

Notice of Annual General Meeting

The 43rd Annual General Meeting of
Perpetual Limited

will be held in Ballroom 4
at The Westin Sydney,
1 Martin Place, Sydney, NSW
on Tuesday, 17 October 2006,
commencing at 11:00am.
Registration will open at 10:00am.

Dear Fellow Shareholders

The 43rd Annual General Meeting of Perpetual Limited (Perpetual) will take place on Tuesday, 17 October 2006 at The Westin Sydney, 1 Martin Place, Sydney. A copy of the Notice of Meeting is attached.

There are a number of items on the agenda for this year's Meeting.

As part of 'ordinary business', we will consider our financial and statutory reports for 2006 and the re-appointment of Ms Elizabeth Proust to the board.

You will also be asked to cast a non-binding vote for the adoption of the remuneration report. The report, which is outlined on pages 18 to 37 of the Annual Report 2006: Part Two – Statutory Financial Statements, details our remuneration policy and discloses the remuneration of Perpetual's senior executives and board members.

Further, you will be asked to approve the grant of shares and options to Mr David Deverall, Managing Director of the company, in accordance with his long-term incentive arrangements under his new Executive Service Agreement with Perpetual, and an increase in fees payable to non-executive directors. These resolutions are explained in more detail in the Notice of Meeting and the Explanatory Memorandum enclosed with this letter.

We look forward to welcoming you to the Annual General Meeting and to the opportunity of providing you with a progress report on Perpetual. If you are unable to attend, we encourage you to appoint a proxy to attend and vote on your behalf.



Mr Robert Savage, Chairman

11 September 2006

Notice of Meeting

Notice is given that the 43rd Annual General Meeting of Perpetual Limited ABN 86 000 431 827 ('the Company') will be held in Ballroom 4 at The Westin Sydney, 1 Martin Place, Sydney, NSW on Tuesday, 17 October 2006, commencing at 11:00am. Registration will open at 10:00am.

Ordinary business

Financial and statutory reports

To receive and consider the financial report of the Company and the reports of the directors and of the auditor for the financial year ended 30 June 2006.

Re-appointment of non-executive director

1. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Ms Elizabeth Proust:

- (a) a director appointed to fill a casual vacancy since the last annual general meeting in accordance with clause 20.2.1 of the Company's constitution; and
- (b) retiring from the office of director in accordance with clause 20.9.2 of the Company's constitution,

being eligible, is re-appointed as a director of the Company.'

Information about Ms Proust appears in the Explanatory Memorandum attached to this Notice of Meeting.

Adoption of remuneration report

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That the remuneration report of the Company for the financial year ended 30 June 2006 is adopted.'

Note: In accordance with section 250R of the *Corporations Act 2001*, the vote on resolution 2 will be advisory only and will not bind the directors or the Company.

Approval of grant of shares and options to the Managing Director

3. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'For the purpose of Australian Stock Exchange Listing Rule 10.14, that approval be given for the issue of ordinary shares and options to acquire ordinary shares in the Company up to three years after the date of this meeting to or on behalf of Mr David Deverall, the Company's Managing Director, in accordance with the Company's Executive Service Agreement with Mr Deverall and the provisions of the Company's Executive Share Plan and Executive Option Plan as summarised in the Explanatory Memorandum accompanying this Notice of Meeting.'

Increase of fees payable to non-executive directors

4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'For the purpose of Australian Stock Exchange Limited Listing Rule 10.17 and clause 20.6.1(a) of the Company's constitution, that the maximum aggregate annual fees payable to the Company's non-executive directors be increased from \$1.75 million to \$2.25 million.'

Voting exclusions

Except as set out below, the Company must disregard any votes cast on resolutions 3 and 4 by any director of the Company and any associates of a director.

The Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Proxies

A member who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote at the meeting on behalf of that member. A proxy may be an individual or body corporate and is not required to be a member of the Company. A member who is entitled to cast two or more votes at the meeting may appoint two proxies.

Where a member appoints two proxies, the member may specify the proportion or number of votes each proxy is appointed to exercise.

Where a member appoints two proxies but does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the appointing member's votes. Fractions of votes will be disregarded.

A member may direct the member's proxy how to vote on the proposed resolutions by following the instructions on the proxy form that accompanies this Notice of Meeting.

