated (subject to certain exclusions) based on the average of the daily volume weighted average price per Perpetual Share traded on the ASX during the ten ASX trading days immediately preceding the date of the Scheme Meeting (but not including that date).

Despite that, the Cash Consideration will be at least $6.29 per Share, regardless of the prevailing market value of Perpetual Shares.

e. A comprehensive process has been undertaken and a number of subsequent proposals have been received. However, no Superior Proposal to the Revised Perpetual Proposal has emerged

i. Background

Since February this year, The Trust Company has attracted significant corporate interest from a number of parties which has culminated in five proposals for the company being announced by three different suitors.

1. Original Equity Trustees Offer

On 21 February 2013, Equity Trustees announced a takeover offer for The Trust Company. At that time, The Trust Company Board announced that it believed that Equity Trustees' offer materially undervalued The Trust Company. On 19 April 2013, The Trust Company Board issued its Target's Statement, recommending that shareholders reject the Original Equity Trustees Offer and outlining the reasons for doing so.

2. Original Perpetual Proposal

Following the announcement of the Original Equity Trustees Offer, The Trust Company received approaches from a number of parties expressing interest in The Trust Company. The Trust Company provided the opportunity to undertake due diligence to those interested parties who tabled a bona fide indicative proposal which had the potential to be in the best interests of Shareholders in The Trust Company. Perpetual and IOOF signed confidentiality agreements and undertook due diligence.

At the end of this process, The Trust Company Board determined that the proposal from Perpetual was the most attractive and was in the best interest of Shareholders, in the absence of a Superior Proposal. On 7 May 2013, The Trust Company announced that it had entered into a Scheme Implementation Agreement with Perpetual to implement a proposal from Perpetual to acquire all of the Shares in The Trust Company.

3. Revised Equity Trustees Offer

On 21 June 2013, Equity Trustees improved its takeover offer for The Trust Company, whereby it increased its offer consideration to 37 Equity Trustees Shares for every 100 Shares plus a special dividend of 22 cents per Share (expected to be fully franked) to be paid by The Trust Company.

As part of this announcement, Equity Trustees revised its estimate of expected cost synergies from $8 million per annum to $11 million per annum, with potential total synergies of $15 million per annum. At this time, The Trust Company engaged Ernst & Young to assist it with the assessment of potential synergies and implementation costs estimated by Equity Trustees and Perpetual.

It should be noted that the Independent Expert, having regard to the various public announcements by Equity Trustees and The Trust Company, adopted a synergy range of $8 million to $10 million per annum (pre-tax) for the purposes of their valuation assessment of the Revised Equity Trustees Offer.

Subsequent to the receipt of the fact-based assessment performed by Ernst & Young, The Trust Company Board concluded that to fully evaluate the Revised Equity Trustees Offer it was necessary to undertake further enquiry of Equity Trustees (refer to the announcement released by The Trust Company on 23 July 2013). The further enquiry process ceased on 9 September 2013, on execution of the deed amending the Scheme Implementation Agreement with Perpetual to reflect the Revised Perpetual Proposal. The Trust Company's key findings from the reciprocal enquiry process are as follows:

- Synergies: Based on the more detailed understanding of Equity Trustees' business gained through the reciprocal enquiry process, The Trust Company believes that additional synergies of up to $2.5 million may be capable of being realised. Accordingly, The Trust Company believes an appropriate range for total synergies that may be capable of being realised by the Combined Group is $7.5 million up to $10.0 million (comprising the $7.5 million of synergies assessed as supportable by Ernst & Young and the further synergies of up to $2.5 million identified by The Trust Company following discussions with Equity Trustees during the reciprocal enquiry process); and
- Capital position: There may be a potential regulatory capital shortfall if The Trust Company and Equity Trustees are combined.

Further information about the process and findings is set out in the Third Supplementary Target's Statement sent to Shareholders on 17 September 2013.

4. IOOF Proposal

On 2 September 2013, The Trust Company received a proposal from IOOF of 0.74 IOOF Shares (or cash equivalent, up to a cap of $100 million and with a floor price of $6.03 per Share) and a 22 cent special dividend (expected to be fully franked) for every Share in The Trust Company. Under the IOOF Proposal, The Trust Company also had the ability to pay an FY14 interim dividend of up to 17 cents per Share.

After considering the IOOF Proposal, The Trust Company Board determined that the IOOF Proposal was likely to be a Superior Proposal to the Original Perpetual Proposal under the Scheme Implementation Agreement with Perpetual. On 4 September 2013, The Trust Company provided Perpetual with notice that it had three business days to match or better the IOOF Proposal pursuant to clause 10.5 of the Scheme Implementation Agreement.

5. Revised Perpetual Proposal

On 9 September 2013, The Trust Company announced that it had received an improved proposal from Perpetual and that it had agreed with Perpetual to revise the Scheme Implementation Agreement to reflect the improved proposal. Following acceptance of the improved proposal from Perpetual, the IOOF Proposal lapsed on 9 September 2013 and no further proposals have been received from IOOF since 9 September 2013.

ii. The Revised Perpetual Proposal is superior to the Revised Equity Trustees Offer and IOOF Proposal

As noted in section 1.1(d) of this Scheme Booklet, the Revised Perpetual Proposal represents a higher value to Shareholders than the Revised Equity Trustees Offer and the IOOF Proposal. In addition, the Revised Perpetual Proposal is superior for a number of other reasons, as summarised in the following table:

	Revised Perpetual Proposal	IOOF Proposal	Revised Equity Trustees Offer
Value per Share, including 22 cent special dividend (as at 14 October 2013)	$7.75	$6.38	$6.94
Minimum value per Share under the Cash Consideration, including 22 cent special dividend	$6.51 (or better)	$6.25 (or better)	✗ No cash alternative available
Total cash available (excluding special dividend and FY14 Interim Dividend)	$110m	$100m	✗ No cash alternative available
Special dividend to Shareholders	22 cents per share	22 cents per share	22 cents per share
Flexibility for Shareholders to mix and match consideration between cash and shares	✓	✗	✗
High level of certainty in offer consideration value – low level of reliance on synergy realisation	✓	✓	✗
Capability in implementing transformation programs and experience in delivering the size and complexity of the proposed integration	Strong evidence[9]	Strong evidence[10]	Limited experience[11]

The Trust Company Directors continue to unanimously recommend the Scheme, in the absence of a Superior Proposal.

As at 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet, no Superior Proposal for The Trust Company has been received.

f. Shareholders have the choice of receiving their Scheme Consideration as Share Consideration, Cash Consideration or various combinations of both

Under the Scheme, Shareholders have the choice of receiving their Scheme Consideration in the followings combinations:

- 100% Share Consideration;
- 20% Cash Consideration and 80% Share Consideration;
- 40% Cash Consideration and 60% Share Consideration;
- 60% Cash Consideration and 40% Share Consideration;
- 80% Cash Consideration and 20% Share Consideration; or
- 100% Cash Consideration.

[9] As assessed by Ernst & Young, per the announcement by The Trust Company on 23 July 2013, Perpetual management has demonstrated capability in implementing transformation programs, with strong evidence of achieving significant costs savings.

[10] As assessed by The Trust Company based on IOOF company filings and acquisition track record.

[11] As assessed by Ernst & Young, per the announcement by The Trust Company on 23 July 2013, Equity Trustees management has some capability in implementing transformation programs, with limited experience in delivering the size and complexity of the proposed integration.

The Cash Consideration is subject to an aggregate cap of $110 million (see section 2.2(c) for further details) and Shareholders who elect to receive the Cash Consideration will have their entitlements to Cash Consideration scaled back proportionately to the extent that this cap would otherwise be exceeded. To the extent that a Shareholder's Cash Consideration is scaled back, the Shareholder will receive at least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that the Shareholder ultimately receives per Share on the Implementation Date may be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)).

This flexibility permits Shareholders to tailor their Scheme Consideration to better match their personal circumstances.

The following table illustrates the implied value of the Scheme Consideration at the date of the Scheme Meeting and the Implementation Date, based on a range of Perpetual share prices.

Implied value of Scheme Consideration per Share in The Trust Company under various Perpetual share price examples

	Value of Scheme Consideration at Implementation Date (Based on Perpetual share price at Implementation)[12]			
100% Cash Consideration[13]	**Any value**	**30.00**	**34.56**	**40.00**
Perpetual VWAP				
30.00	6.29			
34.56	6.29			
40.00	7.28			
40% Share Consideration, 60% Cash Consideration[12, 13]				
Perpetual VWAP				
30.00		5.96	6.29	6.69
34.56		5.96	6.29	6.69
40.00		6.55	6.88	7.28
100% Share Consideration				
Perpetual VWAP				
Any value		5.46	6.29	7.28

In addition to the Scheme Consideration, if the Scheme is implemented, Shareholders who are registered in the Register as a holder of Shares on the Special Dividend Record Date will be paid a Special Dividend of 22 cents per Scheme Share, expected to be fully franked, on the Implementation Date.

Each Scheme Participant who does not make a valid Election will be deemed to have made a valid Election to receive 100% of their Scheme Consideration as Share Consideration.

[12] Refer to section 4.13 for recent share price performance of Perpetual.

[13] Assumes no scale back of Cash Consideration.

g. If you elect to receive Share Consideration, you will have the opportunity to participate in the strategic and financial benefits of the Combined Group, which are expected to be significant

Shareholders have the option to receive New Perpetual Shares as part of their Scheme Consideration.

Accordingly, the Scheme Consideration is structured to enable Shareholders to share in any strategic and financial benefits that would accrue to the Combined Group, which are expected to be significant for the reasons outlined by Perpetual below:

i. Maintain exposure to the business of The Trust Company

Shareholders will have the ability to retain exposure to the business of The Trust Company, including its future growth prospects, albeit on a diluted basis.

ii. Increased financial strength and enhanced market appeal and liquidity

If the Scheme is implemented, The Trust Company will become part of a well-capitalised financial services group that has superior financial capacity and flexibility compared to a standalone The Trust Company. This stronger funding and capital position will more readily support the future growth potential embedded in The Trust Company business.

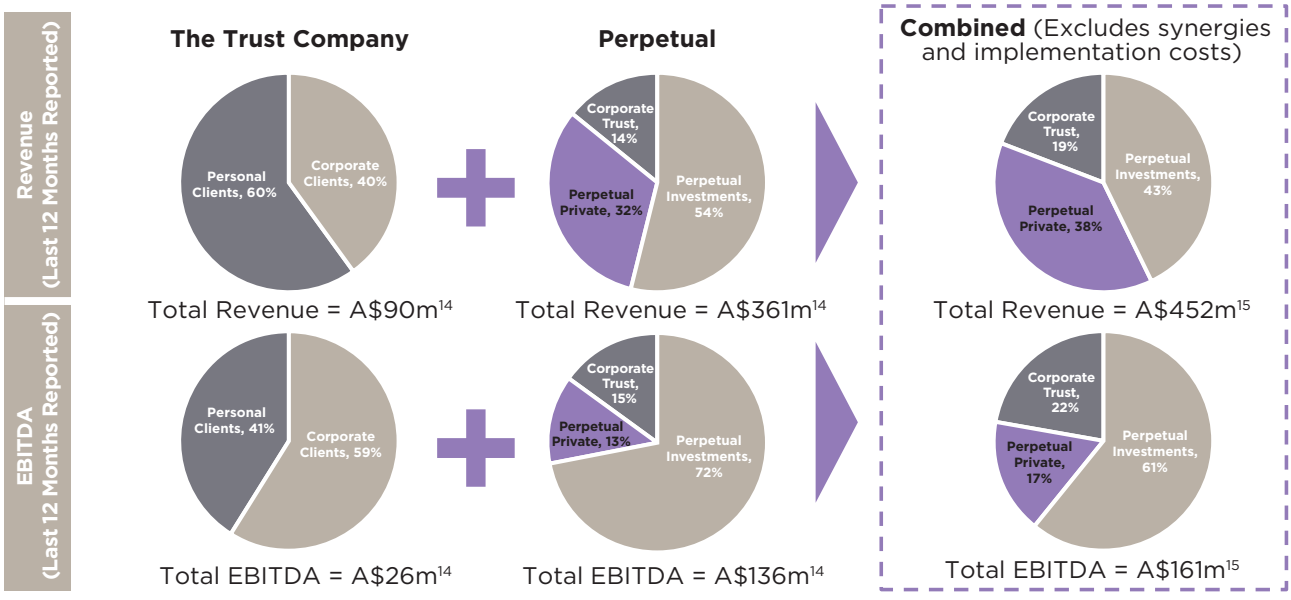
Perpetual Shares offer greater liquidity, are more deeply traded and provide the potential for reduced buy/sell spreads compared to Shares in The Trust Company. As at 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet, Perpetual had a market capitalisation of about $1.7 billion, compared to The Trust Company's market capitalisation of about $260 million.

The liquidity of Perpetual Shares is increased by Perpetual's inclusion in key indices, including the S&P/ASX 100 Index.

Shareholders that receive Perpetual Shares will also benefit from any potential upside in Perpetual's share price as the market recognises the strengths of the Combined Group.

iii. More diversified business mix

If the Scheme is implemented, Scheme Participants who receive Perpetual Shares will gain exposure to new revenue and earnings stream through Perpetual's investment management business.



[14] Perpetual business mix excludes group support services and The Trust Company business mix excludes unallocated revenue and EBITDA.

[15] The Trust Company Corporate Clients division allocated to Perpetual Corporate Trust; The Trust Company Personal Clients Division allocated to Perpetual Private.

Details of the profile of Perpetual are set out in section 4 of this Scheme Booklet.

iv. Potential synergies

Perpetual is of the view that the Combined Group is expected to benefit from the realisation of synergies, of at least $15 million per annum pre-tax. It should be noted that Ernst & Young determined that $14 million of this was supportable, using the fact-based risk assessment process and based on the potential synergies estimates presented by Perpetual to Ernst & Young. Perpetual expects implementation costs to be approximately 200% of fully phased cost synergies achieved, including one-off IT related costs. Ernst & Young viewed the implementation costs of two times synergies announced by Perpetual as appearing to be conservative, but recognised that this was based on recent successful delivery of cost reduction programs by Perpetual.

Significant cost synergies are expected to be realised at both the corporate and business unit levels through the rationalisation of administrative and technology costs including:

- Removal of duplicate support infrastructure;
- Consolidation and migration of IT systems into Perpetual's outsourced technology environment;
- Migrating The Trust Company's personal clients onto Perpetual Private's market-leading outsourced portfolio wrap and fiduciary administration platform;
- Centralising and consolidating shared services functions; and
- Maintaining Perpetual's current head office in Sydney, Australia and co-locating offices, where able and deemed appropriate.

Further information in relation to potential synergies and risks is set out in sections 5 and 7 of this Scheme Booklet.

v. Access to new customers

There is potential for Perpetual to leverage The Trust Company's existing customer relationships to generate faster revenue growth than either business is likely to be able to achieve on a standalone basis.

h. If you elect to receive Cash Consideration, you are guaranteed to receive Scheme Consideration to a value of at least $6.29 per Scheme Share

To provide greater certainty to Shareholders, the Cash Consideration has been structured to provide Shareholders with a minimum value of $6.29 per Scheme Share.

Where a Shareholder elects to receive all or part of their Scheme Consideration as Cash Consideration, for those Scheme Shares they will receive:

- To the extent that there is no scale back in Cash Consideration, $6.29 cash or a greater amount determined in accordance with the Perpetual VWAP for each Scheme Share; and
- To the extent that the Cash Consideration is scaled back (i.e. the aggregate amount of Elections for Cash Consideration exceeds $110 million):
  - $6.29 cash or a greater amount determined in accordance with the Perpetual VWAP for the proportion of their holding which is not scaled back; and
  - At least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that the Shareholder ultimately receives per Share on the Implementation Date may be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)), for the remainder of their holding.

In addition to the Scheme Consideration, if the Scheme is implemented, Shareholders who are registered in the Register as a Shareholder on the Special Dividend Record Date will be paid a 22 cent Special Dividend per Scheme Share, expected to be fully franked, on the Implementation Date.

i. The Scheme Consideration provides an opportunity for all Shareholders to readily realise value for their Shares that is otherwise not available in the current relatively illiquid market for trading in Shares in The Trust Company

Shares in The Trust Company have not traded at high volumes on the ASX in recent years. This relatively low volume of Shares traded may have restricted Shareholders from being able to realise value for their shareholding by exiting all of their Shares at market prices.

Under the Scheme, Shareholders have the choice of receiving either Share Consideration or Cash Consideration or a mixture of both:

- To the extent that a Shareholder elects Cash Consideration for 100% of their Scheme Shares and is not subject to scale back, that Shareholder would realise cash for all of their Scheme Shares; and
- Otherwise, they would receive Perpetual Shares for all or some of their Scheme Shares. These Shareholders are expected to enjoy improved volume turnover of share trading through holding Perpetual Shares and have the flexibility in the future to readily realise value for their shareholding at prevailing market prices, if they desire.

Further information on the volume turnover of share trading of Perpetual Shares is contained at paragraph 150 of the Independent Expert's Report set out at Annexure A of this Scheme Booklet.

j. If the Scheme does not proceed and no Superior Proposal emerges, the price of Shares in The Trust Company may fall below prevailing prices

As at 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet, the price of Shares in The Trust Company has risen by 62.7% following the announcement of the Original Equity Trustees Offer on 21 February 2013.

As there are many factors which affect the price of Shares, The Trust Company Directors are unable to predict the price at which Shares will trade in the future. However, The Trust Company Directors consider that, in the absence of the implementation of the Scheme and in the absence of a Superior Proposal, or speculation regarding an alternative proposal, the price of Shares may fall below the current market price.

k. Scheme Participants who elect to receive Share Consideration may be eligible for CGT rollover relief

If the Scheme is implemented, those Scheme Participants who receive Share Consideration may benefit from Australian capital gains tax rollover relief, provided that they qualify.

The benefit of choosing scrip for scrip rollover relief will depend on the individual circumstances of each Scheme Participant and therefore Scheme Participants should discuss this with their tax advisers.

For further detail regarding general Australian tax consequences of the transaction, refer to section 6 of this Scheme Booklet. Taxation laws in Australia are complex and you are encouraged to read section 6 carefully and seek independent professional advice about your individual circumstances.

l. There is no brokerage or stamp duty associated with the disposal of your Shares under the Scheme

You will not incur brokerage or stamp duty costs in relation to the transfer of your Scheme Shares to Perpetual or the receipt of New Perpetual Shares pursuant to the Scheme.

However, if you sell your Scheme Shares on-market prior to close of trading on ASX on the Effective Date, you may incur such costs.

1.2 KEY REASONS WHY YOU MAY CONSIDER VOTING AGAINST THE SCHEME

a. You may disagree with The Trust Company Directors' recommendation or the conclusion of the Independent Expert

Notwithstanding the unanimous recommendation of The Trust Company Board and the favourable conclusion of the Independent Expert (as referred to in sections 1.1(a) and 1.1(b) respectively), you may believe that the Scheme is not in your best interests.

Shareholders are not obliged to follow the unanimous recommendation of The Trust Company Board or agree with the Independent Expert's conclusion.

b. You may consider that the Revised Equity Trustees Offer is a more attractive proposal compared to the Revised Perpetual Proposal

Equity Trustees are currently offering Shareholders in The Trust Company 37 Equity Trustees Shares for every 100 Shares in The Trust Company, plus a special dividend of 22 cents per Share (expected to be fully franked) to be paid by The Trust Company.

Shareholders may view this as being a more attractive proposal compared to the Revised Perpetual Proposal, due to the reasons outlined in Equity Trustees' Bidder's Statement and public announcements on its offer.

For instance, under the Revised Equity Trustees Offer, Shareholders in The Trust Company would own approximately 62% of the Equity Trustees and The Trust Company combined group. However, under the Revised Perpetual Proposal, Shareholders in The Trust Company will own no more than approximately 13% of the Combined Group.

For the reasons outlined in this Scheme Booklet and the Third Supplementary Target's Statement, The Trust Company Board believes the Revised Perpetual Proposal is superior to the Revised Equity Trustees Offer and therefore is recommending that you vote in favour of the Scheme, in the absence of a Superior Proposal.

c. You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future

Despite The Trust Company Directors having at present no basis to believe that a Superior Proposal is likely to be received, you may nevertheless believe that there is a possibility that a Superior Proposal could emerge in the foreseeable future. Implementation of the Scheme will mean that existing Shareholders will not receive the benefit of any such proposal.

As at 14 October 2013, being the last practicable day prior to the date of this Scheme Booklet, Equity Trustees has not increased the terms of the Revised Equity Trustees Offer and IOOF has not tabled a revised proposal improving the terms of the IOOF Proposal, and there is no certainty that either of them will do so.

If an unsolicited Superior Proposal is received prior to the Scheme Meeting, this will be considered by The Trust Company Board in accordance with its fiduciary duties and subject to the provisions in the Scheme Implementation Agreement and The Trust Company Board will review its recommendation in relation to the Scheme.

The Trust Company Board will keep Shareholders fully informed if any Superior Proposal emerges before the Scheme Meeting and advise you of any decision via an announcement to the ASX.

d. The value of the Scheme Consideration will be dependent on the market value of Perpetual Shares leading up to the implementation of the Scheme. The value of the Scheme Consideration you ultimately receive may be lower than the value calculated before the date of this Scheme Booklet

The implied value of the Scheme Consideration received by Scheme Participants will vary with movements in the price of Perpetual Shares.

The Share Consideration is fixed at 0.182 Perpetual Shares for each Share held on the Record Date. The exchange ratio will not change[16], but the implied value of the Share Consideration will change if the market price of Perpetual Shares increases or decreases before the Implementation Date.

It should be noted that those who elect the Cash Consideration option will also be subject to fluctuations in the market price of Perpetual Shares. The Cash Consideration will be calculated with reference to the exchange ratio of 0.182 Perpetual Shares for each Share and the Perpetual VWAP.

On implementation of the Scheme, the implied value of the Scheme Consideration (under the Share Consideration or Cash Consideration options) may be less than the implied value of $6.79 per Share on 6 September 2013 or the implied value of $7.53 per Share on 14 October 2013, being the last practicable trading day prior to the date of this Scheme Booklet. However, the Cash Consideration is subject to a minimum floor price of $6.29 per Share, regardless of the prevailing market value of Perpetual Shares. This has the effect of mitigating the uncertainty resulting from potential volatility in the market value of Perpetual Shares.

In addition to the Scheme Consideration, if the Scheme is implemented, Shareholders who are registered in the Register as a holder of Shares on the Special Dividend Record Date will be paid a 22 cent Special Dividend per Scheme Share, expected to be fully franked, on the Implementation Date.

It is important to recognise that the market price of shares in a listed company is subject to fluctuations in the share market caused by various factors. See section 7 of this Scheme Booklet for a discussion of risk factors that may cause value fluctuations in Perpetual Shares.

e. You may not want to own Perpetual Shares (which you may receive even if you elect to receive all of your Scheme Consideration as Cash Consideration and you are scaled back[17])

i. The integration of The Trust Company and Perpetual may be more difficult or take more time than currently anticipated and there is a risk that expected synergies may not be realised within the anticipated timeframe or at all to their full extent

The success of the Scheme and in particular the ability of the Combined Group to realise the synergies benefits as detailed in section 5, is dependent on the successful integration of the two businesses. There is no guarantee that the businesses of The Trust Company and Perpetual will be able to be integrated successfully. Integration risks associated with the Scheme include:

- Unexpected costs or delays relating to implementation of plans to achieve cost synergies via the consolidation of certain duplicate functions;
- Customer attrition arising as a result of the merger of the two entities;
- Potential damage to the reputation of the brands of The Trust Company and/or Perpetual due to potential actions from competitors, media and lobby groups in relation to the Scheme; and
- Possible conflict between the cultures of the two organisations arising from the Scheme.

[16] Subject to adjustment if a dividend (other than the Excluded Dividend) is paid by Perpetual or the record date for a Perpetual dividend (other than the Excluded Dividend) occurs prior to the Implementation Date.

[17] As explained in section 2.2(c), the Cash Consideration is a capped amount and you may therefore be subject to scale back and receive some Share Consideration.

Failure to achieve targeted synergies within the anticipated timeframe may have an adverse effect on the operations, financial performance and position of the Combined Group, and the value of Perpetual Shares.

Further information about the potential synergies is detailed in section 5.

ii. Perpetual Shares may not be attractive for some Shareholders, who may prefer to maintain their current investment exposure to a pure trustee company

If the Scheme is implemented, Scheme Participants who receive the Share Consideration will have exposure to the more diverse financial services activities of Perpetual. A larger proportion of Perpetual's earnings than those of The Trust Company are generated from its funds management business, where it provides a broad range of investment products across various asset classes to individuals, superannuation funds, advisers and institutions (see section 4 for more details). Compared with Perpetual, The Trust Company has a relatively small funds management operation. Whilst funds management may provide the prospect to generate higher earnings growth, it represents a different risk profile to a pure trustee company.

iii. There are a number of risks associated with owning Perpetual Shares

If the Scheme is implemented, Scheme Participants who receive Share Consideration will be subject to certain risks associated with Perpetual and the Combined Group.

These risks include earnings exposure to changes in investment markets, competition, risks associated with reliance on information technology, brand and reputation risks, legal risks associated with provision of investment advice, operational risks, exposure to interest rate movements, credit risks relating to issuers of securities, counterparties and intermediaries, risks associated with exact market cash fund products, equity risks relating to seed investments by Perpetual, the need to maintain AFS, RSE and other licences to conduct business, general claims and litigation risk, risks relating to insurance coverage, risks arising out of acquisitions of additional businesses, potential dilution by future equity issues, regulatory and legislative risks and reforms. There is also a risk that actual results may differ from forward looking financial information included in this Scheme Booklet.

These risks have been outlined by Perpetual in section 7.3 of this Scheme Booklet.

f. The tax consequences of transferring your Shares pursuant to the Scheme may not be optimal for your financial position

If the Scheme becomes effective, there may be tax consequences for Scheme Participants which may include tax being payable on any gain on disposal of Shares. A general guide to the taxation implications is set out in section 6 of this Scheme Booklet. This guide is expressed in general terms and individual Scheme Participants should seek their own independent professional advice regarding tax consequences applicable to their own circumstances.

1.3 OTHER RELEVANT CONSIDERATIONS

a. The Scheme may be implemented even if you do not vote, or vote against it

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majority and the Court. If this occurs, your Scheme Shares will be transferred to Perpetual and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme. If you do not make an Election as to the form of Scheme Consideration you wish to receive, you will be deemed to have validly elected to receive 100% of your Scheme Consideration as Share Consideration.

b. Deemed warranties

You should be aware that, if the Scheme becomes Effective, under the terms of the Scheme, Scheme Participants will be deemed to have warranted that their Scheme Shares (including any rights and entitlements attaching to those Shares) are fully paid and free from all encumbrances and that they have full power and capacity to transfer those Shares.

These warranties are set out in full in clause 5.6 of the Scheme which is contained in Annexure D of this Scheme Booklet.

c. Shareholders do not need to wait if they wish to dispose of their Scheme Shares

Shareholders should take into account that they may offer to sell their Shares on ASX at any time prior to the Effective Date if they do not wish to hold them and participate in the Scheme. However, Shareholders should note that they may not receive consideration equivalent to the combined value of the Scheme Consideration and the Special Dividend, and brokerage expenses on sale may be incurred. Certain Shareholders' individual financial or taxation circumstances may make it preferable for them to do so. Shareholders should seek their own independent professional advice regarding any decision with respect to their Scheme Shares.

d. Conditionality of the Scheme

The implementation of the Scheme is subject to a number of conditions, as summarised in section 2.4(a) of this Scheme Booklet and set out in full in Schedule 3 of the Scheme Implementation Agreement (a copy of which is provided in Annexure C of this Scheme Booklet).

e. Implications if the Scheme is not approved

If the Scheme is not approved by the Requisite Majority of Shareholders at the Scheme Meeting, or by the Court at the Second Court Hearing, or the other conditions precedent to the implementation of the Scheme outlined in section 2.4(a) are not satisfied (or waived, where permitted):

- Shareholders will not receive the Scheme Consideration or Special Dividend;
- Shares will not be transferred to Perpetual (they will be retained by Shareholders);
- Shareholders will retain their direct interest in The Trust Company;
- The Trust Company will continue to operate as a standalone entity;
- Shareholders will continue to be exposed to the benefits and risks associated with an investment in The Trust Company (see section 7.4 for further details of the risks); and
- In the absence of a Superior Proposal, or speculation regarding an alternative proposal, the price of Shares may fall below the prevailing market prices.

f. Reimbursement fee

The Trust Company has agreed to pay a reimbursement fee of $2.1 million to Perpetual in certain circumstances. The details of the reimbursement fee arrangements are set out in section 2.4(c) of this Scheme Booklet.

g. No-talk and no-shop obligations and matching rights

Certain arrangements have been entered into between The Trust Company and Perpetual which restrict the ability of The Trust Company to enter into discussions with potential rival bidders and requiring The Trust Company to provide Perpetual with certain rights in respect of matching any alternative offers, if they arise. Summaries of these arrangements are set out in section 2.4(b) of this Scheme Booklet.

Further details in relation to the Scheme are set out in section 2 of this Scheme Booklet.

2 FURTHER DETAILS CONCERNING THE SCHEME

2.1 BACKGROUND

On 7 May 2013, The Trust Company and Perpetual announced that they had entered into the Scheme Implementation Agreement to implement the Original Perpetual Proposal. On 9 September 2013, The Trust Company announced that it had received the Revised Perpetual Proposal and that it had agreed with Perpetual to amend the Scheme Implementation Agreement to reflect the revised proposal.

The Trust Company Board unanimously recommends that you vote in favour of the Scheme at the Scheme Meeting, 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 Shareholders, in the absence of a Superior Proposal.

2.2 ENTITLEMENTS UNDER THE SCHEME

a. Summary

If the Scheme becomes Effective, Perpetual will (or will cause Perpetual Sub to):

i. Issue to each Scheme Participant the Share Consideration to which they are entitled;

ii. Pay to each Scheme Participant the Cash Consideration to which they are entitled; or

iii. Issue and pay a combination of Share Consideration and Cash Consideration,

in accordance with the Elections and the scale back mechanism. For further detail regarding the election mechanism and scale back mechanism refer to sections 2.2(b) and 2.2(c) of this Scheme Booklet.

If the Scheme becomes Effective, you will also become entitled to the Special Dividend if you are a holder of Shares on the Special Dividend Record Date.

b. Election mechanism

i. General

Scheme Participants may elect to receive their Scheme Consideration in the following combinations:

- 100% Share Consideration only;
- 20% Cash Consideration and 80% Share Consideration;
- 40% Cash Consideration and 60% Share Consideration;
- 60% Cash Consideration and 40% Share Consideration;
- 80% Cash Consideration and 20% Share Consideration; or
- 100% Cash Consideration only.

A valid Election made by a Scheme Participant will apply to all of the Scheme Shares in the relevant holding of the Shareholder as at the Record Date and will be valid if the Election Form is received before 7.00pm (Sydney time) on the Election Date by The Trust Company Registry. See the "How to participate in the Scheme" section or the "Entitlements under the Scheme" section of the Frequently Asked Questions for further information on Election.

Elections must be made in accordance with the terms and conditions set out in this Scheme Booklet and the Election Form. If no Election is made, or an Election is invalid, or it is received after the Election Date, a Shareholder will be deemed to have validly elected to receive 100% Share Consideration in respect of those Scheme Shares.

Shareholders may change their Election by lodging a replacement Election Form provided that it is received by The Trust Company Registry by 7.00pm on the Election Date. You can obtain a replacement Election Form by contacting The Trust Company Shareholder Information Line on 1800 505 206 (Within Australia) or +612 8256 3354 (Outside Australia).

Replacement Election Forms received after 7.00pm (Sydney time) on the Election Date will be disregarded and the Scheme Consideration you receive will be determined in accordance with your last valid Election received, or if no earlier valid Election was received, you will be deemed to have validly elected to receive 100% Share Consideration.

ii. Unvested Performance Rights and Restricted Shares

Each holder of Unvested Performance Rights and Restricted Shares should consider making an Election. An Election will apply in respect of any Shares held at the Record Date as the result of:

- The vesting of Unvested Performance Rights between the date of this Scheme Booklet and the Record Date; or
- The release of a trading restriction on any Restricted Shares between the date of this Scheme Booklet and the Record Date.

If you currently hold Restricted Shares, you will be able to make an Election directly in accordance with the process described in section 2.2(b)(i) by completing the Election Form. There is therefore no need to instruct CPU Share Plans in connection with the Election process.

The Trust Company's intentions with respect to the vesting of Unvested Performance Rights and the release of Restricted Shares from their trading restriction are set out in section 2.3.

iii. Trustee or nominee Shareholders

Scheme Participants who hold one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections in accordance with the Election process in relation to each of those parcels of Shares, to reflect the instructions of the beneficial owners of Shares as to how they wish to receive the Scheme Consideration.

In order to make separate Elections, the trustee or nominee must establish sufficient distinct holdings in the Register to cater for their underlying client's instructions for the Election. On each of these separate holdings, the trustee or nominee must make a distinct Election.

Separate holdings must be established prior to the Election Date in order to make separate Elections for Scheme Consideration in relation to each holding. The trustee or nominee should then lodge a separate Election Form for each separate holding by the Election Date. You can obtain additional copies of the Election Form by contacting The Trust Company Shareholder Information Line on 1800 505 206 (Within Australia) or +612 8256 3354 (Outside Australia).

The Scheme Consideration payable in respect of each separate holding will be calculated on the total balance of the holding as at the Record Date, not individual beneficial shareholder entitlements.

Trustees or nominees who would like further information on how to make a separate Election in relation to parcels of Shares in The Trust Company should contact The Trust Company Shareholder Information Line on 1800 505 206 (Within Australia) or +612 8256 3354 (Outside Australia).

c. Scale back of Cash Consideration

There will be an aggregate cap of $110 million on the amount of Cash Consideration to be paid by Perpetual Sub.

Shareholders who elect to receive Cash Consideration will have their entitlements to Cash Consideration scaled back on a pro rata basis so that the total amount of Cash Consideration to be paid is no greater than $110 million.

To the extent that a Shareholder's Cash Consideration is scaled back, the Shareholder will receive at least $6.29 per Share in New Perpetual Shares, based on the Perpetual VWAP (for the avoidance of doubt, the value that the Shareholder ultimately receives per Share on the Implementation Date may

be more or less than $6.29 depending on the trading price of Perpetual Shares on the Implementation Date relative to its trading price over the Perpetual VWAP Period (i.e. the 10 Business Days before the date of the Scheme Meeting)).

The formula to implement this scale back is contained in clause 6.6 of the Scheme (a copy of which is set out in Annexure D).

d. Effects of rounding

If the aggregate entitlement of the Scheme Participant to Scheme Consideration:

i. Comprising New Perpetual Shares includes a fractional entitlement to a New Perpetual Share; or

ii. Comprising cash includes a fractional entitlement to a cent,

then the fractional entitlement will be rounded:

iii. In the case of New Perpetual Shares:

- If the fractional entitlement is less than 0.5, down to zero New Perpetual Shares; and
- Otherwise, up to one New Perpetual Share; and

iv. In the case of cash, up or down to the nearest cent (with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole cent, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole cent).

If Perpetual and The Trust Company reasonably believe that two or more Shareholders have been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, The Trust Company may give notice to those Scheme Participants and will attribute to one of them specifically identified in the notice the Scheme Shares held by all of them and which Election made by or on behalf of them applies to all of them.

Perpetual will be deemed to have complied with its obligations to the other Scheme Participants named in the notice under the terms of the Scheme by complying with the terms of the Scheme relating to it in respect of the Scheme Participant specifically identified in the notice as the deemed holder of all the Scheme Shares.

2.3 UNVESTED PERFORMANCE RIGHTS, RESTRICTED SHARES AND THE SCHEME

a. Unvested Performance Rights

As at 14 October 2013, being the last practicable day prior to the date of this Scheme Booklet, there were 705,796 Unvested Performance Rights issued under the LTI Plan and STI Plan.

Under the Scheme Implementation Agreement, The Trust Company has the obligation to ensure that, by no later than the Effective Date, there are no outstanding Performance Rights.

In order to comply with its obligation, The Trust Company must:

i. Cause some or all of the outstanding Performance Rights to vest and, following such vesting, cause the relevant number of Shares to be issued in sufficient time to allow the relevant former holders of the relevant Performance Rights to participate in the Scheme; and

ii. Take such action as may be necessary to cancel any outstanding Performance Rights which it does not cause to vest.

If the Scheme becomes Effective, the vesting of Unvested Performance Rights which have not been cancelled as at the Effective Date will be accelerated and Shares will be issued on the Effective Date to LTI Plan and STI Plan participants. Any trading restriction which might otherwise have applied to the Shares issued will not apply and holders of these Shares will become Scheme Participants entitled to Share Consideration and/or Cash Consideration (as elected) in accordance with the terms of the Scheme.

As it is not anticipated that the vesting of any Unvested Performance Rights will be accelerated prior to the Scheme Meeting, holders of Unvested Performance Rights will not be able to vote at the Scheme Meeting in respect of any Unvested Performance Rights.

However, Elections may be made in respect of any Shares issued subsequent to vesting by completing the Election Form as described in section 2.2(b)(i).

b. Shares subject to a Restriction Period

If the Scheme becomes Effective, any Restricted Shares which are held on trust by CPU Share Plans as at the Effective Date will be released from any trading restrictions and transferred to the beneficial shareholders on the Effective Date. The holders of these Shares will be able to become Scheme Participants entitled to Share Consideration and/or Cash Consideration (as elected) in accordance with the terms of the Scheme.

Prior to the release of these Restricted Shares from the trading restriction, the beneficial holders of these Restricted Shares will be able to instruct CPU Share Plans as trustee in respect of voting at the Scheme Meeting, provided that the Shares have been issued prior to the Scheme Meeting Record Date and a green Instruction Form has been returned to The Trust Company Registry by 10.00am on 22 November 2013.

Elections may be made in respect of these Shares by completing the Election Form as described in section 2.2(b)(i).

2.4 KEY TERMS OF THE SCHEME IMPLEMENTATION AGREEMENT

The Scheme Implementation Agreement sets out the rights and obligations of The Trust Company and Perpetual in connection with the implementation of the Scheme. A summary of the key terms of the Scheme Implementation Agreement is set out below.

a. Conditions precedent to the Scheme

Implementation of the Scheme is subject to the following conditions precedent:

i. **(Regulatory and governmental approvals)** approvals from the Minister and all relevant regulatory authorities, including the ACCC, ASIC and ASX. All required approvals have been obtained:

ACCC: informal merger clearance from the ACCC was obtained on 19 September 2013. The ACCC gave its clearance on the basis of an undertaking by Perpetual to dispose of The Trust Company's Equity Trustees Shares within a defined period following implementation of the Scheme. Consistent with its undertaking, Perpetual entered into a contingent agreement to sell The Trust Company's entire shareholding in Equity Trustees to IOOF at a price of $16.50 per Equity Trustees Share within 5 days of implementation of the Scheme. Subject to a Superior Proposal not emerging, The Trust Company intends to retain its Equity Trustees Shares pending implementation of the Scheme and sale to IOOF.

Ministerial approval: approval from the Minister for Perpetual to acquire 100% voting power in The Trust Company, The Trust Company (Australia) Limited and The Trust Company (UTCCL) Limited was obtained on 23 September 2013.

New Zealand foreign investment approval: consent from the Overseas Investment Office (New Zealand) was obtained on 24 September 2013.

Monetary Authority of Singapore: approval in relation to a change of control of not less than 20% of the voting power or issued shares in the licensee, The Trust Company (Asia) Limited, a subsidiary of The Trust Company in Singapore, was obtained from the Monetary Authority of Singapore on 24 September 2013.

ii. **(Court orders)** no court order or other legal restraint or prohibition preventing the Scheme.

iii. **(Scheme approval)** Shareholder approval of the Scheme by the Requisite Majority.

iv. **(Court approval)** court approval of the Scheme.

v. **(Third party consents)** all other approvals of a third party which Perpetual and The Trust Company agree are necessary or desirable having been obtained.

vi. **(Independent Expert)** the Independent Expert opining that the Scheme is in the best interests of Shareholders.

vii. **(No The Trust Company Prescribed Event)** no The Trust Company Prescribed Event occurring before 8.00am on the Second Court Date.

viii. **(No The Trust Company Material Adverse Change)** no The Trust Company Material Adverse Change occurring or becoming apparent before 8.00am on the Second Court Date.

ix. **(No Perpetual Prescribed Event)** no Perpetual Prescribed Event occurring before 8.00am on the Second Court Date.

x. **(No Perpetual Material Adverse Change)** no Perpetual Material Adverse Change occurring or becoming apparent before 8.00am on the Second Court Date.

xi. **(Index out)** the S&P/ASX All Ordinaries Index not closing below 4,500 for more than three consecutive trading days between 7 May 2013 and 5.00pm on the Business Day before the Second Court Date.

xii. **(Quotation)** the New Perpetual Shares to be issued pursuant to the Scheme being approved for official quotation on the ASX.

xiii. **(No termination)** the Scheme Implementation Agreement having not been validly terminated in accordance with the Scheme Implementation Agreement.

xiv. **(Deed Poll)** Perpetual signing and delivering the Deed Poll.

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, the conditions described in (i), (vi) and (xiv) above have been satisfied;

Perpetual and The Trust Company have not identified any additional third party approvals which need to be obtained for the purposes of condition (v) above; and

None of the conditions have become incapable of satisfaction.

b. Exclusivity

i. No shop and no talk

The Trust Company must ensure that during the Exclusivity Period neither it nor any of its Related Bodies Corporate or Representatives, directly or indirectly:

- **(No shop)** solicits, invites or initiates any enquiries, negotiations or discussions or communicates any intention to do any of those things, with a view to obtaining any offer, proposal or expression of interest, from any person in relation to a Competing Transaction; and
- **(No talk)** participates in any negotiations or discussions with any other person with respect to, or which could reasonably be expected to lead to, a Competing Transaction, negotiate, accept or enter into any arrangement regarding a Competing Transaction (or offer or agree to do any of those things), disclose or otherwise provide any non-public information about The Trust Company's affairs to a third party (other than a regulatory authority) with a view to obtaining a Competing Transaction, or communicate an intention to do any of those things.

The "no talk" restriction described above does not prevent The Trust Company or its related persons from taking action (or not taking action) in relation to a Competing Transaction if The

Trust Company Board has formed the opinion that compliance with the "no talk" restriction would constitute, or would be likely to constitute a breach of their fiduciary or statutory duties and provided the Competing Transaction was not facilitated by a breach of the "no shop" restriction.

Additionally, the "no shop" and "no talk" restrictions do not prevent The Trust Company from making presentations to, and responding to enquiries from, brokers, investors and analysts in the ordinary course.

ii. Existing discussions

The Trust Company is required to cease any discussions or negotiations relating to any actual, proposed or potential Competing Transaction or any transaction that would reduce the likelihood of success of the Scheme. The Trust Company must also request the immediate return or destruction of any confidential information that has been provided to any third party within a specified period and terminate their access to confidential information.

The Trust Company must also enforce, and not waive, any standstill obligations of any third party, except in relation to a Competing Transaction where Perpetual has failed to provide a matching or superior proposal which meets certain requirements.

iii. Provision of information

The Trust Company is required, during the Exclusivity Period, to provide Perpetual with any material non-public information about its business which is disclosed to a third party in connection with a Competing Transaction that has not previously been provided to Perpetual.

iv. Notification of approaches

During the Exclusivity Period, The Trust Company must promptly notify Perpetual if it or any of its related persons becomes aware of any:

- Negotiations or discussions, approach or attempt to initiate any negotiations or discussions (or of an intention to do so) in respect of any proposal in relation to a Competing Transaction;
- Proposal made to The Trust Company or any of its related persons in connection with, or in respect of, a Competing Transaction; or
- Provision by The Trust Company or any of its related persons of any material confidential information concerning the business or operations of The Trust Company or The Trust Company Group to a third party in connection with a Competing Transaction.

However, The Trust Company is not required to include the identity of the person proposing the Competing Transaction or details of the terms and conditions of the Competing Transaction.

v. Matching right

During the Exclusivity Period, The Trust Company is restricted from entering into a legally binding arrangement in relation to a Competing Transaction and must use its reasonable endeavours to procure that none of its directors change their recommendation in favour of the Scheme unless:

- The Trust Company Board determines that the Competing Transaction would be or would be likely to be an actual, proposed or potential Superior Proposal;
- The Trust Company has provided Perpetual with the material terms and conditions of a Competing Transaction;
- The Trust Company has given Perpetual at least three Business Days to provide a matching or superior proposal to the terms of the Competing Transaction; and
- Perpetual has not announced a proposal which The Trust Company determines is a matching or superior proposal by the end of the three Business Day period.

c. Reimbursement fee

A break fee of $2.1 million is payable by The Trust Company to Perpetual if any of the following events occur:

- Any of The Trust Company Directors changes their recommendation, or otherwise indicates publicly that they no longer support the Scheme, other than where the change or public statement is made following the receipt of the Independent Expert Report which states that the Scheme is not in the best interests of Shareholders (other than where a Competing Transaction other than the Original Equity Trustees Offer (but including any revised or amended version of, or a restatement of, the Original Equity Trustees Offer) has been proposed or announced before the report is issued) and where the conclusion is due wholly or partly due to the existence, announcement or publication of a Competing Transaction (other than the Original Equity Trustees Offer but including any revised or amended version of, or a restatement of, the Original Equity Trustees Offer) and the Scheme Implementation Agreement is terminated;
- A Competing Transaction of any kind is announced during the Exclusivity Period and, within nine months of the announcement, the third party proposing the transaction or any of its associates completes a Competing Transaction or enters into agreement with The Trust Company requiring The Trust Company to abandon or otherwise fail to proceed with the Scheme;
- Perpetual validly terminates the Scheme Implementation Agreement due to a material breach of the Scheme Implementation Agreement or material breach of warranty by The Trust Company and the Transaction does not complete;
- A The Trust Company Prescribed Event or a The Trust Company Material Adverse Change occurs, Perpetual validly terminates the Scheme Implementation Agreement and that change or event is within The Trust Company's control;
- The Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Shareholders where that conclusion is wholly or partly due to the existence, announcement or publication of a Competing Transaction (other than the Original Equity Trustees Offer but including any revised or amended version of, or a restatement of, the Original Equity Trustees Offer) and the Scheme Implementation Agreement is terminated; or
- The Court fails to approve the terms of the Scheme for which the approval of Shareholders has been obtained as a result of a material non-compliance by The Trust Company with its obligations under the Scheme Implementation Agreement.

However, no break fee is payable by The Trust Company if the Scheme becomes Effective despite the occurrence of any of the above events and, if the fee has already been paid it must be refunded by Perpetual.

d. Representations and warranties

The Trust Company and Perpetual have given representations and warranties as to information contained in the Scheme Booklet and compliance with disclosure and other obligations and certain other representations and warranties which are customary for a transaction of this nature.

e. Termination

The Scheme Implementation Agreement may be terminated:

- **(End Date)** by either party, if the Scheme has not become Effective on or before the End Date;
- **(Lack of support or breach)** at any time prior to 8.00am on the Second Court Date:
  - By Perpetual, if a The Trust Company Director changes their recommendation that Shareholders vote in favour of the Scheme, or otherwise makes a public statement indicating that they no longer support the Scheme;

- By either Perpetual or The Trust Company, if the other is in material breach of the Scheme Implementation Agreement (other than a warranty) taken in the context of the Transaction as a whole, provided that the relevant party has, if practicable, given notice to the other setting out the relevant circumstances, and stating an intention to terminate and the circumstances continue to exist five Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after such notice is given;
- By The Trust Company, if Perpetual has breached the representations and warranties given in the Scheme Implementation Agreement, provided that the requisite notice has been given to Perpetual, the breach continues to exist five Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after such notice is given and the loss that could reasonably be expected to follow from the breach would exceed $1,000,000;
- By Perpetual, if The Trust Company has breached the representations and warranties given in the Scheme Implementation Agreement, provided that the requisite notice has been given to The Trust Company, the breach continues to exist five Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after such notice is given and the loss that could reasonably be expected to follow from the breach would exceed $1,000,000;
- By Perpetual, if a The Trust Company Material Adverse Change or a The Trust Company Prescribed Event occurs; or
- By The Trust Company, if a Perpetual Material Adverse Change or a Perpetual Prescribed Event occurs;

- **(Not approved)** by either party, if the resolution submitted to the Scheme Meeting is not approved by the Requisite Majority;
- **(Restraint)** by either party, if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme;
- **(Consultation or appeal failure)** by either party, in the event of a failure of a condition precedent and provided that the parties cannot reach agreement following a consultation process, or the failure of an appeal in the event that the Court does not make orders convening the Scheme Meeting or approving the Scheme;
- **(Independent Expert)** by either party, if the Independent Expert opines that the Scheme is not in the best interests of Shareholders;
- **(Insolvency)** by either party, if the other party or any of their Related Bodies Corporate becomes Insolvent; or
- **(Agreement)** if agreed to in writing by Perpetual and The Trust Company.

2.5 STEPS IN IMPLEMENTING THE SCHEME

a. Scheme Implementation Agreement

On 7 May 2013, The Trust Company and Perpetual entered into the Scheme Implementation Agreement under which The Trust Company agreed to propose the Scheme. On 9 September 2013, The Trust Company and Perpetual agreed to amend the Scheme Implementation Agreement. A summary of the key terms of the Scheme Implementation Agreement is set out in section 2.4 and a copy of the Scheme Implementation Agreement is provided in Annexure C.

b. Deed Poll

On 10 October 2013, Perpetual executed the Deed Poll pursuant to which Perpetual agreed, subject to the Scheme becoming Effective, to provide the Scheme Consideration to each Scheme Participant. A copy of the Deed Poll is included in Annexure E.

c. Court hearings

On 16 October 2013, the Court ordered that The Trust Company convene the Scheme Meeting to be held at Level 15, 20 Bond Street, Sydney NSW 2000 on 28 November 2013 commencing at 10.00am for the purposes of considering the Scheme. The order of the Court convening the Scheme Meeting is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

The Trust Company will apply to the Court for an order approving the Scheme if the Scheme is approved by the Requisite Majority of Scheme Participants at the Scheme Meeting. The Court has a discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majority of Scheme Participants.

The Corporations Act and the *Supreme Court (Corporations) Rules 1999* (NSW) provide a procedure for Shareholders to oppose the approval by the Court of the Scheme. If you wish to oppose the approval of the Scheme at the Second Court Hearing you may do so by filing with the Court and serving on The Trust Company an interlocutory process in the prescribed form together with any affidavit on which you wish to rely at the hearing. With leave of the Court, you may also oppose the approval of the Scheme by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. The Trust Company should be notified in advance of an intention to object. The date for the Second Court Hearing is currently scheduled to be 3 December 2013, though an earlier or later date may be sought. Any change to this date will be announced through ASX and notified on The Trust Company's website (**www.thetrustcompany.com.au**).

d. Actions by The Trust Company and Perpetual

If the Court order approving the Scheme is obtained, the directors of each of The Trust Company and Perpetual will take or procure the taking of the steps required for the Scheme to proceed. In particular:

- The Trust Company will lodge with ASIC copies of the Court order under section 411 of the Corporations Act, approving the Scheme and the Scheme will become Effective. This is expected to occur on 4 December 2013; and
- Perpetual will appoint nominees to The Trust Company Board.

e. Suspension of trading of Shares in The Trust Company

The Scheme provides that no Shareholder shall dispose of or purport or agree to dispose of any Shares or any interest in Shares after Close of Trading. Any dealings in Shares after Close of Trading will not be recognised.

f. New Perpetual Shares to trade on deferred settlement basis

Perpetual will seek confirmation from ASX that, as from the Business Day after the Effective Date (or such later date as ASX requires), expected to be 5 December 2013, the New Perpetual Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX, initially on a deferred settlement basis and, with effect from the Business Day after the Implementation Date (or such later date as ASX requires), on an ordinary settlement basis. Shareholders who sell New Perpetual Shares before they receive their holding statements or confirm their holdings of New Perpetual Shares do so at their own risk. Neither The Trust Company nor Perpetual takes any responsibility for such trading.

g. Election Date

The last date and time for lodging an Election Form as described in section 2.2(b) is 7.00pm on 10 December 2013.

h. Determination of who is entitled to the Special Dividend

For the purpose of calculating entitlements to the Special Dividend, any dealings in Shares will only be recognised if such dealings are effected on or before the Close of Trading, and registrable transmission applications or transfers in respect of those dealings are received on or before, the Special Dividend Record Date, 7.00pm on 11 December 2013, at the place where the Register for those Shares is kept.

i. Determination of who is entitled to the Scheme Consideration

For the purpose of calculating entitlements under the Scheme, any dealings in Shares will only be recognised if such dealings are effected on or before the Close of Trading on, and registrable transmission applications or transfers in respect of those dealings are received on or before, the Record Date, 7.00pm on 13 December 2013, at the place where the Register for those Shares is kept.

For the purpose of determining entitlements to Scheme Consideration, The Trust Company will, until payment of such Scheme Consideration has been made, maintain the Register upon the basis that Shares have not been transferred and otherwise in accordance with the foregoing provisions of this section and the Register in this form will solely determine entitlements to Scheme Consideration.

j. Payment of Special Dividend

If the Scheme becomes Effective, the Special Dividend will be paid by The Trust Company to Shareholders on the Implementation Date, 18 December 2013.

The Special Dividend will be paid by making a deposit into the nominated bank account of Shareholders recorded with The Trust Company Registry as at the Special Dividend Record Date. This will be a separate payment from the payment of Cash Consideration (if applicable). If a Shareholder has not previously notified The Trust Company Registry of their nominated bank account, they should visit the self-service site (**www.investorcentre.com**) and complete their own entry or contact The Trust Company Registry on 1300 850 505 prior to the Special Dividend Record Date. If a Shareholder does not have a nominated bank account with The Trust Company Registry as at the Special Dividend Record Date, they will be sent a cheque for the Special Dividend. If any Shareholder's whereabouts is unknown as at the Special Dividend Record Date, the Special Dividend will be paid into a separate bank account and held until claimed or applied under laws dealing with unclaimed moneys.

k. Payment of Scheme Consideration

If the Scheme becomes Effective:

- No later than two Business Days before the Implementation Date, Perpetual Sub will deposit the aggregate amount of the Cash Consideration payable to all Scheme Participants in Immediately Available Funds in a trust account operated by The Trust Company to be held on trust for the purpose of paying the Scheme Consideration to the Scheme Participants;
- On the Implementation Date, the Cash Consideration will be paid by making a deposit into the nominated bank account of the relevant Scheme Participant recorded with The Trust Company Registry as at the Record Date. If a Scheme Participant has not previously notified The Trust Company Registry of their nominated bank account, they should visit the self-service site (**www.investorcentre.com**) and complete their own entry or contact The Trust Company Registry on 1300 850 505 prior to the Record Date. If a Scheme Participant does not have a nominated bank account with The Trust Company Registry as at the Record Date, they will be sent a cheque for the Cash Consideration. If any Scheme Participant's whereabouts is unknown as at the Record Date, the Cash Consideration will be paid into a separate bank account and held until claimed or applied under laws dealing with unclaimed moneys;

- On the Implementation Date, The Trust Company will deliver to Perpetual Sub a duly completed and executed master share transfer form signed on behalf of each Scheme Participant by The Trust Company to transfer all of the Scheme Shares to Perpetual Sub;
- On the Implementation Date, Perpetual will:
  - Enter the name of each Scheme Participant in the Perpetual share register in respect of the New Perpetual Shares which that Scheme Participant is entitled to receive under the Scheme; and
  - Send or procure the dispatch by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to each Scheme Participant to their address recorded in the Register at 7.00pm on the Record Date, a holding statement for the New Perpetual Shares issued to that Scheme Participant in accordance with the Scheme;
- Scheme Consideration will be paid to Foreign Shareholders in accordance with section 2.5(o); and
- Subject to provision of the Scheme Consideration by Perpetual as described above, the legal transfer of all of the Shares to Perpetual Sub will be completed and The Trust Company will enter the name of Perpetual Sub in the Register in respect of the Scheme Shares.

If the Scheme becomes Effective, Scheme Participants will be deemed to have warranted that their Scheme Shares are fully paid and free from all encumbrances and that they have full power and capacity to transfer those Shares.

l. Scheme Participants with an existing holding of Perpetual Shares in a CHESS holding

If a Scheme Participant is an existing holder of both Shares in The Trust Company and Perpetual Shares under the same CHESS Holder Identification Number (HIN), the standing instructions recorded on that HIN in the share register for their existing Perpetual Shares will, to the maximum extent permitted by law, apply to their New Perpetual Shares (except to the extent that Perpetual determines otherwise).

m. Scheme Participants with an existing holding of Perpetual Shares in an issuer sponsored holding and Scheme Participants who do not own Perpetual Shares

For Scheme Participants who are existing holders of Perpetual Shares in an issuer sponsored holding or who are not already a holder of Perpetual Shares, the compatible standing instructions which currently apply to Scheme Participants' Shares in The Trust Company will, to the maximum extent permitted by law, from the Scheme Record Date be deemed to be new standing instructions to, and accepted by, Perpetual in respect of New Perpetual Shares issued to those shareholders (except to the extent that Perpetual determines otherwise). This will include compatible instructions relating to payment of dividends and written and electronic communications from The Trust Company. You can revoke or amend those instructions by notifying the Perpetual Registry in writing.

n. Instructions relating to tax file numbers

In all cases, your tax file number or tax file number exemption disclosures for The Trust Company are not applicable to your holding for New Perpetual Shares and will not be transferred to the Perpetual Registry.

Accordingly, your instructions relating to tax file numbers and tax file number exemption disclosures will need to be given to the Perpetual Registry after New Perpetual Shares have been issued to you. The Perpetual Registry will contact you for these instructions shortly after your New Perpetual Shares have been issued.

o. Foreign Shareholders

Subject to the provisions of the Scheme, Perpetual's obligation to provide New Perpetual Shares to a Scheme Participant who is a Foreign Shareholder will be satisfied by Perpetual issuing the New Perpetual Shares to which the Scheme Participant would have been entitled (were they not a Foreign Shareholder) to the Nominee, and procuring that the Nominee:

i. As soon as reasonably practicable after the Effective Date, in consultation with Perpetual, sells or procures the sale (including on an aggregated or partially aggregated basis), in the ordinary course of trading on ASX, of all the New Perpetual Shares issued to the Nominee and remits to Perpetual the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (the **Proceeds**); and

ii. Pays, or procures the payment, to each Foreign Shareholder the amount calculated in accordance with the following formula and rounded down to the nearest cent:

A = (B ÷ C) x D

where

A is the amount to be paid to the Foreign Shareholder;

B is the number of New Perpetual Shares attributable to, and that would otherwise have been issued to, that Foreign Shareholder had they not been a Foreign Shareholder and which are instead issued to the Nominee;

C is the total number of New Perpetual Shares attributable to, and which would otherwise have been issued to, all Foreign Shareholders collectively and which are instead issued to the Nominee; and

D is the Proceeds (as defined in section 2.5(o)(i))

Payments to a Foreign Shareholder under the Scheme will be in full satisfaction of the Foreign Shareholder's right to receive New Perpetual Shares under the Scheme.

The Proceeds relevant to each Foreign Shareholder will be paid by making a deposit into the nominated bank account recorded with The Trust Company Registry for that Foreign Shareholder as at the Record Date. Foreign Shareholders who have not previously notified The Trust Company Registry of their nominated bank account should visit the self-service site (**www-au.computershare.com/investor**) and complete their own entry or contact The Trust Company Registry on 1300 850 505 prior to the Record Date. If a Foreign Shareholder does not have a nominated bank account with The Trust Company Registry as at the Record Date, they will be sent a cheque for the proceeds. If any Foreign Shareholder's whereabouts are unknown as at the Record Date, the relevant Proceeds will be paid into a separate bank account and held until claimed or applied under laws dealing with unclaimed moneys.

The Nominee has been selected by Perpetual and is Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897). The Nominee is not giving, and is not obliged to give, any advice to Foreign Shareholders and, by agreeing to act or acting as Foreign Shareholder sales facility nominee, has not given any advice or recommendation to make an Election. By electing to receive all or part of their Scheme Consideration as Share Consideration, Foreign Shareholders acknowledge, consent to, and agree that:

- The Nominee and its affiliates are full service financial institutions engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services;

- The Nominee and its affiliates have provided, and may in the future provide, financial advisory, financing services and other services to Perpetual, its affiliates and to persons and entities with relationships with Perpetual and its affiliates, for which they received or will receive customary fees and expenses;
- The Nominee and/or its affiliates is acting as financial adviser to Perpetual in relation to the Scheme. The Nominee and/or its affiliates may receive fees, expenses and other compensation in connection with this role;
- In the ordinary course of their various business activities, the Nominee and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Perpetual, and/or persons and entities with relationships with Perpetual, its affiliates (including, without limitation, their respective shareholders and other stakeholders). The Nominee and its affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. These activities may impact the price at which shares may be sold under the arrangement set out in section 2.5(o)(i);
- The sale facility described in section 2.5(o)(i) is being arranged by Perpetual and not the Nominee;
- The Nominee is not providing a 'designated service' (as that term is defined in the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cwlth)) for the purposes of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cwlth) in connection with any sale facility described in section 2.5(o)(i); and
- In providing services to Perpetual in connection with the sale facility described in section 2.5(o)(i), the Nominee is acting as an execution only broker; and:

  (A) Perpetual has not appointed or engaged the Nominee as agent or sub agent of the Foreign Shareholders or to assume or perform any duties or obligations (fiduciary or otherwise) in respect of the Foreign Shareholders in connection with the sale facility described in section 2.5(o)(i) or the transaction contemplated by it; and

  (B) Subject to any applicable law, the Nominee is not, and is not to be taken to be providing any services on behalf of, for or to any Foreign Shareholders, to be acting as an agent or sub-agent of, or in respect of, any Foreign Shareholders or assuming or accepting any duty (fiduciary or otherwise) or responsibility to any Foreign Shareholders in connection with the sale facility described in section 2.5(o)(i) or the transactions contemplated by it.

2.6 ACQUIRING ENTITY

Perpetual Acquisition Company Limited (**Perpetual Sub**), which is a wholly owned subsidiary of Perpetual, will be the legal entity acquiring The Trust Company if the Scheme is approved and implemented.

2.7 FUNDING CASH CONSIDERATION

Perpetual intends to fund the Cash Consideration using available cash and drawing on its existing bank facility of $70 million (of which $25 million is undrawn).

2.8 RANKING OF NEW PERPETUAL SHARES AND ENTITLEMENT TO PERPETUAL DIVIDENDS

The New Perpetual Shares issued pursuant to the Scheme will rank for dividends equally with all other Perpetual Shares from the Implementation Date.

Scheme Participants will not receive the Excluded Dividend as it was paid on 4 October 2013.

If any other dividend is paid on Perpetual Shares, or a record date for any other Perpetual dividend occurs, before the Implementation Date, the number of New Perpetual Shares to which the Scheme Participants will be entitled will be increased to reflect the value of that dividend. This is achieved by replacing the offer ratio of 0.182 with the Adjusted Number in the calculation of the number of New Perpetual Shares to which the Scheme Participant is entitled under the Scheme.

The value of any Cash Consideration will also be similarly increased to reflect the diminished value of the Perpetual Shares following any such dividend in accordance with the formula for the calculation of the Cash Consideration.

2.9 WHAT HAPPENS IF THE SCHEME DOES NOT PROCEED?

If the Scheme does not proceed the Scheme Consideration and the Special Dividend will not be paid and The Trust Company will continue to be listed on ASX. Shareholders will retain their Shares and continue to share in any benefits and risks of The Trust Company's ongoing business.

The Trust Company has a strong business model and management team. If the Scheme does not proceed, it is the Directors' current intention to continue operating The Trust Company in line with its previously stated objectives.

3 INFORMATION ABOUT THE TRUST COMPANY

3.1 THE TRUST COMPANY

The Trust Company is a public company listed on the ASX (ASX code: TRU). The Trust Company is one of the region's foremost trustee companies, providing services for individuals, companies and charitable trusts.

The Trust Company has approximately 400 employees working in Australia, New Zealand and Singapore.

3.2 OPERATIONS

The Trust Company operates in two primary areas:

- Personal Client Services; and
- Corporate Client Services.

Personal Client Services

	FY13[18]	1H14[19]
Revenue ($m)	50.4	27.4
Operating EBITDA ($m)	5.2	5.8

The Trust Company provides wide-ranging advice and expertise in Personal Client Services in Australia and New Zealand, through the wholly-owned subsidiary The New Zealand Guardian Trust Company Limited, including Estate Planning and Administration, Lifestyle Assist, Financial Planning, Executor Assist, Personal Trusts, Charitable Trusts, Wealth Management and Health and Personal Injury services.

Corporate Client Services

	FY13[18]	1H14[19]
Revenue ($m)	34.6	19.4
Operating EBITDA ($m)	16.2	7.3

The Trust Company's Corporate Client Services business in Australia and Singapore includes Corporate Trustee, Debt Capital Markets Trustee, Property and Infrastructure Custody, Superannuation Compliance and Trustee. In New Zealand, through the wholly-owned subsidiary The New Zealand Guardian Trust Company Limited, The Trust Company offers trustee services for Debt Securities, Securitisation, Unit Trust, Superannuation and KiwiSaver.

3.3 HOLDING IN EQUITY TRUSTEES

The Trust Company directly holds 1,193,942 Equity Trustees Shares. Subject to there being no Superior Proposal, The Trust Company confirms that it will not divest those Equity Trustees Shares before the Implementation Date.

[18] FY13 revenue excludes $0.5m of other revenue; operating EBITDA pre $4.8m of unallocated support services costs.
[19] 1H14 revenue excludes $0.2m of other revenue; operating EBITDA pre $2.7m of unallocated support services costs.

3.4 DIRECTORS AND SENIOR MANAGEMENT

The Trust Company Directors currently are:

Bruce Corlett AM
BA, LLB
Chairman of The Trust Company Limited, Independent Non-Executive Director
Member of the Audit Risk and Compliance Committee, Philanthropy and Community Committee

Bruce Corlett was appointed to The Trust Company Board in 2000 and appointed as Chairman on 17 July 2003. He has had extensive experience as a public company director over many years. He is also Chairman of Servcorp Limited. Although he trained as a solicitor, Bruce has spent much of his life involved in the Australian finance, property, securities and maritime industries.

He has had a lifetime involvement in the community and Not-For-Profit sector including Chairman – Microsearch Foundation of Australia, Senate Fellow – University of Sydney, Chairman – Advisory Board – Faculty of Economics and Business – University of Sydney. Current roles include Ambassador – Australian Indigenous Education Foundation, Chairman – Lifestart, Chairman – Mark Tonga Relief Foundation.

Listed company directorships held during the past three financial years:

- Servcorp Limited from October 1999 to date

John Macarthur-Stanham
BEc, MBA
Vice Chairman of The Trust Company Limited, Independent Non-Executive Director
Chairman of the People and Remuneration Committee, Member of the Audit, Risk and Compliance Committee

John Macarthur-Stanham was appointed to The Trust Company Board on 29 October 1991. He is a director of Dairy Farmers Milk Co-operative Limited on the Board of The Sydney Catchment Authority and the chairman of the Local Land Services agency. He has had extensive experience as a director on a number of CSR subsidiaries and related companies, and of Gosford Quarry Holdings Limited. John also looks after his family's farming and investment interests.

Roger Davis
BEc (Hons), MPhil (Oxon)
Independent Non-Executive Director
Chairman of the Audit, Risk and Compliance Committee, Independent Non-Executive Director of The New Zealand Guardian Trust Company Limited

Roger Davis was appointed to The Trust Company Board on 23 June 2006. He is an experienced senior executive in the financial services industry, a professional company director and is currently a consulting director at Rothschild Australia Limited.

Roger's career spans more than 30 years in financial services. He has held senior positions in Australia, the USA and Japan, including the positions of Managing Director, Citigroup Inc. New York and Group Managing Director, ANZ Banking Group Limited. He is also a director of Argo Investments Limited, Bank of Queensland Limited, AIG Australia Ltd, Ardent Leisure Limited and Aristocrat Leisure Limited.

Listed company directorships held during the past three financial years:

- Argo Investments Limited from June 2012 to date
- Bank of Queensland Limited from August 2008 to date
- Aristocrat Leisure Limited from June 2005 to date
- Ardent Leisure Limited (a stapled entity within the Ardent Leisure Group) from May 2008 to date

James King
B.Comm, FAICD
Independent Non-Executive Director
Member of the People and Remuneration Committee

James King was appointed to The Trust Company Board on 1 February 2007. He is a professional company director with experience in leading major multinational corporations in Australia and Asia Pacific markets. He was previously with Foster's Group Limited as Managing Director of Carlton & United Breweries, Managing Director of Foster's Asia and Senior Vice President Strategy and Business Development.

Prior to joining Foster's, James spent six years in Hong Kong as President of Kraft Food (Asia Pacific). James is also past Chairman of the Juvenile Diabetes Research Foundation (Victoria) and on the Council of Xavier College.

Listed company directorships held during the past three financial years:

- JB Hi-Fi Limited from May 2004 to date
- Navitas Limited from November 2004 to date
- Pacific Brands Limited from September 2009 to date

Catherine McDowell
BA (Hons) History, Mgt Diploma
Independent Non-Executive Director
Chair and Independent Non-Executive Director of the New Zealand Guardian Trust Company Limited

Catherine McDowell was appointed to The Trust Company Board on 2 April 2013.

Born in the UK, Catherine started her career with Barclays Bank. She undertook a number of senior roles in the UK and US including Head of Investor Relations and Managing Director International Banking. She went on to work for ANZ and until recently was the Managing Director of ANZ Private Wealth.

Catherine has over 30 years' experience in the investment and financial services industry in senior executive and advisory roles, working with Executive Management and Boards.

Warren McLeland
BSc (Hons), FFin, MSI, MBA
Independent Non-Executive Director
Chairman of the Group Investment Committee

Warren McLeland was appointed to The Trust Company Board on 3 May 2005. Before his appointment, he acted as a standing Alternate Director from 28 August 2003 until his appointment as a Director.

Previously, he served as a member of The Trust Company Board from August 1997 to July 2003. Warren was previously a stockbroker and member of the Sydney Stock Exchange and a senior managing director with Chase Manhattan Bank, with more than 30 years' experience in domestic and international financial services business.

He is a director of, and adviser to, a number of public companies, including Utilico Limited, a UK listed investment trust, Bermuda National Limited listed on the Bermuda Stock Exchange, Bermuda Commercial Bank and managing director of Resimac Limited. Warren is also a director of the Pain Management Research Institute Limited.

Listed company directorships held during the past three financial years:

- Bermuda National Limited from August 2012
- Ellect Holdings Limited (formerly Intellect Holdings Limited) from April 2005 to 2012
- Wilson HTM Investment Group Limited from March 2007 to date

Josephine Sukkar
BSc (Hons), Grad Dip. Ed.
Independent Non-Executive Director
Chairman of the Philanthropy and Community Committee, Member of the People and Remuneration Committee

Josephine Sukkar was appointed to The Trust Company Board on 26 March 2010. She is co-owner of Buildcorp, a construction company employing over 200 staff, operating across the eastern seaboard of Australia.

Josephine is actively involved in the Not-For-Profit sector, as Vice-President of YWCA NSW, a Director of Opera Australia, The Centenary Institute and the Sydney University Football Club Foundation. She is also on working committees for the Property Council of Australia, the Australian Rugby Union, the Museum of Contemporary Art and the General Sir John Monash Scholarship Foundation.

The current senior managers of The Trust Company are:

Shailendra Singh
Interim CEO

Shailendra Singh was appointed as the Interim Chief Executive Officer of The Trust Company in April 2013.

Shailendra joined The Trust Company as the Chief Financial Officer in August 2012 and has been responsible for Group Finance, Strategy, Legal, Risk and Compliance, Company Secretary and Investor Relations functions.

Shailendra has 23 years' experience in the financial services industry having worked in funds management, high net worth advice, platform and superannuation, insurance and property asset management businesses. Prior to joining The Trust Company he worked at Perpetual for six years having held the roles of CFO – Private Wealth, Acting Group Executive – Private Wealth and CFO – Corporate Trust.

Prior to Perpetual, Shailendra was Head of Finance at Colonial First State. He also has held number of senior finance executive roles in Commonwealth Bank's wealth management businesses.

Shailendra has a Bachelor of Business (Accounting) from Charles Sturt University and is an Associate Member of Australian Society of Certified Practicing Accountants.

Jodie Blackledge
Interim CFO

Jodie was appointed to Interim Chief Financial Officer of The Trust Company in April 2013.

Jodie has over 20 years' experience in strategy development and corporate finance in financial services, investment banking and chartered accounting environments, in Australia and the UK.

She has worked in the financial services sector for the last 16 years holding senior positions within AMP, including heading up strategy for AMP's retail financial services business, and at Bank of America Merrill Lynch, where she was business manager & head of strategy for the Corporate Bank in Australia.

Prior to this Jodie worked in Investment Banking at Solomon Smith Barney (now CitiGroup) in Australia and Bankers Trust in London and qualified as a Chartered Accountant with Coopers & Lybrand in Australia.

She holds a Bachelor of Business Accountancy degree, a Graduate Diploma in Applied Finance and Investment and is a Graduate of the AICD Company Directors Course. She is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia (FINSIA).

David Grbin
Group Executive General Manager, Corporate Client Services

David Grbin joined The Trust Company as a consultant in February 2008 before being appointed Chief Financial Officer in July 2008.

Following a period as CFO and Executive General Manager of Corporate Client Services (Australia and Singapore), in July 2012 David was appointed to Group Executive General Manager, Corporate Client Services to focus solely on The Trust Company's corporate trustee service offering across Australia, New Zealand and Singapore.

David is a Director of the Responsible Entity and Superannuation Trustee licenced subsidiaries and has more than 15 years' experience as CFO for listed companies.

David holds a Bachelor of Economics with Honours from the University of Adelaide and has been a member of the Institute of Chartered Accountants since 1989.

Ray Gould
Executive General Manager, Personal Client Services

Ray Gould joined The Trust Company in April 2011 as Executive General Manager, Personal Client Services.

Ray has over 25 years' experience in the financial services industry, developing strategic direction and driving growth.

Ray holds a Master of Commerce in Taxation from the University of New South Wales, is a qualified Chartered Accountant and has a Diploma of Financial Services in Financial Planning. He is currently a part time lecturer at the College of Law where he lectures to new partners in small and major practices.

Ian Burns
Executive General Manager and New Zealand Country Head

Ian joined The Trust Company as Executive General Manager and New Zealand Country Head on 24 October 2013 and has been appointed to focus on the growth of the New Zealand business and to enhance services to clients.

Ian has over 25 years' experience in financial services in the UK/Europe, Hong Kong, the US and in New Zealand.

Ian was most recently at ASB Bank as General Manager, Strategy, Compliance & Program Management and General Manager, Private Banking and Wealth based in New Zealand. Prior to ASB Bank, Ian was Managing Director at Barclays Wealth, a top 10 Global Wealth business.

Ian holds a Bachelor of Arts (Honours) from London University and an MBA in Financial Services from Sheffield Business School.

Simon Lewis
Head of Philanthropy and Community

Simon Lewis joined The Trust Company in 2006 as Corporate Strategy Manager and was subsequently appointed to the role of Head of Strategy and Communications in 2008. He has been a member of the Executive Team since 2009.

Appointed Head of Philanthropy and Community in early 2012, Simon is now responsible for developing the Company's philanthropy proposition and overseeing its responsibilities for a sizeable charitable trust portfolio. He also oversees corporate events, marketing and communications including public and investor relations.

Simon holds a Bachelor of Business Science (Actuarial Honours) from the University of Cape Town and a Master of Arts (Politics, Philosophy and Economics) from Oxford University, where he attended as a Rhodes Scholar representing his country of birth Zimbabwe.

