Dear Shareholder

This year I was delighted to be appointed to the position of Chairman, People and Remuneration Committee for your Board and accordingly am pleased to present our Remuneration Report for the year ended 30 June 2016. My appointment comes at an exciting time as we look to enhance our people agenda as a key enabler to execute on our Lead & Grow strategy.

REMUNERATION PHILOSOPHY

Our remuneration philosophy at Perpetual is designed to create value for our shareholders, clients and employees, to differentiate rewards based on performance in line with our risk management framework, and to provide competitive rewards that attract, motivate and retain talented people.

FY16 RESULTS

In financial year 2016 (FY16), Perpetual delivered solid financial results in a challenging environment. We achieved a NPAT result of $132.0 million, being an 8% increase on our FY15 result. The Perpetual Board has assessed the FY16 performance for each category of the Company's balanced scorecard of annual objectives, which are aligned to Perpetual's long-term strategic goals.

Highlights of note are the results of our people engagement and Net Promoter Score (NPS). We are pleased to report both measures have increased significantly over the year despite difficult and volatile market conditions. Our people engagement score is positioned in the top quartile of organisations in Australia and 10% above our peers in financial services which is an outstanding result. We also achieved a strong increase in our client NPS. This has come about as a direct result of our dedicated focus on what matters most to our clients and creating a more valued client experience. We believe these measures are leading indicators underpinning our future growth.

EMPLOYEE BENEFITS

Continued strong financial performance has enabled us to further improve our benefits to our people in areas we believe are meaningful and contribute to our ongoing ability to attract and retain talent. In addition to increasing employee superannuation contributions to 12% by 2020, this year we introduced superannuation contributions on the unpaid portion of parental leave. These undertakings reflect Perpetual's strong belief that the purpose of our industry is to help Australians save for and live well in retirement, and we are pleased to be leading by example.

We also enhanced our health benefits by offering a personal health check and establishing a mental health program to improve awareness and management of mental health conditions.

NEW PERFORMANCE AND REWARD FRAMEWORK

During the year, we also undertook a review of our performance and reward frameworks. We identified an opportunity to evolve our approach to be more meaningful, transparent and simpler for our people while driving greater alignment of our people to shareholder value creation.

In FY17, two of our divisions will be involved in a pilot of a new Performance and Reward Framework aimed at creating more frequent performance and career discussions, and increasing the level of individual ownership and empowerment of performance and development. The pilot will inform our decision whether to roll out the new framework throughout Perpetual in FY18 and creates an opportunity for us to test and learn from new approaches.

In relation to our CEO and Group Executives, we have also introduced a new Variable Incentive Plan. This new plan combines our existing short-term incentive (STI) and long-term incentive (LTI) arrangements into a simplified variable incentive. The primary purpose of the new plan underpins your Board's commitment to further align your shareholder experience with our CEO and Group Executives through increased share ownership.

While full reporting of the new Variable Incentive Plan is not required until next year, we have taken the opportunity to provide details of the new arrangements in our report this year. Refer Section 7 on page 50.

Our Remuneration Report has been prepared with the aim of providing you with important information and, as always, we welcome your feedback.

Sylvia Falzon
Chairman, People and Remuneration Committee

This Report sets out the remuneration arrangements for all Key Management Personnel (KMP), being the CEO and Managing Director, and the Group Executives (Executives), and the Non-executive Directors of Perpetual Limited for the year ended 30 June 2016. The information in this Remuneration Report has been audited against the disclosure requirements of section 308(3C) of the *Corporations Act 2001*.

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1. REMUNERATION OVERVIEW

1.1. Key Management Personnel (KMP)

Below are Perpetual's KMP this year:

NAME	POSITION	TERM AS KMP IN FY16
CEO and Managing Director		
Geoff Lloyd	Chief Executive Officer and Managing Director	Full year
Current Group Executives		
Christopher Green	Group Executive, Perpetual Corporate Trust	Full year
David Kiddie[1]	Group Executive, Perpetual Investments	Commenced 22 February 2016
Gillian Larkins	Chief Financial Officer	Full year
Rebecca Nash	Group Executive, People and Culture	Full year
Mark Smith	Group Executive, Perpetual Private	Full year
Former Group Executive		
Michael Gordon	Group Executive, Perpetual Investments	Ceased 24 February 2016
Current Non-executive Directors		
Peter Scott	Chairman	Full year
Philip Bullock	Independent Director	Full year
Sylvia Falzon	Independent Director	Full year
Nancy Fox	Independent Director	Commenced 28 September 2015
Ian Hammond	Independent Director	Full year
Craig Ueland	Independent Director	Full year
Former Non-executive Directors		
Paul Brasher	Independent Director	Ceased 31 August 2015
Elizabeth Proust	Independent Director	Ceased 5 November 2015