A proxy may decide whether or not to vote on any proposed resolution, except where required by law or the Company's constitution to vote. If the member appointing the proxy:

- directs the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution only in the way directed;
- does not direct the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution as the proxy thinks fit.

If a member appoints the Chairman of the meeting as proxy and does not direct the Chairman how to vote on an item of business, then, if a poll is called on that item, the

Chairman will vote as proxy for that member in favour of that item of business.

If you wish to appoint a proxy, you must complete the proxy form accompanying this notice of meeting and return the completed proxy form:

to the Company's share registrar by:

- **hand delivery** at Link Market Services Limited, Level 12, 680 George Street Sydney NSW 2000
- **post** to Locked Bag A14, Sydney South NSW 1235
- **facsimile** to 61 2 9287 0309

or to the Company's registered office by:

- **hand delivery** or **post** to Level 12, Angel Place, 123 Pitt Street, Sydney NSW 2000
- **facsimile** to 61 2 8256 1461

or by lodging the proxy appointment online by visiting the Company's share registry website at www.linkmarketservices.com.au and following the prompts and instructions. To use the online proxy appointment facility, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which is shown on the top right hand side of your personalised proxy form accompanying this Notice of Meeting.

Duly completed proxies (and any necessary supporting documents) must be received by the Company at an address or facsimile number specified above, or by online lodgement at the website specified above, by no later than 11.00am (Sydney time) on Sunday, 15 October 2006. Proxies received after that time will not be effective for the scheduled meeting.

Corporate representatives

A body corporate that is a member, or that has been appointed as a proxy of a member, may appoint an individual to act as its representative at the meeting. The appointment must comply with the requirements of section 250D of the *Corporations Act 2001*. The representative should bring to the meeting evidence of his or her appointment, including the authority under which the appointment is signed, unless that evidence has previously been given to the Company.

Determination of entitlement to attend and vote at the meeting

The Company has determined that for the purpose of ascertaining entitlements to attend and vote at the meeting, the shares in the Company on issue as at 7.00pm (Sydney time) on Sunday, 15 October 2006 (Entitlement Time) will be taken, for the purposes of the meeting, to be held by the persons who hold them as registered members at that time.

This means that if you are not the registered holder of a share in the Company at the Entitlement Time, you will not be entitled to attend or vote at the meeting.

Shareholder questions

The Company is offering a facility for members to submit written questions in advance of the meeting.

To submit a written question, please complete and return the accompanying form, or submit the question online through the share registrar's website, in accordance with the instructions on the form. The form must be received by the Company's share registrar by no later than Tuesday 10 October 2006. Questions should relate to matters that are relevant to the business of the meeting, as outlined in this Notice of Meeting and the attached Explanatory Memorandum.

Questions that are relevant to:

- the contents of the auditor's report; or
- the conduct of the audit of the Company's financial report,

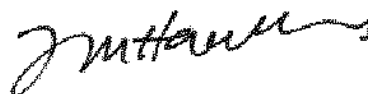
may be addressed to the Company's auditor. Please see "Financial and statutory reports" in the Explanatory Memorandum for further information on submitting questions to the Company's auditor.

Questions will be collated and, during the meeting, the Chairman will seek to address as many of the more frequently raised topics as possible and, where appropriate, will give a representative of KPMG, the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

Explanatory Memorandum

Please refer to the Explanatory Memorandum attached to this Notice of Meeting in relation to the items of business set out in this Notice.

By order of the board.



Joanne Hawkins, Company Secretary

11 September 2006

Explanatory Memorandum

Financial and statutory reports

The financial report and the reports of the directors and of the auditor for the financial year ended 30 June 2006 will be laid before the meeting, as required by section 317 of the *Corporations Act 2001*. The Company's 2006 Annual Report (which includes the directors', auditor's and financial reports) is available on the Company's website (www.perpetual.com.au) and has also been sent to shareholders in accordance with the *Corporations Act 2001*.

During this item of business, the members as a whole at the meeting will be given a reasonable opportunity to ask questions about, and make comments on, those reports and the business and management of the Company.