Andrea Free
Head of People and Development

Andrea Free joined The Trust Company in 2006 as People and Development Manager, and was subsequently appointed to the role of Head of People and Development in March 2009. In this role, Andrea is responsible for developing, implementing and managing human resources strategies, policies and initiatives across the business to support The Trust Company team in achieving strategic business objectives.

Andrea has a Bachelor of Business from the Elton Mayo School of Management at the University of South Australia, where she majored in Human Resources and Marketing.

3.5 HISTORICAL FINANCIAL INFORMATION

a. Basis of preparation of this financial information

The accounting policies adopted by The Trust Company in preparation of the financial information for the years ended 29 February 2012 and 28 February 2013 and the six months ended 31 August 2012 and 31 August 2013 are consistent with those set out in The Trust Company's annual report for the year ended 28 February 2013.

b. The Trust Company income statements

The historical income statements (audited for the full year periods and reviewed for the six month periods) and divisional financial performance are summarised in Table 1 and Table 2 below.

Table 1: Historical The Trust Company income statements

	Year ended 29 February 2012 ($m)	Year ended 28 February 2013 ($m)	6 months ended 31 August 2012 ($m)	6 months ended 31 August 2013 ($m)
Operating revenue	82.8	85.5	41.8	47.1
Operating expenses	(64.4)	(68.9)	(35.2)	(36.7)
Operating EBITDA	**18.5**	**16.7**	**6.6**	**10.4**
Depreciation & amortisation	(2.6)	(3.1)	(1.5)	(1.6)
Operating EBIT	**15.9**	**13.6**	**5.1**	**8.8**
Net interest	(0.1)	(0.2)	0.1	0.0
Dividend income	1.1	1.0	0.5	0.6
Profit before tax	**16.8**	**14.4**	**5.7**	**9.5**
Tax expense	(4.9)	(4.2)	(1.7)	(2.8)
Net profit after tax (NPAT) (pre significant items)	**11.9**	**10.2**	**4.0**	**6.7**
Significant items (after tax)	0.6	1.6	0.1	(1.5)
Reported NPAT (post significant items)	**12.6**	**11.7**	**4.1**	**5.2**
Normalised earnings (unaudited)				
Reported EBITDA	**18.5**	**16.7**	**6.6**	**10.4**
Rental sublease income	(0.2)	–	–	–
STI/LTI true up	(0.9)	–	–	–
Client claims	–	1.4	1.4	–
Redundancy	0.5	1.2	1.0	–
Normalisation adjustments	**(0.6)**	**2.6**	**2.4**	**–**
Normalised EBITDA	**17.9**	**19.3**	**9.0**	**10.4**
Reported NPAT	**12.6**	**11.7**	**4.1**	**5.2**
Normalised EBITDA adjustments (after tax)	(0.4)	1.8	1.7	–
Significant items (after tax)	(0.6)	(1.6)	(0.1)	1.5
Normalised NPAT	**11.6**	**12.0**	**5.7**	**6.7**

Table 2: Divisional financial performance

	Year ended 29 February 2012 ($m)	Year ended 28 February 2013 ($m)	6 months ended 31 August 2012 ($m)	6 months ended 31 August 2013 ($m)
Personal Client Services				
Revenue	49.7	50.4	24.0	27.4
EBITDA	8.5	5.2	0.5	5.8
Corporate Client Services				
Revenue	32.3	34.6	17.6	19.4
EBITDA	14.2	16.2	8.5	7.3
Support Services				
Revenue	0.8	0.5	0.3	0.2
EBITDA	(4.3)	(4.8)	(2.3)	(2.7)

c. FY12 financial performance

- Full year contribution of Guardian Trust added $6.2m in EBITDA to group result
- Australian contribution was $3.9m lower from FY11 largely due to Personal Client Services, partially offset by growth in Corporate Client Services

(Personal Client Services)

- Revenue lower due to non-recurring capital commission of $2.3m in FY11 and poor equity market performance

(Corporate Client Services)

- Growth driven by transactional deals in Debt Capital Markets

d. FY13 financial performance

- Reported net profit after tax of $11.7m down 7% on prior year
  - Largely impacted by significant operating expenses in the first half from the Organisational Review, separation costs in New Zealand, the systems upgrade and the resolution of a significant client claim
  - Reported NPAT for 1H13 was $4.1m, down 36% on the prior corresponding period, with a consequential decline in dividends
  - The 1H13 operating results and reduction in dividends had an adverse impact on the short-term share price of The Trust Company
- Normalised net profit after tax up 3% from $11.6m to $12.0m
- Revenue growth driven by Responsible Entity Services and Managed Investment Trusts within the Corporate Client Services business and Private Clients within Personal Client Services business
- Significant items in FY13 include settlement of issues from the Guardian Trust acquisition
- Increase in depreciation relates to capital expenditure from the Suncorp separation

(Personal Client Services)

- The performance of the Personal Client Services business showed improvement with both Australia and New Zealand experiencing stronger second half revenue growth
- Stronger 2H13 performance due to FUM growth of 10% in 2H13 assisted by stronger markets in both Australia and New Zealand, and revenue growth in 2H13 of 10%
- Tighter management of expenses in 2H13 also contributed to EBITDA

(Corporate Client Services)

- The Corporate Client Services business continued to perform strongly as a result of growth in new business across Responsible Entity Services and Managed Investment Trusts
- Strong year for new business with 96 mandates closed, an increase of 40% from FY12
- Transactional revenue was lower in 2H13

(Technology)

- In October 2011 The Trust Company announced a systems upgrade based on an integrated technology solution strategy across all aspects of the business with an estimated spend in the order of $10m
- Spend related to this project in FY13 was $1.9m, of which $0.2m was capitalised
- After extensive analysis, The Trust Company Board determined that the quantum of this investment was not appropriate for a company of the size of The Trust Company
- The profitability and broader strategic review completed in 2H13 has better informed The Trust Company's approach to technology needs and investments
- A revised approach to technology expenditure has now been adopted that:
  - Focuses on enhancing growth and the client experience; and
  - Manages the system upgrade spend as a proportional cost of the operating cost base.
- Reduces total spend through the selective use of outsourcing, partnering and enhancing with key service providers

e. 1H14 financial performance

- Reported EBITDA of $10.4m up 57% on previous corresponding period
- Reported net profit after tax of $5.2m up 28% on previous corresponding period
  - Earnings momentum driven by strong revenue across all businesses and regions
  - Costs flat before impact of regulatory change
- Net profit after tax (pre significant items), representing operating net profit after tax, of $6.7m up 68% on previous corresponding period

(Personal Client Services)

- Strong revenue growth of 14% on previous corresponding period driven by good net flows in Private Clients, Investment Management and Philanthropy, higher capital commissions in Estates and Trusts and stronger equity markets
- Continued cost containment despite regulatory change and exchange rates

(Corporate Client Services)

- Strong revenue growth of 10% on previous corresponding period driven by strong repeat business in Responsible Entity and Custody, steady transactional revenues and underlying growth in client FUM and KiwiSaver (NZ)
- Australian expenses impacted by regulatory change ($1.6m) and legal fees defending class actions ($0.6m)

f. FY14 outlook

- Emerging signs of improvement in consumer sentiment post Australian Federal Election
- Good levels of capital flow across the regions
- Outlook is favourable, with continued positive momentum in 1H14
- Continued focus on clients and staff to maintain earnings momentum

3.6 THE TRUST COMPANY SUMMARY BALANCE SHEET

The consolidated balance sheets of The Trust Company Group as at 29 February 2012, 28 February 2013 and 31 August 2013 are presented in Table 3.

Table 3: Consolidated balance sheets as at 29 February 2012, 28 February 2013 and 31 August 2013

	29 February 2012 ($m)	28 February 2013 ($m)	31 August 2013 ($m)
Current assets			
Cash and cash equivalents	17.7	19.5	23.3
Trade and other receivables	18.0	23.4	22.5
Current tax assets	–	0.3	–
Total current assets	**35.7**	**43.2**	**45.8**
Non-current assets			
Trade and other receivables	0.6	0.5	0.7
Other non-current financial assets	16.1	20.3	18.1
Other non-current assets	–	0.6	0.9
Indemnities receivable	5.6	4.5	4.6
Property, plant and equipment	14.6	10.3	9.2
Goodwill	60.6	59.8	61.4
Intangible assets	9.2	9.4	10.0
Deferred tax assets	3.6	2.6	2.3
Total non-current assets	**110.3**	**108.0**	**107.2**
Total assets	**145.9**	**151.2**	**152.9**
Current liabilities			
Trade and other payables	6.1	5.0	5.4
Provisions	4.9	3.4	3.5
Current tax liabilities	0.6	–	0.7
Total current liabilities	**11.6**	**8.4**	**9.6**
Non-current liabilities			
Borrowings	8.4	9.9	10.0
Provisions	2.4	2.3	2.4
Indemnities payable	5.6	4.5	4.6
Total non-current liabilities	**16.4**	**16.8**	**17.0**
Total liabilities	**28.0**	**25.2**	**26.6**
Net assets	**117.9**	**126.0**	**126.4**
Equity			
Issued capital	107.7	108.8	109.3
Investment revaluation reserve	(3.7)	(0.3)	(2.4)
Share-based payments reserve	2.1	1.9	1.6
Asset revaluation reserve	0.7	–	-
Foreign currency translation reserve	1.1	2.6	5.6
Retained earnings	10.1	13.0	12.3
Total equity	**117.9**	**126.0**	**126.4**

3.7 CAPITAL STRUCTURE

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, there were 33,657,334 Shares and 705,796 Performance Rights on issue.

3.8 AVAILABILITY OF DOCUMENTS RELATING TO THE TRUST COMPANY

As an ASX listed company and a "disclosing entity" under the Corporations Act, The Trust Company is subject to regular reporting and disclosure obligations. Broadly these require it to announce price sensitive information to ASX as soon as it becomes aware of the information subject to exceptions for certain confidential information. The Trust Company's most recent announcements are available from its website **www.thetrustcompany.com.au**. Further announcements concerning The Trust Company will continue to be made available on the website after the date of this Scheme Booklet.

ASX maintains files containing publicly available information about entities listed on its exchange. The Trust Company's files are available for inspection at ASX during normal business hours and are available on the ASX website (**www.asx.com.au**).

Additionally, copies of documents lodged with ASIC in relation to The Trust Company may be obtained from or inspected at ASIC. Please note ASIC may charge a fee in respect of such services.

The following documents are available for inspection free of charge prior to the Scheme Meeting during normal business hours at the registered office of The Trust Company:

- Constitution of The Trust Company;
- The Trust Company's annual report for the financial year ended 28 February 2013;
- The Trust Company's financial report for the half year ended 31 August 2013; and
- The Trust Company's public announcements.

The annual and interim reports and public announcements are also available at **www.thetrustcompany.com.au**.

4 INFORMATION ABOUT PERPETUAL

4.1 BACKGROUND

Perpetual is a publicly listed company with its headquarters in Sydney. Perpetual Shares are listed on the ASX and based on the closing share price of $41.39 on 14 October 2013, Perpetual had a market capitalisation of $1,738 million. Perpetual is included in the S&P/ASX 100 Index and is among the largest 100 companies on the ASX by market capitalisation.

4.2 BUSINESS OVERVIEW

Perpetual is an ASX listed investment, financial advice and trustee group offering a range of managed investment, wealth management, superannuation and trustee services for individuals and institutional investors. The company was founded in 1886 and has a longstanding reputation as one of the most trusted providers of financial services in Australia. Perpetual comprises of three businesses:

a. Perpetual Investments

Perpetual Investments is one of Australia's most highly regarded investment managers, offering a broad range of products for investment, superannuation and retirement to individuals, advisers and institutions. Perpetual has investment capabilities across a range of asset classes including equities, fixed income and cash, as well as diversified strategies.

Perpetual's investment approach is based on intensive analysis of an investment's quality, value and risk which seeks to identify the best quality investments at prices that represent good value, based on their potential risks and returns.

Perpetual is a signatory to the United Nations Principles of Responsible Investment and considers the environmental, social and governance factors that can affect the quality and value of an investment.

Perpetual invests strongly in the quality of its investment professionals and has one of the most experienced and award-winning investment teams in the Australian market. Funds under management by Perpetual Investments as at 30 September 2013 were $27.8 billion compared to $25.3 billion as at 30 June 2013. Perpetual Investments was named the 2013 Funds Manager of the Year by Financial Review Smart Investor Blue Ribbons Awards and Australian Fund Manager of the Year by Morningstar in its Morningstar Awards 2013.

b. Perpetual Private

Perpetual Private offers a complete range of tailored financial advice and solutions to help financially successful individuals, families, businesses and not-for-profit organisations build, protect and manage their complex wealth needs.

Perpetual Private's advice and services including investment and strategic advice, superannuation and retirement planning, asset protection and insurance, debt and tax management, estate planning and philanthropy aim to ensure its clients' needs are met at all stages of their life and beyond. Fordham, a specialist business of Perpetual Private, acts exclusively for private businesses, their owners and their families to provide solutions and plan their futures.

As at 30 June 2013 Perpetual Private had $9.0 billion of funds under advice including over $1.2 billion of philanthropic funds. Perpetual Private is one of the largest managers of philanthropic funds in Australia and acted as trustee for over 550 charitable trusts and endowment funds, supporting medical, social, environmental, religious, cultural and educational causes. Perpetual Private was awarded the 2013 Institutional Dealer Group of the Year by Money Management.

c. Corporate Trust

Perpetual Corporate Trust is a leading provider of corporate trustee services to the financial services industry. This includes acting as trustee for a broad range of investment funds, as well as for mortgage and asset-backed securitisation structures. Perpetual's extensive knowledge of financial markets, together with its trustee experience, means it is entrusted by some of Australia's major institutions to administer their fund and bond portfolios, ultimately protecting the interests of investors.

Perpetual Corporate Trust's funds under administration as at 30 June 2013 were $259.4 billion.

Perpetual Corporate Trust has four key service offerings:

- **Trust Services:** Perpetual has been involved in the Australian securitisation industry since its inception in the 1980s, and today it is the leading provider of trustee and transaction support services. Perpetual's services include trustee services for covered bonds, mortgage backed and other securitisation programs for major banks and non-bank organisations
- **Fund Services:** Perpetual has provided fiduciary and administrative services to the managed funds industry for more than 20 years across a variety of asset classes including equities, debt, alternative assets, private equity, infrastructure, property and mortgages
- **Trust Management:** Perpetual has been providing trust management services to the Australian securitisation market since 2002, and currently administers more than 50 trusts across a multitude of asset classes on behalf of its clients
- **Data Services:** Perpetual has been a leading provider of information about asset-backed and mortgage-backed securities since the launch of its reporting service in 1997. Perpetual also provides bespoke data services for its clients including major banks, rating agencies, data aggregators and wholesale investors

4.3 CURRENT INITIATIVES

Since June 2012, Perpetual has embarked upon a transformation strategy aimed at significantly simplifying its corporate structure, refocusing its operational activities and capturing new opportunities for growth (**Transformation 2015**). Perpetual is in the process of reshaping itself as a large independent wealth manager that will best leverage its leading position in Australia's financial services marketplace.

The initial priority of the Transformation 2015 strategy has been to achieve a simpler, leaner and more efficient corporate structure and refocus Perpetual on activities where the company has a sustainable competitive advantage. These changes are designed to enable Perpetual to identify and better exploit growth opportunities, namely leveraging its core businesses to expand its product suite and client offering. They will also position Perpetual well to capture and leverage future opportunities.

As at 30 June 2013, the program had been 75% completed. The transition of IT arrangements and the introduction of the new client platform into Perpetual Private have been the most significant parts of the program. The planned headcount reductions have occurred, with full time equivalents (FTEs) as at the end of July 2013 reduced to 808 down from 1,343 as at 30 June 2012. The next stages of Transformation 2015 will include the last stage of the IT outsourcing as well as a focus on reducing Perpetual Group's property footprint, corporate entities and funding structure.

The acquisition of The Trust Company contributes to Perpetual's Transformation 2015 strategy of concentrating on areas of competitive advantage and leveraging core businesses for new growth. The enhanced IT and Perpetual Private platform capabilities, and efficiencies created through Transformation 2015, will be used in the integration process. In addition, project management and integration capabilities learnt during Perpetual's Transformation 2015 initiative will be applied.

4.4 PERPETUAL DIRECTORS AND SENIOR MANAGEMENT

The Perpetual Directors currently are:

Peter B. Scott
BE (Hons), M Eng Sc
Chairman of Perpetual Limited, Independent Director
Chairman of the Nominations Committee

Peter Scott was appointed as a Director of Perpetual in July 2005 and Chairman on 26 October 2010. Peter 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 chairman of Sinclair Knight Merz Pty Limited and a director of Stockland Corporation Limited. Peter is an advisory board member of Igniting Change.

Peter has more than 20 years of senior business experience in publicly listed companies and extensive knowledge of the wealth management industry.

Listed company directorships held during the past three financial years:

- Stockland Corporation Limited from August 2005 to the present

Geoff Lloyd
LLM (Distinction) (UTS), Adv Mgt Program (Harvard)
Managing Director and Chief Executive Officer

Geoff Lloyd was appointed as the Managing Director and Chief Executive Officer of Perpetual in February 2012. Prior to this Geoff joined Perpetual in August 2010 as Group Executive of Perpetual Private and has led the development and implementation of the growth strategy for this business unit. He took on the additional responsibility of Head of Retail Distribution in September 2011. Geoff was previously General Manager, Advice and Private Banking at BT Financial Group (BTFG) following the merger with St George's Wealth Management business. Prior to the merger, he led St George's entire wealth management portfolio and was a member of the St George Bank Group Executive reporting to the CEO. He has held many senior positions at BTFG, including Chief Legal Counsel and Head of the Customer and Business Services Division.

Geoff has over 20 years' experience in the financial services industry and has an extensive understanding of the industry and demonstrated leadership skills.

Paul V. Brasher
BEc (Hons), FCA
Independent Director
Chairman of the Audit Risk & Compliance Committee, Member of the People & Remuneration Committee and Nominations Committee

Paul Brasher was appointed as a Director of Perpetual in November 2009. Paul was formerly Chairman of the Global Board of PricewaterhouseCoopers International. He previously chaired the Board of PricewaterhouseCoopers' Australian firm and held a number of other senior management and client services roles during his career with that firm. Paul was Client Service Partner and/or Lead Engagement Partner for some of that firm's most significant clients. He also spent significant periods working with PricewaterhouseCoopers in the US and UK. Paul is currently Chairman of Incitec Pivot Limited and a board member of Essendon Football Club.

Paul brings to the Perpetual Board his local and global experience as a senior executive and director, particularly in the areas of strategy, finance, audit and risk management and public company governance.

Listed company directorships held during the past three financial years:

- Incitec Pivot Limited from September 2010 to the present

Philip Bullock
BA, MBA, GAICD, Dip Ed
Independent Director
Member of the People & Remuneration Committee and Investment Committee

Philip Bullock was appointed as a Director of Perpetual in June 2010. Philip was formerly Vice President, Systems and Technology Group, IBM Asia Pacific, Shanghai, China. Prior to that he was CEO and Managing Director of IBM Australia and New Zealand. His career with IBM spanned almost 30 years in the Asia Pacific region. Philip is a director of CSG Limited. Philip provides advice to the Federal Government, through his role as chair of Australian Workforce and Productivity Agency and National VET Equity Advisory Council and as a member of the Education Investment Fund and the Australia India Education Council.

Philip brings to the Perpetual Board extensive management experience in Australia and Asia in technology, sales and client management, product and brand management, distribution, marketing and talent development.

Listed company directorships held during the past three financial years:

- Healthscope Limited from September 2007 to October 2010
- CSG Limited from August 2009 to the present

Sylvia Falzon
MIR (Hons), B.Bus, GAICD, SF Fin
Independent Director
Member of the Audit Risk & Compliance Committee and Investment Committee

Sylvia Falzon was appointed as a Director of Perpetual in November 2012. Sylvia has worked in the financial services industry for over 27 years and during that time has held senior executive positions responsible for institutional and retail funds management businesses, both domestically and internationally. Her roles have included Head of Business Development at Aviva Investors Australia, an equity partner at Alpha Investment Management and Chief Manager International Sales & Service at National Mutual Funds Management/AXA. Sylvia was appointed as a director of SAI Global Limited (effective 28 October 2013) and is currently a non-executive director of Cabrini Health Ltd and the Museums Board of Victoria, and serves as Chairman of the Cabrini Foundation.

Sylvia brings to the Perpetual Board her extensive knowledge and insight in the development of asset management businesses and products, with a particular focus on marketing, sales and service, as well as high level engagement with institutional clients, asset consultants and research houses.

Listed company directorships held during the past three financial years:

- SAI Global Limited effective 28 October 2013

Elizabeth M Proust AO
BA (Hons), LLB, FAICD
Independent Director
Chairman of the People & Remuneration Committee, Member of the Audit Risk & Compliance Committee and Nominations Committee

Elizabeth Proust was appointed as a Director of Perpetual in January 2006. Elizabeth was formerly Managing Director of Esanda, part of the ANZ Group. Prior to joining ANZ she was Secretary (CEO) of the Victorian Department of Premier and Cabinet and Chief Executive Officer of the City of Melbourne. She is currently Chairman of Nestlé Australia Ltd and Bank of Melbourne Board, a director of Insurance Manufacturers of Australia Pty Ltd and Sinclair Knight Merz Pty Ltd and a Trustee of the Prince's Charities Australia.

In addition to her skills from her leadership roles in significant change management programs, Elizabeth brings to the Perpetual Board her strengths in human resources, public affairs and strategy development, and her strong knowledge of board processes and governance through her many senior executive and board roles.

Listed company directorships held during the past three financial years:

- Spotless Group Limited from June 2008 to 16 August 2012

Craig Ueland
BA (Hons and Distinction), MBA (Hons), CFA
Independent Director
Chairman of the Investment Committee. Member of the Audit Risk & Compliance Committee

Craig Ueland was appointed as a Director of Perpetual in September 2012. Craig was formerly President and Chief Executive Officer of Russell Investments, a global leader in multi-manager investing. He previously served as Russell Investments' Chief Operating Officer, Chief Financial Officer, and Managing Director of International Operations, which he led from both London and the firm's headquarters in the US. Earlier in his career he opened and headed Russell Investments' first office in Australia.

Craig brings to the Perpetual Board detailed knowledge of global financial markets and the investment management industry, gleaned from more than 20 years as a senior executive of a major investment firm, along with a strong commitment to leadership development and corporate strategy development and execution.

The current senior managers of Perpetual are:

Geoff Lloyd
Managing Director and CEO

See section 4.4 for a profile of Geoff Lloyd.

Gillian Larkins
CFO, Alternative Director

Gillian Larkins joined Perpetual as Group Executive Transformation Office in October 2012, and assumed the role of Chief Financial Officer in January 2013.

Gillian has approximately 20 years of experience in finance, strategy and management roles across a number of industries. Most recently, she was Chief Financial Officer, Managing Director of Westpac Institutional Bank, responsible for Finance and Strategy, and prior to that, Chief Financial Officer, Australia and New Zealand, of Citigroup. Gillian has also served on the board of Hastings Fund Management as a non-executive director from 2009 to 2011.

As a member of the Executive Leadership Team reporting to the CEO, Gillian heads Perpetual's Finance, IT and Risk functions, which include Audit, Legal and Company Secretariat.

Gillian holds a Master of Business Administration from the Macquarie Graduate School of Management, as well as a Graduate Diploma in Accounting & Finance and a Bachelor's Degree of Commerce, majoring in Economics, both from the University of Otago, New Zealand. She is a member of the NZ Chartered Accountant's Society and a Graduate of the Australian Institute of Company Directors.

Michael Gordon
Group Executive, Perpetual Investments

Michael Gordon joined Perpetual as Group Executive, Perpetual Investments in January 2013.

Michael has significant domestic and international experience as a leader of asset management businesses and is a 30-year veteran of the financial services industry. He has held roles with a number of well-regarded global investment managers in Australia, Asia and the UK, where most recently he was BNP Paribas Investment Partners' Chief Investment Officer for Equities. Prior to that, he held senior positions with Fidelity Investments International and Schroders Investment Management.

Michael holds a Bachelor of Business, Accounting & Finance from the University of Technology, Sydney.

Mark Smith
Group Executive, Perpetual Private

Mark Smith joined Perpetual as Group Executive, Perpetual Private in November 2012.

Mark has over 20 years of financial services experience, gained predominantly at BT Financial Group, Westpac's wealth management arm. Most recently, he held the role of General Manager Bank Distribution and Insurance, with responsibility for approximately 1.5 million customers and over $2 billion in gross written premiums. Prior to this, he also held the role of CEO of BT Funds Management NZ and headed BT's Market Platform business.

Mark holds a Bachelor of Economics degree from Macquarie University.

Chris Green
Group Executive, Corporate Trust

Chris Green was appointed Group Executive, Corporate Trust at Perpetual in October 2008. Prior to joining Perpetual as head of Perpetual Corporate Trust, Chris was at JP Morgan Chase Bank for ten years, most recently as Australasia Business Head – Institutional Trust Services based in Sydney and previously as Vice President – Head of Account Management and Vice President – Head of Analytics based in London, covering the European, Middle Eastern and African markets.

His career began as a solicitor for Corrs Chambers Westgarth. He holds a Masters of Business Administration (London Business School) and a Bachelor of Laws and a Bachelor of Commerce (University of Queensland).

Rebecca Nash
Group Executive, People and Culture

Rebecca Nash joined Perpetual as Group Executive, People and Culture in August 2012.

Rebecca has extensive experience as a senior executive in the financial services and consulting industries. Before joining Perpetual, she held a number of executive positions at National Australia Bank in both functional and operational roles, including human resources, strategy, integration, and direct sales and service. Prior to her career at NAB, Rebecca was a senior executive in Accenture's financial services practice.

At Perpetual, Rebecca is responsible for the company's human resources, performance management, recruitment, and staff development functions.

Rebecca holds a Bachelor of Business degree from the University of Technology, Sydney, and a Change Management Qualification from the Australian Graduate School of Management at the University of New South Wales, Sydney.

4.5 CORPORATE GOVERNANCE

At Perpetual, good corporate governance includes a genuine commitment to the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**).

The main corporate governance policies and procedures adopted by Perpetual are outlined below. More detail about Perpetual's corporate governance practices is available on Perpetual's website **www.perpetual.com.au** and in Perpetual's 2013 Annual Report.

a. Perpetual Board

The Perpetual Board has its own Board Charter which sets out the functions and responsibilities reserved to the Perpetual Board and delegations made to management. A summary of the Perpetual Board Charter is available on Perpetual's website at **www.perpetual.com.au**.

Key features of the Perpetual Board structure and the role of management include the following:

- The Chairman is responsible for leadership of the Perpetual Board, ensuring the Perpetual Board performs its role and functions, and ensuring that each director fully participates in the Perpetual Board's activities;
- The Perpetual Board delegates day-to-day responsibility for the management and operation of the company to the Perpetual Managing Director but remains responsible for overseeing management's performance; and
- The Perpetual Board considers all Perpetual Non-Executive Directors to be independent directors (including the Chairman). In assessing the independence of each director, the Perpetual Board considers whether the director has any relationships that would materially affect his or her ability to exercise unfettered and independent judgement in the interests of Perpetual's shareholders.

b. Indemnity of directors and officers

Perpetual has entered into deeds to indemnify directors and officers of the Perpetual Group from all liabilities incurred as directors or officers (other than those which arise out of conduct that was not in good faith). Perpetual has directors' and officers' insurance against claims Perpetual may be liable to pay under these indemnities.

c. Perpetual Board committees

Key components of the Perpetual Board's governance structure are the following Perpetual Board committees:

- Audit, Risk & Compliance Committee;
- Investment Committee;
- People & Remuneration Committee; and
- Nominations Committee.

Each committee has a written charter known as its Terms of Reference which is accessible on Perpetual's website under the 'Corporate Responsibility' heading. Further information on the key responsibilities and membership of each committee is available in the Corporate Responsibility Statement section of the Directors' Report in Perpetual's 2013 Annual Report.

d. Ethical conduct

Perpetual has a Code of Conduct which applies to all Perpetual Directors, executives and employees to assist them in making ethical business decisions. The Code of Conduct is available on Perpetual's website at **www.perpetual.com.au**.

e. Risk management

All Perpetual Group Executives are accountable for managing risk within their area of responsibility and as part of their business objectives, with risk management integrated across business processes.

Perpetual has a risk management framework consisting of programs and policies designed to manage the company's material strategic, financial, operational, investment, people and legal compliance risks. Perpetual's Risk Group consists of risk management professionals and lawyers who provide the framework, tools, advice and assistance to enable management to effectively identify, assess and manage risk.

Perpetual's risk management framework is available on Perpetual's website at **www.perpetual.com.au**. See section 4.8 for more information.

f. Market disclosure

Perpetual has a Continuous Disclosure Policy to ensure compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules. Perpetual's Continuous Disclosure Committee is responsible for deciding information that is required to be disclosed to the ASX. Perpetual ensures that all senior management give regular sign-offs as to whether there are matters that require disclosure. The Perpetual Board considers its disclosure obligations at each board meeting.

g. Trading in securities by directors and employees

Perpetual has a trading policy that complies with the requirements of the ASX Listing Rules and is available on Perpetual's website at **www.perpetual.com.au**.

4.6 HISTORICAL FINANCIAL INFORMATION

a. Basis of Preparation

The historical financial information below is a summary only and the full financial accounts for Perpetual for the financial years described below, which include the notes to the accounts, can be found in Perpetual's annual reports for those periods. These annual reports, along with the Operating and Financial Review (**OFR**), previously referred to as the Management's Discussion and Analysis of Financial Condition and Results of Operations (**MD&A**) are available on Perpetual's website at **www.perpetual.com.au**. The OFR/MD&A provides a comprehensive review of Perpetual's financial and operational performance and financial position for the respective financial periods, an analysis of underlying business drivers and the operating environment.

b. Consolidated Income Statement

The summarised historical income statements of Perpetual, for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013 set out in Table 4 have been extracted from Perpetual's audited financial statements for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013.

Table 4: Historical Perpetual income statements

	Year ended 30 June 2011 ($000s) Re-presented[20]	Year ended 30 June 2012 ($000s)	Year ended 30 June 2013 ($000s)
Revenue from the provision of services from continuing operations	390,395	349,118	353,391
Income from structured products	69,149	42,010	35,899
Investment income	13,964	8,380	8,188
Total revenue from continuing operations	**473,508**	**399,508**	**397,478**
Staff related expenses excluding equity remuneration expense	(203,554)	(194,637)	(161,011)
Occupancy expenses	(17,656)	(18,085)	(17,668)
Administrative and general expenses	(63,240)	(62,733)	(81,954)
Distributions and expenses relating to structured products	(50,904)	(36,355)	(28,273)
Financing costs	(3,627)	(2,479)	(1,764)
Equity remuneration expense	(18,585)	(12,248)	(12,727)
Depreciation and amortisation expense	(13,932)	(13,509)	(9,092)
Proceeds from sale of investments	75,138	54,349	38,802
Cost of investments disposed of	(68,977)	(53,990)	(37,511)
Impairment of assets	(16,228)	(26,266)	(3,348)
Gain on sale of businesses	–	1,151	145
Share of (loss) of equity accounted investments	–	–	(704)
Net profit before tax from continuing operations	**91,943**	**34,706**	**82,373**
Income tax expense	(31,519)	(13,893)	(24,864)
Income tax expense on disposal of investments	(722)	–	–
Income tax expense	**(32,241)**	**(13,893)**	**(24,864)**
Net profit after tax from continuing operations	**59,702**	**20,813**	**57,509**
Net profit after tax from discontinued operation	2,666	2,230	2,876
Net profit after tax	**62,368**	**23,043**	**60,385**
(Loss)/profit after tax attributable to non-controlling interests	337	(3,636)	(583)
Net profit after tax attributable to equity holders of Perpetual	**62,031**	**26,679**	**60,968**
Segment Information – Total Revenue			
Perpetual Investments	289,868	226,895	224,195
Perpetual Private	116,137	114,732	115,740
Corporate Trust	97,205	86,669	53,748
Total revenue for reportable segment	**503,210**	**428,296**	**393,683**
Less: revenue from discontinued operations	(40,020)	(34,718)	(3,271)
Group Support Services Revenue	10,318	5,930	7,066
Total revenue from continuing operations	**473,508**	**399,508**	**397,478**

[20] Perpetual's summarised historical income statement for the period ended 30 June 2011 has been re-presented due to the discontinued operation of Perpetual Lenders Mortgage Services.

c. Consolidated Balance Sheet

Perpetual's summarised historical balance sheet statements, as at 30 June 2011, 30 June 2012 and 30 June 2013 set out in Table 5 have been extracted, respectively, from Perpetual's audited annual reports for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013.

Table 5: Consolidated balance sheets as at 30 June 2011, 30 June 2012 and 30 June 2013

	As at 30 June 2011 ($000s)	As at 30 June 2012 ($000s)	As at 30 June 2013 ($000s)
Current assets			
Cash and cash equivalents	220,320	153,057	217,119
Receivables	72,722	58,237	62,020
Assets held for sale	754	14,033	803
Other financial assets	100	100	40
Current tax assets	–	1,282	–
Structured products — EMCF assets	899,146	694,621	427,006
Structured products — receivable from investors	20,806	24,222	34,882
Prepayments	6,525	8,803	6,927
Total current assets	**1,220,373**	**954,355**	**748,797**
Non-current assets			
Other financial assets	53,732	39,716	35,415
Structured products — loans receivable from investors	130,253	84,943	41,859
Property, plant and equipment	26,310	19,668	18,289
Intangibles	148,326	122,691	129,267
Deferred tax assets	34,413	30,820	30,345
Prepayments	614	369	396
Total non-current assets	**393,648**	**298,207**	**255,571**
Total assets	**1,614,021**	**1,252,562**	**1,004,368**
Current liabilities			
Payables	40,342	31,283	37,911
Liabilities held for sale	904	5,612	–
Structured products — EMCF liabilities	896,348	695,199	423,848
Structured products — interest-bearing liabilities	17,386	23,046	36,231
Structured products — income received in advance	11,057	7,138	5,468
Derivative financial instruments	613	768	423
Current tax liabilities	15,468	–	13,308
Employee benefits	40,792	40,592	41,534
Provisions	1,585	2,226	2,779
Total current liabilities	**1,024,495**	**805,864**	**561,502**
Non-current liabilities			
Interest-bearing liabilities	45,000	45,000	45,000
Structured products — interest-bearing liabilities	134,109	88,370	42,418
Deferred tax liabilities	7,533	8,471	8,071
Employee benefits	3,201	3,255	2,402
Provisions	23,582	21,141	21,237
Total non-current liabilities	**213,425**	**166,237**	**119,128**
Total liabilities	**1,237,920**	**972,101**	**680,630**
Net assets	**376,101**	**280,461**	**323,738**
Equity			
Contributed equity	245,066	236,530	239,801
Reserves	44,245	24,228	37,124
Retained earnings	76,705	7,440	37,415
Total equity attributable to equity holders of Perpetual	**366,016**	**268,198**	**314,340**
Non-controlling interest	10,085	12,263	9,398
Total equity	**376,101**	**280,461**	**323,738**

4.7 MATERIAL CHANGES IN PERPETUAL GROUP'S FINANCIAL POSITION

Perpetual's latest published financial statements are the audited financial statements for the year ended 30 June 2013.

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, there had been no material changes to the financial position of Perpetual since 30 June 2013. Any subsequent material changes to the financial position of Perpetual will be disclosed on the ASX.

4.8 CAPITAL AND RISK MANAGEMENT

a. Capital management

The Perpetual Group manages its capital and liquidity to sustain a strong and flexible balance sheet. It has adopted a conservative and prudent policy to ensure the Perpetual Group:

- Can efficiently support all of its businesses;
- Retains sufficient surplus capital to provide for uncertainty and operational risk that resides within the businesses;
- Can maintain adequate liquidity to ensure financial flexibility; and
- Has capital resources to take advantage of inorganic growth opportunities as they arise.

The Perpetual Group uses a risk-based capital model based on the Basel II framework to assess its capital requirements. The model requires capital to be set aside for operational, credit and market risk and known capital commitments. As at 30 June 2013, the amount of economic capital assessed by the model was $122 million. This covers the Perpetual Group's $89.1 million of regulatory capital requirements which in turn includes $16 million to cover the Operational Risk Financial Reserve (**ORFR**) required by APRA in relation to the Perpetual Group's RSE business, from 1 July 2013. As at 30 June 2013, total liquid funds available were $230 million.

b. Operational risks

Operational risk, being risk arising from the daily functioning of the Perpetual Group's businesses, is mitigated through internal controls, active management overview and regular reviews by Perpetual's Risk Group function.

Each business and support head is responsible for identifying risks within their businesses and ensuring they are appropriately managed. The Perpetual Risk Group assists the business by providing the framework, tools, advice and assistance to enable the business to effectively identify, assess and manage risk.

The Perpetual Board oversees the risk management within the business, ensuring it is within an accepted risk tolerance range, and that all organic and inorganic business initiatives are consistent with the Perpetual Group's strategy and conducted ethically, responsibly and with the highest degree of integrity.

The Perpetual Board's oversight of risk management is assisted by Perpetual's Audit, Risk and Compliance Committee, see section 4.5(e).

4.9 PERPETUAL'S CAPITAL STRUCTURE

This section sets out the latest information as disclosed to the market in accordance with the ASX Listing Rules. For further information regarding the capital structure of Perpetual, in particular in relation to capital management, see section 4.8.

a. Issued share capital

As at the close of trading on 14 October 2013, the last practicable day before the date of this Scheme Booklet, Perpetual's issued securities included 42,002,824 ordinary shares.

The number of issued shares includes those on issue under the previous long-term incentive plans. For more information, see section 4.10(b).

b. Issued performance rights

As at the close of trading on 14 October 2013, the last practicable day before the date of this Scheme Booklet, Perpetual's unquoted securities included 200,042 performance rights issued for the benefit of Perpetual employees pursuant to the Perpetual Long-term Incentive Plan. For further information regarding Perpetual's long-term incentives, please refer to section 4.10.

4.10 SHARE PLANS

a. Perpetual LTI Plan

Long-term incentives (**Perpetual LTIs**) are currently provided to the Managing Director, Group Executives, senior leaders and selected employees through the Perpetual Long-term Incentive Plan (**Perpetual LTI Plan**). This Perpetual LTI Plan was introduced in February 2011. A total of 181 employees participated in the Perpetual LTI Plan as at 30 June 2013.

From 1 October 2012, all Perpetual LTI grants to the Managing Director and Group Executives are made in the form of performance rights, meaning that dividends will not be received by the Managing Director and Group Executives until the performance rights have vested and been converted into Perpetual Shares.

Vesting of Perpetual LTI grants to the Managing Director and Group Executives is subject to two performance measures directly linked to company performance:

- 50% of each grant is subject to a total shareholder return (**TSR**) performance target which requires Perpetual's TSR over the performance period to be equal to or better than the TSR of half of the comparator group, which consists of companies listed on the S&P/ASX 100 (excluding listed property trusts); and
- 50% is subject to an earnings per share (**EPS**) growth target which requires Perpetual's EPS growth during the performance period to be equal to or greater than the target set by the Perpetual Board. This target, which is currently 10% p.a., may be reviewed by the Perpetual Board from time to time. The achievement of this performance target links the individual's remuneration to the company's growth in earnings.

A three-year performance testing period applies to TSR and EPS performance targets. For grants made after 1 July 2010, TSR and EPS performance is calculated and tested against the respective target on the third anniversary of the grant date.

For more information regarding the Perpetual LTI Plan, please see Perpetual's 2013 Annual Report.

b. Previous long-term incentive plans

Historically Perpetual provided long-term incentives using fully-paid Perpetual Shares with vesting subject to service conditions and performance targets measured over a three-year performance period. However, this program was revised for the Managing Director and Group Executives so that all future LTI awards are made in the form of performance rights.

Dividends remain payable on vested and unvested grants of Perpetual Shares made before October 2012. The shares have voting rights.

For information regarding Perpetual's long term incentive grants made before 2012/2013, please see Perpetual's 2013 Annual Report.

c. Other employee share plans

Perpetual offers employees (including key management personnel) the opportunity to participate in share ownership. As at 30 June 2013, these plans were as follows:

Open Plans	Description
Deferred Share Plan (DSP) 7 Members	This plan is used for a small number of employees within the asset management team based in Australia, as part of their incentive arrangements. No key management personnel participate in this plan. Shares held in the plan vest over the long-term subject to achievement of investment performance and succession targets. The plan ensures the interests of these key employees are aligned with those of shareholders and clients over the longer-term and provides a strong retention element.
Tax Exempt Employee Share Purchase Plan (TESP) 54 Members	This plan allows all employees, including the Managing Director and Group Executives, to purchase Perpetual Shares using a salary-sacrifice arrangement. Employees may elect to sacrifice up to $1,000 of their cash short term incentive payment for Perpetual Shares under the TESP.
Tax Deferred Share Purchase Plan (TDSP) 52 Members	This plan is used for awards made under the annual sales incentive plans for eligible employees within the Perpetual Private and Perpetual Corporate Trust teams.

For further information regarding Perpetual's employee share plans, and for details of Perpetual's employee share plans which are closed to new issue, please see Perpetual's 2013 Annual Report.

d. Dilution limits for share plans

Perpetual Shares awarded under Perpetual's employee share plans may be purchased on market or issued subject to Perpetual Board discretion and the requirements of the Corporations Act and the ASX Listing Rules.

As at 30 June 2013, the proportion of unvested shares and performance rights (excluding unallocated shares as a result of forfeitures) held in Perpetual's employee share plans as a percentage of shares was 6.1% (on a fully diluted basis).

4.11 RIGHTS AND LIABILITIES ATTACHED TO PERPETUAL SHARES

Set out below is a summary of some of the key rules in the Perpetual constitution in relation to the rights and liabilities attached to Perpetual Shares. A full copy of the constitution is available on the ASX website and will be provided to Shareholders in The Trust Company on request.

a. Meeting and voting rights

Perpetual must hold an Annual General Meeting at least once every calendar year within five months of the end of Perpetual's financial year (30 June). The Perpetual Directors (or any Perpetual Director to the extent permitted by the Corporations Act) have power to convene general meetings whenever they think fit and are required to do so on the requisition of members with at least 5% of the votes that may be cast at the general meeting, or at least 100 members who are entitled to vote at the general meeting.

On a show of hands, every person present who is a voting member has one vote and on a poll, every holder of Perpetual Shares present in person or by proxy or attorney or personal representative or who has cast a direct vote has one vote for every Perpetual Share of which he or she is a holder.

Voting at any meeting of Perpetual Shareholders is decided on a show of hands unless put to a poll.

Where a general meeting is convened and a quorum is not present within 15 minutes of the appointed time, the meeting stands adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Perpetual Directors may determine, and if at the adjourned meeting a quorum is not present within 15 minutes from the time appointed for the meeting, the Perpetual Shareholders present in person or by proxy, attorney or personal representative constitute a quorum.

An ordinary resolution (e.g. a resolution for the election of Perpetual Directors, the conversion of Perpetual Shares into a larger or smaller number of shares or the appointment of auditors) requires the affirmative vote of Perpetual Shareholders present in person or by proxy, attorney or personal representative and holding shares conferring in the aggregate at least a majority of the votes actually cast on the ordinary resolution and, in the case of a poll, including votes cast by direct vote.

A special resolution (e.g. a resolution amending the Perpetual constitution or other fundamental changes as specified in the Corporations Act) requires the affirmative vote of Perpetual Shareholders present in person or by proxy, attorney or personal representative and holding shares conferring in the aggregate at least 75% of the votes actually cast on the resolution and, in the case of a poll, including votes cast by direct vote. In the case of a tie, the Chair of the meeting is entitled to cast a deciding vote.

Meetings are convened on advance notice of at least 28 days. Notices are required to be given to all Perpetual Shareholders.

b. Preference shares

Currently no Perpetual Shares with preferential rights are on issue.

Perpetual Shares with preferential rights relating, among other things, to dividends, voting and repayment of share capital, can be issued by the Perpetual Directors from time to time subject to the Corporations Act, the constitution and any special rights previously conferred on holders of existing shares. If Perpetual wished to issue shares with preferential rights relating to such matters as dividends, voting and repayment of share capital which were not permitted under the present article in the Perpetual constitution, it would be necessary to obtain the approval by special resolution of Perpetual Shareholders at a general meeting.

c. Dividends

Subject to any preferential rights referred to above, Perpetual Shareholders are entitled to receive such interim and final dividends as may be declared or determined by the Perpetual Board. The Perpetual Directors may rescind a decision to pay a dividend if they decide, before the payment date, that Perpetual's financial position no longer justifies the payment. The Perpetual Directors may pay any dividend required to be paid under the terms of issue of a Perpetual Share. A summary of recent dividend payments on Perpetual Shares is set out in section 4.12.

d. Liquidation

If Perpetual is wound up, the liquidator may, with the approval of a special resolution of Perpetual Shareholders, divide among the Perpetual Shareholders in kind the whole or any part of the assets of Perpetual (whether they consist of property of the same kind or not and including shares). For this purpose the liquidator may set any such value as the liquidator deems fair on any property to be divided and may determine how the division is to be carried out as between the Perpetual Shareholders or different classes of Perpetual Shareholders and may vest the whole or any part of such assets in trustees on such trusts for the benefit of the Perpetual Shareholders as the liquidator, with approval of a special resolution, considers appropriate, although no Perpetual Shareholder will be compelled to accept any share or other securities on which there is any liability.

e. Pre-emptive rights

Perpetual Shareholders do not have any pre-emptive rights under Perpetual's constitution. However, under the ASX Listing Rules, certain restrictions apply to a listed company placing its ordinary shares otherwise than pro rata among Perpetual Shareholders.

f. Alteration to share capital

Perpetual may, from time to time increase its share capital. Subject to the provisions of the Corporations Act, Perpetual may reduce its share capital by equal reduction with an ordinary resolution or by selective reduction with a special resolution of Perpetual Shareholders or a resolution agreed to by all Perpetual Shareholders at a general meeting.

g. Restrictions on acquisition

Under the Corporations Act, if a person's voting power in Perpetual exceeds 15%, unless an approval is obtained from the relevant Minister and the acquisition satisfies the terms of that approval, an 'unacceptable control situation' occurs. An acquisition that results in an unacceptable control situation constitutes an offence and a court may make such orders as it considers appropriate to remedy the unacceptable control situation (including orders requiring disposal of shares and orders restricting exercise of rights attaching to shares).

Perpetual's constitution also contains restrictions on acquisition of more than 10% of the voting shares in Perpetual reflecting the requirements of the now superseded *Trustee Companies Act 1964* (NSW).

4.12 DIVIDENDS AND RANKING

a. Dividend history and policy

The following table sets out the ordinary dividends paid by Perpetual during the period from 1 January 2009 to the FY13 final dividend paid on 4 October 2013. No special dividends were paid during this period.

Ex-Dividend Date	Pay Date	Dividend Amount ($)	Franked (%)
6 September 2013	4 October 2013	0.80	100
6 March 2013	5 April 2013	0.50	100
7 September 2012	5 October 2012	0.40	100
2 March 2012	29 March 2012	0.50	100
31 August 2011	27 September 2011	0.90	100
3 March 2011	30 March 2011	0.95	100
1 September 2010	28 September 2010	1.05	100
4 March 2010	1 April 2010	1.05	100
27 August 2009	30 September 2009	0.60	100
23 February 2009	13 March 2009	0.40	100

b. Dividend Reinvestment Plan

Perpetual operates a dividend reinvestment plan (**DRP**), the major features of which are as follows:

- The DRP provides shareholders with the flexibility to receive some or all of their dividends in the form of Perpetual Shares rather than cash;
- Perpetual Shares allocated under the DRP are free of brokerage, commission, stamp duty costs and GST;
- Perpetual Shares may be issued under the DRP at a discount to the market price of Perpetual shares;
- Perpetual Shares issued under the DRP rank equally with existing Perpetual Shares;
- Shareholders can participate, vary their participation or withdraw from the DRP at any time. Their instructions must be received by the Perpetual Registry by 5.00pm Sydney time on the record date to be active for the next dividend payment; and
- A dividend statement outlining the dividend calculation and the details of any new Perpetual Shares allocated to shareholders under the DRP will be dispatched on the payment date for the relevant dividend.

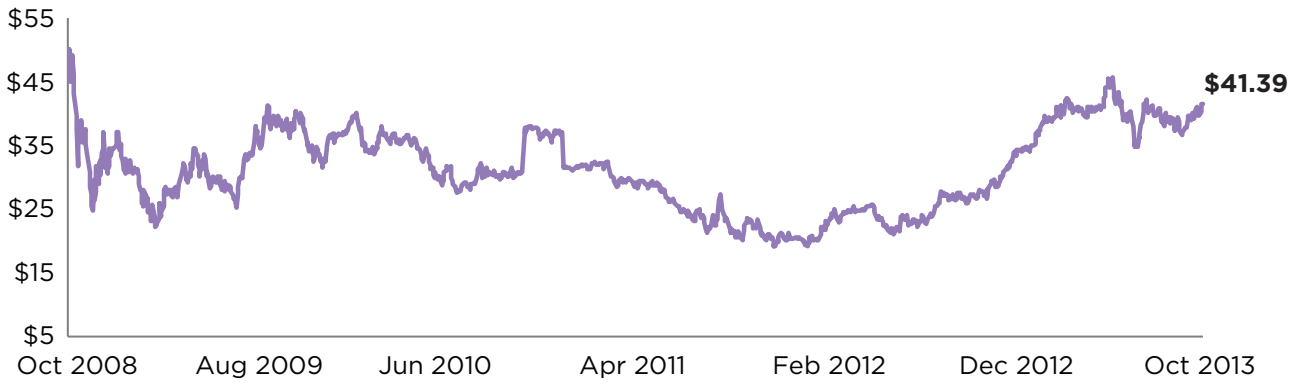
Perpetual may satisfy allocations of Perpetual Shares to participants in the DRP by either issuing new Perpetual Shares or acquiring and transferring to participants existing Perpetual Shares (either on the ASX or off-market).

The DRP terms are reviewed prior to each dividend payment and the DRP terms that apply to future dividends will be announced to the ASX at the relevant times.

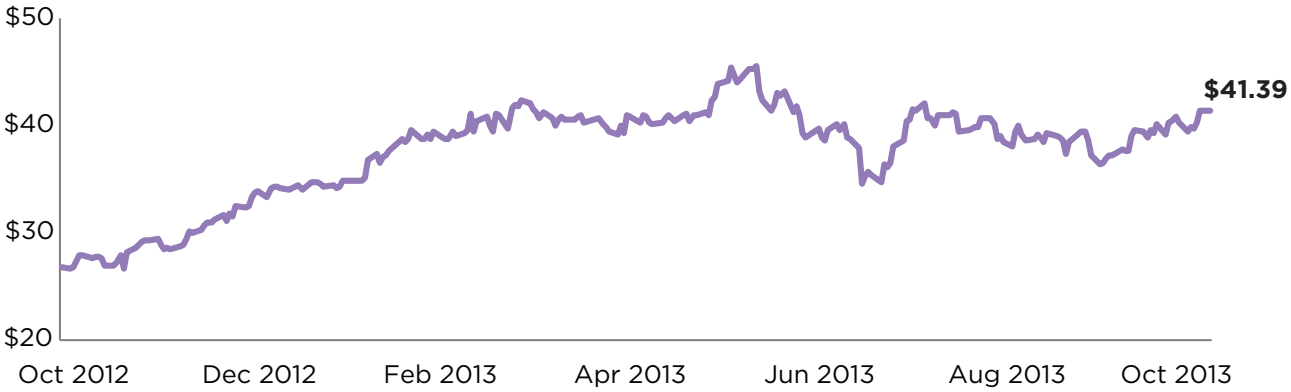
4.13 RECENT PERPETUAL SHARE PRICE PERFORMANCE

The charts below plot the price of Perpetual Shares, both since October 2008 and October 2012.

5 Year Price Chart



1 Year Price Chart



The recorded closing price for Perpetual Shares on the ASX on 14 October 2013, the last practicable trading day before the date of this Scheme Booklet, was $41.39.

During the three months ended on 14 October 2013:

- The highest recorded daily closing price for Perpetual Shares on the ASX was $42.17 on 15 July 2013; and
- The lowest recorded daily closing price for Perpetual Shares on the ASX was $36.50 on 9 September 2013.

The closing price for Perpetual Shares on the ASX before the public announcement of the Scheme was $41.27 on 6 May 2013.

4.14 SUBSTANTIAL SHAREHOLDERS

As at the close of trading on 14 October 2013, being the last practicable trading day before the date of this Scheme Booklet, Perpetual had been notified of the following Relevant Interests of 5% or more in its issued securities:

- Vinva Investment Management held 2,694,804 shares in Perpetual, representing 6.42% of Perpetual's issued shares; and
- Queensland Trustees held 3,077,901 shares in Perpetual, representing 7.33% of Perpetual's issued shares.

4.15 SHARE REGISTRY

Perpetual's share registry is Link Market Services Limited, of 1A Homebush Bay Drive, Rhodes NSW 2138.

4.16 PUBLIC INFORMATION AVAILABLE FOR INSPECTION

As an ASX listed company and a "disclosing entity" under the Corporations Act, Perpetual is subject to regular reporting and disclosure obligations. Broadly these require it to announce price sensitive information to ASX as soon as it becomes aware of the information subject to exceptions for certain confidential information. Perpetual's most recent announcements are available from its website **www.perpetual.com.au**. Further announcements concerning Perpetual will continue to be made available on the website after the date of this Scheme Booklet.

ASX maintains files containing publicly available information about entities listed on its exchange. Perpetual's files are available for inspection at ASX during normal business hours and are available on the ASX website (**www.asx.com.au**).

Additionally, copies of documents lodged with ASIC in relation to Perpetual may be obtained from or inspected at ASIC. Please note ASIC may charge a fee in respect of such services.

The following documents are available for inspection free of charge prior to the Scheme Meeting during normal business hours at the registered office of Perpetual:

- Perpetual's constitution;
- Perpetual's 2013 Annual Report, which contains the consolidated financial statements of Perpetual for the year ended 30 June 2013 and for the prior comparative period; and
- Any other document or financial statement lodged by Perpetual with ASIC or the ASX under the continuous disclosure reporting requirements in the period after the lodgement of the full-year financial statements for the year ended 30 June 2013 and before the lodgement of this Scheme Booklet with ASIC.

Some of these documents are also available from Perpetual's website at **www.perpetual.com.au**.

5 INFORMATION ABOUT THE COMBINED GROUP

5.1 THE COMBINED GROUP

The Combined Group will continue to offer managed investment, wealth management, superannuation and trustee services for individuals and institutional investors. Perpetual Corporate Trust will be able to offer an enhanced range of services given The Trust Company's expertise in custody, responsible entity and superannuation services.

Following implementation of the Scheme:

a. Perpetual Investment's funds under management will increase from $27.8 billion to $29.2 billion

b. Perpetual Private's funds under advice will increase from $9.0 billion to $13.9 billion; and

c. Perpetual Corporate Trust's funds under administration will increase from $259.4 billion to $449.4 billion,

based on Perpetual's funds under management as at 30 September 2013, and funds under advice or administration as at 30 June 2013, and The Trust Company's funds under management, advice, administration or supervision as at 31 August 2013, the latest dates on which data was published.

5.2 PERPETUAL'S INTENTIONS

This section sets out Perpetual's current intentions in respect of The Trust Company's business, assets, operations and employees.

The statements of intention contained in this section are based on information concerning The Trust Company and its business that is known to Perpetual at the time of preparation of this Scheme Booklet either from publicly available sources or which Perpetual obtained from The Trust Company in the form of the information made available to Perpetual in the course of its due diligence in connection with the proposed acquisition.

Perpetual intends to conduct a review of The Trust Company's operations, including its international operations, to maximise profitability and value for Perpetual shareholders. Perpetual's final decision on these matters will only be reached in light of all material facts and circumstances at the relevant time and after having had the opportunity to review The Trust Company business in more detail after implementation of the Scheme. Accordingly, the statements set out in the following sections are statements of current intentions only and may change as new information becomes available or circumstances change.

If the Scheme becomes Effective and Perpetual Sub comes to own 100% of Shares in The Trust Company, the intentions of Perpetual are described below.

a. Corporate matters

Perpetual currently intends to:

- Seek to have The Trust Company removed from the official list of the ASX once the Scheme is implemented; and
- As soon as practicable after the Second Court Hearing (provided the Scheme is approved), take all actions necessary to ensure that Perpetual has two individuals on The Trust Company Board. Perpetual nominees have not yet been confirmed and their identity will depend on the circumstances at the relevant time. In addition, on the Implementation Date, The Trust Company must take all actions necessary to ensure that the outgoing The Trust Company Directors resign.

b. Implementation and transition

Perpetual intends to establish a transition team to manage the smooth transition of The Trust Company into the Perpetual Group to minimise disruption to the business.

c. Integration

Perpetual currently intends to:

- Utilise the expertise and capability developed through Perpetual's Transformation 2015 initiative to integrate the operations of The Trust Company into Perpetual's three businesses (Perpetual Investments, Perpetual Private and Perpetual Corporate Trust) in an effort to remove duplication, extract synergies and make those operations more efficient and profitable and improve and expand the range of offerings available to clients of both Perpetual and The Trust Company;
- Consolidate and migrate The Trust Company's IT systems into Perpetual's outsourced technology environment, leveraging Perpetual's partnership with Fujitsu Australia Limited to provide modern IT infrastructure and service and capability improvements with reduced cost;
- Migrate The Trust Company's personal clients onto Perpetual Private's market-leading outsourced portfolio wrap and fiduciary administration platform, leveraging the significant investment made in Perpetual's 'Improving the Client Experience' (**ICE**) programme and the capabilities of Macquarie's best-in-class service solution offering clients sophisticated web-based reporting and self-service capabilities;
- Centralise and consolidate shared services functions and remove duplicate support infrastructure to improve efficiency and enhance economies of scale; and
- Maintain Perpetual's current head office in Sydney, Australia and co-locate offices, where able and deemed appropriate.

Perpetual estimates that annual run-rate synergies of at least $15 million p.a. before-tax are able to be achieved by the end of the second year post acquisition as a result of removing duplication across both the corporate and business unit level, consolidating and migrating IT systems and platforms and centralising and consolidating shared services functions. The cost to achieve these annual savings is expected to be approximately 200% of fully phased cost synergies achieved, including one-off IT related costs.

d. Employees

Decisions in relation to existing The Trust Company resources and staff will be made once Perpetual has had the opportunity to review The Trust Company's business in more detail after implementation of the Scheme. Perpetual expects that combining Perpetual and The Trust Company will result in duplication across a number of areas of the business, including employee roles. To create value for shareholders, Perpetual intends to remove these duplications with the aim of delivering the expected synergy benefits.

Perpetual intends to manage the duplication of roles on a case by case basis through merit based selection, direct appointment, re-assignment and/or natural attrition. Where redundancies do occur across the combined business, Perpetual will recognise and comply with the severance and redundancy terms of all relevant employment contracts and industrial agreements or awards.

In instances where existing roles are declared vacant or new roles are created across the combined business, Perpetual will use a merit based selection process to fill the roles.

e. Retention payments

Perpetual understands the importance of the contribution of employees to The Trust Company. In recognition of this, Perpetual intends to offer retention payments to selected employees to encourage them to remain with the Combined Group.

f. Dividends

Perpetual currently intends to maintain its dividend policy which is to pay dividends within a range of 80% to 100% of statutory NPAT on an annualised basis, with a goal of maximising fully franked dividends to shareholders. The dividend policy is designed to be sustainable over the long term, while providing the Combined Group with an appropriate degree of financial flexibility.

The acquisition of The Trust Company will naturally incur transaction expenses, predominantly in the first 12 to 18 months.

There may also be additional charges after the acquisition due to the requirement to amortise identifiable intangible assets. These charges are of a non-cash nature and are not expected to affect Perpetual's future cash flows.

Consistent with Perpetual's prior practice, Perpetual expects to exclude the impact of certain significant items from NPAT in determining dividends.

Perpetual remains committed, including after any acquisition, to its objective of maximising the efficient return of surplus capital, as appropriate, to shareholders.

g. The Trust Company's holding in Equity Trustees

On Thursday 19 September 2013, Perpetual announced that it had entered into an agreement with IOOF to sell The Trust Company's holding in Equity Trustees to IOOF subject to the Scheme being implemented. The sale and purchase of The Trust Company's Equity Trustees Shares will take place within five Business Days of the Implementation Date.

5.3 PRO FORMA HISTORICAL FINANCIAL INFORMATION

This section contains the following pro forma historical financial information for the Combined Group, which is comprised of the:

- Unaudited Combined Group pro forma income statement for the 12 months ended 30 June 2013 (the **Pro Forma Historical Income Statement**); and
- Unaudited Combined Group pro forma balance sheet as at 30 June 2013 (the **Pro Forma Historical Balance Sheet**),

(collectively, the **Pro Forma Historical Financial Information**).

The directors of Perpetual are responsible for the preparation and presentation of the Pro Forma Historical Financial Information.

The Pro Forma Historical Financial Information in this section should also be read in conjunction with the risk factors set out in section 7 and other information included in this Scheme Booklet.

Perpetual has been subject to certain limitations in preparing the Pro Forma Historical Financial Information. In particular:

- Perpetual management has had only limited access to financial information of The Trust Company and no access to the supporting documentation and systems from which that financial information has been derived; and
- Perpetual management has not had an opportunity to assess the fair values of the assets and liabilities of The Trust Company, and therefore has not been able to ensure that the Transaction has been accounted for in accordance with AASB 3 "Business Combinations".

KPMG Transaction Services has prepared an Investigating Accountant's Report in relation to the compilation of the Pro Forma Historical Financial Information which has been included as Annexure B. Shareholders should note the comments made in relation to the scope and limitations of this report.

The Pro Forma Historical Financial Information is not intended to reflect the financial performance or the financial position that would have actually resulted had the Scheme been completed on the

dates indicated, or the results that may be obtained in the future. If the Transaction had occurred in the past, the Combined Group's financial performance and financial position would likely have been different from that presented in the Pro Forma Historical Financial Information. Due to the nature of pro forma information, it may not give a true picture of the Combined Group's financial performance and financial position. The Pro Forma Historical Financial Information is not represented as being indicative of Perpetual's view on its future financial performance or future financial position.

All amounts disclosed in the tables are rounded to the nearest thousand dollars, unless otherwise noted and totals may be subject to rounding.

a. Basis of Preparation

The Pro Forma Historical Financial Information is provided for illustrative purposes and has been presented in an abbreviated form, insofar as it does not contain all the presentation and disclosures required by the Australian Accounting Standards applicable to annual financial reports and has not been prepared in accordance with the Corporations Act.

Pro Forma Historical Income Statement

The Pro Forma Historical Income Statement has been compiled by Perpetual to illustrate the impact of the Transaction on Perpetual's financial performance for the year ended 30 June 2013 as if the Transaction had taken place on 1 July 2012 and as if The Trust Company's financial performance for the 12 months ended 31 August 2013 had been its financial performance for the 12 months ended 30 June 2013.

The Pro Forma Historical Income Statement is based on the following information:

- Audited consolidated financial statements of Perpetual for the year ended 30 June 2013;
- Audited consolidated financial statements of The Trust Company for the year ended 28 February 2013; and
- Reviewed consolidated financial statements of The Trust Company for the six months ended 31 August 2012 and 31 August 2013.

The historical income statement of The Trust Company for the 12 months ended 31 August 2013 has been calculated by subtracting the reviewed historical income statement for the six months ended 31 August 2012 from its audited historical income statement for the year ended 28 February 2013 and adding the reviewd historical income statement for the six months ended 31 August 2013.

Certain elements of The Trust Company's historical income statement have been reclassified to conform to the financial statement presentation used by Perpetual. Items reclassified on The Trust Company historical income statement are disclosed in the notes to the unaudited Pro forma Historical Income Statement.

Pro Forma Historical Balance Sheet

The Pro Forma Historical Balance Sheet has been compiled by Perpetual to illustrate the impact of the Transaction on Perpetual's financial position as at 30 June 2013 as if the Transaction had taken place on 30 June 2013 and The Trust Company's financial position as at 31 August 2013 had been its financial position as at 30 June 2013.

The Pro Forma Historical Balance Sheet is based on the following information:

- Audited consolidated financial statements of Perpetual for the year ended 30 June 2013;
- Reviewed consolidated financial statements of The Trust Company for the six months ended 31 August 2013; and
- Other supplementary information as was considered necessary to reflect the pro forma adjustments (detailed below).

Certain elements of The Trust Company's historical balance sheet have been reclassified to conform to the financial statement presentation used by Perpetual. Items reclassified on The Trust Company financial statements are disclosed in the notes to the unaudited Pro Forma Historical Balance Sheet.

b. Pro Forma Adjustments

The Pro Forma Historical Financial Information has been prepared for illustrative purposes only, to show the impact of the Transaction as follows:

- The acquisition of The Trust Company for 6.3 million Perpetual Shares;
- Payment of the Special Dividend which is expected to be fully franked of $0.22 per Share to existing Shareholders;
- Payment of the FY14 Interim Dividend of $0.17 per Share (fully franked) to existing Shareholders as declared by The Trust Company Board on 9 October 2013; and
- Transaction costs associated with the Transaction.

Adjustments relating to the impact of acquisition accounting

The Pro Forma Historical Financial Information has been accounted for using acquisition accounting methods required by AASB 3 "Business Combinations" except as noted in the assumptions below. AASB 3 requires that all identifiable assets (including intangible assets and deferred tax balances) and liabilities that meet certain recognition criteria should be recognised separately in the consolidated financial statements of the Combined Group.

On completion, the excess of the cost of the acquisition over and above the net fair value of the identifiable assets and liabilities should be recognised as goodwill. This goodwill amount will only be measured and recognised once the Transaction occurs. Similarly, the identification and valuation of other identifiable intangible assets will not be possible until after the completion of the acquisition. Accounting standards allow a period of 12 months to finalise the accounting adjustments from the date of acquisition.

For the purposes of calculating the intangible assets and goodwill for the Combined Group on consolidation, the book value of The Trust Company's assets and liabilities, as reported in the reviewed accounts as at 31 August 2013, is assumed to be equal to their fair value at the date of acquisition. The amount of total intangible assets, including goodwill, relating to the acquisition will change once the fair value of all assets and liabilities are determined as at the acquisition date.

For the purposes of the Pro Forma Historical Income Statement, as the fair value of the acquired intangible assets of The Trust Company has not been established, it has not been possible for Perpetual to perform an accurate assessment of the amortisation charge relating to those intangible assets as required by AASB 138 "Intangible Assets". As such, no adjustments have been made to reflect the impact of acquisition accounting. The expected impact of adopting acquisition accounting on the Pro Forma Historical Income Statement of the Combined Group may include a non-cash amortisation charge for intangible assets with a finite life.

The value of the consideration issued to The Trust Company will be measured based upon the value of Perpetual Shares at close of trading on the Implementation Date. For the purposes of the Pro Forma Historical Financial Information, a value of $37.30 per Perpetual Share has been assumed, being the closing price of Perpetual Shares on 6 September 2013, the day prior to the announcement of the Revised Perpetual Proposal. The ultimate value of the purchase consideration for accounting purposes as at the Implementation Date may differ from the amount assumed for the purposes of the Pro Forma Historical Financial Information.

Accounting policies

In preparing the Pro Forma Historical Financial Information, Perpetual has undertaken a review to identify accounting policy differences where the impact was potentially material to the Combined Group and could be reliably estimated. No such material differences have been identified by Perpetual, however further accounting policy differences may be identified after the implementation of the Scheme.

Purchase consideration

Perpetual has offered 0.182 Perpetual Shares as consideration for each Share. Perpetual has also offered that Shareholders can elect to receive some or all of their consideration wholly in New Perpetual Shares or in cash at an equivalent value (subject to a floor price of $6.29 per Share), subject to a maximum cash component of $110 million, or a mix of both. The Pro Forma Historical Financial Information has been prepared assuming all consideration is paid as Perpetual Shares as elections for cash from Shareholders, if any, will not be known and not be received until after the Scheme Booklet has been issued to Shareholders.

c. Pro Forma Historical Income Statement

Table 6 outlines the Pro Forma Historical Income Statement.

Table 6: Pro Forma Historical Income Statement

	Perpetual for the year ended 30 June 2013 ($000s)	The Trust Company for the 12 months ended 31 August 2013 ($000s)	Pro Forma Adjustments ($000s)	Combined Group ($000s)
Revenue from the provision of services	353,391	90,735	–	444,126
Income from structured products	35,899	–	–	35,899
Investment income	8,188	1,525	–	9,713
Other recoveries	–	1,550	–	1,550
Total revenue from continuing operations	**397,478**	**93,810**	**–**	**491,288**
Staff related expenses excluding equity remuneration expense	(161,011)	(45,868)	–	(206,879)
Occupancy expenses	(17,668)	(7,033)	–	(24,701)
Administrative and general expenses	(81,954)	(18,871)	–	(100,825)
Distributions and expenses relating to structured products	(28,273)	–	–	(28,273)
Financing costs	(1,764)	(610)	–	(2,374)
Equity remuneration expense	(12,727)	(549)	–	(13,276)
Depreciation and amortisation expense	(9,092)	(3,172)	–	(12,264)
Client claims	–	(192)	–	(192)
Proceeds from sale of investments	38,802	–	–	38,802
Cost of investments disposed of	(37,511)	–	–	(37,511)
Impairment of assets	(3,348)	–	–	(3,348)
Gain on sale of businesses	145	–	–	145
Share of loss of equity accounted investment	(704)	–	–	(704)
Net profit before tax from continuing operations	**82,373**	**17,515**	**–**	**99,888**
Income tax expense	(24,864)	(4,617)	–	(29,481)
Net profit after tax from continuing operations	**57,509**	**12,898**	**–**	**70,407**
Discontinued operation				
Net profit after tax from discontinued operation	2,876	–	–	2,876
Net profit after tax	**60,385**	**12,898**	**–**	**73,283**
(Loss)/profit after tax attributable to non-controlling interests	(583)	–	–	(583)
Net profit after tax attributable to equity holders of Perpetual	**60,968**	**12,898**	**–**	**73,866**

Notes to the Pro Forma Historical Income Statement

Reclassifications

Reclassifications of The Trust Company historical income statement to conform to the historical income statement presentation used by Perpetual include reclassification of:

- Equity remuneration expense from total staff related expenses to a separate category; and
- Professional fees, computer expenses, insurance expenses, information technology expense, marketing expenses, unrealised foreign exchange gain/(loss), corporate activity costs and other expenses to administrative and general expenses.

Acquisition accounting

For the purposes of the Pro Forma Historical Income Statement, as the fair value of the acquired intangible assets of The Trust Company has not been established, it has not been possible for Perpetual to perform an accurate assessment of the amortisation charge relating to those intangible assets as required by AASB 138 "Intangible Assets". As such, no adjustments have been made to reflect the impact of acquisition accounting. The expected impact of adopting acquisition accounting on the Pro Forma Historical Income Statement of the Combined Group may include a non-cash amortisation charge for intangible assets with a finite life.

d. Pro Forma Historical Balance Sheet

Table 7 outlines the Pro Forma Historical Balance Sheet.

Table 7: Pro Forma Historical Balance Sheet

	Perpetual as at 30 June 2013 ($000s)	The Trust Company as at 31 August 2013 ($000s)	Notes	Pro Forma Adjustments ($000s)	Combined Group ($000s)
Current assets					
Cash and cash equivalents	217,119	23,277	2,3,4	(25,652)	214,744
Receivables	62,020	22,498		–	84,518
Assets held for sale	803	–		–	803
Other financial assets	40	–		–	40
Structured products – EMCF assets	427,006	–		–	427,006
Structured products – receivable from investors	34,882	–		–	34,882
Prepayments	6,927	–		–	6,927
Total current assets	**748,797**	**45,775**		**(25,652)**	**768,920**
Non-current assets					
Receivables	–	676		–	676
Other financial assets	35,415	18,148		–	53,563
Indemnities receivable	–	4,622		–	4,622
Structured products – loans receivable from investors	41,859	–		–	41,859
Property, plant and equipment	18,289	9,180		–	27,469
Goodwill and intangible assets	129,267	72,257	1	125,818	327,342
Deferred tax assets	30,345	2,267		–	32,612
Prepayments	396	–		–	396
Total non-current assets	**255,571**	**107,150**		**125,818**	**488,538**
Total assets	**1,004,368**	**152,924**		**100,166**	**1,257,458**
Current liabilities					
Payables	37,911	5,418		–	43,329
Structured products – EMCF liabilities	423,848	–		–	423,848
Structured products – interest-bearing liabilities	36,231	–		–	36,231
Structured products – income received in advance	5,468	–		–	5,468
Derivative financial instruments	423	–		–	423
Current tax liabilities	13,308	692		–	14,000
Employee benefits	41,534	3,022		–	44,556
Provisions	2,779	479		–	3,258
Total current liabilities	**561,502**	**9,611**		**–**	**571,113**
Non-current liabilities					
Interest-bearing liabilities	45,000	9,979		–	54,979
Indemnities payable	–	4,622		–	4,622
Structured products – interest-bearing liabilities	42,418	–		–	42,418
Deferred tax liabilities	8,071	–		–	8,071
Employee benefits	2,402	1,550		–	3,952
Provisions	21,237	801		–	22,038
Total non-current liabilities	**119,128**	**16,952**		**–**	**136,080**
Total liabilities	**680,630**	**26,563**		**–**	**707,193**
Net assets	**323,738**	**126,362**		**100,166**	**550,266**
Equity					
Contributed equity	239,801	109,337	1	123,940	473,079
Reserves	37,124	4,742	1	(4,742)	37,124
Retained earnings	37,415	12,283	1,2,3,4	(19,033)	30,665
Total equity attributable to holders of Perpetual	**314,340**	**126,362**		**100,166**	**540,868**
Non-controlling interest	**9,398**	**–**		**–**	**9,398**
Total equity	**323,738**	**126,362**		**100,166**	**550,266**

Notes to Pro Forma Historical Balance Sheet

Reclassifications

Reclassifications of The Trust Company historical balance sheet to conform to the historical balance sheet presentation used by Perpetual include reclassification of:

- Goodwill to goodwill and intangible assets;
- Other non-current assets to goodwill and intangible assets;
- Current employee benefits from current provisions to a separate disclosure;
- Non-current employee benefits from non-current provisions to a separate disclosure; and
- Investment revaluation reserve, share-based payments reserve and foreign currency translation reserve to reserves.

Pro forma adjustments

1. The Pro Forma Historical Balance Sheet of the Combined Group assumes the Transaction occurred on 30 June 2013. The acquisition adjustments assume a Perpetual share price of $37.30 (being the closing price of Perpetual Shares on 6 September 2013, the day prior to the announcement of the Revised Perpetual Proposal), all Shareholders elect to receive Perpetual Shares for their consideration, an exchange ratio of 0.182 Perpetual Shares for every Share in The Trust Company and that 34.4 million Shares in The Trust Company were on issue at the acquisition date. The number of Shares in The Trust Company on issue has been determined as 33.7 million shares on issue and it is assumed all 0.7 million of The Trust Company performance rights will vest at the acquisition date giving a total of 34.4 million shares. It is assumed no other Shares in The Trust Company will be issued.

