Perpetual

Perpetual Limited

Key summary of Half Year results for six months to 31 December 2008

Profit result in line with market consensus

- **Very challenging operating environment**
  - 31 per cent decline in All Ordinaries Index during period
  - significant increase in mortgage fund redemptions following introduction of bank guarantee
  - securitisation new issuances remain largely closed
  - continued deterioration of investor confidence led to industry outflows
- **Operating profit after tax of $41.6 million, down 48 per cent**
  - driven by sharp decline in equity markets, especially in last quarter of 2008
  - impact on revenues from funds under management and funds under advice
- **Net profit after tax attributable to members of $14.2 million, includes significant items disclosed to the market early February**
  - $4.1 million after tax from losses (net of minority interests) on Perpetual's investment portfolio
  - $14.9 million after tax relating to the Exact Market Cash Fund (EMCF)
  - $8.4 million after tax in restructuring charges
- **Perpetual Corporate Trust buffers decline in profit with 47 per cent increase in profit before tax**

Key drivers of profitability impacted by sharp decline in equity markets

- **Funds under management:** $24.6 billion, down 19 per cent since 30 June 2008
- **Funds under advice:** $6.5 billion, down 16 per cent since 30 June 2008
- **Funds under administration:** $246.1 billion, up 10 per cent since 30 June 2008

Proactively managing costs and capital

- **Revised dividend policy**
  - current policy unsustainable over long-term - key issues accentuated by crisis
  - phase-in of revised policy with payout ratio of between 80-100 per cent of NPAT
  - interim dividend of $0.40 per share fully franked
- **Reducing exposure to structured products**
  - continued reduction of Exact Market Cash Funds' risk to Perpetual balance sheet
  - no new business in Perpetual Protected Investment series in short to medium-term
- **Tight control over costs**
  - annualised cash expenses reduced by approximately $39 million
  - positive effect to flow through in second half of 2009 and in 2010 financial years

Market-leading brand and investment out-performance: despite short to medium-term challenges, well-positioned to grow market share

- **Leading Australian and global equities and multi-sector funds above respective benchmarks and against peers**
- **Improving net flows**
  - $125 million global equities mandate from major Australian institutional client in February 2009
- **Stable client base**
  - decline in funds under management/funds under advice due to market movements, not client outflows
- **Opportunities emerging from inevitable consolidation of industry**
  - balance sheet strength provides flexibility
  - well-advanced execution of 'bolt-on' acquisitions
  - new clients and mandates
  - recent acquisitions contributing to profitability

Outlook

- **Market unlikely to rebound to previous high in short to medium-term**
- **Cautious outlook for second half of 2009 financial year**