Members will also be given a reasonable opportunity to ask a representative of the Company's auditor, KPMG, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of financial statements or the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to KPMG if the question is relevant to the content of the auditor's report for the financial year ended 30 June 2006 or the conduct of the audit of the financial report for that year. Relevant questions may be submitted to KPMG using the form accompanying this document and ensuring that it is received by the Company by no later than Tuesday 10 October 2006. At the meeting, KPMG's representative will be given the opportunity to answer, or table written answers to, relevant questions.

Resolution 1: Re-appointment of Ms Elizabeth Proust, BA (Hons), LLB, Fellow of the Australian Institute of Company Directors (Age 56)

Ms Proust was appointed as a director in January 2006. She was formerly Managing Director of Esanda, part of the ANZ Group. Prior to joining ANZ, she was Secretary (CEO) of the Victorian Department of the Premier and Cabinet and Chief Executive Officer of the City of Melbourne. She is currently Chairman of the Melbourne Symphony Orchestra, Chairman of the Centre for Dialogue, La Trobe University and a director of Insurance Manufacturers Australia Pty Ltd. She is a member of Perpetual's Audit Risk and Compliance Committee and Human Resources and Remuneration Committee.

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

The directors, other than Ms Proust, recommend that shareholders vote in favour of resolution 1. Ms Proust abstains from making a recommendation due to her personal interest in resolution 1.

Resolution 2: Adoption of remuneration report

The Company's remuneration report for the financial year ended 30 June 2006 is set out on pages 18 to 37 of the Annual Report 2006: Part Two – Statutory Financial Statements (which is available at www.perpetual.com.au). The remuneration report forms part of the directors' report for the financial year ended 30 June 2006. The remuneration report contains information required by section 300A of the *Corporations Act 2001* and AASB 1046: Director and Executive Disclosures by Disclosing Entities, including:

- discussion of the board's policy in relation to the nature and amount of remuneration paid to directors and executives (including secretaries and senior managers) of the Company and the group;
- discussion of the relationship between the board's remuneration policy and the Company's performance, including information about performance hurdles applicable to the short-term and long-term incentive components of the remuneration of senior managers; and
- details of the remuneration paid to each director of the Company (including the Managing Director) and to the employees with the greatest authority for managing and setting the strategic direction of the Company (which include the five highest paid group executives) for the financial year ended 30 June 2006.

The board's executive remuneration policy (as approved by the board's Human Resources and Remuneration Committee) is based on the following five key principles:

- variable pay should form a significant part of overall remuneration, with fixed remuneration set at a competitive level;

- variable pay should be linked to shareholder wealth creation;
- short-term incentive ('STI') payments should be uncapped to allow recognition of performance exceeding expectations;
- STI payments should be made from realised profits, rather than being budgeted as a fixed cost; and
- equity participation should be increased to encourage an ownership mindset and be tied to appropriate hurdles.

The Company's approach to performance and remuneration management can be characterised as:

- aligning remuneration outcomes and shareholder wealth creation;
- actively supporting business strategy execution and development of an entrepreneurial, team based culture;
- assisting in attracting and retaining senior employees;
- being competitive with contemporary marketplace practice;
- providing clarity and transparency; and
- aligned with the Company's commitment to good corporate governance.

The remuneration structure for senior employees involves three components:

- a fixed remuneration component;
- a short-term incentive component; and
- a component related to longer term performance and retention.

Section 250R of the *Corporations Act 2001* requires the Company to put a resolution for adoption of the remuneration report to the vote at the meeting. In accordance with section 250R, the vote on resolution 2 will be advisory only and will not bind the directors or the Company.

Members will be given a reasonable opportunity at the meeting to ask questions about, and make comments on, the remuneration report.

The directors unanimously recommend that shareholders vote in favour of resolution 2.

Resolution 3: Approval of grant of shares and options to the Managing Director

ASX Listing Rule 10.14 permits a director of the Company to acquire securities under an employee incentive scheme only if that director's participation in the employee incentive scheme has been approved by shareholders. At the 2004 Annual General Meeting, shareholders approved the payment of long term incentives and short term incentives to the Managing Director of the Company, Mr David Deverall under the executive service agreement between the Company and Mr Deverall applying at that time.