   The calculation of intangible assets and goodwill is as follows:

Number of Shares in The Trust Company at acquisition date		34,363,130
Exchange ratio of Shares in The Trust Company to Perpetual Shares		0.182
Number of New Perpetual Shares to be issued		6,254,090
Perpetual share price at 6 September 2013		$37.30
Total value of new Perpetual Shares to be issued to Shareholders		$233.3 million
The Trust Company Net Assets as at 31 August 2013	$126.4 million	
Less: Special Dividend to Shareholders (refer to note 2 below)	$7.6 million	
Less: FY14 Interim Dividend to Shareholders (refer to note 3 below)	$5.8 million	
Less: The Trust Company transaction costs (refer to note 4 below)	$5.5 million	
Adjusted Pro Forma Historical The Trust Company Net Assets		$107.5 million
Goodwill and intangibles on acquisition		$125.8 million

A 1% movement in Perpetual's share price equates to a change in the value of consideration by approximately $2.3 million. At Perpetual's closing share price of $41.39 on 14 October 2013, the total value of New Perpetual Shares to be issued to Shareholders would be $258.9 million.

If Shareholders in The Trust Company elect to receive the maximum Cash Consideration alternative of $110 million, Perpetual will reduce the number of shares it is required to issue to 3.3 million shares, reducing total shareholders' equity and cash reserves by $110 million. As outlined in section 2.7, Perpetual currently intends to finance the Cash Consideration from cash and potentially its existing debt facility.

2. The Trust Company intends to pay a Special Dividend (expected to be fully franked) of 22 cents per Share as at the Special Dividend Record Date. This amount has been included in the Combined Group Pro Forma Historical Balance Sheet reducing cash and retained earnings by $7.6 million.

3. The Trust Company intends to pay the FY14 Interim Dividend on 5 November 2013. This amount has been included in the Combined Group Pro Forma Historical Balance Sheet reducing cash and retained earnings by $5.8 million.

4. Cash and retained earnings have been reduced by $12.3 million of estimated transaction costs incurred by Perpetual (approximately $6.8 million) and The Trust Company (approximately $5.5 million).

Ordinary dividends

Perpetual has paid its final dividend for the year ended 30 June 2013 in the ordinary course of business since its last reported balance sheet date. Perpetual paid a fully franked 80 cents per share final dividend on 4 October 2013 ($33.6 million).

5.4 PRO FORMA HISTORICAL UNDERLYING PROFIT AFTER TAX

The Pro Forma Historical Underlying Profit After Tax (**UPAT**) is based on the following information:

- Perpetual's OFR for the year ended 30 June 2013;
- The Trust Company's Results Presentation for the six months ended 31 August 2012 and 31 August 2013; and
- The Trust Company's FY13 Results Presentation.

UPAT attributable to equity holders of Perpetual excludes certain items, as determined by Perpetual's Board and management, that are either significant by virtue of their size and impact on statutory NPAT attributable to equity holders of Perpetual, or are deemed to be outside normal operating activities. It reflects an assessment of the result for the ongoing business of the Group. UPAT has been calculated in accordance with the AICD/Finsia principles for reporting underlying profit and ASIC's Regulatory Guide 230 – Disclosing non-IFRS financial information. UPAT has not been audited or reviewed. However, the adjustments to NPAT have been extracted from the books and records that have been audited or reviewed.

Table 8: Pro Forma Historical Underlying Profit After Tax

	Perpetual for the year ended 30 June 2013 ($000s)	The Trust Company for the 12 months ended 31 August 2013 ($000s)	Pro Forma Adjustments ($000s)	Combined Group ($000s)
Net profit after tax attributable to equity holders of Perpetual	**60,968**	**12,898**	**–**	**73,866**
UPAT adjustments				
Less: Operating income from discontinued operations	(426)	–	–	(426)
Less: Non-recurring tax benefit	(389)	–	–	(389)
Less: Gain on disposal of businesses	(2,595)	–	–	(2,595)
Add: Loss on disposal and impairment of investments	829	–	–	829
Add: Restructuring costs	10,734	140	–	10,874
Add: Impairment of assets	103	–	–	103
Add: Foreign currency translation costs	5,207	–	–	5,207
Add: Costs relating to The Trust Company proposal	1,463	1,471	–	2,934
Less: Other recoveries	–	(1,550)	–	(1,550)
Underlying profit after tax attributable to equity holders of Perpetual	**75,894**	**12,959**	**–**	**88,853**

UPAT adjustments

Operating income from discontinued operations

In 2012, as part of the Transformation 2015 strategy, Perpetual exited its mortgage servicing business and accordingly, the business became a discontinued operation held for sale during 2012. The sale of the mortgage servicing business was completed on 1 August 2012.

Non-recurring tax benefit

Perpetual was able to claim a tax offset of $1.9 million under the Australian Tax Office's research & development tax incentive for process improvements undertaken by Perpetual Private, predominantly for its investment in its outsourced administration platform. This was offset by a reversal of $1.5 million of tax benefits claimed in prior years in respect of equity remuneration expense in relation to TSR linked shares.

Gain on disposal of businesses

During 2013, a net gain of $2.6 million, both before and after tax, was generated from the sale of businesses.

Loss on disposal and impairment of investments

During 2013, a loss after tax was incurred on the sale/impairment of investments, reflecting the market related declines in valuation experienced by Perpetual's seed fund investment activities.

Restructuring costs

Restructuring expenses includes adjustments from both Perpetual and The Trust Company. The Trust Company restructured its Private Client Services business in order to extract operational efficiencies.

On 25 June 2012, Perpetual announced its Transformation 2015 strategy. Refer to section 4.3 for further detail on Perpetual's Transformation 2015 initiatives. During 2013, Perpetual incurred $10.7 million after tax in restructuring costs associated with this program. Perpetual expects to incur additional restructuring expenses in the next 12 months as additional Transformation 2015 initiatives are implemented.

Impairment of assets

Perpetual announced in 2012 that it had appointed Fujitsu Australia Limited to become Perpetual's outsourced technology partner to manage IT infrastructure, including hardware, networks and application software. In the year ended 30 June 2013, an impairment of $0.1 million was incurred in relation to certain IT assets that were sold to Fujitsu as part of the IT outsourcing programme.

Foreign currency translation costs

In 2013, Perpetual recognised a $5.2 million non-cash after tax expense as a result of the reclassification of the foreign currency translation reserve to the statement of comprehensive income as a result of the closure of its business in Dublin, which has ceased operations.

Costs related to The Trust Company proposal

In 2013, Perpetual incurred expenses of $1.5 million after tax associated with the proposed acquisition of The Trust Company. The Trust Company has also incurred expenses of $1.5 million after tax in the 12 months ended 31 August 2013 associated with the proposed acquisition.

Other recoveries

Following the successful resolution of the completion accounts for Guardian Trust and warranty matters related to the acquisition between The Trust Company and Suncorp, The Trust Company recognised a one-off increase to NPAT of $1.6 million in its results for the 12 months ended 31 August 2013.

5.5 OWNERSHIP OF PERPETUAL AFTER IMPLEMENTATION OF THE SCHEME

The ownership structure of Perpetual as between current Perpetual Shareholders and Shareholders in The Trust Company will depend on the number of Shareholders that validly elect to receive all or part of their Scheme Consideration as Cash Consideration. In the event that no Shareholders validly elect to receive any Cash Consideration, after the Implementation Date, Perpetual will be owned 87% by current Perpetual Shareholders and 13% by current Shareholders in The Trust Company (excluding any Perpetual Shares which a Scheme Participant holds prior to the Implementation Date). Alternatively, if total valid cash elections meet or exceed the maximum cash component amount of $110 million, after the Implementation Date, Perpetual will be owned 93% by current Perpetual Shareholders and 7% by current Shareholders in The Trust Company (excluding any Perpetual Shares which a Scheme Participant holds prior to the Implementation Date, and assuming a Perpetual VWAP of $37.30).

6 TAXATION IMPLICATIONS

6.1 TAXATION IMPLICATIONS

This part of the Scheme Booklet provides an overview of the main Australian taxation implications that should arise for certain Scheme Participants as a result of the implementation of the Scheme and the payment of the Special Dividend.

The information provided below is not applicable to all Scheme Participants. The information does not apply to Scheme Participants who:

a. Hold their Shares on revenue account (such as banks and share trading entities) or as trading stock;

b. Are temporary residents of Australia for Australian taxation purposes;

c. Hold their Shares in connection with a business carried on through a permanent establishment outside their country of residence;

d. Hold their Shares under an employee share scheme offered by The Trust Company; or

e. Are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their Shares.

The taxation overview set out below takes into account legislation enacted or proposed as at the date of this Scheme Booklet, the interpretation of such laws by the courts and relevant administrative practices. It does not purport to be a complete analysis or to identify all potential related tax consequences.

The taxation overview does not constitute tax advice and should not be relied upon as such.

All Scheme Participants are advised to obtain independent taxation advice in respect of the Scheme and the payment of the Special Dividend which takes into account their personal circumstances. This taxation advice should specifically consider whether the Scheme Participant is entitled to roll-over relief and the tax treatment arising in respect of the Special Dividend derived by the Scheme Participant.

The Trust Company has applied for a Class Ruling from the Australian Taxation Office (**ATO**) in respect of a number of taxation implications for Scheme Participants. The information provided below is consistent with that application. Scheme Participants should follow the ATO's Class Ruling once it is published on **www.ato.gov.au**.

Shareholders will be entitled to receive the FY14 Interim Dividend if they were noted on the Register as a Shareholder on 21 October 2013, irrespective of whether the Scheme is approved and implemented. Shareholders should also obtain independent taxation advice in respect of the payment of the FY14 Interim Dividend which takes into account their personal circumstances.

6.2 DISPOSAL OF SHARES

A Capital Gains Tax (**CGT**) event should happen to Scheme Participants when their Shares are transferred to Perpetual Sub under the Scheme. The CGT event should happen on the Implementation Date.

Taxation implications for Australian resident Scheme Participants

Australian resident Scheme Participants should:

a. Make a capital gain if the capital proceeds from the disposal of their Shares exceed the cost base of their Shares (the availability of CGT roll-over relief for a capital gain is discussed below); or

b. Make a capital loss if the capital proceeds are less than their reduced cost base of the Shares.

A Scheme Participant's capital proceeds will depend on the form of the Scheme Consideration that the Scheme Participant is entitled to receive on the Implementation Date.

The Scheme Consideration may be comprised either:

a. Entirely of Share Consideration. In this case, the Scheme Participant's capital proceeds should include the market value of the New Perpetual Shares received;

b. Entirely of Cash Consideration. In this case, the Scheme Participant's capital proceeds should include the amount of cash received; or

c. Partly Share Consideration and partly Cash Consideration. In this case, the Scheme Participant's capital proceeds should include:

   i. The market value of the New Perpetual Shares received; and

   ii. The amount of cash received.

The market value of the New Perpetual Shares for Australian taxation purposes should be their value on the Implementation Date. The Special Dividend should not form part of the capital proceeds for Scheme Participants. This issue is being addressed in the ATO Class Ruling requested by The Trust Company. Scheme Participants should follow the ATO Class Ruling once it is published.

The cost base of the Shares in The Trust Company will generally include the Scheme Participant's original or deemed cost of acquisition, plus incidental costs incurred in relation to the acquisition or disposal of the Shares.

CGT discount

Scheme Participants who are individuals, complying superannuation entities, trustees of trusts or (in limited circumstances) life insurance companies may be entitled to reduce the amount of any capital gain made on the disposal of their Shares if they have held their Shares for at least 12 months before the Implementation Date (the reduction is referred to as the "CGT discount"). The CGT discount is applied only after available capital losses have been applied to reduce the capital gain.

The discount rate is 50% for individuals and trustees, and $33\frac{1}{3}$% for complying superannuation entities and life insurance companies.

The CGT discount is not available to Scheme Participants that are companies or to other Scheme Participants who acquired their Shares before 21 September 1999 where they choose to include indexation when calculating the cost base of their Shares.

Capital gains and capital losses made by a Scheme Participant in an income year from all sources are aggregated to determine whether they make a net capital gain or capital loss for that income year.

CGT roll-over relief

Australian resident Scheme Participants who:

a. Elect any Share Consideration; or

b. Elect 100% Cash Consideration only but receive Share Consideration as a result of the Cash Consideration being scaled back,

should be eligible for CGT roll-over relief.

In broad terms, eligible Scheme Participants who choose to obtain CGT roll-over relief disregard the CGT consequences of the transfer of their Shares to the extent that the capital gain made on the transfer relates to the acquisition of the New Perpetual Shares.

Scheme Participants will generally need to choose CGT roll-over relief before lodging their income tax return for the income year in which the CGT event happens.

For Scheme Participants who are individuals, this is expected to be the tax return for the year ending 30 June 2014. Choosing to obtain CGT roll-over relief can simply be evidenced by excluding the relevant capital gain, in respect of which CGT roll-over relief is chosen, from the Scheme Participant's tax return.

CGT roll-over relief is not available to the extent that a Share in The Trust Company is transferred for Cash Consideration.

Disposal of New Perpetual Shares

A Scheme Participant may wish to sell any New Perpetual Shares acquired under the Scheme at a later time. To determine the extent of any capital gain or capital loss on the disposal of the New Perpetual Shares it will be necessary to have regard to the cost base of the New Perpetual Shares and the time of their acquisition.

For those Scheme Participants that are eligible for, and choose to obtain, CGT roll-over relief in respect of their Shares in The Trust Company, the CGT roll-over relief rules will determine the cost base of any New Perpetual Shares and their time of acquisition.

In general terms, where CGT roll-over relief is chosen, the cost base of the New Perpetual Shares will be equal to the existing cost base of the Shares in The Trust Company exchanged under the Scheme less any Cash Consideration received per Share. The existing cost base of the Shares in The Trust Company which were exchanged for Cash Consideration is not allocated to form part of the cost base of the New Perpetual Shares.

Each New Perpetual Share should be deemed to have been acquired by the relevant Scheme Participant on the same date as the date the original Share in The Trust Company, which gave rise to the entitlement to the New Perpetual Share, was acquired. This deemed acquisition date will be relevant for indexation or the CGT discount concession (if available). For all other CGT purposes, Scheme Participants should be taken to have acquired their New Perpetual Shares at the time they are issued, which should be the Implementation Date.

Where CGT roll-over relief is not chosen or is not available, the cost base of the New Perpetual Shares should be equal to the market value of the Shares in The Trust Company exchanged under the Scheme less any Cash Consideration received per Share. In this case, the New Perpetual Shares should be taken to have been acquired at the time they are issued, which should be the Implementation Date.

Taxation implications for non-resident Scheme Participants

Scheme Participants who are not residents of Australia for tax purposes should not be subject to Australian CGT in respect of the transfer of their Shares in The Trust Company to Perpetual Sub under the Scheme, provided they (together with their associates) hold less than 10% of the total number of Shares on issue by The Trust Company.

Non-Australian resident Scheme Participants who receive any Share Consideration should not generally be eligible for CGT rollover relief.

The cost base of the New Perpetual Shares for non-resident Scheme Participants should be equal to the market value of the Shares in The Trust Company exchanged under the Scheme less any Cash Consideration received per Share. The New Perpetual Shares should be taken to have been acquired at the time they are issued, which will be the Implementation Date.

6.3 SPECIAL DIVIDEND

If the Scheme is approved, Scheme Participants who are registered in the Register as a holder of Shares on the Special Dividend Record Date will be paid a Special Dividend of 22 cents per Share on the Implementation Date.

The Special Dividend is expected to be fully franked.

Taxation implications for Australian resident Scheme Participants

The Special Dividend will be assessable to Australian resident Scheme Participants.

Generally, the franking credits attached to the Special Dividend received directly by an Australian resident Scheme Participant will also be included in the assessable income of that Scheme Participant (i.e. the amount of a fully franked dividend is grossed up by the amount of the franking credits attached to the dividend and this grossed up amount is included in the assessable income of the Scheme Participant).

A tax offset equal to the franking credits should then be available to offset or reduce the resulting tax liability. Individuals and complying superannuation entities may be entitled to a refund where the tax offset for any franked distribution exceeds their tax liability. Where the Scheme Participant is a corporate shareholder, franked dividends will generally give rise to a franking credit in the company's franking account.

To be eligible for the franking credit and tax offset, a Scheme Participant must generally satisfy the 'holding period rules'. In this case, this means the Shares in respect of the Special Dividend must be held 'at risk' for a continuous period of at least 45 days (not including the date of acquisition and the date of disposal of the Shares) within the relevant 'qualification period'.

A Scheme Participant will not be taken to have held the Shares 'at risk' where the Scheme Participant holds 'positions' (such as options or other hedging arrangements) which materially diminish the risks of loss or opportunities for gain in respect of those Shares. In relation to the Scheme, Scheme Participants will not hold their Shares 'at risk' from the Scheme's Record Date (which is expected to be 13 December 2013).

As a practical matter, a Scheme Participant who holds their Shares at risk for a continuous period of at least 45 days during the period from 28 October 2013 to 12 December 2013 (inclusive) should satisfy the 'holding period rules' and be eligible for the franking credit and tax offset. This issue is being addressed in the ATO Class Ruling requested by The Trust Company. Scheme Participants should follow the ATO Class Ruling once it is published.

Taxation implications for non-resident Scheme Participants

The Special Dividend should not be subject to Australian dividend withholding tax and should not otherwise be subject to Australian tax for non-Australian resident Scheme Participants.

7 RISKS

7.1 INTRODUCTION

The Transaction presents a number of potential risks that Shareholders should consider when deciding how to vote on the Scheme and in deciding how much Cash Consideration to elect to receive.

If the Scheme proceeds, Shareholders will receive New Perpetual Shares (unless they elect to receive all of their Scheme Consideration as Cash Consideration (and then only to the extent that the scale back provisions do not apply) and unless they are a Foreign Shareholder whose entitlement will be dealt with as set out in section 2.5(o) of this Scheme Booklet) and will therefore be exposed to the risks associated with an investment in the Combined Group.

If the Scheme does not proceed, The Trust Company will continue to be subject to a number of risks and uncertainties.

The outline of risks in this section 7 is a summary only and should not be considered exhaustive. This section does not take into account your investment objectives, financial situation, taxation position or particular needs.

You should carefully consider the risk factors discussed in this section, as well as the other information contained in this Scheme Booklet before voting on the Scheme. If you are unclear in relation to any matter or uncertain if Perpetual Shares are a suitable investment for you, you should seek independent professional advice.

7.2 RISKS SPECIFIC TO THE TRANSACTION AND CREATION OF THE COMBINED GROUP

a. Value of the Scheme Consideration is not certain

Under the terms of the Scheme, Scheme Participants will receive either a specified number of New Perpetual Shares, the cash equivalent of a specified number of Perpetual Shares based on the Perpetual VWAP or a mixture of both. As a result, the value of the Scheme Consideration will fluctuate depending on the market value of Perpetual Shares.

For Scheme Participants who elect to receive all or a portion of their Scheme Consideration as Cash Consideration, the value will depend on the price at which Perpetual Shares trade on the ASX in the 10 trading days prior to the Scheme Meeting, subject in any event to the Cash Consideration for each Scheme Share not being less than $6.29. In addition, Scheme Participants who elect to receive a portion of their Scheme Consideration as Cash Consideration may in fact receive some New Perpetual Shares as the total amount of cash available to provide Cash Consideration is subject to a cap. Where the total amount of Cash Consideration a Participant is entitled to receive is scaled back, Participants will receive additional New Perpetual Shares with a value (calculated based on the VWAP of Perpetual Shares for the 10 trading days before the Scheme Meeting) equal to the amount by which the Cash Consideration that the Participant was entitled to receive was scaled back.

If the VWAP of Perpetual Shares for the 10 trading days before the Scheme Meeting is less than $34.56, and Scheme Participants elect to receive Cash Consideration exceeding $110 million, Perpetual will need to issue additional Perpetual Shares to ensure that Scheme Participants who elected to receive cash receive at least $6.29 per Share. The issue of such additional shares may further dilute the value of New Perpetual Shares issued under the Scheme.

Information regarding the Scheme Consideration and the scale back of Cash Consideration is set out in section 2.2(c).

For Scheme Participants who receive Share Consideration, the value of the New Perpetual Shares will fluctuate depending on the price at which the New Perpetual Shares trade on the ASX after the Implementation Date.

For Foreign Shareholders, the value of the consideration they will receive will depend on the price, net of sale expenses, realised by the Nominee in respect of the sale of New Perpetual Shares attributable to the Foreign Shareholders.

Some Scheme Participants may not intend to continue to hold the New Perpetual Shares received and may wish to sell them on the ASX soon after the Implementation Date. In addition, the Nominee will sell New Perpetual Shares attributable to Foreign Shareholders on market as soon as reasonably practicable after the Implementation Date. There is a risk that such sales may exert downward pressure on Perpetual's share price in the short term.

In any event, there is no guarantee regarding the market price of Perpetual Shares either in the period before the Scheme Meeting or after the Implementation Date. Future market prices may be either above or below current or historical market prices.

b. Integration

There is a risk that the Combined Group's success and profitability could be adversely affected if The Trust Company's business is not integrated effectively. There is a risk that integration could take longer or cost more than expected or that the anticipated benefits and synergies of the integration may be less than estimated.

Possible problems may include:

- Differences in management culture between the two organisations;
- Unanticipated costs or delays relating to integration of IT, information or accounting systems;
- Loss of key personnel; and
- Timing for realisation or disposal of surplus infrastructure.

c. Contract risk

Some contracts to which The Trust Company or its subsidiaries are a party may contain 'change of control' provisions that could be triggered by implementation of the Scheme, allowing the counterparty to review or terminate the contract.

If a counterparty to any such contract were to terminate or seek to renegotiate the contract this may have an adverse effect on the Combined Group, depending on the relevant contract.

Further information about contracts which contain change of control provisions is included in section 8.9.

d. Change in risk and investment profile

Scheme Participants that receive Share Consideration will receive New Perpetual Shares in exchange for their Shares. An investment in Perpetual is not an identical substitute for an investment in The Trust Company as the Combined Group will have a different risk and investment profile.

Shareholders will be exposed to risk factors relating to Perpetual, and to certain risks relating to the Combined Group. In some cases, those risks are different from or additional to those related to The Trust Company. See section 7.3 for details of the risks relating to Perpetual and the Combined Group.

The investment profile for Shareholders in The Trust Company will also change. While the operations of Perpetual and The Trust Company are similar in a number of ways the operational profile, capital structure and size of the Combined Group will be different to that of The Trust Company on a standalone basis.

These changes in risk and investment profile may be considered a disadvantage by some Shareholders.

e. Impairment of intangible assets

In accounting for the Transaction, Perpetual will need to perform a fair value assessment of The Trust Company's assets (including intangible assets) and liabilities. To the extent goodwill and indefinite life intangible assets are recognised in respect of accounting for the acquisition, they will be subject to annual impairment testing. Other identifiable intangible assets are amortised and assessed for any indicators of impairment each reporting period. In the event that the recoverable amount of intangible assets is impaired, this will result in an additional expense in the income statement of the Combined Group.

f. Tax consequences

If the Scheme proceeds, there may be tax consequences for Scheme Participants. Please refer to section 6 for tax implications. Scheme Participants should seek their own independent professional advice regarding the individual tax consequences applicable to them.

g. Risks of trading during deferred settlement trading period

Scheme Participants will not necessarily know the exact number of New Perpetual Shares that they will receive (due to rounding and possible adjustments if Perpetual pays a dividend (other than the Excluded Dividend)) until a number of days after those shares can be traded on ASX on a deferred settlement basis. Shareholders who trade New Perpetual Shares on a deferred settlement basis, may risk adverse financial consequences if they purport to sell more New Perpetual Shares than they receive.

h. Risks if the Scheme does not proceed

If the Scheme does not proceed and no other acceptable proposal is received, The Trust Company will continue on a standalone basis. Shareholders will retain their Shares. In these circumstances there is a risk that Shares may trade below their current market price.

The Trust Company will have incurred significant transaction costs in relation to the proposed Scheme even if it does not proceed.

In addition, under the Scheme Implementation Agreement The Trust Company is required to pay a reimbursement fee of $2,100,000 to Perpetual if the Scheme does not proceed in certain circumstances. Information in relation to the Scheme Implementation Agreement and the reimbursement fee is set out in section 2.4(c).

7.3 RISKS OF THE COMBINED GROUP

a. Changes in investment markets

A significant proportion of the Combined Group's earnings will be derived from fees and charges based on levels of FUM and FUA of the Combined Group. The levels of FUM and FUA will reflect (in addition to other factors such as the amount of funds flowing into and out of FUM and FUA) the investment performance of those funds. Therefore, changes in domestic and/or global investment market conditions could lead to a decline in the Combined Group's FUM and FUA, adversely impacting on the amount it earns in fees and charges. This may in turn impact the future profitability and financial position of the Combined Group.

Perpetual's earnings are more exposed to movements in investment markets. Based on the level of the All Ordinaries Index as at 30 June 2013, a 1% movement in the market changes Perpetual's annualised revenue by approximately $1.75 million to $2.25 million. However, this movement is not correlated to the overall movement in the market on a linear basis. As the market reaches higher or lower levels, a 1% movement may have a larger or smaller effect on revenue as funds under management and funds under advice comprise both equity market and non-equity market-sensitive asset classes. This revenue sensitivity is a guide only and may vary due to a number of factors, including but not limited to:

- Equity funds under the Perpetual Group's management and advice performing broadly in line with the All Ordinaries Index;
- The impact of FUM and FUA inflows and outflows, and their timing; and
- Changes in channel and product mix, and pricing policy can also affect the level of revenue earned from the Perpetual Investments and Perpetual Private businesses.

b. Competition

There is substantial competition for the provision of financial services in the markets in which the Combined Group will operate. The Combined Group must compete with a variety of market participants in specialised investment fund management, wealth advice and corporate trustee services. These market participants compete vigorously for customer investments and the provision of wealth management services. These competitive market conditions may adversely impact on the earnings and assets of the Combined Group.

c. Information technology

The success of the Combined Group (including attaining cost synergies) will, in part, be dependent on the effective and timely migration of The Trust Company's business to Perpetual's existing platforms and the integrity of the data and records to be migrated.

Generally, the Combined Group will rely heavily on information technology. Therefore, any significant or sustained failure in the Combined Group's core business or technology systems could have a materially adverse effect on the Combined Group's operations in the short term, which in turn could undermine longer term confidence in the Combined Group and impact the future profitability and financial position of the Combined Group.

d. Brands and reputation

The capacity of the Combined Group to attract and retain clients and FUM and FUA depends to a large extent upon the brands and reputation of its businesses.

Any decline in the Combined Group's brand and reputation and the separate brands which each has used historically could contribute to lower new business sales, reduced inflows of investment funds and assets, damage to its client strategies and may impact the future profitability and financial position of the Combined Group.

e. Provision of investment advice

The Combined Group's financial advisers and authorised representatives will provide advice to clients. The Combined Group may be exposed to litigation if this advice is judged to be incorrect or if the authorised representative otherwise becomes liable for client losses.

f. Operational risks

Operational risk is the risk arising from the daily functioning of the Perpetual Group's businesses. The Combined Group will have specific operational exposures relevant to the industry in which the Combined Group operates including exposures in connection with product disclosure statements, investment management, tax and financial advice, legal and regulatory compliance, product commitments, process error, fraud, system failure, failure of security and physical protection systems and unit pricing errors.

g. Interest rate risk

Perpetual's and the Combined Group's balance sheet will be subject to interest rate risk.

The Perpetual Group generates positive cash flows from operations from a relatively light capital structure. Cash balances are generally invested in short-term assets and earn a variable interest rate.

Perpetual is also exposed to interest rate risk in respect of its corporate debt facility, and operational debt facilities used to finance clients into capital-protected investment products. The corporate facility has a variable interest rate. There are no interest rate hedges against the drawn portion ($45.0 million) of this facility.

The operational debt facilities are a combination of fixed and variable rate borrowings used to finance a combination of fixed and variable rate structured product loans.

h. Credit risk

The Perpetual Group is subject to the risk of default and change in the credit quality of issuers of securities, counterparties and intermediaries, including in the following areas:

- All cash and cash equivalent balances are subject to credit risk as they represent deposits made with external banks and other institutions. Currently, the Perpetual Group primarily invests its corporate cash balances in cash deposits with banks and in cash style funds managed by the Perpetual Group;
- The Perpetual Group is exposed to the performance of assets held in the Exact Market Cash Fund products where returns are guaranteed through a swap arrangement (see section 7.3(i)); and
- The Perpetual Group is exposed to credit risk on loans to Perpetual Protected Investments (**PPI**) structured product clients. This risk is capped at $5 million for series 1 and 2 of the structured products, and 7% of the outstanding loan book for series 3 which amounts to $2.1 million, as the borrowings used to fund these loans are limited recourse in nature. The PPI series are now closed to new investors.

The Perpetual Group limits the number of counterparties upon which it is willing to take credit risk. This can lead to concentrations of credit risk. The Perpetual Group does not expect any counterparties to fail to meet their obligations beyond what has been provided for in the carrying value of those assets. The Combined Group will be subject to these risks.

i. Exact market cash funds

Exact Market Cash Fund (**EMCF**) products are investment funds managed by Perpetual Investments that invest in a diversified portfolio of cash and credit securities and offer investors a guaranteed return via a swap agreement with another Perpetual Group entity. The Perpetual Group is exposed to the performance and credit risk of assets held in the EMCF products.

There are two EMCF products. Unrealised mark-to-market losses in EMCF1 have previously had an impact on Perpetual's balance sheet. However, in line with Perpetual's decision to reduce risk on its balance sheet, as investments mature in EMCF1, proceeds are used to meet redemptions or are reinvested in bank bills or cash. The majority of the unrealised mark-to-market losses from EMCF1 have now been recovered and the remainder is expected to be recovered as the portfolio matures.

EMCF2 was established in July 2008. It has a similar structure to EMCF1 but has specific rules that govern the withdrawal of funds. EMCF2 assets are held on a hold-to-maturity basis for unit pricing purposes which is designed to reduce Perpetual's exposure to mark-to-market losses.

The financial performance of the EMCF products is reported in the cash and fixed income asset class in Perpetual Investments.

j. Equity risk

Equity risk is the risk of change in value of an issued equity security to which Perpetual has an exposure. Perpetual is currently subject to equity risk from its investments in managed funds. These investments 'seed' new investment funds for Perpetual Investments to develop a track record and examine the viability of the fund to the investment community. If the investment fund is successful, the fund is opened to third party investors. The Combined Group will remain subject to these risks in respect of its activities.

k. Reliance on AFS, RSE and other Licences

In order to provide the majority of its services in Australia, the Combined Group will be required to hold a number of AFS and RSE licences.

If the Combined Group fails to comply with the general obligations and conditions of an AFS or RSE licence, this could result in the suspension or cancellation of the licence which enables it to operate key parts of its business. While it is not expected to occur, a breach or loss of licences would have a material adverse effect on the Combined Group's business and financial performance.

In addition, AFS and RSE licences require the licence holder to maintain certain levels of capital. These capital requirements may change from time to time, which may require the Combined Group to raise additional liquid capital from time to time. This may affect the earnings of the Combined Group if it is unable to raise fee levels to compensate for earnings dilution as a result of holding a higher capital base.

In order to provide the majority of its services in Australia, New Zealand and Singapore, the Combined Group will also be required to hold a number of other licences.

l. General claims and litigation

Legal proceedings and claims may arise from time to time in the ordinary course of operations of the Combined Group. There is a risk that material or costly claims or litigation could impact on the Combined Group's financial performance and the value of the Combined Group.

m. Insurance

The Combined Group will have insurance, including errors and omissions (professional indemnity) and directors' and officers' insurance, which it believes to be commensurate with industry standards, and adequate having regard to the business activities of the Combined Group. Perpetual's current insurance policies provide a degree of protection for Perpetual's assets, liabilities, officers and employees.

However, no assurance can be given that any insurance that Perpetual currently maintains will:

- Be available in the future on a commercially reasonable basis; or
- Provide adequate cover against claims made against or by Perpetual or the Combined Group, noting that there are some risks that are uninsurable (e.g. nuclear, chemical or biological incidents) or risks where the insurance coverage is reduced (e.g. cyclone, earthquake, flood, fire).

The Combined Group also faces risks associated with the financial strength of its insurers to meet indemnity obligations when called upon which could have an adverse effect on the Combined Group's earnings.

If the Combined Group incurs uninsured losses or liabilities, its assets, profits and prospects may be adversely affected.

n. Acquisitions

Perpetual's future strategy may involve the acquisition of additional businesses within Perpetual's core business lines. Acquisition transactions involve inherent risks, including:

- Accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquired businesses;
- Integration risks including the risk that integration could take longer or cost more than expected or that the anticipated benefits and synergies of the integration may be less than estimated;
- Diversion of management attention from existing business;
- Potential loss of key personnel and key clients;
- Unanticipated changes in the industry or general economic conditions that affect the assumptions underlying the acquisition; and
- Decline in the value of, and unanticipated costs, problems or liabilities associated with, the acquired business.

Any of these or other risks could cause the Combined Group not to realise the benefits anticipated to result from any acquisition of new businesses and could have a material adverse impact on its financial position.

o. Dilution

Future capital raisings or equity funded acquisitions by the Combined Group may dilute the holdings of particular shareholders in the Combined Group (relative to other shareholders).

The Combined Group may need to raise additional capital in the future in order to meet the operating or financing requirements of the Combined Group after the completion of the Transaction (including by way of additional borrowings or increases in the equity of any of the companies within the Combined Group), not all of which can be anticipated at this point in time. In the event that an increase in the equity of the Combined Group is required, particular shareholders in the Combined Group may be requested to subscribe for additional equity which may be substantial. To the extent that shareholders in the Combined Group do not subscribe to such additional equity, or are otherwise not invited to subscribe, their holdings in the Combined Group may be diluted (relative to other shareholders).

p. Regulatory and legislative risk and reform

Changes in laws, regulations and government policy may affect the Combined Group and the attractiveness of an investment in the Combined Group positively or negatively. The financial services sectors in which the Combined Group will operate are subject to extensive legislation, regulation and supervision by a number of regulatory bodies in multiple jurisdictions.

The regulatory regimes governing the business activities of the Combined Group are complex and subject to change. The impact of future regulatory and legislative change upon the business of the Combined Group cannot be predicted. In addition, if the amount and complexity of new regulation increases, so too may the cost of compliance and the risk of non-compliance.

The Federal Government has enacted legislation in response to a parliamentary inquiry into financial products and services in Australia (the **FOFA Legislation**). The reforms became mandatory from 1 July 2013. The FOFA Legislation includes various measures which may negatively impact the Combined Group's future profitability and financial position through increased compliance costs or a reduction in the fees that the Combined Group can charge for its services.

Specifically, from 1 July 2013, the Stronger Super reforms include requirements for an RSE licensee to maintain adequate financial resources, in the form of a reserve, to address losses arising from

operational risks. APRA has issued regulatory guidance that it expects a prudent RSE licensee to maintain a reserve of 25 basis points of FUM. This may affect earnings of the Combined Group if it is unable to raise fee levels to compensate for earnings dilution as a result of holding a higher capital base to meet these requirements.

The Federal Government has enacted legislation affecting the superannuation industry (Stronger Super and SuperStream). These measures may affect the competitive environment of the Combined Group, may increase costs due to additional business complexity and may negatively affect the earnings and profitability of the Combined Group.

The Corporations and Markets Advisory Committee (**CAMAC**) recently released its report into the administration of charitable trusts. If implemented, recommendations in the report may impact the fee arrangements that the Combined Group can charge to charitable trusts. The report also indicated CAMAC would seek to review the process by which the courts can remove trustees, having regard to the intent of donors. Changes to these processes have the potential to increase the risk of the Combined Group being dismissed as trustee of some of the trusts that it currently administers.

q. Financial forecasts

There is a risk that the assumptions used in the preparation of the forward looking financial information in sections 1.1(g) and 5.2(c) may not hold, with the result that the actual results (including earnings and distribution) may differ materially from those set out in sections 1.1(g) and 5.2(c).

7.4 RISKS SPECIFIC TO THE TRUST COMPANY

As The Trust Company will be wholly owned by Perpetual following the implementation of the Scheme, Shareholders who become shareholders in the Combined Group will continue to be exposed to risks relating to The Trust Company and the companies within its group through their investment in the Combined Group.

As the operations of Perpetual and The Trust Company are similar in a number of ways, many of the risks associated with holding Shares are similar in nature to those associated with holding shares in Perpetual (as to which see section 7.3), although the operational profile, capital structure and size of the Combined Group will be different to that of The Trust Company on a standalone basis.

Also, the following are additional specific risks relating to The Trust Company.

a. Reliance on key personnel

The Trust Company has benefited from having available a high quality operationally focussed management team. While The Trust Company makes every effort to retain key employees and recruit new personnel as the need arises, loss of a number of key personnel may adversely affect The Trust Company's earnings or growth prospects. The Trust Company has retention mechanisms in place through its Performance Rights plans. Please refer to section 5.2(e) of this Scheme Booklet in respect of Perpetual's intentions in connection with key personnel retention.

b. Reduction in corporate activity

The Trust Company provides transactional services in the financial markets, notably by acting as responsible entity, debt trustee, superannuation trustee, bare trustee, security trustee, custodian and providing escrow and agency services. Any reduction in the number or scale of transactions in the financial markets may adversely affect The Trust Company's business.

c. Financing and capital

The Trust Company's continued ability to effectively implement its business plan over time may depend in part on its ability to raise additional funds. There can be no assurance that any equity or debt funding will be available to The Trust Company on favourable terms or at all. If adequate funds

are not available on acceptable terms, The Trust Company may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.

ASIC Class Order 11/1140 requires responsible entities to hold minimum capital levels based on a calculation of notional revenue. Subsidiaries of The Trust Company that hold an AFS licence authorising them to act as responsible entities of registered managed investment schemes are subject to the Class Order. Complying with the Class Order may require The Trust Company to raise additional liquid capital. This may impact the earnings of The Trust Company if it is unable to raise fee levels to compensate for earnings dilution as a result of holding a higher capital base to meet these requirements.

At the end of June 2013, ASIC released two separate class orders to formally implement the proposals under its Consultation Paper 194 being Class Order CO 13/760 'Adequate financial resources for responsible entities and IDPS operators' and CO 13/761 'Adequate financial resources for custodial or depository services providers' (**Class Orders**). The Trust Company is currently assessing the changes brought about by the Class Orders and is considering its options for complying with the Class Orders. The changes introduced by the Class Orders will apply from 1 July 2014.

d. Specific claims and litigation

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, except for the matters in respect of the debenture holders of Banksia and Australian Capital Reserve set out below (details of which are in the public domain), there was no current litigation of a material nature against any member of The Trust Company Group and The Trust Company Board had no knowledge of any potential material litigation.

Banksia

In January 2013 a claim for unspecified damages was lodged against The Trust Company (Nominees) Limited in its capacity as trustee for the debentures issued by Banksia Securities Limited and other defendants including Banksia Securities Limited, Cherry Fund Limited, RSD Chartered Accountants and the directors of both Banksia Securities Limited and Cherry Fund Limited. The claim was lodged by a debenture holder of Banksia and alleges breaches of the Corporations Act and general law trustee duties. The Trust Company is strongly defending the action. The Trust Company also has a right of indemnity from the assets of the trust (subject to certain conditions).

Australian Capital Reserve

In May 2013 a claim for unspecified damages was lodged against The Trust Company (Nominees) Limited in its capacity as trustee for the debentures issued by Australian Capital Reserve Limited (**ACR**). The claim was lodged by debenture holders of ACR and alleges breaches of general law trustee duties and a failure to exercise reasonable diligence. The Trust Company is strongly defending the action. The Trust Company also has a right of indemnity from the assets of the trust (subject to certain conditions).

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, it was not possible to estimate the potential size of the Banksia and ACR claims. Like all major financial institutions, The Trust Company carries insurance for these types of circumstances. The Trust Company is keeping its insurers fully informed of the claims.

e. Liquidity Risk

Liquidity risk is the potential inability to meet The Trust Company's payment obligations, which could potentially arise as a result of a mismatch between those obligations and access to liquid assets, funding on acceptable terms or cash flows generated by the business.

A failure to meet The Trust Company's payment obligations may result in client complaints and client losses, and could damage the reputation of The Trust Company.

7.5 GENERAL INVESTMENT RISKS

Certain risks are common to all businesses. Both Perpetual and The Trust Company are subject to these inherent risks and a summary of some of the more important general risks that may affect the Combined Group is set out below.

a. General share investment risk

There are various risks associated with investing in any form of business and with investing in listed entities generally. The value of shares in the Combined Group will depend upon general stock market and economic conditions as well as the performance of the Combined Group. There is no guarantee of profitability, dividends, return of capital, or the price at which shares in the Combined Group will trade on the ASX. The past performance of Perpetual Shares is not necessarily an indicator as to future performance as the trading price of shares can go down or up in value.

b. General economic, political and regulatory conditions

Factors, including (but not limited to) domestic and international political changes, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, regulatory and taxation changes, changes in employment levels and labour costs may all have an adverse impact on the Combined Group's revenues, operating costs, profit margins and share price. These factors are beyond the control of the Combined Group and the Combined Group cannot, to any degree of certainty, predict how they will impact on the Combined Group.

c. General regulatory risk

The Combined Group will be exposed to any changes in the regulatory conditions under which it operates. Such regulatory changes can include, for instance, changes in:

- Superannuation and compulsory contribution levels;
- Taxation laws and policies;
- Accounting laws, policies, standards and practices;
- Environmental regulations that may impact upon the operations and processes of the Combined Group; and
- Employment laws and regulations, including laws and regulations relating to occupational health and safety.

8 ADDITIONAL INFORMATION

This section sets out the additional information required by section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, as well as some additional information that may be of interest to Shareholders.

8.1 SUBSTANTIAL SHAREHOLDERS

As at the close of trading on 14 October 2013, the last practicable day before the date of this Scheme Booklet, the substantial shareholders of The Trust Company were as follows:

Substantial Shareholder	Number of Shares	% of Shares
Milton Corporation Ltd	2,940,394	8.74
Australian Foundation Investment Company Ltd	2,286,726	6.79

8.2 MARKETABLE SECURITIES OF THE TRUST COMPANY HELD BY OR ON BEHALF OF THE TRUST COMPANY DIRECTORS

a. Interests of The Trust Company Directors in marketable securities of The Trust Company

The following table shows the Relevant Interest of each The Trust Company Director in Shares as at 14 October 2013, the last practicable day before the date of this Scheme Booklet:

Name of Director of The Trust Company	Shares in The Trust Company held directly	Shares in The Trust Company held indirectly	Registered Scheme units held directly	Registered Scheme units held indirectly
Bruce Corlett		218,875 held by Uvira Superannuation Pty Ltd		
John Macarthur-Stanham	379,490	145,495 held by Macarthur-Stanham Holdings Pty Limited 136,415 held by RQMS Pty Ltd 158,995 held by Mrs E Macarthur-Stanham 1,000 held by Ms V Macarthur-Stanham	132,067 units in The Trust Company Cash Fund 53,051 units in The Trust Company Share Imputation Fund	43,930 units in The Trust Company Diversified Property Fund 417,900 units in The Trust Company Cash Fund 147,474 units in The Trust Company Share Imputation Fund
Roger Davis		8,000 held by Invia Custodian Pty Limited		
James King		30,000 held by Mr James Stephen King and Mrs Catherine Jane King King Family Superannuation Fund		
Catherine McDowell				
Warren McLeland	1,520	17,995 held by Warmar Super Fund Pty Ltd		
Josephine Sukkar	4,700			

John Macarthur-Stanham has a relevant interest in 1,200 Perpetual Shares held directly, 3,000 Perpetual Shares held indirectly through Macarthur-Stanham Holdings Pty Limited and 1,300 Perpetual Shares held indirectly through Mrs E Macarthur-Stanham.

Except as stated in this section 8 of the Scheme Booklet:

i. There are no marketable securities of The Trust Company held by or on behalf of The Trust Company Directors as at the date of this Scheme Booklet;

ii. None of The Trust Company Directors hold, or have any interest in, marketable securities of Perpetual; and

iii. There has been no dealing by any of The Trust Company Directors in any marketable securities of The Trust Company or Perpetual in the four months preceding 14 October 2013, the last practicable trading day before the date of this Scheme Booklet.

b. Payments or other benefits to Directors, secretaries or executive officers of The Trust Company

Except as set out below or otherwise disclosed in this Scheme Booklet:

i. There is no payment or other benefit that is proposed to be made or given to any Director, secretary or executive officer of The Trust Company (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in The Trust Company or any of its Related Bodies Corporate;

ii. The Trust Company Directors do not have any other interests in a contract entered into by Perpetual;

iii. There are no contracts or arrangements between a Director of The Trust Company and any person in connection with or conditional upon the outcome of the Scheme; and

iv. The Trust Company Directors do not have a material interest in relation to the Scheme.

8.3 MARKETABLE SECURITIES OF PERPETUAL HELD BY OR ON BEHALF OF PERPETUAL DIRECTORS

a. Perpetual Directors' interests in Perpetual marketable securities

The following table shows the Relevant Interest of each Perpetual Director in marketable securities in Perpetual on 14 October 2013, the last practicable day before the date of this Scheme Booklet:

Name of Director of Perpetual	Perpetual shares held directly	Perpetual shares held indirectly	Perpetual MIS held directly	Perpetual MIS held indirectly
Peter Scott	1,502	1,047 held by Queensland Trustees Pty Ltd* 1,000 held by Clanscott Superannuation Fund	Nil	4,308.8477 units in the Growth Option of the PPT Select Super Plan
Paul Brasher	Nil	1,000 held by Brasher Family Superannuation Fund	Nil	356,289.067 units in Perpetual's Wholesale Concentrated Equity Fund held by Brasher Family Superannuation Fund
Philip Bullock	2,650	Nil	Nil	Nil

Name of Director of Perpetual	Perpetual shares held directly	Perpetual shares held indirectly	Perpetual MIS held directly	Perpetual MIS held indirectly
Sylvia Falzon	1,000	Nil	Nil	Nil
Elizabeth Proust	1,026	1,647 shares held by Queensland Trustees Pty Ltd* 3,000 held by The Proust Lawrence Superannuation Fund	Nil	Nil
Craig Ueland	1,000 held in the name of P Craig Ueland and Nicole Ueland	Nil	1,444,043.3213 units in Perpetual Wholesale Smaller Companies Fund held in the name of P Craig Ueland and Nicole Ueland 38,550.501 units in Perpetual Wholesale SHARE-PLUS Long-Short Fund held in the name of P Craig Ueland 1,888,873.778 units in Perpetual Pure Microcap Fund Class A in the name of P Craig Ueland	722,697.918 units in Perpetual Pure Equity Alpha Fund – Class A in the name of Ueland Pty Ltd ATF Ueland Superannuation Fund
Geoff Lloyd	37,383 Performance Rights	34,682 held by Queensland Trustees Pty Ltd# 32,066 held by Queensland Trustees Pty Ltd^	PPT Select Super Fund Balanced Growth 859.968713 units PPT Super Wrap $10,142.46	Nil

* Queensland Trustees Pty Ltd hold these shares as trustee of Perpetual's Non-Executive Share Purchase Plan.
\# Queensland Trustees Pty Ltd hold these shares as trustee of Perpetual's Executive Share Plan.
^ Queensland Trustees Pty Ltd hold these shares as trustee of Perpetual's Long Term Incentive Plan.

Except as stated in this section 8.3 of the Scheme Booklet:

i. There are no marketable securities of Perpetual held by or on behalf of Perpetual Directors as at the date of this Scheme Booklet;

ii. None of the Perpetual Directors hold, or have any interest in, marketable securities of The Trust Company; and

iii. There has been no dealing by any Perpetual Director in any marketable securities of The Trust Company or Perpetual in the four months preceding the date of this Scheme Booklet.

b. Payments or other benefits to certain persons by Perpetual

Except as stated in this section 8.3 of the Scheme Booklet, there is no payment or other benefit that is proposed to be made or given:

i. To any Director or proposed director of Perpetual to induce them to become, or to qualify as, a director of the Combined Group; and

ii. For services provided by any director or person named in section 8.12 in connection with the formation or promotion of the Combined Group or the offer of shares in the Combined Group under the Scheme.

8.4 INTERESTS OF PERPETUAL AND PERPETUAL'S ASSOCIATES IN THE TRUST COMPANY

Neither Perpetual nor its Associates (other than The Trust Company) have:

i. A relevant interest in any Shares or any other marketable securities of The Trust Company;

ii. Provided, or agreed to provide, consideration for any Shares in the four months preceding the date of this Scheme Booklet; or

iii. Given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to vote in favour of the Scheme or dispose of Shares which benefit is not offered to all Shareholders under the Scheme in the four months preceding the date of this Scheme Booklet.

8.5 CREDITORS OF THE TRUST COMPANY

The Scheme will not affect the interests of creditors of The Trust Company. No new liability will be incurred by The Trust Company other than the costs incurred in the implementation of the Scheme.

The Trust Company has paid and is paying all its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

8.6 NO UNACCEPTABLE CIRCUMSTANCES

The Trust Company Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any member of The Trust Company that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

8.7 ASIC RELIEF AND ASX WAIVERS

a. ASIC waivers

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, it is not anticipated that any ASIC consents or approvals are necessary to implement the Scheme.

b. ASX waiver

ASX has granted The Trust Company a waiver from ASX Listing Rule 7.14 to the extent necessary to permit The Trust Company to have the Record Date within 6 Business Days of the Special Dividend Record Date.

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, it is not anticipated that any other ASX consents or approvals are necessary to implement the Scheme.

8.8 MATERIAL CHANGES IN FINANCIAL POSITION OF THE TRUST COMPANY

The latest published financial statement of The Trust Company was included in the report for the half year ended 31 August 2013 that was released to the ASX on 9 October 2013. To the knowledge of The Trust Company Directors, there has been no material change to the financial position of The Trust Company since 9 October 2013.

8.9 CHANGE OF CONTROL

The information below has been included in this Scheme Booklet because it may impact the future prospects of The Trust Company Group if the Scheme proceeds, which would be relevant to those Shareholders in The Trust Company who become Perpetual Shareholders after the Implementation Date.

a. Financing arrangements

The Trust Company's term debt facilities contain an event of default that will be triggered if the Scheme proceeds and Perpetual proceeds to remove The Trust Company from the official list of the ASX in accordance with clause 7.7 of the Scheme of Arrangement as set out in Annexure D to this Scheme Booklet. The delisting of The Trust Company in accordance with the Scheme could result in The Trust Company's financier cancelling its commitments.

The $55,800,000 Facility Agreement between, amongst others, The Trust Company and National Australia Bank Limited (**NAB**), as amended and restated by the Deed of Amendment dated August 2013 (**Facility Agreement**) provides for a number of facilities to be drawn down by members of The Trust Company Group, by which a total commitment of $55,800,000 is made available to The Trust Company Group. As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, $10,000,000 had been drawn down by The Trust Company Group under the Facility Agreement.

Under the Facility Agreement, an "Event of Default" occurs where Shares in The Trust Company cease to be listed or that listing is suspended for five or more Business Days. Accordingly, should the Scheme proceed and The Trust Company is removed from the official list of the ASX, an "Event of Default" will occur under the Facility Agreement.

Upon the occurrence of an "Event of Default" under the Facility Agreement, NAB may:

i. Cancel the facilities whereupon they will be immediately cancelled;

ii. Declare that all or part of the outstanding principal amounts, together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreement or any other instrument associated with the provision of the facilities (each a **Finance Document**) be immediately due and payable, whereupon they shall become immediately due and payable; and/or

iii. Declare that all or part of the outstanding principal amounts be payable on demand.

If NAB declares amounts outstanding under the Finance Documents immediately due and payable, any prepayment made as a consequence of such declaration will attract "Break Costs" (unless such prepayment is made on the last day of an interest period), being the amount of interest that would have been received by NAB on the prepaid amount had the prepayment not occurred, less the amount NAB would be able to receive if it placed the prepaid amount on deposit.

In addition to the "Event of Default" resulting from the removal of The Trust Company from the official list of the ASX, there are other "Events of Default" under the Facility Agreement which may be triggered as a result of the Scheme:

iv. If the Scheme proceeds, the representations and warranties relating to the accuracy of the group structure chart which has been annexed to the Facility Agreement will be incorrect when repeated on any subsequent utilisation date of the facilities. As this misrepresentation will be incorrect and be incapable of remedy if The Trust Company is delisted, such misrepresentation will be an Event of Default under the Facility Agreement; and

v. The Trust Company has given a number of undertakings in the Facility Agreement with respect to notifying NAB of any changes to the group structure chart and if a majority of the issued Shares in The Trust Company become held by a person who did not hold a majority of those shares as at the date of the Facility Agreement. Failure to comply with such undertakings will, unless remedied within 14 Business Days of The Trust Company becoming aware of the failure to comply (or receiving notice from NAB of such failure, whichever is earlier), result in an Event of Default under the Facility Agreement.

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, an "Event of Default" had not occurred under the Facility Agreement. Further, no member of The Trust Company Group has received any written notice from NAB that it intends to cancel commitments if an "Event of Default" were to occur or that NAB believes that an "Event of Default" has occurred.

b. Material contracts – change of control

The Trust Company has identified contracts to which The Trust Company Group is a party which The Trust Company considers to be material in the context of The Trust Company Group taken as a whole and which also contain change of control provisions or other similar provisions that may be triggered as a result of Perpetual acquiring control of The Trust Company.

(Leasing Arrangements)

The leases under which The Trust Company Group occupies its Sydney and Singapore premises contain lessor consent to change of control provisions which, if not complied with, result in a breach of the relevant lease and allow the lessor to terminate the lease which will be triggered if the Scheme proceeds. In the case of the Sydney lease, such consent cannot be unreasonably withheld, while the Singapore lessor can withhold consent in its absolute discretion. The Trust Company further notes that prior to providing any consent under these provisions, the terms of the leases provide that the lessors may require a number of conditions to be met, including providing sufficient evidence of financial standing of the new controlling entity.

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, The Trust Company Board was not aware of any member of The Trust Company Group receiving written notice from a lessor to any of these arrangements seeking to exercise rights under these provisions as a result of the Scheme or indicating that they would not consent to any change of control resulting from the Scheme.

(Corporate Client Services)

A number of the custodian agreements under which The Trust Company Group provides corporate custodian services contain change of control provisions which allow the counterparty to terminate the relevant custodian agreement and which will be triggered if the Scheme proceeds.

Further, a number of the trust deeds in respect of the New Zealand securitisation operations of The Trust Company Group contain consent to change of control provisions which, if not complied with, will allow the counterparty to terminate the relevant securitisation agreement and which will be triggered if the Scheme proceeds.

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, The Trust Company Board was not aware of any member of The Trust Company Group receiving written notice from a counterparty to these custodian or securitisation agreements seeking to exercise rights under these provisions as a result of the Scheme or indicating that consent would be withheld in relation to, or that rights would be exercised as a result of, any change of control resulting from the Scheme.

(NZ suppliers)

Two material supply contracts for information technology goods and services in respect of the New Zealand operations of The Trust Company Group contain consent to change of control provisions which, if not complied with will result in a breach of these agreements and give rise to a right to terminate in the counterparties. The obligation to seek consent will be triggered if the Scheme proceeds.

As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, The Trust Company Board was not aware of any member of The Trust Company Group receiving written notice from the counterparties to any of these arrangements seeking to exercise rights under these provisions as a result of the Scheme or indicating that they would not consent to any change of control resulting from the Scheme.

c. Material contracts – termination for convenience or removal as trustee or responsible entity

In the ordinary course of business, members of The Trust Company Group enter into contracts with suppliers and clients which contain termination for convenience clauses (that is, the right to terminate for any reason on providing a period of notice), some of which may be material in the context of The Trust Company Group taken as a whole. Among these are the custodian agreements referred to in section 8.9(b). As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, The Trust Company Board was not aware of any member of The Trust Company Group receiving written notice from a counterparty seeking to exercise its right under these provisions as a result of the Scheme.

The trust deeds pursuant to which The Trust Company Group acts as trustee or responsible entity in its corporate client business allow for the removal of the trustee or responsible entity for any reason upon a unitholder resolution. As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, The Trust Company Board was not aware of any member of The Trust Company Group receiving written notice from any unitholders that they intend to seek removal of any members of The Trust Company Group as responsible entity or trustee as a result of the Scheme.

8.10 INTERESTS OF THE TRUST COMPANY GROUP IN SHARES IN THE TRUST COMPANY

Due to the nature of its business, The Trust Company has interests in a number of Shares in The Trust Company as a responsible entity or trustee for managed investment schemes and common funds as well as in respect of individuals and estates for which it acts as trustee or estate manager.

As a result of these arrangements, The Trust Company Group is a trustee or registered holder in and/or has a relevant interest in 1,479,393 Shares in The Trust Company, equal to 4.395% of Shares in The Trust Company on issue as at the date of this Scheme Booklet. These shares are held by The Trust Company Group as set out in the table below.

The Shares in The Trust Company have been held by The Trust Company Share Imputation Fund and the Equity Common Fund QE1 for over 15 years. On 1 October 2013, the Equity Common Fund QE1 transferred all of its Shares in The Trust Company to The Trust Company Share Imputation Fund as part of the consolidation of the two funds.

Further detail about the arrangements under which The Trust Company Group is a trustee or registered holder of and/or has a relevant interest in Shares in The Trust Company is set out below.

Nature of interest	Number of Shares in The Trust Company
The Trust Company Share Imputation Fund	597,401
Estates & Trusts	869,802
Superannuation	12,190
Total	**1,479,393 equal to 4.395% of the total shares on issue (33,657,334)**

a. The Trust Company Share Imputation Fund

The Trust Company Group is the trustee or responsible entity in respect of Shares in The Trust Company as a result of The Trust Company (RE Services) Limited, a wholly owned subsidiary of The Trust Company acting as responsible entity for The Trust Company Share Imputation Fund (**TCIF**), a managed investment scheme which holds 597,401 Shares in The Trust Company.

The constitution of TCIF provides that the responsible entity has discretion as to how assets of the fund, including Shares in The Trust Company are to be dealt with and how any rights attaching to such shares are to be voted, subject to any fiduciary duties of responsible entities arising at law.

Notwithstanding the discretion provided to the responsible entity under the relevant constitution, certain managed investment schemes for which a member of The Trust Company Group is the responsible entity, including TCIF, are subject to The Trust Company's funds equity risk management guidelines (**Investment Policy**).

The Investment Policy provides that funds to which it applies should focus on investments in companies within the S&P/ASX 200 Index. As at 14 October 2013, the last practicable day before the date of this Scheme Booklet, The Trust Company was not a member of the S&P/ASX 200 Index.

Further, The Trust Company's Proxy Voting Policy (**Proxy Voting Policy**) states that in exercising its voting entitlements, The Trust Company will always act in the best interests of the members of the registered managed investment schemes.

The Proxy Voting Policy also states that in carrying out its investment management process, The Trust Company places considerable emphasis on the quality of management of the company in which the shares are held and the adherence by the board of the company to good corporate governance principles. Assuming these factors are viewed positively by The Trust Company, it will vote in accordance with the recommendations of the board of the company unless there exist strong reasons to vote otherwise.

The Trust Company anticipates that any decision in relation to whether to vote in favour of the Scheme in respect of Shares in The Trust Company held by TCIF will be made by the General Manager Group Investment Management. In making this decision, the General Manager Group Investment Management will have regard to, amongst other factors, the constitution of the fund, the duties of the responsible entity, the Investment Policy and the Proxy Voting Policy. Decisions made by the General Manager Group Investment Management will be otherwise free from influence from The Trust Company Board.

b. Estates and Trusts

Both The Trust Company (in respect of 767,913 Shares in The Trust Company) and The Trust Company (Australia) Limited, a wholly owned subsidiary of The Trust Company, (**TCA**) (in respect of 101,889 Shares in The Trust Company) manage a material number of Shares in The Trust Company as executor, trustee or manager of various deceased estates.

The terms upon which The Trust Company or TCA may deal with Shares in The Trust Company on behalf of these estates are bespoke, though all require The Trust Company or TCA to consult or seek instructions or recommendations from either the beneficiaries of the estates, co-executors or co-trustees or the General Manager Group Investment Management.

Approximately 477,000 of Shares in The Trust Company managed by The Trust Company in its capacity as estate manager are held for the benefit of two beneficiaries of one estate. The terms on which these Shares in The Trust Company are held for this estate require the approval of each beneficiary prior to exercising the voting rights of any of these Shares in The Trust Company.

Many estates are managed by The Trust Company or TCA as a co-investor or co-trustee, in which case consultation with the co-investors or co-trustees will be required prior to any decision to exercise the voting rights of Shares in The Trust Company pursuant to the Scheme.

In respect of the remainder of the estates, any decision in relation to whether to vote in favour of the Scheme will be made following a recommendation by the General Manager Group Investment Management.

In all cases, The Trust Company anticipates that any decision in relation to whether to vote in favour of the Scheme in respect of Shares in The Trust Company they manage for the benefit of estates and trusts will be made by the estate and trust managers, having regard to the specific terms of engagement of The Trust Company or TCA as estate or trust manager, the procedures set out above in respect of particular estates and any duties arising at law, and will be free from influence from The Trust Company Board.

8.11 CONSENTS

The following parties have given and have not, before the time of registration of this Scheme Booklet by ASIC, withdrawn their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- King & Wood Mallesons as Australian legal and tax adviser to The Trust Company;
- Flagstaff Partners as financial adviser to The Trust Company;
- Lonergan Edwards as Independent Expert;
- Computershare Investor Services Pty Limited as The Trust Company Registry;
- Link Market Services Limited as Perpetual Registry;
- KPMG Transaction Services as Investigating Accountant to Perpetual;
- Goldman Sachs Australia Pty Ltd as Nominee; and
- Ernst & Young as an adviser to The Trust Company in respect of the fact-based assessment (undertaken in July 2013) of potential synergies and implementation costs estimated by Equity Trustees and Perpetual.

Lonergan Edwards has also given and has not, before the time of registration of this Scheme Booklet by ASIC, withdrawn its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) has also given and has not, before the time of registration of this Scheme Booklet by ASIC, withdrawn its written consent to the inclusion of its Investigating Accountant's Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

King & Wood Mallesons has also given and has not, before the time of registration of this Scheme Booklet by ASIC, withdrawn its written consent to the inclusion of section 6 in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that section in the form and context in which they appear.

Perpetual and Perpetual Sub have given, and have not withdrawn before the time of registration of this Scheme Booklet by ASIC, its consent to be named in this Scheme Booklet in the form and context in which they are named and their consent to the inclusion of the Perpetual Information, on the basis set out in the section entitled "Important Notices" and as set out in the Scheme Implementation Agreement in Annexure C.

Ernst & Young

In July 2013, Ernst & Young undertook a fact-based assessment of the synergies and implementation costs presented to it by Perpetual and Equity Trustees to enable the Directors of The Trust Company to assess its options in relation to its proposed Scheme (as detailed in The Trust Company's announcement of 23 July 2013). The assessment used a risk assessment framework to determine whether synergies and implementation costs were supportable based on what was presented by each party at the time. The results of the assessment have been documented in both The Trust Company's announcement of 23 July 2013 and have been referred to in this Scheme Booklet. Other than undertaking a factual based synergy assessment and ensuring that their work and findings are appropriately referenced in this Scheme Booklet, Ernst & Young has not otherwise been involved in advice relating to the proposed Scheme or the preparation of this Scheme Booklet. Readers of this Scheme Booklet should be aware that:

- The purpose of the Ernst & Young engagement was specifically to assist the Directors of The Trust Company with their assessment of the offers in July 2013 and for that reason is not suitable to be relied upon by investors for any purpose. Ernst & Young accepts no responsibility whatsoever for any losses by any person acting or refraining from action as a result of reliance on references to their work other than those parties who have been authorised to use and rely on it;
- Ernst & Young takes no responsibility for any statements in or omissions from this Scheme Booklet relating to any obligations that The Trust Company has under any legislation or regulation;
- Ernst & Young is not a party to and has no knowledge of the specific terms of any arrangements that The Trust Company may have with Equity Trustees and Perpetual;
- Ernst & Young has not undertaken an audit, review, examination or other assurance engagement in accordance with auditing and assurance standards issued by the Australian Auditing and Assurance Standards Board and has not been engaged nor acted in the capacity of an Investigating Accountant;
- Ernst & Young has not expressed any opinion with respect to the achievability or reasonableness of assumptions presented by either party;
- Ernst & Young completed its work on 23 July 2013 and has not updated its findings since that time;
- Ernst & Young relied on information presented to it by The Trust Company, Equity Trustees and Perpetual in providing its summary of work on 23 July 2013; and
- Ernst & Young does not hold a financial services licence and is not authorised to provide financial product advice in relation to investment opportunities.

8.12 TRANSACTION COSTS

The persons named in this Scheme Booklet as performing a function in a professional or advisory capacity in connection with the Scheme and with the preparation of this Scheme Booklet on behalf of The Trust Company are King & Wood Mallesons as legal adviser, Flagstaff Partners as financial adviser, Lonergan Edwards as Independent Expert, KPMG Transaction Services as Investigating Accountant to Perpetual, Computershare Investor Services Pty Limited as The Trust Company Registry, Link Market Services Limited as Perpetual Registry and Ernst & Young as an adviser to The Trust Company in respect of the fact-based assessment (undertaken in July 2013) of potential synergies and implementation costs estimated by Equity Trustees and Perpetual.

Each adviser will be entitled to receive professional fees charged in accordance with their normal basis of charging, together with a success fee for Flagstaff Partners if the Scheme proceeds. The fee paid to Lonergan Edwards which has provided the Independent Expert's Report is $180,000 plus GST.

8.13 DISCLOSURE OF INTERESTS OF CERTAIN PERSONS

Except as disclosed elsewhere in this Scheme Booklet, no director or person named in section 8.12 holds as at the date of this Scheme Booklet or held at any time during the preceding two years, any interest in:

a. The formation or promotion of Perpetual;

b. The property acquired or proposed to be acquired by Perpetual in connection with its formation or promotion or the offer of the New Perpetual Shares under the Scheme; or

c. The offer of New Perpetual Shares under the Scheme.

8.14 DISCLAIMERS

Each person referred to in section 8.11:

a. Does not make, or purport to make, any statement in this Scheme Booklet other than those statements made in the capacity and to the extent the person has provided its consent, as referred to above; and

b. To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet other than as described in this section with that person's consent.

8.15 OTHER INFORMATION MATERIAL TO THE MAKING OF A DECISION IN RELATION TO THE SCHEME

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme being information that is within the knowledge of any Director or any director of a Related Body Corporate of The Trust Company that has not previously been disclosed to Shareholders.

8.16 DATE OF SCHEME BOOKLET

This Scheme Booklet is dated 16 October 2013.

9 GLOSSARY

9.1 DEFINITIONS

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

Term	Definition
1H14	means the first half of The Trust Company's 2014 financial year.
2H13	means the second half of The Trust Company's 2013 financial year.
ACCC	means the Australian Competition and Consumer Commission.
Adjusted Number	means the number determined in accordance with the following formula: $\text{Adjusted Number} = 0.182 \times \left(1 + \frac{D}{\text{Perpetual VWAP}}\right)$ Where: **D** is the cash amount per Perpetual Share (expressed in dollars and excluding, for the avoidance of doubt, any franking credit) of any dividend (other than the Excluded Dividend) declared or paid by Perpetual the record date for which occurs after the date of the Scheme Implementation Agreement and before the Implementation Date.
AFS licence	means Australian financial services licence.
AIFRS	means Australian International Financial Reporting Standards.
Announcement Date	means 9 September 2013.
ASIC	means Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Corporations Act.
ASX	means ASX Limited.
ASX Listing Rules	means the listing rules of ASX as amended, varied or waived from time to time.
ASX Operating Rules	means the market operating rules of ASX as amended, varied or waived from time to time.
Business Day	means a business day as defined in the ASX Listing Rules.
Cash Consideration	means: a. If after the date of the Scheme Implementation Agreement but before the Implementation Date no dividend (other than the Excluded Dividend) is paid on Perpetual Shares and no record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the amount calculated as the Perpetual VWAP multiplied by 0.182 for each Share held by a Scheme Participant electing to receive Cash Consideration in accordance with the terms of the Scheme; or b. If after the date of the Scheme Implementation Agreement but before the Implementation Date a dividend (other than the Excluded Dividend) is paid on Perpetual Shares or the record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the amount calculated as the Perpetual VWAP multiplied by the Adjusted Number for each Share held by a Scheme Participant electing to receive Cash Consideration in accordance with the terms of the Scheme, subject in any event to the Cash Consideration for each Share being not less than $6.29.

Term	Definition
Close of Trading	means close of trading on ASX on the Effective Date.
Combined Group	means Perpetual following the successful implementation of the Scheme.
Competing Transaction	means a transaction which, if completed, would mean a person (other than Perpetual or its Related Bodies Corporate or Representatives) would (alone or together with its Associates): a. Directly or indirectly: i. Acquire or become the registered holder of 20% or more of the Shares; or ii. Acquire an interest or Relevant Interest in or become the holder of 50% or more of the Shares; or b. Otherwise acquire (whether directly or indirectly) or have a right to acquire or have an economic interest in all or a substantial part or a material part of the business conducted by The Trust Company Group, including by way of sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee; or c. Acquire Control of The Trust Company; or d. Otherwise acquire or merge (including by a reverse takeover bid, dual listed company structure or other synthetic merger) with The Trust Company; or e. Enter into any agreement, arrangement or understanding requiring The Trust Company to abandon, or otherwise fail to proceed with, the Transaction, and includes a Revised Equity Trustees Offer.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	means the *Corporations Act 2001* (Cwlth).
Corporations Regulations	means the *Corporations Regulations 2001* (Cwlth).
Court	has the meaning given in section 58AA of the Corporations Act.
CPU Share Plans	means CPU Share Plans Pty Ltd (ABN 20 081 600 875).
Deed Poll	means the deed poll dated 10 October 2013 executed by Perpetual whereby, among other things, Perpetual covenants to carry out its obligations under the Scheme, as set out in Annexure E of this Scheme Booklet.
EBITDA	means earnings from ordinary, continuing activities of The Trust Company Group or Perpetual Group (as applicable) before interest, tax, depreciation and amortisation calculated in accordance with the accounting policies and practices applied by The Trust Company Group or Perpetual Group (as applicable) as at the date of the Scheme Implementation Agreement (and, in the case of The Trust Company Group, calculated in the same manner as the "Reported EBITDA" referred to in The Trust Company's FY13 results presentation disclosed to the ASX on 15 April 2013).

Term	Definition
Effective	when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme.
Effective Date	when used in relation to the Scheme, means the date on which the Scheme becomes Effective.
Election	means an election or deemed election by a Scheme Participant in accordance with clause 4.3 of the Scheme Implementation Agreement.
Election Date	means 7.00pm on 10 December 2013.
Election Form	means the form used by a Shareholder or holder of Unvested Performance Rights to make an Election.
End Date	means 31 December 2013 or such later date as The Trust Company and Perpetual may agree in writing.
Equity Trustees	means Equity Trustees Limited (ABN 46 004 031 298).
Equity Trustees Shares	means a fully paid ordinary share in Equity Trustees.
Ernst & Young	means Ernst & Young Partnership (ABN 75 288 172 749).
Excluded Dividend	means the dividend of 80 cents per Perpetual Share determined by Perpetual and paid on 4 October 2013.
Exclusivity Period	means the period from and including the date of the Scheme Implementation Agreement to the earlier of: a. The termination of the Scheme Implementation Agreement in accordance with its terms; and b. The End Date.
Foreign Shareholder	means a Shareholder: a. Who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories or New Zealand; or b. Whose address shown in the Register is a place outside Australia and its external territories or New Zealand or who is acting on behalf of such a person, unless Perpetual determines that: c. It is lawful and not unduly onerous or unduly impracticable to issue that Shareholder with the New Perpetual Shares on implementation of the Transaction; and d. It is lawful for that Shareholder to participate in the Transaction by the law of the relevant place outside Australia and its external territories or New Zealand.
FUA	means funds under administration.
FUM	means funds under management.
FY13	means The Trust Company's 2013 financial year.
FY13 Final Dividend	means The Trust Company's final dividend for FY13 of 18 cents per Share.
FY13 Interim Dividend	means The Trust Company's interim dividend for FY13 of 12 cents per Share.

Term	Definition
FY14	means The Trust Company's 2014 financial year.
FY14 Interim Dividend	means the fully franked interim dividend of 17 cents for the first half of FY14 declared by The Trust Company Board on 9 October 2013 and payable on 5 November 2013.
FY15	means the Combined Group's 2015 financial year.
Governmental Agency	means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.
Immediately Available Funds	means a bank cheque, electronic funds transfer for same day value or other form of cleared funds acceptable to The Trust Company.
Implementation Date	means 18 December 2013.
Independent Expert	means Lonergan Edwards & Associates Limited (ABN 53 095 445 560).
Independent Expert's Report	means the report of the Independent Expert as set out in Annexure A of this Scheme Booklet.
Insolvent	a person is Insolvent if: a. It is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or b. It is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property (other than in its capacity as professional custodian for property in which it does not have an ultimate beneficial title); or c. It is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to the Scheme Implementation Agreement); or d. An application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or e. It is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or f. It it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to the Scheme Implementation Agreement reasonably deduces it is so subject); or g. It is otherwise unable to pay its debts when they fall due; or h. Something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.
Instruction Form	means the green form used by beneficial holders of Shares to direct CPU Share Plans as trustee to vote Shares in a particular way at the Scheme Meeting as enclosed with this Scheme Booklet.
Investigating Accountant to Perpetual	means KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) (ABN 43 007 363 215).

Term	Definition
Investigating Accountant's Report	means the report of the Investigating Accountant as set out in Annexure B of this Scheme Booklet.
IOOF	means IOOF Holdings Limited (ABN 49 100 103 722).
IOOF Proposal	means the proposal from IOOF of 0.74 IOOF shares (or cash equivalent, up to a cap of $100 million and with a floor price of $6.03 per Share in The Trust Company) and a 22 cent special dividend (expected to be fully franked) for every Share in The Trust Company as set out in the ASX announcement of IOOF dated 3 September 2013.
IOOF Shares	means fully paid ordinary shares in the capital of IOOF.
LTI Plan	means The Trust Company's long term incentive plan.
Minister	means the Treasurer.
New Perpetual Share	means fully paid ordinary shares in the capital of Perpetual to be issued under the Scheme.
Nominee	means Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897).
Notice of Meeting	means the notice of the Scheme Meeting set out in Annexure F of this Scheme Booklet.
NPAT	means net profit after tax.
Original Equity Trustees Offer	means the Competing Transaction set out in the replacement bidder's statement dated 27 March 2013 attached to the ASX announcement of Equity Trustees dated 5 April 2013.
Original Perpetual Proposal	means Perpetual's cash and scrip proposal for it to acquire all of the Shares pursuant to a scheme of arrangement, such proposal being initially announced to ASX by The Trust Company on 7 May 2013.
Performance Rights	means a performance right granted under the STI Plan or the LTI Plan.
Perpetual	means Perpetual Limited (ABN 86 000 431 827).
Perpetual Board	means the board of directors of Perpetual.
Perpetual Director	means a director of Perpetual.
Perpetual Group	means Perpetual and its Subsidiaries.
Perpetual Information	means the information regarding Perpetual which is required under the Corporations Act, the Corporations Regulations or under RG 60 to enable the Scheme Booklet to be prepared and completed as set out in paragraphs 1.1(g) and 1.2(e) of section 1, paragraphs 2.4(a)(i) (other than the statement about The Trust Company's intentions), 2.6, 2.7 and 2.8 of section 2, sections 4, 5, 7 (other than section 7.4), 8.3 and 8.4.

