

Chairman's address to  
shareholders  
Mr Robert Savage



# Agenda

## Part I - Addresses

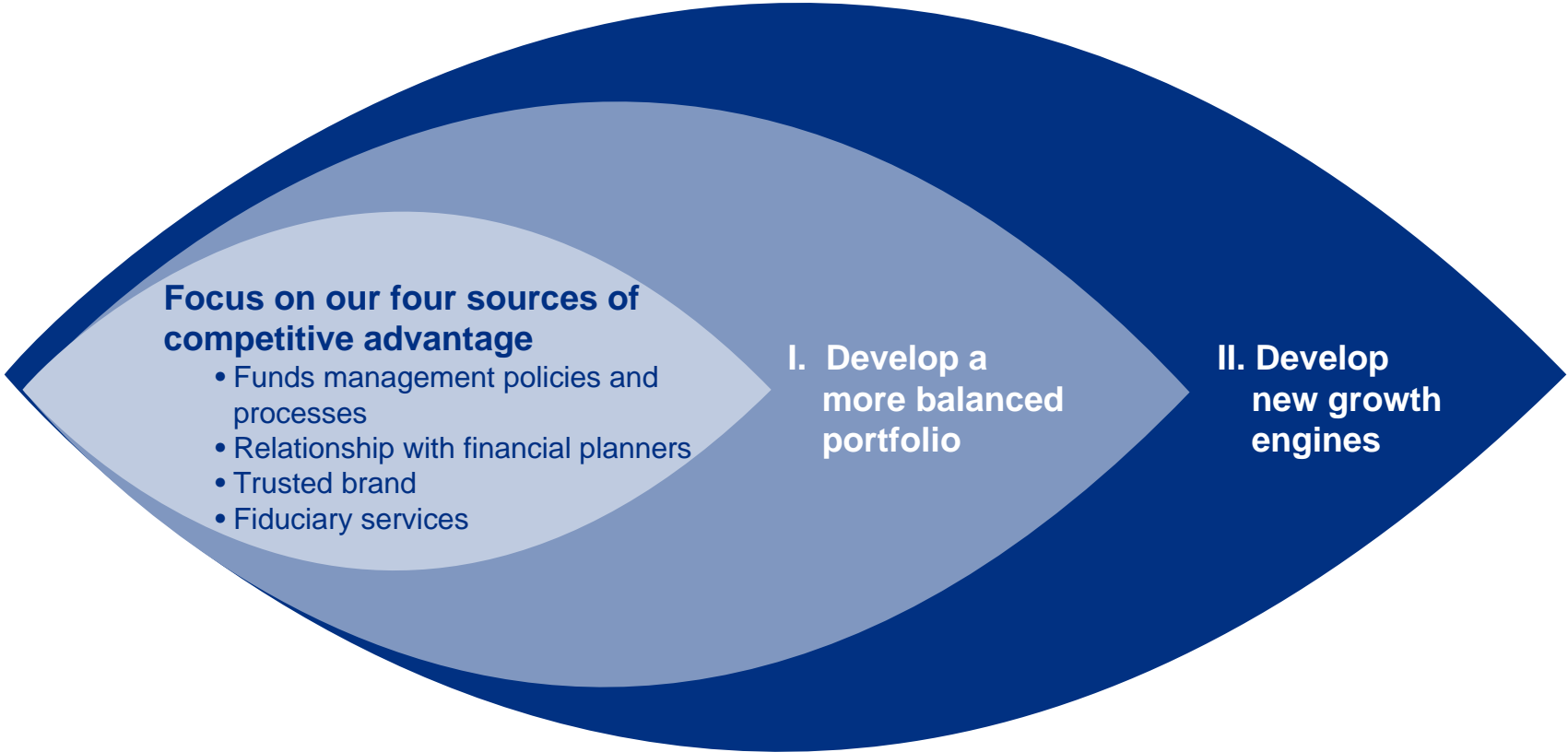
- Chairman's address to shareholders  
Mr Robert Savage
- Chief Executive Officer and Managing Director's address to shareholders  
Mr David Deverall

## Part II - Resolutions

- Chairman's address to shareholders on the Remuneration Report  
Mr Robert Savage



Our vision is to be Australia's leading creator and protector of wealth



**III. Fully engage our people to deliver our strategy**

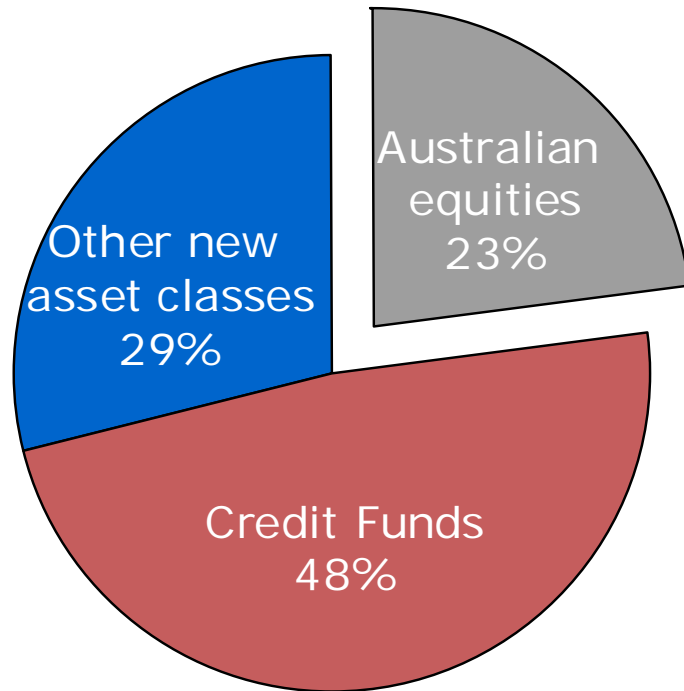
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## Perpetual's performance 2003-2007