As a result of a market review of Mr Deverall's remuneration package, the board has renewed Mr Deverall's Executive Service Agreement. Under the new Executive Service Agreement, subject to shareholder approval and certain performance criteria being met (as described below), Mr Deverall will be entitled to long term incentive benefits involving participation in two of the Company's employee incentive schemes.

Long-term incentive benefit

Subject to shareholder approval, Mr Deverall will be eligible to receive a long term incentive (LTI) benefit on or about 1 July each year equivalent to \$1,025,000 per annum (or such greater amount as may be determined by the board from year to year) over the term of his new Executive Service Agreement with the Company consisting of shares to be issued under the Executive Share Plan and options to be issued under the Executive Option Plan. This is an increase of \$225,000 per annum from the LTI approved at the 2004 Annual General Meeting.

The number of performance shares to be issued to Mr Deverall each year will be equal to half of the annual LTI benefit divided by the weighted average price of the Company's shares traded in the five trading days prior to the date of grant of the LTI.

The number of options to be issued to Mr Deverall each year will be equal to half of the annual LTI amount divided by the value of the options as determined by the board using the binomial method at the date of grant. The binomial method is an option pricing model contemplated by Australian Accounting Standards. The exercise price of the options will be calculated in the same manner as the issue price for the performance shares as described above. The performance shares and options will generally vest on the third anniversary of the date of grant subject to the achievement of performance hurdles.

Two performance hurdles apply to the LTI in accordance with the Company's current policy and its Executive Service Agreement with Mr Deverall.

The LTI is divided into equal portions with each portion being subject to a different hurdle. The hurdles are based on total shareholder return ('TSR') and earnings per share ('EPS').

TSR hurdle

The TSR hurdle requires that growth in the Company's TSR must be at or above the median of the Company's comparator group, at which point the sliding vesting scale outlined below applies. The comparator group is the S&P/ASX100 (excluding property trusts). Growth in TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured from the date of grant to the date of testing of the TSR hurdle.

The TSR hurdle was chosen as it is widely recognised as one of the best indicators of shareholder value creation. The S&P/ASX100 has been chosen as the comparator group for TSR purposes as it best represents the group of entities with whom the Company competes for shareholders' capital.

Company's growth in TSR relative to the comparator group	Percent of portion that vests
Less than median	0%
At the median	50%
Greater than median but less than the 75th percentile	2% for every 1% point increase in the Company's relative position
At the 75th percentile and above	100%

The TSR hurdle will first be tested on the third anniversary of the date of grant of the performance shares and options and vesting may occur on that date in accordance with the table shown above. If any portion of the performance shares and options remains unvested, the TSR hurdle will again be tested on the fourth anniversary of the date of grant and further vesting may occur on this date in accordance with the table shown above. However, any performance shares or options that do not vest on the fourth anniversary of the date of grant will be forfeited.

EPS hurdle

The EPS hurdle requires that the Company's EPS growth for a given period must be greater than the target set by the board. The initial EPS hurdle for shares and options has been set at 10 percent per annum compounded. The EPS measure was chosen as it provides evidence of the Company's growth in earnings. Growth in EPS is defined as basic earnings per share (after tax) before annual goodwill amortisation adjusted for:

- significant items (as noted in the Company's financial statements and included or excluded at the discretion of the Company's Human Resources and Remuneration Committee);
- goodwill write-offs which represent more than 5 percent of the Perpetual Group's pre-tax profit for the year; and
- material capital restructurings that have occurred over the relevant period,

as determined by the Human Resources and Remuneration Committee of the board.

Vesting of shares and options subject to the EPS hurdle will operate as follows:

Company's growth in EPS	Percent of portion that vests
EPS growth less than 10% per annum	0%
EPS growth at or above 10% per annum	100%

The EPS hurdle will first be tested on the third anniversary of the date of grant and vesting may occur in accordance with the table shown above. If any portion of the performance shares and options remains unvested, the EPS hurdle will again be tested on the fourth anniversary of the date of grant and further vesting may occur on this date in accordance with the table shown above. However, any performance shares and options that do not vest on the fourth anniversary of the date of grant will be forfeited.

During his employment, Mr Deverall has a period of 10 years from the date of grant to request the transfer of any vested shares and 6 years from the date of grant to exercise any vested options.

