



## Notice of Annual General Meeting

For personal use only

**The 44th Annual General Meeting of Perpetual Limited**

will be held in the Heritage Ballroom at The Westin Sydney, 1 Martin Place, Sydney, NSW on Tuesday, 30 October 2007, commencing at 11.00am. Registration will open at 10.00am.

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Perpetual 

## Dear Fellow Shareholders

The 44th Annual General Meeting (AGM) of Perpetual Limited (Perpetual) will take place on Tuesday, 30 October 2007 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.

We will consider our financial and statutory reports for 2007 and the re-appointment of two directors to the board: myself and Mr Paul McClintock. Ms Sandra McPhee is not seeking re-election and will be retiring at the conclusion of the meeting.

We gratefully acknowledge the significant contribution made by Ms McPhee during her time on the board.

You will also be asked to cast a non-binding vote for the adoption of the remuneration report. The report, which is included in the Annual Report 2007, details our remuneration policy and discloses the remuneration of Perpetual's senior executives and board members.

We will also be reviewing new long-term incentive (LTI) arrangements for our Managing Director, Mr David Deverall, which you will be asked to approve at the AGM. Mr Deverall's contract was renewed in August 2006 in recognition of his excellent performance in the role since his appointment and the importance of his continued employment in execution of our strategies. The board again reviewed Mr Deverall's remuneration in 2007 and has introduced a new business LTI arrangement into Mr Deverall's remuneration package in addition to his existing group LTI.

The ultimate aim of the business LTI is to accelerate earnings per share growth. In accordance with Perpetual's policy on long-term remuneration incentives, the new incentive is subject to stretch performance hurdles, which if achieved, will also result in excellent returns for you, our shareholders. More detailed information on this incentive is available in the attached Explanatory Memorandum.

Further, you will be asked to approve various amendments to the Constitution of Perpetual. The amendments are intended to update the Constitution to reflect developments in corporate governance and general corporate practice since the current Constitution was adopted in 2004.

All 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. We also encourage you to submit any questions you have in advance using the enclosed form. If you are unable to attend, we encourage you to appoint a proxy to attend and vote on your behalf.



Robert Savage, Chairman  
24 September 2007

# Notice of Meeting

Notice is given that the 44th Annual General Meeting (**AGM**) of Perpetual Limited ABN 86 000 431 827 (**Company**) will be held in the Heritage Ballroom at The Westin Sydney, 1 Martin Place, Sydney, NSW on Tuesday, 30 October 2007, commencing at 11:00am. Registration will open at 10:00am. The following business will be conducted:

## 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 2007.

## Re-appointment of non-executive directors

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

'That Mr Robert Savage, retiring from the office of director in accordance with clause 20.9.1 of the Company's Constitution and being eligible, is re-appointed as a director of the Company.'

Mr Savage was last re-elected at the Company's 2004 AGM and accordingly must retire and seek re-election at this year's AGM in accordance with the Constitution.

Information about Mr Savage appears in the Explanatory Memorandum attached to this Notice of Meeting.

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

'That Mr Paul McClintock, retiring from the office of director in accordance with clause 20.9.1 of the Company's Constitution and being eligible, is re-appointed as a director of the Company.'

Mr McClintock was last re-elected at the Company's 2004 AGM and accordingly must retire and seek re-election at this year's AGM in accordance with the Constitution.

Information about Mr McClintock appears in the Explanatory Memorandum attached to this Notice of Meeting.

Note: Ms Sandra McPhee will retire at the conclusion of the meeting and will not offer herself for re-election.

## Adoption of remuneration report

3. To consider and, if thought fit, to pass the following resolution:

'That the remuneration report of the Company for the financial year ended 30 June 2007 is adopted.'

Note: In accordance with section 250R of the *Corporations Act 2001*, the vote on resolution 3 will be advisory only and will not bind the directors of the Company.

## Approval of grant of shares and options to managing director under employee incentive plans

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

'That approval be given in accordance with ASX Listing Rules 10.14 and 10.15A for the participation of Mr David Deverall, the Company's Managing Director, in the Company's Executive Share Plan and Executive Option Plan (**the Plans**) in accordance with the Company's Executive Service Agreement with Mr Deverall, and for the issue of ordinary shares and grant of options to acquire ordinary shares in the Company pursuant to the Plans and on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.'