|                                | 2003    | 2007    | 2003-2007<br>Annual<br>growth rate |
|--------------------------------|---------|---------|------------------------------------|
| Share price                    | \$30.70 | \$78.51 | 26%                                |
| Market capitalisation          | \$1.1bn | \$3.2bn | 29%                                |
| Total shareholder return (TSR) |         |         | 34%                                |



# Perpetual Investments FUM flows 2003 - 2007

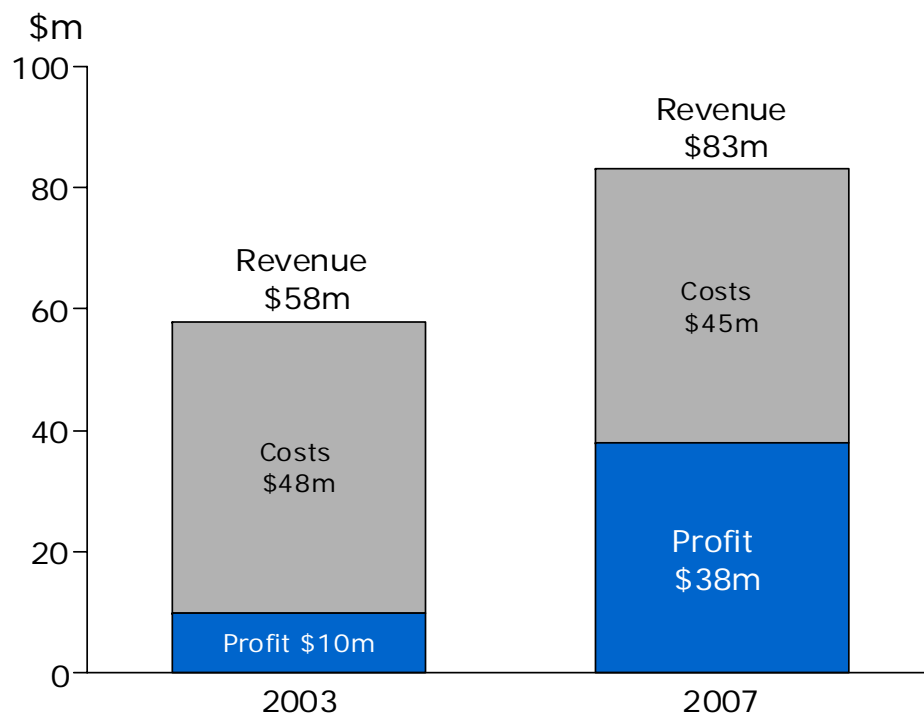


77% of new flows into non-traditional Australian equities classes

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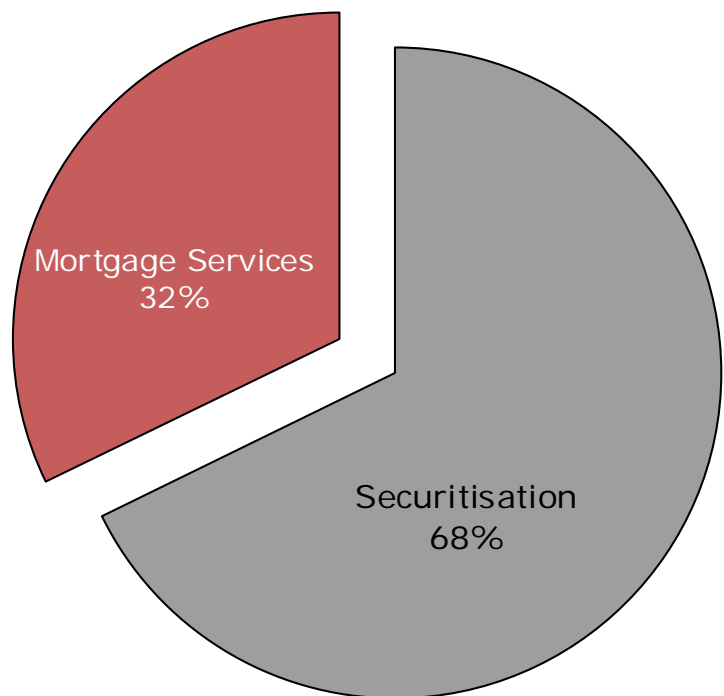
# Perpetual Private Clients revenue and profit growth 2003 - 2007



