ASX Announcement

Perpetual Confirms $72.9m Underlying Profit After Tax and 90cps Dividend, Announces Off-Market Buy-Back

26 August 2011

Financial Highlights

- Underlying Profit After Tax $72.9 million (FY10: $72.8 million)
- Net Profit After Tax[1] $62.0 million (FY10: $90.5 million)
- Final dividend of 90 cents per share fully franked, bringing total FY11 dividends to 185 cents per share fully franked (FY10: 210 cents per share fully franked)
- FY11 EPS based on Net Profit After Tax on a diluted basis of 140.8 cents per share (FY10: 210.5 cents per share)
- Return on Equity based on Underlying Profit After Tax 20.1% (FY10: 22.4%)
- Total equity $376.1 million (FY10: $361.0 million)

Operating Highlights

- Start of implementation of initiatives aimed at improved focus and performance
- Continued strong comparative performance of actively managed funds
- Funds under management revenue margins improve further
- Further diversification of revenues through growth in non-market related Private Wealth income

Perpetual Limited (Perpetual) today confirmed a full year Underlying Profit After Tax (UPAT) of $72.9 million and a Net Profit After Tax (NPAT) of $62.0 million for the 12 months to 30 June 2011 (FY11). The Company informed the market of its expected profit and dividend at its updates on 26 May and 15 August. The NPAT result reflects the continued challenges subdued equity markets have created for the financial services industry during the period, as well as the financial impact of a number of initiatives and investments aimed at improving business portfolio composition, and cost and efficiency. Concurrently with its result, Perpetual announced it intends to proceed with a $70 million off-market share buy-back.

NPAT includes the anticipated lower recoveries from the Exact Market Cash Fund (EMCF), at $9.8 million, $3.5 million from gains on sale of investments, $3.1 million in private equity proposal response costs, $14.7 million of non-cash impairment charges relating to smartsuper, and a restructuring charge of $6.4 million[2]. UPAT, which excludes these significant one-off items, was $72.9 million, up marginally from the previous year.

As at 30 June 2011, funds under management (FUM) within Perpetual Investments and funds under advice (FUA) within Private Wealth were up 1% and 5% respectively on the previous year end. Both are mainly influenced by the level of the Australian equity market, as reflected by the S&P/ASX All Ordinaries Price Index, which increased by around 7.7% during FY11. Group average FUM revenue margin increased from 76 bps in FY10 to 78 bps in FY11.

FY11 Final Dividend

The Perpetual Board has confirmed a final dividend of 90 cents per share fully franked, bringing the total FY11 dividend to 185 cents per share fully franked. In determining the final dividend, the Board took into account the Company's strong financial position and the non-cash nature of the smartsuper

[1] Attributable to Perpetual Limited ordinary equity holders
[2] All after tax and previously announced

impairment charge, and has excluded the impact of the impairment charge, as well as the private equity proposal response costs and restructuring expenses on FY11 NPAT.

The adjustment to NPAT before determining the dividend effectively amounts to the distribution of $19.4 million of surplus capital in addition to the off-market buy-back announced today, with 44 cents out of the 90 cents per share fully franked being paid in excess of the Company's normal dividend policy, which is to pay out 80-100% of NPAT on an annualised basis.

Off-market Buy-back

Perpetual intends to return up to $70 million of surplus capital to shareholders through an off-market buy-back tender process. The decision is in line with the Company's stated objective to take a more active approach to the management of its capital and ensure it is used efficiently for the creation of shareholder value. The buy-back is not expected to affect Perpetual's flexibility to deploy capital for other shareholder value creating purposes. Further detail on the buy-back is contained in a separate announcement issued today.

Business Review

Commenting on the result, Perpetual Managing Director and CEO Chris Ryan said: "Investment sentiment has remained subdued during FY11 and was not helped by the significant market volatility triggered by credit concerns around the world. Inevitably, this has put a damper on flows in the Australian funds and wealth management industry, as well as restricting activity in segments targeted by our Corporate Trust business.