Term	Definition
Perpetual Material Adverse Change	means Specified Events which individually or when aggregated with all such events, has, had or may be considered reasonably likely to have: a. A material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of the Perpetual Group; or b. The effect of a diminution in the total consolidated net assets of the Perpetual Group, taken as a whole, of at least $30,700,000 against what it would reasonably have been expected to have been but for such Specified Event (other than any diminution as a result of any dividend payment which is not a Perpetual Prescribed Event); or c. The effect of a diminution in the consolidated underlying annual EBITDA of the Perpetual Group, taken as a whole, of at least $13,300,000 in each of the 2013/14 and 2014/15 financial years against what it would reasonably have been expected to have been but for such Specified Event; or d. The result that the Perpetual Group is unable to carry on its business in substantially the same manner as carried on as at the date of the Scheme Implementation Agreement, or which otherwise materially and adversely affects the prospects of the Perpetual Group, but does not include: e. Any matter to the extent fairly disclosed to The Trust Company or its Representatives on or before the date of the Scheme Implementation Agreement (including as a result of disclosures made to ASX or during the course of due diligence); f. Any matter, event or circumstance arising from changes in general economic or business conditions in Australia; g. Any change in taxation, interest rates generally or general economic conditions which impact on The Trust Company and Perpetual in a similar manner; h. Any change in accounting policy required by law; i. Any change occurring directly as a result of a general deterioration in equity markets, interest rates, exchange rates or credit spreads; or j. Any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Scheme Implementation Agreement, the Scheme or the transactions contemplated by them.
Perpetual Prescribed Event	means, except to the extent contemplated by the Scheme Implementation Agreement or the Scheme, any of the events listed in Schedule 1 of the Scheme Implementation Agreement provided that the Perpetual Prescribed Events listed in Schedule 1 of the Scheme Implementation Agreement will not occur where Perpetual has first consulted with The Trust Company in relation to the event and The Trust Company has approved the proposed event or has not objected to the proposed event within five Business Days of having been so consulted.
Perpetual Registry	means Link Market Services Limited (ABN 54 083 214 537).
Perpetual Shares	mean fully paid ordinary shares in the capital of Perpetual.
Perpetual Shareholder	means a holder of Perpetual Shares from time to time.
Perpetual Sub	means Perpetual Acquisition Company Limited (ACN 163 620 362), a wholly owned direct Subsidiary of Perpetual.

Term	Definition
Perpetual VWAP	means the average of the daily volume weighted average price per Perpetual Share traded on the ASX during the Perpetual VWAP Period but does not include any "Crossing" transacted outside the "Open Session State", or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules.
Perpetual VWAP Period	means the ten ASX trading days immediately preceding the date of the Scheme Meeting (but not including that date).
Pro Forma Historical Balance Sheet	means the unaudited Combined Group pro forma balance sheet set out in section 5.3(d).
Pro Forma Historical Financial Information	has the meaning given to that term in section 5.3 of this Scheme Booklet.
Pro Forma Historical Income Statement	means the unaudited Combined Group pro forma income statement set out in section 5.3(c).
Record Date	means 7.00pm on 13 December 2013 or such other date as The Trust Company and Perpetual agree.
Register	means the register of shareholders maintained by The Trust Company in accordance with the Corporations Act.
Regulatory Authority	includes a Governmental Agency, any regulatory organisation established under statute and ASX.
Relevant Interests	has the meaning given to that term in the Corporations Act.
Related Body Corporate	has the meaning given to that term in the Corporations Act.
Representative	means any person acting for or on behalf of a party including any director, officer, employee, agent, contractor or professional advisor of a party.
Requisite Majority	means in relation to the resolution to be put to the Scheme Meeting, the resolution being passed by a majority in number (more than 50 per cent) of Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative (unless the Court orders otherwise) and passed by at least 75 per cent of the votes cast on the resolution.
Restricted Shares	means Shares held by CPU Share Plans as trustee for participants under both the STI Plan and LTI Plan who have been issued with Shares that are subject to a restriction period under the respective plans.
Revised Equity Trustees Offer	means the Competing Transaction set out in the third supplementary bidder's statement dated 21 June 2013 attached to the ASX announcement of the Equity Trustees Offer dated 21 June 2013.
Revised Perpetual Proposal	means Perpetual's revised cash and scrip proposal for it to acquire all of the Shares pursuant to a scheme of arrangement, such proposal having been announced to ASX by The Trust Company on the Announcement Date.
RG 60	means Regulatory Guide 60 issued by ASIC on 22 September 2011 as updated from time to time.
RSE licence	Registrable Superannuation Entity licence.

Term	Definition
Scheme	means the scheme of arrangement between The Trust Company and the Scheme Shareholders as described in clause 4 of the Scheme Implementation Agreement and set out in Annexure D of this Scheme Booklet.
Scheme Booklet	means this booklet.
Scheme Consideration	means the Share Consideration or the Cash Consideration offered in respect of each Scheme Share.
Scheme Implementation Agreement	means the Scheme Implementation Agreement dated 7 May 2013 (as amended on 9 September 2013) between The Trust Company and Perpetual relating to the implementation of the Scheme, as set out in Annexure C of this Scheme Booklet.
Scheme Meeting	means the Shareholder meeting to be convened by the Court pursuant to the Scheme.
Scheme Meeting Record Date	means 7.00pm on 26 November 2013.
Scheme Participants	means the Scheme Shareholders.
Scheme Share	means a Share held by a Scheme Shareholder as at the Record Date.
Scheme Shareholder	means each person who is registered in the Register as the holder of a Share as at the Record Date.
Second Court Date	means the first day of hearing of an application made to the Court for an order pursuant to sections 411(4)(b) and 411(6) of the Corporations Act approving the Scheme.
Second Court Hearing	means the hearing of the application made to the Court for an order pursuant to sections 411(4)(b) and 411(6) of the Corporations Act approving the Scheme.
Share or Share in The Trust Company	means a fully paid ordinary share in The Trust Company.
Shareholder or Shareholder in The Trust Company	means each person who is registered in the Register from time to time as the holder of a Share.
Share Consideration	means: a. If after the date of the Scheme Implementation Agreement but before the Implementation Date no dividend (other than the Excluded Dividend) is paid on Perpetual Shares and no record date for any Perpetual dividend (other than the Excluded Dividend) occurs, 0.182 New Perpetual Shares for each Share held by a Scheme Participant receiving Share Consideration in accordance with the terms of the Scheme; or b. If after the date of the Scheme Implementation Agreement but before the Implementation Date, a dividend (other than the Excluded Dividend) is paid on Perpetual Shares or the record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the Adjusted Number of New Perpetual Shares for each Share held by a Scheme Participant receiving Share Consideration in accordance with the terms of the Scheme.

Term	Definition
Special Dividend	A 22 cent special dividend per Share in The Trust Company (expected to be fully franked) paid by The Trust Company if the Scheme is implemented.
Special Dividend Record Date	means 11 December 2013.
Specified Events	means an event, occurrence or matter occurring before, on or after the date of the Scheme Implementation Agreement.
STI Plan	means The Trust Company's short term incentive plan.
Subsidiaries	has the meaning given to that term in the Corporations Act.
Superior Proposal	means a bona fide Competing Transaction of the kind referred to in paragraphs (a), (b), (c) or (d) of the definition of Competing Transaction (and not resulting from a breach of any of The Trust Company's obligations under clause 10 of the Scheme Implementation Agreement) which The Trust Company Board, acting in good faith, and after taking advice from its legal and financial advisers, determines is: a. Reasonably capable of being completed taking into account all aspects of the Competing Transaction; and b. More favourable to Shareholders than the Scheme, taking into account all terms and conditions of the Competing Transaction.
The Trust Company	means The Trust Company Limited (ABN 59 004 027 749).
The Trust Company Board or "your Board"	means the board of directors of The Trust Company.
The Trust Company Directors or "your Directors"	means the directors of The Trust Company Limited.
The Trust Company Group	means The Trust Company Limited and its Subsidiaries.
The Trust Company Information	means the information regarding The Trust Company Limited, other than the Perpetual Information, contained in the Scheme Booklet.
The Trust Company Material Adverse Change	means Specified Events which individually or when aggregated with all such events, has, had or may be considered reasonably likely to have: a. A material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of The Trust Company Group; or b. The effect of a diminution in the total consolidated net assets of The Trust Company Group, taken as a whole, of at least $12,600,000 against what it would reasonably have been expected to have been but for such Specified Event (other than any diminution as a result of any dividend payment which is not a The Trust Company Prescribed Event or any diminution as a result of compliance with clause 8.2(a)(ii) or 8.2(a)(iii) of the Scheme Implementation Agreement); or

Term	Definition
The Trust Company Material Adverse Change cont.	c. The effect of a diminution in the consolidated underlying annual EBITDA of The Trust Company Group, taken as a whole, of at least $2,300,000 in each of the 2013/14 and 2014/15 financial years against what it would reasonably have been expected to have been but for such Specified Event (other than any diminution as a result of compliance with clause 8.2(a)(ii) or 8.2(a)(iii) of the Scheme Implementation Agreement); or d. The result that The Trust Company Group is unable to carry on its business in substantially the same manner as carried on as at the date of the Scheme Implementation Agreement, or which otherwise materially and adversely affects the prospects of The Trust Company Group, but does not include: e. Any matter to the extent fairly disclosed to Perpetual or its Representatives on or before the date of the Scheme Implementation Agreement (including as a result of disclosures made to ASX or during the course of due diligence); f. Any matter, event or circumstance arising from changes in general economic or business conditions in Australia, New Zealand or Singapore; g. Any change in taxation, interest rates generally or general economic conditions which impact on The Trust Company and Perpetual in a similar manner; h. Any change in accounting policy required by law; i. Any change occurring directly as a result of a general deterioration in equity markets, interest rates, exchange rates or credit spreads; or j. Any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Scheme Implementation Agreement, the Scheme or the transactions contemplated by them.
The Trust Company Prescribed Event	means, except to the extent contemplated by the Scheme Implementation Agreement or the Scheme, any of the events listed in Schedule 2 of the Scheme Implementation Agreement provided that a The Trust Company Prescribed Event listed in Schedule 2 of the Scheme Implementation Agreement will not occur where The Trust Company has first consulted with Perpetual in relation to the event and Perpetual has approved the proposed event or has not objected to the proposed event within five Business Days of having being so consulted.
The Trust Company Registry	means Computershare Investor Services Pty Ltd (ABN 48 078 279 277).
Total Entitlements	means the Scheme Consideration, taken together with the Special Dividend (ignoring the value of franking credits associated with the Special Dividend).
Transaction	means the acquisition of the Shares by Perpetual Sub through the implementation of the Scheme.
Transformation 2015	has the meaning given to that term in section 4.3 of this Scheme Booklet.
Unvested Performance Rights	means Performance Rights that are yet to vest under the terms of the STI Plan or LTI Plan (as applicable).
VWAP	means volume weighted average price.

9.2 INTERPRETATION

Unless the context otherwise requires:

- Headings used in this Scheme Booklet are inserted for convenience and do not affect the interpretation of this Scheme Booklet;
- Words or phrases defined in the Corporations Act have the same meaning in this Scheme Booklet;
- A reference to a section is a reference to a section of this Scheme Booklet;
- A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- The singular includes the plural and vice versa;
- The word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia.

A ANNEXURE A INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS
& ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 246532
Level 27, 363 George Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
Facsimile: [61 2] 8235 7550
www.lonerganedwards.com.au

The Directors
The Trust Company Limited
Level 15, 20 Bond Street
Sydney NSW 2000

4 October 2013

Subject: Proposed acquisition by way of Scheme

Dear Directors

Background

1 On 21 February 2013 Equity Trustees Limited (Equity Trustees) announced an intention to make a takeover offer for all the ordinary shares in The Trust Company Limited (Trust Company). The consideration under the offer was 0.33 Equity Trustees shares for each Trust Company share (the Equity Trustees Offer).

2 On 19 April 2013 the Trust Company issued its Target's Statement recommending that Trust Company shareholders reject the Equity Trustees Offer. The Target's Statement included our independent expert's report (IER) dated 12 April 2013, which assessed the Equity Trustees Offer as not fair but reasonable (the Equity Trustees IER).

3 On 7 May 2013 the Trust Company announced that it and Perpetual Limited (Perpetual) had entered into a Scheme Implementation Agreement (the Agreement) under which Perpetual would acquire all the shares in the Trust Company. Pursuant to the agreed terms, Trust Company shareholders were to receive:

(a) 0.1495 Perpetual shares for each share in the Trust Company; or

(b) the cash equivalent of this share consideration (subject to an agreed cap).

4 In addition, Trust Company shareholders were to receive a special dividend of $0.22 per share, expected to be fully franked (the Special Dividend).

5 Subsequent to this agreed transaction:

(a) on 21 June 2013 Equity Trustees formally confirmed a previously indicated revised and improved offer for the Trust Company of 0.37 Equity Trustees shares for each Trust Company share, together with the Special Dividend (the Revised Equity Trustees Offer)[1]

---

1 The Revised Equity Trustees Offer was originally announced as a proposal on 14 May 2013 and was subject to conditions including satisfactory due diligence on the Trust Company.

Liability limited by a scheme approved under Professional Standards legislation

(b) on 3 September 2013 the Trust Company announced that it had received a proposal from IOOF Holdings Limited (IOOF) to acquire all of the ordinary shares in the Trust Company (the IOOF Proposal) for a consideration that effectively comprised:

(i) 0.74 IOOF shares for each share in the Trust Company

(ii) the Special Dividend of $0.22 per Trust Company share

(iii) an interim dividend of $0.17 per Trust Company share (the Interim Dividend)

(c) on 4 September 2013 the Trust Company advised Perpetual that the IOOF Proposal was likely to be a superior proposal to that previously tabled by Perpetual, and provided Perpetual with the opportunity to respond (within three business days) consistent with the terms of the Agreement.

Proposed transaction

6 On 9 September 2013 the Trust Company announced that it and Perpetual had entered into a revised Scheme Implementation Agreement (the Amended Agreement) under which Perpetual would acquire all of the shares in the Trust Company. The proposed acquisition of the shares is to be implemented via a scheme of arrangement between the Trust Company and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).

7 If the Scheme is approved by Trust Company shareholders and the Court, Trust Company shareholders will receive:

(a) 0.182 Perpetual shares for each share in the Trust Company (Share Consideration); or

(b) the cash equivalent of the Share Consideration, subject to an agreed aggregate cap and with a floor price of $6.29 per Trust Company share (the Cash Consideration); or

(c) a mix of the above.

8 Trust Company shareholders may elect to receive the Cash Consideration for all or part of their shareholding (failing that, they will receive the Share Consideration). The Cash Consideration will be calculated based on the trading price of Perpetual shares over a period of 10 trading days preceding the date of the Scheme meeting, subject to a minimum cash amount of $6.29 per Trust Company share. If the aggregate value of elections for the Cash Consideration exceeds $110 million, then there will be a proportional scale back and Trust Company shareholders will receive the balance of the Scheme Consideration in Perpetual shares with an equivalent value of not less than $6.29 per Trust Company share.

9 The Share Consideration and/or the Cash Consideration comprise the Scheme Consideration. In addition Trust Company shareholders will receive the Special Dividend of $0.22 per share, which is expected to be fully franked. This Special Dividend will only be paid by Trust Company if the Scheme is approved by Trust Company shareholders.

10 Trust Company also declared a fully franked interim dividend of $0.17 per share (the Interim Dividend), which is expected to be paid on 5 November 2013 and is not dependent on the outcome of the Scheme.

11 For the purpose of our report we have defined the aggregate of the Scheme Consideration and the Special Dividend as the Total Entitlements.

12 The Scheme is subject to the Court convening a meeting of Trust Company shareholders. Under the *Corporations Act 2001 (Cth)* (Corporations Act), the Scheme is approved by Trust Company shareholders if a resolution in favour of the Scheme is passed by a majority in number of the Trust Company shareholders present and voting at the Scheme meeting (in person or by proxy), and by 75% of the votes cast on the resolution. If this occurs a second Court hearing will be held to approve the Scheme, which if approved, will become binding on all Trust Company shareholders who hold Trust Company shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

13 Trust Company is an Australian trustee company offering a range of financial services to individuals, companies and charitable trusts. The company offers responsible entity, custody and trustee services, as well as advice in estate planning and administration, financial planning and wealth management.

14 Perpetual is an independent financial services group operating in funds management, portfolio management, financial planning, financial advisory, and trustee services. Perpetual offers investment products, financial advice, philanthropic and corporate services to individuals, families, financial advisers and organisations.

Purpose of report

15 The Scheme is subject to a number of conditions precedent, including an independent expert concluding that the Scheme is in the best interests of Trust Company shareholders. In addition, the Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Trust Company shareholders, in the absence of a superior proposal.

16 Accordingly, the Directors of Trust Company have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Trust Company shareholders and the reasons for that opinion. LEA is independent of Trust Company and Perpetual and has no other involvement or interest in the proposed Scheme.

Summary of opinion

17 In our opinion, the Scheme is fair and reasonable and in the best interests of Trust Company shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of Trust Company shares

18 Our assessed value of Trust Company shares is set out below:

Trust Company – valuation summary	Low $m	High $m
EBIT[(1)] adopted for valuation purposes	17.0	17.0
EBIT multiple	11.0	11.5
Enterprise value	187.0	195.5
Investment in Equity Trustees	18.1	19.3
Net cash	8.2	8.2
Value of equity	213.3	223.0
Fully diluted shares on issue	34.4	34.4
Value per share ($)	**$6.20**	**$6.48**

Note:
1 EBIT – earnings before interest and tax.
2 Our assessed value of Trust Company shares is higher than in the Equity Trustees IER, primarily reflecting the increase in sharemarket values in the intervening period in particular in the diversified financial services sector. (The Trust Company share price broadly tracked the S&P/ASX 200 Diversified Financials Index over the period January 2010 to February 2013).

Value of Total Entitlements

19 As noted above, if Trust Company shareholders approve the Scheme and all conditions are satisfied, then Trust Company shareholders who elect to receive the Share Consideration will receive 0.182 shares in Perpetual for each Trust Company share held.

20 Trust Company shareholders who elect to receive the Cash Consideration will receive cash consideration based on the trading price of Perpetual shares over a period of 10 trading days preceding the Scheme Meeting (subject to the agreed floor price of $6.29 per Trust Company share and proportional scale back provisions if the aggregate value of elections for the Cash Consideration exceeds $110 million).

21 The volume weighted average price (VWAP) method to be used to determine the quantum of the Cash Consideration is in our view appropriate and consistent with our approach to the assessment of the value of the Share Consideration. For the purpose of our report we have therefore determined that the value of the Scheme Consideration will be the same under both the Share Consideration and Cash Consideration options or a mix thereof (subject to the agreed floor price under the Cash Consideration).

22 In assessing the value of Perpetual shares offered as the Scheme Consideration we have had regard to:

(a) the recent trading range of Perpetual shares

(b) the likely level of on-market trading in Perpetual shares subsequent to implementation of the Scheme

(c) recent stock market conditions; and

(d) the earnings multiples implied by our adopted range.

23 Since the announcement of the revised Scheme up until 3 October 2013 the VWAP of Perpetual shares was $38.69[2]. In the ten trading days prior to 3 October 2013 the VWAP of Perpetual shares was $39.73.

24 Based on the above we have assessed the realisable value of the Perpetual shares offered as the Scheme Consideration at between $37.00 and $40.00 per share.

25 Accordingly, we have assessed the value of the Total Entitlements to be received by Trust Company shareholders at the amounts set out below:

Value of Total Entitlements per Trust Company share	Low $ per share	High $ per share
Assessed realisable value of Perpetual shares	37.00	40.00
Scheme ratio	0.182	0.182
Assessed value of Share Consideration	6.73	7.28
Special Dividend to be paid by Trust Company pursuant to the Scheme	0.22	0.22
Value of Total Entitlements	6.95	7.50

Note:
1 Due to the benefit of Australian franking credits (of up to $0.09 per share) attached to the proposed Special Dividend, the value of the Total Entitlements to some Australian resident shareholders in the Trust Company may be greater than $6.95 to $7.50 per share (on a pre-tax basis).
2 Based on the agreed floor price of $6.29 per Trust Company share under the Cash Consideration option, the minimum value of the Total Entitlements to those Trust Company shareholders electing the Cash Consideration option is $6.51 per Trust Company share.

Other considerations

26 Trust Company shareholders should note that the listed market price of Perpetual shares is subject to daily fluctuation. The price at which Perpetual shares may be sold may therefore be greater or less than our assessed realisable value of Perpetual shares of $37.00 to $40.00 per share.

27 Specifically, reflecting the nature of its business operations, share trading in Perpetual is particularly volatile. In the period since the original announcement of the Scheme on 7 May 2013 up to 3 October 2013 Perpetual shares have traded at a high of $45.99 per share and a low of $34.36 per share, a trading range of 33.8 %[3]. As noted above, the Total Entitlements to be received by Trust Company shareholders pursuant to the Scheme are dependent in particular on the trading price of Perpetual shares over a period of 10 trading days preceding the Scheme Meeting. Clearly, at the date of this report, this trading range is unknown.

28 Trust Company shareholders should also note that any decision to hold Perpetual shares beyond the short-term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold Perpetual shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and

2 On 6 September 2013 Perpetual traded ex the final dividend of $0.80 per share. On 9 September 2013 the Amended Agreement was announced.

3 In contrast, over the same period, the ASX All Ordinaries Index and the S&P / ASX 200 Diversified Financials Index moved in a range of 15.1% and 20.8% respectively.

expectations as to value and future market conditions. Trust Company shareholders should therefore seek independent professional advice specific to their individual circumstances if required.

Fair and reasonable opinion

29 Pursuant to Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) a scheme is "fair" if the value of the scheme consideration is equal to, or greater than, the value of the securities the subject of the scheme.

30 In the case of the Trust Company the total amounts to be received by Trust Company shareholders comprise the Scheme Consideration and the Special Dividend. Therefore the relevant comparison for Trust Company shares is shown below:

Position of Trust Company shareholders	Low $ per share	High $ per share	Mid-point $ per share
Value of Total Entitlements	6.95	7.50	7.23
Value of 100% of Trust Company	6.20	6.48	6.34
Extent to which the Total Entitlements exceed the value of Trust Company	0.75	1.02	0.89

31 As the Total Entitlements to be received by Trust Company shareholders exceed our assessed valuation range for Trust Company shares on a 100% controlling interest basis, in our opinion, the Total Entitlements are fair to Trust Company shareholders when assessed based on the guidelines set out in RG 111.

32 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is "reasonable" it must also be "in the best interests" of shareholders, in the absence of a superior proposal.

33 Consequently, in our opinion, the Scheme is also "reasonable" and "in the best interests" of Trust Company shareholders in the absence of a superior proposal.

Other proposals

34 As stated above, in addition to the agreed proposal from Perpetual pursuant to the Scheme, Trust Company has also received the following proposals:

(a) the Revised Equity Trustees Offer, which expires on 29 November 2013

(b) the IOOF Proposal.

35 Details of these alternate proposals are summarised in Section IX.

36 The Trust Company Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Trust Company shareholders, in the absence of a superior proposal. In considering our opinion on the Scheme we have therefore also had regard to the proposals tabled by Equity Trustees and IOOF.

37 We have assessed the equivalent consideration to Trust Company shareholders under the Revised Equity Trustees Offer and the IOOF Proposal as follows:

Comparative assessment of proposals	Value per Trust Company share	
	Low $	High $
Total Entitlements under Scheme with Perpetual	6.95	7.50
Revised Equity Trustees Offer	6.14	6.51
IOOF Proposal	6.33	6.70

38 Accordingly we have concluded that the proposed Scheme with Perpetual is a superior proposal to both the Revised Equity Trustees Offer and the IOOF Proposal.

Assessment of the Scheme

39 We summarise below the likely advantages and disadvantages of the Scheme for Trust Company shareholders.

Advantages

40 The Scheme has the following advantages for Trust Company shareholders:

(a) the Total Entitlements to be received by Trust Company shareholders exceed our assessed value range of Trust Company shares on a 100% controlling interest basis

(b) the Total Entitlements represent a significant premium to the market prices of Trust Company shares prior to the original announcement of the Equity Trustees Offer on 21 February 2013 and reflect an implied premium which exceeds observed premiums paid in successful takeovers generally[4]

(c) the Scheme provides Trust Company shareholders with the opportunity to realise their investment in a company in which share trading has historically been relatively low in a cost effective manner

(d) the proposed Special Dividend allows the release of franking credits to Australian resident shareholders of Trust Company, thereby increasing the potential value of the Total Entitlements to some resident Australian shareholders by up to $0.09 per share (on a pre-tax basis).

Disadvantages

41 If the Scheme is implemented Trust Company shareholders will no longer hold a direct interest in Trust Company. In the event that future value is created by Trust Company as a result of on-going operations over and above that reflected in our assessed valuation of the company:

(a) those Trust Company shareholders who elect to receive the Cash Consideration will therefore not participate in such future value

(b) those Trust Company shareholders that elect to receive the Share Consideration will retain exposure to such future value, albeit on a diluted basis.

4 In part this reflects subsequent upward movements in the sharemarket generally, in particular in the financial services sector.

Conclusion

42 Given the above analysis, we consider that the acquisition of Trust Company shares by Perpetual under the Scheme is fair and reasonable and in the best interests of Trust Company shareholders in the absence of a superior proposal.

General

43 In preparing this report we have considered the interests of Trust Company shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

44 The impact of the Scheme on the tax position of Trust Company shareholders depends on the individual circumstances of each investor. Trust Company shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.

45 The ultimate decision whether to approve the Scheme should be based on each Trust Company shareholder's assessment of their own circumstances. If Trust Company shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

46 For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Trust Company shareholders read the remainder of our report.

Yours faithfully

Craig Edwards
Authorised Representative

Martin Holt
Authorised Representative

LONERGAN EDWARDS & ASSOCIATES LIMITED

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I Key terms of the Scheme

Terms

47 On 7 May 2013 the Trust Company announced that it and Perpetual had entered into a Scheme Implementation Agreement (the Agreement) under which Perpetual would acquire all the shares in the Trust Company. On 9 September 2013 the parties announced that the Agreement had been amended to reflect a revised offer from Perpetual (the Amended Agreement).

48 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Trust Company and its shareholders (the Scheme) and is subject to a number of conditions precedent as summarised below.

49 If the Scheme is approved by Trust Company shareholders and the Court, Trust Company shareholders will receive:

(a) 0.182 Perpetual shares for each share in the Trust Company (Share Consideration); or

(b) the cash equivalent of the Share Consideration, subject to an agreed aggregate cap and with a floor price of $6.29 per Trust Company share (the Cash Consideration); or

(c) a mix of the above.

50 Trust Company shareholders may elect to receive the Cash Consideration for all or part of their shareholding (failing that, they will receive the Share Consideration). The Cash Consideration will be calculated based on the trading price of Perpetual shares over a period of 10 trading days preceding the date of the Scheme meeting, subject to a minimum cash amount of $6.29 per Trust Company share. If the aggregate value of elections for the Cash Consideration exceeds $110 million, then there will be a proportional scale back and Trust Company shareholders will receive the balance of the Scheme Consideration in Perpetual shares with an equivalent value of not less than $6.29 per Trust Company share.

51 The Share Consideration and/or the Cash Consideration comprise the Scheme Consideration. In addition Trust Company shareholders will receive the Special Dividend of $0.22 per share, which is expected to be fully franked. This Special Dividend will only be paid by Trust Company if the Scheme is approved by Trust Company shareholders.

52 If the Scheme is approved by Trust Company shareholders and the Court, Trust Company shareholders will receive the Scheme Consideration and the Special Dividend.

Conditions

53 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Amended Agreement between Trust Company and Perpetual dated 9 September 2013:

(a) respective regulatory approvals from ASIC, the Australian Securities Exchange (ASX) and the Australian Competition and Consumer Commission (ACCC)[5], together with

[5] This condition was satisfied on 19 September 2013, subject to the agreed divestment of the shareholding of Trust Company in Equity Trustees on completion of the Scheme.

such other ministerial and regulatory approvals and third party consents as considered necessary or desirable by the parties[6]

(b) no temporary restraining order, preliminary or permanent injunction or other order issued by any Court of competent jurisdiction or other legal restraint or prohibition preventing the transaction is in effect at 8.00am on the Second Court Date

(c) Trust Company shareholder approval by the requisite majorities under the Corporations Act at the Scheme meeting

(d) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act

(e) an independent expert issues a report which concludes that the Scheme is in the best interests of Trust Company shareholders

(f) no "Trust Company Prescribed Event" (as defined in clause 1.1 of the Amended Agreement) occurs in respect of Trust Company on or before 8.00am on the Second Court Date

(g) no "Trust Company Material Adverse Change" (as defined in clause 1.1 of the Amended Agreement) occurs in respect of Trust Company on or before 8.00am on the Second Court Date

(h) no "Perpetual Prescribed Event" (as defined in clause 1.1 of the Amended Agreement) occurs in respect of Perpetual on or before 8.00am on the Second Court Date

(i) no "Perpetual Material Adverse Change" (as defined in clause 1.1 of the Amended Agreement) occurs in respect of Perpetual on or before 8.00am on the Second Court Date

(j) between 9 September 2013 and 5.00pm on the business day before the Second Court Date, the All Ordinaries Index does not close below 4,500 for more than three consecutive ASX trading days

(k) Perpetual shares to be issued pursuant to the Scheme have been approved for official quotation on the ASX

(l) the Amended Agreement has not been terminated in accordance with clause 14 thereof

(m) between 9 September 2013 and the date of sending the Scheme Booklet Perpetual signs and delivers the Deed Poll, a draft of which is annexed to the Agreement[7].

54 In addition Trust Company has agreed that up until 31 December 2013 (or such other date as agreed by the parties) it will not among other things:

(a) solicit, invite, encourage or initiate any competing transaction

(b) participate in any discussions or negotiations which may reasonably be expected to lead to a competing transaction

(c) enter into any agreement, arrangement or understanding in relation to a competing transaction or any agreement, arrangement or understanding which may reasonably be expected to lead to the completion of a competing transaction

6 On 27 September 2013 Trust Company announced that all required regulatory approvals in relation to the Scheme had been received.

7 This condition has now been satisfied.

(d) provide any information to a third party with a view to obtaining or encouraging receipt of a competing transaction.

55 The "no talk" exclusivity obligations set out in (b) to (d) above do not apply if Trust Company has complied with the various obligations set out in the Amended Agreement and the Trust Company Directors determine that any action or inaction by Trust Company in relation to a competing transaction would, in the opinion of Trust Company Directors, constitute or be likely to constitute a breach of fiduciary or statutory duties after receiving written advice from its legal advisers.

56 A reimbursement fee of $2.1 million is payable by Trust Company to Perpetual in certain circumstances as specified in the Amended Agreement.

Resolution

57 Trust Company shareholders will be asked to vote on the Scheme in accordance with the Scheme resolution contained in the relevant notice of meeting accompanying the Scheme Booklet.

58 If the Scheme resolution is passed by the requisite majorities, Trust Company must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Trust Company shareholders who hold Trust Company shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

59 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Corporations Regulations) prescribes information to be sent to shareholders in relation to a members' scheme of arrangement pursuant to s411 of the Corporations Act.

60 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.

61 Perpetual has no current shareholding in Trust Company and has no representation on the Trust Company Board. Accordingly there is no regulatory requirement for an IER. However, both a condition precedent to the Scheme and the Trust Company Directors' recommendation of the Scheme are subject to an independent expert concluding that the Scheme in the best interests of Trust Company shareholders.

62 Furthermore, as the Scheme (if approved and implemented) will result in 100% of the securities in Trust Company being held by Perpetual, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is fair and reasonable to the shareholders of Trust Company.

63 The Directors of Trust Company have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Trust Company by Perpetual under the Scheme is fair and reasonable and in the best interests of Trust Company shareholders and the reasons for that opinion.

64 This report has been prepared by LEA for the benefit of Trust Company shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Scheme Booklet to be sent to Trust Company shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Trust Company shareholders.

65 The ultimate decision whether to approve the Scheme should be based on each Trust Company shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

66 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.

67 RG 111 distinguishes "fair" from "reasonable" and considers:

(a) the Scheme to be fair if the value of the Scheme (Total) Consideration is equal to or greater than the value of the securities that are the subject of the Scheme. A comparison must be made assuming 100% ownership of the target company

(b) the Scheme to be reasonable if it is fair. The Scheme may also be reasonable if, despite not being fair but after considering other significant factors, there are sufficient reasons for shareholders to approve the Scheme in the absence of a superior proposal.

68 There is no legal definition of the expression "in the best interests". However, RG 111 states that a Scheme may be *"in the best interests of the members of the company"* if there are sufficient reasons for securityholders to vote in favour of the Scheme in the absence of a higher offer.

69 In our opinion, if the Scheme is fair and reasonable under RG 111 it must also be in the best interests of Trust Company shareholders.

70 Our report has therefore considered:

(a) the market value of 100% of the shares in Trust Company

(b) the aggregate value of the Scheme Consideration offered by Perpetual and the Special Dividend to be paid by Trust Company

(c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)

(d) the extent to which a control premium is being paid to Trust Company shareholders

(e) the extent to which Trust Company shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction

(f) the listed market price of Trust Company shares, both prior to and subsequent to the announcement of the proposed Scheme

(g) the likely market price of Trust Company shares if the proposed Scheme is not approved

(h) the value of Trust Company to an alternative offeror and the likelihood of a higher alternative offer being made for Trust Company prior to the date of the Scheme meeting

(i) the advantages and disadvantages of the Scheme from the perspective of Trust Company shareholders

(j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

71 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

72 Our report is also based upon financial and other information provided by Trust Company and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and

believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

73 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Trust Company shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

74 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.

75 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

76 In forming our opinion, we have also assumed that:

(a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects

(b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Amended Agreement and the terms of the Scheme itself.

III Profile of Trust Company

Overview

77 The Trust Company is an Australian trustee company offering a range of financial services to individuals, companies and charitable trusts. The company has two main operating divisions:

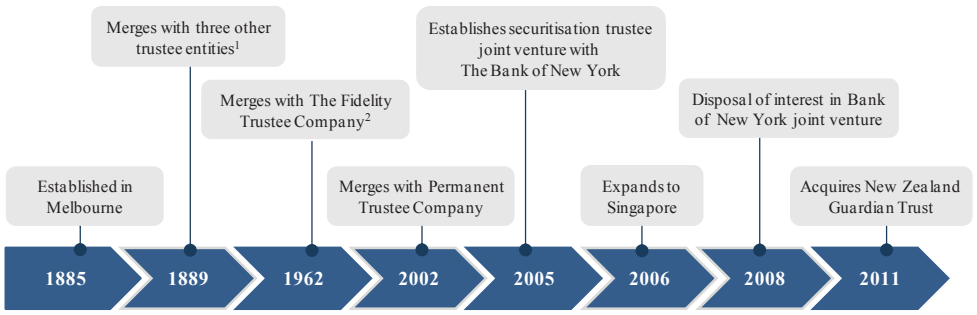
(a) **Personal Client Services** – which offers advice and expertise in estate planning and administration, lifestyle and executor assistance, financial planning, personal trusts, charitable trusts, wealth management and health and personal injury services; and

(b) **Corporate Client Services** – which offers responsible entity, property and infrastructure custody, superannuation compliance and trustee, debt capital market trustee services and Real Estate Investment Trust (REIT) trustee services in Australia and Singapore, and trustee services for debt securities, securitisation, unit trusts, superannuation and KiwiSaver[8] in New Zealand.

History

78 Trust Company (known as The Union Trustees, Executors and Administrators Company Limited at the time) was established in 1885 in Melbourne during the Victorian gold rush. Since then the company has grown organically and merged with and acquired several entities. It has also expanded its operations into New Zealand and Singapore. A brief summary of these events is set out below:

Trust Company – historical timeline



Note:
1 The entities being The Australian Natives Trustees Executors and Agency Company Limited, The Colonial Permanent Trustee Executor and Agency Company Limited and Guardian Trustees Executors and Agency Company Limited.
2 To become the Union-Fidelity Trustee Company of Australia Limited.

79 Major acquisition and merger activity by Trust Company since 2000 is shown below:

(a) **Merger with Permanent Trustee Company** – in December 2002 Trust Company acquired Permanent Trustee Company (Permanent) via a Scheme of Arrangement.

8 The KiwiSaver scheme is a New Zealand voluntary long-term savings scheme which came into operation from 2 July 2007. The main purpose of the KiwiSaver fund is investment of retirement savings.

Under the terms of the scheme Permanent shareholders received 1.1856 Trust Company shares for each Permanent share held. As at 30 June 2002 Permanent had $550 million of funds under management (FUM), $1.9 billion of funds under trusteeship and around $69.3 billion of assets under custody[9]

(b) **Acquisition of New Zealand Guardian Trust** – in March 2011 Trust Company acquired New Zealand Guardian Trust Company Limited (Guardian) for NZ$42 million (approximately $31.6 million). At the time of the acquisition Guardian held $43.0 billion of assets under supervision and $4.8 billion of assets under administration (including over $370 million in charitable funds).

Current operations

80 Trust Company has offices in Sydney, Melbourne, Brisbane and Perth, as well as in New Zealand and Singapore. It currently employs approximately 400 people. Trust Company's funds under supervision, advice and management (by division) as at 28 February 2013 are set out below:

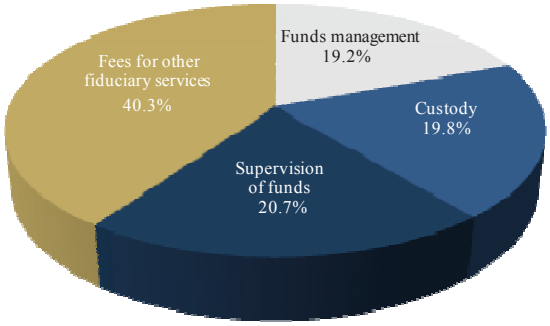
Funds under supervision, advice and management – 28 February 2013	Australia $b	NZ $b	Singapore $b	Total $b
Personal Client Services				
Funds under administration(1) / management(2)	3.6	2.5	-	6.1
Total	3.6	2.5	-	6.1
Corporate Client Services				
Funds under supervision(3)	24.3	54.8	8.0	87.1
Funds under administration(1)	75.3	-	-	75.3
Total	99.6	54.8	8.0	162.4

Note:
1 Funds under administration – means that Trust Company has a custodial responsibility only.
2 Funds under management – means that Trust Company is responsible for the management of the client portfolio (for which it uses external fund managers).
3 Funds under supervision – means that Trust Company has an active role as trustee / responsible entity.

81 A breakdown of revenue by products and services for Trust Company is shown below. Revenue of the Personal Client Services division represents funds management revenue and fees for other fiduciary services. Corporate Client Services revenue represents custody and supervision of funds revenues:

9 Source: Permanent Trustee Company, Information Memorandum dated 25 September 2002.

FY13 revenue breakdown by products and services



Personal Client Services division

82 The Personal Client Service division provides the following services:

(a) **estate planning and estate administration** – estate planning assists individuals with the drafting of wills and planning of estates. Estate administration ensures that an individual's assets are distributed according to their will

(b) **lifestyle care and executor assist** – lifestyle care provides financial and property management services. Executor assist provides estate management as well as offering services such as paying debts, lodging tax returns, trust formation, defending any claims against wills and distributing estates according to wills

(c) **funds management and product development** – Trust Company offers a range of externally managed schemes and common funds for its clients to choose from

(d) **financial advice** – Trust Company provides financial advice to individuals to assist them in managing their finances and planning their estates, asset management and various other types of financial planning services

(e) **Health and personal injury services** – Trust Company acts as financial manager or administrator in the provision of strategic financial advice and governance of financial disability settlements relating to catastrophically injured individuals

(f) **Native Title** – Trust Company currently acts as either trustee or custodian trustee to four native title agreements in Australia and to 22 Maori trust agreements in New Zealand

(g) **philanthropy** – the philanthropy business unit designs and establishes specialised trusts for philanthropists and philanthropic organisations, acts as an independent professional trustee for such charitable trusts and ensures the investments and administration are optimised for both the charity's requirements and the tax exemptions afforded to registered charities. Trust Company is an established service provider in the sector and in FY13 was responsible for over $40 million of philanthropic distributions to the non-profit sector. It acts as trustee for over $900 million in charitable funds across Australia and New Zealand. In addition, Trust Company runs its own foundation which now has

a corpus of over $30 million.

Corporate Client Services division

83 The Corporate Client Services division provides the following services:

(a) **property and infrastructure custody** – Trust Company carries out the role of custodian for large commercial and industrial property and infrastructure assets such as roads and airports, which it effectively holds the title to. It is the largest provider of these custodian services, with a significant market share. The division also carries out transaction execution and reporting in relation to the assets held

(b) **responsible entity services** – Trust Company offers trustee and responsible entity services for wholesale and retail managed investment schemes including the compliance and best-practice governance of those schemes

(c) **debt capital markets** – Trust Company provides trustee and escrow services to issuers of debentures, notes, bonds, as well as for issuers of hybrid securities

(d) **superannuation trustee services** – Trust Company provides trustee services for corporate superannuation schemes, including responsibility for all trustee governance compliance matters.

International operations

84 In addition to its Australian operations, Trust Company also has offices in New Zealand and Singapore:

(a) Trust Company significantly expanded its New Zealand business in 2011 when it acquired Guardian. Guardian is long established and is the largest specialised trustee in New Zealand and operated 14 offices across New Zealand at the date of acquisition. In FY13 the New Zealand operations contributed around 32% of group revenue

(b) Trust Company has been operating in Singapore since 2006 and offers a range of trustee services for REITs and unit trusts, mortgages or title documents and debentures and bonds. It also acts as custodian or cash administration agent for wholesale, private and exempt property funds.

IT systems upgrade

85 In October 2011 Trust Company announced an IT systems upgrade covering its client relationship management system, investment management platforms and personal trust account administration system. At the time Trust Company estimated that the cost of this upgrade would be around $10 million. The company has subsequently indicated a cheaper option proposed to be implemented over a number of years.

86 Trust Company management expect that the IT systems upgrade will lower operating costs and improve client service levels, particularly in the Personal Client Services business.

Financial performance

87 We set out below a summary of the reported financial performance of Trust Company for the three years ended 28 February 2013, together with the six months ended 31 August 2013:

Trust Company – statement of financial performance

	FY11 $m	FY12 $m	FY13 $m	6mths to 31/8/13 $m
Fee and commission income	57.1	82.8	85.5	47.1
Operating expenses	(40.9)	(64.4)	(68.9)	(36.7)
Operating EBITDA[1]	16.2	18.5	16.7	10.4
Depreciation and amortisation	(1.1)	(2.6)	(3.1)	(1.6)
Operating EBIT	15.1	15.9	13.6	8.8
Significant items[2]	(1.2)	1.0	1.5	(2.1)
EBIT	14.0	16.9	15.1	6.7
Dividend income from Equity Trustees	1.3	1.1	1.0	0.6
Net interest income (expense)	1.9	(0.1)	(0.2)	-
Profit before tax	17.2	17.8	15.9	7.3
Income tax expense	(5.9)	(5.2)	(4.2)	(2.1)
Profit attributable to members of the parent entity	11.3	12.6	11.7	5.2

Note:

1 EBITDA – earnings before interest, tax, depreciation and amortisation.

2 Significant items (before tax) comprise:

Corporate activity costs	-	-	-	(2.1)
Guardian acquisition costs	(1.5)	-	(0.1)	-
Suncorp recovery related to Guardian	-	-	1.6	-
Impairment of fixed assets	(0.5)	-	-	-
Claim recoveries – FAI General Insurance Company[3]	0.8	1.0	-	-
Total significant items	(1.2)	1.0	1.5	(2.1)

3 Trust Company has an admitted claim against FAI General Insurance Company Limited (in liquidation) of $17.0 million. To date 51.1 cents in the dollar has been received ($8.7 million) since FY07. As the scheme administrator has indicated that the total percentage payout will range between 50 cents and 60 cents in the dollar we have assumed for valuation purposes that no further amounts will be received.

4 Rounding differences exist.

88 A further summary of these results by segment is set out below:

The Trust Company – results by segment	FY11 $m	FY12 $m	FY13 $m	6 mths to 31/8/13 $m
Funds under management, administration or supervision:				
Corporate Client Services	117.1	147.5	162.4	191.1
Personal Client Services	3.4	5.8	6.1	6.3
Fee and commission income:				
Corporate Client Services	24.0	32.3	34.6	19.4
Personal Client Services	32.2	49.7	50.4	27.4
Unallocated fee revenue	0.8	0.8	0.5	0.2
Total fee and commission income	57.1	82.8	85.5	47.1
Operating EBITDA:				
Corporate Client Services	9.6	14.2	16.2	7.3
Personal Client Services	9.9	8.5	5.2	5.8
Unallocated executive and legal expenses	(3.3)	(4.2)	(4.8)	(2.7)
Total Operating EBITDA	16.2	18.5	16.7	10.4

Note:
Rounding differences may exist.

89 Key matters impacting on the reported profitability over recent periods are discussed below.

Year ended 28 February 2011

90 Fee and commission income increased 4% in FY11 reflecting growth in Responsible Entity and Managed Investment Trust (MIT) mandates and higher equity markets, offset by lower recurrent revenue from the administration of estates and trusts and reductions in FUM from a cash management product.

91 Operating EBITDA in FY11 was impacted by a number of one off items which were not treated as significant items for reporting purposes, including:

(a) non-recurring capital commission income of $2.3 million

(b) rental sublease income of $0.7 million, which was only expected to be received for a few months into FY12.

92 After adjusting for the above items, normalised EBITDA (which is summarised in Section VII) was down slightly in FY11 compared with FY10. In part, this reflected a 4.5% increase in average salaries following a general pay freeze in FY10 and the employment of additional staff in the Business Development and Responsible Entity teams to capitalise on growth opportunities. In FY11 costs of $1.5 million associated with the acquisition of Guardian were also expensed.

Year ended 29 February 2012

93 Total fee and commission income increased around 45% (or $25.7 million) to $82.8 million in FY12. The main contributor to this increase was the 12 month contribution (revenue of

$27.9 million[10]) from the Guardian business which was acquired with effect from 1 March 2011.

94 The Guardian business contributed EBITDA of $6.2 million in FY12, reflecting a full 12 months contribution. At the date of acquisition, Guardian had assets under administration of approximately $4.8 billion and assets under supervision of over $43 billion.

95 Operating EBITDA excluding the Guardian contribution fell in FY12 reflecting:

(a) lower revenue in the personal clients business, reflecting the non-recurring capital commission in FY11 of $2.3 million and the negative equity market performance[11]

(b) higher revenue from corporate clients due to higher activity levels and growth in MIT[12] and custody mandates, offset by a number of expiring mandates and an increase in doubtful debts

(c) average salary increases in Australia of 4.5% per annum over the year

(d) redundancy costs of approximately $0.5 million.

96 Interest income was lower in FY12 as surplus cash was used to fund the Guardian acquisition. The average tax rate fell following this acquisition due to New Zealand's lower company tax rate of 28%.

Year ended 28 February 2013

97 Total fee and commission income increased around 3.3%. This increase reflected a 7.1% increase in revenue from the corporate business due to higher transactional revenue and some high profile client wins (e.g. ING Direct and Fonterra), and lower revenue growth of 1.4% in the personal client services business.

98 Operating expenses increased 7.0% ($4.5 million), largely due to a $1.4 million long standing client claim and $1.2 million in redundancy costs following an operational review. These items largely related to the personal business.

99 Further, the Guardian (Personal) business in New Zealand underperformed reflecting, inter-alia, the impact of regulatory changes and separation costs from Suncorp.

100 As a result of the above the operating EBITDA of the personal business fell from $8.5 million to $5.5 million. However, on a normalised basis the EBITDA of the group increased from $15.2 million to $16.5 million (as shown in Section VII).

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10 At an exchange rate of A$1.00 = NZ$1.30

11 Trust Company has advised that every 1% movement in the S&P / ASX 200 index impacts revenue by approximately $100,000 (although the changing mix of equity, cash and property assets under supervision means this relationship is non-linear).

12 At the end of FY12 Trust Company was trustee to 30 MITs which held over $5.2 billion in assets. In comparison at the end of FY11 only 13 MIT mandates were held. Many of these appointments were sourced out of Trust Company's Singapore office.

Six months ended 31 August 2013

101 Total fee and commission income increased by around 12% on the prior corresponding period (1H FY13). This reflected:

(a) a 10% increase in revenue in the corporate business due to underlying growth in funds under administration/supervision and strong repeat business in responsible entity and custody services

(b) a 14% increase in revenue in the personal client services business due in part to increased funds under management/advice and higher capital commissions in the estates and trusts business.

102 The increase in operating expenses was contained to 4% ($1.5 million), attributable to costs associated with regulatory changes which impacted on the corporate clients business. The reduction in the overall cost to income ratio achieved in 2H FY13 was sustained.

103 As a result of the above operating EBITDA increased by 57% on the prior corresponding period to $10.4 million, the increase being attributable to higher earnings in the personal clients business.

Financial position

104 Trust Company's financial position as at 28 February 2013 and 31 August 2013 is shown below:

Trust Company – statement of financial position	28 Feb 13 $m	31 Aug 13 $m
Cash and cash equivalents	19.5	23.3
Trade and other receivables	23.4	22.5
Current tax asset	0.3	-
Total current assets	43.2	45.8
Trade and other receivables	0.5	0.7
Other non-current financial assets	20.3	18.1
Indemnities receivable	4.5	4.6
Property, plant and equipment	10.3	9.2
Goodwill	59.8	61.4
Intangible assets	9.4	10.0
Deferred tax assets	2.6	2.3
Other non-current assets	0.6	0.9
Total non-current assets	108.0	107.2
Total assets	151.2	152.9
Trade and other payables	5.0	5.4
Provisions	3.4	3.5
Current tax liabilities	-	0.7
Total current liabilities	8.4	9.6
Long-term borrowings	10.0	10.0
Provisions	2.3	2.4
Indemnities payable	4.5	4.6
Total non-current liabilities	16.8	17.0
Total liabilities	25.2	26.6
Net assets	126.0	126.4

Note:
Rounding differences may exist.

105 In relation to the above we note that:

(a) Trust Company had net cash[13] of $13.3 million as at 31 August 2013

(b) non-current financial assets of $18.1 million represent the listed market value on 31 August 2013 of Trust Company's shareholding in Equity Trustees[14]

(c) indemnity receivables were offset by indemnity payables and related to certain indemnity arrangements that had been agreed between Trust Company and Suncorp as part of the acquisition of Guardian. In summary, the indemnity liabilities recognised were recoverable from Suncorp pursuant to the terms of the acquisition

(d) goodwill included $20.6 million recognised as a result of the acquisition of Guardian effective 1 March 2011

13 Being cash less long-term borrowings.

14 Being 1,193,942 shares at the last traded market price on 30 August 2013 of $15.20 per share.

(e) intangible assets of $10.0 million represented the book value attributable to "professional fiduciary relationships" acquired as part of the acquisition of Guardian. As this acquisition accounting (and related amortisation charges) have no impact on the underlying earnings / cash flow generation of Trust Company we have added back the related amortisation charges when assessing EBIT for valuation purposes.

Share capital and performance

106 Trust Company currently has 33,657,334 shares on issue**.** In addition, there are 705,796 performance share rights on issue (which will result in the issue of 705,796 new shares if the respective performance hurdles are achieved). In the event of a takeover or other control event, Trust Company's Board can waive the performance hurdles. Accordingly, when valuing 100% of the shares in Trust Company, in our opinion, it is appropriate to assume that these additional shares will be issued.

Significant shareholders

107 As at 31 August 2013 substantial shareholders in Trust Company were Milton Corporation Limited with 2,940,394 (8.7%) of Trust Company shares on issue and Australian Foundation Investment Company Limited with 2,286,726 (6.8%) of the shares on issue.

Share price performance

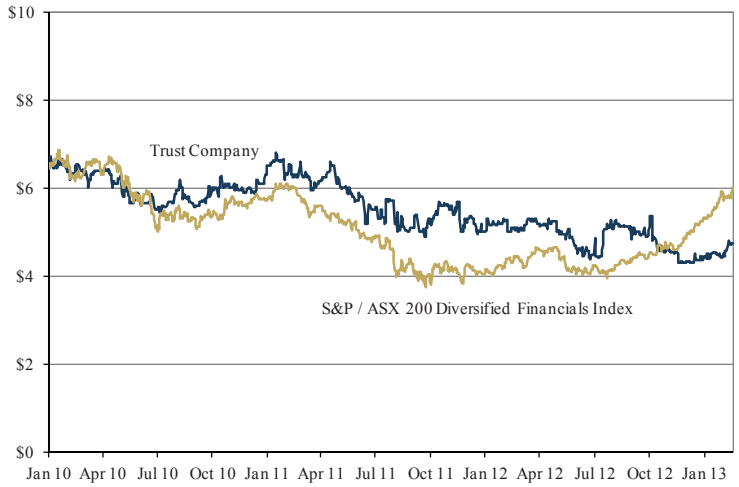
108 The price of Trust Company shares from 1 January 2010 to 20 February 2013 (being the last trading day prior to the announcement of the Equity Trustees Offer) is summarised below:

Trust Company – share price performance				
	High $	Low $	Close $	Monthly volume[1] 000
Quarter ended				
March 2010	6.70	6.00	6.40	727
June 2010	6.52	5.50	5.52	142
September 2010	6.20	5.41	5.81	119
December 2010	6.33	5.75	6.30	144
March 2011	6.85	5.92	6.17	168
June 2011	6.73	5.17	5.50	112
September 2011	5.75	4.90	5.30	169
December 2011	5.70	4.91	5.01	194
March 2012	5.34	5.00	5.20	105
June 2012	5.30	4.40	4.42	300
Month ended				
July 2012	5.29	4.41	5.29	187
August 2012	5.29	5.05	5.07	116
September 2012	5.12	4.80	4.90	119
October 2012	5.36	4.50	4.55	243
November 2012	4.69	4.30	4.31	188
December 2012	4.50	4.22	4.38	183
January 2013	4.54	4.39	4.45	262
February 2013[2]	4.85	4.42	4.75	156

Note:
1 Monthly volumes for the quarter ended represent average monthly volumes.
2 Up to and including 20 February 2013.
Source: Bloomberg.

109 The following chart illustrates the movement in the share price of Trust Company compared to the S&P / ASX 200 Diversified Financials Index from 1 January 2010 to 20 February 2013 (being the last trading day prior to the announcement of the Equity Trustees Offer):

Trust Company – share price history(1)
1 January 2010 to 20 February 2013



Note:
1 Based on closing prices. The S&P / ASX 200 Diversified Financials Index has been rebased to Trust Company's last traded price on 1 January 2010.
Source: Bloomberg and LEA analysis.

110 Trust Company's share price has broadly tracked the S&P / ASX 200 Diversified Financials Index over the above period, having outperformed the index until October 2012. The subsequent relative underperformance of Trust Company shares is likely to be attributable to the announcement of its half year results on 9 October 2012, which were below market expectations at the time.

Liquidity in Trust Company shares

111 The liquidity in Trust Company shares based on trading on the ASX over the 12 month period prior to 20 February 2013 is set out below:

Trust Company – liquidity in shares					
	Start date	End date	Value $000	Volume 000	As a % of issued capital
3 months	21 Nov 12	20 Feb 13	3,203	719	2.14
6 months	21 Aug 12	20 Feb 13	5,535	1,200	3.58
12 months	21 Feb 12	20 Feb 13	12,549	2,599	7.76

Source: Bloomberg, LEA analysis.

112 While the volume of shares traded in Trust Company as a proportion of the total number of shares on issue is relatively low compared to ASX companies generally, we note that:

(a) in the 12 months prior to the announcement of the Equity Trustees Offer the total value of Trust Company shares traded was approximately $12.5 million

(b) Trust Company appears to have a fairly stable shareholder base, with approximately 37%[15] of the shares held by the top 20 shareholders (including Milton Corporation Limited and Australian Foundation Investment Company Limited with interests of 8.7% and 6.8% respectively)[16] [17]

(c) as stated above, since January 2010 there has been a reasonable degree of correlation between the Trust Company share price and the S&P / ASX 200 Diversified Financials Index, which, prima facie, indicates that the lower level of share trading in Trust Company shares has not materially impacted the listed market price of its shares.

15 As at 30 April 2013.

16 As at 31 August 2013.

17 Milton Corporation Limited and Australian Foundation Investment Company Limited are ASX listed investment companies, both of which have a long-term investment focus.

IV Profile of Perpetual[18]

Current operations

113 Founded in 1886, Perpetual is an ASX listed investment, financial advice and trustee group offering a range of managed investment, wealth management, superannuation and trustee services for individuals and institutional investors. Perpetuals three primary business divisions are:

(a) **Perpetual Investments** – offers financial products that provide management and investment of monies on behalf of private, corporate, superannuation and institutional clients

(b) **Perpetual Private** – provides comprehensive advisory services, portfolio management, philanthropic, executorial and trustee services to high net worth individuals, their families, businesses and not for profit organisations

(c) **Corporate Trust** – provides fiduciary services incorporating safe-keeping and recording of assets and transactions as custodian, trustee, registrar or agent for corporate and financial services clients and mortgage processing services.

114 In the year ended 30 June 2013 (FY13) the Perpetual Investments, Perpetual Private and Corporate Trust divisions generated revenues (as per Perpetual's operating and financial review (OFR)) of $195.9 million, $115.7 million and $49.2 million (excluding PLMS[19] and the loan servicing and third-party registry businesses sold in FY13) respectively.

Perpetual Investments

115 Perpetual Investments is an investment manager for retail, institutional, superannuation and retirement clients. The business offers clients investment capabilities across a range of asset classes, including Australian and international equities, property securities, fixed income and multi-sector strategies. Perpetual Investments revenue is highly correlated with its key revenue driver FUM.

116 Total FUM as at 30 June 2013 was some $25.3 billion, some 12% higher than 12 months earlier. Movements in FUM balances generally correlate with movements in equity markets, but are also impacted by the level of investor applications and redemptions (net flows) during the period. The increase in FUM as at 30 June 2013 was attributable to market related movements of $4.5 billion, offset by a net outflow from investor applications and redemptions of $1.8 billion[20].

117 The average FUM revenue margin in FY13 was 77 bps, 1 bp lower than the prior year. Movements in average margins are mainly caused by changes in the mix of FUM between lower margin institutional and higher margin retail investors, as well as changes in the mix of

18 This profile is based on publicly available information in respect of Perpetual.

19 Perpetual Lenders Mortgage Services (PLMS) was sold on 1 August 2012.

20 Comprised of a $0.2 billion net outflow from lower margin institutional clients, a $0.9 billion net outflow from intermediary clients (financial advisors investing via external platform providers) and a $0.7 billion net outflow from retail clients (financial advisors and individual clients investing directly with Perpetual Investments).

assets between classes such as cash (generally lower margin) and equities (generally higher margin)[21].

118 Perpetual's FUM is sourced from the following distribution channels:

(a) **institutional** – includes industry superannuation funds and clients who invest large sums. The business earns its lowest revenue margin from this channel. However institutions do not require complex technology and service structures such as call centres and dedicated sales and distribution support, so the servicing cost is lower

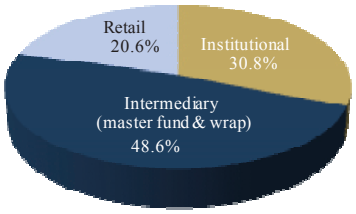
(b) **intermediary –** this channel includes FUM from financial advisers who invest with Perpetual via external platform providers. This is Perpetual Investments' largest source of FUM

(c) **retail** – this channel sources FUM from advisers and individual clients who invest with Perpetual directly. This channel earns the highest average gross margin for Perpetual. However, it requires an increased level of support infrastructure, which makes the cost to service this channel the highest.

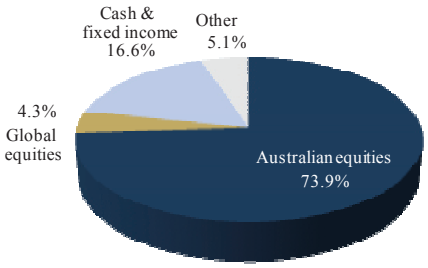
119 Perpetual Investments' FUM and product categories at the end of FY13 were split along the following distribution channels:

Perpetual Investments

FY13 FUM by distribution channel



FY13 FUM by product category



Source: Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2013.
Rounding differences exist.

120 Perpetual Investment's revenue by product can be categorised as follows:

(a) **equities revenues –** represents fees earned on Australian and global equities products. FY13 revenue was $155.8 million (79.5% of PI segment's OFR revenue)

(b) **cash and fixed income revenues** – represents fees derived from fixed income, cash and mortgage products. FY13 revenue was $27.7 million (14.1% of PI segment's OFR revenue)

21 For example, in FY13 the average revenue margin earned by Perpetual Investments for equities products was 82bps compared to 59bps for cash and fixed income products.

(c) **other FUM related revenue** – includes management fees for opportunity funds, sub-advisory mandates, external funds on Perpetual's WealthFocus platform and administration fees on Perpetual Protected Investments (PPI) structured products (which have been in run-off since 2009). Other FUM related FY13 revenue was $8.5 million (4.3% of PI segment's OFR revenue)

(d) **other non-FUM related revenue** – mainly includes the net interest margin derived from the PPI structured products loan book and interest earned on operational bank accounts across the business. FY13 revenue was $3.9 million (2.0% of PI segment's OFR revenue).

121 The financial performance of Perpetual Investments before significant items for the three years ended 30 June 2013 is set out below:

Perpetual Investments – statement of financial performance

	FY11 $m	FY12 $m	FY13 $m
Total revenues[1]	225.0	190.5	195.5
Operating expenses[1]	(131.0)	(107.3)	(97.7)
EBITDA before significant items and equity remuneration expense	94.0	83.2	98.2
Equity remuneration expense	(15.3)	(6.9)	(9.2)
EBITDA before significant items	78.7	76.3	89.0
Depreciation and amortisation	(5.4)	(4.3)	(1.8)
EBIT before significant items	73.3	72.0	87.2
Closing FUM ($bn)	27.2	22.6	25.3
Average FUM ($bn)	27.8	23.9	24.9
Average FUM revenue margin (annualised revenues / average FUM)	78 bps[2]	78 bps	77 bps

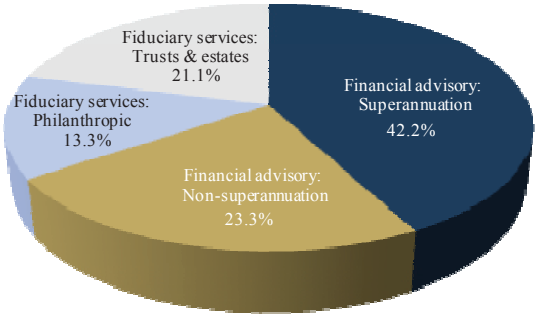
Note:
1 Excludes significant items.
2 bps – basis points.
Source: Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2012 and 30 June 2013.

Perpetual Private

122 Perpetual Private provides holistic financial solutions for high net worth individuals in the target segments of business owners, professionals, not-for-profit organisations and established wealthy individuals. It manages financial assets for private clients, estates, trusts and charitable trusts, with funds under advice (FUAdvice) of $9.0 billion as at 30 June 2013, up 13% from $8.0 billion at the end of FY12. The increase in FUAdvice was attributable to market related movements of $1.1 billion, offset by a net outflow of $0.1 billion.

123 Perpetual Private's FUAdvice at the end of FY13 was split along the following client categories:

Perpetual Private FY13 FUAdvice by client category



Source: Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2013.
Rounding differences exist.

124 The financial performance of Perpetual Private before significant items for the three years ended 30 June 2011, 30 June 2012 and 30 June 2013 is set out below:

Perpetual Private – financial performance

	FY11 $m	FY12 $m	FY13 $m
Market related revenue	69.9	67.6	71.2
Non-market related revenue	46.3	47.1	44.5
Total revenues[(1)]	116.2	114.7	115.7
Operating expenses[(1)]	(94.4)	(98.5)	(98.3)
EBITDA before significant items and equity remuneration expense	21.8	16.2	17.4
Equity remuneration expense	(2.2)	(1.6)	(2.3)
EBITDA before significant items	19.6	14.6	15.1
Depreciation and amortisation	(6.3)	(6.3)	(5.9)
EBIT before significant items	13.3	8.3	9.2
Closing FUAdvice ($bn)	8.7	8.0	9.0
Average FUAdvice ($bn)	8.7	8.2	8.8
Average FUAdvice market revenue margin (annualised market related revenue / average FUAdvice)	81 bps	82 bps	81 bps

Note:
1 Excludes significant items and discontinued operations.
Source: Perpetual Limited Management Discussion and Analysis for the 12 months ended 30 June 2012 and Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2013.

Corporate Trust

125 Corporate Trust is a leading provider of corporate fiduciary services. Products and services include:

(a) **trustee services –** for covered bonds, mortgage-backed and other securitisation programs (including residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS)) for major banks and non-bank organisations

(b) **regulatory compliance services –** responsible entity (RE) services for fund managers

(c) **custody and accounting services –** for property and mortgage funds; and

(d) **trusteeships –** for corporate debt issues, infrastructure projects and other structures.

126 On 1 August 2012, Perpetual announced that it had completed the sale of PLMS to FAF International Property Services (Australia) Pty Limited, an affiliate of First Mortgage Services (FMS) as part of its Transformation 2015 strategy to exit the mortgage processing services business. The sale allowed the Corporate Trust business to focus on its corporate fiduciary services. Perpetual also sold a loan servicing business in FY13. The loan servicing business, together with a third party registry business sold in FY12, had revenue of $2.7 million in FY12.

127 The primary revenue driver of Corporate Trust is funds under administration (FUAdmin). In turn, the historical key driver of FUAdmin has been the residential mortgage-backed securitisation (RMBS) market. Notwithstanding growth of approximately 50% in new public market RMBS issuance in the Australian securitisation market in FY13 compared to FY12 (when the market was largely closed as funding margins widened), Perpetual Corporate Trust experienced a net outflow in RMBS FUAdmin in FY13 with the continued run-off[22] of RMBS FUAdmin.

128 Perpetual Corporate Trust was however able to offset the decline in revenue from RMBS run-off with an increase in FUAdmin from RMBS repos and covered bonds. The first Australian covered bond issuance took place in the second half of calendar year 2011, followed by strong growth in issuance from all major banks. Perpetual Corporate Trust has been appointed as covered bond trustee for three of the four major banks. By the end of FY13, covered bond FUAdmin was $40.5 billion and represented some 15.6% of Perpetual's total FUAdmin. However, fees earned for covered bonds trusteeship are significantly lower than those for other asset classes. This change in mix is likely to result in lower average margins for the business in the future, particularly if the covered bond asset class continues to grow as a proportion of total FUAdmin.

129 Total FUAdmin was $259.4 billion as at 30 June 2013, an increase of 19.5% compared to 30 June 2012, although revenue from continuing operations has remained stable as FUM previously sourced from RMBS command higher margins. Corporate Trust's FUAdmin at the end of FY13 was split along the following products:

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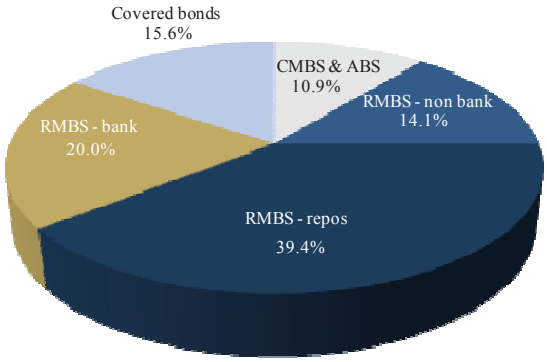
22 Run-off rates across existing RMBS increased during FY13 compared to FY12, reflecting the continued de-leveraging of households.

Corporate Trust FY13 FUAdmin by products



Source: Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2013.
Rounding differences exist.

130 The financial performance of Corporate Trust before significant items (and before discontinued operations) for the three years ended 30 June 2011, 30 June 2012 and 30 June 2013 is set out below:

Corporate Trust – financial performance

	FY11 $m	FY12 $m	FY13 $m
Total revenues[(1)]	57.2	52.0	50.5
Operating expenses[(1)]	(33.6)	(32.7)	(29.8)
EBITDA before significant items and equity remuneration expense	23.6	19.3	20.7
Equity remuneration expense	(0.6)	-	(0.4)
EBITDA before significant items	23.0	19.3	20.3
Depreciation and amortisation	(1.5)	(1.9)	(1.3)
EBIT before significant items	21.5	17.4	19.0
Closing FUAdmin ($bn)	205.8	217.0	259.4

Note:
1 Excludes significant items, investment in associates and discontinued operations (with the exception of the recently sold loan servicing and registry businesses, which earned $2.7 million revenue in FY12 and $1.3 million revenue in FY13).

Source: Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2012 and Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2013.

Strategic developments

131 During the second half of FY12 Perpetual initiated a long-term strategic review (Transformation 2015) [23], which included:

23 Source: ASX announcement dated 25 June 2012.

(a) the simplification of its operating and cost structure and refocus on areas of competitive advantage for new growth[24]

(b) a target of $50 million of pre-tax annualised cost reductions in FY15 (equivalent to 18% of FY12 normalised cost base)[25]

(c) the sale of non-core businesses, including Perpetual's mortgage processing business, Perpetual Lenders Mortgage Services (PLMS)[26]

(d) a new, smaller leadership team and the establishment of a central division (the Transformation Office) to execute Transformation 2015.

132 The strategic review has resulted in various cost savings to date. Perpetual has stated that some $37 million of annualised pre-tax cost savings in continuing operations were realised as at 30 June 2013 and that the company is on track to deliver the full $50 million of pre-tax annualised cost reductions pursuant to the Transformation 2015 strategic review[27]. Implementation costs incurred in relation to Transformation 2015 during FY13 were $13.6 million before tax[28].

Financial performance

133 We set out below a summary of the reported financial performance of Perpetual for the three years ended 30 June 2011, 30 June 2012 and 30 June 2013:

24 Simplification of Perpetual's management structure, reduction in central costs via outsourcing and divestment of non-core businesses has led to the number of full time equivalent staff roles reducing from 1,343 as at the end of FY12 to 838 as at 30 June 2013. Source: Perpetual FY13 Operating and Financial Review.

25 Source: Perpetual FY12 results presentation.

26 PLMS was sold on 1 August 2012.

27 Perpetual OFR for the 12 months ended 30 June 2013.

28 Implementation costs incurred thus far are some $50 million with a further $20 million expected to be incurred in line with original guidance.

Perpetual – statement of financial performance	FY11 $m	FY12 $m	FY13 $m
Total revenue from continuing operations[1]	459.5	391.1	389.3
EBITDA (excluding non-recurring items)[1]	119.1	97.4	108.9
Depreciation and amortisation	(13.9)	(13.5)	(9.1)
EBIT (excluding non-recurring items)	105.2	83.9	99.9
Non-recurring items	(23.6)	(55.1)	(23.9)
Investment income	14.0	8.4	8.2
Interest expense	(3.6)	(2.5)	(1.8)
Profit before tax from continuing operations	91.9	34.7	82.4
Income tax expense	(32.2)	(13.9)	(24.9)
Profit after tax from continuing operations	59.7	20.8	57.5
Net profit after tax from discontinued operations	2.7	2.2	2.9
Net profit after tax	62.4	23.0	60.4
Loss / (profit) after tax attributable to non-controlling interests[2]	(0.3)	3.6	0.6
Net profit after tax attributable to equity holders of Perpetual	62.0	26.7	61.0

Note:
1 Excluding investment income related to investments held by Perpetual not related to its core operations.
2 Third party interests in a consolidated fund managed by the Group.
3 Differences between results obtained from Perpetual's OFR and these statutory results are due to the omission of revenues and expenses related to Perpetual's Exact Market Cash Fund (EMCF) in the OFR.
Source: Perpetual Limited Annual Report 2012 and Full-Year Financial Statements for the year ended 30 June 2013.
Rounding differences may exist.

134 Key matters impacting the reported profitability over recent periods are discussed below.

Year ended 30 June 2011

135 In FY11 equity market volatility continued to affect business performance. Revenue from service and structured product activities increased approximately 1.6%, consistent with modest increases in the underlying FUM and FUAdvice (offset by a small decrease in FUAdmin). The FY11 result was also impacted by certain non-recurring expenses, together with significant increases in staff and administration and general expenses.

136 A summary of the movement in FUM, advice and administration in FY11 is shown below:

Business unit	2011 movement in funds under management / advice / administration
Perpetual Investments	Funds under management increased 1.1% to $27.2 billion
Perpetual Private	Funds under advice increased by 4.8% to $8.7 billion
Corporate Trust	Funds under administration decreased 2.2% to $205.8 billion

Year ended 30 June 2012

137 Total revenue (excluding investment income) decreased approximately 14.9% in FY12, primarily driven by decreases in FUM and FUAdvice (partially offset by an increase in

FUAdmin). Equity markets remained volatile and closed 11% lower by financial year end. EBIT before significant items decreased approximately 20.2% reflecting the lower revenue and the legacy high fixed cost base prior to the implementation of the Transformation 2015 strategic review.

138 A summary of the movement in FUM, advice and administration in FY12 is shown below:

Business unit	2012 movement in funds under management / advice / administration
Perpetual Investments	Funds under management decreased 16.9% to $22.6 billion
Perpetual Private	Funds under advice decreased by 8.0% to $8.0 billion
Corporate Trust	Funds under administration increased 5.4% to $217.0 billion

Year ended 30 June 2013

139 Total revenue (excluding investment income) decreased approximately 0.5% in FY13, notwithstanding increases in funds under management, advice and administration (FUMA) in FY13. Equity markets trended up and closed some 17% higher by financial year end[29]. However Perpetual experienced a net outflow of $1.8 billion FUM in Perpetual Investments and a net outflow of $0.1 billion in Perpetual Private FUAdvice, partially offsetting the positive revenue impact of improved markets.

140 EBIT before significant items increased approximately 19% notwithstanding slightly lower revenue. The EBIT margin improvement reflected cost control and the implementation benefits to achieve system and process efficiencies pursuant to the Transformation 2015 strategic review.

141 Operating expenses from continuing operations (excluding interest, tax, depreciation and amortisation and non-recurring items) decreased by $13.3 million which included Transformation 2015 related savings of $24.7 million offset by, inter alia, increases in performance based variable remuneration, sign-on payments for staff and outsourced information technology expenses.

142 A summary of the movement in FUM, advice and administration in FY13 is shown below:

Business unit	2013 movement in funds under management / advice / administration
Perpetual Investments	Funds under management increased 11.9% to $25.3 billion
Perpetual Private	Funds under advice increased by 12.5% to $9.0 billion
Corporate Trust	Funds under administration increased 19.5% to $259.4 billion

FY14 outlook

143 While Perpetual has not provided specific profit guidance for FY14, in terms of the outlook for FY14 Perpetual has stated[30] that:

29 Based on the S&P / ASX 200 Index.

30 Source: Operating and Financial Review for the 12 months ended 30 June 2013.

"In reducing the ongoing cost base for the business, shareholders should be better placed to benefit from any improvements in market conditions and better insulated from market shocks that may occur…exposure to Australian equity markets is a key risk to Perpetual, but also the key source of earnings leverage. While the Group does not forecast market movements, the Group expects improved flows in FY14 and shareholders should expect to enjoy the benefits of the leaner cost base in the form of improved profitability."

Financial position

144 We set out below a summary of the financial position of Perpetual as at 30 June 2012 and 2013:

Perpetual – statement of financial position	30 Jun 12 $m	30 Jun 13 $m
Cash and cash equivalents	153.1	217.1
Liquid investments	39.7	35.4
Assets held for sale	14.0	0.8
Structured products – PPI loans to clients	109.2	76.7
Goodwill and other intangibles	109.5	107.7
Software intangibles	13.2	21.6
Other assets[1]	119.3	121.2
Total assets	558.0	580.5
Corporate loan facility	45.0	45.0
Liabilities held for sale	5.6	-
Structured products – PPI finance liabilities	111.4	84.1
Other liabilities[1]	115.5	127.7
Total liabilities	277.5	256.8
Net assets	280.5	323.7
Minority interest[2]	(12.3)	(9.4)
Net assets attributable to Perpetual ordinary shareholders	268.2	314.3

Note:

1 Excludes the offsetting asset and liability for Perpetual's Exact Market Cash Fund (EMCF) structured products. As at 30 June 2013, the EMCF asset was $427.0 million, with the liability being $423.8 million. At 30 June 2012, the EMCF asset was $694.6 million, with the liability being $695.2 million. The net asset of $3.2 million as at 30 June 2013 has been included with "Other assets" and the net liability of $0.6 million at 30 June 2012 has been included with "Other liabilities". Perpetual has indicated that while the positions purport to be hedging positions there is still some exposure to adverse market movements on the EMCF products.

