Perpetual

MEDIA RELEASE

20 February 2008 (MR 08 - 05)

Perpetual Limited: key highlights for half year to 31 December 2007

- 15 per cent increase in operating profit after tax to $79.3 million
- 11 per cent decrease in net profit after tax to $87.6 million
- 19 per cent increase in operating profit before tax to $114.2 million
  - Perpetual Investments' operating profit before tax increased 31 per cent to $92.5 million
  - Perpetual Private Clients' operating profit before tax increased 24 per cent to $22.2 million
  - Perpetual Corporate Trust's operating profit before tax decreased 21 per cent to $13.6 million
- 9 per cent increase in interim dividend to $1.89 per share
- Market volatility favouring Perpetual's investment philosophy

Financial performance

Perpetual Limited (Perpetual) today announced an operating profit after tax (OPAT) of $79.3 million for the half year to 31 December 2007. This represents a 15 per cent increase on the prior corresponding period to 31 December 2006.

The OPAT of $79.3 million excluded a $21.1 million profit after tax from the sale of a portion of its investment portfolio and $12.8 million of losses after tax relating to the Exact Market Cash Fund (EMCF) product. The majority of the EMCF losses represented unrealised positions as a result of the 'mark-to-market' of underlying assets in the fund as disclosed to the market on 28 November 2007. The gain on sale of investments and EMCF losses were classified as significant items.

Net profit after tax of $87.6 million for the half year to 31 December 2007 was down 11 per cent from the result reported for the previous corresponding period.

Total operating revenues for the six months to 31 December 2007 rose by 18 per cent to $261.2 million, the result of growth in asset volumes over the previous corresponding period and improved revenue margins.

The company announced an interim dividend to shareholders of $1.89 per share fully franked (record date: 29 February 2008), representing a 9 per cent increase on the prior corresponding period of $1.73 per share.

Review of operations

Perpetual Investments

- Operating profit before tax increased 31 per cent to $92.5 million for the six months to 31 December 2007 from $70.4 million for the six months to 31 December 2006.
- Divisional revenue increased 18 per cent to $167.0 million for the six months to 31 December 2007 from $141.1 million for the six months to 31 December 2006.
- These results for Perpetual Investments excluded the impact of the EMCF significant item of $18.3 million before tax.
- Funds under management for Perpetual Investments decreased by $1.9 billion or 5 per cent to $37.2 billion as at 31 December 2007 but grew by $400 million over the balance as at 31 December 2006. The $1.9 billion decrease from 30 June 2007 comprised net outflows of $1.8 billion from mostly institutional investors in respect

of cash, fixed interest and Australian equities asset classes and unfavourable market movements of $0.1 billion.

Perpetual Private Clients

- Operating profit before tax increased 24 per cent to $22.2 million for the six months to 31 December 2007 from $17.9 million for the six months to 31 December 2006.
- Divisional revenue increased 16 per cent to $45.9 million for the six months to 31 December 2007 from $39.6 million for the six months to 31 December 2006.
- Funds under advice managed by Perpetual Private Clients grew by $0.2 billion to $8.6 billion in the six months to 31 December 2007 and by $1.4 billion or 19 per cent for the 12 months to 31 December 2007.

Perpetual Corporate Trust

- Operating profit before tax for the six months to 31 December 2007 of $13.6 million was down from the amount of $17.2 million reported for the six months to 31 December 2006. The decrease in profit related to the integration costs of two newly acquired Mortgage Services businesses, and the cost of repositioning the business in response to the downturn in the securitisation market.
- Divisional revenue increased 29 per cent per cent to $41.6 million for the six months to 31 December 2007 from $32.2 million for the six months to 31 December 2006.
- Funds under administration at 31 December 2007 of $205.7 billion was down 2 per cent from the balance of $210.1 billion at 30 June 2007 and was up 11 per cent from the balance of $185.0 billion at 31 December 2006.

Perpetual's Managing Director and Chief Executive Officer, Mr David Deverall, also announced a series of senior leadership changes.

Mr Emilio Gonzalez will now exclusively focus on his role as Group Executive – Global Equities. Mr Deverall will also assume the role of Group Executive – Australian Equities. Ms Cathy Doyle, who is currently Group Executive – People and Culture, will move into the newly created role of Group Executive – Perpetual Investments Business Services. Mr John Sevior will continue in his role as Head of Australian Equities.

Mr Deverall said the appointments built on Perpetual's current structure, which was announced in September 2007.

"We continue to develop and refine our organisation structure to assure the effective delivery of our strategy in growing long-term value for our shareholders," he said. "These changes place a strong strategic and investment management focus at the front end of Perpetual Investments and back it with a dedicated day to day business support system."

Outlook

Looking ahead, Mr Savage and Mr Deverall said that Perpetual had the right people, skills and experience to capture value in an environment which had favoured its quality focused investment style over many market cycles.

"While Perpetual's investment management style typically performs well relative to its competitors in this environment, the recent fluctuations in the Australian equities market will impact our revenue and our profit to 30 June 2008."

Perpetual will update the market on its forecast operating profit after tax for the full financial year in the Chairman's 'Letter to shareholders' in May.

A full copy of Perpetual's Half Year Report to 31 December 2007 is available on [Perpetual's website]

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