1. David Kiddie was appointed as Group Executive, Perpetual Investments succeeding Michael Gordon.

1.2 Remuneration outcomes in FY16

A summary of the remuneration outcomes for the KMP for FY16 is set out below.

REMUNERATION COMPONENT	FY16 OUTCOMES
Fixed remuneration	
CEO and Managing Director	Over the last four years, Mr Lloyd, as CEO and Managing Director has led an outstanding transformation program at Perpetual, successfully acquired and integrated The Trust Company and has now launched our Lead & Grow strategy. This is on the back of continued growth year on year in NPAT, increasing employee engagement to top levels in Australian financial services and strong improvements in client advocacy. In May 2015, Perpetual reviewed Executive remuneration as part of the annual remuneration review process to determine salaries for FY16. Increases across the team ranged from 0% to 5%. The CEO's fixed remuneration was increased by 3% effective 1 September 2015. In November 2015, Perpetual conducted an out of cycle review of the CEO's remuneration following receipt of newly released market remuneration data from public reports of a defined peer group. Relevant benchmark information indicated that the CEO's fixed remuneration was below market median and Perpetual sought to address this as part of the review. Consequently the Perpetual Board increased Mr Lloyd's fixed remuneration by 7% to $1,250,000 effective 1 October 2015. The remuneration level now effectively recognises the skill and experience he brings to the role. More information on the remuneration of the CEO and Managing Director, including a summary of contractual arrangements, is on page 49.

REMUNERATION COMPONENT	FY16 OUTCOMES
Group Executives	Incumbent Group Executives were awarded average fixed remuneration increases of 2% in FY16 based on market salary movements (inclusive of employer superannuation contributions for FY16).
Short-term incentives	
STI pool	Given the 8% increase in NPAT from FY15 and performance against other measures in the Company balanced scorecard, Perpetual was able to fully fund the FY16 divisional scorecard outcomes. A summary of the FY16 balanced scorecard, including an assessment of performance against the measures, is set out on page 35.
CEO and Managing Director	Based on the Board's assessment of the performance of the Managing Director, a short-term incentive of $1,320,362 was awarded to Mr Lloyd. Of this, 40% (or $528,145) will be deferred in the form of Perpetual shares with vesting after two years subject to service conditions and claw-back provisions. This equates to an achievement rate of 107% of his short-term incentive target for FY16, compared to an achievement rate of 103% awarded in FY15.
Group Executives	The Board approved short-term incentive awards to Group Executives ranging between 91% and 116% of their respective targets, based on the recommendations of the CEO and Managing Director, 40% of the short-term incentive award for each Group Executive for FY16 will be deferred in the form of Perpetual shares with vesting after two years subject to service conditions and claw-back provisions. Details of STI outcomes for Group Executives are included in the remuneration tables on pages 38 and 42.
Long-term incentives	
CEO and Managing Director	Effective 1 October 2012, Mr Lloyd was awarded an LTI grant (2012 LTI) of 37,383 shares for which vesting was subject to Relative TSR and EPS growth performance targets over a three year period. 100% of Mr Lloyd's LTI grant vested on 1 October 2015 with Perpetual's Relative TSR performance over the performance period ranked at the 78th percentile and EPS growth over the period being above 10%. Details of the LTI arrangements at Perpetual are on page 38.
Group Executives	As a result of the 2012 LTI vesting outcomes (as mentioned above for the CEO and Managing Director), Group Executives' vestings were as follows: • 13,806 shares vested to Mr Green • 11,894 shares vested to Mr Smith • 4,800 shares vested to Ms Larkins • 4,237 shares vested to Ms Nash.
Non-executive Director fees	
	The total remuneration available to Non-executive Directors remains at $2,250,000, as approved by shareholders at the 2006 Annual General Meeting. Total fees paid to Non-executive Directors in FY16 were $1,285,450 which represented an increase of $55,392 from the total fees of $1,230,058 paid in FY15. This increase was a conscious decision to overlap service of departing Directors and ensure continuation of knowledge as new Directors joined the Perpetual Board. Further detail on Non-executive Director remuneration is provided on page 52.