## Approval of amendments to Constitution of Perpetual

5. To consider and, if thought fit, pass the following resolution as a special resolution:

'That the Constitution of the Company be amended in accordance with the revised Constitution tabled at the meeting, and for the purposes of identification signed by the Chair of the meeting.'

Information about the proposed amendments to the Constitution appears in the Explanatory Memorandum attached to this Notice of Meeting.

## Voting exclusions

Except as set out below, the company must disregard any votes cast on resolutions 1, 2, 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 a 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 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](http://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, 28 October 2007. 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, 28 October 2007 (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 23 October 2007. 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.

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  
24 September 2007

# Explanatory Memorandum

## Financial and statutory reports

The financial reports and the reports of the directors and of the auditor for the financial year ended 30 June 2007 will be laid before the meeting, as required by section 317 of the *Corporations Act 2001*. The Company's 2007 Annual Report (which includes the directors', auditor's and financial reports) is available on the Company's website: [www.perpetual.com.au](http://www.perpetual.com.au).

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 the 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.

## Resolution 1: Re-appointment of Mr Robert Savage, FASCPAS, FAICD, FAM (Age 65)

Mr Savage was appointed as a director in 2001 and as Chairman in October 2005. He was formerly Chairman and Managing Director of IBM Australia and New Zealand. He is Chairman of David Jones Limited and was Chairman of Mincom Limited until it was sold in May 2007. He was a director of Smorgon Steel Group Limited until August 2007 and is currently a director of Fairfax Media Limited. He is Chairman of Perpetual's Nominations Committee and a member of the People and Remuneration Committee.

Mr Savage brings to the board experience as a senior executive in Australia and the Asian region, including experience in people management and organisation effectiveness issues and several years as a non executive director and Chairman across a wide range of Australian companies.

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

## Resolution 2: Re-appointment of Mr Paul McClintock, BA LLB (Age 58)

Mr McClintock was appointed as a director in April 2004. He is a director of the investment banking firm McClintock Associates, a role he has held since 1985, apart from the period between July 2000 and March 2003, when he was Secretary to the Cabinet and Head of Cabinet Policy Unit in the Australian Government. He is Chairman of Thales Australia Limited, Symbion Health Limited, Medibank Private Limited and the Council of Australian Governments (COAG) Reform Council.

He is the Chairman of Perpetual's Investment Committee and a member of the Nominations Committee.

Mr McClintock brings to the board 30 years experience as a legal adviser, investment banker and senior policy adviser to Government and corporations.

The directors, other than Mr McClintock, recommend that the shareholders vote in favour of resolution 2. Mr McClintock abstains from making a recommendation due to his personal interest in resolution 2.

## Resolution 3: Adoption of remuneration report

The Company's remuneration report for the financial year ended 30 June 2007 is set out on pages 14 to 31 of the Annual Report 2007, (Part Two: Statutory Financial Statements), which is available at [www.perpetual.com.au](http://www.perpetual.com.au).

The remuneration report forms part of the directors' report for the financial year ended 30 June 2007. The remuneration report contains information required by section 300A of the *Corporations Act 2001* and AASB 124: Related Party Disclosures, including:

- discussion of the board's policy in relation to the nature and amount of remuneration paid to directors and executives (including 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 2007.

The board's executive remuneration policy, as approved by the board's People and Remuneration Committee, is based on the following five key principles:

- variable pay should be a feature of all employees' remuneration. For more senior employees variable pay forms a significant part of overall remuneration and fixed remuneration should be competitive;
- variable pay is linked to shareholder wealth creation and individuals are clear about performance criteria;
- short-term incentive (STI) payments are based on yearly performance and uncapped to allow for recognition of performance;
- STI payments should be made out of the realised profits of the organisation; and

- equity participation within the organisation should be increased to encourage a sense of ownership, be appropriately tied to stretch hurdles and encourage retention of key individuals.

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

- aligning employee remuneration with shareholder wealth creation;
- actively supporting the successful execution of our business strategy;
- supporting the development of an entrepreneurial, term-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 3 will be advisory only and will not bind the directors of 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 3.