Termination of employment

If Mr Deverall's employment is terminated:

- Mr Deverall will be entitled to retain those performance shares and/or options granted to him by way of LTI benefit that have vested as at the date of termination;
- in the case of Mr Deverall's resignation, Mr Deverall will forfeit any right or entitlement in any performance shares and/or options that have not vested at the date of termination and Mr Deverall will have 10 years from the date of grant to request the transfer of any vested shares and 6 years from the date of grant to exercise any vested options;
- on notice, due to illness, or in circumstances of mutual agreement between Mr Deverall and the Company, performance shares and/or options may continue to vest for 2 years after the date of termination, provided the relevant TSR and EPS hurdles are met and Mr Deverall must transfer or exercise any vested benefits within 2 years after the date of termination;
- summarily, Mr Deverall will forfeit any right or entitlement in any performance shares and/or options that have not vested at the date of termination and Mr Deverall must transfer or exercise any vested benefits within 2 months after the date of termination;
- for poor performance, Mr Deverall will forfeit any right or entitlement in any performance shares and/or options that have not vested at the date of termination and Mr Deverall must transfer or exercise any vested benefits within 6 months of the date of termination; or
- because of the death of Mr Deverall, Mr Deverall's estate will be eligible to receive vesting of the shares and options that have not vested at the date of termination, and Mr Deverall's estate must request the transfer of and exercise any vested benefits within 2 years after the date of Mr Deverall's death, and request the transfer of and exercise any benefits that were unvested at the date of Mr Deverall's death within 2 years from the date of vesting, in each case subject to the achievement of the performance hurdles outlined above.

Executive Share Plan

Under the Executive Share Plan, the board may instruct the trustee of the plan to subscribe for ordinary shares in the Company for the benefit of a participating executive. Shares will not be issued under the plan if the sum of:

- the number of shares to be issued;
- the number of shares which would be issued if options granted under any other employee incentive scheme of the Company were exercised;
- the number of shares which have been issued as a result of the exercise of options granted under any employee incentive scheme of the Company during the preceding 10 years; and
- all other ordinary shares issued pursuant to any employee incentive scheme of the Company, during the preceding 10 years,

would exceed 15% of the ordinary shares then on issue in the Company.

Shares acquired by the trustee on behalf of a participating executive are subject to disposal and forfeiture restrictions determined by the board.

Executive Option Plan

Under the Executive Option Plan, the Company may offer to a participating executive, to apply for a specified number of options to acquire ordinary shares in the Company. The 15% limit applying to the Executive Share Plan outlined above similarly applies to the Executive Option Plan.

Options granted under the Executive Option Plan are exercisable during the applicable exercise period, subject to any requirements determined by the board (such as performance, vesting or other criteria), in accordance with the Company's corporate governance policies and at or within such additional or alternative dates or periods as may be determined by the board.

Details of shares and options issued

Details of shares and options to be issued under the Executive Share Plan and Executive Option Plan will be published in each annual report of the Company which relates to the period in which the shares and/or options have been issued, with a statement that approval for the issue of the shares and/or options was obtained under ASX Listing Rule 10.14. Any additional directors who become entitled to participate in these employee incentive schemes after resolution 3 is approved and who are not named in the Notice of Meeting (other than Mr John Nesbitt, alternate director of the Company in respect of whom the ASX has granted a waiver from ASX Listing Rule 10.14 and any other alternate director in respect of whom the ASX grants a waiver from ASX Listing Rule 10.14 in the future) will not participate until approval is obtained under ASX Listing Rule 10.14.

No loans will be made available by the Company in relation to the acquisition of shares and options by Mr Deverall under the Executive Share Plan and the Executive Option Plan pursuant to his LTI benefits.

Since the 2004 Annual General Meeting, Mr David Deverall received:

under the Executive Share Plan:

- 1,062 ordinary shares in the Company at an issue price of \$47.08 per share;
- 15,252 ordinary shares in the Company at an issue price of \$46.87 per share;
- 7,036 ordinary shares in the Company at an issue price of \$56.85 per share;
- 5,565 ordinary shares in the Company at an issue price of \$71.88 per share;

under the Executive Option Plan:

- 4,248 options to acquire ordinary shares in the Company with an exercise price of \$47.08 per option;
- 28,144 options to acquire ordinary shares in the Company with an exercise price of \$56.85 per option; and
- 22,260 options to acquire ordinary shares in the Company with an exercise price of \$71.88 per option.