Perpetual Private Clients delivering strong revenue and profit growth



# Perpetual Corporate Trust revenue growth 2003 - 2007

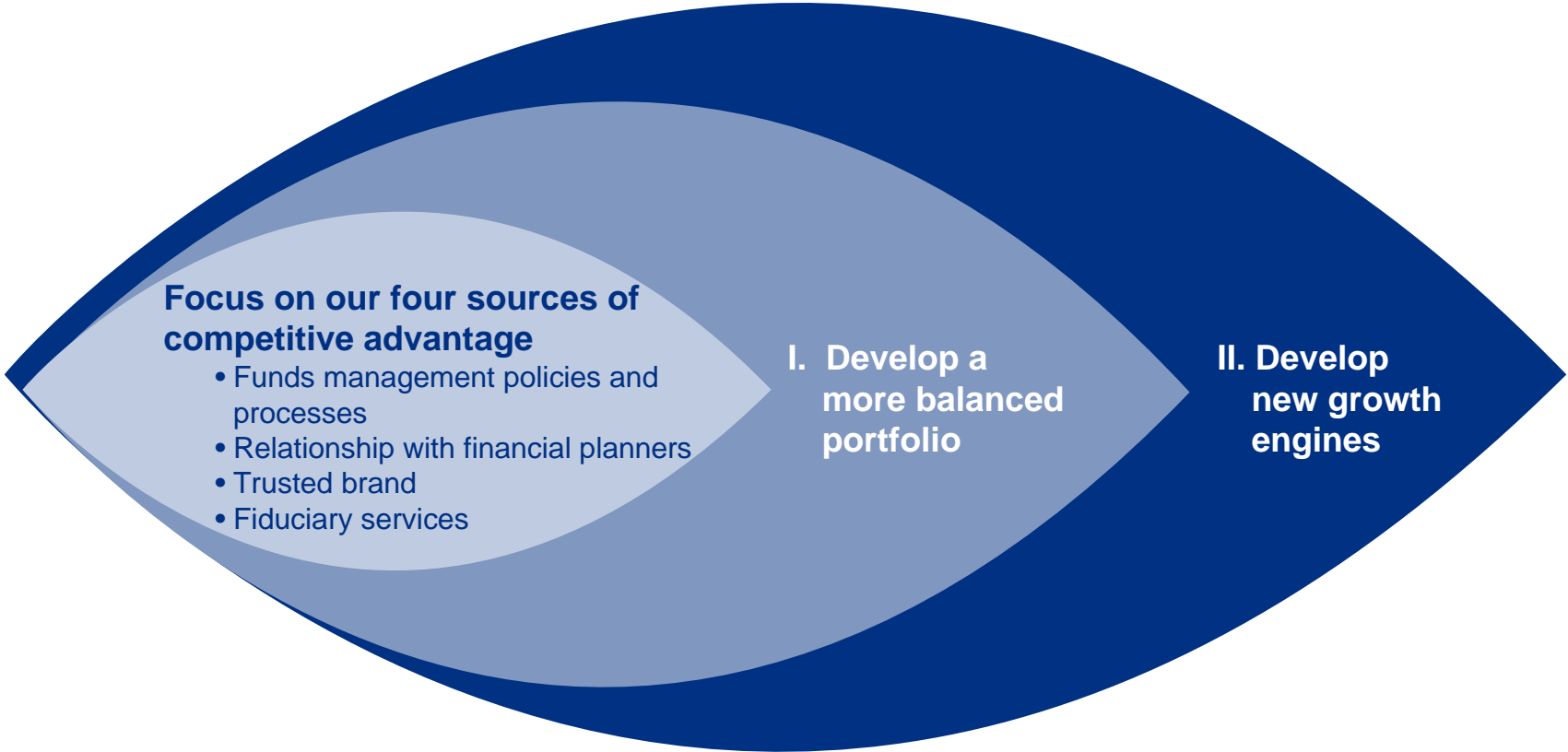


Nearly one third of revenue growth from mortgage services

Our objective is to become the outsource partner of choice to the lending industry



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# A solid full year result

|   | <b>2007</b><br><b>\$M</b> | <b>2006</b><br><b>\$M</b> | <b>Change</b><br><b>%</b> |
|---|---------------------------|---------------------------|---------------------------|
| Operating profit after tax <sup>(1)</sup> | <b>145.3</b>              | 122.4                     | 19                        |
| Net profit after tax                      | <b>182.1</b>              | 135.3                     | 35                        |
| Dividends per share – ordinary            | <b>360¢</b>               | 326¢                      | 10                        |

<sup>(1)</sup> Operating profit after tax excludes significant items



# Chairman's address to shareholders



## Forecast profit guidance - half year to 31 December 2007

*“We forecast an increase of approximately 10 per cent in operating profit after tax (OPAT) for the first half of the current year over the prior half year OPAT of \$68.8 million.*

*Events in the credit markets in the first half of the 2008 financial year have resulted in below benchmark performance in Perpetual’s Exact and Enhanced Cash Funds, due mostly to small unrealised losses arising from the revaluation of credit securities.*

*Excluding the impact of losses borne by Perpetual in respect of these funds, the forecast result for the first half of the current year would be a 15 per cent increase over the prior half year.*

