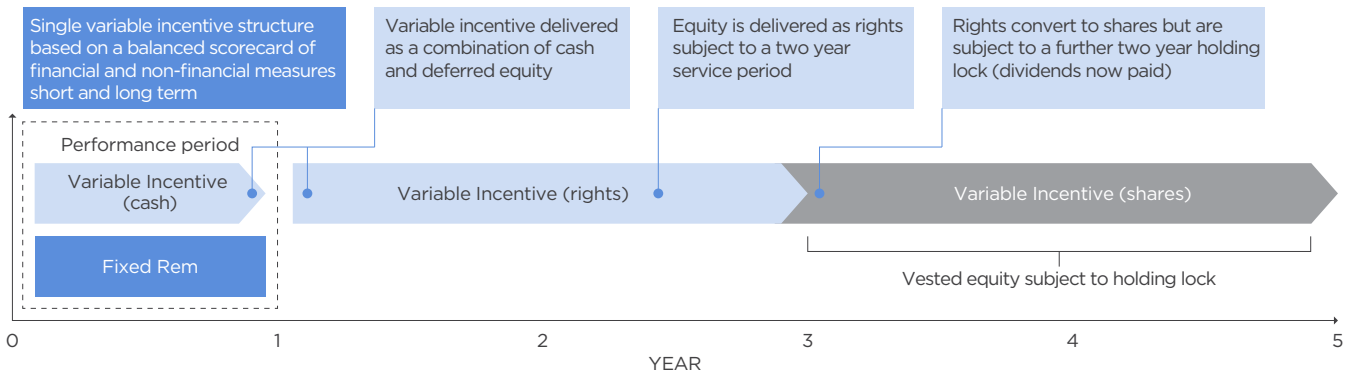


DIRECTORS' REPORT

REMUNERATION REPORT

For the year ended 30 June 2016

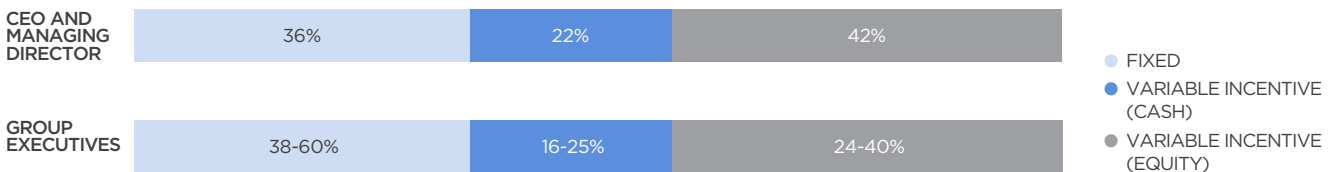
Simple illustrative model



REMUNERATION MIX

The Executives will continue to have a significant portion of their remuneration linked to performance and at risk. For FY17, there continues to be a strong alignment to long-term incentives for the Executives, as Perpetual believes in meaningful equity ownership that increases shareholder alignment for this key group.

Total remuneration will continue to be set within consideration of Perpetual's market peers. The table below shows the FY17 on-target remuneration mix (using full-time equivalent remuneration) for the Executives under the new plan.



8. NON-EXECUTIVE DIRECTOR REMUNERATION

8.1 Remuneration policy and data

The Company's Remuneration Policy for Non-executive Directors aims to ensure that we can attract and retain suitably skilled, experienced and committed individuals to serve your Board.

Non-executive Directors do not receive performance-related remuneration and are not entitled to receive performance shares or options over Perpetual shares as part of their remuneration arrangements.

FEE FRAMEWORK

Non-executive Directors receive a base fee. Except for the Chairman, they also receive fees for participating in Board Committees (other than the Nominations Committee), either as Chairman or as a member of a committee.

NON-EXECUTIVE DIRECTORS' FEES	FY16 \$	FY17 \$
Chairman	300,000	300,000
Directors	150,000	150,000
Audit Risk and Compliance Committee Chairman	35,000	35,000
Audit Risk and Compliance Committee Member	17,000	17,000
People and Remuneration Committee Chairman ¹	30,000	35,000
People and Remuneration Committee Member ¹	15,000	17,000
Investment Committee Chairman	17,500	17,500
Investment Committee Member	10,000	10,000
Nominations Committee Member	Nil	Nil

1. In FY17, the fees for the Chairman and Members of the People and Remuneration Committee will be increased to the equivalent fee level with those of the Audit, Risk and Compliance Committee.