#### **Resolution 4: Approval of grant of shares and options to Managing Director under employee incentive plans**

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 Annual General Meeting (AGM) in 2006, shareholders approved the payment of long term incentives (LTI) 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.

The board has reviewed Mr Deverall's remuneration in 2007. A new business LTI arrangement has been introduced into Mr Deverall's remuneration package in addition to his existing group LTI. The board's two objectives in introducing the new business LTI are to:

- ensure that Mr Deverall's remuneration is competitive and aligned with market remuneration in the Australian financial services' sector; and
- encourage sustained growth of the Company at an accelerated rate.

The business LTI has been designed to vest if stretch performance targets are met. These stretch performance targets have been set at levels which are higher than those in the existing group LTI arrangements in order to encourage and reward superior performance. The new arrangements are reflected in a revised Executive Service Agreement between the Company and Mr Deverall dated 24 September 2007.

Under the revised Executive Service Agreement, Mr Deverall will be eligible to receive:

1. his existing long term incentive group benefit as approved by shareholders at the 2006 AGM (**LTI Group benefit**); and
2. a long term incentive business benefit (**LTI Business benefit**), subject to shareholder approval.

#### **LTI Group benefit - overview**

The LTI Group benefit was approved at the 2006 Annual General Meeting to permit yearly grants of the LTI Group benefit to be made to Mr Deverall for a period of 3 years from the date of the 2006 meeting.

In accordance with the terms of the approval, Mr Deverall is eligible to receive a LTI Group benefit on or about 1 July each year equivalent to \$1,025,000. The LTI Group benefit consists of shares to be issued under the Executive Share Plan and options to be issued under the Executive Option Plan.

Each yearly grant of shares and options under the LTI Group benefit is divided into two (2) equal portions. The first portion is subject to a performance hurdle based on total shareholder return (TSR) as assessed against a comparator group. TSR growth should be at least equal or better than 50% of the comparator group at which point a sliding scale of vesting operates.

The second portion is subject to a hurdle based on earnings per share. Vesting is achieved if earnings per share (EPS) growth is 10% or greater per annum from grant date to vesting date. Further details regarding the terms of the LTI Group benefit and hurdles are set out in the Company's remuneration report and in the 2006 Notice of AGM.

#### **LTI Business benefit – overview**

Subject to shareholder approval at this AGM, Mr Deverall will be eligible to receive a LTI Business benefit equivalent to up to

\$6,000,000. The LTI Business benefit consists of shares to be issued under the Executive Share Plan and options to be issued under the Executive Option Plan.

In accordance with the ASX Listing Rules, shareholder approval is sought for the grant of shares and options equivalent to up to \$6,000,000. It is anticipated that these shares and options will be issued to Mr Deverall as soon as possible after the 2007 AGM, but in any event within 3 years of the approval.

The maximum number of shares to be provided to Mr Deverall as a LTI Business benefit will be 37,893. This is equal to half of the value of the LTI Business benefit (\$3,000,000) divided by the weighted average price of the Company's shares traded in the five trading days prior to 1 July 2007.

The maximum number of options to be provided to Mr Deverall as an LTI Business benefit will be 201,938. This is equal to half of the value of the LTI Business benefit (\$3,000,000) divided by \$14.856. \$14.856 is the value of each option as determined by the Board using the binomial method on 1 July 2007. The binomial method is an option pricing method contemplated by Australian Accounting Standards. The exercise price of the options will be \$79.17 each. The exercise price is based on the weighted average price of the Company's shares traded in the five trading days prior to 1 July 2007.

The LTI Business benefit shares and options will vest on 30 June 2012, subject to the achievement of the applicable EPS and operating profit after tax (**OPAT**) performance hurdles described below. However, accelerated vesting may occur on 30 June 2010 if the stretch EPS and OPAT performance hurdles described below are met earlier.

There is no provision for retesting if performance hurdles are not achieved as of 30 June 2012. All unvested shares and options will be forfeited if performance hurdles are not met as of 30 June 2012.

#### **EPS and OPAT hurdles and vesting schedule**

The EPS and OPAT measures were chosen because they demonstrate growth in the Company's earnings and profits.