"However, in the latter part of the period, we have made significant progress with the implementation of a first series of outcomes from the review initiated earlier in the year. As we continue this process, Perpetual will be able to focus on greater profitability for existing businesses and the pursuit of emerging opportunities. We are now in a better position to grow even if markets remain relatively subdued," Mr Ryan said.

In May, Perpetual flagged a move towards a more disciplined management of its business portfolio and greater focus on cost and efficiency. On 15 August 2011, the Company announced the closure of its Dublin-based International Share funds manufacturing capability and transfer of the management of the funds to Wellington Management Company LLP, as well as the sale of the smartsuper SMSF administration business. The process to select an external provider of platform administration services for Perpetual Private Wealth clients is also well advanced.

Overview of Operations

Mr Ryan emphasised that these and other initiatives would allow Perpetual to focus on its core competencies and growing both its client base and revenues.

"We continue to excel in areas that are unique to Perpetual and we need to get better at taking advantage of those strengths. For example, despite what have been particularly difficult markets, **Perpetual Investments**' funds continued to be recognised across the industry and by various research groups for their above benchmark returns. Of particular note this year were our wins at the Money Management/Lonsec Fund Manager of the Year Awards and the Money magazine Best of the Best Awards 2011," he said.

Perpetual Investments' FY11 Profit Before Tax (PBT) was $73.3 million, an increase of around 7% on the previous financial year. The result reflected the combination of lower expenses and relatively flat revenues at $225.0 million.

Muted flows across the industry limited the Company's ability to attract additional funds. While year end FUM increased on the prior year, net flows for the business were negative as markets remained subdued and investors continued to be risk averse.

In Perpetual's **Private Wealth** business, the diversification of revenue streams has continued, with 32% of FY11 revenues now not market-linked. The increase in non-market related revenue was due to higher activity levels in estate administration, tax and accounting, a broader product offering, and the benefit of a full year of revenue from the Grosvenor and Fordham businesses, which were acquired in FY10 and are now almost fully integrated and performing well.

Private Wealth's average FY11 FUA was $8.7 billion or 7% higher than in FY10. Although outflows increased from 7% of average FUA in FY10 to 9% in FY11, this was largely offset by an increase in inflows, including a full year contribution from Grosvenor and Fordham. Revenues increased by 15% to $116.2 million. As a result of additional investment in the business, including a project to modernise the Private Wealth platform, improvements in processes and strengthening of management and advisory teams, PBT declined by 24% to $13.3 million.

"In FY11, Private Wealth has continued to execute on its strategy. This involved targeting greater market share in its priority segments of business owners, professionals and established wealthy, as well as continued investment in broader capabilities and modernisation of the service offering.

"While revenue growth did not translate into immediate profit gains because of the expenses related to these investments, they will help strengthen the business' competitive position at a time when demand for professional wealth advice is both growing and becoming more sophisticated," Mr Ryan noted.

In **Corporate Trust**, revenues increased by 11% on FY10, to $97.2 million, but declined by 14% from 1H11 to 2H11. Similarly, FY11 PBT increased marginally to $25.3 million, but 2H11 PBT saw a 35% decline on the previous period. Both revenue and profit were affected by the impact of the sharp contraction in housing market activity on demand for mortgage lending services, and, in the Trust and Fund Services business, the continued run-off in securitisation funds under administration, coupled with reduced margins due to changes in the client and asset class mix.

Mr Ryan noted: "Our focus in Corporate Trust remains on improving profitability and extracting clearer benefits from the leading market position our Securitisation Trustee business holds, and on targeting profitable growth in the Fund Services business. In Perpetual Lenders Mortgage Services (PLMS), we will respond to the expiry of a major bank contract, which will transition in the second half of this financial year, by leveraging improvements in productivity and by maintaining a disciplined approach to pricing for new business."