The directors who are or will be entitled to participate in the Executive Share Plan are Mr David Deverall, Mr Ivan Holyman (in his capacity as an alternate director) and Mr John Nesbitt (also in his capacity as an alternate director). Mr Deverall will also be entitled to participate in the Executive Option Plan.

The Company will issue the shares and options to Mr Deverall up to three years after the date of the meeting.

The directors, except Mr Deverall, unanimously recommend that shareholders vote in favour of resolution 3. Mr Deverall abstains from making a recommendation due to his personal interest in resolution 3.

Resolution 4: Increase of fees payable to non-executive directors

Following a recent independent review of the remuneration of the Company's non-executive directors, it is proposed to increase the maximum aggregate remuneration of the non-executive directors from \$1.75 million per annum to \$2.25 million per annum. Mr David Deverall, Managing Director, does not receive directors' fees. Shareholder approval of this proposal is sought under clause 20.6.1(a) of the Company's Constitution and under ASX Listing Rule 10.17.

The maximum aggregate remuneration of the non-executive directors was last increased in 2004 to \$1.75 million per annum. Since that time, the Company has grown significantly:

- operating profit after tax (OPAT) has increased from \$92.5 million to \$131.5 million;
- earnings per share (OPAT) have increased from 242 cents to 323 cents;
- funds under management have increased from \$21.7 billion to \$32.8 billion; and
- net assets have increased from \$290 million to \$331 million.

The board's remuneration policy for non-executive directors aims to ensure that Perpetual can attract and retain suitably skilled, experienced and committed individuals to serve on the board. Non-executive directors do not receive performance-related remuneration and are not entitled to receive performance-based shares, or options over shares, in the Company.

The proposed increase in the maximum aggregate amount payable to non-executive directors will enable non-executive directors' fees to increase in line with current and future market rates. It is the board's policy that the remuneration of non-executive directors should accord with market rates and the level of responsibilities involved in each board position. The board's strategy is also to make regular increases to board remuneration when appropriate, rather than more significant increases less often. Also relevant to the Company's remuneration policy for non-executive directors is the Company's commitment to the independence of its non-executive directors, which may in some cases prevent them from accepting board positions with other leading financial services institutions.

The board has obtained independent advice on non-executive remuneration from Egan Associates, which included an assessment of the level of non-executive director remuneration in companies of comparable size. In accordance with that advice the fees for non-executive directors for the 2007 financial year are set out in the table below.

	2006 \$	2007 \$
Chairman	385,000	412,500
Director	140,000	150,000
Audit Risk and Compliance Committee Chairman	30,000	35,000
Audit Risk and Compliance Committee Member	15,000	17,500
Human Resources and Remuneration Committee Chairman	25,000	25,000
Human Resources and Remuneration Committee Member	12,500	12,500
Investment Committee Chairman	25,000	25,000
Investment Committee Member	12,500	12,500
Nominations Committee Member	12,500	12,500

The board's approach to the remuneration of non-executive directors is set out in detail on pages 33 to 37 of the Annual Report 2006: Part Two – Statutory Financial Statements. The main elements of non-executive director remuneration are also summarised below.

Directors' fees

Non-executive directors receive board fees and additional fees for their work on board committees. The chairman receives board fees but does not receive additional fees for his work on board committees.

Superannuation Guarantee Contributions

Superannuation guarantee contributions are made on behalf of all non-executive directors. Non-executive directors appointed prior to 1 July 2003 were entitled to retirement benefits under a scheme approved by shareholders in 1990, and revised and approved at the 2001 Annual General Meeting. The board discontinued this retirement scheme with effect from 18 October 2005.

Non-executive Share Purchase Plan

Non-executive directors may sacrifice up to 50 percent of their directors' fees to acquire shares in the Company under a share purchase plan for non-executive directors approved by shareholders at the 1998 Annual General Meeting. Shares are purchased by the trustee of the plan on a quarterly basis and the disposal of those shares is restricted for 10 years or until the director retires.

As the non-executive directors have a personal interest in resolution 4, all directors abstain from making a recommendation on this resolution.

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