*The forecast is subject to fluctuations in the markets, particularly in Australia.”*



# Chairman's address to shareholders



Chief Executive Officer  
and Managing Director's  
address to shareholders  
Mr David Deverall



## Wealth Management operating profit before tax up 23 per cent

|                                    | 2007<br>\$M  | 2006<br>\$M  | Change<br>% |
|------------------------------------|--------------|--------------|-------------|
| Total revenues                     | 380.9        | 330.0        | 15          |
| Operating expenses                 | 188.8        | 173.4        | 9           |
| <b>Operating profit before tax</b> | <b>192.1</b> | <b>156.6</b> | <b>23</b>   |



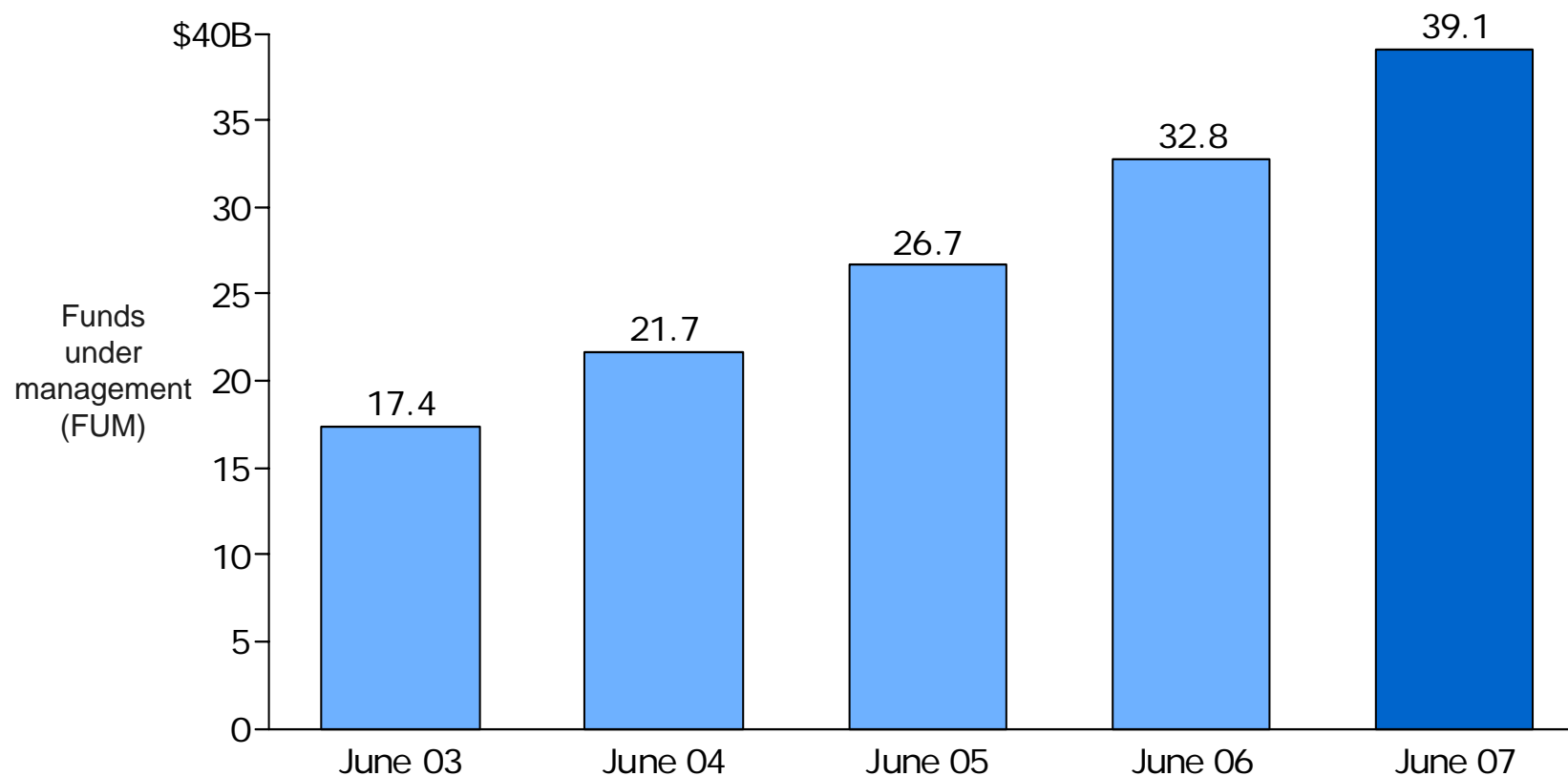
## Perpetual Investments operating profit before tax up 25 per cent

|                                    | 2007<br>\$M  | 2006<br>\$M  | Change<br>% |
|------------------------------------|--------------|--------------|-------------|
| Total revenues                     | 297.9        | 257.0        | 16          |
| Operating expenses                 | 143.6        | 133.6        | 7           |
| <b>Operating profit before tax</b> | <b>154.3</b> | <b>123.4</b> | <b>25</b>   |
| PBT margin                         | 52%          | 48%          | ~           |



# Perpetual Investments continued solid asset growth

Perpetual Investments funds under management up 19%



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# Chief Executive Officer and Managing Director's address to shareholders