Concluding his overview, Mr Ryan said: "All of our businesses have faced headwinds in terms of their operational environment, but we have acknowledged that more needs to be done to extract the benefits of what remain very strong competitive positions in our various business areas.

"In the past few months, we have acted on that by initiating the implementation of the first series of outcomes from what has been a profound review of our business portfolio, as well as our cost and capital management. Our new approach will ensure that our efforts and investments result in profitable growth.

"While more needs to be done, we have already dealt with a number of distractions. This has improved our ability to weather challenging times and positions us well to take advantage of any up-tick in market sentiment. We will now aim to combine this sharper focus with the benefits generated by the restructure and the investments made to deliver better operational performance and improved shareholder returns," Mr Ryan concluded.

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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.

Note in this statement:

FY10 refers to the financial reporting period for the 12 months ended 30 June 2010
1H11 refers to the financial reporting period for the six months ended 31 December 2010
2H11 refers to the financial reporting period for the six months ended 30 June 2011
FY11 refers to the financial reporting period for the 12 months ended 30 June 2011

FACT SHEET

Full Year to 30 June 2011

Summary Group financial information

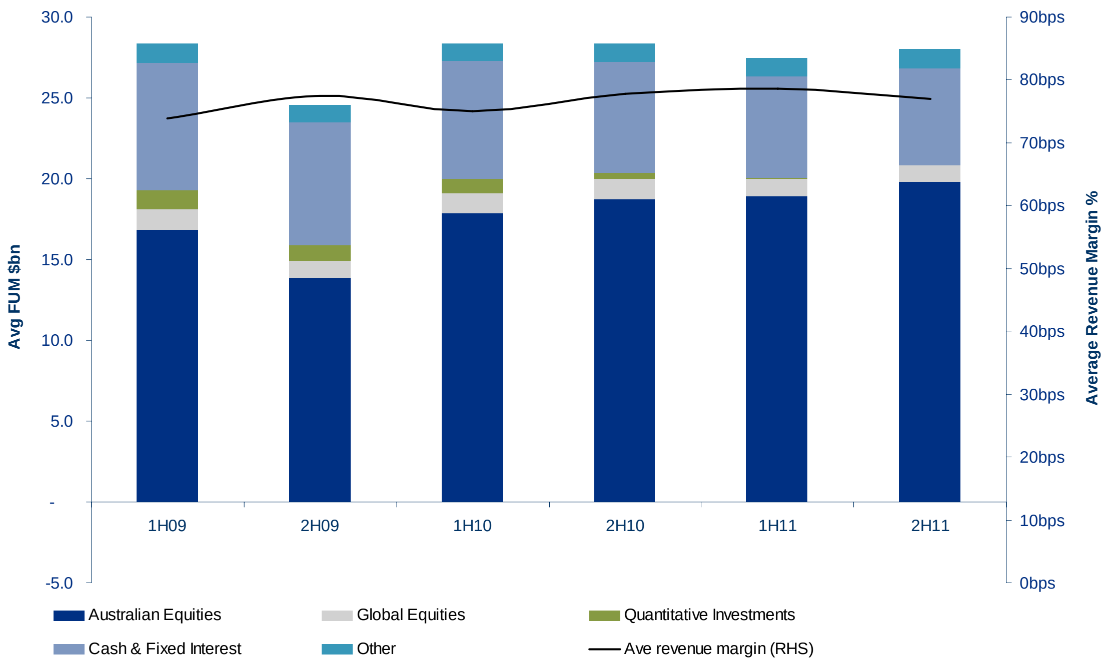
Period ended	2H10	1H11	2H11	FY10	FY11	FY10-FY11 change
Operating revenue ($m)	226.2	227.1	221.6	426.3	448.7	5%
Net Profit After Tax[1] ($m)	41.3	35.0	27.0	90.5	62.0	(31%)
Underlying Profit After Tax ($m)	36.4	41.0	31.9	72.8	72.9	0%
Return on Equity (%, based on UPAT)	20.6	22.6	17.4	22.4	20.1	(230bps)
Dividend per share (cents)	105	95	90	210	185	(12%)
Total equity ($m)	361.0	371.8	376.1	361.0	376.1	4%

