

## ASX Announcement

### Perpetual Announces \$70 million Off-Market Share Buy-Back

26 August 2011

**Perpetual Limited (Perpetual) today announced its intention to return up to approximately \$70 million of capital to shareholders through an off-market Buy-Back tender process (the Buy-Back).**

“We have previously flagged that we would be taking a more active approach to the management of our capital to ensure it is used efficiently for the creation of shareholder value. The Buy-Back achieves that objective while maintaining flexibility to deploy capital for other shareholder value creating purposes,” Perpetual Managing Director and Chief Executive Officer, Chris Ryan said.

After having reviewed the company's financial position and business plans, the Board acknowledge that it is appropriate for the company to undertake a capital management initiative in the form of an off-market Buy-Back. The Board believes that the Buy-Back can be undertaken to return surplus capital to shareholders without impacting the company's pursuit of growth opportunities and without compromising its capital or liquidity position, or its dividend policy, which is to pay dividends within a range of 80-100% of net profit after tax on an annualised basis.

Participation in the Buy-Back is optional, with tender applications closing at **7:00pm, Sydney time, on Friday, 14 October 2011.**

Shareholders who choose not to participate in the Buy-Back and retain their shares in Perpetual are expected to benefit from improved earnings per share and improved return on equity as a result of the Buy-Back.

Perpetual has appointed Goldman Sachs & Partners Australia (financial), Freehills (legal) and Greenwoods & Freehills (tax) as advisers to the Buy-Back.

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#### **About Perpetual**

Perpetual is an independent financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. For further information go to [www.perpetual.com.au](http://www.perpetual.com.au)

## **Conduct of the off-market Share Buy-Back**

The Buy-Back is open to all eligible Perpetual shareholders who are registered as at Tuesday, 6 September 2011, and participation is optional. Under the proposed tender process, eligible shareholders may tender some or all of their shares at discounts of between 6% and 10% inclusive (at 1% intervals) to the Market Price<sup>1</sup> and / or as a final price tender.

Shareholders who elect the final price tender will receive the Buy-Back price, which is the price that equates to the largest discount (within the discount range) that can be applied to the Market Price that will enable Perpetual to purchase the amount of capital it determines to buy back. Only shares tendered at a discount greater than, or equal to, the final discount (or as a final price tender) will be accepted and purchased, subject to any scale back requirements. Tenders can also be made conditional upon a minimum price.

All shareholders whose tenders are successful will receive the same Buy-Back price.

No brokerage is payable by shareholders who choose to participate in the Buy-Back.

While Perpetual intends to buy back up to approximately \$70 million worth of shares, it retains absolute discretion to vary the size of the Buy-Back depending on demand and market conditions, including by choosing not to buy back any shares.

## **Dividend Reinvestment Plan Shares**

Shares allotted under the Perpetual dividend reinvestment plan (DRP) with respect to the Final Dividend for the financial year ended 30 June 2011 will not have an entitlement to participate in the Buy-Back.

Shareholders who wish to tender all of their shares into the Buy-Back may wish to consider withdrawing from the DRP to avoid the possibility of being left with a small parcel of shares after the Buy-Back. A notice of withdrawal from the DRP must be received by Link Market Services by 5:00pm, Sydney time, on Tuesday, 6 September 2011.

## **Tax Considerations**

For Australian tax purposes, the Buy-Back price is proposed to comprise the following:

- a) a capital component of \$9.22 per share, and
- b) a fully franked dividend equal to the Buy-Back price, less \$9.22.

For the purpose of Capital Gains Tax calculations, the capital proceeds will be the \$9.22 per share capital proceeds, plus an amount equal to the excess of the Deemed Tax Value<sup>2</sup> over the Buy-Back price.

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<sup>1</sup> The Market Price is the volume weighted average price of Perpetual's ordinary shares on the ASX over the five trading days up to and including Friday, 14 October 2011, but excluding certain trades not considered 'at market trades'.