The percentage of the LTI Business benefit that may vest will be assessed against dual targets of EPS and OPAT as follows:

- the compound annual growth rate (**CAGR**) in the Company's EPS between 30 June 2007 and 30 June 2012; and
- achievement of OPAT targets specified by the board.

The combined hurdles are challenging and have been designed to reward superior performance.

A threshold EPS CAGR of 11% is required before any shares or options can vest in 2012.

Once the threshold is achieved, vesting operates as follows:

- vesting of 10% of the total shares and options occurs upon achievement of an EPS CAGR of 11% and required OPAT target;

- 100% of the shares and options will vest if an EPS CAGR of 20% and required OPAT target are achieved;
- a sliding scale of vesting operates if an EPS CAGR greater than 11% and below 20% and required OPAT targets are achieved.

In order to further encourage the Company's growth, there is an opportunity for accelerated vesting as at 30 June 2010 of up to \$4,000,000 of the original benefit. A threshold EPS CAGR of 15% is required before any shares or options can vest in 2010.

Once the threshold is achieved, vesting operates as follows:

- vesting of shares and options valued at \$2,000,000 occurs upon achievement of an EPS CAGR of 15% and required OPAT target;
- shares and options valued at a total of \$4,000,000 will vest if an EPS CAGR of 25% and required OPAT target are achieved;
- a sliding scale of vesting operates if an EPS CAGR greater than 15% and below 25% and required OPAT targets are achieved.

If vesting is accelerated as at 30 June 2010, the balance of the LTI business benefit that does not vest will be tested and vest in accordance with the 30 June 2012 hurdles described above.

For the purposes of the LTI Business benefit, EPS is defined as the Company's OPAT divided by the number of shares on issue adjusted to include the effect of treasury shares and options.

Any shares and options that do not vest will be forfeited as at 30 June 2012.

#### **Other terms applicable to the LTI Business benefit**

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.

Dividends in respect of all allocated but unvested LTI Business benefits will be reinvested in accordance with the rules of the Plan.

Dividends in respect of vested LTI Business benefits will be paid in favour of Mr Deverall, less any amounts required to be deducted for taxation purposes.

If the vesting of shares and options is accelerated in accordance with the terms set out above, a 'holding lock' is imposed. This means that Mr Deverall is not permitted to transfer or exercise any shares or options that vest under these provisions until after 30 June 2011. However, he will be entitled to dividends in respect of the vested shares and options, less applicable tax.



### Termination of employment

If Mr Deverall's employment is terminated, his entitlement to the LTI Business benefit will be calculated as follows:

Circumstances of Termination	Entitlement to LTI Business benefit
Immediate termination by Company without notice	shares and options not vested at the termination date are forfeited.
Termination by Company on notice or for poor performance or by mutual agreement or for illness	entitled to the greater of a pro-rata proportion of shares and options subject to performance hurdles or 1/10 of the LTI Business benefit
Resignation by Mr Deverall	shares and options not vested at the termination date are forfeited.
Death of Mr Deverall	eligible to receive vesting of shares and options that have not vested at the termination date at the discretion of the board.

### 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 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.

Options granted under the Executive Option Plan are exercisable during the applicable exercise period. This is subject to any requirements determined by the board including performance, vesting or other criteria, in accordance with the Company's corporate governance policies.

### 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 4 is approved and who are not named in the Notice of Meeting will not participate until shareholder approval (if any is required in the circumstances) is first 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 2006 AGM, Mr David Deverall received:

under the Executive Share Plan:

- 1,565 ordinary shares in the Company at an issue price of \$71.88 per share; and
- 6,473 ordinary shares in the Company at an issue price of \$79.17 per share.

under the Executive Option Plan:

- 7,690 options to acquire ordinary shares in the Company at an exercise price of \$71.88 per option; and
- 34,498 options to acquire ordinary shares in the Company at an exercise price of \$79.17 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 is also 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 4. Mr Deverall abstains from making a recommendation due to his personal interest in resolution 4.

### Resolution 5: Approval of amendments to Constitution of Perpetual

The Company's current Constitution was adopted at the 2004 AGM. Since that time there have been significant developments in corporate governance and general corporate and commercial practice for ASX listed companies.