The fees above are inclusive of superannuation contributions, capped at the maximum prescribed under Superannuation Guarantee legislation. Non-executive Directors may receive employer superannuation contributions in one of Perpetual's employee superannuation funds or in a complying fund of their choice. Non-executive Directors may also salary-sacrifice superannuation contributions out of their base fee if they so wish.

Total remuneration available to Non-executive Directors of \$2,250,000 was approved by shareholders at the 2006 Annual General Meeting. Total fees paid to Non-executive Directors in FY16 were \$1,285,450. More details are provided in the table below.

RETIREMENT POLICY

Non-executive Directors who have held office for three years since their last appointment must retire and seek re-election at the Annual General Meeting.

In order to revitalise the Board, Perpetual's Non-executive Directors agree not to seek re-election after three terms of three years. However, the Board may invite a Non-executive Director to continue in office beyond nine years if there is a compelling reason and determined by the Board to be in the best interests of shareholders.

No retirement benefits are paid to Non-executive Directors.

REMUNERATION OF THE NON-EXECUTIVE DIRECTORS (STATUTORY REPORTING)

Details of Non-executive Director remuneration are set out in the table below.

NAME	SHORT-TERM BENEFITS	POST EMPLOYMENT BENEFITS	TOTAL ¹ \$
	PERPETUAL BOARD FEES \$	SUPERANNUATION \$	
Current Non-executive Directors			
P B Scott			
2016	280,692	19,308	300,000
2015	269,217	18,783	288,000
P Bullock			
2016	164,665	15,643	180,308
2015	154,338	14,662	169,000
S Falzon			
2016	170,303	16,179	186,482
2015	156,164	14,836	171,000
N Fox			
2016	126,043	11,974	138,017
2015	-	-	-
I Hammond			
2016	169,322	25,085	194,407
2015	35,669	3,389	39,058
C Ueland			
2016	149,500	35,000	184,500
2015	143,000	35,000	178,000
Former Non-executive Directors			
P V Brasher			
2016	30,441	2,892	33,333
2015	177,169	16,831	194,000
E M Proust			
2016	62,468	5,935	68,403
2015	174,429	16,571	191,000
Total 2016²	1,153,434	132,016	1,285,450
Total 2015	1,109,986	120,072	1,230,058

1. Non-executive Directors do not receive any non-cash benefits as part of their remuneration.

2. The total Non-executive Director fee increase from 2015 to 2016 was due to a conscious decision to overlap service of departing Directors and ensure continuation of knowledge as new Directors joined the Perpetual Board.

DIRECTORS' REPORT

REMUNERATION REPORT

For the year ended 30 June 2016

ALIGNMENT WITH SHAREHOLDER INTERESTS

The constitution requires Non-executive Directors to acquire a minimum of 500 Perpetual shares on appointment and hold a total of at least 1,000 shares when they have held office for three years. However, Non-executive Directors are encouraged to hold ordinary Perpetual shares equivalent in value to 100% of their annual base fee within a reasonable period of their appointment.

The Non-executive Directors' Share Purchase Plan (now closed) allowed Non-executive Directors to sacrifice up to 50% of their Directors' fees to acquire shares in Perpetual. Shares acquired in this way are not subject to performance targets, as they are acquired in place of cash payments. Following changes to tax rules, this plan was closed on 1 July 2009.

Shares are held in the plan until the earlier of ten years or retirement from the Board.

Non-executive Directors do not receive share options. Directors' holdings held directly or indirectly (for example, through a superannuation fund) are shown below.

Perpetual Directors are required to comply with Perpetual's Hedging and Share Trading policies.

NON-EXECUTIVE DIRECTOR SHAREHOLDINGS HELD DIRECTLY OR INDIRECTLY

NAME	BALANCE AT THE START OF THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
	NUMBER OF SHARES		
P B Scott	6,646	237	6,883
P Bullock	3,063	187	3,250
S Falzon	2,267	138	2,405
N Fox	-	2,000	2,000
I Hammond	3,750	-	3,750
C Ueland	3,000	-	3,000