<sup>2</sup> The Deemed Tax Value for the Buy-Back will be \$21.98 (being the VWAP of Perpetual's shares over the five trading days up to and including Thursday, 25 August 2011, adjusted to take into account the Final Dividend) adjusted for any change in the ASX / S&P 200 from the opening of trading on Friday, 26 August 2011 to the close of trading on the closing date (expected to be Friday, 14 October 2011).

In relation to the Dividend Component, the “45 day rule” generally requires that shares must be held “at risk” for a minimum of 45 days (excluding the date of acquisition and date of disposal) to qualify for franking credits and tax offsets. Shares acquired before the Ex-Entitlement Date for the Buy-Back and sold into the Buy-Back will have been held for at least 45 clear days.

The Buy-Back will have different tax consequences for different shareholders, and shareholders should obtain their own tax advice to take account of their particular circumstances.

### **Scale Back**

If the total number of shares tendered at or below the Buy-Back price (including final price tenders) is greater than the number of shares that Perpetual determines to buy back, Perpetual will scale back tenders.

The scale back has been structured to ensure that eligible shareholders with small holdings will not be disadvantaged. Before applying any scale back, Perpetual will first buy back a “Priority Parcel”, which is expected to be 220 shares from each shareholder.

Additionally, shareholders who tender all their shares at one or more tender discounts equal to or greater than the Buy-Back discount and / or as a final price tender, and who would be left with a holding of 90 shares or less as a result of the scale back will have their Tender(s) accepted in full without applying a scale back. However, this will not apply to shareholders registered to participate in Perpetual’s DRP as at the DRP record date (Tuesday, 6 September 2011) or shareholders that become the registered holder of additional shares after Tuesday, 6 September 2011.

### **Important Notice**

The full terms and conditions of the Buy-Back will be contained in the Buy-Back booklet, which will be posted to all shareholders along with a personalised tender form by Friday, 9 September 2011. Capitalised terms in this announcement have the same meaning as that contained within the Buy-Back booklet.

A copy of the booklet, in addition to an online tax calculator, will also be available at [www.perpetual.com.au](http://www.perpetual.com.au) on the first day booklets are distributed to shareholders.

Eligible shareholders are advised to obtain their own financial, taxation and other professional advice on the implications of participating in the Buy-Back.

## Off-Market Buy-Back Timetable

### August 2011

<b>Tuesday, 30 August 2011</b>	Last day that Shares can be acquired on the ASX to be eligible to both: <ul style="list-style-type: none"> <li>— participate in the Buy-Back, and</li> <li>— qualify for franking credit entitlement in respect of Buy-Back consideration</li> </ul>
<b>Wednesday, 31 August 2011</b>	Ex-Entitlement Date: Shares acquired on the ASX on or after this date will generally not confer an entitlement to participate in the Buy-Back <i>Shares quoted ex-entitlement to Perpetual's Final Dividend</i>

### September 2011

<b>Tuesday, 6 September 2011</b>	Record Date: Determination of shareholders entitled to participate in the Buy-Back <i>Final Dividend record date</i>
<b>Friday, 9 September 2011</b>	Mailing of Buy-Back Documents to shareholders expected to be completed
<b>Monday, 26 September 2011</b>	Tender Period opens
<b>Tuesday, 27 September 2011</b>	<i>Payment of the Final Dividend</i>

### October 2011

<b>Friday, 14 October 2011</b>	Closing Date: Tender Period closes. Tenders must be received by the Perpetual Share Registry no later than 7.00pm (Sydney time)
<b>Monday, 17 October 2011</b>	Buy-Back Date: Announcement of the Buy-Back Price and scale back (if any)
<b>Friday, 21 October 2011</b>	Dispatch / crediting of Buy-Back proceeds to participating shareholders completed

While Perpetual does not anticipate changing these dates, it reserves the right to do so by way of an announcement to the ASX. Perpetual may also decide not to proceed with the Buy-Back.

Further information on the Buy-Back will be available on Perpetual's website [www.perpetual.com.au](http://www.perpetual.com.au) when released.

A Perpetual Buy-Back enquiry line will be available from Monday, 9 September 2011 on 1300 732 806 (within Australia) or + 61 2 8280 7620 (from outside Australia).