## Quality investments outperform over the long-term

- Stocks with strong quality characteristics out perform over time
- Quality stocks under perform when risk pricing is low and credit conditions are loose
- Quality stocks have experienced a prolonged period of underperformance over the past four years – the longest period of underperformance in the last 20 years



# Perpetual Investments new business initiatives

We launched a number of new funds during the year:

- Our first series of Perpetual Protected Investments
- Quantitative Investments Market Neutral Fund
- Diversified Income Fund
- Wholesale Geared International Fund



## Perpetual was recognised by its peers in 2007

- Money magazine's 'Best Fund Manager 2007 Awards':
  - Best Australian Share Fund
  - Best Smaller Companies Fund
- Australian Financial Review/Smart Investor 'Blue Ribbon Awards'
  - Australian Small-Cap Shares
  - Australian Mortgages



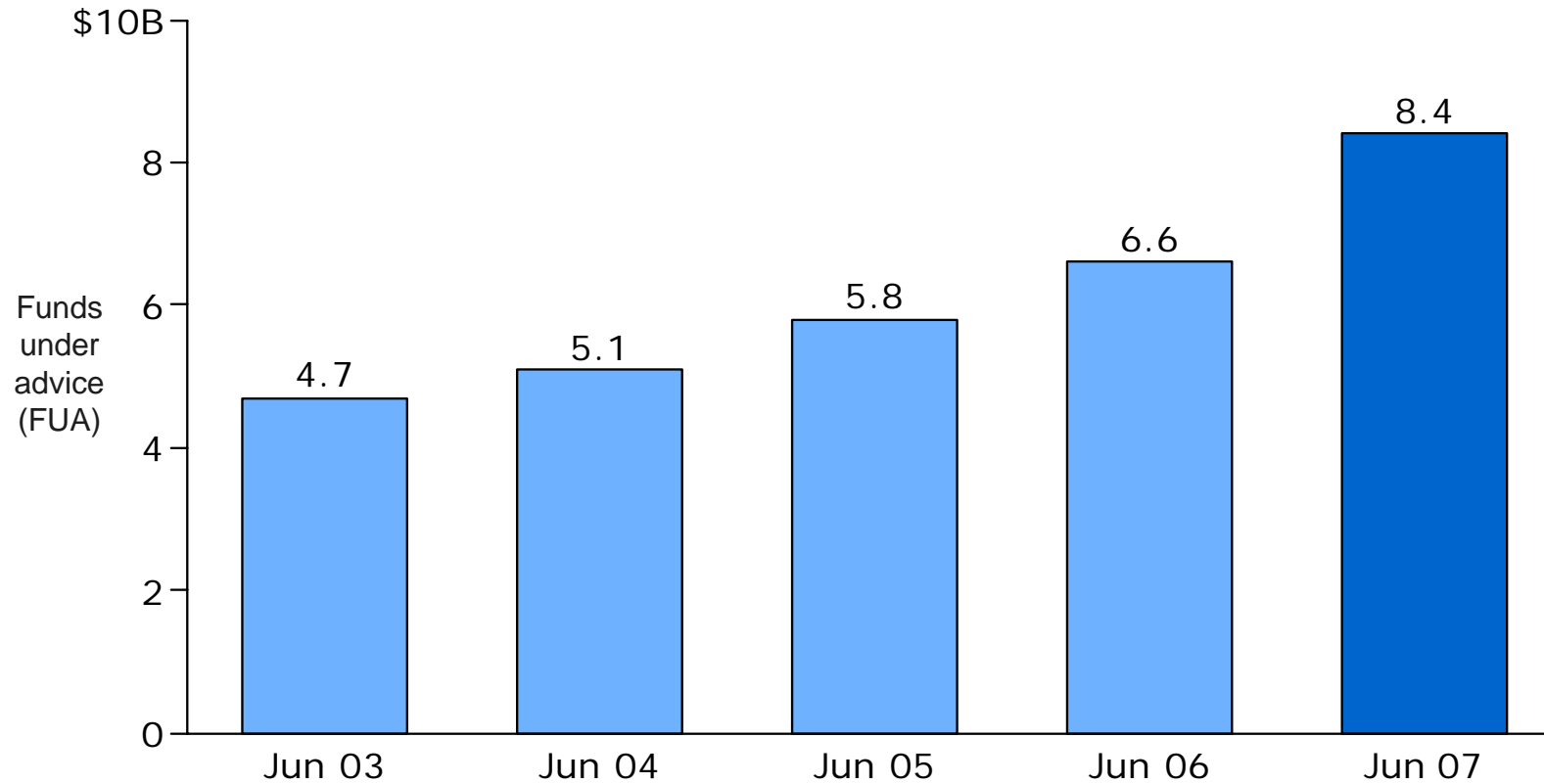
## Perpetual Private Clients operating profit before tax up 14 per cent

|                                    | 2007<br>\$M | 2006<br>\$M | Change<br>% |
|------------------------------------|-------------|-------------|-------------|
| Total revenues                     | 83.0        | 73.0        | 14          |
| Operating expenses                 | 45.2        | 39.8        | 14          |
| <b>Operating profit before tax</b> | <b>37.8</b> | <b>33.2</b> | <b>14</b>   |
| PBT margin                         | 46%         | 45%         | ~           |