2 Third party interests in a consolidated fund managed by the Group.

Source: Perpetual Limited Operating and Financial Review for the 12 months ended 30 June 2013.

145 In relation to the above we note that:

(a) Perpetual had cash and cash equivalents of $217.1 million as at 30 June 2013 and corporate interest bearing debt of $45 million

(b) the decrease in 30 June 2013 assets held for sale to $0.8 million principally reflects the sale of PLMS

(c) Perpetual Protected Investments (PPI) loans to clients continued to decline in the 12 months to 30 June 2013 as clients continued to close out their investment in the product. This in turn has reduced the PPI finance facility liability by a similar amount

(d) liquid investments ($35.4 million as at 30 June 2013) primarily relate to the fair value of investments in listed equity securities and unlisted unit trusts (held by Perpetual as principal).

Share capital and performance

146 As at 30 June 2013 Perpetual had 41.98 million ordinary shares on issue[31]. In addition, eligible executives under the Perpetual Limited Long-Term Incentive Plan had performance rights over 150,959 ordinary shares. Unvested performance rights are subject to various performance criteria, and are exercisable for nil consideration once vesting has occurred.

Share price performance

147 The price of Perpetual shares from 4 January 2011[32] to 6 May 2013[33] is summarised below:

31 Including 3,202,288 unvested shares related to share plans.

32 The first trading day of calendar year 2011.

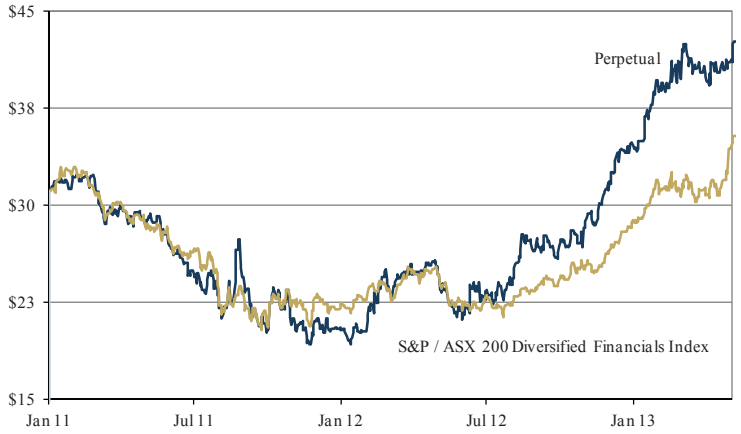
33 The last trading day prior to the original announcement of the Scheme. Subsequent trading in Perpetual shares is considered in Section VIII of our report.

Perpetual – share price performance	High $	Low $	Close $	Monthly volume[1]
Quarter ended				
March 2011	32.60	27.85	29.09	2,434
June 2011	30.42	24.39	24.93	2,669
September 2011	27.74	19.52	20.84	3,875
December 2011	24.07	19.03	20.43	2,622
March 2012	25.72	19.22	25.39	2,853
June 2012	25.99	21.02	22.90	2,633
Month ended				
July 2012	24.04	22.02	23.91	1,760
August 2012	27.88	23.67	26.48	3,047
September 2012	27.70	25.57	25.97	2,316
October 2012	28.28	25.57	27.94	2,051
November 2012	31.38	26.70	31.23	2,539
December 2012	35.14	31.09	34.74	2,181
January 2013	39.53	33.95	38.84	3,097
February 2013	42.74	38.12	41.12	2,701
March 2013	42.58	38.80	40.28	2,808
April 2013	42.21	38.58	41.20	1,809
May 2013[2]	42.04	40.21	41.27	404

Note:
1 Monthly volumes for the quarter ended represent average monthly volumes.
2 Up to and including 6 May 2013. Monthly volume represents partial monthly volume for the month of May 2013.
Source: Bloomberg.

148 The following chart illustrates the movement in the share price of Perpetual compared to the S&P / ASX 200 Diversified Financials Index from 4 January 2011[32] to 6 May 2013[33]:

Perpetual – share price history



Note:
1 Based upon closing prices. The S&P / ASX Diversified Financials Index has been rebased to Perpetual's last traded price on 4 January 2011 ($31.02 per share).
Source: Bloomberg.

149 As shown above there was a high degree of correlation between the share price of Perpetual and the S&P / ASX 200 Diversified Financials Index over the above period up to mid-2012. The subsequent period of Perpetual's outperformance compared to the S&P / ASX 200 Diversified Financials Index coincided with progress made by Perpetual to remove $50 million of annualised pre-tax costs from its operational structure pursuant to the Transformation 2015 strategic review.

Liquidity in Perpetual shares

150 The liquidity in Perpetual shares based on trading on the ASX over the 12 month period prior to 7 May 2013 is set out below:

Perpetual – liquidity in shares

	Start date	End date	Value $000	Volume 000	As a % of issued capital
1 month	7 Apr 13	6 May 13	74,936	1,842	4.4
3 months	7 Feb 13	6 May 13	284,061	7,000	16.7
6 months	7 Nov 12	6 May 13	553,974	14,920	35.5
12 months	7 May 12	6 May 13	932,349	30,057	71.6

Source: Bloomberg and LEA analysis.

151 The volume of shares traded in Perpetual as a proportion of the total number of shares on issue has been significant, with a turnover of some 72% of all shares outstanding over the 12 months to 6 May 2013.

V Industry overview

Overview

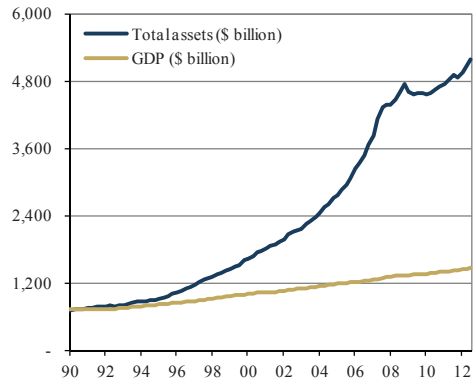
152 Trust Company was established in the 1880s as a trustee corporation providing traditional trustee services, including the establishment and administration of personal and charitable trusts and acting as the executor of deceased estates. In response to client demands the company subsequently expanded its operations across the broader financial services industry, with particular emphasis on the Australian investment and wealth management sectors.

Australian financial institutions

153 In aggregate, Australian financial institutions held assets of around $5.2 trillion as at 30 September 2012. Growth in assets has significantly outpaced economic growth (compared to nominal gross domestic product (GDP)) as shown below. A breakdown of the assets held by Australian financial institutions as at 30 September 2012 is also set out below:

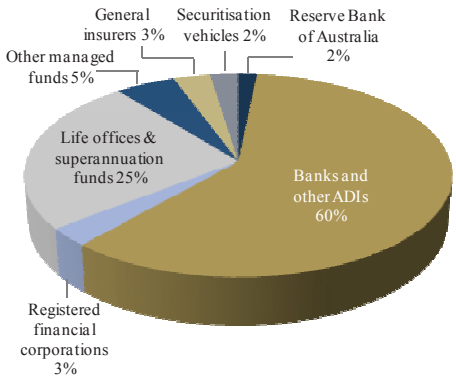
Assets held by Australian financial institutions (as at 30 September 2012)

History



Source: Reserve Bank of Australia.

Breakdown



Source: Reserve Bank of Australia.

Australian trustee corporations

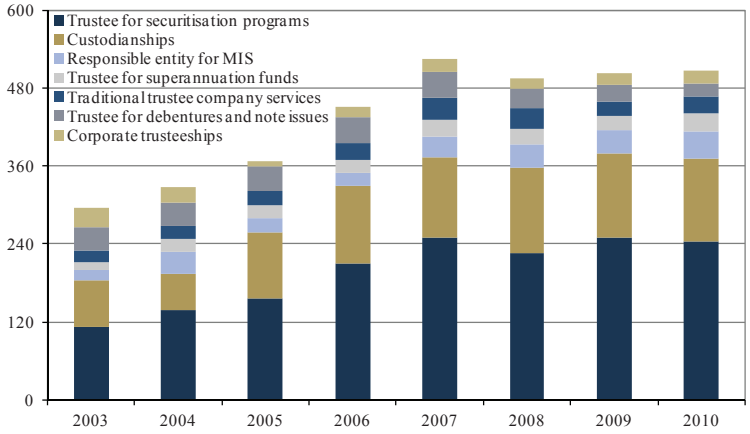
History

154 Traditionally only an individual could act as a trustee to take on the role of executor or administrator of an estate. In the 1870s legislation was first enacted to extend this function to licensed trustee corporations. In doing so clients were thereby granted access to greater expertise and resources than may have otherwise been available from an individual, whilst also allowing for perpetual succession for long-term trusts. In the decade that followed the majority of the trustee corporations now authorised by law were established.

Key statistics

155 There are currently eight public trust offices[34] and 11 private trustee corporations in operation across Australia, with aggregate assets under management[35] of over $500 billion. A summary of the movement in assets under management for the eight years to 30 June 2010[36] is set out below:

Australian trustee corporations(1) – assets under management(2) ($bn)
Year ended 30 June



Note:
1 Includes all public and private Australian trustee corporations except for Mutual Trust Pty Limited and The Myer Family Company Limited.
2 Includes assets under management, assets under advice and assets under administration.
Source: Financial Services Council Australia.

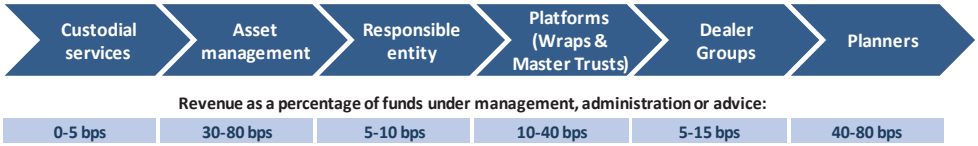
156 Trustee corporations' assets under management grew significantly in the lead up to the global financial crisis (GFC) (2007 / 2008), a period underpinned by the rapid development of the securitised residential mortgages market and the expansion of managed investment schemes and superannuation funds. The onset of the GFC significantly impacted industry growth, particularly within securitisation markets, and as a result assets under management of trustee corporations declined some 3% from the 2007 peak.

Australian wealth industry

157 In recent years the Australian wealth management sector has undergone significant structural change as the value chain has essentially unbundled into its component segments. Revenue generation varies across the value chain and is generally based upon a percentage of FUM, as shown below:

34 One public trust office exists in each state and territory across Australia.
35 Includes assets under management, assets under advice and assets under administration.
36 Latest available data.

Wealth management value chain



Source: Tria Investment Partners, Challenger Financial Services Group, MMC Contrarian and LEA analysis.

158 Since expanding their operations beyond traditional service offerings trustee corporations now participate across all segments of the wealth management value chain, as discussed in further detail below.

Custodial services

159 Custodial services relate to the safekeeping of assets, transaction support through the settlement cycle, income collection and the provision of a range of reporting solutions. Custodians are generally considered to be a "bare trustee", being the legal owners of the assets[37] but acting on behalf of either the responsible entities or trustees that remain responsible for the investment management of the assets. In order to perform these functions, custodians are generally required to be major participants with clearing houses and depositories in supported traded markets.

160 The *Superannuation Industry (Supervision) Act 1993 (Cth)* requires that a custodian is appointed by the trustee of a regulated superannuation entity to hold the relevant assets. The responsible entity of a registered managed investment scheme may also be required by the Australian Securities and Investments Commission (ASIC) to appoint a third-party custodian to hold the scheme assets in circumstances where it does not have sufficient net tangible assets or meet certain operational requirements.

161 As at 31 December 2012 custodians held some $2 trillion in assets under custody for Australian investors[38]. Whilst there are around 680[39] custodial service providers the market is highly concentrated, with the five largest custodians (National Australia Bank, JP Morgan, BNP Paribas, Citigroup and State Street) responsible for around 78% of total assets under custody.

Asset management

162 Asset management refers to the process of physically managing fund assets in accordance with the investment mandate. The industry is characterised by several large institutional fund managers and not for profit organisations (public and corporate fund managers) and a growing number of smaller boutique fund managers. The Australian funds management industry is discussed in further detail below.

37 These assets are generally held through nominee structures.

38 Source: Australian Custodial Services Association. Figures reflect only assets attributable to members of the Australian Custodial Services Association.

39 Source: ASIC.

Responsible entity

163 Following the introduction of the *Managed Investment Act 1998 (Cth)* in 1998, the roles of manager and trustee for registered managed funds were merged into the one role of "single responsible entity". The responsible entity holds scheme property on trust for scheme members. Despite being able to appoint an agent to carry out certain functions, the responsible entity retains ultimate liability in law for the exercise of those functions.

164 There are around 600 Australian Financial Services (AFS) licence holders that are authorised to act as responsible entities. In aggregate responsible entities manage around 4,300 registered schemes, with around 50 of these holding assets under management of $5 billion or more[40].

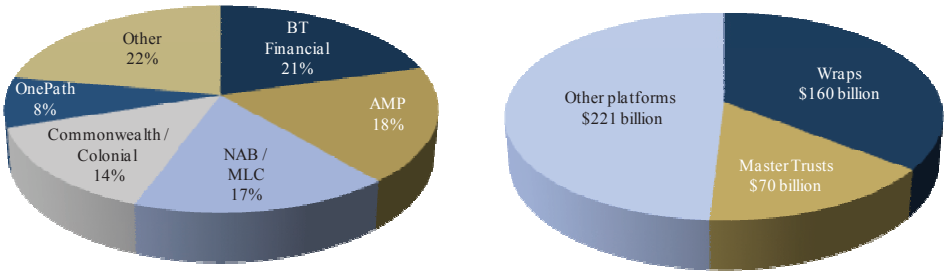
Platform management and administration

165 Platforms such as Wraps and Master Trusts are an administrative service that assemble and administer a suite of investment options and other services. They allow retail investors to gain access to a broader range of investment products previously only available to wholesale investors at a lower cost.

166 The use of platforms has grown rapidly since their introduction to Australia in the late 1980s. As at 30 September 2012 platforms held around $450 billion in FUM, with the market largely represented by domestic financial institutions. A summary of the platforms market is set out below:

Platform management and administration – as at 30 September 2012

Market share	Breakdown



Source: Plan for Life.

Distribution (dealer groups and independent financial planners)

167 Distribution of fund managers' products typically occurs through dealer groups, being financial advisers affiliated with, or in partnership with, a larger financial organisation, or through independent financial advisers.

168 IBISWorld estimates that there are around 17,000 financial advisers in Australia, with the majority being a member of a dealer group. Concentration within the industry has been

40 Source: ASIC.

increasing, primarily as a result of mergers and acquisitions, with the top four operators now holding a market share of around 40%[41].

Key drivers

169 Given their broad scope of operations, trustee corporations are driven by the performance of several related industries within the broader financial industry, including:

(a) funds management

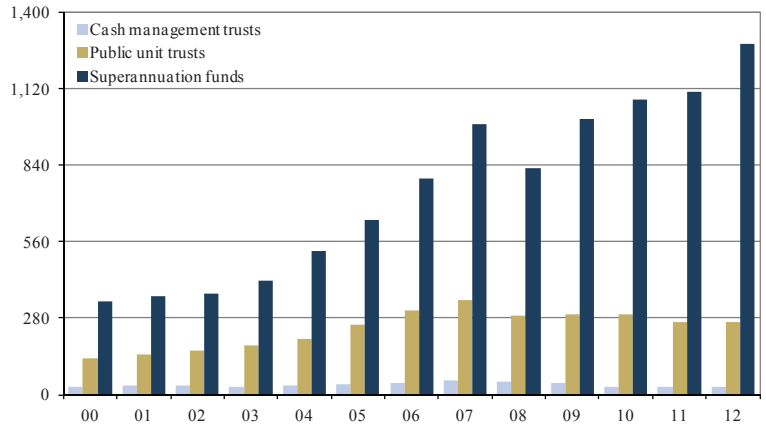
(b) debt capital markets

(c) securitisation markets.

Funds management industry

170 Australia's funds management industry currently manages funds of approximately $1.6 trillion. It is the largest funds management industry in the Asia-Pacific region and the fourth largest in the world[42]. In the 20 years since the introduction of Australia's superannuation guarantee system in 1992 FUM have grown at a compound annual growth rate (CAGR) of around 13%. A breakdown of funds management industry assets since 2000 is set out below:

Funds management industry – assets under management
$bn



Source: Reserve Bank of Australia.

171 As illustrated above growth in the industry is attributable to the significant increase in superannuation funds (largely due to increased contribution rates[43]), and now represents some 81% of total assets under management (as compared to some 66% a decade earlier). A study by Towers Watson[44] in 2013 revealed that Australia has the fourth largest retirement assets

41 Source: IBISWorld.

42 Source: AusTrade.

43 Contribution rates commenced in 1992 at 3% of employees remuneration and have since increased to 9%.

44 Towers Watson, *'Global Pension Assets Study'*, January 2013.

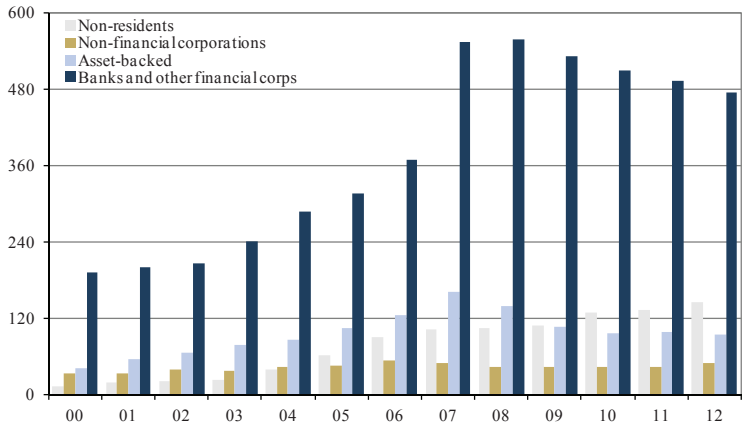
market in the world, with only the United States (US), United Kingdom (UK) and Japan with larger markets.

172 The superannuation contribution guarantee is proposed to increase incrementally on 1 July 2013 from the current 9.0% to 12.0% by 1 July 2019. This increase is projected to add around $500 billion to superannuation assets by 2035[45].

Debt capital markets

173 The Australian bond market grew significantly in the decade leading up to the GFC, underpinned by an increasing number of companies accessing capital market funding and increasing levels of unsecured bond issuance by financial institutions, as set out below:

Australian bond market
$bn



Source: Reserve Bank of Australia.

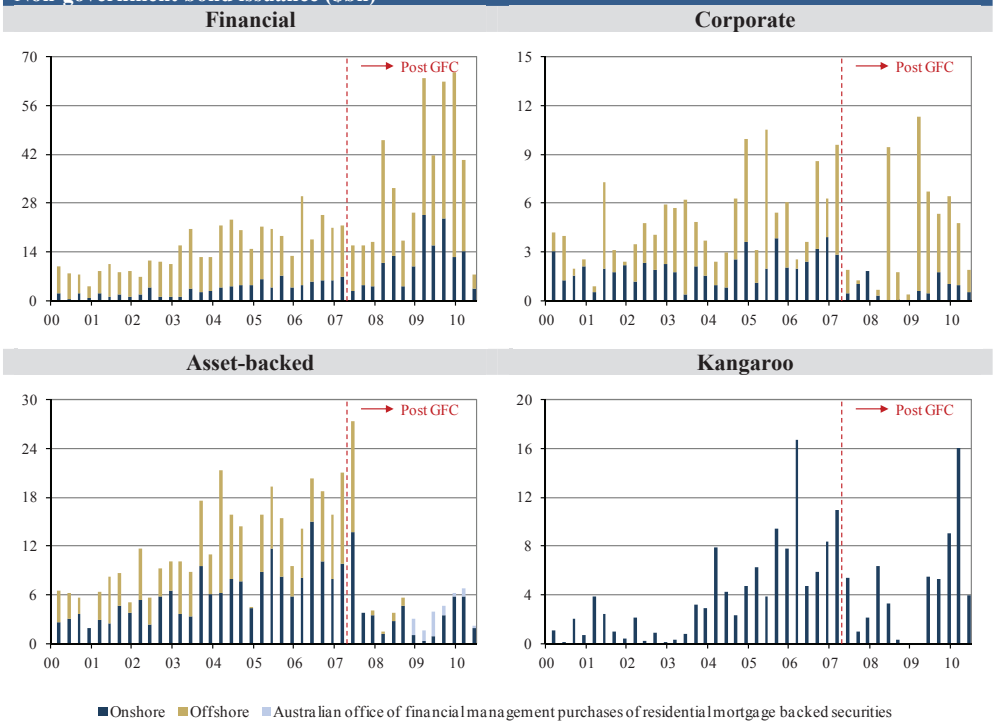
174 The onset of the GFC led to a general reappraisal of the risks involved with all structured credit markets and a widespread increase in risk aversion. While these events had an impact on the entire Australian bond market, the securitisation market was most affected as debt issuance in this sector decreased significantly. The dislocation of the securitisation market resulted in the growth of bank balance sheets, which were supported by the introduction of the Government's Guarantee Scheme. As a result the banks gained market share through continued access to bond markets (particularly the major banks).

175 This rise in risk aversion also raised the cost of corporate bonds issuance, particularly lower-rated corporate bonds and for a period some companies had difficulty accessing the bond market. This is apparent in the charts below, which shows bond issuances prior to and post the onset of the GFC (up to 30 June 2010[46]):

45 Australian Government, *'Superannuation – Increasing the superannuation guarantee rate to 12 per cent'*.

46 Latest available data.

Non-government bond issuance ($bn)

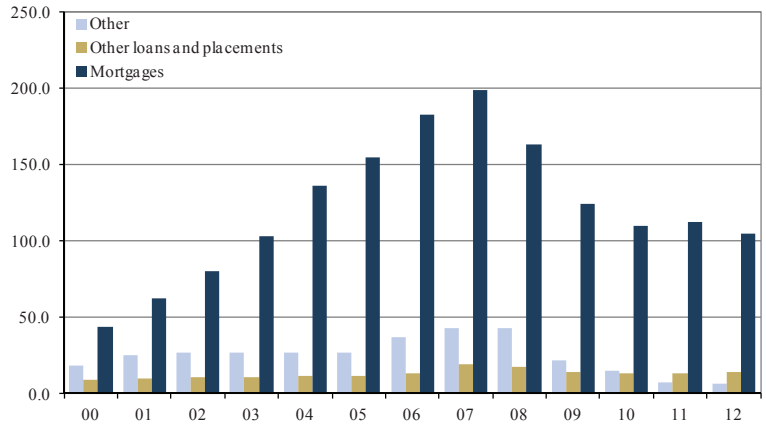


Source: Reserve Bank of Australia.

Securitisation markets

176 As discussed above, the Australian securitisation market expanded rapidly in the decade leading up to the GFC, underpinned by significant growth in residential mortgage-backed securities which now represent around 80% of total securitisation assets. A summary of the Australian securitisation market is set out below:

Australian securitisation market
$bn



Source: Reserve Bank of Australia.

177 Total securitisation assets increased to around $274 billion in the 10 years to 2007, representing a CAGR of some 34%[47]. Whilst this growth can partly be attributed to the strong demand for housing finance, the proportion of housing lending financed through securitisation also increased significantly over this period, from around 5% of housing finance in the mid 1990s to over 20% in 2007[48].

178 As illustrated above, the securitisation market dropped off sharply subsequent to the GFC, primarily due to increased investor aversion to securitisation as well as slower demand for housing finance.

Regulatory environment

Australian Financial Services Licence

179 Trustee corporations were originally authorised under individual State or Territory legislation to carry out their traditional business, with ownership restrictions existing in each State or Territory to varying degrees.

180 On 6 May 2010 the Commonwealth Government assumed responsibility for the regulation of the traditional activities of private trustee companies under the *Financial Services Modernisation Act 2009*, with public trustees given the option to 'opt in' to the new regime with the consent of their respective State or Territory Government. This legislation is administered by ASIC, with previous ownership restrictions replaced by a national 15% limit on voting power.

181 Under the new legislation, trustee companies providing traditional services are required to hold an Australian Financial Services Licence. In addition to solvency, cash needs and audit

47 Source: Reserve Bank of Australia.

48 Source: Guy Debelle, *'The state of play in the securitisation market'*, 2010.

requirements, trustees are generally required to hold net tangible assets (NTA) of greater than $5 million[49] at all times, with at least 50% of this to be held as cash or cash equivalents.

Superannuation Industry (Supervision) Act 1993

182 Trustee companies that act as registered superannuation entity licensees for superannuation funds must also comply with the *Superannuation Industry (Supervision) Act 1993*, governed by the Australian Prudential Regulation Authority (APRA).

Managed Investment Act 1998 (Cth)

183 Trustee companies that act as responsible entities for managed investment schemes must also comply with the *Managed Investment Act 1998 (Cth)*, governed by ASIC.

Regulatory reform

Future of Financial Advice reforms (FOFA)

184 In response to the Parliamentary Joint Committee on Corporations and Financial Services' Inquiry into financial products and services in Australia, the Federal Government enacted the FOFA reforms. The FOFA legislation commenced on 1 July 2012, with compliance mandatory from 1 July 2013, and includes the following reforms:

(a) a prospective ban on conflicted remuneration structures including commissions and volume-based payments, in relation to the distribution of and advice about a range of retail investment products

(b) a duty for financial advisers to act in the best interests of their clients, subject to a "reasonable steps" qualification, and place the best interests of their clients ahead of their own when providing personal advice to retail clients; and

(c) an opt-in obligation that requires advice providers to renew their clients' agreement to ongoing fees every two years.

185 Rice Warner[50] estimates that these regulatory reforms will result in a 47% decline in total adviser remuneration by 2024[51], with revenue expected to flow directly into increased superannuation and other savings by individuals. As a result Rice Warner expects these regulatory reforms to bring about a more efficient adviser delivery model.

Superannuation

186 The Federal Government's Stronger Super package, announced in December 2010, introduced superannuation reform legislation including MySuper and SuperStream:

(a) **MySuper** – from 1 July 2013 funds will be able to offer a simple, low-cost default superannuation product. This aims to improve the simplicity, transparency and comparability of default superannuation products

(b) **SuperStream** – on 1 July 2011 the Government commenced the implementation of SuperStream, a package of measures designed to enhance the back office management

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49 In circumstances where the responsible entity of a managed investment scheme has an NTA of less than $5 million, ASIC requires that the responsible entity appoint a third party custodian that has NTA of at least $5 million.

50 Rice Warner, '*Transformation of the Financial Advice Industry*', 2010.

51 Compared to total projected adviser remuneration before allowing for the regulatory change.

of superannuation and improve the productivity of the superannuation system.

187 On 16 February 2012 the Commonwealth Government introduced the *Superannuation Legislation Amendment (Trustee Obligations and Prudential Standards) Bill 2012*, enabling APRA to set prudential standards in relation to superannuation under the *Superannuation Industry (Supervision) Act 1993*. These new prudential and reporting standards become effective on 1 July 2013.

Trustees

188 On 14 November 2012 ASIC released CP 194 – *Financial requirements for custodial depository service providers*, setting out proposed changes that will increase the NTA requirements of trustees to $10 million. These changes became effective from 1 July 2013 with an end compliance date of 1 July 2014.

Philanthropic fees

189 In September 2012 the Corporations and Markets Advisory Committee was asked by the Federal Government to review the fees charged in the philanthropic sector by trustee corporations, and to consider if laws should be changed to allow co-trustees and beneficiaries of charitable trusts to remove and replace a professional trustee for reasons other than a breach of trust. Should such laws be enacted the risk of trustee corporations being dismissed as trustee for trusts they currently administer would increase.

Outlook

190 The near-term outlook for markets that Australian trustee corporations operate in is relatively uncertain, given the volatility of global markets and the potential negative impacts of regulatory reforms. Over the longer term however, the following forecasts should underpin industry growth:

(a) Rice Warner is projecting that assets under custody will grow to $6.4 trillion by 2025, representing a CAGR of some 9%[52]

(b) Australian Treasury is forecasting that superannuation assets will grow to $3.2 trillion by 2025 (representing CAGR of some 7%), underpinned by an ageing population and an increasing superannuation contribution guarantee.

52 Rice Warner, *'Investment Custody in Australia'*, 2011.

VI Valuation approach

191 ASIC Regulatory Guideline 111 – *Content of expert reports* (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

(a) the discounted cash flow (DCF) methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

192 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

193 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future "maintainable" earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.

194 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest, tax and amortisation (EBITA), earnings before interest and tax (EBIT) or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

195 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodology selected

196 The market value of Trust Company has been assessed by aggregating the market value of the business operations, together with the realisable value of any surplus assets and net cash balances.

197 The value of the business has been made on the basis of market value as a going concern. The primary valuation methodology used is the capitalisation of future maintainable earnings approach (using EBIT). Under this methodology, the value of the business is represented by its (normalised) underlying EBIT capitalised at a rate (or EBIT multiple) reflecting the risk inherent in those earnings.

198 In our opinion, the capitalisation of EBIT method is the most appropriate methodology for valuing Trust Company's business. This is because:

(a) Trust Company operates in a relatively mature industry, has well established market positions and has a demonstrated history of profitability, which is expected to continue

(b) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken[53]

(c) the EBIT multiples for listed companies providing financial services (excluding banks) can be derived from publicly available information

(d) transaction evidence in the financial services sector (excluding banks) is generally expressed in terms of EBIT multiples

(e) given the nature of Trust Company's activities, in our view, a capitalisation of EBIT approach (which capitalises operating profit after depreciation expenses) is more appropriate than a capitalisation of EBITDA approach.

199 We have also cross-checked our valuation of Trust Company by considering the market price of Trust Company shares prior to the original Equity Trustees Offer, adjusted for a premium for control (and have considered market movements generally in the intervening period).

200 For the purpose of assessing the value of the Scheme Consideration we have had primary regard to the recent listed market prices of Perpetual shares. This is principally because the listed market prices of Perpetual shares are likely to represent a reasonable proxy for the amount that Trust Company shareholders could expect to realise if they sold any Perpetual shares received as consideration either immediately or in the short-term.

201 We have also cross-checked the reasonableness of our assessed value of Perpetual shares being offered as consideration by reference to implied earnings multiples.

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53 We note that Trust Company has prepared cash flow projections for financial reporting / impairment testing purposes. However, the objective of impairment tests is to opine on whether the carrying values of assets are appropriate rather than to assess market value of 100% of the equity of the entity.

VII Valuation of Trust Company

Valuation methodology

202 As stated in Section VI we have adopted the capitalisation of EBIT method as our primary valuation method. Under this method the EBIT (before non-recurring items and the amortisation of acquisition intangibles) is capitalised at an appropriate EBIT multiple.

203 The value of the shares in Trust Company is then derived by adding the net realisable value of investments and other surplus assets, and adding net cash balances[54].

204 The resulting values have also been cross-checked by reference to the market price of Trust Company shares prior to the original Equity Trustees Offer, adjusted for an appropriate premium for control (having regard to market movements generally in the intervening period).

Assessment of EBIT

205 In order to assess the appropriate level of EBIT for valuation purposes we have had regard to the historical and forecast results of the business, and have discussed the financial performance, operating environment and prospects with Trust Company management.

Normalised EBIT

206 A summary of Trust Company's reported and normalised EBIT for the three years ended 28 February 2013, together with the six months ended 31 August 2013 is summarised below:

Normalised EBIT	FY11 $m	FY12 $m	FY13 $m	6 mths to 31/8/13 $m
Operating EBIT (as reported)	15.1	15.9	13.6	8.8
Normalisation adjustments:				
Non-recurring client claim	-	-	1.4	-
Redundancy costs	0.1	0.5	1.2	-
STI / LTI adjustment	-	(0.9)	-	-
Rent recovery ceasing	(0.7)	(0.2)	-	-
Additional rent costs	(0.3)	(0.3)	(0.3)	-
Non-recurring capital commissions	(2.3)	-	-	-
Adjustment to IT expenditure	-	-	0.4	-
Amortisation of acquired intangibles	0.1	0.2	0.2	0.1
Normalised EBIT	12.0	15.2	16.5	8.9

207 The adjustments made to derive normalised EBIT in the above table are explained below:

(a) **non-recurring client claim** – this relates to a long standing client claim which was settled in the six months ended 31 August 2012. Due its size it has been treated as a normalisation adjustment

(b) **redundancy costs** – significant redundancy costs have been incurred in recent years due to ongoing business rationalisation

[54] Net of interest bearing debt.

(c) **STI / LTI adjustment** – from FY12 the amortisation period in respect of the costs of Trust Company's short-term incentive (STI) and long-term incentive (LTI) plans was changed to better align with the period over which the STI / LTI benefits vest. This change resulted in a one-off accounting gain in FY12 which has been reversed in the above table

(d) **rent recovery ceasing** – represents rental sublease income which is no longer being received

(e) **additional rent costs** – in January 2013 Trust Company entered into an unconditional contract to sell a building in Brisbane. As a result of the sale Trust Company has rented other premises at a cost of approximately $0.3 million per annum

(f) **non-recurring capital commissions** – arriving from revaluation of continuing estates which had not been re-valued for many years prior (hence non-recurring in nature)

(g) **adjustment to IT expenditure** – this adjustment reflects the high level of IT costs incurred in FY13 (as discussed below)

(h) **amortisation of acquired intangibles –** as these charges arise solely due to acquisition accounting entries and do not impact future underlying earnings / cash flows they have been added back when deriving normalised EBIT.

Guardian Trust impact

208 It should be noted that the reported and normalised EBIT for FY11 does not include any contribution from the acquisition of Guardian Trust (Guardian), which was acquired for NZ$42 million with effect from 1 March 2011. In the first full year following the acquisition (FY12), Guardian contributed EBIT of approximately $5.7 million. Normalised EBIT excluding the Guardian contribution therefore fell in FY12 reflecting:

(a) lower revenue in the personal clients business, in part due to falls in equity markets[55]

(b) higher revenue from corporate clients due to higher activity levels and growth in MIT[56], offset by a number of expiring mandates and an increase in doubtful debts

(c) average salary increases in Australia of 4.5% per annum during the year.

IT system upgrade

209 Total IT expenses (including deprecation) increased from approximately $7.3 million in FY12 to approximately $9.0 million in FY13. The large majority of this increase was due to expenses relating to an IT system upgrade of Trust Company's client relationship management system, investment management platforms and personal trust account administration system (which is being undertaken over a number of years).

210 Given the increase in IT costs, we have compared the level of IT expenses in FY13 with the total IT cash spend (i.e. operating costs and capital expenditure) in FY12 and FY13 and

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55 Trust Company has publicly stated that every 1% movement in the S&P ASX 200 Index impacts revenue by approximately $100,000 (although the changing mix of equity, cash and property assets under supervision means this relationship is non-linear).

56 At the end of FY12 Trust Company was trustee to 30 MITs which held over $5.2 billion in assets. In comparison at the end of FY11 only 13 MIT mandates were held.

management's anticipated IT cash spend in FY14 and FY15. Based on this review we have concluded that for valuation purposes it is appropriate to adjust the higher IT expense incurred in FY13 by $0.4 million (which is arguably conservative).

Client claims

211 When assessing the level of EBIT adopted for valuation purposes we have also taken into account the fact that some of the adjustments (whilst significant in a particular year) are also of an operating nature and can be expected to re-occur from time to time given the nature of the company's activities. Thus, whilst the large client claim of $1.4 million has been added back in FY13, our assessment of maintainable EBIT recognises that such claims (while infrequent) do occur from time to time.

Outlook

212 Whilst Trust Company has not provided any forecast for the remainder of FY14, the company has stated that:

(a) the outlook for Trust Company is favourable, with continued positive momentum

(b) there are emerging signs of improvement in consumer sentiment post the Australian Federal election

(c) there are good levels of capital flow across the regions

(d) the company continues to focus on clients and staff to maintain earnings momentum.

EBIT adopted for valuation purposes

213 Having regard to the above we have adopted EBIT for valuation purposes of $17.0 million.

EBIT multiple

214 The selection of the appropriate EBIT multiple to apply is a matter of judgment but normally involves consideration of a number of factors including, but not limited to:

EBIT considerations	
• The stability and quality of earnings • The quality of the management and the likely continuity of management • The nature and size of the business • The financial structure of the company and gearing level • The asset backing of the underlying business of the company and the quality of the assets • The spread and financial standing of customers • The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors	• The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors. The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc • The cyclical nature of the industry • Expected changes in interest rates • The extent to which a premium for control is appropriate • Whether the assessment is consistent with historical and prospective earnings

215 We discuss below specific factors taken into consideration when assessing the appropriate EBIT multiple range for Trust Company.

Listed company multiples

216 The EBIT multiples for listed companies operating in the financial services sector (excluding banks and fund managers) which are of a similar size to Trust Company are set out below:

EBIT multiples	Enterprise value $m	Multiple based on last 12 months EBIT
Trust Company[(1)]	129	7.8
Equity Trustees[(1)]	121	10.0
Other companies[(2)(3)]:		
SFG Australia	586.2	12.5
WHK Group	221.2	8.3
Countplus	200.0	10.2
Euroz	51.8	14.3

Note:
1 Based on the three month VWAP of each company's shares prior to the announcement of the Equity Trustees Offer.
2 As at 3 October 2013.
3 A brief description of each company's activities is set out in Appendix C.

217 In relation to the above multiples we note that:

(a) Trust Company and Equity Trustees are the only listed companies shown above which provide significant trustee services. In contrast, the other listed companies predominately provide accounting, financial planning or wealth management services and are therefore considered less comparable to Trust Company

(b) the above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical evidence reviewed by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBIT multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company

(c) in early 2013 WHK Group and SFG Australia announced that they were in discussions regarding a possible merger of the two companies. These discussions have since been discontinued.

Trust Company and Equity Trustees multiples over time

218 Due to the trustee focussed nature of the core operations of Trust Company and Equity Trustees, we have also considered the historical EBIT multiples for these companies over recent years, based on the three month volume weighted average price (VWAP) of each company's shares following the announcement of their respective profit results.

219 As Trust Company and Equity Trustees have different financial year ends[57], it should be noted that the multiples in the table below for each company are calculated over different time

[57] Trust Company's financial year is to the end of February whereas Equity Trustees' financial year is to 30 June.

periods and are therefore not directly comparable. However, the table does provide an indication of the historical EBIT multiples at which each company's shares have traded over recent years:

EBIT multiples over time based on three month VWAP				
	Post FY10 result[1]	Post FY11 result[1]	Post FY112 result[1]	Pre Offer[2]
	x	x	x	x
Trust Company	9.1	8.7	9.0	7.8
Equity Trustees	10.5	8.5	9.3	10.0

Note:
1 EBIT multiples based on the three month VWAP following the announcement of the company's results. Multiple based on last 12 months normalised EBIT.
2 EBIT multiple based on the three month VWAP prior to the announcement of the original Equity Trustees Offer. Multiple based on last 12 months normalised EBIT.

220 The historical EBIT multiple for Trust Company reduced following the announcement of the company's half year result on 9 October 2012. This reduction appears to have been largely due to falls in the Trust Company share price following the announcement of the results, which were below market expectations and included one-off charges for redundancies and a large client claim. Further, the interim dividend was reduced from 17 cents per share to 12 cents per share.

221 However, we note that on 13 March 2013 (i.e. subsequent to the announcement of the original Equity Trustees Offer), Trust Company announced that the second half result to 28 February 2013 had exceeded the guidance provided on 9 October 2012:

"However at this stage The Trust Company Board is able to confirm that, as a result of solid operating performance, tight cost management and improved equity market conditions, operating earnings before interest, tax, depreciation and amortisation ('EBITDA') for the six months ended 28 February 2013 is likely to be around $10.0m, exceeding previous guidance of $9.0m."

222 Due to the prior announcement of the original Equity Trustees Offer, we are unable to observe an unbiased share market response to this improved second half operating performance. However, given the above circumstances, in our view, the EBIT multiple implied by the share market trading post the announcement of Trust Company's half year results on 9 October 2012 (to 20 February 2013), is likely to be less representative as a basis for determination of the appropriate earnings multiple for Trust Company in the context of a change in control transaction.

Transaction evidence

223 There have been a number of transactions in the financial services sector in recent years, including MyState's acquisition of Tasmanian Perpetual Trustees Limited in 2009[58] (which, at the time, was the only private trustee company authorised to operate in Tasmania). A summary of the EBIT multiples implied by these transactions (which reflected the acquisitions of controlling interests) is shown below:

58 Completion date.

Transaction multiples

Announcement date	Target[1]	Acquirer	Enterprise Value 100% $m	EBIT multiple x
October 2008	Tasmanian Perpetual Trustees	MyState	67.2	10.5[2]
February 2013	TOWER Investments	Fisher Funds	63.0	8.9[3]
July 2012	Plan B Group	IOOF	42.9	8.8[3]
August 2011	Count Financial	Commonwealth Bank of Australia	289.6	11.0[3]
June 2011	DKN Financial Group	IOOF	116.0	10.8[3]
May 2011	Shadforth Financial Group	Snowball Group	186.5	7.6[4]

Note:
1 A brief description of each target company's activities is set out in Appendix D.
2 Based on the maintainable EBIT adopted by the independent expert appointed to opine on the transaction (which reflected a fall in FUM due to the GFC).
3 Based on historical EBIT.
4 Based on forecast EBIT.

Potential synergies

224 Perpetual has indicated that large synergies (particularly relative to the size of Trust Company's standalone earnings) are likely to be realised from combining the two businesses. In particular, Perpetual stated the following in its investor presentation dated 7 May 2013:

"Meaningful synergies expected to be EPS accretive from FY14

- *Significant expense synergies expected at both the corporate and business unit levels through the rationalisation of administrative and technology costs including:*
  - *Removing duplicate support infrastructure*
  - *Consolidating and migrating IT systems and platforms*
  - *Centralising and consolidating shared services functions*
- *Synergies of at least $15m p.a. (pre-tax) achieved by the end of the 2nd year post-acquisition*
- *Implementation costs expected to be ~200% of fully phased cost synergies achieved, including one-off IT related costs*
- *EPS accretive on a UPAT[59] basis from FY14."*

225 The level of synergies likely to arise on a combination of the businesses of Trust Company and Perpetual is considered further in Section XIII of our report.

226 As set out in RG 111, synergies that are not available to other potential bidders should not be taken into account in the valuation of the target company when assessing whether an offer is fair. While some of the synergies identified by Perpetual are likely to be unique to a Trust Company / Perpetual business combination, in our view, a significant proportion of the

59 Underlying Profit After Tax (UPAT) attributable to equity holders of Perpetual reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management.

stated annual synergies of $15.0 million could be generated by other financial services companies (particularly those with an existing trustee business)[60]. In this regard we note that Trust Company's head office and public company costs total approximately $6 million per annum.

227 Whilst the synergy benefits available to other potential bidders are large relative to the standalone earnings of Trust Company, we also note that significant synergies were also expected to be generated from some of the financial services sector transactions set out above. In particular, we note that MyState expected to realise cost savings of $3.5 million to $4.5 million per annum (before tax) from its acquisition of Tasmanian Perpetual Trustees Limited. These expected synergies were high relative to the standalone earnings of Tasmanian Perpetual Trustees Limited of some $4.5 million per annum (after tax), as assessed by the independent expert appointed to opine on the transaction.

228 Further, the existence of such synergies from business combinations is one of the key reasons why bidders pay a control premium to acquire a company.

229 Consequently, in our opinion, it is inappropriate (in the circumstances of Trust Company) to incorporate a separate value for synergies over and above that already implicitly reflected in the controlling interest multiple applied. Nonetheless, given the level of synergies likely to be available to potential acquirers generally, in our view, an EBIT multiple at the high end of the range indicated by recent controlling interest transaction evidence is appropriate.

Conclusion on appropriate EBIT multiple

230 Based on the above, in our opinion, an EBIT multiple range of 11.0 to 11.5 is appropriate when applied to the level of operating EBIT adopted for valuation purposes. This EBIT multiple range is broadly consistent with the EBIT multiples implied by historical trading in Trust Company and Equity Trustees shares, after adjusting for:

(a) an appropriate premium for control

(b) subsequent observed upward movements in implied earnings multiples based on sharemarket trading, in particular in the financial services sector.

231 This multiple range is above the comparable range of 10.5 to 11.0 adopted in our Equity Trustees IER. As set out in Section III of our report, historically there has been a reasonable degree of correlation between the Trust Company share price and the S&P/ASX 200 Diversified Financial Index. Subsequent to the preparation of the Equity Trustees IER this index has risen by around 17% indicating that share market investors currently attribute higher values (generally reflected in higher earnings multiples) to companies operating in the financial services sector.

Value of core business

232 On this basis the value of Trust Company's core operating business (before debt) is as follows:

60 We note that both Equity Trustees and IOOF have identified significant synergies arising from a combination of their respective businesses with Trust Company. Further, Ernst & Young performed a fact based assessment that found that annual synergies of $14.0 million were supportable pursuant to a Trust Company / Perpetual business combination (see paragraphs 265 to 267 below).

	Low $m	High $m
EBIT adopted for valuation purposes	17.0	17.0
EBIT multiple	11.0	11.5
Enterprise value	187.0	195.5

Shares in Equity Trustees

233 Trust Company holds 1,193,942 Equity Trustees shares. We have assessed the value of the Equity Trustees shares held by Trust Company based on recent prevailing market prices. The share price performance of Equity Trustees since the announcement of the IOOF Proposal and the revised Scheme with Perpetual up to and including 18 September 2013[61] is set out below:

Share price performance of Equity Trustees

	High $	Low $	VWAP $	Volume 000
Since announcement of IOOF Proposal	16.55	14.90	16.28	91
Since announcement of revised Scheme with Perpetual	16.55	16.05	16.43	68

Note:
1 Equity Trustees shares traded ex the entitlement to the final dividend of $0.50 per share on 12 September 2013. Prices prior to this date have been adjusted by $0.50 such that these prices represent ex-dividend prices.

234 For the purpose of our report we have valued the Equity Trustees shares held by Trust Company at between $16.00 and $17.00 per share, less a 5% placement discount (representing our estimate of the discount which Trust Company would need to offer in order to sell the shares in a block trade)[62].

235 Our adopted value of Trust Company's shareholding in Equity Trustees is set out below:

Value of Trust Company shareholding in Equity Trustees

	Low	High
Shares held (million)	1.194	1.194
Share price range ($)	$16.00	$17.00
Listed market value ($m)	19.1	20.3
Less 5% placement discount ($m)	(1.0)	(1.0)
Value of Equity Trustees shareholding ($m)	18.1	19.3

236 As the tax cost base of the Equity Trustees shares exceeds the above amount, no capital gains tax (CGT) liability would be payable based on our assessed valuation.

61 The day before Perpetual announced that it agreed to sell the Equity Trustees shares to IOOF at $16.50 per share.

62 We have assessed the value of Trust Company (including its shareholding in Equity Trustees) on a standalone basis. We note that if the Scheme is approved, Perpetual has agreed to sell the Equity Trustees shares to IOOF at $16.50 per share.

Net cash

237 As at 31 August 2013 Trust Company had cash (net of interest bearing liabilities) of $13.3 million. For the purpose of our report we have adjusted net cash in respect of the following:

(a) the dividend of approximately $0.6 million expected to be received in October 2013 in respect of the shareholding in Equity Trustees

(b) the proposed Interim Dividend payable by Trust Company of $0.17 per share (a total of $5.7 million), which Trust Company shareholders are expected to receive on 5 November 2013, irrespective of the outcome of the Scheme.

238 Accordingly we have adopted net cash of $8.2 million for valuation purposes.

Fully diluted shares on issue

239 Trust Company currently has 33,657,334 shares on issue. In addition, there are 705,796 performance share rights on issue (which will result in the issue of 705,796 new shares if the respective performance hurdles are achieved). In the event of a takeover or other change of control transaction the Trust Company Board can waive the performance hurdles. Accordingly, when valuing 100% of the shares in Trust Company, in our opinion, it is appropriate to assume that these additional shares will be issued.

240 For valuation purposes we have therefore assumed 34.4 million fully diluted shares on issue.

Value of Trust Company

241 On this basis, the value of 100% of Trust Company on a controlling interest basis is as follows:

Trust Company – valuation summary	Low $m	High $m
EBIT adopted for valuation purposes	17.0	17.0
EBIT multiple	11.0	11.5
Enterprise value	187.0	195.5
Investment in Equity Trustees	18.1	19.3
Net cash	8.2	8.2
Value of equity	213.3	223.0
Fully diluted – shares on issue	34.4	34.4
Value per share	$6.20	$6.48

Note:

1 Our assessed value of Trust Company shares is higher than in the Equity Trustees IER, primarily reflecting the increase in sharemarket values in the intervening period in particular in the diversified financial services sector. (The Trust Company share price broadly tracked the S&P/ASX 200 Diversified Financials Index over the period January 2010 to February 2013).

Comparison with listed market price

242 Empirical evidence reviewed by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover).

243 In the one and three month periods prior to the announcement of the original Equity Trustees Offer, the VWAP of Trust Company shares was $4.55 and $4.46 respectively[63]. Adjusting these share prices for a 30% to 35% control premium would therefore result in a "theoretical" control value of $5.80 to $6.14 per share.

244 We note that subsequent to this observed trading in Trust Company shares:

(a) the ASX All Ordinaries Index has increased by around 3%

(b) in particular, the S&P/ASX 200 Diversified Financials Index has increased by around 17%.

245 Having regard to the above, we consider that our valuation range and the premium implied by our valuation range above the one and three month VWAP of Trust Company shares is reasonable and appropriate.

63 We note that these share prices were "cum" the FY13 final dividend.

VIII Valuation of Scheme Consideration

Approach

246 As set out in Section I, if Trust Company shareholders approve the Scheme and all conditions are satisfied, then Trust Company shareholders who elect to receive the Share Consideration will receive 0.182 shares in Perpetual for each Trust Company share held.

247 Trust Company shareholders who elect to receive the Cash Consideration will receive cash consideration based on the trading price of Perpetual shares over a period of 10 trading days preceding the Scheme Meeting (subject to the agreed floor price of $6.29 per Trust Company share and proportional scale back provisions if the aggregate value of elections for the Cash Consideration exceeds $110 million).

248 The VWAP method to be used to determine the quantum of the Cash Consideration is, in our view, appropriate and consistent with our approach to the assessment of the value of the Share Consideration. For the purpose of our report we have therefore determined that the value of the Scheme Consideration will be the same under both the Share Consideration and Cash Consideration options, or a mix thereof (subject to the agreed floor price under the Cash Consideration option).

249 As stated in Section VI it is customary in transactions where scrip is offered as consideration to rely upon the listed market price of the bidder's shares (in this case Perpetual) as the reference point for estimating the realisable value of the consideration offered. This is principally because:

(a) the listed market prices of Perpetual shares are likely to represent a reasonable proxy for the amount that Trust Company shareholders could expect to realise if they sold any Perpetual shares received as consideration either immediately, or in the short-term

(b) any decision to continue to hold Perpetual shares beyond the immediate to short-term is a separate investment decision which should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. It is also not possible to accurately predict future share price movements

(c) whilst there may be a future opportunity for Trust Company shareholders to share in a control premium in the event Perpetual was acquired, this is not a scenario that we consider likely in the short-term.

250 Accordingly, in our opinion, the recent market prices of Perpetual shares are the appropriate reference point for estimating the value of the Scheme Consideration. In doing so, we have also considered the depth of the market for those securities and the volatility of the share price.

251 We have also cross-checked the reasonableness of our assessed value of Perpetual shares being offered as consideration by reference to implied earnings multiples.

Recent share prices

Recent share trading history (pre and post announcement of revised Scheme)

252 The historical share prices for Perpetual are set out in Section IV. More recent trading in Perpetual shares prior to the announcement of the revised Scheme is shown below:

Perpetual – share price history (pre announcement of revised Scheme)

Time periods up to and including 5 September 2013[(1)]	Low $	High $	VWAP $	Number traded (m)
1 month	37.01	40.74	38.20	2.7
3 months	34.36	42.17	38.81	9.6

Note:
1 Although 6 September 2013 was the last trading date before the announcement of the revised Scheme, Perpetual shares traded ex the entitlement to the final dividend of $0.80 per share on 6 September 2013. Accordingly the share price data set out above is up to and including 5 September 2013 and is cum-dividend.

253 For the purpose of assessing the value of the Perpetual shares offered as consideration we believe more regard should be given to the price of Perpetual shares since the revised Scheme was announced on 9 September 2013. This is because we consider the Perpetual share price subsequent to and including 9 September 2013 to be more representative of the share price assuming the Scheme is approved than the prices before 9 September 2013[64]. We also note that the Cash Consideration is to be determined by reference to the 10 (trading) day VWAP of Perpetual shares prior the date of the Scheme Meeting, subject to a minimum of $6.29 per Trust Company share.

254 The following table sets out the prices at which Perpetual shares have traded in the period subsequent to the announcement of the revised Scheme up to 3 October 2013:

Perpetual – share price history (post announcement of revised Scheme)

Time periods	High $	Low $	VWAP $	Number traded (000s)
9 September 2013[(1)] to 3 October 2013	40.98	35.81	38.69	4,922
10 trading days to 3 October 2013	40.98	38.71	39.73	2,636

Note:
1 Being the first day of trading subsequent to the announcement of the revised Scheme.
Source: Bloomberg.

Share trading restrictions and liquidity

255 Aside from the shareholding restrictions placed upon Australian trustee companies[65] there are no other significant restrictions on trading in Perpetual which would prevent sufficient trading (on a day-to-day basis) to produce an unbiased share price.

64 Perpetual shares also traded ex the entitlement to the final dividend of $0.80 per share on 6 September 2013.
65 Shareholders are prevented from acquiring an interest in more than 15% of the issued capital without prior approval.

256 Further, in our view, the liquidity in Perpetual shares over the previous 12 months has been relatively high.

Information disclosures

257 Perpetual is well researched and analysed by share broking firms and institutional investors.

258 Significant information in relation to the operations of Perpetual has been disclosed in its financial reports and ASX announcements. Further, Perpetual has an obligation under the ASX Listing Rules (subject to certain exemptions) to notify the ASX immediately of any information that it becomes aware of concerning Perpetual which a reasonable person would expect to have a material effect on the price or value of Perpetual shares.

Number of Perpetual shares to be issued as consideration

259 As at 9 September 2013 Perpetual had 41.98 million ordinary shares on issue[66].

260 The number of shares to be issued by Perpetual as consideration under the Scheme will therefore represent between 7.5% and 13.0% of the enlarged capital base of Perpetual, as follows:

Scheme Consideration as a % of existing and enlarged capital base			
		No acceptance of Cash Consideration million	**Full acceptance of Cash Consideration million**
Number of Perpetual shares held by existing shareholders[(1)]		42.0	42.0
Number of shares to be issued pursuant to acceptance of Share Consideration[(2)]	(A)	6.3	3.4
Total shares outstanding in Perpetual post transaction[(1)]	(B)	48.3	45.4
Trust Company shareholders' interest[(3)] in Perpetual post transaction.	(A) / (B)	13.0%	7.5%

Note:
1 Ignoring performance rights.
2 Being 34.4 million shares in Trust Company converted to Perpetual shares at the exchange ratio of 0.182 Perpetual shares for every one share in Trust Company, assuming no acceptance of the Cash Consideration. The number of shares to be issued assuming full acceptance of the Cash Consideration reduces by 2.9 million shares ($110 million divided by an assumed 10 day VWAP price of $38.50).
3 Representing the collective interest of Trust Company shareholders.

261 Given the number of new Perpetual shares to be issued under the Scheme, if a large number of Trust Company shareholders elect not to retain the shares in Perpetual received as consideration there may be an oversupply of Perpetual shares, which may have an adverse impact on the Perpetual share price in the short-term.

262 However, given the availability of the Cash Consideration under the Scheme (subject to the stated cap) this risk is arguably mitigated, as Trust Company shareholders seeking to realise their investment pursuant to the transaction could do so (at least in part) by acceptance of the Cash Consideration.

66 In addition Perpetual had 200,042 performance rights on issue.

Dilution and synergies

263 To the extent that Perpetual is paying a control premium (above the listed market price) for Trust Company there will be a dilution effect on the value of Perpetual shares subsequent to a successful conclusion of the Scheme. This is because the listed market price of Perpetual shares will reflect a portfolio rather than a controlling interest in the enlarged group. In the absence of synergies this dilution often results in a fall in the share price of the bidder.

264 However, Perpetual has indicated that large synergies (particularly relative to the size of Trust Company's standalone earnings) are likely to be realised from combining the two businesses. In particular, Perpetual stated the following in its investor presentation dated 7 May 2013:

"Meaningful synergies expected to be EPS accretive from FY14

- *Significant expense synergies expected at both the corporate and business unit levels through the rationalisation of administrative and technology costs including:*
  - *Removing duplicate support infrastructure*
  - *Consolidating and migrating IT systems and platforms*
  - *Centralising and consolidating shared services functions*
- *Synergies of at least $15m p.a. (pre-tax) achieved by the end of the 2nd year post-acquisition*
- *Implementation costs expected to be ~200% of fully phased cost synergies achieved, including one-off IT related costs*
- *EPS accretive on a UPAT[67] basis from FY14."*

265 The level of synergies likely to arise on a combination of the two businesses (together with the implementation costs estimated to be incurred in realising the synergies) was subsequently the subject of an assessment undertaken by Ernst & Young (EY) in June/July 2013. This assessment was commissioned by the Board of Trust Company to assist in a consideration of both the initial Scheme with Perpetual and the Revised Equity Trustees Offer[68]. The key findings from the EY fact based synergies assessment were announced by Trust Company on 23 July 2013.

266 In relation to the potential synergy estimates and implementation costs presented by Perpetual, the key findings were:

- *"$14.0 million of synergies claimed by Perpetual were supportable*
- *The implementation costs of two times synergies announced by Perpetual appeared conservative but are based on recent successful delivery of cost reduction programs by Perpetual."*

67 UPAT attributable to equity holders of Perpetual reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management.

68 The scope of work undertaken by EY also included a fact based assessment of the potential synergies and implementation costs estimated by Equity Trustees pursuant to the Revised Equity Trustees Offer.

267 The criteria adopted by EY in considering the potential synergies and related implementation costs tabled by Perpetual included:

(a) articulation of a valid supporting rationale

(b) provide evidence that the quantum and timing of savings and implementation costs are based on assumptions with appropriately detailed calculations

(c) demonstrate an appropriate level of implementation planning

(d) provide evidence of their capability to deliver.

268 We have discussed with EY matters including the scope of work undertaken, the approach adopted and the related findings thereof, insofar as information was publicly available. Further information on the synergies expected to be generated by Perpetual is set out in the Scheme Booklet.

269 Given the size of expected synergies relative to the standalone earnings of Trust Company, in our opinion, it is reasonable to conclude that the value of expected synergies would exceed the dilutionary effect discussed above.

Conclusion

270 In summary, in assessing the value of the Perpetual shares offered as consideration under the Scheme we have had regard to:

(a) the recent trading range of Perpetual shares

(b) the number of shares to be issued by Perpetual under the Scheme compared to the enlarged number of Perpetual shares on issue post completion of the Scheme

(c) the likely level of on-market trading in Perpetual shares subsequent to completion of the Scheme, having regard to factors including:

  (i) any potential oversupply of Perpetual shares from those shareholders in Trust Company not wishing to retain the Perpetual shares received as consideration

  (ii) the dilution effect implicit in any control premium being paid by Perpetual

  (iii) the level of synergies relative to the size of Perpetual post merger

(d) recent stock market conditions

(e) the earnings multiples implied by our adopted range (see paragraphs 277 to 284 below).

271 Based on the above we have assessed the realisable value of the Perpetual shares offered as consideration under the Scheme at between $37.00 and $40.00 per share.

Assessed value of Scheme Consideration

272 We have therefore assessed the value of the Scheme Consideration to be received by Trust Company shareholders pursuant to the Scheme at the amounts below[69]:

69 For clarification, the Total Entitlements which include the Special Dividend and the Scheme Consideration are dealt with in Section X of our report.

Value of Scheme Consideration per Trust Company share	Low $ per share	High $ per share
Assessed realisable value of Perpetual shares	37.00	40.00
Scheme ratio	0.182	0.182
Assessed value of Scheme Consideration	6.73	7.28

Other considerations

273 Trust Company shareholders should note that the listed market price of Perpetual shares is subject to daily fluctuation. The price at which Perpetual shares may be sold may therefore be greater or less than our assessed realisable value of Perpetual shares of $37.00 to $40.00 per share.

274 Specifically, reflecting the nature of its business operations, share trading in Perpetual is particularly volatile. In the period since the original announcement of the Scheme on 7 May 2013 up to 3 October 2013 Perpetual shares have traded at a high of $45.99 per share and a low of $34.36 per share, a trading range of 33.8 %[70]. As noted above, the Total Entitlements to be received by Trust Company shareholders pursuant to the Scheme are dependent in particular on the trading price of Perpetual shares over a period of 10 trading days preceding the Scheme Meeting. Clearly, at the date of this report, this trading range is unknown.

275 Trust Company shareholders should also note that any decision to hold Perpetual shares beyond the short-term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold Perpetual shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions.

276 In considering whether to hold Perpetual shares beyond the short-term, Trust Company shareholders should also note that the business operations of Perpetual have an inherent greater level of exposure to share market performance than Trust Company, and accordingly Perpetual is, prima facie, a higher risk investment (from an operational perspective) than Trust Company.

Implied EBIT multiple

277 As stated above, we have also cross-checked our assessment of the realisable value of Perpetual shares by considering the EBIT multiple implied for the core business of the enlarged entity (post completion of the Scheme). For the purpose of determining an implied EBIT multiple post completion of the Scheme we have assumed no acceptance of the Cash Consideration.

Market capitalisation

278 The market capitalisation of Perpetual based on our assessed value of Perpetual shares post completion of the Scheme is shown below:

70 In contrast, over the same period, the ASX All Ordinaries Index and the S&P / ASX 200 Diversified Financials Index moved in a range of 15.1% and 20.8% respectively.

Perpetual – estimated market capitalisation of enlarged entity[1]	Low	High
Shares on issue post completion of Scheme (million)[2]	48.3	48.3
Adopted share price[3]	$37.00	40.00
Market capitalisation post completion of Scheme ($m)	1,787.1	1,932.0

Note:
1 Based on assessed share value post completion of the Scheme assuming no acceptance of the Cash Consideration.
2 Ignoring Perpetual performance share rights.
3 Assessed realisable value of Perpetual shares.

Shares in Equity Trustees

279 For the purpose of calculating the implied EBIT multiple post completion of the Scheme, we have adopted a price of $16.50 per Equity Trustee share, consistent with the price at which Perpetual has agreed to sell the shares to IOOF (which values the shares at $19.7 million). As the tax cost base of these shares exceeds this amount, no capital gains tax (CGT) liability would be payable based on our assessed valuation.

Net cash and investments

280 Based upon the latest reported balance sheet for Perpetual, we estimate that the enlarged entity (post completion of the Scheme) will have the following net cash balances and investments, assuming no acceptance of the Cash Consideration:

Perpetual – estimated net cash and investments post completion of the Scheme	Trust Company[1] $m	Perpetual[2] $m	Combined Entity $m
Net cash[3]	13.3	172.1	185.4
Dividends payable[4]	(13.4)	(33.6)	(47.0)
Dividend receivable from Equity Trustees	0.6	-	0.6
Investments	19.7[5]	35.4	55.1
After tax business integration costs[6]			(21.0)
Net cash and investments			173.1

Note:
1 As at 31 August 2013.
2 As at 30 June 2013.
3 Net of borrowings.
4 For Trust Company this comprises the 17 cent per share interim dividend and the 22 cent per share Special Dividend.
5 Being 1.194 million shares at $16.50 per share.
6 Being Perpetual's estimate of the business integration costs of $30 million, less the associated tax benefit (30% of $30 million).

Enterprise value

281 On this basis the enterprise value of Perpetual (post completion of the Scheme) is as follows:

Perpetual – estimated enterprise value post completion of the Scheme	Low $m	High $m
Market capitalisation post completion of Scheme	1,787.1	1,932.0
Less net cash and investments	(173.1)	(173.1)
Enterprise value (post completion of Scheme)	1,614.0	1,758.9

Implied EBIT multiple

282 For the purpose of calculating the EBIT multiple implied by the above enterprise value we have adopted normalised EBIT of $167 million. This reflects:

(a) normalised EBIT of $136 million for Perpetual on a standalone basis (based on the average of seven broker forecasts for the 12 months ending 30 June 2014[71], excluding implementation costs: plus

(b) the level of EBIT for Trust Company adopted for valuation purposes in Section VII of $17.0 million; plus

(c) $14 million being the level of annual cost synergies identified by Perpetual considered to be supportable by EY (as discussed above).

283 On this basis, the EBIT multiple incorporating the benefit of expected synergies (which are not expected by Perpetual to be achieved in full until the end of 2014) is as follows:

Perpetual – implied EBIT multiple post completion of the Scheme	Low $m	High $m
Enterprise value (post completion of Scheme)	1,614	1,759
Normalised EBIT (including expected synergies)	167	167
Implied EBIT multiple (post completion of Scheme)	9.7	10.5

284 The forecast FY14 EBIT multiples of companies considered broadly comparable to Perpetual[72] range from 11.3 times to 13.1 times[73]. Based on these comparable companies, in our opinion, the above multiple range for Perpetual (post completion of the Scheme) is reasonable having regard to the inherent risks associated with implementation of the acquisition of a business and realisation of the related synergy benefits. We therefore consider our assessed realisable range of values for Perpetual shares to be reasonable and appropriate.

71 Broker forecasts as at September 2013.

72 The companies considered broadly comparable to Perpetual are other large diversified financial services companies being IOOF Holdings Limited, BT Investment Management Limited, Platinum Asset Management Limited and SFG Australia Limited.

73 As at 19 September 2013.

IX Other proposals

Background

285 As set out in Section I of our report, in addition to the agreed proposal from Perpetual pursuant to the Scheme, Trust Company has also received the following proposals:

(a) the Revised Equity Trustees Offer, which expires on 29 November 2013

(b) the IOOF Proposal, which lapsed on 9 September 2013.

286 The Trust Company Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Trust Company shareholders, in the absence of a superior proposal. In considering our opinion on the Scheme we have therefore had regard to the proposals tabled by Equity Trustees and IOOF.

Valuation methodology

287 Both of these proposals contain a share consideration as a significant component of the total consideration offered. As stated in Section VI it is customary in transactions where scrip is offered as consideration to rely upon the listed market price of the bidder's shares (in this case Equity Trustees and IOOF) as the reference point for estimating the realisable value of the consideration offered. This is principally because:

(a) the listed market prices of Equity Trustees and IOOF shares are likely to represent a reasonable proxy for the amount that Trust Company shareholders could expect to realise if they sold any Equity Trustees and IOOF shares received as consideration either immediately, or in the short-term

(b) any decision to continue to hold Equity Trustees or IOOF shares beyond the immediate to short-term is a separate investment decision which should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. It is also not possible to accurately predict future share price movements

(c) whilst there may be a future opportunity for Trust Company shareholders to share in a control premium in the event either Equity Trustees or IOOF was acquired, this is not a scenario that we consider likely in the short-term.

288 Accordingly, in our opinion, the recent market prices of Equity Trustees and IOOF shares are the appropriate reference points for estimating the respective value of the share consideration component under the Revised Equity Trustees Offer and the IOOF Proposal. In doing so, we have also considered the depth of the market for those securities and the volatility of the share price.

289 We have also cross-checked the reasonableness of our assessed values as follows:

(a) due to the relatively illiquid nature of Equity Trustees shares[74] and the significant synergies identified from a Equity Trustees / Trust Company combination relative to the standalone earnings of both companies, we have considered the value of Equity

[74] Refer Appendix E.

Trustees shares (assuming the Revised Equity Trustees Offer is successful) using a capitalisation of EBIT methodology

(b) in the case of IOOF by reference to implied earnings multiples.

Equity Trustees

290 On 21 February 2013 Equity Trustees announced a takeover offer for all the ordinary shares in Trust Company. The consideration under that offer was 0.33 Equity Trustees shares for each Trust Company share (the Offer).

291 LEA prepared an IER in response to the Offer (dated 12 April 2013) which concluded that:

(a) the Offer from Equity Trustees was not fair as it undervalued Trust Company shares

(b) the Offer from Equity Trustees was reasonable in the absence of a superior proposal, because, in our view, both Trust Company and Equity Trustees shareholders were likely to be able to realise a significantly greater value for their shares (relative to remaining separate standalone companies) if the businesses were combined due to the level of expected synergies

(c) the Offer ratio of 0.33 shares in Equity Trustees for every share in Trust Company favoured Equity Trustees shareholders to the detriment of Trust Company shareholders

(d) in our opinion, the Offer ratio should be improved for the benefit of Trust Company shareholders to better reflect the relative value contribution of both companies to any combination of the businesses.

292 Following the original announcement of the Perpetual Scheme, on 14 May 2013 Equity Trustees announced a revised proposal (the Revised Equity Trustees Proposal), whereby it would increase its offer from 0.33 Equity Trustees shares to 0.37 Equity Trustees shares for each Trust Company share. In addition, Equity Trustees announced that it would allow Trust Company to pay a special dividend to its shareholders of $0.22 per share (which was expected to be fully franked).

293 The Revised Equity Trustees Proposal was originally subject to the completion of satisfactory due diligence and was not capable of acceptance by Trust Company shareholders. However, on 21 June 2013 Equity Trustees announced that it would formally increase its offer to 0.37 Equity Trustees shares for each Trust Company share (the Revised Equity Trustees Offer) and allow Trust Company to pay a special dividend to its shareholders of $0.22 per share.

294 We set out below our assessment of the Revised Equity Trustees Offer.

The value of Equity Trustees shares

Recent share prices

295 We set out below the market prices of Equity Trustees shares since the initial announcement on 14 May 2013[75] of the Revised Equity Trustees Proposal and the formal announcement on 21 June 2013 of the Revised Equity Trustees Offer, up to and including 18 September 2013[76]:

Share price performance of Equity Trustees(1)

	High $	Low $	VWAP $	Volume 000
Since announcement of Revised Equity Trustees Proposal on 14 May 2013 up to 18 September 2013	17.70	14.25	15.57	374
Since the announcement of the Revised Equity Trustees Offer on 21 June 2013 up to 18 September 2013	17.05	14.25	15.55	312

Note:
1 Represents the actual unadjusted quoted share price. LEA notes that Equity Trustees traded ex the entitlement to the $0.50 dividend on 12 September 2013.

296 For the purpose of assessing the value of the Equity Trustees shares offered as consideration we believe more regard should be given to the market price of Equity Trustees shares from 21 June 2013, being the date upon which Equity Trustees formally announced the Revised Equity Trustees Offer. This is because we consider the Equity Trustees share price subsequent to and including 21 June 2013 up to 18 September 2013 to be more representative of the share price assuming the Revised Equity Trustees Offer is successful than the prices before 21 June 2013.

297 As noted above, the volume weighted average price (VWAP) of Equity Trustees shares in the period 21 June 2013 up to 18 September 2013 was $15.55 per share.

298 On 19 September 2013 Perpetual announced that it would sell Trust Company's shareholding in Equity Trustees to IOOF in order to obtain ACCC approval for the Scheme. While the price at which Perpetual would sell this interest was agreed with IOOF to be $16.50 per Equity Trustees share, we note that the listed market price of Equity Trustees shares has subsequently traded above this price[77]. However, in our opinion, it is inappropriate to assess the value of the Revised Equity Trustees Offer based on the trading range post 18 September 2013. This is because, in our view, the higher Equity Trustees listed market price post 18 September 2013 is likely to reflect speculation of a future takeover offer for Equity Trustees by IOOF if the Scheme proceeds, and is therefore not necessarily representative of the portfolio value of a combined Equity Trustees/Trust Company share under the Revised Equity Trustees Offer.

75 Prior to 14 May 2013 the Equity Trustees Offer was 0.33 Equity Trustees shares per Trust Company share. Increasing the offer ratio could be expected to lower the per share value of Equity Trustees shares post completion due to the greater number of shares on issue. Accordingly, we do not consider the Equity Trustees share price prior to 14 May 2013 as representative of the realisable value of Equity Trustees shares post the Revised Equity Trustees Offer.

76 The day before Perpetual announced that it agreed to sell the Equity Trustees shares to IOOF at $16.50 per share.

77 From 19 September 2013 to 3 October 2013 the VWAP for Equity Trustees shares was $17.70 per share.

299 Further, as trading in Equity Trustees shares is relatively illiquid and the success of the Revised Equity Trustees Offer is uncertain, in our view, more regard should be had to our assessed value of a combined Equity Trustees/Trust Company share based on a fundamental approach (i.e. having regard to the combined EBIT of such a combination at an appropriate multiple[78]).

Number of Equity Trustees shares to be issued as consideration

300 As at 2 September 2013 Equity Trustees had 9.07 million ordinary shares on issue[79]. Of these 1.194 million shares (13.3%) are held by Trust Company. If the Revised Equity Trustees Offer is successful we understand that Equity Trustees intention is to cancel the shares held by Trust Company.

301 The number of shares to be issued by Equity Trustees as consideration will therefore represent approximately 62% of the enlarged capital base of Equity Trustees, as follows:

Consideration as a % of existing and enlarged capital base		
		Million
Number of existing Equity Trustees shares on issue(1)		9.07
Number of shares assumed to be cancelled		(1.19)
Number of Equity Trustees shares held by existing shareholders		7.88
Number of shares to be issued pursuant to the Revised Equity Trustees Offer(2)	(A)	12.73
Enlarged capital base(1)	(B)	20.61
Trust Company shareholders' interest(3) in the enlarged Equity Trustees	(A) / (B)	62%

Note:
1 Ignoring performance share rights / awards.
2 Being 34.4 million shares in Trust Company converted to Equity Trustees shares at the exchange ratio of 0.37 Equity Trustees shares for every one share in Trust Company.
3 Representing the collective interest of Trust Company shareholders.

302 Given the large number of new Equity Trustees shares to be issued under the Revised Equity Trustees Offer, if a significant number of Trust Company shareholders elect not to retain the shares in Equity Trustees received as consideration there may be an oversupply of Equity Trustees shares, which may have an adverse impact on the Equity Trustees share price in the short-term.

303 However, we note that there are a number of large shareholders in Trust Company that are also shareholders in Equity Trustees (e.g. Milton Corporation Limited and Australian Foundation Investment Company Limited). In our view, it is likely that these shareholders will retain the Equity Trustees shares received as consideration, at least in the short-term.

Dilution and synergies

304 To the extent that Equity Trustees is paying a control premium (above the listed market price) for Trust Company there will be a dilution effect on the value of Equity Trustees shares subsequent to any successful conclusion of the Revised Equity Trustees Offer. This is because the listed market price of Equity Trustees shares will reflect a portfolio rather than a

78 Set out from paragraph 308 onwards.
79 In addition Equity Trustees had 106,971 performance share awards on issue.

controlling interest in the enlarged group. In the absence of synergies this dilution often results in a fall in the share price of the bidder.

305 However, both Trust Company and Equity Trustees have indicated that large synergies (relative to the size of both company's standalone earnings) are likely to be realised from combining the two businesses. At the time of announcing the Offer, Equity Trustees stated the following in its ASX release dated 21 February 2013:

"EQT and TRU are complementary businesses that provide the opportunity to realise savings through the rationalisation of duplicated administrative, business and corporate costs. Integration of the EQT and TRU operations is estimated to be capable of delivering synergies of $8m p.a.[80].