The directors propose that the Constitution be amended to take account of these changes to ensure it is consistent with regulatory regimes and 'best practice'.

A marked-up copy of the Constitution can be obtained by contacting the Company's share registrar, Link Market Services:

Telephone: 1300 732 806

Fax: (02) 9287 0309

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

The principal changes that are being proposed are discussed below.

**1 Directors' interests.** It is proposed that the rules regarding transactions in which directors have a personal interest be clarified and expanded. The proposed amendments will:

- give the board greater flexibility to make regulations requiring the disclosure of personal interests; and
- specify the consequences of a director having a personal interest in a transaction.

**2 Appointment of the Managing Director.** To ensure continuity in management, new clause 20.2 proposes that where the board appoints a Managing Director it will not be necessary to confirm that appointment at the next AGM. This amendment reflects common corporate practice and ensures continuity in the day-to-day management of the Company.

**3 Payment of dividends.** To permit flexibility and reflect legislative changes it is proposed that clause 27 be amended to provide that:

- dividends may be paid without a formal 'declaration';
- a decision to pay a dividend may be rescinded if the financial position changes and the directors consider that payment is no longer appropriate;
- dividends and other distributions may be paid in cash or by distribution of specific assets;
- in the event that dividends are unclaimed for 11 months, the Company may reinvest dividends in shares of the Company. Any amount arising from the reinvestment may be donated to charity or carried forward by the Company; and
- the Company is authorised to mandate dividend payments by direct credit rather than by cheque. This is expected to result in a cost saving for the Company and will give members the benefit of faster and more secure payment of their dividends. However, the Company has no immediate intention to mandate payment via direct crediting to bank accounts. The Company will inform members in advance before any such decision is implemented.

Provisions relating to capitalisation of profits (clause 27.2), the setting aside of reserves or provisions (clause 27.4) and the carrying forward of profits (clause 27.5) will be inserted. To ensure maximum flexibility, the amendments include a number of procedural provisions to facilitate some of these matters.

**4 Nomination of directors.** Consistent with the ASX Listing Rules which permit a company's constitution to set its own time period for the acceptance of nominations for director, it is proposed that clause 20.3 be amended so that nominations must be received no later than 45 business days, and no earlier than 90 business days, before the AGM.

**5 Board procedures.** In line with common corporate practice, it is proposed that new rules be adopted to:

- specify notice requirements for board meetings;
- allow board meetings to be conducted by telephone or other electronic means; and

- reduce the formalities involved in making written resolutions.

**6 Chair's powers at meetings.** It is proposed that the chair's power to regulate the conduct of the meeting be expanded to include:

- regulating debate;
- adjourning the meeting;
- refusing admission to the general meeting where the person is a safety concern or could cause disruption; and
- allowing for others to attend and observe the meeting in another room if there is not enough space in the main meeting.

(new clauses 17.2 and 17.5.)

It is also proposed to insert new clause 17.5.7 to reflect common corporate practice that a vote cannot be taken in respect of the chair's decision to postpone, adjourn or suspend the meeting.

The amendments clarify that, unless a meeting is adjourned for longer than a month, notice of any postponement or adjournment need only be given to the ASX (new clause 17.5.9).

Finally, it is proposed that new provisions be adopted which permit the Company to hold a meeting in more than one venue using appropriate technology and which set out the procedures to be followed if such technology 'fails' during the meeting (new clauses 17.2.4 and 17.2.5).

**7 Direct voting.** Proposed clause 18.8 will permit the Company to enable shareholders in the future to vote directly on resolutions considered at a general meeting by mailing their votes to the Company prior to the meeting. This means shareholders' votes can still be counted even when they cannot attend personally and do not appoint a proxy. Shareholders will continue to be entitled to appoint proxies if they so desire even if the Company decides to introduce direct voting at future meetings.

**8 Proxies.** In line with emerging market practice, it is proposed to adopt a provision that allows the Company to seek clarification and, where authorised, amend proxy instructions received from a shareholder.

**9 General terminology.** It is proposed to update definitions and other terms in the Constitution to reflect terminology changes in the Corporations Act.

The directors unanimously recommend that shareholders adopt the amendments to the Constitution by voting in favour of resolution 5.



**AUSTRALIA****Sydney**

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