# Perpetual Private Clients experienced strong growth

Perpetual Private Clients funds under advice up 27%



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# Perpetual Private Clients new business initiatives

- Dedicated client solutions team
- Expanded service offerings
- Expanded sales force capability



## Continued growth for Perpetual Corporate Trust

|                                    | 2007<br>\$M | 2006<br>\$M | Change<br>% |
|------------------------------------|-------------|-------------|-------------|
| Total revenues                     | 68.9        | 58.2        | 18          |
| Operating expenses                 | 33.2        | 26.2        | 27          |
| <b>Operating profit before tax</b> | <b>35.7</b> | <b>32.0</b> | <b>12</b>   |
| PBT Margin                         | 52%         | 55%         | ~           |

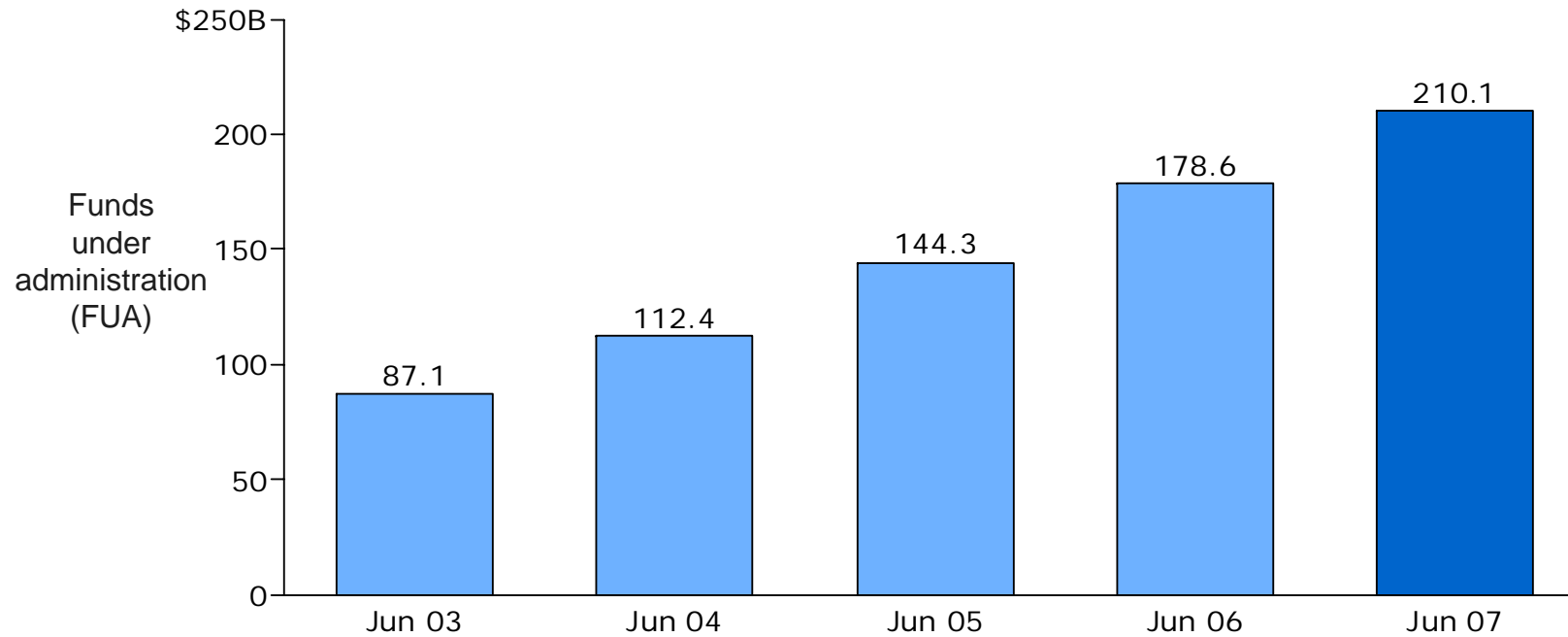
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# Strong volume growth in Perpetual Corporate Trust

Perpetual Corporate Trust funds under administration up 18%



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# Perpetual Corporate Trust new business initiatives

- Premier provider of trustee and administrative services to the Australian financial services industry:
  - retaining our position as Australia's leading trustee to securitisation providers
  - mortgage services capabilities
  - responsible entity and funds administration services capabilities
  - technology to deliver specialist services
- Acquired Wignalls Lenders Mortgage Services and National Lending Solutions



# Group Support Services initiatives

## People and Culture

- Updated 'parental leave' policy
- Introduced 'contribution leave'



# Group Support Services initiatives

## Risk

- Continued investment in our risk management framework
- Established Perpetual Superannuation Limited
- Created an Office of Superannuation Trustee
- Commenced the implementation of anti-money laundering and counter terrorism financing program