The complementary strengths in the personal client and corporate service offerings mean the Combined Group will be well positioned for future growth opportunities. Cross-selling existing and new products to a larger customer base is anticipated to increase revenue, particularly through a stronger integrated private wealth management business in Australia. This potential is in addition to the synergies referred to above.

A significant element of the synergy benefits are anticipated through:

- *EQT's existing business improvement initiatives being applied across a larger platform; and*
- *Utilising EQT's existing IT platform across combined operations.*

Operational integration is expected to result in the run-rate of the synergies referred to above being realised by the end of 2014. The costs to implement the synergies are anticipated to be incurred in the first 12-18 months following completion of the Offer."

306 In Equity Trustees' ASX release dated 21 June 2013 it updated the market on its estimate of the potential synergy benefits stating:

"Equity Trustees has undertaken an updated review of the potential synergies from a merger of TRU and EQT:

- *Based on EQT's internal estimates, revised expectations are that on full integration, cost savings in the order of $11 million per annum pre-tax are achievable.*
- *In addition, revenue and other synergies will be available from the mutual customer bases. Whilst we cannot place a firm value on these without detailed due diligence, it is possible that these may take total synergies to the same level as Perpetual's base figure of $15m per annum pre-tax*
- *Synergies to be generated progressively over two years after acquisition and expected to be at 100% run-rate by the end of the second year*

80 Equity Trustees stated that this was their best estimate of the annual synergies available, without the benefit of due diligence. It also stated that its estimate was consistent with the quantum of synergies last indicated by Trust Company to Equity Trustees in earlier incomplete discussions.

- *One-off costs to achieve the synergies approximately equity to one year of cost savings, to be incurred progressively over two years after acquisition."*

307 Given the size of expected synergies relative to the standalone earnings of both Trust Company and Equity Trustees, in our opinion, it is reasonable to conclude that the value of expected synergies would exceed the dilutionary effect discussed above.

EBIT multiple valuation

308 As stated above, we have also considered the value of Equity Trustees shares (assuming the Revised Equity Trustees Offer is successful) based on a capitalisation of EBIT methodology. Under this approach the value of Equity Trustees is equal to:

(a) the capitalised value of the merged company's EBIT (prior to synergies); plus

(b) the value of expected synergies from an Equity Trustees and Trust Company combination; plus

(c) the value of other net assets.

EBIT adopted for valuation purposes

309 As stated above, Equity Trustees has identified that on a full integration of the two businesses, cost savings in the order of $11 million per annum (pre tax) are achievable. Further, Equity Trustees has stated that further revenue and other synergies arising from the mutual customer bases may be achievable, which could increase the total potential synergies up to $15 million per annum (pre tax).

310 To assist in a consideration of these potential synergies and related implementation costs for the purpose of assessing the Revised Equity Trustees Offer, the Board of Trust Company engaged Ernst & Young (EY)[81]. The key findings from the EY fact based synergies assessment were announced by Trust Company on 23 July 2013.

311 In relation to the potential synergy estimates and implementation costs presented by Equity Trustees, the key findings were:

– *"$7.5 million of synergies claimed by Equity Trustees were supportable*

– *The implementation costs of one times synergies announced by Equity Trustees were likely to be insufficient given the scale, complexity and duration of the integration. With reference to the likely complexity of the required change to the business, the quantum of and time to realise the synergies, implementation costs of 1.5 times the total synergies targeted may be a more appropriate estimate."*

312 The criteria adopted by EY in considering the potential synergies and related implementation costs tabled by Equity Trustees included:

(a) articulation of a valid supporting rationale

[81] The scope of work undertaken by EY also included a fact based assessment of the potential synergies and implementation costs estimated by Perpetual in relation to the proposed Scheme.

(b) provide evidence that the quantum and timing of savings and implementation costs are based on assumptions with appropriately detailed calculations

(c) demonstrate an appropriate level of implementation planning

(d) provide evidence of their capability to deliver.

313 We have discussed with EY matters including the scope of work undertaken, the approach adopted and the related findings thereof, insofar as information was publicly available.

314 The potential synergies arising on a combination of the businesses of Equity Trustees and Trust Company were also the subject of a reciprocal enquiry process undertaken by the parties subsequent to the release of the EY findings. The focus of this process included whether there may be additional areas of potential synergies beyond the level of supportable synergies identified by EY. On 13 September 2013 Trust Company announced that it believed additional synergies of up to $2.5 million may be capable of being realised[82].

315 Based on the above, for valuation purposes, we have adopted synergy benefits of $8.0 million to $10.0 million per annum (pre tax).

316 Accordingly, we have adopted total EBIT for valuation purposes of $37.7 million to $39.7 million, which comprises:

(a) the level of EBIT for Trust Company adopted for valuation purposes in Section VII of $17 million; plus

(b) normalised EBIT of $12.7 million for Equity Trustees on a standalone basis (based on the normalised EBIT figures set out in Appendix E for the 12 months ended 30 June 2013); plus

(c) $8.0 million to $10.0 million, being the level of annual cost synergies identified (as discussed above).

EBIT multiple

317 The EBIT multiples for other listed companies operating in the financial services sector (excluding banks and fund managers) are set out in Section VII. However, in our view, the most relevant evidence as to the appropriate EBIT multiple to apply to an Equity Trustees / Trust Company combination are the respective multiples of Equity Trustees and Trust Company.

318 As Trust Company and Equity Trustees have different financial year ends[83], it should be noted that the multiples in the table below for each company are calculated over different time periods and are therefore not directly comparable. However, the table does provide an indication of the historical EBIT multiples at which each company's shares have traded over recent years:

82 Trust Company Third Supplementary Target's Statement.

83 Trust Company's financial year is to the end of February whereas Equity Trustees' financial year is to 30 June.

EBIT multiples over time based on three month VWAP				
	Post FY10 result[1]	Post FY11 result[1]	Post FY12 result[1]	Pre Offer[2]
	x	x	x	x
Trust Company	9.1	8.7	9.0	7.8
Equity Trustees	10.5	8.5	9.3	10.0

Note:
1 EBIT multiple (excluding a premium for control) based on the three month VWAP following the announcement of the company's results. Multiple based on last 12 months normalised EBIT.
2 EBIT multiple (excluding a premium for control) based on the three month VWAP prior to the announcement of the Offer. Multiple based on last 12 months normalised EBIT.

319 Based on the above, in our opinion, it is reasonable to conclude that an Equity Trustees / Trust Company combination would trade (on a portfolio basis[84]) on an EBIT multiple of around 9.0 to 9.5 times historical EBIT.

320 In our opinion, a lower EBIT multiple range of 7.0 to 7.5 should be applied to the annual earnings attributable to the synergy benefits identified. This is primarily because of:

(a) the greater level of uncertainty associated with the realisation of synergy benefits

(b) the time value of money, as Equity Trustees expects that the synergy benefits will be generated progressively over two years from acquisition, with the full benefits not being realised until the end of the second year

(c) the lower growth rate associated with cost synergies compared to the future business growth opportunities available to the businesses.

Value of core business

321 Based on the above the enterprise value of Equity Trustees (assuming the Revised Equity Trustees Offer is successful) is as follows:

Enterprise value of Equity Trustees (post completion of Revised Equity Trustees Offer)[1]					
	EBIT	EBIT multiple		Enterprise value	
				Low	High
	$m	Low	High	$m	$m
Core business before synergies	29.7	9.0	9.5	267.3	282.2
Synergies (mid-point)	9.0	7.0	7.5	63.0	67.5
Less implementation costs[2]				(9.5)	(9.5)
Enterprise value				320.8	340.2

Note:
1 On a portfolio basis (i.e. excluding a premium for control).
2 Based on the EY assessment of implementation costs of 1.5 times the total synergies targeted to achieve the cost synergies identified by Equity Trustees. The above figure is net of the associated tax benefit.

84 That is, excluding a premium for control as we are estimating the likely listed market price of the enlarged entity (post completion of the Revised Equity Trustees Offer).

Net cash and investments

322 Based upon the latest reported balance sheets for Equity Trustees and Trust Company, we estimate that the enlarged entity (post completion of the Revised Equity Trustees Offer) would have the following net cash balances and investments:

Equity Trustees – estimated net cash and investments post completion	Trust Company[1] $m	Equity Trustees[2] $m	Combined Entity $m
Net cash[3]	13.3	9.9	23.2
Dividend payable	(5.7)	(4.5)	(10.2)
Dividend receivable from Equity Trustees	0.6	-	0.6
Investments[4]	-	5.5	5.5
Less tax on investment gain	-	(0.1)	(0.1)
Break fee	(2.1)	-	(2.1)
Special Dividend	(7.6)[5]	-	(7.6)[5]
Net cash and investments	(1.5)	10.8	9.3

Note:
1 As at 31 August 2013.
2 As at 30 June 2013.
3 Net of borrowings in the case of Trust Company.
4 As stated above, we have assumed that Trust Company's shareholding in Equity Trustees will be cancelled if the Revised Equity Trustees Offer is successful.
5 Calculated as $0.22 per Trust Company share multiplied by 34.4 million Trust Company shares.

323 As indicated above we have allowed for:

(a) the break fee of $2.1 million which would be payable to Perpetual if the Revised Equity Trustees Offer is successful

(b) the special dividend of $0.22 per share which would be payable to Trust Company shareholders prior to a successful completion of the Revised Equity Trustees Offer.

Value per share

324 On this basis the equity value of Equity Trustees per share (assuming the Revised Equity Trustees Offer is successful) would be as follows:

Value per Equity Trustees share – post completion of the Revised Equity Trustees Offer	Low $m	High $m
Enterprise value post completion of Revised Equity Trustees Offer	320.8	340.2
Plus net cash and investments	9.3	9.3
Market capitalisation post completion of Revised Equity Trustees Offer	330.1	349.5
Shares outstanding post completion of Revised Equity Trustees Offer (million)[1]	20.61	20.61
Value per Equity Trustees share post completion of Revised Equity Trustees Offer	$16.02	$16.96

Note:
1 Refer paragraph 296 above. Ignoring Equity Trustees performance share rights / awards.

Conclusion on value of Equity Trustees shares

325 We note that the above assessed value will not necessarily equate to the market price of Equity Trustees shares following completion of the Revised Equity Trustees Offer due to, inter-alia, market movements, together with other factors that may influence trading in Equity Trustees shares.

326 Accordingly, when assessing the value of the Equity Trustees shares for the purpose of determining the value of the consideration under the Revised Equity Trustees Offer we have had regard to:

(a) the listed market prices of Equity Trustees shares following the announcement of the Revised Equity Trustees Offer

(b) the thin trading of Equity Trustees shares on the ASX[85]

(c) the extent to which the listed market price of Equity Trustees may reflect an expectation of corporate activity

(d) the value of Equity Trustees shares (assuming the Revised Equity Trustees Offer is successful) using a capitalisation of EBIT method

(e) the price to be paid by IOOF for Trust Company's 13.2% interest in Equity Trustees if the Scheme proceeds of $16.50 per share.

327 Based on the above, we have assessed the value of Equity Trustees shares (assuming the Revised Equity Trustees Offer is successful) at $16.00 to $17.00 per share.

328 This valuation range is lower than the valuation range of $17.10 to $17.70 per share adopted in our IER dated 12 April 2013 in response to the Offer. The reduced valuation range reflects the increase in the number of shares to be issued to Trust Company shareholders under the Revised Equity Trustees Offer (due to the increase in the exchange ratio).

Total value of Revised Equity Trustees Offer

329 Under the terms of the Revised Equity Trustees Offer, Trust Company shareholders will also be entitled to receive a special dividend of $0.22 per share.

330 We have therefore assessed the total value of the consideration under the Revised Equity Trustees Offer at the amounts below:

[85] Due to low level of trading in Equity Trustees shares we believe more regard should be had to the portfolio value of a merged Equity Trustees / Trust Company entity based on a capitalisation of EBIT approach.

Total value of consideration per Trust Company share	Low $ per share	High $ per share
Assessed value of Equity Trustees shares	16.00	17.00
Offer ratio	0.37	0.37
Assessed value of scrip consideration	5.92	6.29
Special Dividend to be paid by Trust Company under the Revised Equity Trustees Offer	0.22	0.22
Total value of Revised Equity Trustees Offer	$6.14	$6.51

IOOF

331 On 3 September 2013 the Trust Company announced that it had received a proposal from IOOF to acquire all of the ordinary shares in the Trust Company (the IOOF Proposal)[86] for a consideration that effectively comprised:

(a) 0.74 IOOF shares for each share in the Trust Company

(b) the Special Dividend of $0.22 per Trust Company share

(c) an interim dividend of $0.17 per Trust Company share (the Interim Dividend).

332 We set out below our assessment of the IOOF Proposal.

Recent share prices

333 The historical share prices for IOOF are set out in Appendix F. More recent trading in IOOF shares prior to the announcement of the IOOF Proposal is shown below:

IOOF – share price history (pre announcement of IOOF Proposal)				
Time periods up to and including 2 September 2013[(1)]	High $	Low $	VWAP $	Number traded (000s)
1 month	8.73	7.97	8.37	12,470
3 months	8.73	6.74	7.74	38,010

Note:
1 IOOF shares traded ex the entitlement to the final dividend of $0.225 per share on 18 September 2013. Accordingly the share price data set out above is cum-dividend.

334 For the purpose of assessing the value of the IOOF shares offered as consideration we believe more regard should be given to the price of IOOF shares since the IOOF Proposal was announced on 3 September 2013. This is because we consider the IOOF share price subsequent to and including 3 September 2013 to be more representative of the share price assuming the IOOF Proposal is accepted than the prices before 3 September 2013. We also note that the cash consideration component of the IOOF Proposal is to be determined by

86 The IOOF Proposal reflects an acquisition of all of the ordinary shares in the Trust Company by way of a scheme, the terms and conditions of which are broadly similar to those of the Perpetual Scheme. The aggregate cap under the cash consideration option is $100 million and the comparable floor price under this option is $6.03 per Trust Company share. There is no flexibility for Trust Company shareholders to elect to receive a mix of the share and cash consideration components.

reference to the 10 (trading) day VWAP of IOOF shares prior the date of a related scheme meeting.

335 The following table sets out the prices at which IOOF shares have traded in the period subsequent to the announcement of the IOOF Proposal up to 3 October 2013:

IOOF– share price history (post announcement of IOOF Proposal)

Time periods[1]	High $	Low $	VWAP $	Number traded (000s)
3 September 2013[2] to 3 October 2013	8.87	8.08	8.43	11,846
10 trading days to 3 October 2013	8.58	8.21	8.38	4,163

Note:
1 IOOF shares traded ex the entitlement to the final dividend of $0.225 per share on 18 September 2013. The share price data above has therefore been adjusted to reflect an ex-dividend price.
2 Being the first day of trading subsequent to the announcement of the IOOF Proposal.
Source: Bloomberg.

Share trading restrictions and liquidity

336 Aside from the shareholding restrictions placed upon Australian trustee companies[87] there are no other significant restrictions on trading in IOOF which would prevent sufficient trading (on a day-to-day basis) to produce an unbiased share price.

337 Further, in our view, the liquidity in IOOF shares over the previous 12 months has been relatively high.

Information disclosures

338 IOOF is well researched and analysed by share broking firms and institutional investors.

339 Significant information in relation to the operations of IOOF has been disclosed in its financial reports and ASX announcements. Further, IOOF has an obligation under the ASX Listing Rules (subject to certain exemptions) to notify the ASX immediately of any information that it becomes aware of concerning IOOF which a reasonable person would expect to have a material effect on the price or value of IOOF shares.

Number of IOOF shares to be issued as consideration

340 As at 3 September 2013 IOOF had 231.3 million ordinary shares on issue[88].

341 The number of shares to be issued by IOOF as consideration under the IOOF Proposal will therefore represent between some 6 % and 10 % of the enlarged capital base of IOOF, as follows:

87 Shareholders are prevented from acquiring an interest in more than 15% of the issued capital without prior approval.
88 Net of 836,000 treasury shares.

Share consideration as a % of existing and enlarged capital base		No acceptance of cash consideration million	Full acceptance of cash consideration million
Number of IOOF shares held by existing shareholders[1]		231.3	231.3
Number of shares to be issued pursuant to acceptance of share consideration[2]	(A)	25.5	13.7
Total shares outstanding in IOOF post transaction[1]	(B)	256.8	245.0
Trust Company shareholders' interest[3] in IOOF post transaction.	(A) / (B)	10%	6%

Note:
1 Ignoring vested options.
2 Being 34.4 million shares in Trust Company converted to IOOF shares at the exchange ratio of 0.74 IOOF shares for every one share in Trust Company, assuming no acceptance of the cash consideration. The number of shares to be issued assuming full acceptance of the cash consideration reduces by 11.8 million shares ($100 million divided by an assumed 10 day VWAP price of $8.50).
3 Representing the collective interest of Trust Company shareholders.

342 Given the number of new IOOF shares to be issued under the IOOF Proposal, if a large number of Trust Company shareholders elect not to retain the shares in IOOF received as consideration there may be an oversupply of IOOF shares, which may have an adverse impact on the IOOF share price in the short-term.

343 However, given the availability of the cash consideration component under the IOOF Proposal (subject to the stated cap) this risk is arguably mitigated, as Trust Company shareholders seeking to realise their investment pursuant to the transaction could do so (at least in part) by acceptance of the cash consideration component.

Dilution and synergies

344 To the extent that IOOF is paying a control premium (above the listed market price) for Trust Company there will be a dilution effect on the value of IOOF shares subsequent to a successful conclusion of the IOOF Proposal. This is because the listed market price of IOOF shares will reflect a portfolio rather than a controlling interest in the enlarged group. In the absence of synergies this dilution often results in a fall in the share price of the bidder.

345 However, IOOF has indicated that large synergies (particularly relative to the size of Trust Company's standalone earnings) are likely to be realised from combining the two businesses. In particular, in presenting its proposal IOOF stated that it expected to achieve annual savings of at least $14.0 million pre-tax. IOOF did not indicate the nature of the synergies, the timeframe over which it expected the synergies to be realised or the estimated implementation costs thereof.

346 Given the size of expected synergies relative to the standalone earnings of Trust Company, in our opinion, it is reasonable to conclude that the value of expected synergies would exceed the dilutionary effect discussed above.

Conclusion

347 In summary, in assessing the value of the IOOF shares offered as consideration under the IOOF Proposal we have had regard to:

(a) the recent trading range of IOOF shares

(b) the number of shares to be issued by IOOF under the IOOF Proposal compared to the enlarged number of IOOF shares on issue post completion of the proposed transaction

(c) the likely level of on-market trading in IOOF shares subsequent to completion of the proposed transaction, having regard to factors including:

  (i) any potential oversupply of IOOF shares from those shareholders in Trust Company not wishing to retain the IOOF shares received as consideration

  (ii) the dilution effect implicit in any control premium being paid by IOOF

  (iii) the level of synergies relative to the size of IOOF post merger

(d) recent stock market conditions

(e) the earnings multiples implied by our adopted range.

348 Based on the above we have assessed the realisable value of the IOOF shares offered as consideration under the IOOF Proposal at between $8.25 and $8.75 per share.

Implied EBIT multiple

349 We have cross-checked our assessment of the realisable value of IOOF shares by considering the EBIT multiple implied for the core business of the enlarged entity (post completion of the IOOF Proposal). For the purpose of determining an implied EBIT multiple post (an assumed) completion of the IOOF Proposal we have assumed no acceptance of the cash consideration component of the IOOF Proposal.

Market capitalisation

350 The market capitalisation of IOOF based on our assessed value of IOOF shares post assumed completion of the IOOF Proposal is shown below:

IOOF– estimated market capitalisation of enlarged entity		
	Low	**High**
Shares on issue post assumed completion of IOOF Proposal (million)[2]	256.8	256.8
Adopted share price[3]	$8.25	$8.75
Market capitalisation post completion of Scheme ($m)	2,118.6	2,247.0

Note:
1 Based on assessed share value post assumed completion of the IOOF Proposal assuming no acceptance of the cash consideration component.
2 Ignoring IOOF vested options.
3 Value of IOOF share consideration per share.

Shares in Equity Trustees

352 For the purpose of calculating the implied EBIT multiple post assumed completion of the IOOF Proposal, we have adopted the mid-point of the values set out in paragraph 232 above (being $18.7 million) as the value of the Equity Trustees shares held by Trust Company. As the tax cost base of these shares exceeds this amount, no capital gains tax (CGT) liability would be payable based on our assessed valuation.

Net cash and investments

353 Based upon the latest reported balance sheet for IOOF, we estimate that the enlarged entity (post assumed completion of the IOOF Proposal) will have the following net cash balances and investments, assuming no acceptance of the cash consideration component:

IOOF– estimated net cash and investments post assumed completion of the IOOF Proposal

	Trust Company[1] $m	IOOF[2] $m	Combined Entity $m
Net cash / (net debt)[3]	13.3	(8.1)	5.2
Dividends payable	(13.4)	(52.0)	(65.4)
Dividend receivable from Equity Trustees	0.6	-	-
Net investments / (surplus liabilities)	18.7[4]	(3.3)[5]	15.4
Break fee	(2.1)	-	(2.1)
After tax business integration costs[6]	-	-	(21.0)
Net debt and surplus liabilities			(67.9)

Note:

1 As at 31 August 2013.
2 As at 30 June 2013 (prior to the announcement of the IOOF Proposal).
3 Net of borrowings.
4 Investment in Equity Trustees (see paragraph 232 above).
5 Net surplus liabilities (see paragraph 61 in Appendix F).
6 Being Perpetual's estimate of the business integration costs of $30 million, less the associated tax benefit (30% of $30 million), which we have adopted for the purpose of assessment of the IOOF Proposal.

Enterprise value

354 On this basis the enterprise value of IOOF (post assumed completion of the IOOF Proposal) is as follows:

IOOF– estimated enterprise value post assumed completion of the IOOF Proposal

	Low $m	High $m
Market capitalisation post assumed completion of IOOF Proposal	2,119	2,247
Plus net debt and surplus liabilities	68	68
Enterprise value (post assumed completion of IOOF Proposal)	2,187	2,315

Implied EBIT multiple

355 For the purpose of calculating the EBIT multiple implied by the above enterprise value we have adopted normalised EBIT of $185 million. This reflects:

(a) normalised EBIT of $154 million for IOOF on a standalone basis (based on the average of eight broker forecasts for the 12 months ending 30 June 2014[89], excluding implementation costs: plus

(b) the level of EBIT for Trust Company adopted for valuation purposes in Section VII of $17 million; plus

(c) $14 million being the level of annual cost synergies identified by IOOF (as discussed above).

356 On this basis, the EBIT multiple incorporating the benefit of expected synergies (which are not expected by IOOF to be achieved in full until the end of 2014) is as follows:

IOOF – implied EBIT multiple post assumed completion of the IOOF Proposal	Low $m	High $m
Enterprise value (post assumed completion of IOOF Proposal)	2,187	2,315
Normalised EBIT (including expected synergies)	185	185
Implied EBIT multiple (post assumed completion of IOOF Proposal)	11.8	12.5

357 The forecast FY14 EBIT multiples of companies considered broadly comparable to IOOF[90] range from 10.8 times to 13.1 times[91]. Based on these comparable companies, in our opinion, the above multiple range for IOOF (post assumed completion of the IOOF Proposal) is reasonable having regard to the inherent risks associated with integration of the acquisition of a business and the realisation of related synergy benefits. We therefore consider our assessed realisable range of values for IOOF shares to be reasonable and appropriate.

Total value of IOOF Proposal

358 Under the terms of the IOOF Proposal Trust Company shareholders would be entitled to receive the share consideration component, together with the Special Dividend of $0.22 per share[92].

359 As noted above we have assessed the realisable value of the IOOF shares offered as consideration under the IOOF Proposal at between $8.25 and $8.75 per share.

360 Accordingly, we have assessed the total value of the consideration to be received by Trust Company shareholders pursuant to the IOOF Proposal at the amounts set out below:

89 Broker forecasts as at September 2013.

90 The companies considered broadly comparable to IOOF are other large diversified financial services companies being Perpetual Limited, BT Investment Management Limited, Platinum Asset Management Limited and SFG Australia Limited.

91 As at 19 September 2013.

92 The Interim Dividend of $0.17 per share would be paid by Trust Company in the ordinary course of business, irrespective of the outcome of the IOOF Proposal.

Value of total consideration per Trust Company share	Low $ per share	High $ per share
Assessed realisable value of IOOF shares	8.25	8.75
Share consideration ratio	0.74	0.74
Assessed value of share consideration component	6.11	6.48
Special Dividend to be paid by Trust Company pursuant to the IOOF Proposal	0.22	0.22
Total value of IOOF Proposal	6.33	6.70

Note:

1 Due to the benefit of Australian franking credits (of up to $0.09 per share) attached to the proposed Special Dividend, the total value of the IOOF Proposal to some Australian resident shareholders in the Trust Company may be greater than $6.33 to $6.70 per share (on a pre-tax basis).

2 Based on the agreed floor price of $6.03 per Trust Company share under the cash consideration option, the minimum total value of the IOOF Proposal to those Trust Company shareholders electing the cash consideration option is $6.25 per Trust Company share.

Conclusion on other proposals

361 As set out in Section X of our report we have assessed the value of the Total Entitlements to be received by Trust Company shareholders pursuant to the Scheme with Perpetual at $6.95 to $7.50 per share.

362 In comparison we have assessed the equivalent consideration to Trust Company shareholders under the Revised Equity Trustees Offer and the IOOF Proposal as follows:

Comparative assessment of proposals	Value per Trust Company share Low $	High $
Total entitlements under Scheme with Perpetual	6.95	7.50
Revised Equity Trustees Offer	6.14	6.51
IOOF Proposal	6.33	6.70

363 Accordingly we have concluded that the proposed Scheme with Perpetual is a superior proposal to both the Revised Equity Trustees Offer and the IOOF Proposal.

X Evaluation of the Scheme

Summary of opinion

364 In our opinion, the Scheme is fair and reasonable and in the best interests of Trust Company shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of Trust Company shares

365 Our assessed value of Trust Company shares is set out below:

Trust Company – valuation summary	Low $m	High $m
EBIT adopted for valuation purposes	17.0	17.0
EBIT multiple	11.0	11.5
Enterprise value	187.0	195.5
Investment in Equity Trustees	18.1	19.3
Net cash	8.2	8.2
Value of equity	213.3	223.0
Fully diluted shares on issue	34.4	34.4
Value per share	**$6.20**	**$6.48**

Note:

1 Our assessed value of Trust Company shares is higher than in the Equity Trustees IER, primarily reflecting the increase in sharemarket values in the intervening period in particular in the diversified financial services sector. (The Trust Company share price broadly tracked the S&P/ASX 200 Diversified Financials Index over the period January 2010 to February 2013).

Value of Total Entitlements

366 Under the terms of the Scheme Trust Company shareholders will be entitled to receive the Scheme Consideration, together with the Special Dividend of $0.22 per share. For the purpose of our report we have defined the aggregate of the Scheme Consideration and the Special Dividend as the Total Entitlements.

367 In assessing the value of Perpetual shares offered as the Scheme Consideration we have had regard to:

(a) the recent trading range of Perpetual shares

(b) the likely level of on-market trading in Perpetual shares subsequent to implementation of the Scheme

(c) recent stock market conditions; and

(d) the earnings multiples implied by our adopted range.

368 Since the announcement of the revised Scheme up until 3 October 2013 the VWAP of Perpetual shares was $38.69[93]. In the ten trading days prior to 3 October 2013 the VWAP of Perpetual shares was $39.73.

369 Based on the above we have assessed the realisable value of the Perpetual shares offered as the Scheme Consideration at between $37.00 and $40.00 per share.

370 Accordingly, we have assessed the value of the Total Entitlements to be received by Trust Company shareholders at the amounts set out below:

Value of Total Entitlements per Trust Company share	Low $ per share	High $ per share
Assessed realisable value of Perpetual shares	37.00	40.00
Scheme ratio	0.182	0.182
Assessed value of Share Consideration	6.73	7.28
Special Dividend to be paid by Trust Company pursuant to the Scheme	0.22	0.22
Value of Total Entitlements	6.95	7.50

Note:
1 Due to the benefit of Australian franking credits (of up to $0.09 per share) attached to the proposed Special Dividend, the value of the Total Entitlements to some Australian resident shareholders in the Trust Company may be greater than $6.95 to $7.50 per share (on a pre-tax basis).
2 Based on the agreed floor price of $6.29 per Trust Company share under the Cash Consideration option, the minimum value of the Total Entitlements to those Trust Company shareholders electing the Cash Consideration option is $6.51 per Trust Company share.

Fair and reasonable opinion

371 Pursuant to Regulatory Guide 111 – *Content of expert reports* (RG 111) the Scheme is "fair" if the value of the scheme consideration is equal to, or greater than, the value of the securities the subject of the scheme.

372 In the case of the Trust Company the total amounts to be received by Trust Company shareholders comprise the Scheme Consideration and the Special Dividend. Therefore the relevant comparison for Trust Company shares is shown below:

Position of Trust Company shareholders	Low $ per share	High $ per share	Mid-point $ per share
Value of Total Entitlements	6.95	7.50	7.23
Value of 100% of Trust Company	6.20	6.48	6.34
Extent to which the Total Entitlements exceed the value of Trust Company	0.75	1.02	0.89

93 On 6 September 2013 Perpetual traded ex the final dividend of $0.80 per share. On 9 September 2013 the Amended Agreement was announced.

373 As the Total Entitlements to be received by Trust Company shareholders exceed our assessed valuation range for Trust Company shares on a 100% controlling interest basis, in our opinion, the Total Entitlements are fair to Trust Company shareholders when assessed based on the guidelines set out in RG 111.

374 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is "reasonable" it must also be "in the best interests" of shareholders, in the absence of a superior proposal.

375 Consequently, in our opinion, the Scheme is also "reasonable" and "in the best interests" of Trust Company shareholders in the absence of a superior proposal.

Assessment of reasonableness

376 In assessing whether the Scheme is reasonable LEA has also considered:

(a) the extent to which a control premium is being paid to Trust Company shareholders

(b) the extent to which a share of the synergies identified by Perpetual as likely to arise upon an acquisition of Trust Company by Perpetual (being $15.0 million pre-tax per annum) is being shared with Trust Company shareholders

(c) the listed market price of Trust Company shares:

(i) prior to the announcement of the original Equity Trustees Offer

(ii) subsequent to the announcement of the original Equity Trustees Offer, incorporating the competing proposals from Perpetual and IOOF

(iii) if the Scheme is not approved by Trust Company shareholders

(d) the value of Trust Company to an alternative offeror and the likelihood of an alternative offer emerging, either prior to the date of the Scheme meeting, or sometime in the future

(e) other qualitative and strategic issues, risks, advantages and disadvantages associated with the Scheme.

377 These issues are discussed in detail below.

Extent to which a control premium is being paid

378 Empirical evidence indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium reflects the fact that:

(a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder

(b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds

(c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company

(d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

379 We have calculated the premium implied by the Total Entitlements by reference to the market prices of Trust Company shares prior to the announcement by Equity Trustees on 21 February 2013 of the intention to make the Equity Trustees Offer[94]. For the purpose of calculating the implied offer premium we have adopted the mid-point of $7.23 per share of our assessed value of the Total Entitlements, as set out at paragraph 367 above:

Implied offer premium relative to recent share prices	Trust Company share price $	Implied control premium %
Closing share price on 20 February 2013(1)	4.75	52.2
1 month VWAP(2) to 20 February 2013	4.55	58.9
3 months VWAP to 20 February 2013	4.46	62.1

Note:
1 Being the closing price on the last day of trading prior to the announcement by Equity Trustees of the intention to make the Equity Trustees Offer.
2 Volume weighted average price.
Rounding differences may exist.

380 As indicated above, the Total Entitlements represent a significant premium to the market price of Trust Company shares prior to the original announcement by Equity Trustees of the intention to make the Equity Trustees Offer. They also reflect an implied premium which exceeds observed premiums paid in successful takeovers generally.

381 The implied premium has been calculated adopting the mid-point of our assessed value of the Total Entitlements, which in turn reflects trading in Perpetual shares subsequent to the announcement of the revised Scheme. In contrast the Trust Company share prices adopted reflect share market trading prior to the initial announcement by Equity Trustees of its intention to make an offer for Trust Company (and accordingly prior to the subsequent proposals from Perpetual and IOOF). In addition, the Total Entitlements reflect the competitive bidding process that has taken place in respect of the Trust Company in the period subsequent to 21 February 2013.

382 Given the elapsed time since the announcement of the Equity Trustees Offer we have also considered the extent to which (if any) the implied offer premium reflects subsequent stock market trading. In the period subsequent to 21 February 2013 to 17 September 2013:

(a) the ASX All Ordinaries Index increased by around 3%

(b) the S&P/ASX 200 Diversified Financials Index increased by around 17%.

94 Subsequent to 21 February 2013 trading in Trust Company shares has been impacted by the announcement of the Equity Trustees Offer and the subsequent proposals from Perpetual and IOOF.

383 Given these market movements, in particular the increase in the S&P/ASX 200 Diversified Financials Index, we have concluded that the control premiums implied by the Total Entitlements under the Scheme reflect an offer premium which is:

(a) consistent with and arguably above the average premiums paid in successful takeovers generally (reflecting the competitive bidding process that has transpired)

(b) inflated in a comparison sense by subsequent upward movements in the sharemarket generally, in particular in the financial services sector.

Extent to which Trust Company shareholders are being paid a share of synergies

384 Perpetual have estimated synergies arising on an acquisition of Trust Company of at least $15.0 million pre-tax per annum, as discussed in Sections VII and VIII of this report[95]. As the value of the Total Entitlements exceeds our assessed value of Trust Company shares on a standalone basis, we have concluded that a share of these synergy benefits is being paid to Trust Company shareholders.

Recent share prices subsequent to the announcement of the revised Scheme

385 Since the announcement of the revised Scheme with Perpetual we note that, based on the respective VWAP, Trust Company shares have generally traded relative to Perpetual shares at an implied ratio slightly below the Scheme ratio implicit in the Total Entitlements[96].

Likelihood of a superior proposal

386 As previously noted, in addition to the Scheme with Perpetual, both Equity Trustees and IOOF have tabled proposals to acquire all the ordinary shares in Trust Company. We have considered the Revised Equity Trustees Offer and the IOOF Proposal in Section IX of our report. We have concluded that the Scheme with Perpetual is a superior proposal to both the Revised Equity Trustees Offer and the IOOF Proposal.

387 Given the elapsed time since the initial announcement by Equity Trustees of its intention to make an offer for all the ordinary shares in Trust Company, together with the subsequent process undertaken by Trust Company and its advisers to bring the opportunity to the attention of other potentially interested parties, we consider it unlikely that a party other than those that have tabled proposals to acquire Trust Company will emerge at this stage.

388 At the date of this report, it is uncertain as to whether:

(a) either Equity Trustees and/or IOOF will improve their respective existing proposals to acquire all the ordinary shares in Trust Company

(b) any improved proposal would be a superior proposal to that with Perpetual under the Scheme

(c) in the event that either Equity Trustees and/or IOOF tabled a proposal assessed to be superior to that proposed with Perpetual under the Scheme, the extent to which (if any) Perpetual would further improve its current proposal.

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95 The level of synergies identified by Perpetual assessed as supportable by EY was $14.0 million per annum.

96 In determining the implied ratio based on share market trading we have adjusted the Trust Company share price to allow for both the Special Dividend of $0.22 per share and the Interim Dividend of $0.17 per share.

Likely price of Trust Company shares if the Scheme is not approved

389 In our opinion, if the Scheme is not approved, it is likely (at least in the immediate short-term) that Trust Company shares will trade relative to (and probably at a slight discount to) the IOOF Proposal[97]. In this regard we note that the Board of Trust Company (prior to receipt of the revised Scheme with Perpetual) indicated that the IOOF Proposal was likely to be considered superior to the previously recommended earlier scheme proposal from Perpetual.

Assessment of the Scheme

390 We summarise below the likely advantages and disadvantages of the Scheme for Trust Company shareholders.

Advantages

(a) the Total Entitlements to be received by Trust Company shareholders exceed our assessed value range of Trust Company shares on a 100% controlling interest basis

(b) the Total Entitlements represent a significant premium to the market prices of Trust Company shares prior to the original announcement of the Equity Trustees Offer on 21 February 2013 and reflect an implied premium which exceeds observed premiums paid in successful takeovers generally[98]

(c) the Scheme provides Trust Company shareholders with the opportunity to realise their investment in a company in which share trading has historically been relatively low in a cost effective manner

(d) the proposed Special Dividend allows the release of franking credits to Australian resident shareholders of Trust Company, thereby increasing the potential value of the Total Entitlements to some resident Australian shareholders by up to $0.09 per share (on a pre-tax basis).

Disadvantages

391 If the Scheme is implemented Trust Company shareholders will no longer hold a direct interest in Trust Company. In the event that future value is created by Trust Company as a result of on-going operations over and above that reflected in our assessed valuation of the company:

(a) those Trust Company shareholders who elect to receive the Cash Consideration will therefore not participate in such future value

(b) those Trust Company shareholders that elect to receive the Share Consideration will retain exposure to such future value, albeit on a diluted basis.

Conclusion

392 Given the above analysis, we consider that the acquisition of Trust Company shares by Perpetual under the Scheme is fair and reasonable and in the best interests of Trust Company shareholders in the absence of a superior proposal.

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97 As set out in Section IX of our report, we have assessed the IOOF Proposal as superior to the Revised Equity Trustees Offer.

98 In part this reflects subsequent upward movements in the sharemarket generally, in particular in the financial services sector.

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The *Corporations Act 2001 (Cth)* (Corporations Act) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Trust Company shareholders in connection with the Scheme.

4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $100,000 plus GST.

9 Neither LEA nor its directors and officers receive any commissions or other benefits, except for the fees for services referred to above.

Appendix A

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix B

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared many hundred independent expert's reports.

2 This report was prepared by Mr Edwards and Mr Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 19 years and 27 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Directors of Trust Company to accompany the Scheme Booklet to be sent to Trust Company shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable to and in the best interests of the shareholders of Trust Company.

Interests

4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 LEA prepared an IER dated 12 April 2013 for Trust Company in response to the Equity Trustees Offer. In addition, LEA prepared an IER for Permanent Trust Company in connection with the acquisition of Permanent Trust Company by Trust Company in 2002. Other than these reports, LEA has had no prior business or professional relationship with Trust Company or Perpetual prior to the preparation of this report.

Indemnification

6 As a condition of LEA's agreement to prepare this report, Trust Company agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Trust Company which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix C

Listed company descriptions

SFG Limited

1 SFG (formerly known as Snowball Group) is a financial services firm which offers wealth management and advisory services in Australia. The range of services provided by SFG includes financial advice, retirement planning, client administration, stockbroking, general insurance, life insurance and lending. As at 31 December 2012, SFG had $11.6 billion of funds under advice, $10 billion of funds under administration and $4.7 billion of funds under management.

WHK Group Limited

2 WHK Group is the fifth largest accounting firm in Australasia and the seventeenth largest provider of financial planning advice in Australia. The company has an extended distribution network of over 100 offices, employing some 3,000 staff and servicing over 200,000 clients. The business services division provides accounting, audit and assurance, taxation and corporate and business advisory. The financial services division provides wealth management, financial planning, superannuation advice and finance broking services.

Countplus Limited

3 Countplus comprises of 21 businesses that operate as a professional services network. The company operates 37 offices, located in 18 towns across Australia and employs around 600 people. The services provided by Countplus include accounting, audit and assurance, business and corporate advisory, corporate recovery and insolvency, financial planning, taxation services, human resource solutions, lending services and taxation services.

Euroz Limited

4 Euroz is a specialist financial services company, based in Perth. The company's operations are split into two businesses, namely, Euroz Securities (being the stockbroking business which provides specialised research, dealing and corporate finance services) and Westoz Funds Management (being the funds management business). As at 30 June 2012, Westoz Funds Management had $257 million of funds under management.

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix D

Target company descriptions – transaction evidence

Tasmanian Perpetual Trustees

1 Tasmanian Perpetual Trustees provided wealth management services in Tasmania and was the only private trustee company authorised to operate in that State.

2 At the date of acquisition, Tasmanian Perpetual Trustees employed approximately 100 staff from nine branches in Burnie, Devonport, Glenorchy, Hobart, Kingston, Kings Meadows, Launceston, Rosny and Ulverstone.

3 Revenues was derived from the following principal activities:

(a) **trustee services** – estate planning, wills, power of attorney and estate management and trust administration services. Tasmanian Perpetual Trustees also offered funeral bond facilities and administration under guardianship services

(b) **funds management** – Tasmanian Perpetual Trustees was the responsible entity for a number of managed investment schemes. As at 31 December 2008, the Company managed approximately $1.0 billion in FUM. Management fees (charged as a percentage of FUM) derived from these services represented over 50% of the revenue earned by Tasmanian Perpetual Trustees in its 2008 financial year

(c) **mortgage financing** – first mortgage finance for rural, commercial and business purposes

(d) **Tasmanian Banking Services (TBS)** – a 50/50 joint venture with Bendigo and Adelaide Bank to provide banking services in Tasmania predominantly via the branch network of Tasmanian Perpetual Trustees. At the date of acquisition Tasmanian Perpetual Trustees was in negotiations to sell its interest in TBS[99].

4 Significant synergies were expected to be realised by MyState following the acquisition, with cost savings estimated by the MyState directors at $3.5 million to $4.5 million (before tax) per annum by the end of the third year following the acquisition. These synergies were high relative to the maintainable earnings of Tasmanian Perpetual Trustees on a standalone basis of $4.5 million (after tax), as assessed by independent expert appointed to opine on the merits of the transaction.

5 The level of maintainable earnings adopted by the independent expert (and used to calculate the implied EBIT multiple) reflected the impact of large falls in FUM following the GFC.

[99] As a result we have treated the investment in TBS as a surplus asset when calculating the EBIT multiple implied from the takeover.

Appendix D

TOWER Investments

6 TOWER Investments provided wealth management services in New Zealand. The business was a significant KiwiSaver provider, managing NZ$863 million in FUM on behalf of 105,000 investors as at 30 September 2012. While KiwiSaver FUM increased 28% over the year ended 30 September 2012, profit before tax fell marginally in that year due to:

(a) the run-off of higher margin legacy products (partly offset by growth in the lower margin KiwiSaver and wholesale businesses)

(b) upward pressure on costs due to changes to the regulatory environment (partly offset by savings of NZ$2.2 million from the in-sourcing of investment management).

7 The purchaser (Fisher Funds) was also a New Zealand fund manager and KiwiSaver provider, managing over $1.4 billion on behalf of more than 130,000 investors. As a result economies of scale benefits were expected to be realised by the acquirer.

8 The sale allowed TOWER Limited to focus on its core insurance businesses.

Plan B Group Holdings Limited

9 At the date of acquisition, Plan B Group Holdings Limited was a boutique wealth management company with operations in Australia and New Zealand. It offered wealth management and administration services to clients, as well as trustee and estate planning, mortgage broking and insurance services. As at 30 June 2012 the company had $2.06 billion in FUMA.

Count Financial Limited

10 At the date of acquisition, Count Financial was one of Australia's largest independently-owned network of financial planning advisers. Founded in 1980, Count Financial was established to provide financial planning services (typically) through a network of accounting practices. These practices operate their normal professional services practice while offering financial planning advice under the Count Wealth Accountants banner. Whilst the majority of its network consisted of accountants providing financial advice, Count Financial also assisted a network of financial advisers under the Count Financial Advisers banner.

11 Count Financial acted as a buying group using its scale to negotiate a range of financial products and services that advisers need to manage and run successful financial planning businesses. It did not provide any investment products in its own right or administer any investment platforms.

12 Revenue were derived from three key sources:

(a) **rebates from platform providers** – Count Financial received a share of the fees charged by platform providers in the form of rebates (based on a percentage of FUA)

(b) **fees and commissions** – each Count Financial franchisee entered into an agreement with Count Financial to share fees and commissions based on an agreed split. Fees and commissions were generated from non-platform investments, loans, insurance as well as other financial services

(c) **annual franchise fees and service fees** – most franchisees paid a flat annual fee. Other fees were also charged for additional services.

DKN Financial Group

13 At the date of acquisition, DKN was a provider of financial services solutions to financial planning practices. Key services provided were as follows:

(a) **platform solutions** – the provision of platforms (also known as Master Funds and Wrap Accounts) to financial planning practices to provide consistent, stream-lined, efficient client set up, reporting, transacting and adviser fee collection.

Platform Solutions was DKN's core business, contributing 64% of total revenue and 89% of total EBITDA (excluding corporate cost allocation) in FY10.

DKN provided dedicated support to its client practices using the DKN platforms, including platform training, issues management and FUA transition support.

As at 31 December 2010, Platform Solutions had $6.7 billion in FUA

(b) **product solutions** – the distribution of asset management solutions, estate planning, risk solutions, self-managed super fund administration, broking solutions and lending solutions (through Lonsdale Finance Choice) to its client practices

(c) **Lonsdale (licensee solutions)** – provision of the requisite operational framework to enable individual financial planning practices to conduct their business in a compliant and efficient manner. As an AFSL holder, Lonsdale provided a licence solution to practices within its network

(d) **Equity Partners (acquisition and succession solutions)** – DKN offered a solution to financial planning practices wishing to undertake a partial sale of their business or implement an internal succession arrangement. At the date of acquisition DKN held minority equity investments in seven financial planning practices.

Shadforth Financial Group

14 At the date of acquisition, Shadforth was a provider of financial advice, portfolio and investment management, life insurance, general insurance, mortgage broking and lending services, corporate superannuation and stockbroking. At the date of acquisition the firm had approximately 141 salaried financial advisers, professional staff and general insurance specialists in 13 offices.

Appendix D

15 The core services offered by Shadforth included:

(a) personal strategic advice, including advice relating to superannuation and wealth creation strategies

(b) investment portfolio construction and management

(c) investment registry, custody, reporting, transactions and administration

(d) personal stock broking

(e) corporate services including corporate superannuation

(f) personal insurance broking

(g) general insurance broking and agency

(h) mortgage broking and lending services.

16 In the half-year to 31 December 2010, Shadforth generated approximately 58% of its revenues from financial planning fees and approximately 28% of revenue from wrap rebates.

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix E

Profile of Equity Trustees[100]

Overview

1 Equity Trustees is an Australian financial services provider specialising in estates and trusts, philanthropy, wealth management, superannuation, managed funds and corporate trustee services. Its services include responsible entity services for external fund managers, distribution of managed funds and private wealth services comprising estate management, trustee services, legal, financial and taxation advice, personal investment advice, superannuation, aged care financial planning, placement advice and training services. It was established in 1888 by an Act of the Victorian Parliament to provide trustee and executor services and now has approximately 190 employees.

Current operations

2 Equity Trustees two primary business divisions are:

(a) Private Wealth Services – provides personal financial and superannuation services including wealth management, trust management, estate planning, executorial, taxation, philanthropic services, and superannuation trustee and administration services via a "fund of funds" Master Trust; and

(b) Corporate Fiduciary & Financial Services – provides a range of services to Australian managed investment schemes and corporate trusts including management, facilitation of distribution, responsible entity and trustee roles, compliance and risk management.

3 In the year ended 30 June 2013 (FY13) the Private Wealth Services and Corporate Fiduciary & Financial Services divisions generated revenues of $27.8 million and $18.6 million respectively. Total funds under management and administration as at 30 June 2013 were approximately $32 billion, over 30% higher than 12 months earlier.

Private Wealth Services

4 The Private Wealth Services division provides a comprehensive range of services designed to help clients grow, manage and protect wealth, supported by an in-house asset management team that provides investment advice. A summary of these services is set out below:

(a) Trusts and estates – services to assist clients in establishing a trust for family or charitable purposes and advice on implementing and executing a plan to transfer wealth to the next generation

(b) Wealth management – a complete investment advisory and administration product assisting clients with managing assets and offering investment advice. Taxation services in relation to trust and estate taxation administration, compliance and planning are also offered

(c) Asset management – comprehensive professional executor services to ensure that the terms of a will and/or estate are managed

100 This profile is based on publicly available information in respect of Equity Trustees.

(d) Portfolio services – flexible superannuation solutions for both employers and personal clients; and

(e) Philanthropic services – advice on establishing and administering charitable trusts and foundations and managing investment portfolios held within the trusts, together with grant making.

Corporate Fiduciary & Financial Services

5 The Corporate Fiduciary & Financial Services division provides the following services:

(a) Corporate Fiduciary Services – in addition to providing specialised trustee services to private clients, the company acts as a responsible entity / trustee for over 50 leading Australian and international fund managers and also provides custody and asset administration services. The business has a long history as an established statutory trustee, with some $30 billion under trusteeship and administration; and

(b) Financial Services – Equity Trustees has formed alliances with external specialist investment managers to provide a wide range of managed funds covering all major asset categories (e.g. Australian and international shares, property trusts, fixed interest and cash).

Strategic developments

6 During FY12 Equity Trustees initiated a long-term strategic review, which included:

(a) the reorganisation of the business from an accumulation of separate product or service based activities (each with its own support lines) to an integrated business with centralised support units. This resulted in the combination of the Private Clients and Superannuation business units to create the Private Wealth Services business unit; and

(b) the launch of Project Foundation, a company-wide review to remove overlap and duplication in operating systems and processes, increase the automation of transactional processes and enhance company efficiency and controls[101].

7 Equity Trustees recently announced that Project Foundation is approximately 50% complete, with the majority of project streams on schedule. Equity Trustees expects to complete this project in FY14 and to create significant expense efficiencies and provide room for business growth at lower marginal cost[102].

Recent acquisitions

8 Recent acquisitions made by Equity Trustees were as follows:

(a) on 1 November 2010 the group acquired OAMPS Superannuation Management Pty Limited and OAMPS Superannuation Ltd for approximately $10.8 million. These

101 Source: 2012 AGM Chairman and Managing Director presentations.

102 Source: Equity Trustees Limited Annual Financial Report for the financial year ended 30 June 2013.

acquisitions added approximately $265 million in FUM and were expected to be earnings per share accretive in the first full year of integration[103]

(b) on 14 June 2011 Equity Trustees announced the purchase of two specialised aged care advisory businesses from Paragon Care (Lifetime Planning and Tender Living Care) for around $1.5 million. The businesses complemented Equity Trustees existing services and enabled expansion into the provision of services for clients considering moving into aged care accommodation.

Financial performance

9 We set out below a summary of the reported financial performance of Equity Trustees for the three years ended 30 June 2013:

Equity Trustees – summary of financial performance

	FY11 $m	FY12 $m	FY13 $m
Revenue from service activities	38.6	42.6	46.3
EBITDA before non-operating items(1)	11.7	12.1	12.8
Depreciation and amortisation(2)	(1.1)	(1.3)	(1.3)
EBIT before non-operating items(1)	10.6	10.8	11.5
Non-operating items(3)	0.6	0.7	0.7
EBIT(1)	11.2	11.5	12.2
Net interest income	0.3	0.2	0.3
Profit before tax	11.5	11.7	12.5
Income tax expense	(3.3)	(3.3)	(3.8)
Profit after tax	8.2	8.4	8.7

Note:
1 Includes dividend income from investments.
2 Principally amortisation of computer software.
3 Principally gain on sale of investments.
Rounding differences may exist.

10 Key matters impacting on the reported profitability over recent periods are discussed below.

Year ended 30 June 2011

11 In FY11 equity market volatility continued to adversely affect business performance. While revenue from service activities increased approximately 14.9%, some margin pressure was experienced as a result of which operating profit (including interest income) was up only 1%.

12 The result in FY11 was also impacted by certain one-off and non-recurring acquisition-related expenses, together with duplicated staff costs during the implementation of a new investment

103 Source: ASX announcement dated 27 September 2010.

management system. However significant growth in funds under management and/or administration was achieved during the year:

Business unit	2011 growth in funds under management / administration
Private Clients	Assets under management increased 4.0% to $1,312 million
Corporate Fiduciary & Financial Services[1]	Funds under management / administration increased by 20.5% to $19,485 million
Superannuation	Funds under management increased 56.9% to $979 million

Note:
1 During FY11 the Funds Management and Fund Services business units were combined to become Corporate Fiduciary & Financial Services.

13 As stated above, Equity Trustees also acquired OAMPS Superannuation Management Pty Limited and OAMPS Superannuation Ltd in FY11, which added approximately $265 million in FUM.

Year ended 30 June 2012

14 Total revenue increased approximately 10% in FY12, of which 3% was from organic growth and 7% was from acquisitions. Equity markets remained volatile and closed 11% lower by year end. Operating profit before tax and significant items increased approximately 2% in FY12. This reflected lower profit margins due to competitive activity and expenses associated with investment in the business.

15 The growth in funds / assets under management and/or administration in FY12 is shown below:

Business unit	2012 growth in funds under management / administration
Private Wealth Services[1]	Funds / assets under management up 0.3% to $2,415 million
Corporate Fiduciary & Financial Services	Funds under management / administration up 9.9% to $21,415 million

Note:
1 During FY12 the Private Clients and Superannuation business units (including the aged care advisory business acquired in August 2011) were combined to create the Private Wealth Services business unit.

Year ended 30 June 2013

16 Total revenue increased approximately 9% in FY13 supported by increased funds under management / administration. Equity markets trended up and closed 17% higher by the financial year end[104]. Further, Equity Trustees experienced net inflows of over $1 billion in Corporate Fiduciary & Financial Services.

104 Based on the S&P / ASX 200 Index.

17 EBIT before non-operating items increased approximately 6% in FY13. This result was negatively impacted by $1.1 million in acquisition costs relating to the takeover offer for Trust Company. Ignoring the impact of this one-off item, underlying EBIT margins improved due to revenue growth, operating leverage and realisation of the implementation benefits of past projects targeting system and process efficiencies. Equity Trustees indicated that the operating expenses increase of 6% also included external consulting and implementation costs related to the Future of Financial Advice and Strong Super Federal Government initiatives.

18 The growth in funds / assets under management and/or administration in FY13 is shown below:

Business unit	2013 growth in funds under management / administration
Private Wealth Services	Funds / assets under management up 13.1% to $3.3 billion
Corporate Fiduciary & Financial Services	Funds under management / administration up 37.6% to $29.0 billion

Normalised EBIT

19 The reported EBIT of Equity Trustees (shown above) includes dividend income on its investment portfolio. As these investments should be valued separately from the core services business we have excluded this dividend income when setting out the normalised profitability of the core services business below. In addition, when setting out normalised EBIT we have added back the amortisation charges relating to management rights recognised as a result of various acquisitions (on the basis that they arise solely due to acquisition accounting entries and do not impact future underlying earnings / cash flows) and have added back various non-recurring expenses identified by Equity Trustees in their investor presentations:

Equity Trustees – normalised EBIT	FY11[1] $m	FY12 $m	FY13 $m
EBIT before non-operating items	10.6	10.8	11.5
Less dividend income on investments	(0.3)	(0.1)	(0.1)
Add back non-recurring expenses[2]	0.7	0.6	1.1
Add back amortisation of management rights	0.2	0.2	0.2
Normalised EBIT	**11.2**	**11.5**	**12.7**

Note:
1 Due to insufficient information on the profitability of the businesses acquired in November 2010 and June 2011, the result for FY11 has not been normalised to reflect the full year impact of these acquisitions.
2 Source: Equity Trustees investor presentations dated 30 August 2012 and 25 August 2011 and Equity Trustees Full Year Results to 30 June 2013 investor presentation.
Rounding differences may exist.

FY14 outlook

20 In terms of the outlook for of FY14 Equity Trustees has not provided any specific guidance stating that:

> *"Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report."*[105]

21 However, Equity Trustees has indicated that:

> *"The Group's future focus will be to deliver on organic growth opportunities in each of the business units and the completion of the operational efficient project. Whilst there remain good opportunities to grow the CFFS [Corporate Fiduciary & Financial Services] business, leveraged to the overall growth of the investment markets and superannuation in Australia, we see a significant opportunity to develop and improve our share in the private wealth management industry. The need and demand for advice on personal financial matters, at different life stages, is expected to continue to grow and the re-shaping of the advice services sector over future periods should provide an environment that benefits an organisation such as Equity Trustees. In addition, a disciplined approach to acquisition opportunities will be maintained consistent with the overall strategic objectives noted above."*[106]

Financial position

22 We set out below the financial position of Equity Trustees as at 30 June 2012 and 30 June 2013:

105 Equity Trustees Annual Financial Report for the year ended 30 June 2013.

106 Ibid.

LONERGAN EDWARDS & ASSOCIATES LIMITED

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Equity Trustees – statement of financial position	30 Jun 12 $m	30 Jun 13 $m
Cash and cash equivalents	9.9	9.9
Trade and other receivables	4.9	5.6
Other current assets	2.7	2.4
Total current assets	17.5	17.9
Trade and other receivables	0.1	0.1
Other financial assets	2.9	5.5
Property, plant and equipment	0.9	1.4
Intangible assets	33.1	34.2
Deferred tax assets	1.6	1.8
Goodwill	9.4	9.5
Total non-current assets	48.0	52.5
Total assets	65.5	70.4
Trade and other payables	0.6	0.8
Provisions	2.7	3.8
Other current liabilities	0.1	0.1
Current tax payable	0.5	1.2
Total current liabilities	4.0	5.8
Provisions	1.4	1.5
Other non-current liabilities	0.4	0.4
Deferred tax liabilities – investment revaluation	0.2	0.1
Total non-current liabilities	2.0	2.0
Total liabilities	6.0	7.8
Net assets	59.5	62.6

Note:
Rounding differences may exist.

23 In relation to the above we note that:

(a) Equity Trustees had cash of $9.9 million as at 30 June 2013 and no interest bearing debt

(b) other current assets ($2.4 million as at 30 June 2013) represent prepayments and accrued income

(c) other financial assets ($5.5 million as at 30 June 2013) represent the fair value of investments in Australian equities and managed investment schemes

(d) intangible assets largely comprise the values attributed to management rights acquired pursuant to a number of business acquisitions. As the recognition (and subsequent amortisation) of these management rights arises solely due to acquisition accounting entries (and has no impact on the future underlying earnings or cash flow of the business) we have ignored these amortisation charges[107] when considering the

107 Amortisation charges in relation to management rights have historically been around $0.2 million per annum.

underlying profitability of Equity Trustees. Other intangible assets include computer software and leasehold make-good

(e) current and non-current provisions principally relate to employee entitlements (e.g. annual and long service leave)

(f) deferred tax liabilities – investment revaluation represents the taxation liability which would have been crystallised if Equity Trustees had sold its investments for their stated fair values at the reporting dates.

Shares capital and performance

24 As at 2 September 2013 Equity Trustees had 9,069,615 fully paid ordinary shares on issue. In addition, eligible executives under the Equity Trustees Limited Executive Performance Share Plan 1999 had share entitlements exercisable over 106,971 ordinary shares. Unvested share entitlements are subject to various performance criteria, and are exercisable for nil consideration once vesting has occurred.

Share price

25 The price of Equity Trustees shares from 1 January 2010 to 20 February 2013[108] is summarised below:

Equity Trustees – share price performance	High $	Low $	Close $	Monthly volume[(1)]
March 2010	19.30	16.91	16.91	46,191
June 2010	17.50	14.71	15.20	41,584
September 2010	16.50	14.65	14.76	81,177
December 2010	16.00	14.74	15.80	37,513
March 2011	17.30	15.40	15.71	42,074
June 2011	16.00	13.56	13.90	41,772
September 2011	14.00	11.60	11.60	70,818
December 2011	13.80	11.50	13.35	33,669
March 2012	13.95	12.00	12.40	38,217
June 2012	12.95	11.00	11.06	33,616
Month ended				
July 2012	12.20	11.10	12.20	26,627
August 2012	12.50	12.00	12.25	27,734
September 2012	13.20	12.50	13.20	26,992
October 2012	14.50	12.99	14.00	38,164
November 2012	14.35	13.66	14.01	34,253
December 2012	15.05	14.00	14.75	95,110
January 2013	15.79	14.90	15.73	38,489
February 2013[(2)]	16.00	15.05	16.00	49,989

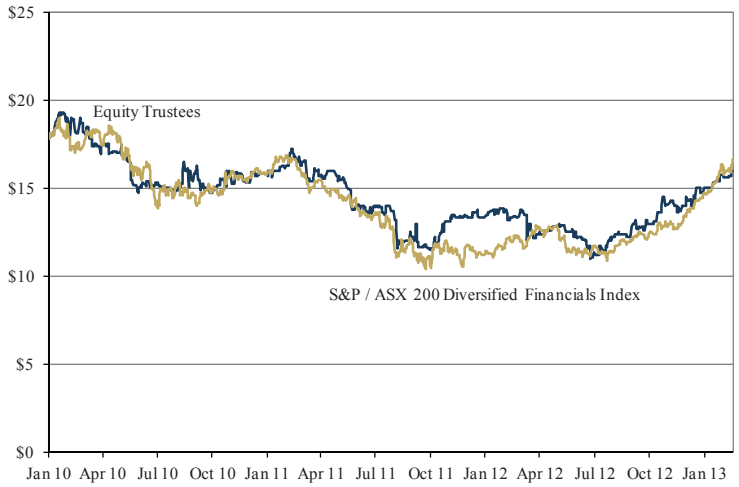
108 Being the last day of trading prior to the announcement of the initial offer for Trust Company. Subsequent trading in Equity Trustees shares is set out in Section IX of our Report.

Appendix E

Note:
1 Monthly volumes for the quarter ended represent average monthly volumes.
2 Up to and including 20 February 2013.
Source: Bloomberg.

26 The following chart illustrates the movement in the share price of Equity Trustees compared to the S&P / ASX 200 Diversified Financials Index from 1 January 2010 to 20 February 2013:

Equity Trustees – share price history



Note:
1 Based upon closing prices. The S&P / ASX Diversified Financials Index has been rebased to Equity Trustees last traded price on 4 January 2010 ($17.80 per share).
Source: Bloomberg.

27 As shown above there was a high degree of correlation between the share price of Equity Trustees and the S&P / ASX 200 Diversified Financials Index over the above period.

Liquidity in Equity Trustees shares

28 The liquidity in Equity Trustees shares based on trading on the ASX over the 12 month period prior to 20 February 2013 is set out below:

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Equity Trustees – liquidity in shares

	Start date	End date	Value $000	Volume	As a % of issued capital	WANOS[(1)] 000
1 month	21 Jan 13	20 Feb 13	1,136	72,687	0.81	8,973
3 months	21 Nov 12	20 Feb 13	2,968	199,687	2.23	8,972
6 months	21 Aug 12	20 Feb 13	4,285	298,840	3.34	8,955
12 months	21 Feb 12	20 Feb 13	6,871	504,990	5.68	8,885

Note:
1 WANOS – weighted average number of outstanding shares.
Source: Bloomberg and LEA analysis.

29 While the volume of shares traded in Equity Trustees as a proportion of the total number of shares on issue was relatively low compared to ASX companies generally, we note that:

(a) in the 12 months prior to the announcement of the initial offer for Trust Company the total value of Equity Trustee shares traded was approximately $6.9 million

(b) Equity Trustees appears to have a fairly stable shareholder base, with approximately 48% of the shares held by the top 20 shareholders[109] (including Trust Company with a 13.3% interest)

(c) as stated above, since January 2010 there was a high correlation between the Equity Trustees share price and the S&P / ASX 200 Diversified Financials Index, which, prima facie, indicates that the lower level of share trading in Equity Trustees shares did not materially impacted the listed market price of its shares.

109 As at 31 August 2012 (as disclosed in the 2012 annual report).

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Appendix F

Profile of IOOF[110]

Overview

1 IOOF operates a wealth management business offering financial planning and advice, investment and wealth management products and services and estate and trustee services. The company was founded in 1846 and is currently comprised of four major divisions:

(a) **Financial Advice and Distribution** – financial planning, wealth management, financial advisory and stockbroking services. IOOF advises retail clients on investment strategies, wealth protection and accumulation and retirement planning

(b) **Platform Management and Administration** – superannuation, pension and investment products and an investment and research service. IOOF's platforms enable clients to self-manage superannuation and other investments

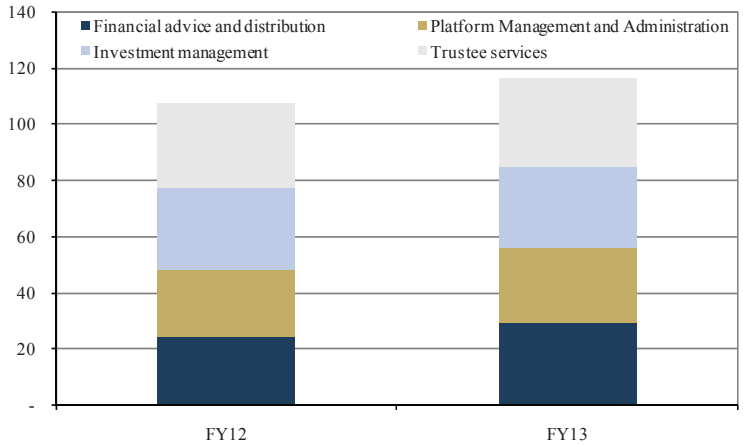
(c) **Investment Management** –investment and wealth management products. Includes Perennial Investment Partners (Perennial), a boutique investment manager

(d) **Trustee Services** – provides estate planning, wills and powers of attorney, trust and financial management and philanthropy.

Current operations

2 As stated above, IOOF offers a wide spectrum of financial products and services. IOOF had average funds under management, administration, advice and supervision (FUMAS) of $116.5 billion for FY13 (average FUMAS for FY12 was $107.5 billion), as follows:

Average FUMAS for FY12 and FY13
$ billion



Source: IOOF.

110 This profile is based on publically available information in respect of IOOF.

Appendix F

3 Average FUMAS for FY13 was 8% higher than the corresponding figure for FY12.

Financial Advice and Distribution

4 The Financial Advice and Distribution division offers financial planning services, wealth management, investment research and stockbroking services through various subsidiaries:

(a) Bridges Financial Services Limited –financial planning and stockbroking services[111]

(b) Consultum Financial Advisers – boutique financial planning services

(c) Ord Minnett Limited (Ord Minnett) – financial advisory business offering stockbroking, corporate finance advisory, research, financial planning and fixed income products

(d) Wealth Managers – financial advisory firm consisting of financial advisers who operate their own financial advisory practices

(e) Lonsdale Associates – financial advisory services including financial planning, retirement planning, superannuation, taxation, insurance, estate planning, mortgage and lending services and personal insurance.

Platform Management and Administration

5 Platform Management and Administration offers platform administration products and services such as IOOF Pursuit, Spectrum Super and AustChoice that allow clients to self-manage their investments and superannuation.

Investment Management

6 The Investment Management division provides investment management products and services through:

(a) IOOF Multimix – a suite of multi-manager funds divided into two categories, being single asset class funds and diversified funds

(b) Perennial – consists of boutique investment managers that invest in one or a combination of the following classes of shares and styles: value Australian shares, growth Australian shares, international shares (global and Asian shares), global and domestic property, fixed interest and cash.

Trustee Services

7 IOOF's trustee services are provided through Australian Executor Trustees and include:

(a) estate planning – estate planning and wills, powers of attorney and powers of guardianship

(b) estate and trustee services – estate administration, trust administration, compensation trusts and financial management services for the elderly

111 Bridges has a network of over 68 financial planning offices nationally.

(c) philanthropic services – establishment and management of public ancillary funds and charitable trusts

(d) corporate trust – corporate trust services to the Australian financial services industry

(e) superannuation – establishment and administration of self-managed super funds and trustee services for small APRA regulated funds

(f) investments –portfolio management service providing clients access to investment funds.

Recent acquisitions

8 IOOF completed several transactions in FY12 / FY13 including:

(a) in October 2011 – DKN Financial Group (DKN) for consideration of $96 million. DKN provided financial services and products to wealth management practices

(b) in July 2012 – agreement with some 30 advisors from Avenue Capital Management (Avenue). This agreement added $0.5 billion to IOOF's funds under advice

(c) in September 2012 – Plan B Group Holdings Limited (Plan B) for consideration of $47 million. Plan B provided wealth management services in Australia and New Zealand, and added $3.2 billion to IOOF's funds under management, advice and administration (FUMA).

Financial Performance

9 We set out below the financial performance of IOOF for the two years ended 30 June 2013:

IOOF – statement of financial performance	FY12 A$m	FY13 A$m
Management and service fees revenue	524.3	582.9
Stockbroking revenue	56.7	64.4
Other fee revenue	21.5	27.6
Service revenue to related parties	2.2	2.0
Other revenue	1.7	2.8
Revenue[(1)]	606.4	679.7
EBITDA before significant items	137.0	177.6
Depreciation and amortisation of software	(5.7)	(6.2)
Amortisation of other intangibles[(2)]	(19.1)	(21.8)
EBIT before significant items	112.3	149.6
Significant items[(3)]	(12.6)	(20.6)
EBIT	99.7	129.0
Net interest income	4.4	0.8
Profit before tax	104.1	129.8
Income tax expense – shareholder[(4)]	(87.7)	(29.8)
Income tax expense – statutory[(5)]	3.3	(19.6)
Profit for the period	19.7	80.4
Non-controlling interests	(0.3)	(0.7)
Profit for the period attributable to IOOF shareholders	19.4	79.8

Appendix F

Note:

1 Normalised revenue (excludes significant items – see note 3 below. Also excludes interest income and dividends received).

2 Amortisation of other intangibles relates to adviser relationships, customer relationships, brand names and contract agreements.

3 Significant items (before tax) comprise:

Net fair value gains / (losses)	(0.3)	0.2
Profit on sale of financial assets	0.7	0.3
Fair value on investment in DKN	9.6	-
Acquisition transition costs	(3.1)	(0.8)
Termination and retention incentive payments	(3.7)	(6.5)
Loss on disposal of non-current assets	(0.1)	(0.5)
Impairment	(9.2)	(4.6)
Recognition of Plan B onerous lease contracts	-	(3.0)
Amortisation of deferred acquisition costs	(6.6)	(5.8)
Total significant items – pre tax	(12.6)	(20.6)

4 FY12 includes non-recurring tax item which related to the recognition of deferred taxes on intangible assets.

5 Relates to IOOF Ltd.

Rounding differences may exist.

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10 Revenue increased by 12% in FY13 as a result of:

(a) an increase in FUMA reflecting:

(i) the general upward trend in equity markets, adding $9.9 billion to FUMA

(ii) the Plan B ($3.2 billion FUMA) and Avenue ($0.5 billion FUMA) acquisitions, offset by the disposal of SFM ($0.5 billion)

(iii) an offsetting net outflow of some $2.3 billion across IOOF's businesses (particularly in investment management due to below benchmark performance and key personnel turnover)

(b) higher trading volumes on the ASX and increased distribution of hybrid notes and bond issues to retail investors, which contributed to higher revenue for IOOF's broking businesses (in the Financial Advice and Distribution division)

(c) a slight increase in average gross margins from 0.41% to 0.42% (revenue as a percentage of FUMAS).

11 EBIT before significant items increased by some 33% due to an improvement in EBIT margins largely resulting from operating leverage due to IOOF's largely fixed cost base and realisation of cost synergies from past acquisitions.

12 A summary of the movement in average FUMAS in FY13 is shown below:

Business unit	2013 movement in funds under management / advice / administration
Financial Advice and Distribution	Funds under advice increased 18.9% to $29.0 billion
Platform Management and Administration	Funds under administration increased 14.1% to $26.7 billion
Investment Management	Funds under management decreased by 1.7% to $29.1 billion
Estate and Trustee Services	Funds under supervision increased 5.3% to $31.7 billion

FY14 outlook

13 While IOOF has not provided specific profit guidance for FY14, in terms of the outlook for FY14 IOOF has stated[112] that:

"Acquisitions are building out the vertically integrated model and delivering efficiencies of scale which offers greater opportunity to grow market share"

"With regulatory repositioning largely behind us, and superannuation legislated for continuing growth, we will:

- *be well positioned to continue to gain greater market share; and*
- *shift focus back to value-adding initiatives for our advisers and their clients."*

Financial Position

14 The financial position of IOOF as at 30 June 2012 and 30 June 2013 is set out below:

112 Source: IOOF annual results presentation dated 23 August 2013.

Appendix F

IOOF – statement of financial position	30 Jun 12 $m	30 Jun 13 $m
Cash & cash equivalents	113.3	98.3
Receivables	65.5	69.7
Other financial assets	30.5	27.2
Other assets	21.2	23.3
Equity accounted investments	26.3	27.8
Property and equipment	13.9	11.6
Goodwill	564.4	578.1
Other intangible assets[1]	292.7	304.0
Assets relating to statutory funds[2]	798.8	807.1
Total assets	1,926.6	1,947.1
Payables	61.9	57.1
Borrowings	56.8	106.6
Current tax liabilities	39.5	11.8
Other financial liabilities	29.4	30.3
Provisions	40.2	48.1
Deferred tax liabilities	58.3	58.3
Other liabilities	14.4	11.2
Liabilities relating to statutory funds[2]	798.8	807.1
Total liabilities	1,099.3	1,130.6
Net assets	**827.3**	**816.6**

Note:
1 Predominantly customer relationships.
2 IOOF Ltd, a subsidiary of IOOF is a "friendly society" in accordance with the Life Insurance Act 1995 and holds assets for the benefit of life insurance policy holders. IOOF has stated that the mortality and morbidity risk implicit within the actuarial liability estimate is fully reinsured and the gross risk to IOOF is low.

Net cash/interest bearing debt

15 The net cash/interest bearing debt position of IOOF is set out below:

IOOF Holdings - net interest bearing debt	30 Jun 12 $m	30 Jun 13 $m
Cash & cash equivalents	113.3	98.3
Certificates of deposit and bank bills[1]	2.6	0.2
Borrowings	(56.8)	(106.6)
Total net cash / (net interest bearing debt)	59.1	(8.1)

Note:
1 Included in other financial assets.

Net surplus liabilities

16 The net surplus liabilities (surplus liabilities less surplus assets other than net cash / debt) of IOOF based on disclosures in the annual financial statements are set out below:

IOOF Holdings - net surplus liabilities	30 Jun 12 $m	30 Jun 13 $m
Shares in listed companies	0.2	0.2
Unlisted trusts	2.8	0.2
Available for sale investments	7.2	9.0
Loans and other financial receivables	17.7	17.6
Deferred contingent consideration and share buy-back liability	(29.4)	(30.3)
Net surplus liability	(1.5)	(3.3)

Share capital and performance

17 As at 3 September 2013 IOOF had 232.1 million shares on issue (including 836,000 treasury shares) and 331,250 options that had vested, were in the money and exercisable under the share based payment programme.

Substantial shareholding

18 Trust Company Fiduciary Services[113] holds 27,834,878 shares, which represents 12% of total net shares[114] outstanding in IOOF.