- Subdued investment market performance impacts core investment revenues
- EMCF recoveries of $9.8 million after tax vs. $20.3 million in FY10
- Further improvement in financial strength

Movement in funds

		FY10	FY11	FY10-FY11 change
Perpetual Group Funds under Management ($b)	At end of period	26.9	27.2	1%
	Period average	28.4	27.8	(2%)
Private Wealth Funds under Advice ($b)	At end of period	8.3	8.7	5%
	Period average	8.1	8.7	7%
Corporate Trust Funds under Administration ($b)	At end of period	210.5	205.8	(2%)

Movement in average FUM and revenue margin (2009-2011)



[1] Attributable to Perpetual Limited ordinary equity holders

Business unit performance
Perpetual Investments financial summary

For the period ended	2H10	1H11	2H11	FY10	FY11	FY10-FY11 change
Revenues ($m)	116.2	112.8	112.2	227.7	225.0	(1%)
Profit Before Tax ($m)	34.3	38.1	35.2	68.8	73.3	7%

- Improvement in average FUM revenue margin to 78bps due to increase in proportion of higher margin equities FUM
- Continued strong relative performance of major funds

Investment performance relative to benchmark[2]									
	Industrial Share Fund	Australian Share Fund	Smaller Companies Fund	Concentrated Equity Fund	International Share Fund	Diversified Income Fund	Share Plus Fund	Ethical Share Fund	Global Resources Fund
1 yr	-0.41%	+3.17%	+14.72%	+1.79%	-3.54%	+4.07%	+5.36%	+0.33%	+23.39%
3 yr	+2.60%	+3.88%	+9.71%	+4.80%	+1.32%	+1.08%	+4.07%	+11.24%	+6.72%
5 yr	+2.59%	+2.49%	+7.44%	+3.55%	+0.65%	-0.49%	+3.42%	+4.86%	N/A
7 yr	+1.85%	+2.58%	+4.15%	+2.46%	N/A	N/A	+2.59%	+3.75%	N/A
10 yr	+3.59%	+3.80%	+6.87%	+4.60%	N/A	N/A	N/A	N/A	N/A

Private Wealth financial summary

For the period ended	2H10	1H11	2H11	FY10	FY11	FY10-FY11 change
Revenues ($m)	59.0	56.9	59.3	100.8	116.2	15%
Profit Before Tax ($m)	11.0	7.7	5.6	17.4	13.3	(24%)

- Continued investment in improvement of Private Wealth offering
- Focus on increasing market share in priority client segments
- Full year contribution from Grosvenor and Fordham

Corporate Trust financial summary

For the period ended	2H10	1H11	2H11	FY10	FY11	FY10-FY11 change
Revenues ($m)	45.9	52.3	44.9	87.5	97.2	11%
Profit Before Tax ($m)	11.3	15.3	10.0	25.1	25.3	1%

- Sharp contraction in housing market activity impacts demand for mortgage services in second half of the year
- Slowing rate of decline in securitisation FUA

2011 Final Dividend details

- Final dividend: 90 cents per share, fully franked
- Ex-dividend date: 31 August 2011
- Record date: 6 September 2011
- Dividend payable: 27 September 2011
- DRP[3] operational for FY11 final dividend, met by acquisition of shares
- Issue price: average market price as defined in the DRP terms, no discount
- Pricing period: 10 trading days commencing 7 September 2011 and ending 20 September 2011
- DRP application forms must be received by 5:00pm AEST 6 September 2011

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[2] Per annum, gross as at end June 2011

[3] Further information is contained within the Group's financial statements for the 12 months ended 30 June 2011 and the Management's Discussion and Analysis (available at http://shareholders.perpetual.com.au).