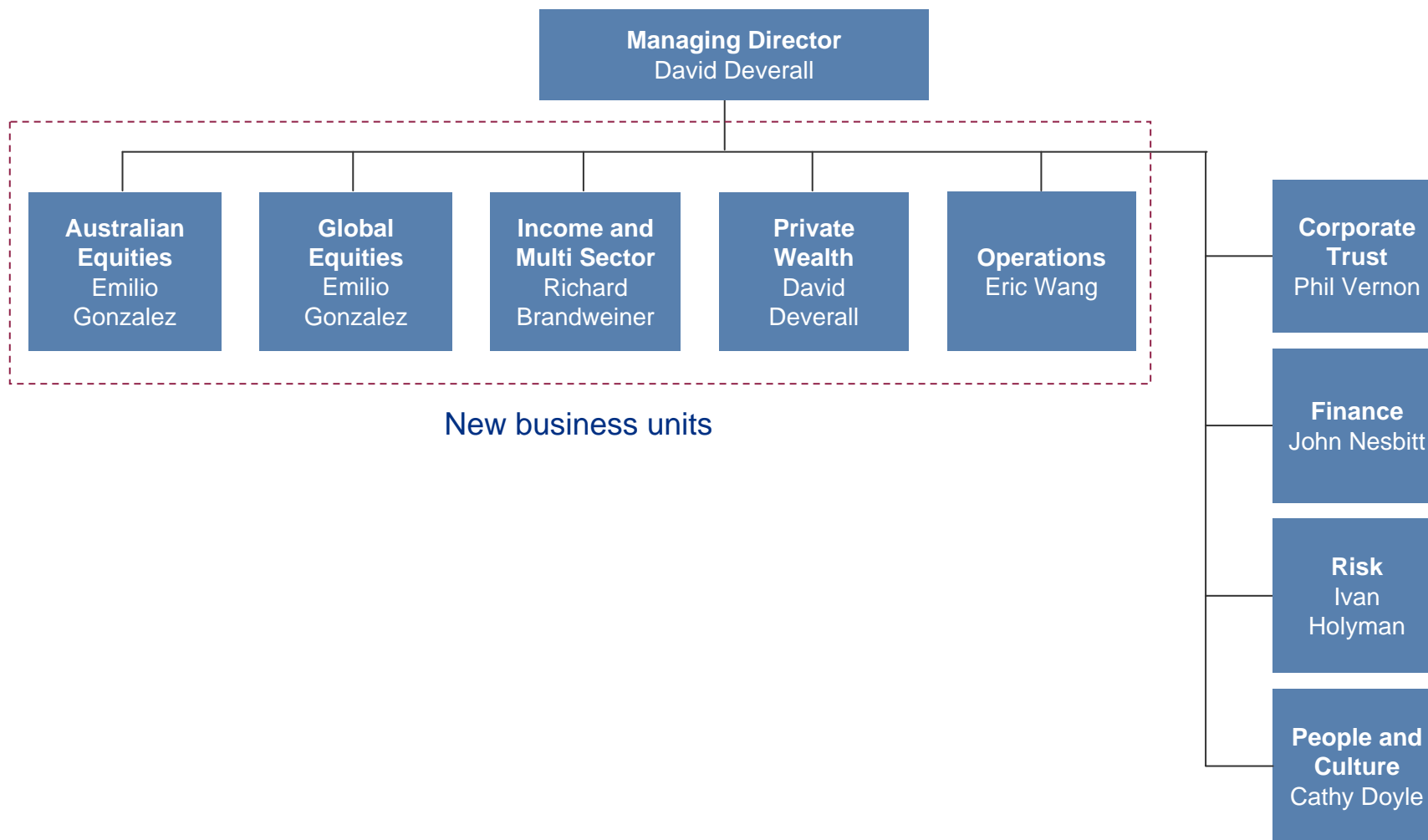


# Key strategic business priorities

|  |   |
|--|---|
| <b>Australian Equities</b>                           | New and innovative products in Australian equities to grow revenue margins                                |
| <b>Global Equities and Income &amp; Multi Sector</b> | Aggressively grow funds under management  |
| <b>Perpetual Private Wealth</b>                      | Accelerate growth by expanding adviser teams and improving support capabilities                           |
| <b>Perpetual Corporate Trust</b>                     | Rapidly grow our mortgage services business to become outsource partner of choice to the lending industry |



# Perpetual's new organisation structure



## Current credit market crisis

- Events of this nature are very unusual
- Impact on Perpetual's Income and Corporate Trust businesses
- Credit crisis a timely reminder of importance of diversification and quality – both principles at the heart of Perpetual's investment philosophy



# Chief Executive Officer and Managing Director's address to shareholders





Chairman's address to  
shareholders on the  
Remuneration Report  
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# Total shareholder return