Share price

19 The price of IOOF shares from 1 January 2011 to 2 September 2013[115] is summarised below:

113 Trust Company is not the beneficiary of this shareholding.

114 Excluding treasury shares.

115 Being the day prior to the announcement of the IOOF Proposal.

Appendix F

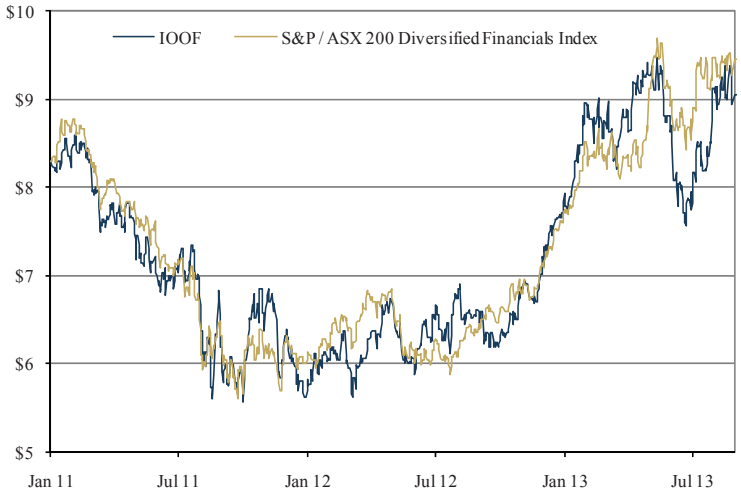
Share price performance table - IOOF	High $	Low $	Close $	Monthly volume 000
Quarter ended[1]				
March 2011	8.14	6.84	7.25	7,474
June 2011	7.40	6.24	6.60	8,406
September 2011	6.90	4.96	5.44	10,392
December 2011	6.50	4.95	5.12	8,369
March 2012	5.91	5.02	5.78	9,913
June 2012	6.30	5.32	6.05	7,822
September 2012	6.46	5.55	5.74	12,438
December 2012	7.25	5.67	7.21	15,634
Month ended				
January 2013	8.34	7.19	8.23	12,053
February 2013	8.58	7.99	8.26	10,689
March 2013	8.50	7.70	8.30	13,553
April 2013	8.89	8.08	8.82	11,973
May 2013	9.14	8.09	8.32	14,540
June 2013	8.29	6.96	7.36	12,390
July 2013	8.26	7.17	8.26	12,674
August 2013	8.95	8.17	8.50	12,286
September 2013[2]	8.65	8.47	8.56	660

Note:
1 Monthly volumes for the quarter ended represent average monthly volumes.
2 One trading day, being 2 September 2013.
Source: Bloomberg.

20 The following chart illustrates the movement in the share price of IOOF compared to the S&P / ASX 200 Diversified Financials Index from 1 January 2011 to 2 September 2013:

Appendix F

IOOF share price history



Source: Bloomberg.

21 As illustrated in the chart above there was generally a high degree of correlation between the share price of IOOF and the S&P / ASX 200 Diversified Financials Index over the above period.

Liquidity in IOOF shares

22 The liquidity in IOOF shares based on trading on the ASX over the 12 month period to 2 September 2013 is shown below:

IOOF – liquidity in shares

	Start date	End date	Value $000	Volume 000	As a % of issued capital[(1)] %
1 month	03 Aug 13	02 Sep 13	99,809	11,591	5.0
3 months	03 Jun 13	02 Sep 13	302,740	38,010	16.4
6 months	03 Mar 13	02 Sep 13	637,046	77,572	33.5
12 months	03 Sep 12	02 Sep 13	1,196,498	160,718	69.5

Note:
1 Total shares outstanding less treasury shares, being 231,282,000 shares.
Source: Bloomberg.

23 The volume of trading in IOOF shares as a percentage of shares on issue was relatively high, with a turnover of some 70% of the net shares outstanding over the 12 months to 2 September 2013.

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix G

Glossary

Term	Meaning
ABS	Asset-backed securities
ACCC	Australian Competition and Consumer Commission
AFS	Australian Financial Services
Agreement	Scheme Implementation Agreement
AIFRS	Australian equivalent to International Financial Reporting Standards
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
bps	Basis points
CAGR	Compound annual growth rate
Cash Consideration	Cash equivalent of the Share Consideration, subject to an agreed aggregate cap
CGT	Capital gains tax
CMBS	Commercial mortgage-backed securities
Corporations Act	*Corporations Act 2001 (Cth)*
Corporations Regulations	*Corporations Regulations 2001*
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMCF	Exact Market Cash Fund
Equity Trustees	Equity Trustees Limited
Equity Trustees IER	The LEA IER dated 12 April 2013
Equity Trustees Offer	0.33 Equity Trustees shares for each Trust Company share
FMS	First Mortgage Services
FOFA	Future of Financial Advice reforms
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FUAdmin	Funds under administration
FUAdvice	Funds under advice
FUM	Funds under management
FUMA	Funds under management and administration
FY	The respective financial years for Trust Company and Perpetual differ. Trust Company is to the end of February and Perpetual is to 30 June
GDP	Gross domestic product
GFC	Global financial crisis
Guardian	Guardian Trust Company Limited
IER	Independent expert's report
LEA	Lonergan Edwards & Associates Limited
MD&A	Management discussion and analysis
MIT	Managed Investment Trust
NPV	Net present value
NTA	Net tangible assets
PE	Price earnings
Permanent	Permanent Trustee Company
Perpetual	Perpetual Limited
PLMS	Perpetual Lenders Mortgage Services
PPI	Perpetual Protected Investments
RE	Responsible entity

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix G

Term	Meaning
REIT	Real Estate Investment Trust
Revised Equity Trustees Offer	0.37 Equity Trustees shares for each Trust Company share
RG 111	ASIC Regulatory Guideline 111 – *Content of expert reports*
RMBS	Residential mortgage-backed securities
Scheme	Trust Company and its shareholders
Share Consideration	0.1495 Perpetual shares for each share in the Trust Company
SMSF	Self managed superannuation fund
Special Dividend	$0.22 per share, which is expected to be fully franked
STI / LTI	Short-term and long-term incentive
TBS	Tasmanian Banking Services
Total Entitlements	The Scheme Consideration and the Special Dividends
Trust Company	The Trust Company Limited
UK	United Kingdom
US	United States
VWAP	Volume weighted average price
WANOS	Weighted average number of outstanding shares

B ANNEXURE B INVESTIGATING ACCOUNTANT'S REPORT

KPMG Transaction Services
A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

P O Box H67
Australia Square 1215
Australia

ABN: 43 007 363 215
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

Perpetual Limited
Level 12, 123 Pitt Street
Sydney, NSW 2000

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Perpetual Limited ("Perpetual") to prepare this report for inclusion in the Scheme Booklet to be dated 16 October 2013 ("Scheme Booklet"), and to be issued by The Trust Company Limited ("The Trust Company") in connection with the proposed acquisition of all the shares in The Trust Company by Perpetual (the "Transaction").

This report covers certain pro forma historical financial information disclosed in the Scheme Booklet. As described in section 5.3 of the Scheme Booklet, Perpetual has been subject to certain limitations in preparing the pro forma historical financial information. In particular:

- Perpetual management has had only limited access to financial information of The Trust Company and no access to the supporting documentation and systems from which that financial information has been derived; and

- Perpetual management has not had an opportunity to assess the fair value of the assets and liabilities of The Trust Company, and therefore has not been able to ensure that the Transaction has been accounted for in accordance with AASB 3 "Business Combinations".

As a consequence of these circumstances, KPMG Transaction Services has reported, in this report, on the compilation of the pro forma historical information from various sources, but is not able to report on the compliance of that pro forma historical financial information with the requirements of Australian Accounting Standards.

Expressions defined in the Scheme Booklet have the same meaning in this report.

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG.

KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the compilation of the following pro forma historical financial information of Perpetual (the responsible party) included in the Scheme Booklet:

- the unaudited Combined Group pro forma balance sheet as at 30 June 2013 which comprises Perpetual's pro forma historical balance sheet as at 30 June 2013 and The Trust Company's pro forma historical balance sheet as at 31 August 2013 (the "Pro Forma Historical Balance Sheet"); and

- the unaudited Combined Group pro forma income statement for the year ended 30 June 2013 which comprises Perpetual's pro forma historical income statement for the year ended 30 June 2013 and The Trust Company's pro forma historical income statement for the 12 months ended 31 August 2013 (the "Pro Forma Historical Income Statements"),

(together the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the historical financial information of Perpetual and The Trust Company, after adjusting for the effects of pro forma adjustments described in section 5.3 of the Scheme Booklet.

The Pro Forma Historical Financial Information has been compiled by Perpetual to illustrate the impact of the Transaction described in section 5.3 of the Scheme Booklet on:

- Perpetual's financial position as at 30 June 2013 and as if The Trust Company's financial position as at 31 August 2013 had been its financial position as at 30 June 2013; and

- Perpetual's financial performance for the year ended 30 June 2013 as if the Transaction had taken place at 1 July 2012 and as if The Trust Company's financial performance for the 12 months ended 31 August 2013 had been its financial performance for the 12 months ended 30 June 2013.

As part of this process, information about Perpetual's and The Trust Company's financial position and financial performance has been extracted by Perpetual from Perpetual's financial statements for the year ended 30 June 2013 and from The Trust Company's financial statements for the half year ended 31 August 2013, the year ended 28 February 2013 and the half year ended 31 August 2012.

The financial statements of Perpetual for the year ended 30 June 2013 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinion issued to the members of Perpetual relating to those financial statements was unqualified.

The financial statements of The Trust Company for the year ended 28 February 2013 were audited by The Trust Company's external auditor in accordance with Australian Auditing Standards. The audit opinion issued to the members of The Trust Company relating to those financial statements was unqualified. The financial statements of The Trust Company for the half years ended 31 August 2012 and 31 August 2013 were reviewed by The Trust Company's external auditor in accordance with Australian Auditing Standards applicable to review engagements. The review reports issued to the members of The Trust Company relating to those financial statements were unqualified.

The Pro Forma Historical Financial Information is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the compilation of the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Financial Information has not been properly compiled on the basis stated in section 5.3 of the Scheme Booklet.

We have conducted our procedures in accordance with the Standard on Assurance Engagements ASAE 3420 *Assurance Engagements To Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document* (ASAE 3420).

Our limited assurance engagement has involved performing procedures to assess whether the applicable criteria used by Perpetual in the compilation of the Pro Forma Historical Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction, and the:

- related pro forma adjustments give appropriate effect to those criteria; and
- resultant Pro Forma Historical Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The engagement has also involved evaluating the overall presentation of the Pro Forma Historical Financial information.

The procedures we performed were based on our professional judgement and included:

- consideration of whether the unadjusted historical financial information, which forms the basis for the Pro Forma Historical Financial Information, has been extracted from appropriate sources;

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the historical financial information of Perpetual from its audited financial statements for the year ended 30 June 2013, and those dealing with the extraction of historical financial information of The Trust Company from its audited financial statements for the year ended 28 February 2013 and its reviewed financial statements for the half years ended 31 August 2012 and 31 August 2013;

- consideration of the pro forma adjustments described in the Scheme Booklet;

- enquiry of directors, management, personnel and advisors;

- performance of analytical procedures applied to the Pro Forma Historical Financial Information; and

- a review of Perpetual's accounting policies for consistency of application in the preparation of the pro forma adjustments.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion as to whether the Pro Forma Historical Financial Information has been compiled, in all material respects, on the basis stated in section 5.3 of the Scheme Booklet.

We have not performed an audit or review of the historical financial information of The Trust Company used in compiling the Pro Forma Historical Financial Information, or of the Pro Forma Historical Financial Information itself. Also our engagement did not involve updating or re-issuing any previously issued audit or review reports on any historical financial information of Perpetual used as a source of the Pro Forma Historical Financial Information.

The purpose of the compilation of the Pro Forma Historical Financial Information being included in the Scheme Booklet is solely to illustrate the impact of Transaction on the unadjusted financial information of Perpetual as if the Transaction had taken place at 1 July 2012. Accordingly, we do not provide any assurance that the actual outcome of the Transaction would have been as presented.

Directors' responsibilities

The directors of Perpetual are responsible for the preparation of:

- the Perpetual historical financial information; and
- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments, and for properly compiling the Pro Forma Historical Financial Information of the basis stated in section 5.3 of the Scheme Booklet.

The directors of The Trust Company are responsible for the preparation and presentation of The Trust Company historical financial information.

Together, the Perpetual and The Trust Company directors' responsibilities include establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Review statement on the compilation of the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not properly compiled on the basis stated in section 5.3 of the Scheme Booklet.

We have not audited or reviewed the historical financial information of The Trust Company used in compiling the Pro Forma Historical Financial Information, or of the Pro Forma Historical Financial Information itself, and we do not express any opinion, or make any statement of negative assurance, as to whether the Pro Forma Historical Financial Information is prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by Perpetual disclosed in its audited financial statements for the year ended 30 June 2013.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, other than in connection with the preparation of this report for which normal professional fees will be received. KPMG is the auditor of Perpetual and from time to time, KPMG also provides Perpetual with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Scheme Booklet, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should

consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to section 5.3 of the Scheme Booklet, which describes the purpose of the financial information, being for inclusion in the Scheme Booklet. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Scheme Booklet in the form and context in which it is so included, but has not authorised the issue of the Scheme Booklet. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Scheme Booklet.

Yours faithfully

Matthew Saunders
Authorised Representative

KPMG Transaction Services
A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

P O Box H67
Australia Square 1215
Australia

ABN: 43 007 363 215
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

Financial Services Guide

Dated

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and Matthew Saunders as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 404266.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities, and
- superannuation.

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG.

KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Perpetual (Client) to provide general financial product advice in the form of a Report to be included in Scheme Booklet (Document) prepared by The Trust Company in relation to the proposed acquisition of all the shares in The Trust Company by Perpetual (Transaction).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Client.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Transaction Services $145,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to the Client and The Trust Company for which professional fees are received. Over the past two years professional fees of $9.8 million and $11.3 million have been received from the Client and The Trust Company respectively. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Matthew Saunders
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

C ANNEXURE C SCHEME IMPLEMENTATION AGREEMENT

KING&WOOD MALLESONS

Conformed version incorporating amendments made on 9 September 2013

Scheme Implementation Agreement

Dated

The Trust Company Limited ABN 59 004 027 749 ("**The Trust Company**")
Perpetual Limited ABN 86 000 431 827 ("**Perpetual**")

King & Wood Mallesons
Level 50
Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia
T +61 3 9643 4000
F +61 3 9643 5999
DX 101 Melbourne
www.kwm.com

Scheme Implementation Agreement
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Scheme Implementation Agreement

Details

Parties	**Perpetual and The Trust Company**	
Perpetual	Name	**Perpetual Limited**
	ABN	86 000 431 827
	Address	Level 12, 123 Pitt Street, Sydney, NSW, 2000
	Email	joanne.hawkins@perpetual.com.au
	Fax	02 8256 1461
	Attention	Joanne Hawkins
The Trust Company	Name	**The Trust Company Limited**
	ABN	59 004 027 749
	Address	Level 15 20 Bond Street Sydney NSW 2000
	Email	pbryant@thetrustcompany.com.au
	Fax	(02) 8295 8692
	Attention	Peter Bryant
Recitals	**A**	The Trust Company and Perpetual have agreed to undertake the Transaction by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act.
	B	At the request of Perpetual, The Trust Company intends to propose the Scheme and issue the Scheme Booklet.
	C	The Trust Company and Perpetual have agreed to implement the Scheme on the terms and conditions of this agreement.
Governing law	New South Wales	
Date of agreement	See Signing page	

Scheme Implementation Agreement

General terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears.

ACCC means the Australian Competition and Consumer Commission.

Adjusted Number means the number determined in accordance with the following formula:

$$Adjusted\ Number\ = 0.182 \times \left(1 + \frac{D}{Perpetual\ VWAP}\right)$$

Where:

D is the cash amount per Perpetual Share (expressed in dollars and excluding, for the avoidance of doubt, any franking credit) of any dividend (other than the Excluded Dividend) declared or paid by Perpetual the record date for which occurs after the date of this agreement and before the Implementation Date.

ASIC means the Australian Securities & Investments Commission.

Associates has the meaning set out in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this agreement.

ASX means ASX Limited or Australian Securities Exchange, as appropriate.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived from time to time.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this agreement.

Business Day means a business day as defined in the Listing Rules.

Cash Consideration means:

(a) if after the date of this agreement but before the Implementation Date no dividend (other than the Excluded Dividend) is paid on Perpetual Shares and no record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the amount calculated as the Perpetual VWAP multiplied by 0.182 for each Share in The Trust Company held by a Scheme Participant electing to receive Cash Consideration in accordance with the terms of the Scheme; or

(b) if after the date of this agreement but before the Implementation Date a dividend (other than the Excluded Dividend) is paid on Perpetual Shares or the record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the amount calculated as the Perpetual VWAP multiplied by the Adjusted Number for each Share in The Trust Company held by a Scheme Participant electing to receive Cash Consideration in accordance with the terms of the Scheme,

subject in any event to the Cash Consideration for each Share in The Trust Company being not less than $6.29.

Claim means any claim, demand, legal proceedings or cause of action, including any claim, demand, legal proceedings or cause of action:

(b) based in contract (including breach of warranty);

(c) based in tort (including misrepresentation or negligence);

(d) under common law or equity; or

(e) under statute (including the Australian Consumer Law (being Schedule 2 of the *Competition and Consumer Act 2010* (Cth) (**CCA**)) or Part VI of the CCA, or like provision in any state or territory legislation),

in any way relating to this deed or the Transaction, and includes a claim, demand, legal proceedings or cause of action arising under an indemnity in this agreement.

Competing Transaction means a transaction which, if completed, would mean a person (other than Perpetual or its Related Bodies Corporate or Representatives) would (alone or together with its Associates):

(a) directly or indirectly:

(i) acquire or become the registered holder of 20% or more of the Shares in The Trust Company; or

(ii) acquire an interest or Relevant Interest in or become the holder of 50% or more of the Shares in The Trust Company; or

(b) otherwise acquire (whether directly or indirectly) or have a right to acquire or have an economic interest in all or a substantial part or a material part of the business conducted by The Trust Company Group, including by way of sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;

(c) acquire Control of The Trust Company; or

(d) otherwise acquire or merge (including by a reverse takeover bid, dual listed company structure or other synthetic merger) with The Trust Company; or

(e) enter into any agreement, arrangement or understanding requiring The Trust Company to abandon, or otherwise fail to proceed with, the Transaction,

and includes a Revised EQT Proposal.

Conditions Precedent means the conditions precedent set out in Schedule 3.

Confidentiality Agreements means the confidentiality deed between The Trust Company (as discloser) and Perpetual (as recipient) dated 3 April 2013 and the reciprocal confidentiality deed between Perpetual (as discloser) and The Trust Company (as recipient) dated 9 April 2013.

Control has the meaning given in section 50AA of the Corporations Act.

Controller has the meaning it has in the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cwlth).

Corporations Regulations means the Corporations Regulations 2001 (Cwlth).

Court means a court of competent jurisdiction under the Corporations Act.

Deed Poll means a deed poll substantially in the form of Annexure C to this agreement.

Details means the section of this agreement headed "Details".

Disclosure Materials means the electronic data room (including the folder within that data room entitled "Black Box") provided by The Trust Company to Perpetual for the purposes of due diligence as at 9:00 pm on 6 May 2013.

EBITDA means earnings from ordinary, continuing activities of The Trust Company Group or Perpetual Group (as applicable) before interest, tax, depreciation and amortisation calculated in accordance with the accounting policies and practices applied by The Trust Company Group or Perpetual Group (as applicable) as at the date of this agreement (and, in the case of The Trust Company Group, calculated in the same manner as the "Reported EBITDA" referred to in The Trust Company's FY13 results presentation disclosed to the ASX on 15 April 2013).

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Election means an election or deemed election by a Scheme Participant in accordance with clause 4.3.

Election Date means 7:00pm on the date that is 3 Business Days after the Scheme Meeting in respect of the Scheme or such other date as the parties agree in writing.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, Claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

End Date means 31 December 2013 or such other date as is agreed by Perpetual and The Trust Company.

EQT Proposal means the Competing Transaction set out in the replacement bidder's statement dated 27 March 2013 attached to the ASX announcement of Equity Trustees Limited dated 5 April 2013.

Excluded Dividend means the 80 cents per Perpetual Share dividend determined by Perpetual and scheduled for payment on or about 4 October 2013.

Exclusivity Period means the period from and including the date of this agreement to the earlier of:

(a) the termination of this agreement in accordance with its terms; and

(b) the End Date.

Financial Advisor means any financial advisor retained by a party in relation to the Transaction or a Competing Transaction from time to time.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of money borrowed or raised or any financial accommodation including under or in respect of any:

(a) bill, bond, debenture, note or similar instrument;

(b) acceptance, endorsement or discounting arrangement;

(c) guarantee;

(d) finance or capital lease;

(e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or

(f) obligation to deliver goods or provide services paid for in advance by any financier.

First Court Date means the first day on which an application made to the Court, in accordance with paragraph 10 of Schedule 5, for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

Foreign Shareholder in The Trust Company means a Shareholder in The Trust Company:

(a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories or New Zealand; or

(b) whose address shown in the Register is a place outside Australia and its external territories or New Zealand or who is acting on behalf of such a person,

unless Perpetual determines that:

(c) it is lawful and not unduly onerous or unduly impracticable to issue that Shareholder in The Trust Company with the New Perpetual Shares on implementation of the Transaction; and

(d) it is lawful for that Shareholder in The Trust Company to participate in the Transaction by the law of the relevant place outside Australia and its external territories or New Zealand.

Implementation Date means the third Business Day following the Record Date.

Incoming Directors means up to 2 persons nominated by Perpetual to The Trust Company Board.

Independent Expert means the independent expert appointed by The Trust Company under paragraph 3 of Schedule 5.

A person is **Insolvent** if:

(a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or

(b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property (other than in its capacity as professional custodian for property in which it does not have an ultimate beneficial title); or

(c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or

(d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or

(e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or

(f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or

(g) it is otherwise unable to pay its debts when they fall due; or

(h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Listing Rules means the Listing Rules of ASX Limited.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities.

LTI Plan means The Trust Company Long Term Incentive Plan dated 30 June 2010.

Minister has the meaning given to it in the Corporations Act.

Ministerial Approval means the approval of the Minister required to be granted to the Perpetual Group (or a member of the Perpetual Group) in accordance with section 601VBA of the Corporations Act in order to implement the Scheme.

New Perpetual Shares means fully paid ordinary shares in the capital of Perpetual to be issued under the Scheme.

Outgoing Directors means all directors on The Trust Company Board other than the Incoming Directors.

Performance Right means a right to acquire a Share in The Trust Company issued under the LTI Plan or STI Plan.

Perpetual means Perpetual Limited ABN 86 000 431 827.

Perpetual Board means the board of directors of Perpetual.

Perpetual Group means Perpetual and its Subsidiaries.

Perpetual Indemnified Parties means Perpetual, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Perpetual Information means the information regarding Perpetual provided by Perpetual to The Trust Company for inclusion in the Scheme Booklet, being the information about Perpetual required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60. For the avoidance of doubt, the Perpetual Information does not include information about The Trust Company Group (except to the extent it relates to any statement of intention relating to The Trust Company Group following the Effective Date).

Perpetual Material Adverse Change means Specified Events which individually or when aggregated with all such events, has, had or may be considered reasonably likely to have:

(a) a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of the Perpetual Group; or

(b) the effect of a diminution in the total consolidated net assets of the Perpetual Group, taken as a whole, of at least $30,700,000 against what it would reasonably have been expected to have been but for such Specified Event (other than any diminution as a result of any dividend payment which is not a Perpetual Prescribed Event); or

(c) the effect of a diminution in the consolidated underlying annual EBITDA of the Perpetual Group, taken as a whole, of at least $13,300,000 in each of the 2013/14 and 2014/15 financial years against what it would reasonably have been expected to have been but for such Specified Event; or

(d) the result that the Perpetual Group is unable to carry on its business in substantially the same manner as carried on as at the date of this agreement, or which otherwise materially and adversely affects the prospects of the Perpetual Group,

but does not include:

(a) any matter to the extent fairly disclosed to The Trust Company or its Representatives on or before the date of this agreement (including as a result of disclosures made to ASX or during the course of due diligence);

(b) any matter, event or circumstance arising from changes in general economic or business conditions in Australia;

(c) any change in taxation, interest rates generally or general economic conditions which impact on The Trust Company and Perpetual in a similar manner;

(d) any change in accounting policy required by law;

(e) any change occurring directly as a result of a general deterioration in equity markets, interest rates, exchange rates or credit spreads; or

(f) any change occurring directly or indirectly as a result of any matter, event or circumstance required by this agreement, the Scheme or the transactions contemplated by them.

Perpetual Prescribed Event means, except to the extent contemplated by this agreement or the Scheme, any of the events listed in Schedule 1 provided that a the Perpetual Prescribed Events listed in Schedule 1 will not occur where Perpetual has first consulted with The Trust Company in relation to the event and The Trust Company has approved the proposed event or has not objected to the proposed event within five Business Days of having been so consulted.

Perpetual Shares mean fully paid ordinary shares in the capital of Perpetual.

Perpetual Sub means Perpetual Acquisition Company Limited (ACN 163 620 362), a wholly owned direct Subsidiary of Perpetual.

Perpetual VWAP means the average of the daily volume weighted average price per Perpetual Share traded on the ASX during the Perpetual VWAP Period but does not include any "Crossing" transacted outside the "Open Session State", or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules.

Perpetual VWAP Period means the ten ASX trading days immediately preceding the date of the Scheme Meeting (but not including that date).

Record Date means 7:00pm on seventh Business Day following the Effective Date or such other date as The Trust Company and Perpetual agree.

Register means the share register of The Trust Company and **Registry** has a corresponding meaning.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Approval means Ministerial Approval and approvals from Regulatory Authorities in New Zealand and Singapore and any other approval of a Regulatory Authority to the Transaction or any aspect of it which Perpetual and The Trust Company agree, acting reasonably, is necessary or desirable to implement the Transaction.

Regulatory Authority includes:

(a) ASX, ACCC, ASIC, the Monetary Authority of Singapore and Office of Overseas Investment of New Zealand and regulatory bodies performing similar functions in other countries;

(b) a government or governmental, semi-governmental or judicial entity or authority;

(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

(d) any regulatory organisation established under statute.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

Reimbursement Fee means $2,100,000.

Related Body Corporate has the meaning it has in the Corporations Act.

Related Person means in respect of a party or its Related Bodies Corporate, each director, officer, employee, advisor, agent or Representative of that party or Related Body Corporate;

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Representative means any person acting for or on behalf of a party including any director, officer, employee, agent, contractor or professional advisor of a party.

Revised EQT Proposal means a revised or amended version of, or a restatement of, the EQT Proposal.

Sale Agent means a person appointed by Perpetual after consultation with The Trust Company to sell the New Perpetual Shares that are attributable to Foreign Shareholders under the terms of the Scheme.

Scheme means the scheme of arrangement under part 5.1 of the Corporations Act under which all Shares in The Trust Company will be transferred to Perpetual Sub substantially in the form of Annexure B together with any amendment or modification made pursuant to section 411(6) of the Corporations Act and agreed to by Perpetual and The Trust Company.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to Shareholders in The Trust Company which must:

(a) include the Scheme, an explanatory statement complying with the requirements of the Corporations Act and notice(s) of meeting and proxy form(s); and

(b) comply with the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules.

Scheme Meeting means the meeting to be convened by the Court at which Shareholders in The Trust Company will vote on the Scheme.

Scheme Participants means in the case of the Scheme, each person who is a Shareholder in The Trust Company at the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Scheme Consideration means the Cash Consideration and the Share Consideration payable for Shares in The Trust Company under the Scheme and in accordance with clause 4.

Share Consideration means:

(a) if after the date of this agreement but before the Implementation Date no dividend (other than the Excluded Dividend) is paid on Perpetual Shares and no record date for any Perpetual dividend (other than the Excluded Dividend) occurs, 0.182New Perpetual Shares for each Share in The Trust Company held by a Scheme Participant receiving Share Consideration in accordance with the terms of the Scheme; or

(b) if after the date of this agreement but before the Implementation Date, a dividend (other than the Excluded Dividend) is paid on Perpetual Shares or the record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the Adjusted Number of New Perpetual Shares for each Share in The Trust Company held by a Scheme Participant receiving Share Consideration in accordance with the terms of the Scheme.

Share in The Trust Company means an ordinary fully paid share in the capital of The Trust Company.

Shareholder in The Trust Company means each person registered in the Register as a holder of Shares in The Trust Company.

Special Dividend Payment Date means the date which is the fifth Business Day following the Special Dividend Record Date or such other date as The Trust Company determines.

Special Dividend Record Date means the date which is the fifth Business Day after the Effective Date or such other date as The Trust Company determines.

Specified Events means an event, occurrence or matter occurring before, on or after the date of this agreement.

STI Plan means The Trust Company Short Term Incentive Plan dated August 2012

Subsidiaries has the meaning it has in the Corporations Act.

Superior Proposal means a bona fide Competing Transaction of the kind referred to in paragraphs (a), (b), (c) or (d) of the definition of Competing Transaction (and not resulting from a breach of any of the Trust Company's obligations under clause 10 of this agreement) which The Trust Company Board, acting in good faith, and after taking advice from its legal and financial advisers, determines is:

(a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and

(b) more favourable to Shareholders in The Trust Company than the Scheme, taking into account all terms and conditions of the Competing Transaction.

The Trust Company means The Trust Company Limited ABN 59 004 027 749.

The Trust Company Board means the board of directors of The Trust Company.

The Trust Company Consolidated Tax Group means the consolidated group of which The Trust Company is the head company (where "consolidated group" and "head company" have the same meaning as in the *Income Tax Assessment Act 1997* (Cth).

The Trust Company Constitution means the constitution of The Trust Company.

The Trust Company FY13 Final Dividend means the final dividend determined by The Trust Company Board for the financial year ending 28 February 2013.

The Trust Company FY14 Interim Dividend means the interim dividend determined by The Trust Company Board for the first half of financial year ending 28 February 2014.

The Trust Company Group means The Trust Company and its Subsidiaries.

The Trust Company Indemnified Parties means The Trust Company, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

The Trust Company Information means all information contained in the Scheme Booklet other than the Perpetual Information and the Independent Expert's report.

The Trust Company Material Adverse Change means Specified Events which individually or when aggregated with all such events, has, had or may be considered reasonably likely to have:

(a) a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of The Trust Company Group; or

(b) the effect of a diminution in the total consolidated net assets of The Trust Company Group, taken as a whole, of at least $12,600,000 against what it would reasonably have been expected to have been but for such Specified Event (other than any diminution as a result of any dividend payment which is not a The Trust Company Prescribed Event or any diminution as a result of compliance with clause 8.2(a)(ii) or 8.2(a)(iii)); or

(c) the effect of a diminution in the consolidated underlying annual EBITDA of The Trust Company Group, taken as a whole, of at least $2,300,000 in each of the 2013/14 and 2014/15 financial years against what it would reasonably have been expected to have been but for such Specified Event (other than any diminution as a result of compliance with clause 8.2(a)(ii) or 8.2(a)(iii)); or

(d) the result that The Trust Company Group is unable to carry on its business in substantially the same manner as carried on as at the date of this agreement, or which otherwise materially and adversely affects the prospects of The Trust Company Group,

but does not include:

(a) any matter to the extent fairly disclosed to Perpetual or its Representatives on or before the date of this agreement (including as a result of disclosures made to ASX or during the course of due diligence);

(b) any matter, event or circumstance arising from changes in general economic or business conditions in Australia, New Zealand or Singapore;

(c) any change in taxation, interest rates generally or general economic conditions which impact on The Trust Company and Perpetual in a similar manner;

(d) any change in accounting policy required by law;

(e) any change occurring directly as a result of a general deterioration in equity markets, interest rates, exchange rates or credit spreads; or

(f) any change occurring directly or indirectly as a result of any matter, event or circumstance required by this agreement, the Scheme or the transactions contemplated by them.

The Trust Company Prescribed Event means, except to the extent contemplated by this agreement or the Scheme, any of the events listed in Schedule 2 provided that a The Trust Company Prescribed Event listed in Schedule 2 will not occur where The Trust Company has first consulted with Perpetual in relation to the event and Perpetual has approved the proposed event or has not objected to the proposed event within five Business Days of having being so consulted.

Third Party means a person other than Perpetual or its Related Bodies Corporate.

Timetable means the timetable set out in Schedule 4.

Transaction means the acquisition of the Shares in The Trust Company by Perpetual Sub through the implementation of the Scheme.

Transaction Implementation Committee means a committee to be made up of:

(a) the chief executive officer of each of The Trust Company and Perpetual;

(b) a representative from each of the legal and financial advisers of each party; and

(c) such other persons as the parties may agree from time to time.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this agreement to:

(a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;

(b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;

(c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(e) **(singular includes plural)** the singular includes the plural and vice versa;

(f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;

(g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(h) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;

(i) **(dollars)** Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia;

(j) **(calculation of time**) a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

(k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) **(accounting terms)** an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;

(m) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and

(n) **(time of day)** time is a reference to Sydney time.

1.3 Next day

If an act under this agreement to be done by a party on or by a given day is done after 5:30 pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

2 Agreement to propose and implement Scheme

2.1 Target to propose Scheme

The Trust Company agrees to propose the Scheme on and subject to the terms and conditions of this agreement.

2.2 Agreement to implement Transaction

The parties agree to implement the Transaction on the terms and conditions of this agreement.

3 Conditions precedent

3.1 Conditions precedent

Subject to this clause 3, the obligations of Perpetual under clause 4 are conditional on the satisfaction of each of the Conditions Precedent contained in Schedule 3 to the extent and in the manner set out in clauses 3.2 and 3.4.

3.2 Benefit of certain Conditions Precedent

A Condition Precedent may only be waived in writing by a party entitled to the benefit of that Condition Precedent as noted in the table set out in Schedule 3 and may only be waived by both parties together where it is expressed to apply for the benefit of both parties. A waiver will be effective only to the extent specifically set out in that waiver.

A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.2 may do so in its absolute discretion.

3.3 Waiver of Conditions Precedent

If either The Trust Company or Perpetual waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause, then:

(a) subject to subclause 3.3(b), that waiver precludes that party from suing the other for any breach of this agreement arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; and

(b) if the waiver of the Condition Precedent is itself conditional and the other party:

(i) accepts the condition, the terms of that condition apply notwithstanding any inconsistency with subclause 3.3(a); or

(ii) does not accept the condition, the Condition Precedent has not been waived.

3.4 Reasonable endeavours

(a) The Trust Company must use its reasonable endeavours to procure that each of the Conditions Precedent in paragraph 6 (No The Trust Company Prescribed Event) and paragraph 7 (No The Trust Company Material Adverse Change) of Schedule 3 continues to be satisfied at all times until the last time it is to be satisfied.

(b) Perpetual must use its reasonable endeavours to procure that each of the Conditions Precedent in paragraph 8 (No Perpetual Prescribed Event) and paragraph 9 (No Perpetual Material Adverse Change) of Schedule 3 continues to be satisfied at all times until the last time it is to be satisfied.

(c) Each of The Trust Company and Perpetual agree to use reasonable endeavours to procure that:

(i) each of the other Conditions Precedent:

A is satisfied as soon as practicable after the date of this agreement; and

B continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and

(ii) there is no occurrence that would prevent the Conditions Precedent being satisfied.

3.5 Regulatory matters

Without limiting clause 3.4, each party:

(a) **(Regulatory Approvals)** must promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the approval process, including responding to requests for information at the earliest practicable time;

(b) **(representation)** has the right to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and

(c) **(consultation)** must consult with the other party in advance in relation to all communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval (**Communications**) and, without limitation:

(i) provide the other party with drafts of any material written Communications to be sent to a Regulatory Authority and make such amendments as the other party reasonably requires; and

(ii) provide copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so.

For the avoidance of doubt, neither party is required to disclose commercially sensitive information in relation to the application for a Regulatory Approval to the other party and the party applying for a Regulatory Approval may withhold or redact information or documents from the other party if and to the extent that they are either confidential to a Third Party or commercially sensitive and confidential to the applicant.

3.6 Notices in relation to Conditions Precedent

Each party must:

(a) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;

(b) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied; and

(c) **(notice of waiver)** upon receipt of a notice given under paragraph (b), give written notice to the other party as soon as possible (and in any event before 5:00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.7 Deferral of Second Court Date

(a) If a Condition Precedent is not satisfied by the time and date specified for satisfaction of that Condition Precedent (and has not been waived in accordance with this agreement), then unless there is no reasonable prospect that the Condition Precedent will be satisfied before the End Date, The Trust Company must make an application to defer the Second Court Date until such time (being not later than the Business Day before the End Date) as reasonably required to enable the relevant Condition Precedent to be satisfied.

(b) If the Condition Precedent in paragraph 2 (Scheme approval) of Schedule 3 is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable.

3.8 Effect of waiver or non-fulfilment

A waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:

(a) a waiver of the breach or non-fulfilment of any other Condition Precedent resulting from the same event; or

(b) a waiver of the breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.9 Consultation on failure of Condition Precedents

If:

(a) subject to clause 3.7, there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement by the time or date specified in this agreement for the satisfaction of the Condition Precedent;

(b) subject to clause 3.7, there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this agreement for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this agreement); or

(c) if the Scheme has not become Effective by the End Date,

then the parties must consult in good faith to:

(d) determine whether the Scheme may proceed by way of alternative means or methods;

(e) extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or

(f) extend the End Date.

3.10 Failure to agree

If the parties are unable to reach agreement under clause 3.9 within 5 Business Days (or any shorter period ending at 5:00pm on the day before the Second Court Date):

(a) subject to subclause 3.10(b), either party may terminate this agreement (and such termination will be in accordance with clause 14.1(e)(i)); or

(b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this agreement (and such termination will be in accordance with clause 14.1(e)(ii)),

in each case before 8.00am on the Second Court Date. A party will not be entitled to terminate this agreement pursuant to this clause 3.10 if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of:

(c) a breach of this agreement by that party; or

(d) a deliberate act or omission of that party.

3.11 Regulatory Approval

A Regulatory Approval will be regarded as having been obtained notwithstanding that a condition or conditions may have been attached to that Regulatory Approval if that condition is reasonably satisfactory to The Trust Company and Perpetual.

4 Outline of Scheme

4.1 Scheme

Subject to clause 3.1, on the Implementation Date:

(a) all of the Shares in The Trust Company will be transferred to Perpetual Sub; and

(b) each Scheme Participant will be entitled to receive the Scheme Consideration.

4.2 Transaction entitlements

(a) The entitlements of The Trust Company Shareholders pursuant to the Transaction will be as set below. The parties agree that Perpetual is not responsible for paying the special dividend permitted pursuant to clause 4.2(d).

(b) Subject to the Scheme becoming Effective, Perpetual agrees in favour of The Trust Company that, in consideration of the transfer to Perpetual Sub of each Share in The Trust Company under the Scheme, Perpetual Sub will accept such transfer, and Perpetual will (or, in the case of the Cash Consideration, will procure that Perpetual Sub will) (subject to the scale back provisions in clause 4.6) provide to each Scheme Participant the Scheme Consideration for each Share in The Trust Company held by them, in accordance with the Election of the Scheme Participant as contemplated by clause 4.3 and the terms of the Scheme.

(c) Subject to the Scheme becoming Effective, and subject to the scale back provisions in clause 4.6, Perpetual will:

(i) procure that Perpetual Sub pays to each relevant Scheme Participant the Cash Consideration to which they are entitled, as determined in accordance with this clause 4; and

(ii) issue to each relevant Scheme Participant the Share Consideration to which they are entitled, as determined in accordance with this clause 4.

(d) The Trust Company may pay The Trust Company Shareholders as at the Special Dividend Record Date a cash amount of $0.22 per Share in The Trust Company as a special dividend on the Special Dividend Payment Date, franked to the full extent of The Trust Company's available franking credits.

4.3 Election Mechanism

(a) The Trust Company must ensure that the Scheme Booklet sent to Shareholders in The Trust Company is accompanied by a form of election which provides for the matters set out in clause 4.3(b) under which each Shareholder in The Trust Company is requested to elect a percentage of the Scheme Consideration, being one of 0%, 20%, 40%, 60%, 80% or 100%, which they wish to receive for their Shares in the Trust Companyin the form of Cash Consideration, the remainder of the Scheme Consideration being received in the form of Share Consideration.

(b) The form of election shall provide that:

(i) subject to clause 4.3(b)(vi), a Shareholder in The Trust Company may make only one Election in relation to a particular holding;

(ii) subject to clause 4.3(b)(vi), any valid Election by a Shareholder in The Trust Company will apply to all of the Shares in The Trust Company that Shareholder in The Trust Company holds as at the Record Date; and

(iii) a valid Election may be made by a Shareholder in The Trust Company by:

(A) completing the election form in accordance with the instructions specified on the form or set out in the Scheme Booklet; and

(B) returning the completed election form in accordance with the instructions on it so that it is received by no later than the Election Date;

(iv) once made, a valid Election by a Shareholder in The Trust Company may be varied before the Election Date (provided that any variation that purports to make an Election invalid will not be effective);

(v) if a valid Election is not made by a Shareholder in The Trust Company prior to the Election Date in respect of all of the Shares in The Trust Company held by that Shareholder in The Trust Company as at the Record Date, then that Shareholder in The Trust Company will be deemed to have made a valid Election to receive 0% Cash Consideration in respect of those Shares in The Trust Company;

(vi) a Shareholder in The Trust Company that holds one or more parcels of Shares in The Trust Company as trustee or nominee for, or otherwise on account of, another person, may, in a manner to be agreed between the parties (acting reasonably), make separate Elections in relation to each of those parcels of Shares in The Trust Company (and, for the purpose of calculating the Scheme Consideration to which the Shareholder in The Trust Company is entitled each such parcel of Shares in The Trust Company will be treated as though it were held by a separate Scheme Participant); and

(vii) must otherwise be in a form agreed between the parties.

(c) The Trust Company must ensure that, to the extent reasonably practicable, Shareholders in The Trust Company that have acquired Shares in The Trust Company after the date of the despatch of the Scheme Booklet can receive an election form on request to The Trust Company.

(d) In order to facilitate the provision of the Scheme Consideration, The Trust Company must, upon the written request of Perpetual, provide, or procure the provision, to Perpetual or a nominee of Perpetual, of:

(i) a weekly update of the Elections that have been received;

(ii) details of the final Elections made by each Shareholder in The Trust Company, within three Business Days after the Election Date; and

(iii) a complete copy of The Trust Company register as at the Record Date, within three Business Days after the Record Date,

and such other information as Perpetual may reasonably require to provide the Scheme Consideration in accordance with this agreement and the terms of the Scheme.

4.4 [Not used]

4.5 Election

If a Scheme Participant makes or is deemed to have made a valid Election, then subject to the Scheme becoming Effective and subject to clauses 4.7 and 4.8, the Scheme Participant will be entitled to receive, for all of the Shares in The Trust Company held by that Scheme Participant as at the Record Date:

(a) the aggregate amount of Cash Consideration calculated in accordance with the following formula, unless clause 4.6 applies in which case the amount of Cash Consideration paid to the relevant Scheme Participant will be determined in accordance with that clause:

$$pCC = EP \times NS \times CCshare$$

Where:

pCC	is the aggregate amount of Cash Consideration the relevant Scheme Participant will receive as part of the Scheme Consideration;
EP	is the percentage Cash Consideration, being one of 0%, 20%, 40%, 60%, 80% or 100% (expressed as a decimal number), which the relevant Scheme Participant elected to receive, or is deemed to have elected to receive, in their Election;
NS	is the number of Shares in The Trust Company held by that Scheme Participant at the Record Date;
CCshare	is the Cash Consideration payable per Share in The Trust Company.

(b) the aggregate amount of Share Consideration (being the aggregate number of New Perpetual Shares) calculated in accordance with the following formula, unless clause 4.6 applies in which case the amount of Share Consideration provided to the relevant Scheme Participant will be determined in accordance with that clause:

$$pSC = (1 - EP) \times NS \times SCshare$$

Where:

pSC	is the aggregate amount of Share Consideration the relevant Scheme Participant will receive as part of the Scheme Consideration ;
EP	is the percentage Cash Consideration, being one of 0%, 20%, 40%, 60%, 80% or 100% (expressed as a decimal number), which the relevant Scheme Participant elected to receive, or is deemed to have elected to receive, in their Election;
NS	is the number of Shares in The Trust Company held by that Scheme Participant at the Record Date;
SCshare	is the Share Consideration to be provided per Share in The Trust Company.

4.6 Scale back

(a) This clause 4.6 applies if the Elections made by Scheme Participants are such that the aggregate amount of Cash Consideration that would be required to be paid by Perpetual Sub to satisfy the entitlements determined under clause 4.5 exceeds $110,000,000.

(b) Where this clause applies the aggregate Cash Consideration to which each Scheme Participant is entitled will be scaled back in accordance with the following formula:

$$tCC = \frac{CCcap}{CCtotal} \times pCC$$

Where:

tCC is the aggregate amount of Cash Consideration the relevant Scheme Participant is entitled to receive as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date;

pCC is the aggregate amount of Cash Consideration the relevant Scheme Participant would have received as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date determined under clause 4.5 (but for this clause 4.6);

CCcap $110,000,000; and

CC total is the aggregate amount of Cash Consideration that would be required to be paid by Perpetual in payment of the Cash Consideration to satisfy the entitlements determined under clause 4.5 for all Scheme Participants (but for this clause 4.6).

(c) To the extent that the application of clause 4.6(b) results in an aggregate entitlement of a Scheme Participant to Cash Consideration that is less than would have applied but for this clause 4.6, the Scheme Participant will be entitled to Share Consideration in the alternative in accordance with the following formula:

$$tSC = pSC + \frac{pCC - tCC}{VWAP}$$

Where:

tSC is the aggregate number of New Perpetual Shares the relevant Scheme Participant is entitled to receive as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date;

pSC is the aggregate amount of Share Consideration (being the aggregate number of New Perpetual Shares) the relevant Scheme Participant would have received as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date determined under clause 4.5 (but for this clause 4.6);

pCC has the meaning given to that term in clause 4.6(b);

tCC is the aggregate amount of Cash Consideration the relevant Scheme Participant is entitled to receive as part of the Cash Consideration for all Shares in The Trust Company held by

that Scheme Participant as at the Record Date as determined in accordance with clause 4.6(b); and

VWAP is the Perpetual VWAP.

4.7 Fractional elements

(a) If the number of Shares in The Trust Company held by a Scheme Participant at the Record Date (or, if applicable, the result of the application of clause 4.5 or 4.6) is such that the aggregate entitlement of the Scheme Participant to Scheme Consideration:

(i) comprising New Perpetual Shares includes a fractional entitlement to a New Perpetual Share; or

(ii) comprising cash includes a fractional entitlement to a cent,

then the fractional entitlement will be rounded:

(iii) in the case of New Perpetual Shares:

(A) if the fractional entitlement is less than 0.5, down to zero New Perpetual Shares; and

(B) otherwise, up to one New Perpetual Share; and

(iv) in the case of cash, up or down to the nearest cent (with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole cent, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole cent).

(b) If Perpetual and The Trust Company are of the opinion (acting reasonably) that two or more Scheme Participants (each of whom holds a number of Shares in The Trust Company which results in rounding in accordance with clause 4.7(a)) have, before the Record Date for the Scheme, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, The Trust Company may give notice to those Scheme Participants:

(i) setting out their names and registered addresses as shown in The Trust Company Share Register;

(ii) stating that opinion;

(iii) attributing to one of them specifically identified in the notice the Shares in The Trust Company held by all of them; and

(iv) attributing to one of them specifically identified in the notice which Election made by or on behalf them applies to all of them,

and, after such notice has been given, the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Shares in The Trust Company will, for the purposes of the provisions of the Scheme, be taken to hold all of those Shares in The Trust Company and each of the other Scheme Participants whose names and registered addresses are set out in the notice will, for the purposes of the provisions of the Scheme, be taken to hold no Shares in The Trust Company. Perpetual in complying with the provisions of the Scheme relating to it in respect of the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Shares in The Trust Company, will be taken to have satisfied and discharged its

obligations to the other Scheme Participants named in the notice under the terms of the Scheme.

4.8 Foreign Shareholders in The Trust Company

(a) If a Foreign Shareholder would otherwise be entitled to receive Share Consideration under clause 4.5 or 4.6 , Perpetual has no obligation to allot or issue, and will not allot or issue, any New Perpetual Shares to a Foreign Shareholder, and instead:

(i) subject to clause 4.8(c), Perpetual must issue the New Perpetual Shares attributable to, and which would otherwise be required to be provided to, the Foreign Shareholders under the Scheme to the Sale Agent;

(ii) Perpetual must procure that, as soon as reasonably practicable after the Implementation Date, the Sale Agent, in consultation with Perpetual, sells or procures the sale (including on an aggregated or partially aggregated basis), in the ordinary course of trading on ASX, of all the New Perpetual Shares issued to the Sale Agent and remits to Perpetual the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (the **Proceeds**); and

(iii) Perpetual must pay, or procure the payment, to each Foreign Shareholder the amount calculated in accordance with the following formula and rounded down to the nearest cent:

A = (B ÷ C) × D

where

A is the amount to be paid to the Foreign Shareholder;

B is the number of New Perpetual Shares attributable to, and that would otherwise have been issued to, that Foreign Shareholder had it not been a Foreign Shareholder and which are instead issued to the Sale Agent;

C is the total number of New Perpetual Shares attributable to, and which would otherwise have been issued to, all Foreign Shareholders collectively and which are instead issued to the Sale Agent; and

D is the Proceeds (as defined in clause 4.8(a)(ii)).

(b) None of Perpetual, The Trust Company or the Sale Agent gives any assurance as to the price that will be achieved for the sale of New Perpetual Shares described in clause 4.8(a)(ii). The sale of the New Perpetual Shares under this clause 4.8 will be at the risk of the Foreign Shareholder.

(c) Perpetual must appoint the Sale Agent at least two weeks prior to the Scheme Meeting.

4.9 Breach of law or constitution

Where the issue or transfer of New Perpetual Shares to which a Scheme Participant would otherwise be entitled under the Scheme would result in a breach of law or breach of a provision of Perpetual's constitution:

(a) Perpetual will cause the issue or transfer of the maximum possible number of New Perpetual Shares to the Scheme Participant without giving rise to such a breach; and

(b) any further New Perpetual Shares to which that Scheme Participant is entitled, but the issue of which to the Scheme Participant would give rise to such a breach, will instead be issued to the Sale Agent and dealt with under clause 4.8, as if a reference to Foreign Shareholders also included that Scheme Participant and reference to that person's New Perpetual Shares in those clauses were limited to the New Perpetual Shares issued to the Sale Agent under this clause.

4.10 Shares to rank equally

Perpetual covenants in favour of The Trust Company (in its own right and on behalf of each Scheme Participant) that:

(a) all New Perpetual Shares issued pursuant to clause 4.2 will, upon their issue, rank equally with all other Perpetual Shares then on issue;

(b) it will do everything reasonably necessary to ensure that trading in the New Perpetual Shares commences no later than the first Business Day after the Implementation Date; and

(c) on issue, each New Perpetual Share will be fully paid and free from any Encumbrance.

4.11 Performance Rights

(a) The Trust Company must ensure that, by no later than the Effective Date, there are no outstanding Performance Rights.

(b) In order to comply with its obligation under clause 4.11(a), The Trust Company must:

(i) cause some or all of the outstanding Performance Rights to vest and, following such vesting, cause the relevant number of Shares in The Trust Company to be issued in sufficient time to allow the relevant former holders of the relevant Performance Rights to participate in the Scheme; and

(ii) take such action as may be necessary to cancel any outstanding Performance Rights which it does not cause to vest in accordance with clause 4.11(b)(i) (if any).

4.12 No amendment to the Scheme without consent

The Trust Company must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Perpetual.

5 Co-operation and timing

5.1 General obligations

The Trust Company and Perpetual must each:

(a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and

(b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonable practicable and as far as possible in accordance with the Timetable.

5.2 Transaction Implementation Committee

The parties must establish a Transaction Implementation Committee as soon as possible after the date of this agreement. The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by parties to implement the Transaction.

Subject to this agreement, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this agreement constitutes the relationship of a partnership or a joint venture between the parties.

5.3 Access to people and The Trust Company Information

Between the date of this agreement and the earlier of 5:00 pm on the Business Day immediately before the Second Court Date and the date this agreement is terminated, The Trust Company must promptly provide Perpetual and its officers and advisers with reasonable access to The Trust Company's officers and advisers and documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) which Perpetual reasonably requires for the purposes of applying for all relevant Regulatory Approvals.

5.4 Perpetual's right to separate representation

Perpetual is entitled to separate representation at all Court proceedings relating to the Scheme. Nothing in this agreement is to be taken to give The Trust Company any right or power to make or give undertakings to the Court for or on behalf of Perpetual.

6 Implementation obligations of the parties

6.1 The Trust Company's obligations

The Trust Company must comply with the obligations of The Trust Company set out in Schedule 5 and take all reasonable steps to implement the Scheme as soon as is reasonably practicable.

6.2 Perpetual's obligations

Perpetual must comply with the obligations of Perpetual set out in Schedule 6 and take all reasonable steps to assist The Trust Company to implement the Scheme as soon as reasonably practicable and in any event prior to the End Date.

6.3 Appointment/retirement of The Trust Company directors

(a) As soon as practicable after the Second Court Date, The Trust Company must use its reasonable endeavours to cause the appointment of each Incoming Director to The Trust Company Board.

(b) On the Implementation Date after the Scheme Consideration has been despatched to Scheme Participants, The Trust Company must procure that each of the Outgoing Directors retire from The Trust Company Board.

(c) On the Implementation Date after the Scheme Consideration has been despatched to Scheme Participants, The Trust Company must procure that all directors on the boards of Subsidiaries of the Trust Company resign and procure the appointment of nominees of Perpetual to those boards.

7 Scheme Booklet

7.1 Preparation

Without limiting clauses 6.1 or 6.2:

(a) **(preparation)**: The Trust Company is generally responsible for the preparation of the Scheme Booklet but will provide drafts to and consult with Perpetual in accordance with clause 7.2;

(b) **(compliance)** Perpetual and The Trust Company must take all necessary steps to endeavour to ensure that the Scheme Booklet:

(i) complies with the requirements of:

(A) the Corporations Act;

(B) ASIC Regulatory Guide 60;

(C) the Listing Rules; and

(ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission).

7.2 Content of Scheme Booklet

The Trust Company must:

(a) **(consult Perpetual)**:

(i) provide to Perpetual a draft of the Scheme Booklet for the purpose of enabling Perpetual to review and comment on that draft document;

(ii) take the comments made by Perpetual into account in good faith when producing a revised draft of the Scheme Booklet; and

(iii) provide to Perpetual a revised draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable Perpetual to review the Regulator's Draft at least 2 Business Days before its submission;

(b) **(amend Scheme Booklet)** implement such changes to those parts of the Scheme Booklet relating to Perpetual which are provided in accordance with clause 7.2(a) as reasonably requested by Perpetual and prior to finalising the Regulator's Draft;

(c) **(Regulatory Review Period)** during the Regulatory Review Period:

(i) promptly provide to Perpetual, and include in a revised draft of the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 or the Listing Rules to be included in the Scheme Booklet; and

(ii) keep Perpetual informed of any matters raised by ASIC in relation to the Scheme Booklet and use all reasonable endeavours, in co-operation with Perpetual, to resolve any such matters;

(d) **(Perpetual Information)** obtain approval from Perpetual for the form and context in which Perpetual Information appears in the Scheme Booklet which approval must not be unreasonably delayed or withheld.

7.3 Perpetual information

Perpetual:

(a) must consult with The Trust Company as to the content of the Perpetual Information;

(b) consents to the inclusion of the Perpetual Information (in the form approved by it pursuant to clause 7.2(d)) in the Scheme Booklet; and

(c) acknowledges that it is responsible for ensuring that the Perpetual Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and that The Trust Company will not verify or edit that information in the Scheme Booklet.

7.4 Responsibility statement

The Scheme Booklet will contain a responsibility statement to the effect that:

(a) Perpetual is responsible for the Perpetual Information (other than any information provided by The Trust Company to Perpetual or obtained from The Trust Company's public filings on ASX regarding The Trust Company Group contained in, or used in the preparation of, the information regarding Perpetual and The Trust Company group following implementation of the Scheme) contained in the Scheme Booklet; and

(b) The Trust Company is responsible for The Trust Company Information contained in the Scheme Booklet and is also responsible for the information contained in the Scheme Booklet provided by The Trust Company to Perpetual or obtained from The Trust Company's public filings on ASX regarding The Trust Company Group contained in, or used in the preparation of, the information regarding Perpetual and The Trust Company group following implementation of the Scheme.

7.5 Disagreement on content

If Perpetual and The Trust Company disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

(a) if the disagreement relates to the form or content of Perpetual Information contained in the Scheme Booklet, The Trust Company will make such amendments as Perpetual reasonably requires; and

(b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, The Trust Company Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

7.6 Verification

Each party must undertake appropriate verification processes for the information supplied by that party for the Scheme Booklet.

8 Conduct of business

8.1 Overview

From the date of this agreement up to and including the Implementation Date, The Trust Company must conduct its business in the ordinary and proper course consistent with business plans and budgets made public or disclosed to Perpetual prior to the date of this agreement.

8.2 Specific requirements

(a) Without limiting 8.1 above and subject to clauses 8.2(b) and 8.2(c), from the date of this agreement up to and including the Implementation Date, The Trust Company must:

(i) not enter into any line of business or other activities in which The Trust Company Group is not engaged as of the date of this agreement;

(ii) not undertake a restructure of its business operations in New Zealand or Singapore including, but not limited to, by closing offices or materially reducing the number of staff working in or servicing these jurisdictions;

(iii) not undertake any technology integration project between its Australian and New Zealand business operations;

(iv) not enter, and must ensure that no other member of The Trust Company Group enters, into a contract or commitment restraining any member of The Trust Company Group from competing with any person or conducting activities in any market;

(v) ensure that no member of The Trust Company Group provides financial accommodation other than to another member of The Trust Company Group or in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund out of the assets of that trust or fund (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of $1,000,000 (individually or in aggregate);

(vi) ensure that no member of The Trust Company Group enters into any agreement, arrangement or transaction with respect to derivative instruments (including, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments (other than any such agreements, arrangements or transactions entered in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund);

(vii) ensure that no member of The Trust Company Group enters into a transaction with any related party of The Trust Company (other than another member of The Trust Company Group) as defined in section 228 of the Corporations Act;

(viii) not amend, and must ensure that no member of The Trust Company Group amends, in any material respect any arrangement with its Financial Advisor, or enters into arrangements with a new Financial Advisor, in respect of the Transaction;

(ix) not change any accounting policy applied by a member of The Trust Company Group to report their financial position other than any change in policy required by a change in accounting standards;

(x) not do anything that would result in a change in The Trust Company Consolidated Tax Group;

(xi) provide regular reports on the financial affairs of The Trust Company Group, including the provision of monthly CFO reports and any Audit and Risk Committee reports, in a timely manner to Perpetual;

(xii) make all reasonable efforts, and procure that each other member of The Trust Company Group makes all reasonable efforts, to:

(A) preserve and maintain the value of the businesses and assets of The Trust Company Group;

(B) keep available the services of the directors, officers and employees as at the date of this agreement of each member of The Trust Company Group; and

(C) maintain and preserve their relationships with Regulatory Authorities, customers, suppliers and others having business dealings with any member of The Trust Company Group.

(b) Nothing in this clause 8 restricts the ability of The Trust Company to take any action:

(i) which is required by this agreement, the Scheme;

(ii) reasonably necessary to implement the appointment of a new head of The Trust Company's New Zealand business; or

(iii) which has been agreed to in writing by Perpetual.

(c) Nothing in this clause 8 restricts the ability of The Trust Company to respond to a Competing Transaction in accordance with clause 10.

(d) From the date of this agreement until the Second Court Date The Trust Company will promptly notify Perpetual of anything of which it becomes aware that makes any warranty or representation of The Trust Company in this agreement false, inaccurate, misleading or deceptive in any material respect.

9 Releases

9.1 The Trust Company directors and officers

(a) Perpetual releases its rights, and agrees with The Trust Company that it will not make a claim, against any The Trust Company Indemnified Party (other than The Trust Company) as at the date of this agreement in connection with:

(i) any breach of any representations, covenants and warranties of The Trust Company or any other member of The Trust Company Group in this agreement; or

(ii) any disclosures containing any statement which is false or misleading whether in content or by omission,

except where The Trust Company Indemnified Party has not acted in good faith or has engaged in wilful misconduct. Nothing in this clause 9.1(a) limits Perpetual's rights to terminate this agreement under clause 14.

(b) This clause is subject to any restrictions under the Corporations Act or any other applicable legislation and will be read down accordingly. The Trust Company receives and holds the benefit of this clause to the extent it relates to each The Trust Company Indemnified Party as trustee for each of them.

9.2 Perpetual directors and officers

(a) The Trust Company releases its rights, and agrees with Perpetual that it will not make a claim, against any Perpetual Indemnified Party (other than Perpetual) as at the date of this agreement in connection with:

(i) any breach of any representations, covenants and warranties of Perpetual or any other member of the Perpetual Group in this agreement; or

(ii) any disclosure containing any statement which is false or misleading whether in content or by omission,

except where the Perpetual Indemnified Party has not acted in good faith or has engaged in wilful misconduct. Nothing in this clause 9.2(a) limits The Trust Company's rights to terminate this agreement under clause 14.

(b) This clause is subject to any restrictions under the Corporations Act or any other applicable legislation and will be read down accordingly. Perpetual receives and holds the benefit of this clause to the extent it relates to each Perpetual Indemnified Party as trustee for each of them.

9.3 Deeds of access, indemnity and insurance

(a) Perpetual must procure that The Trust Company and each member of The Trust Company Group preserve the indemnities and other rights under the deeds of indemnity access and insurance made by them in favour of their respective directors and officers from time to time and, in particular, must not take any action which would prejudice or adversely affect any directors and officers run-off insurance cover taken out prior to the Implementation Date.

(b) The undertakings contained in this clause 9.3 are subject to any restriction under the Corporations Act or any other applicable legislation and will be read down accordingly. The Trust Company receives and holds the benefit of this clause 9.3, to the extent it relates to the directors and officers of The Trust Company and other members of The Trust Company Group, as trustee for them.

10 Exclusivity

10.1 No-shop

During the Exclusivity Period, The Trust Company must ensure that neither it nor any of its Related Bodies Corporate or Representatives directly or indirectly:

(a) solicits, invites or initiates any enquiries, negotiations or discussions; or

(b) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction. Nothing in this clause 10.1 prevents The Trust Company from continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Transaction or its business generally.

10.2 No talk

Subject to clause 10.3, during the Exclusivity Period, The Trust Company must ensure that neither it nor any of its Related Bodies Corporate or Representatives directly or indirectly:

(a) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make or which would reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Transaction or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Transaction;

(b) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Transaction;

(c) disclose or otherwise provide any non-public information about the business or affairs of The Trust Company Group to a Third Party (other than a Regulatory Authority) with a view to obtaining or which would reasonably be expected to encourage or lead to receipt of an actual, proposed or potential Competing Transaction (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of The Trust Company Group); or

(d) communicate to any person an intention to do anything referred to in the preceding paragraphs of this clause 10.2.

Nothing in this clause 10.2 prevents The Trust Company from continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Transaction or its business generally.

10.3 Fiduciary exception

Clause 10.2 does not prohibit any action or inaction by The Trust Company or its Related Persons in relation to an actual, proposed or potential Competing Transaction if compliance with that clause would, in the opinion of The Trust Company Board, formed in good faith after receiving written advice from its external legal advisers, constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors of The Trust Company, provided that the actual, proposed or potential Competing Transaction was not directly or indirectly brought about by, or facilitated by, a breach of clause 10.1.

10.4 Notification of approaches

(a) During the Exclusivity Period, The Trust Company must as soon as possible notify Perpetual in writing if it, or any of its Related Persons, becomes aware of any:

(i) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any expression of interest, offer, proposal or

discussion in relation to an actual, proposed or potential Competing Transaction;

(ii) proposal made to The Trust Company or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Transaction; or

(iii) provision by The Trust Company or any of its Related Persons of any material confidential information concerning the business or operations of The Trust Company or The Trust Company Group to any to a Third Party (other than a Regulatory Authority) in connection with an actual, proposed or potential Competing Transaction,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise. For the avoidance of doubt, any of the acts described in paragraphs (i) to (iii) may only be taken by The Trust Company if not proscribed by clause 10.1 or 10.2 or if permitted by clause 10.3.

(b) For the avoidance of doubt, a notification given under clause 10.4(a) does not need to include the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Transaction, nor does it need to include any details in respect of the terms and conditions of the actual, proposed or potential Competing Transaction.

10.5 Matching right

Without limiting clauses 10.1 or 10.2, during the Exclusivity Period, The Trust Company:

(a) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, The Trust Company or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Transaction; and

(b) must use its reasonable endeavours to procure that none of its directors change their recommendation in favour of the Scheme to publicly recommend an actual, proposed or potential Competing Transaction (or recommend against the Scheme),

unless:

(c) The Trust Company Board acting in good faith determines that the Competing Transaction would be or would be likely to be an actual, proposed or potential Superior Proposal; and

(d) The Trust Company has provided Perpetual with the material terms and conditions of the actual, proposed or potential Competing Transaction, including price and the identity of the Third Party making the actual, proposed or potential Competing Transaction; and

(e) The Trust Company has given Perpetual at least 3 Business Days after the provision of the information referred to in clause 10.5(d) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction; and

(f) Perpetual has not announced a proposal which The Trust Company, acting in good faith, determines is a matching or superior proposal to the

terms of the actual, proposed or potential Competing Transaction by the expiry of the 3 Business Day period in clause 10.5(e) above.

The Trust Company acknowledges and agrees that each successive modification of any actual, proposed or potential Competing Transaction will constitute a new actual, proposed or potential Competing Transaction for the purposes of the requirements under this clause 10.5 and accordingly The Trust Company must comply with paragraphs (a) and (b) of this clause in respect of any new actual, proposed or potential Competing Transaction unless paragraphs (c) to (f) (inclusive) apply.

10.6 Cease discussions

(a) Without limiting the rights of The Trust Company in respect of a Competing Transaction which is proposed after the date of this agreement under clauses 10.2 and 10.3 (including for the avoidance of doubt, in respect of a proposed Competing Transaction from a person or persons that may have previously proposed a different Competing Transaction), The Trust Company must cease any discussions or negotiations existing as at the date of this agreement relating to:

(i) any actual, proposed or potential Competing Transaction; or

(ii) any transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Scheme.

(b) Subject to clause 10.6(a), as soon as practicable following the execution of this agreement, and in any event within 2 Business Days, to the extent it has not already done so, The Trust Company must request in writing the immediate return or destruction of all The Trust Company's confidential information that has been provided to any Third Party between 1 January 2013 and the date of this agreement under a confidentiality agreement in relation to an actual, proposed or potential Competing Transaction and terminate those persons' access to The Trust Company's confidential information on an ongoing basis.

(c) The Trust Company agrees not to waive, and to enforce, any standstill obligations of any Third Party, except in relation to a Competing Transaction where Perpetual has failed to provide a matching or superior proposal which satisfies clause 10.5(f). The Trust Company represents that it has not waived any standstill obligations contained in any confidentiality agreement that it has entered into since 1 January 2013.

10.7 Provision of information

During the Exclusivity Period, The Trust Company must as soon as possible provide Perpetual with:

(a) in the case of written materials, a copy of; and

(b) in any other case, a written statement of,

any material non-public information about the business or affairs of The Trust Company or The Trust Company Group disclosed or otherwise provided to any Third Party (whether such information is disclosed to the Third Party during the Exclusivity Period or was disclosed before the date of this agreement) in connection with an actual, proposed or potential Competing Transaction that has not previously been provided to Perpetual. For the avoidance of doubt, any such provision of information to a Third Party may only be undertaken if permitted by clause 10.3.

11 Reimbursement Fee

11.1 Background to Reimbursement Fee

(a) Perpetual and The Trust Company acknowledge that, if they enter into this agreement and the Scheme is subsequently not implemented, Perpetual will have incurred significant costs, including those set out in clause 11.4.

(b) In these circumstances, Perpetual has requested that provision be made for the payments outlined in clause 11.2, without which Perpetual would not have entered into this agreement or otherwise agreed to implement the Scheme.

(c) The Trust Company Board believes, having taken advice from its legal advisors and Financial Advisors, that the implementation of the Scheme will provide benefits to The Trust Company and that it is appropriate for The Trust Company to agree to the payments referred to in clause 11.2 in order to secure Perpetual's participation in the Transaction.

11.2 Reimbursement Fee triggers

The Trust Company must pay the Reimbursement Fee to Perpetual, without set-off or withholding, if:

(a) this agreement is terminated after any member of The Trust Company Board has changed his or her recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme (including any adverse modification of his or her recommendation) or otherwise made a public statement indicating that he or she no longer supports the Transaction, other than where the change of recommendation or public statement is made following the receipt of the report of the Independent Expert where that report states that in the opinion of the Independent Expert the Scheme is not in the best interests of Shareholders in The Trust Company (other than where a Competing Transaction other than the EQT Proposal (but including any Revised EQT Proposal) has been proposed or announced before the report is issued where the Independent Expert's conclusion is due wholly or partly to the existence, announcement or publication of a Competing Transaction other than the EQT Proposal (but including any Revised EQT Proposal);

(b) a Competing Transaction of any kind is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within nine months of the date of such announcement, the Third Party proposing the Competing Transaction or any Associate of that Third Party:

(i) completes a Competing Transaction of a kind referred to in any of paragraphs (a), (b), (c) or (d) of the definition of Competing Transaction; or

(ii) enters into an agreement, arrangement or understanding with The Trust Company or The Trust Company Board of the kind referred to in paragraph (e) of the definition of Competing Transaction; or

(c) Perpetual has validly terminated this agreement pursuant to clause 14.1(b)(ii) (material breach of agreement) or 14.1(b)(iv) (material breach of warranty by The Trust Company) and the Transaction does not complete;

(d) [Not used]

(e) a The Trust Company Material Adverse Change or a The Trust Company Prescribed Event occurs after the date of this agreement, Perpetual has validly terminated the agreement pursuant to clause 14.1(b)(v), and that change, event, occurrence, fact, matter or thing is within the control of The Trust Company;

(f) this agreement is terminated following the Independent Expert concluding in the Independent Expert's report (or any update of, or revision, amendment or addendum to, that report) that the Scheme is not in the best interests of Shareholders in The Trust Company, where that conclusion is due wholly or partly to the existence, announcement or publication of a Competing Transaction other than the EQT Proposal (but including any Revised EQT Proposal), irrespective of whether or not any members of The Trust Company Board change, withdraw or modify their recommendation in favour of the Scheme or support or endorse the Competing Transaction; or

(g) the Court fails to approve the terms of the Scheme for which the approval of the requisite Shareholders in The Trust Company has been obtained as a result of a material non-compliance by The Trust Company with any of its obligations under this agreement.

11.3 Timing of payment of Reimbursement Fee

(a) A demand by Perpetual for payment of the Reimbursement Fee under clause 11.2 must:

(i) be in writing;

(ii) be made after the occurrence of the event in that clause giving rise to the right to payment;

(iii) state the circumstances which give rise to the demand; and

(iv) nominate an account in the name of Perpetual into which The Trust Company is to pay the Reimbursement Fee.

(b) The Trust Company must pay the Reimbursement Fee into the account nominated by Perpetual, without set-off or withholding, within five Business Days after receiving a demand for payment where Perpetual is entitled under clause 11.2 to the Reimbursement Fee.

11.4 Basis of Reimbursement Fee

The Reimbursement Fee has been calculated to reimburse Perpetual for costs including the following:

(a) fees for legal, financial and other professional advice in planning and implementing the Transaction (excluding success fees);

(b) reasonable opportunity costs incurred in engaging in the Transaction or in not engaging in other alternative acquisitions or strategic initiatives;

(c) costs of management and directors' time in planning and implementing the Transaction; and

(d) out of pocket expenses incurred by Perpetual and Perpetual's employees, advisers and agents in planning and implementing the Transaction,

and the parties agree that:

(e) the costs actually incurred by Perpetual will be of such a nature that they cannot all be accurately ascertained; and

(f) the Reimbursement Fee is a genuine and reasonable pre-estimate of those costs.

11.5 Compliance with law

(a) This clause 11 does not impose an obligation on The Trust Company to pay the Reimbursement Fee to the extent (and only to the extent) that the obligation to pay the Reimbursement Fee:

(i) is declared by the Takeovers Panel to constitute 'unacceptable circumstances'; or

(ii) is determined to be unenforceable or unlawful by a court,

(iii) after all proper avenues of appeal and review, judicial and otherwise, have been exhausted.

(b) The parties must not make or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination referred to in this clause 11.5(a).

11.6 Reimbursement Fee payable only once

Where the Reimbursement Fee becomes payable to Perpetual under clause 11.2 and is actually paid to Perpetual, Perpetual cannot make any claim against The Trust Company for payment of any subsequent Reimbursement Fee.

11.7 Reduction in amount payable

(a) The amount payable by The Trust Company to the Perpetual under clause 11.2 is reduced by an amount equal to the amount which is recovered by the Perpetual as a result of a claim against The Trust Company pursuant to any other remedies available to the Perpetual under this agreement including pursuant to clause 12.

(b) Where the amount payable by The Trust Company to the Perpetual under clause 11.2 has already been paid, the Perpetual must, within two Business Days of the event contemplated by clause 11.7(a) which would have reduced the amount payable, refund an amount to The Trust Company which is equivalent to that calculated under clause 11.7(a).

11.8 Limitations of Liability

(a) Notwithstanding any other provision of this agreement:

(i) the maximum liability of Perpetual to The Trust Company under or in connection with this agreement including in respect of any breach of the agreement will be $2,100,000; and

(ii) the maximum liability amount referred to in clause 11.8(a)(i) represents the maximum and absolute amount of the liability of Perpetual under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by Perpetual in connection with this agreement,

except that nothing in this clause 11.8(a) limits the liability of Perpetual for any breach of clause 4.2(c).

(b) Notwithstanding any other provision of this agreement but subject to clause 11.5:

(i) the maximum liability of The Trust Company to Perpetual under or in connection with this agreement including in respect of any breach of the agreement will be $2,100,000; and

(ii) the maximum liability amount referred to in clause 11.8(b)(i) represents the maximum and absolute amount of the liability of The Trust Company under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by The Trust Company in connection with this agreement,

except that nothing in this clause 11.8(b) limits the liability of The Trust Company for any breach of clause 10.

(c) Nothing in this clause 11.8 limits the liability of any party for fraud.

11.9 No Reimbursement Fee if Scheme Effective

Despite anything to the contrary in this agreement, the Reimbursement Fee will not be payable to Perpetual if the Scheme becomes Effective, notwithstanding the occurrence of any event in clause 11.2 and, if the Reimbursement Fee has already been paid it must be refunded by Perpetual.

12 Representations and warranties

12.1 The Trust Company's representations and warranties

The Trust Company represents and warrants to Perpetual (on its own behalf and separately as trustee or nominee for each of the Perpetual Indemnified Parties) that each of the statements set out in Schedule 7 is true and correct in all material respects as at the date of this agreement and as at 5:00 pm on the Business Day immediately prior to the Second Court Date.

12.2 The Trust Company's indemnity

The Trust Company indemnifies the Perpetual Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 12.1 not being true and correct.

12.3 The Trust Company warranty certificate

The Trust Company must provide to Perpetual by 5:00 pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of The Trust Company and made in accordance with a resolution of The Trust Company Board stating, as at that date, that the representations or warranties given by The Trust Company in clause 12.1 remain true and accurate or, if any such representation or warranty is not true and accurate as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

12.4 Perpetual's representations and warranties

Perpetual represents and warrants to The Trust Company (on its own behalf and separately as trustee or nominee for each of The Trust Company directors) that each of the statements set out in Schedule 8 is true and correct in all material respects as at the date of this agreement and as at 5:00 pm on the Business Day immediately prior to the Second Court Date.

12.5 Perpetual's indemnity

Perpetual indemnifies The Trust Company Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 12.4 not being true and correct.

12.6 Perpetual warranty certificate

Perpetual must provide to The Trust Company by 5:00 pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of Perpetual and made in accordance with a resolution of the Perpetual Board stating, as at that date, that the representations and warranties given by Perpetual in clause 12.4 remain true and accurate or, if any such representation or warranty is not true and accurate as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

13 Court proceedings

13.1 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, Perpetual and The Trust Company must appeal the Court's decision to the fullest extent possible except to the extent that:

(a) the parties agree otherwise; or

(b) Queen's Counsel or Senior Counsel representing that party in relation to the Scheme indicates that, in their opinion, an appeal would likely have less than a 50% prospect of success; or

(c) there is, in the bona-fide view of The Trust Company Board a Superior Proposal which should be recommended in preference to the Scheme,

in which case either party may terminate this agreement in accordance with clause 14.1(e)(iii).