\*CAGR = Compound Annual Growth Rate



# Chairman's address to shareholders on the Remuneration Report

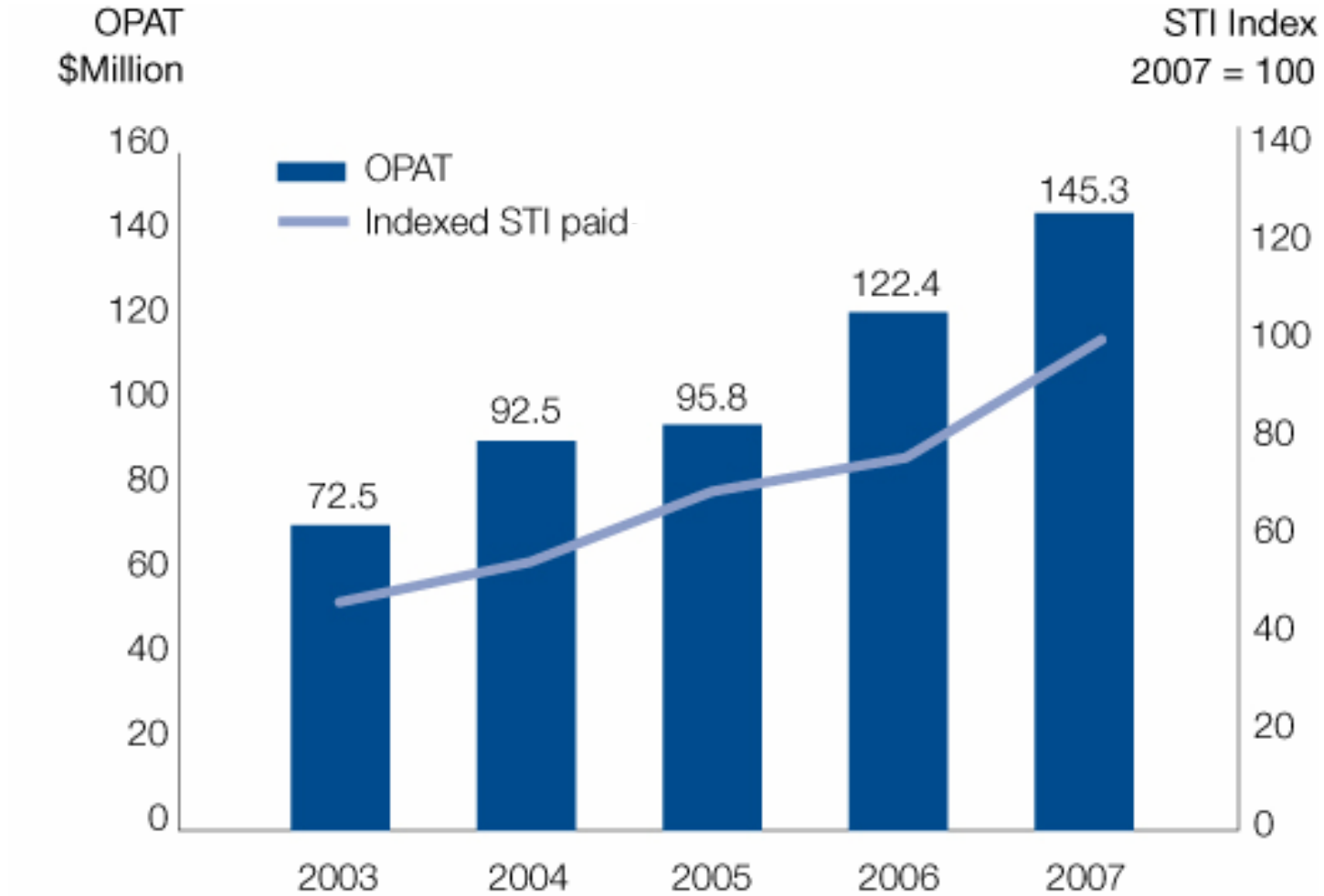


## Perpetual's remuneration is based on five core principles

- **Variable pay** forms a **significant part** of overall remuneration
- **Variable pay** is **linked to shareholder wealth creation**
- Short-term incentive payments are **uncapped**
- Short-term incentive payments are made out of **realised profits**
- Increased **equity participation** within the organisation



# Strong correlation between OPAT and STI index



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# Incentive hurdles and re-testing

## LTI hurdles

- Are very stringent
- Employees must perform beyond expectations
- Must deliver returns to shareholders over a three year period

## Why re-test hurdles?

- Not always sufficient time for strategic benefits to flow through to the business
- Allows employees every opportunity to build wealth for our shareholders
- Reinforces the alignment between the interests of our employees with those of our shareholders – both shareholders and employees benefit



## Perpetual's performance 2003-2007

|                                   | 2003     | 2007     | 2003-2007<br>Annual<br>growth rate |
|-----------------------------------|----------|----------|------------------------------------|
| <b>Operating profit after tax</b> | \$72.5m  | \$145.3m | 19%                                |
| <b>EBITDA</b>                     | \$117.4m | \$238.0m | 19%                                |
| <b>EPS<sup>(1)</sup> (OPAT)</b>   | \$1.91   | \$3.53   | 17%                                |

<sup>(1)</sup> Diluted EPS calculated using operating profit after tax divided by the weighted average number of ordinary and potential ordinary shares on issue



## Allocation of shares and options to David Deverall under the long-term incentive plan

- LTI business benefit equivalent to up to \$6 million
- Subject to a number of challenging performance hurdles
- LTI business benefit vests over a five year period ending 2012, if targets are met
- Early vesting of up to \$4 million may occur at 30 June 2010 if accelerated targets are met
- Rewards exceptional performance only