13.2 Defence of proceedings

Each of the Perpetual and The Trust Company must vigorously defend, or must cause to be vigorously defended, any lawsuits or other legal proceeding brought against it (or any of its Subsidiaries) challenging this agreement or the completion of the Transaction. Neither Perpetual nor The Trust Company will settle or compromise (or permit any of its Subsidiaries to settle or compromise) any claim brought in connection with this agreement without the prior written consent of the other, such consent not to be unreasonably withheld.

13.3 Costs

Any costs incurred as a result of the operation of this clause 13 will be borne equally by each party.

14 Termination

14.1 Termination events

Without limiting any other provision of this agreement (including clauses 3.10 and 13.1), this agreement may be terminated:

(a) **(End Date)** by either party, if the Scheme has not become Effective on or before the End Date;

(b) **(lack of support or breach)** at any time prior to 8.00am on the Second Court Date:

(i) by Perpetual if any member of The Trust Company Board changes his recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to his recommendation, or otherwise makes a public statement indicating that he no longer supports the Transaction; or

(ii) by either Perpetual or The Trust Company if the other is in material breach of any clause of this agreement (other than a warranty), taken in the context of the Transaction as a whole, provided that either Perpetual or The Trust Company, as the case may be, has, if practicable, given notice to the other setting out the relevant circumstances and stating an intention to terminate and, the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 5:00 pm on the day before the Second Court Date) after the time such notice is given; or

(iii) by The Trust Company if Perpetual has breached the representations and warranties set out in Schedule 8, provided that:

(A) The Trust Company has given notice to Perpetual setting out the relevant circumstances and stating an intention to terminate; and

(B) the relevant breach continue to exist 5 Business Days (or any shorter period ending at 5:00 pm on the day before the Second Court Date) after the time such notice is given; and

(C) the loss that could reasonably be expected to follow from such a breach would exceed $1,000,000 in aggregate; or

(iv) by Perpetual if The Trust Company has breached the representations and warranties set out in Schedule 7, provided that:

(A) Perpetual has given notice to The Trust Company setting out the relevant circumstances and stating an intention to terminate; and

(B) the relevant breach continue to exist 5 Business Days (or any shorter period ending at 5:00 pm on the day before the Second Court Date) after the time such notice is given; and

(C) the loss that could reasonably be expected to follow from such a breach would exceed $1,000,000 in aggregate; or

(v) by Perpetual if a The Trust Company Material Adverse Change or a The Trust Company Prescribed Event occurs; or

(vi) by The Trust Company if a Perpetual Material Adverse Change or a Perpetual Prescribed Event occurs;

(c) **(not approved)** by either party if the resolution submitted to the Scheme Meeting is not approved by the requisite majority;

(d) **(restraint)** by either party if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Transaction;

(e) (**consultation or appeal failure**) in accordance with and pursuant to:

(i) clause 3.10(a);

(ii) clause 3.10(b); or

(iii) clause 13.1;

(f) **(Independent Expert)** by either party if the Independent Expert opines that the Scheme is not in the best interests of Shareholders in The Trust Company;

(g) **(Insolvency)** by either party if the other party or any of their Related Bodies Corporate becomes Insolvent; or

(h) **(agreement)** if agreed to in writing by Perpetual and The Trust Company.

14.2 Termination

Where a party has a right to terminate this agreement, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this agreement.

14.3 Effect of Termination

In the event that a party terminates this agreement, or if this agreement otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this agreement, other than the obligations set out in clauses 10, 11, 12, 14.3, 17, 18 and 19.18 will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this agreement.

14.4 Damages

In addition to the right of termination under clause 14.1 where there is no appropriate remedy for the breach in the agreement (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this agreement.

15 Public announcements

15.1 Public announcement of Scheme

Immediately after signing this agreement, The Trust Company and Perpetual will issue separate public announcements of the proposed Transaction in agreed form.

15.2 Required disclosure

Where a party is required by law, the Listing Rules or a memorandum of understanding with a Regulatory Authority to make any announcement or make any disclosure relating to a matter the subject of the Transaction, it may do so only after it has given the other party as much notice as possible and has

consulted to the fullest extent possible in the circumstances with the other party and its legal advisers.

15.3 Other announcements

Subject to clauses 15.1 and 15.2, no party may make any public announcement or disclosure in connection with the Transaction (including disclosure to a Regulatory Authority) other than in a form approved by each party (acting reasonably). Each party will use all reasonable endeavours to provide such approval as soon as practicable.

16 GST

(a) Any consideration or amount payable under or in connection with this agreement, including any non-monetary consideration (as reduced in accordance with clause 16(e) if required) (**Consideration**) is exclusive of GST.

(b) If GST is or becomes payable on a Supply made under or in connection with this agreement, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.

(c) The Additional Amount payable under clause 16(b) is payable at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice. However, the Additional Amount is only payable on receipt of a valid Tax Invoice.

(d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 16(b):

(i) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;

(ii) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and

(iii) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.

(e) Despite any other provision in this agreement if an amount payable under or in connection with this agreement (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred.

(f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of a GST Group of which the party is a member is entitled.

(g) Any term starting with a capital letter that is not defined in this agreement has the same meaning as the term has in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

17 Confidential Information

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreements in respect of all information received by it from the other party on, before or after the date of this agreement.

18 Notices and other communications

18.1 Form - all communications

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement must be:

(a) in writing;

(b) signed by the sender (if an individual) or an Authorised Officer of the sender; and

(c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

18.2 Form - communications sent by email

Communications sent by email need not be marked for attention in the way stated in clause 18.1. However, the email must state the first and last name of the sender.

Communications sent by email are taken to be signed by the named sender.

18.3 Delivery

Communications must be:

(a) left at the address set out or referred to in the Details;

(b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;

(c) sent by fax to the fax number set out or referred to in the Details;

(d) sent by email to the address set out or referred to in the Details; or

(e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

18.4 When effective

Communications take effect from the time they are received or taken to be received under clause 18.5 (whichever happens first) unless a later time is specified.

18.5 When taken to be received

Communications are taken to be received:

(a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or

(b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent; or

(c) if sent by email;

(i) when the sender receives an automated message confirming delivery; or

(ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

18.6 Receipt outside business hours

Despite clauses 18.4 and 18.5, if communications are received or taken to be received under clause 18.5 after 5:00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

19 Miscellaneous

19.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

19.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

19.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

19.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

19.5 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

19.6 Remedies cumulative

The rights and remedies in this agreement are in addition to other rights and remedies given by law independently of this agreement.

19.7 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

19.8 No merger

The warranties, undertakings and indemnities in this agreement do not merge on the Implementation Date.

19.9 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

19.10 Enforceability

For the purpose of this agreement:

(a) The Trust Company is taken to be acting as agent and trustee on behalf of and for the benefit of all The Trust Company Indemnified Parties; and

(b) Perpetual is taken to be acting as agent and trustee on behalf of and for the benefit of all the Perpetual Indemnified Parties,

and all of those persons are to this extent taken to be parties to this agreement.

19.11 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

(a) to bind the party and any other person intended to be bound under this agreement; or

(b) to show whether the party is complying with this agreement.

19.12 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

19.13 Costs

The parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this agreement and other related documentation except for stamp duty.

19.14 Stamp duty

Perpetual agrees to pay all stamp duty (including fines and penalties) payable and assessed by legislation or by any revenue office on this agreement or the Scheme and in respect of a transaction evidenced by this agreement or the Scheme.

19.15 Entire agreement

Except for the Confidentiality Agreements, this agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

19.16 Assignment

A party may not assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied in each case, without the consent of the other party.

19.17 No representation or reliance

Each party acknowledges that:

(a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;

(b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and

(c) paragraphs 19.17(a) and 19.17(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

19.18 Governing law

This agreement is governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

19.19 Counterparts

This agreement may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

EXECUTED as an agreement

Scheme Implementation Agreement

Schedule 1 - Perpetual Prescribed Events

1 **(Conversion)** Perpetual converts all or any of its shares into a larger or smaller number of shares.

2 **(Reduction of share capital)** Perpetual resolves to reduce its share capital in any way.

3 **(Buy-back)** Perpetual:

(a) enters into a buy-back agreement; or

(b) resolves to approve the terms of a buy-back agreement under the Corporations Act.

4 **(Distribution)** Perpetual makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), other than any interim or final dividend made, declared or announced in accordance with Perpetual's current dividend policy as at the date of this agreement.

5 (**Issuing or granting shares or options**) Perpetual or any of its Subsidiaries:

(a) issues shares;

(b) grants an option over its shares; or

(c) agrees to make such an issue or grant such an option,

in each case to a person outside Perpetual Group other than:

(d) in accordance with the terms attaching to any performance rights, long term incentive plan or dividend reinvestment plan, in each case as in place as at the date of this agreement; or

(e) as disclosed by Perpetual to The Trust Company or the ASX before the date of this agreement.

6 **(Securities or other instruments)** Perpetual or any of its Subsidiaries:

(a) issues securities or other instruments convertible into shares or debt securities; or

(b) agrees to issue securities or other instruments convertible into shares or debt securities,

in each case to a person outside Perpetual Group other than:

(c) in accordance with the terms attaching to any performance rights, long term incentive plan or dividend reinvestment plan, in each case as in place as at the date of this agreement; or

(d) as disclosed by Perpetual to The Trust Company or the ASX before the date of this agreement.

7 **(Constitution)** Perpetual adopts a new constitution or modifies or repeals its existing constitution or a provision of it.

8 **(Disposals)** Perpetual or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the Perpetual Group's business or property (other than any business or property which is held in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund).

9 (**Acquisitions, disposals or tenders**) Perpetual or any of its Subsidiaries:

(a) acquires or disposes of;

(b) agrees to acquire or dispose of;

(c) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking (other than a business, asset, entity or undertaking which is held in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund) the value of which exceeds $15,350,000 other than where such action is taken in accordance with the Transformation 2015 strategy announced by Perpetual to the ASX on 25 June 2012.

10 **(Encumbrances)** other than in the ordinary course of business and consistent with past practice, Perpetual or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property (other than any business or property which is held in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund).

11 **(Commitments and settlements)** other than where carried out: (i) in its capacity as trustee, responsible entity or manager of a third party trust or fund in respect of the assets of that trust or fund; (ii) in accordance with the Transformation 2015 strategy announced by Perpetual to the ASX on 25 June 2012; or (iii) in the ordinary course of business and consistent with past practice, Perpetual or any of its Subsidiaries:

(a) enters into any contract or commitment involving revenue or expenditure of more than $12,000,000 over the term of the contract or commitment;

(b) terminates or amends in a material manner any contract material to the conduct of the Perpetual Group's business or which involves revenue or expenditure of more than $12,000,000 over the term of the contract;

(c) waives any material Third Party default; or

(d) accepts as a settlement or compromise of a material matter (relating to an amount in excess of $12,000,000) less than the full compensation due to Perpetual or a Subsidiary of Perpetual.

12 **(Insolvency)** Perpetual or any of its Related Bodies Corporate becomes Insolvent.

Scheme Implementation Agreement

Schedule 2 - The Trust Company Prescribed Events

1 **(Conversion)** The Trust Company converts all or any of its shares into a larger or smaller number of shares.

2 **(Reduction of share capital)** The Trust Company resolves to reduce its share capital in any way.

3 (**Buy-back**) The Trust Company:

(a) enters into a buy-back agreement; or

(b) resolves to approve the terms of a buy-back agreement under the Corporations Act.

4 **(Distribution)** The Trust Company makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), except for (i) The Trust Company FY13 Final Dividend provided that it is not more than 18 cents per Share in The Trust Company; (ii) The Trust Company FY14 Interim Dividend provided that it is not more than 17 cents per Share in The Trust Company, fully franked; and (iii) the special dividend permitted pursuant to clause 4.2(d).

5 **(Issuing or granting shares or options)** The Trust Company or any of its Subsidiaries:

(a) issues shares;

(b) grants an option over its shares; or

(c) agrees to make such an issue or grant such an option,

in each case to a person outside The Trust Company Group other than:

(d) in accordance with the terms attaching to any Performance Rights or dividend reinvestment plan, in each case as in place as at the date of this agreement; or

(e) as disclosed by The Trust Company to Perpetual or the ASX before the date of this agreement.

6 **(Securities or other instruments)** The Trust Company or any of its Subsidiaries:

(a) issues securities or other instruments convertible into shares or debt securities; or

(b) agrees to issue securities or other instruments convertible into shares or debt securities,

in each case to a person outside The Trust Company Group other than:

(c) in accordance with the terms attaching to any Performance Rights or dividend reinvestment plan, in each case as in place as at the date of this agreement; or

(d) as disclosed by The Trust Company to Perpetual or the ASX before the date of this agreement.

7 **(Constitution)** The Trust Company adopts a new constitution or modifies or repeals its constitution or a provision of it.

8 **(Disposals)** The Trust Company or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of The Trust Company Group's business or property (other than any business or property which is held in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund).

9 (**Acquisitions, disposals or tenders**) The Trust Company or any of its Subsidiaries:

(a) acquires or disposes of;

(b) agrees to acquire or dispose of;

(c) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking (other than a business, asset, entity or undertaking which is held in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund) the value of which exceeds $6,300,000.

10 **(Encumbrances)** The Trust Company or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property (other than any business or property which is held in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund).

11 **(Employment arrangements)** The Trust Company or any of its Subsidiaries:

(a) other than as part of the annual remuneration review which will be effective as at 15 May 2013 and will be substantially on the terms disclosed to Perpetual, increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;

(b) other than in respect of any Performance Rights, accelerates the rights of any of its directors or employees to compensation or benefits or any kind; or

(c) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this agreement),

and the aggregate of all increases in remuneration, accelerations of benefits and payments is greater than $1,000,000.

12 **(Commitments and settlements)** other than where carried out in its capacity as trustee, responsible entity or manager of a third party trust or fund in respect of the assets of that trust or fund, The Trust Company or any of its Subsidiaries:

(a) enters into any contract or commitment involving potential revenue or expenditure (including termination payments or break fees) of more than $1,000,000 over the term of the contract or commitment;

(b) (without limiting the foregoing) enters into any contracts or commitments relating to the same matter or project involving revenue or expenditure of more than $1,000,000 in aggregate over the term of the contracts or commitments;

(c) terminates or amends in a material manner any contract material to the conduct of The Trust Company Group's business or which involves revenue or expenditure of more than $1,000,000 over the term of the contract;

(d) waives any material Third Party default; or

(e) accepts as a settlement or compromise of a material matter (relating to an amount in excess of $1,000,000) less than the full compensation due to The Trust Company or a Subsidiary of The Trust Company.

13 **(Insolvency)** The Trust Company or any of its Related Bodies Corporate becomes Insolvent.

Scheme Implementation Agreement

Schedule 3 - Conditions Precedent (clause 3.1)

	Condition		Party entitled to benefit
1.	**Regulatory Approvals**		
	Before 8.00am on the Second Court Date:		
	(a)	**ACCC**: Perpetual has received informal clearance in respect of the Transaction by notice in writing from the ACCC stating, or stating to the effect, that the ACCC does not propose to intervene or seek to prevent the Transaction and that notice has not been withdrawn, revoked or amended;	Both Both
	(b)	**(ASIC and ASX)** ASIC and ASX have issued or provided such consents, confirmations or approvals or have done such other acts which the parties agree are reasonably necessary or desirable to implement the Transaction;	Both
	(c)	**(Ministerial Approval)** The Minister has granted (or is deemed to have granted) all approvals pursuant to section 601VBA which Perpetual (or any member of the Perpetual Group) requires to implement the Transaction;	
	(d)	**(Regulatory Authority)** all other approvals of a Regulatory Authority which Perpetual and The Trust Company agree are necessary or desirable to implement the Transaction are obtained;	Both
	(e)	**(Court orders)** no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Transaction and no such order, decree, ruling, other action or refusal is in effect.	Both
2.	**Scheme approval**		Cannot be waived
	Shareholders in The Trust Company approve the Scheme by the requisite majorities in accordance		

Condition		Party entitled to benefit
	with the Corporations Act.	
3.	**Court approval**	
	The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.	Both
4.	**Third party consents**	
	All other approvals of a Third Party which Perpetual and The Trust Company agree are necessary or desirable to implement the Transaction are obtained.	Both
5.	**Independent Expert**	
	The Independent Expert issues a report which concludes that the Scheme is in the best interests of Scheme Participants before the date on which the Scheme Booklet is lodged with ASIC.	Both
6.	**No The Trust Company Prescribed Event**	
	No The Trust Company Prescribed Event occurs between the date of this agreement and 8.00am on the Second Court Date.	Perpetual
7.	**No The Trust Company Material Adverse Change**	
	No The Trust Company Material Adverse Change occurs or becomes apparent between the date of this agreement and 8.00am on the Second Court Date.	Perpetual
8.	**No Perpetual Prescribed Event**	
	No Perpetual Prescribed Event occurs between the date of this agreement and 8.00am on the Second Court Date.	The Trust Company
9.	**No Perpetual Material Adverse Change**	The Trust Company
	No Perpetual Material Adverse Change occurs or becomes apparent between the date of this agreement and 8.00am on the Second Court Date.	
10.	**Index out**	Both
	Between the date of this agreement and 5:00 pm on the Business Day before the Second Court Date, the All Ordinaries Index does not close below 4,500 for more than three consecutive trading days.	
11.	**Quotation**	

Condition		Party entitled to benefit
	The New Perpetual Shares to be issued pursuant to the Scheme have, before 8.00 am on the Second Court Date, been approved for official quotation on the ASX.	The Trust Company
12.	**No termination**	
	This agreement has not been terminated in accordance with clause 14.	Both
13.	**Deed Poll**	The Trust Company
	Between the date of this agreement and the date of sending the Scheme Booklet, Perpetual signs and delivers the Deed Poll.	

Scheme Implementation Agreement

Schedule 4 – Indicative Timetable (clause 5.1)

Event	Date
Lodge Scheme Booklet with ASIC and ASX	September 2013
First Court Date	October 2013
Scheme Meeting	November 2013
Election Date	November 2013
Second Court Date	November 2013
Effective Date	November 2013
Special Dividend Record Date	November 2013
Record Date	November 2013
Special Dividend Payment Date	November 2013
Implementation Date	November 2013

Scheme Implementation Agreement

Schedule 5 - The Trust Company's Obligations (clause 6.1)

1 **(The Trust Company Information)** ensure that The Trust Company Information included in the Scheme Booklet complies with applicable law, the Listing Rules and applicable ASIC Regulatory Guides.

2 **(Further The Trust Company Information)** provide to Perpetual and Scheme Participants such further or new The Trust Company Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that The Trust Company Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).

3 **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report for the Scheme Booklet.

4 **(Provide a copy of the report)** on receipt, provide Perpetual with a copy of any draft or final report received from the Independent Expert.

5 **(Directors' recommendation)** state in the Scheme Booklet, the public announcement contemplated by clause 15.1 (on the basis of statements made to The Trust Company by each member of The Trust Company Board) and any other public statements made by The Trust Company in relation to the Scheme that:

(a) each of the directors of The Trust Company Board recommends to Scheme Participants that the Scheme be approved in the absence of a Superior Proposal; and

(b) each of the directors of The Trust Company Board will (in the absence of a Superior Proposal) vote, or procure the voting of director's Shares in The Trust Company in which they have a Relevant Interest at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting,

unless:

(c) the Independent Expert opines that the Scheme is not in the best interest of Shareholders in The Trust Company; or

(d) in relation to matters occurring after the date of this agreement, The Trust Company Board considers, after obtaining written legal advice, that compliance or continued compliance with this clause would involve a breach of their fiduciary duties or would be unlawful on any other basis,

and, if The Trust Company Board proposes to change its recommendation in accordance with paragraph (c) or (d) above:

(e) The Trust Company Board must notify Perpetual in writing immediately if it is proposing to announce a change, withdrawal or modification of recommendation that it intends to change, withdraw or modify its recommendation; and

(f) the parties must consult in good faith for 2 Business Days after the date on which the notification in paragraph (e) is given to consider and determine whether the recommendation in place at that time can be maintained. For the avoidance of doubt, that recommendation cannot be changed, withdrawn or modified in accordance with paragraphs (c) or (d) until the end of that consultation period.

6 **(Directors' voting)** use its reasonable endeavours to procure that:

(a) each member of The Trust Company Board votes any Shares in The Trust Company in which they have a Relevant Interest at the time of the Scheme Meeting in favour of the Scheme and any other resolution submitted to Shareholders in The Trust Company for their approval in connection with the Scheme; and

(b) each member of The Trust Company Board does not change that voting intention,

unless a Superior Proposal arises or the Independent Expert opines that the Scheme is not in the best interests of Shareholders in The Trust Company.

7 **(Registry details)** subject to the terms of the Scheme:

(a) provide all necessary information about the Scheme Participants to Perpetual which Perpetual requires in order to assist Perpetual to solicit votes at the Scheme Meeting; and

(b) provide all necessary directions to the Registry to promptly provide any information that Perpetual reasonably requests in relation to the Register, including any sub-register, and, where requested by Perpetual The Trust Company must procure such information to be provided to Perpetual in such electronic form as is reasonably requested by Perpetual.

8 **(Section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.

9 (**ASIC and ASX review)** keep Perpetual informed of any matters raised by ASIC or ASX in relation to the Scheme Booklet or the Transaction, and use reasonable endeavours to take into consideration in resolving such matters any issues raised by Perpetual.

10 **(Court application)** apply to the Court for an order under section 411(1) of the Corporations Act directing The Trust Company to convene the Scheme Meeting.

11 **(Registration of explanatory statement)** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.

12 **(Court documents**) consult with Perpetual in relation to the content of the documents required for the purpose of each of the Court hearings held for the purpose of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, comments from Perpetual on those documents.

13 **(Send Scheme Booklet)** send the Scheme Booklet to Shareholders in The Trust Company as soon as practicable after the Court orders The Trust Company to convene the Scheme Meeting.

14 **(Scheme Meeting)** convene the Scheme Meeting in accordance with any such orders made by the Court and seek the approval of Shareholders in The Trust Company for the Scheme and, for this purpose, the directors of The Trust Company must participate in reasonable efforts to promote the merits of the Scheme, including meeting with key Scheme Participants at the reasonable request of Perpetual.

15 **(Certificate)** at the hearing on the Second Court Date provide to the Court a certificate confirming whether or not the Conditions Precedent (other than the Condition Precedent in paragraph 3 (Court approval) of Schedule 3) have been satisfied or waived in accordance with this agreement. A draft of such certificate shall be provided by The Trust Company to Perpetual by 4:00 pm on the Business Day prior to the Second Court Date.

16 **(Court order)** apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act.

17 **(Lodge)** lodge with ASIC an office copy of any such Court order approving the Scheme as approved by Shareholders in The Trust Company at the Scheme Meeting in accordance with section 411(10) of the Corporations Act.

18 **(Registration)** register all transfers of Shares in The Trust Company to Perpetual Sub on the Implementation Date.

19 (**Compliance with laws)** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws and regulations.

20 **(Listing)** take all reasonable steps to maintain The Trust Company's listing on ASX, notwithstanding any suspension of the quotation of Shares in The Trust Company, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC.

21 **(Other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

22 (**Meetings with Shareholders in The Trust Company**) at the request of Perpetual, Representatives of The Trust Company will accompany Representatives of Perpetual at meetings with Shareholders in The Trust Company that have been approved in writing by The Trust Company to convey The Trust Company's recommendation of the Scheme and rationale for that recommendation.

23 **(Perpetual and The Trust Company - information)** prepare and promptly provide to Perpetual any information regarding The Trust Company Group that Perpetual reasonably requires in order to prepare the information regarding the Perpetual and The Trust Company group following implementation of the Scheme for inclusion in the Scheme Booklet.

24 **(Suspension of trading)** apply to ASX to suspend trading in The Trust Company Shares with effect from the close of trading on the Effective Date.

25 **(Issues of Shares)** The Trust Company must ensure:

(a) that no The Trust Company Prescribed Event set out in paragraph 5 of Schedule 2 occurs between the date of this agreement and 8.00 am on the Second Court Date; and

(b) that, from 8.00am on the Second Court Date, no entitlement offer, rights issue or similar offer is announced or made by The Trust Company.

Scheme Implementation Agreement

Schedule 6 - Perpetual's Obligations (clause 6.2)

1 **(Perpetual Information)** provide to The Trust Company for inclusion in the Scheme Booklet such Perpetual Information as The Trust Company reasonably requires to prepare and issue the Scheme Booklet (including any information required under the Corporations Act, Corporations Regulations, or ASIC Regulatory Guide 60).

2 **(Further Perpetual Information)** provide to The Trust Company such further or new Perpetual Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Perpetual Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).

3 **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet.

4 **(Representation)** procure that it is represented by counsel at the court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel Perpetual must undertake (if requested by the court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this agreement and the Scheme.

5 **(Deed Poll)** prior to the Scheme Booklet being sent, sign and deliver the Deed Poll.

6 **(Issues of Shares)** Perpetual must ensure:

(a) that no Perpetual Prescribed Event set out in paragraph 5 of Schedule 1 occurs between the date of this agreement and 8.00 am on the Second Court Date; and

(b) that, from 8.00am on the Second Court Date, no entitlement offer, rights issue or similar offer is announced or made by Perpetual in relation to which the holders of New Perpetual Shares (once issued in accordance with clause 4.2) will not be entitled to participate on equal terms with other shareholders of Perpetual.

7 **(Scheme Consideration)** if the Scheme becomes Effective, provide (or, in the case of the Cash Consideration, procure that Perpetual Sub provides) the Scheme Consideration in accordance with clause 4.2 and the Deed Poll on the Implementation Date.

8 **(Share Transfer)** if the Scheme becomes Effective, procure that Perpetual Sub executes the master transfer form and accepts a transfer of the Shares in The Trust Company as contemplated by clause 4.2.

Scheme Implementation Agreement

Schedule 7 - The Trust Company's representations and warranties (clause 12.1)

1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.

2 **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of The Trust Company.

3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.

4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it.

5 **(The Trust Company Information)** The Trust Company Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.

6 **(Reliance)** The Trust Company Information contained in the Scheme Booklet will be included in good faith and on the understanding that Perpetual and its directors will rely on that information for the purposes of considering and approving the Perpetual Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme.

7 **(Further information)** The Trust Company will, as a continuing obligation, provide to Perpetual all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of clause 7.1(b) if it applied as at the date upon which that information arose.

8 **(Continuous disclosure)** The Trust Company is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure.

9 **(Opinions)** any statement of opinion or belief contained in The Trust Company Information is honestly held and there are reasonable grounds for holding the opinion or belief.

10 **(Provision of information to Independent Expert)** all information provided by or on behalf of The Trust Company to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.

11 **(No default)** neither it nor any of its Subsidiaries is in default under any document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto

a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect.

12 **(Securities)** The Trust Company's issued securities as at the date of this agreement are 33,555,862 Shares in The Trust Company and 811,309 Performance Rights and it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Shares in The Trust Company, other than rights arising under the Performance Rights.

13 **(No Encumbrances)** there is no material Encumbrance over all or any of the assets or revenues of any The Trust Company Group member other than assets which are held in a fiduciary capacity as trustee, responsible entity or manager of a third party trust or fund.

14 **(Information provided to Third Parties)** The Trust Company has provided Perpetual with copies or written statements of any material non-public information about the business or affairs of The Trust Company or The Trust Company Group disclosed or otherwise provided to any Third Party in connection with an actual, proposed or potential Competing Transaction.

15 **(Interest)** any company, partnership, trust, joint venture or other enterprise in which The Trust Company or another member of The Trust Company Group owns or has a material interest in is as notified in writing by The Trust Company to Perpetual prior to entry into this agreement.

16 **(Insolvency event or regulatory action)** no member of The Trust Company Group is Insolvent, nor has any regulatory action of any nature been taken that would prevent or restrict the ability of a member of The Trust Company Group to fulfil its obligations under this agreement.

17 **(Compliance)**:

(a) Each member of The Trust Company Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Regulatory Agencies having jurisdiction over them.

(b) The Trust Company Group members have all material licenses and permits to conduct the business of The Trust Company Group as it is presently conducted (where a **material license or permit** for the purposes of this paragraph means a license or permit absent which, if The Trust Company Group was conducting its business as it is presently conducted, it would be reasonably likely to result in a The Trust Company Material Adverse Change).

18 **(Disclosure Materials)** it has collated and prepared all of the Disclosure Materials in good faith.

19 **(Debenture Book)** the information in the Disclosure Materials relating to the Debenture Book when considered as a whole is true, accurate and not misleading in any material respect, and no member of The Trust Company Group has knowingly withheld any information from inclusion in the Disclosure Materials which would render the information in the Disclosure Materials relating to the Debenture Book misleading. For the purpose of this paragraph **Debenture Book** means the debenture book held by The Trust Company Group's debt capital markets business (being a business line within its Australian Corporate Client Services division).

Scheme Implementation Agreement

Schedule 8 - Perpetual's representations and warranties (clause 12.4)

1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.

2 **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of Perpetual.

3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.

4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it.

5 **(Reliance)** the Perpetual Information provided to The Trust Company for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that The Trust Company and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the Corporations Act.

6 **(Perpetual Information)** the Perpetual Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.

7 **(Further information)** Perpetual will, as a continuing obligation, provide to The Trust Company all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of clause 7.1(b) if it applied as at the date on which that information arose.

8 **(Opinions)** any statement of opinion or belief contained in the Perpetual Information is honestly held and there are reasonable grounds for holding the opinion or belief.

9 **(Provision of information to Independent Expert)** all information provided by or on behalf of Perpetual to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.

10 **(Perpetual shares)** the New Perpetual Shares will be duly authorised and validly issued, fully paid and non-assessable, free of all security interests and Third Party rights and will rank equally with all other the Perpetual Shares then on issue.

11 **(Insolvency event or regulatory action)** no member of The Perpetual Group is Insolvent, nor has any regulatory action of any nature been taken that would prevent or restrict the ability of member of the Perpetual Group to fulfil its obligations under this agreement.

12 **(Compliance)**:

(a) Each member of Perpetual Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Regulatory Agencies having jurisdiction over them.

(b) The Perpetual Group members have all material licenses and permits to conduct the business of Perpetual Group as it is presently conducted (where a **material license or permit** for the purposes of this paragraph means a license or permit absent which, if Perpetual Group was conducting its business as it is presently conducted, it would be reasonably likely to result in a Perpetual Material Adverse Change).

D ANNEXURE D SCHEME OF ARRANGEMENT

KING&WOOD MALLESONS

Scheme of Arrangement

Dated

The Trust Company Limited ABN 59 004 027 749 ("**The Trust Company**")

Scheme Participants

King & Wood Mallesons
Level 50
Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia
T +61 3 9643 4000
F +61 3 9643 5999
DX 101 Melbourne
www.kwm.com

Scheme of Arrangement
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Scheme of Arrangement

Details

Parties	**The Trust Company and Scheme Participants**	
The Trust Company	Name	**The Trust Company Limited**
	ABN	59 004 027 749
	Address	Level 15 20 Bond Street Sydney NSW 2000
	Fax	(02) 8295 8692
	Attention	Peter Bryant
Scheme Participants	Name	Each person registered as a holder of fully paid ordinary shares in The Trust Company as at the Record Date
Governing law	New South Wales	

General terms

1 Definitions and interpretation

1.1 Definitions

In this Scheme:

ACCC means the Australian Competition and Consumer Commission.

Adjusted Number means the number determined in accordance with the following formula:

$$Adjusted\ Number\ = \times (1 + \frac{D}{(Perpetual\ VWAP)})$$

Where:

D is the cash amount per Perpetual Share (expressed in dollars and excluding, for the avoidance of doubt, any franking credit) of any dividend (other than the Excluded Dividend) declared or paid by Perpetual the record date for which occurs after the date of the Scheme Implementation Agreement and before the Implementation Date.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691), Australian Securities Exchange or the Australian Stock Exchange, as appropriate.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived from time to time.

Business Day means a business day as defined in the Listing Rules.

Cash Consideration means:

(a) if after the date of the Scheme Implementation Agreement but before the Implementation Date no dividend (other than the Excluded Dividend) is paid on Perpetual Shares and no record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the amount calculated as the Perpetual VWAP multiplied by 0.182 for each Share in The Trust Company held by a Scheme Participant electing to receive Cash Consideration in accordance with the terms of the Scheme; or

(b) if after the date of the Scheme Implementation Agreement but before the Implementation Date a dividend (other than the Excluded Dividend) is paid on Perpetual Shares or the record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the amount calculated as the Perpetual VWAP multiplied by the Adjusted Number for each Share in The Trust Company held by a Scheme Participant electing to receive Cash Consideration in accordance with the terms of the Scheme,

subject in any event to the Cash Consideration for each Share in The Trust Company being not less than $6.29.

Corporations Act means the Corporations Act 2001 (Cwlth).

Court means a court of competent jurisdiction under the Corporations Act agreed in writing by Perpetual and The Trust Company.

Deed Poll means the deed poll dated 10 October 2013 executed by Perpetual and Perpetual Sub substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by Perpetual and The Trust Company under which Perpetual covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this Scheme headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Election means the election or deemed election by a Scheme Participant to receive 0%, 20%, 40%, 60%, 80% or 100% of the Scheme Consideration in the form of Cash Consideration (the remainder being received in the form of Share Consideration) in accordance with clause 6.1.

Election Date means 7.00pm on the date that is 3 Business Days before the Record Date or such other date as the parties agree in writing.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act* 2009 (Cth)), title retention, preferential right or trust arrangement, claim, covenant, profit à prendre, easement, interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind or any other security arrangement having the same effect.

End Date means 31 December 2013 or such other date as is agreed by Perpetual and The Trust Company.

Excluded Dividend means the 80 cents per Perpetual Share dividend determined by Perpetual and scheduled for payment on or about 4 October 2013.

Foreign Sale Agent means a person appointed by Perpetual after consultation with The Trust Company to sell the New Perpetual Shares that are attributable to Foreign Shareholders under the terms of this Scheme.

Foreign Shareholder means a Shareholder in The Trust Company:

(a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories or New Zealand; or

(b) whose address shown in the Register is a place outside Australia and its external territories or New Zealand or who is acting on behalf of such a person,

unless Perpetual determines that:

(c) it is lawful and not unduly onerous or unduly impracticable to issue that Shareholder in The Trust Company with New Perpetual Shares on implementation of the Scheme; and

(d) it is lawful for that Shareholder in The Trust Company to participate in the Scheme by the law of the relevant place outside Australia and its external territories or New Zealand.

Immediately Available Funds means a bank cheque, electronic funds transfer for same day value or other form of cleared funds acceptable to The Trust Company.

Implementation Date means the third Business Day following the Record Date or such other date as is agreed by Perpetual and The Trust Company.

Listing Rules means the Listing Rules of the ASX.

New Perpetual Shares means Perpetual Shares to be issued under the Scheme.

Perpetual means Perpetual Limited (ABN 86 000 431 827).

Perpetual Constitution means the Perpetual Constitution approved at Perpetual's annual general meeting on 1 November 2012 as amended from time to time.

Perpetual Shares means fully paid ordinary shares in the capital of Perpetual.

Perpetual Sub means Perpetual Acquisition Company Limited (ACN 163 620 362), a wholly owned direct Subsidiary of Perpetual.

Perpetual VWAP means the average of the daily volume weighted average price per Perpetual Share traded on the ASX during the Perpetual VWAP Period but does not include any "Crossing" transacted outside the "Open Session State", or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules.

Perpetual VWAP Period means the ten ASX trading days immediately preceding the date of the Scheme Meeting (but not including that date).

Record Date means 7.00pm on the seventh Business Day following the Effective Date or such other date as The Trust Company and Perpetual agree.

Register means the register of members of The Trust Company maintained by or on behalf of The Trust Company in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a Shareholder in The Trust Company, the address shown in the Register.

Regulatory Authority includes:

(a) ASX, ACCC, ASIC;

(b) a government or governmental, semi-governmental or judicial entity or authority;

(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

(d) any regulatory organisation established under statute.

Scheme means this scheme of arrangement between The Trust Company and Scheme Participants under which all of the Scheme Shares will be transferred to Perpetual under Part 5.1 of the Corporations Act as described in clause 6, in

consideration for the Scheme Consideration, subject to any amendments or conditions ordered by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by The Trust Company and Perpetual in accordance with clause 8.2.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to Shareholders in The Trust Company (as supplemented from time to time if applicable).

Scheme Consideration means the Cash Consideration and the Share Consideration to be provided to Scheme Participants under the terms of this Scheme for the transfer to Perpetual Sub of their Scheme Shares.

Scheme Implementation Agreement means the scheme implementation agreement dated on or about 7 May 2013 between The Trust Company and Perpetual (as amended) under which, amongst other things, The Trust Company has agreed to propose this Scheme to Shareholders in The Trust Company, and each of Perpetual and The Trust Company has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of Shareholders in The Trust Company, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Shareholders in The Trust Company will vote on this Scheme.

Scheme Participant means each person who is a Shareholder in The Trust Company as at the Record Date.

Scheme Share means a Share in The Trust Company held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Shares in The Trust Company issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Consideration means:

(a) if after the date of the Scheme Implementation Agreement but before the Implementation Date no dividend (other than the Excluded Dividend) is paid on Perpetual Shares and no record date for any Perpetual dividend (other than the Excluded Dividend) occurs, 0.182 New Perpetual Shares for each Share in The Trust Company held by a Scheme Participant receiving Share Consideration in accordance with the terms of the Scheme; or

(b) if after the date of the Scheme Implementation Agreement but before the Implementation Date, a dividend (other than the Excluded Dividend) is paid on Perpetual Shares or the record date for any Perpetual dividend (other than the Excluded Dividend) occurs, the Adjusted Number of New Perpetual Shares for each Share in The Trust Company held by a Scheme Participant receiving Share Consideration in accordance with the terms of the Scheme.

Share in The Trust Company means a fully paid ordinary share in the capital of The Trust Company.

Shareholder in The Trust Company means each person registered in the Register as a holder of Shares in The Trust Company.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that

Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Subsidiary has the meaning given to it in the Corporations Act.

The Trust Company means The Trust Company Limited (ABN 59 004 027 749).

Trust Account means the trust account operated by or on behalf of The Trust Company to hold the cash component of the Scheme Consideration on trust for the purpose of paying the cash component of the Scheme Consideration to the Scheme Participants in accordance with clause 6.4.

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

(a) **(variations or replacement)** a document, agreement (including this Scheme) or instrument is a reference to that document, agreement or instrument as amended, consolidated, supplemented, novated or replaced;

(b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Scheme;

(c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(e) **(singular includes plural)** the singular includes the plural and vice versa;

(f) **(party)** a party means a party to this Scheme;

(g) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;

(h) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(i) **(dollars)** Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia;

(j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

(k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and

(m) **(time of day)** time is a reference to Sydney time.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Preliminary

2.1 The Trust Company

The Trust Company is:

(a) a public company limited by shares;

(b) incorporated in Australia and registered in Victoria; and

(c) admitted to the official list of the ASX and Shares in The Trust Company are officially quoted on the stock market conducted by ASX.

As at 14 October 2013, The Trust Company's issued securities are:

(a) Shares in The Trust Company: 33,657,334; and

(b) performance rights: 705,796.

Perpetual is:

(d) a public company limited by shares;

(e) incorporated in Australia and registered in New South Wales; and

(f) admitted to the official list of the ASX and Perpetual Shares are officially quoted on the stock market conducted by ASX.

Perpetual Sub is:

(g) a public company limited by shares;

(h) incorporated in Australia and registered in Victoria; and

(i) a wholly-owned subsidiary of Perpetual.

2.2 If Scheme becomes Effective

If this Scheme becomes Effective:

(a) in consideration of the transfer of each Scheme Share to Perpetual Sub, The Trust Company will procure Perpetual to provide (or, in the case of the Cash Consideration, procure that Perpetual Sub provides) the Scheme Consideration to each Scheme Participant in accordance with the terms of this Scheme;

(b) all Scheme Shares will be transferred to Perpetual Sub on the Implementation Date; and

(c) The Trust Company will enter the name of Perpetual Sub in the Register in respect of all Scheme Shares transferred to Perpetual Sub in accordance with the terms of this Scheme.

2.3 Scheme Implementation Agreement

The Trust Company and Perpetual have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.

2.4 Deed Poll

Perpetual and Perpetual Sub have executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated;

(b) all of the conditions precedent in schedule 3 of the Scheme Implementation Agreement having been satisfied or waived (other than the condition precedent in item 3 of that schedule);

(c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, The Trust Company and Perpetual having accepted in writing any modification or condition ordered by the Court under section 411(6) of the Corporations Act; and

(d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 is a condition precedent to the operation of clause 5.

3.3 Certificate in relation to conditions precedent

The Trust Company and Perpetual must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 (other than the conditions precedent in clause 3.1(c) and clause 3.1(d)) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 (other than the conditions precedent in clause 3.1(c) and 3.1(d)) have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 (other than the condition precedent in clause 3.1(d)) are satisfied, The Trust Company must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Perpetual and The Trust Company agree in writing.

5.2 Transfer and registration of Shares in The Trust Company

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 6 and Perpetual having provided The Trust Company with written confirmation thereof:

(a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Perpetual Sub without the need for any further act by any Scheme Participant (other than acts performed by The Trust Company as attorney and agent for Scheme Participants under clause 8.1) by:

(i) The Trust Company delivering to Perpetual Sub a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and

(ii) Perpetual Sub duly executing the Share Scheme Transfer and delivering it to The Trust Company for registration; and

(b) as soon as practicable after receipt of the duly executed Share Scheme Transfer, The Trust Company must enter the name of Perpetual Sub in the Register in respect of all Scheme Shares transferred to Perpetual Sub in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Perpetual Sub of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6.

5.4 Title and rights in Shares in The Trust Company

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6, on and from the Implementation Date, Perpetual Sub will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by The Trust Company of Perpetual Sub in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares (other than an entitlement to a special dividend declared by The Trust Company under the Scheme Implementation Agreement and payable on the Implementation Date), in accordance with the terms of this Scheme.

To the extent that a Scheme Participant receives New Perpetual Shares as part of any Scheme Consideration, that Scheme Participant accepts the New Perpetual Shares issued by way of Scheme Consideration subject to the Perpetual Constitution and agrees to be bound by the Perpetual Constitution.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to Perpetual and Perpetual Sub and is deemed to have authorised The Trust Company to warrant to Perpetual and Perpetual Sub as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

(a) all their Scheme Shares (including, subject to clause 5.5, any rights and entitlements attaching to those shares) transferred to Perpetual Sub under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and

(b) they have full power and capacity to sell and to transfer their Scheme Shares (including, subject to clause 5.5, any rights and entitlements attaching to those shares) to Perpetual Sub under the Scheme.

5.7 Transfer free of encumbrances

To the extent permitted by law, all Shares in The Trust Company (including, subject to clause 5.5, any rights and entitlements attaching to those shares) which are transferred to Perpetual Sub under this Scheme will, at the date of the transfer of them to Perpetual Sub, vest in Perpetual Sub free from all Encumbrances not referred to in this Scheme.

5.8 Appointment of Perpetual Sub as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2, 6.3 and 6.5, on and from the Implementation Date until The Trust Company registers Perpetual Sub as the holder of all of Shares in The Trust Company in the Register, each Scheme Participant:

(a) irrevocably appoints The Trust Company as attorney and agent (and directs The Trust Company in such capacity) to appoint Perpetual Sub and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to Shares in The Trust Company registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a));

(b) must take all other actions in the capacity of the registered holder of Shares in The Trust Company as Perpetual Sub directs; and

(c) acknowledges and agrees that in exercising the powers referred to in clause 5.8(a), Perpetual Sub and any director, officer, secretary or agent nominated by Perpetual Sub under clause 5.8(a) may act in the best interests of Perpetual Sub as the intended registered holder of the Scheme Shares.

The Trust Company undertakes in favour of each Scheme Participant that it will appoint Perpetual Sub and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a).

5.9 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Participant to The Trust Company are binding or deemed binding between the Scheme Participant and The Trust Company relating to The Trust Company or its shares (including any email addresses, instructions relating to communications from The Trust Company, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from The Trust Company) will be deemed from the Implementation Date (except to the extent determined otherwise by Perpetual in its sole discretion), by reason of this Scheme, to be made by the Scheme Participant to Perpetual and to be a binding instruction, notification or election to, and accepted by, Perpetual in respect of the New Perpetual Shares issued to that Scheme Participant until that instruction, notification or election is revoked or amended in writing addressed to Perpetual at its registry.

6 Scheme Consideration

6.1 Election

(a) A Scheme Participant may make an Election to receive 0%, 20%, 40%, 60%, 80% or 100% of the Scheme Consideration in the form of Cash Consideration (the remainder of their Scheme Consideration being received in the form of Share Consideration) by completing the election form which accompanies the Scheme Booklet and returning it to the address specified in the election form so that it is received by no later than 7.00 pm on the Election Date.

(b) Any Scheme Participant who has not made a valid Election in respect of all of the Shares in The Trust Company held by that Shareholder in accordance with clause 6.1(a) is, for the purpose of this Scheme, taken to have validly elected to receive 0% Cash Consideration.

(c) Any Scheme Participant that holds one or more parcels of Scheme Shares as trustee or nominee for, or otherwise on account of, another person, may in accordance with Scheme Booklet make separate Elections in relation to each of those parcels of Scheme Shares (and, for the purpose of calculating the Share Scheme Consideration to which the Scheme Participant is entitled, including the application of clause 6.6, each such parcel of Scheme Shares (to the extent that they are Scheme Shares) will be treated as though it were held by a separate Scheme Participant).

(d) If a Scheme Participant makes or is deemed to have made a valid Election, then, subject to clauses 6.7 and 6.8, the Scheme Participant will be entitled to receive, for all of the Shares in The Trust Company held by that Scheme Participant as at the Record Date:

(ii) the aggregate amount of Cash Consideration calculated in accordance with the following formula, unless clause 6.6 applies in which case the amount of Cash Consideration paid to the relevant Scheme Participant will be determined in accordance with that clause:

$$pCC = EP \times NS \times CCshare$$

Where:

pCC is the aggregate amount of Cash Consideration the relevant Scheme Participant will receive as part of the Scheme Consideration;

EP is the percentage Cash Consideration, being one of 0%, 20%, 40%, 60%, 80% or 100% (expressed as a decimal number), which the relevant Scheme Participant elected to receive, or is deemed to have elected to receive, in their Election;

NS is the number of Shares in The Trust Company held by that Scheme Participant at the Record Date;

CCshare is the Cash Consideration payable per Share in The Trust Company.

(iii) the aggregate amount of Share Consideration (being the aggregate number of New Perpetual Shares) calculated in accordance with the following formula, unless clause 6.6 applies in which case the amount of Share Consideration provided to the relevant Scheme Participant will be determined in accordance with that clause:

$$pSC = (1 - EP) \times NS \times SCshare$$

Where:

pSC is the aggregate amount of Share Consideration the relevant Scheme Participant will receive as part of the Scheme Consideration ;

EP is the percentage Cash Consideration, being one of 0%, 20%, 40%, 60%, 80% or 100% (expressed as a decimal number), which the relevant Scheme Participant elected to receive, or is deemed to have elected to receive, in their Election;

NS is the number of Shares in The Trust Company held by that Scheme Participant at the Record Date;

SCshare is the Share Consideration to be provided per Share in The Trust Company.

6.2 Consideration under the Scheme

On the Implementation Date, The Trust Company must procure that Perpetual will:

(a) subject to clause 6.6, procure that Perpetual Sub will pay to each Scheme Participant the aggregate amount of Cash Consideration (if any) to which they are entitled in accordance with clause 6.1 in respect of all of the Scheme Shares held by that Scheme Participant on the Record Date; and

(b) subject to clauses 6.6, 6.7, 6.8 and 6.9, issue to each Scheme Participant the aggregate number of New Perpetual Shares (if any) to which they are entitled in accordance with clause 6.1 in respect of all of the Scheme Shares held by that Scheme Shareholder on the Record Date,

in accordance with clause 6.3, 6.4 and 6.5 (as applicable).

6.3 Satisfaction of obligations – Cash Consideration

The obligation of The Trust Company to procure payment of the Cash Consideration pursuant to clause 6.2 will be satisfied by the Trust Company procuring that Perpetual will by no later than two Business Days before the Implementation Date procure that Perpetual Sub will, subject to the scale back provisions in clause 6.6, deposit in Immediately Available Funds the aggregate amount of the Cash Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Perpetual's account).

6.4 Payment of Cash Consideration

(a) Subject to clause 6.6, on the Implementation Date, subject to receipt of the Cash Consideration from Perpetual Sub in accordance with clause 6.3, The Trust Company must pay to each Scheme Participant the aggregate amount of Cash Consideration (if any) to which that Scheme Participant is entitled for all of the Scheme Shares transferred to Perpetual on the Implementation Date by that Scheme Participant.

(b) Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.4 must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency on, or within two Business Days, of the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register on the Record Date.

6.5 Provision of New Perpetual Shares as Scheme Consideration

Subject to clauses 6.7, 6.8 and 6.9, the obligation of Perpetual to issue the New Perpetual Shares pursuant to clauses 6.2 and 6.6 will be satisfied by Perpetual:

(a) on the Implementation Date, entering the name of each Scheme Participant in the Perpetual share register in respect of the New Perpetual Shares (if any) which that Scheme Participant is entitled to receive under this Scheme; and

(b) within 2 Business Days after the Implementation Date, sending or procuring the dispatch by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to each Scheme Participant to their address recorded in the Register on the Record Date, a holding statement for the New Perpetual Shares (if any) issued to that Scheme Participant.

6.6 Scale Back

(a) This clause 6.6 applies if the Elections made by Scheme Participants are such that the aggregate amount of Cash Consideration that would be required to be paid by Perpetual Sub in payment of the Cash Consideration exceeds $110,000,000.

(b) Where this clause applies, the aggregate Cash Consideration to which each Scheme Participant is entitled will be scaled back in accordance with the following formula:

$$tCC = \frac{CCcap}{CCtotal} \times pCC$$

Where:

tCC	is the aggregate amount of Cash Consideration the relevant Scheme Participant is entitled to receive as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date;
pCC	is the aggregate amount of Cash Consideration the relevant Scheme Participant would have received as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date determined under clause 6.1 (but for this clause 6.6);
CCcap	is $110,000,000.
CC total	is the aggregate amount of Cash Consideration that would be required to be paid by Perpetual in payment of the Cash Consideration to satisfy the entitlements determined under clause 6.1 for all Scheme Participants (but for this clause 6.6).

(c) To the extent that the application of clause 6.6(b) results in an aggregate entitlement of a Scheme Participant to Cash Consideration that is less than would have applied but for this clause 6.6, the Scheme Participant will be entitled to Share Consideration in the alternative in accordance with the following formula:

$$tSC = pSC + \frac{pCC - tCC}{VWAP}$$

Where:

tSC	is the aggregate number of New Perpetual Shares the relevant Scheme Participant is entitled to receive as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date;
pSC	is the aggregate amount of Share Consideration (being the aggregate number of New Perpetual Shares) the relevant Scheme Participant would have received as part of the Scheme Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date determined under clause 6.1 (but for this clause 6.6);
pCC	has the meaning given to that term in clause 6.6(b);
tCC	is the aggregate amount of Cash Consideration the relevant Scheme Participant is entitled to receive as part of the Cash Consideration for all Shares in The Trust Company held by that Scheme Participant as at the Record Date as determined in accordance with clause 6.6 (b);
VWAP	is the Perpetual VWAP.

6.7 Fractional entitlements

(a) If the number of Shares in The Trust Company held by a Scheme Participant at the Record Date (or, if applicable, the result of the application of clause 6.1 or 6,6) is such that the aggregate entitlement of the Scheme Participant to Scheme Consideration:

(i) comprising New Perpetual Shares includes a fractional entitlement to a New Perpetual Share; or

(ii) comprising cash includes a fractional entitlement to a cent,

then the fractional entitlement will be rounded:

(iii) in the case of New Perpetual Shares:

(A) if the fractional entitlement is less than 0.5, down to zero New Perpetual Shares; and

(B) otherwise, up to one New Perpetual Share; and

(iv) in the case of cash, up or down to the nearest cent (with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole cent, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole cent).

(b) If Perpetual and The Trust Company are of the opinion (acting reasonably) that two or more Scheme Participants (each of whom holds a number of Shares in The Trust Company which results in rounding in accordance with clause 4.6(a)) have, before the Record Date for the Scheme, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, The Trust Company may give notice to those Scheme Participants:

(i) setting out their names and registered addresses as shown in The Trust Company Share Register;

(ii) stating that opinion;

(iii) attributing to one of them specifically identified in the notice the Shares in The Trust Company held by all of them; and

(iv) attributing to one of them specifically identified in the notice which Election made by or on behalf of one of them applies to all of them,

and, after such notice has been given, the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Shares in The Trust Company will, for the purposes of the provisions of the Scheme, be taken to hold all of those Shares in The Trust Company and each of the other Scheme Participants whose names and registered addresses are set out in the notice will, for the purposes of the provisions of the Scheme, be taken to hold no Shares in The Trust Company. Perpetual in complying with the provisions of the Scheme relating to it in respect of the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Shares in The Trust Company, will be taken to have satisfied and discharged its obligations to the other Scheme Participants named in the notice under the terms of the Scheme.

6.8 Foreign Shareholders in The Trust Company

If a Foreign Shareholder would otherwise be entitled to receive Share Consideration under clause 6.1 or 6.6 , Perpetual has no obligation to allot or issue, and will not allot or issue, any New Perpetual Shares to a Scheme Participant who is a Foreign Shareholder in The Trust Company, and instead:

(a) subject to clause 6.8(d), Perpetual must issue the New Perpetual Shares attributable to, and which would otherwise be required to be provided to, the Foreign Shareholders under the Scheme to the Foreign Sale Agent;

(b) Perpetual must procure that, as soon as reasonably practicable after the Effective Date, the Foreign Sale Agent, in consultation with Perpetual,

sells or procures the sale (including on an aggregated or partially aggregated basis), in the ordinary course of trading on ASX, of all the New Perpetual Shares issued to the Foreign Sale Agent and remits to Perpetual the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (the **Proceeds**); and

(c) Perpetual must pay, or procure the payment, to each Foreign Shareholder the amount calculated in accordance with the following formula and rounded down to the nearest cent:

A = (B ÷ C) × D

where

A is the amount to be paid to the Foreign Shareholder;

B is the number of New Perpetual Shares attributable to, and that would otherwise have been issued to, that Foreign Shareholder had it not been a Foreign Shareholder and which are instead issued to the Foreign Sale Agent;

C is the total number of New Perpetual Shares attributable to, and which would otherwise have been issued to, all Foreign Shareholders collectively and which are instead issued to the Foreign Sale Agent; and

D is the Proceeds (as defined in clause 6.8(b);

(d) none of Perpetual, Perpetual Sub, The Trust Company or the Foreign Sale Agent gives any assurance as to the price that will be achieved for the sale of New Perpetual Shares described in clause 6.8(b). The sale of the New Perpetual Shares under this clause 6.8 will be at the risk of the Foreign Shareholder; and

(e) Perpetual must appoint the Foreign Sale Agent at least two weeks prior to the Scheme Meeting.

6.9 Breach of law or Perpetual Constitution

Where an issue of New Perpetual Shares to which a Scheme Participant would otherwise be entitled would result in a breach of law or breach of a provision of the Perpetual Constitution, Perpetual will, in full satisfaction of that Scheme Participant's rights to the New Perpetual Shares under clause 6.1:

(a) issue the maximum possible number of New Perpetual Shares to the Scheme Participant without giving rise to such breach; and

(b) any further New Perpetual Shares to which that Scheme Participant is entitled, but the issue of which to the Scheme Participant would give rise to such a breach, will instead be issued to the Foreign Sale Agent and dealt with under clause 6.8, as if a reference to Foreign Shareholders also included that Scheme Participant and reference to that person's New Perpetual Shares in those clauses were limited to the New Perpetual Shares issued to the Foreign Sale Agent under this clause.

Payment to a Scheme Participant under clause 6.9(b) will be in full satisfaction of that Scheme Participant's right to receive New Perpetual Shares under clause 6.1.

6.10 New Perpetual Shares to rank equally

(a) New Perpetual Shares issued to Scheme Participants will rank equally in all respect with all existing Perpetual Shares.

(b) On issue, each New Perpetual Share issued to Scheme Participants will be fully paid and free from any Encumbrance.

6.11 Joint holders

In the case of Scheme Shares held in joint names holding statements for New Perpetual Shares issued to Scheme Participants must be issued in the names of the joint holders and sent to the holder whose name appears first in the Register on the Record Date.

6.12 Unclaimed money

(a) Perpetual may cancel, or procure the cancelling, of a cheque issued under this clause 6 if the cheque:

(i) is returned to the sender; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Foreign Shareholder to Perpetual or The Trust Company (or The Trust Company's registry) (which request may not be made until the date which is 10 Business Days after the Implementation Date), Perpetual must reissue, or procure the reissuing of, a cheque that was previously cancelled under this clause 6.12.

6.13 Orders of a court or Regulatory Authority

If written notice is given to The Trust Company (or The Trust Company's registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Agency:

(a) that requires payment to a third party of all or part of the Scheme Consideration, which would otherwise be payable to that Scheme Participant in accordance with clause 6, then The Trust Company shall be entitled to procure that payment is made in accordance with that order or direction; or

(b) that prevents all or part of the Scheme Consideration being paid to any particular Scheme Participant in accordance with clause 6, or such payment is otherwise prohibited by applicable law:

(i) in the case of a Scheme Participant who is not a Foreign Shareholder, The Trust Company shall be entitled (in its sole discretion) to:

- direct Perpetual to issue to the Foreign Sale Agent such number of New Perpetual Shares as that Scheme Participant would otherwise be entitled to, to be dealt with in accordance with clause 6.8, as if a reference to Foreign Shareholders also included that Scheme Participant and references to that person's New Perpetual Shares in that clause were limited to New Perpetual Shares issued to the Foreign Sale Agent under this clause, and retain an amount equal to the amount 'A' calculated in accordance with clause 6.8(a); or

- direct Perpetual to issue such number of New Perpetual Shares, or pay such amount of the Cash Consideration, as that Scheme Participant would otherwise be entitled to under clause 6 to a trustee or nominee for that trustee or nominee to retain; or

(ii) in the case of a Foreign Shareholder, The Trust Company shall be entitled to retain an amount equal to the amount the Foreign Shareholder would otherwise be entitled to be paid under clause 6.8,

until such time as full payment in accordance with clause 6 is permitted by that order or direction or otherwise by law.

For the avoidance of doubt, if the relevant order or direction prevents payment of only part of the Scheme Consideration otherwise payable to a Scheme Participant, Perpetual will pay the maximum possible portion of the Scheme Consideration to the Scheme Participant without giving rise to a breach of that order or direction and this clause 6.13(b) shall only apply only in respect of the remaining portion.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by The Trust Company if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and

(b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

7.2 Register

The Trust Company must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) on or before the Record Date.

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

The Trust Company will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to Perpetual Sub pursuant to this Scheme and any subsequent transfer by Perpetual Sub or its successors in title).

7.4 Maintenance of The Trust Company Register

For the purpose of determining entitlements to the Scheme Consideration, The Trust Company will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been paid to the Scheme Participants and Perpetual Sub has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Perpetual Sub contemplated in clauses 5.2, 6.4 and 6.5 , any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Perpetual Sub and its successors in title). After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of Perpetual Sub or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

Within three Business Days after the Record Date The Trust Company will ensure that details of:

(a) the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register on the Record Date; and

(b) the names and Registered Addresses of every Foreign Shareholder in The Trust Company on the Record Date,

are available to Perpetual in such form as Perpetual reasonably requires.

7.7 Quotation of Shares in The Trust Company

(a) Suspension of trading on ASX in Shares in The Trust Company will occur from the close of trading on ASX on the Effective Date.

(b) After the Scheme has been fully implemented, The Trust Company will apply:

(i) for termination of the official quotation of Shares in The Trust Company on ASX; and

(ii) to have itself removed from the official list of the ASX.

7.8 Quotation of New Perpetual Shares

Perpetual will apply for the official quotation of the New Perpetual Shares on the ASX and will request that those shares be quoted on a deferred settlement basis as from the Business day following the Effective Date (or such later date as the ASX requires), and on an ordinary settlement basis as from the Business Day after the Implementation Date.

8 General Scheme provisions

8.1 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints The Trust Company and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

(a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;

(b) enforcing the Deed Poll against Perpetual,

and The Trust Company accepts such appointment.

8.2 Variations, alterations and conditions

The Trust Company may, with the consent of Perpetual (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

8.3 Further action by The Trust Company

The Trust Company will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

8.4 Authority and acknowledgement

Each of the Scheme Participants:

(a) irrevocably consents to The Trust Company, Perpetual and Perpetual Sub doing all things necessary or expedient for or incidental to the implementation of this Scheme; and

(b) acknowledges that this Scheme binds The Trust Company and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of The Trust Company.

8.5 No liability when acting in good faith

None of The Trust Company, Perpetual, Perpetual Sub or any of their respective officers will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

8.6 Enforcement of Deed Poll

The Trust Company undertakes in favour of each Scheme Participant to enforce the Deed Poll against Perpetual on behalf of and as agent and attorney for the Scheme Participants.

8.7 Stamp duty

Perpetual Sub will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

8.8 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to The Trust Company, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at The Trust Company's registered office or at the office of the registrar of Shares in The Trust Company.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9 Governing law

9.1 Governing law

This Scheme is governed by the law in force in New South Wales.

9.2 Jurisdiction

Each party irrevocably and unconditionally:

(a) submits to the non-exclusive jurisdiction of the courts of that place.

(b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

E

ANNEXURE E
DEED POLL

KING&WOOD
MALLESONS

Deed Poll

Dated 10 OCTOBER 2013

Given by Perpetual Limited ABN 86 000 431 827 ("**Perpetual**")

And

Perpetual Acquisition Company Limited (ACN 163 620 362) ("**Perpetual Sub**")

In favour of each registered holder of fully paid ordinary shares in The Trust Company Limited (ABN 59 004 027 749) ("**The Trust Company**") as at 7.00 pm on the Record Date ("**Scheme Participants**")

King & Wood Mallesons
Level 50
Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia
T +61 3 9643 4000
F +61 3 9643 5999
DX 101 Melbourne
www.kwm.com

Deed Poll
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Deed Poll

Details

Parties		
Perpetual	Name	**Perpetual Limited**
	ABN	86 000 431 827
	Address	Level 12, 123 Pitt Street, Sydney, NSW, 2000
	Fax	(02) 8256 1461
	Attention	Joanne Hawkins, Company Secretary
Perpetual Sub	Name	**Perpetual Acquisition Company Limited**
	ACN	ACN 163 620 362
	Address	Level 12, 123 Pitt Street, Sydney, NSW, 2000
	Fax	(02) 8256 1461
	Attention	Joanne Hawkins, Company Secretary
In favour of	Each registered holder of fully paid ordinary shares in The Trust Company as at 7.00 pm on the Record Date.	
Recitals	**A**	The directors of The Trust Company have resolved that The Trust Company should propose the Scheme.
	B	The effect of the Scheme will be that all Scheme Shares will be transferred to Perpetual Sub.
	C	The Trust Company and Perpetual have entered into the Scheme Implementation Agreement.
	D	In the Scheme Implementation Agreement, Perpetual agreed (amongst other things) to provide (or, in the case of the Cash Consideration, procure the provision of) the Scheme Consideration to Scheme Participants, subject to the satisfaction of certain conditions.
	E	Perpetual and Perpetual Sub are entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.
Governing law	New South Wales	

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Date of agreement	See Signing page

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

(a) **Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed poll;

(b) **Scheme** means the proposed scheme of arrangement between The Trust Company and Scheme Participants under which all the Scheme Shares will be transferred to Perpetual Sub under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Perpetual and The Trust Company, subject to any amendments or conditions ordered by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by The Trust Company and Perpetual in accordance with clause 8.2 of the Scheme; and

(c) **Scheme Implementation Agreement** means the scheme implementation agreement dated on or about 7 May 2013 between The Trust Company and Perpetual (as amended) under which, amongst other things, The Trust Company has agreed to propose the Scheme to Shareholders in The Trust Company, and each of Perpetual and The Trust Company has agreed to take certain steps to give effect to the Scheme;

(d) all other words and phrases used in this deed poll have the same meaning as given to them in the Scheme.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll except that references to "this Scheme" in that clause are to be read as references to "this deed poll".

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

1.4 Nature of deed poll

Perpetual and Perpetual Sub acknowledge that this deed poll may be relied on and enforced by any Scheme Participant (or The Trust Company as their agent or attorney) in accordance with its terms even though the Scheme Participants are not a party to it.

2 Conditions precedent and termination

2.1 Conditions precedent

Perpetual's and Perpetual Sub's obligations under clause 3 are subject to the Scheme becoming Effective.

2.2 Termination

Perpetual's and Perpetual Sub's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the Scheme has not become Effective on or before the End Date; or

(b) the Scheme Implementation Agreement is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

(a) Perpetual and Perpetual Sub are released from their obligations to further perform this deed poll except those obligations contained in clause 7.1 and any other obligations which by their nature survive termination; and

(b) each Scheme Participant retains the rights, powers or remedies they have against Perpetual and Perpetual Sub in respect of any breach of this deed poll which occurs before it is terminated.

3 Scheme Consideration

3.1 Scheme Consideration

Subject to clause 2, Perpetual undertakes in favour of each Scheme Participant, to:

(a) procure that Perpetual Sub will pay the Cash Consideration to the Trust Account on behalf of each Scheme Participant;

(b) subject to clauses 6.7, 6.8, 6.9 of the Scheme issue the New Perpetual Shares to the Scheme Participants; and

(c) undertake all other actions attributed to it under the Scheme,

in accordance with the Scheme.

3.2 Manner of payment

Perpetual's obligation to procure the provision of the Cash Consideration to The Trust Company on behalf of each Scheme Participant is satisfied by Perpetual Sub, no later than two Business Days before the Implementation Date, depositing in Immediately Available Funds the aggregate amount of the cash component of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Perpetual Sub's account)

3.3 Provision of New Perpetual Shares as Scheme Consideration

Subject to clauses 6.7, 6.8 and 6.9 of the Scheme, Perpetual must:

(a) on the Implementation Date, issue the New Perpetual Shares to the Scheme Participants in accordance with the Scheme;

(b) on the Implementation Date, enter the name of each Scheme Participant in the Perpetual share register in respect of the New Perpetual Shares which that Scheme Participant is entitled to receive under the Scheme;

(c) within 2 Business Days after the Implementation Date, send or procure the dispatch by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to each Scheme Participant to their address recorded in the Register at 7.00pm on the Record Date, a holding statement for the New Perpetual Shares issued to that Scheme Participant in accordance with the Scheme.

3.4 Foreign Shareholders in The Trust Company

Subject to clause 6.5 of the Scheme, Perpetual has no obligation to allot or issue, and will not allot or issue, any New Perpetual Shares to a Scheme Participant who is a Foreign Shareholder in The Trust Company, and instead:

(a) subject to clause 3.4(d), Perpetual must issue the New Perpetual Shares attributable to, and which would otherwise be required to be provided to, the Foreign Shareholders under the Scheme to the Foreign Sale Agent;

(b) Perpetual must procure that, as soon as reasonably practicable after the Effective Date, the Foreign Sale Agent, in consultation with Perpetual, sells or procures the sale (including on an aggregated or partially aggregated basis), in the ordinary course of trading on ASX, of all the New Perpetual Shares issued to the Foreign Sale Agent and remits to Perpetual the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (the **Proceeds**); and

(c) Perpetual must pay, or procure the payment, to each Foreign Shareholder the amount calculated in accordance with the following formula and rounded down to the nearest cent:

A = (B ÷ C) × D

where

A is the amount to be paid to the Foreign Shareholder;

B is the number of New Perpetual Shares attributable to, and that would otherwise have been issued to, that Foreign Shareholder had it not been a Foreign Shareholder and which are instead issued to the Foreign Sale Agent;

C is the total number of New Perpetual Shares attributable to, and which would otherwise have been issued to, all Foreign Shareholders collectively and which are instead issued to the Foreign Sale Agent; and

D is the Proceeds (as defined in clause 3.4(b));

(d) none of Perpetual, Perpetual Sub, The Trust Company or the Foreign Sale Agent gives any assurance as to the price that will be achieved for the sale of New Perpetual Shares described in clause 3.4(b). The sale of the New Perpetual Shares under this clause 3.4 will be at the risk of the Foreign Shareholder.

The Foreign Sale Agent has been selected by the Perpetual as Goldman Sachs Australia Pty Ltd, and is the holder of an Australian financial services licence number 243346.

3.5 Breach of law or Perpetual Constitution

Where an issue of New Perpetual Shares to which a Scheme Participant would otherwise be entitled would result in a breach of law or breach of a provision of the Perpetual Constitution:

(a) Perpetual must, in full satisfaction of that Scheme Participant's rights to the New Perpetual Shares under clause 3.1 and the Scheme issue the maximum possible number of New Perpetual Shares to the Scheme Participant without giving rise to such breach; and

(b) any further New Perpetual Shares to which that Scheme Participant is entitled, but the issue of which to the Scheme Participant would give rise to such a breach, will instead be issued to the Foreign Sale Agent and dealt with under clause 3.4, as if a reference to Foreign Shareholders also included that Scheme Participant and reference to that person's New Perpetual Shares in those clauses were limited to the New Perpetual Shares issued to the Foreign Sale Agent under this clause.

Payment to a Scheme Participant under this clause 3.5 will be in full satisfaction of that Scheme Participant's right to receive New Perpetual Shares under clause 3.1 and the Scheme.

3.6 New Perpetual Shares to rank equally

(a) New Perpetual Shares issued to Scheme Participants will rank equally in all respect with all existing Perpetual Shares.

(b) On issue, each New Perpetual Share issued to Scheme Participants will be fully paid and free from any Encumbrance.

3.7 Joint holders

In the case of Scheme Shares held in joint names:

(a) any cheque required to be paid to Scheme Participants by Perpetual Sub must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Record Date; and

(b) holding statements for New Perpetual Shares issued to Scheme Participants must be issued in the names of the joint holders and sent to the holder whose name appears first in the Register as at 7.00pm on the Record Date.

4 Representations and warranties

Perpetual and Perpetual Sub each represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

(d) this deed poll is valid and binding upon Perpetual and Perpetual Sub and enforceable against Perpetual and Perpetual Sub in accordance with its terms.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Perpetual and Perpetual Sub have fully performed their respective obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.2.

6 Notices

6.1 Form - all communications

Unless expressly stated otherwise in this deed poll, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed poll must be:

(a) in writing;

(b) signed by the sender (if an individual) or an Authorised Officer of the sender; and

(c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

6.2 Delivery

Communications must be:

(a) left at the address set out or referred to in the Details;

(b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;

(c) sent by fax to the fax number set out or referred to in the Details; or

(d) given in any other way permitted by law.

However, if the intended recipient has notified a changed address or fax number, then communications must be to that address or fax number.

6.3 When effective

Communications take effect from the time they are received or taken to be received under clause 6.4 (whichever happens first) unless a later time is specified.

6.4 When taken to be received

Communications are taken to be received:

(a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or

(b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

6.5 Receipt outside business hours

Despite clauses 6.3 and 6.4, if communications are received or taken to be received under clause 6.4 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

7 General

7.1 Stamp duty

Perpetual Sub must:

(a) pay all stamp duty (including fines, penalties and interest) payable and assessed on or in connection with this deed poll, the performance of this deed poll, or any instruments entered into under this deed poll and in respect of a transaction effected by or made under the Scheme and this deed poll;

(b) pay other costs in respect of the Scheme (including, in connection with the transfer of The Trust Company Shares to Perpetual Sub in accordance with the terms of the Scheme); and

(c) indemnify on demand each Scheme Participant against any liability arising from failure to comply with clauses 7.1(a) or 7.1(b).

7.2 Waiver

(a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.

(b) A failure or delay in exercise, or partial exercise, of:

(i) a right arising from a breach of this deed poll; or

(ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,

does not result in a waiver of that right, power, authority, discretion or remedy.

(c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

(d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

7.3 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

(a) the variation is agreed to by The Trust Company, Perpetual and Perpetual Sub in writing; and

(b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Perpetual and Perpetual Sub must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

7.4 Remedies cumulative

The rights, powers and remedies of Perpetual, Perpetual Sub and the Scheme Participants under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

7.5 Assignment

The rights and obligations of Perpetual, Perpetual Sub and each Scheme Participant under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt or purport to do so without the prior written consent of Perpetual and The Trust Company.

7.6 Governing law and jurisdiction

This deed poll is governed by the law in force in New South Wales. Perpetual and Perpetual Sub irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of that place.

7.7 Further action

Perpetual and Perpetual Sub must execute all deeds and other documents and do all things (on their own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

Deed Poll

Signing page

DATED: 10 October 2013

EXECUTED by **Perpetual Limited** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

.....
Signature of director

GEOFF LLOYD
.....
Name of director (block letters)

.....
Signature of director/company secretary

Joanne Hawkins
.....
Name of ~~director/~~company secretary (block letters)

EXECUTED by **Perpetual Acquisition Company Limited** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

.....
Signature of director

GILLIAN LARKINS
.....
Name of director (block letters)

.....
Signature of director/company secretary

Joanne Hawkins
.....
Name of director/company secretary (block letters)

ANNEXURE F
NOTICE OF MEETING

THE TRUST COMPANY LIMITED
ABN 59 004 027 749
NOTICE OF COURT ORDERED MEETING OF
THE TRUST COMPANY LIMITED SHAREHOLDERS

Notice is given that, by an Order of the Supreme Court of New South Wales (**Court**) made on 16 October 2013 under section 411(1) of the *Corporations Act 2001* (Cwlth) (**Corporations Act**), the Court has directed that a meeting of the holders of ordinary shares in The Trust Company Limited (**The Trust Company**) be held at the Sydney Offices of The Trust Company, Level 15, 20 Bond Street, Sydney, New South Wales on 28 November 2013 commencing at 10.00am.

The Court has directed that Mr Bruce Corlett AM, or, failing him, Mr John Macarthur-Stanham act as chairman of the meeting and has directed the chairman to report the result of the meeting to the Court.

PURPOSE OF THE MEETING

The purpose of the meeting is to consider and, if thought fit, to agree (with or without any modification or conditions approved by the Court to which The Trust Company and Perpetual agree) to a scheme of arrangement proposed to be made between The Trust Company and the holders of its ordinary shares as at the Record Date pursuant to Part 5.1 of the Corporations Act (**Scheme**).

RESOLUTION

The meeting will be asked to consider and, if thought fit, pass the following resolution:

'That pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the members approve the arrangement proposed between The Trust Company and the holders of its ordinary shares, designated the 'Scheme', as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with or without any modifications or conditions ordered by the Court to which The Trust Company and Perpetual agree) and, subject to approval of the Scheme by the Court, The Trust Company Board is authorised to implement the Scheme with any such modifications or conditions.'

DATED 16 October 2013

BY ORDER OF THE COURT

GEOFFREY STIRTON
Group Company Secretary

IMPORTANT NOTICE

To enable you to make an informed voting decision, a copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this Notice of Meeting forms part.

Terms used in this Notice of Meeting have the same meanings as set out in the glossary in section 9 of the Scheme Booklet.

Details about your entitlement to vote, how to vote and how to appoint a proxy, attorney or a corporate representative are set out under the heading "Voting" in the "Frequently Asked Questions" section of the Scheme Booklet.

THE TRUST COMPANY

1800 650 358
www.thetrustcompany.com.au