1.3 Executive remuneration changes for FY17

Following adoption of Perpetual's Lead & Grow strategy, performance and reward arrangements across Perpetual were reviewed during the year. As a result of the review, a new Variable Incentive Plan for our Executives was introduced with effect from 1 July 2016. Whilst the new incentive plan does not impact on the FY16 remuneration arrangements disclosed in this Report, for the benefit of our shareholders, the new approach is detailed in Section 7 of this Report.

2. GOVERNANCE

2.1 The People and Remuneration Committee

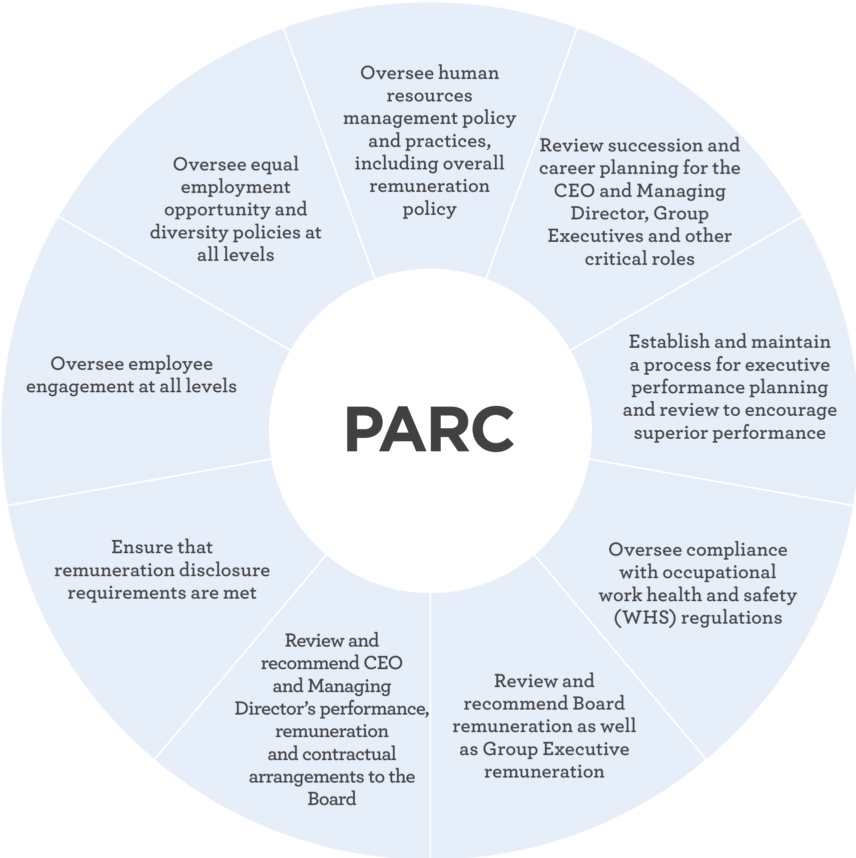
The role of the People and Remuneration Committee (PARC) is to evaluate and monitor people and remuneration practices to ensure the performance of the organisation is optimised with an appropriate level of governance while balancing the interests of shareholders, clients and employees.

The PARC operates under delegated authority from the Board. The PARC's terms of reference are available on our website (www.perpetual.com.au) and are shown alongside.

The terms of reference are intentionally broad, encompassing remuneration as well as the key elements of Perpetual's people strategy. This enables the PARC to focus on ensuring high quality talent management, succession planning and leadership development at all levels of Perpetual.

The PARC members for FY16 were:

- Elizabeth Proust (Chairman – retired 5 November 2015)
- Sylvia Falzon (Chairman – appointed Chairman 5 November 2015)
- Paul Brasher (retired 31 August 2015)
- Philip Bullock (appointed 31 August 2010) and
- Nancy Fox (appointed 28 September 2015)



The PARC met ten times during the year (six times for committee meetings and four times for workshops including all Directors to reflect on and discuss the performance and reward framework changes). A standing invitation exists to all Directors to attend PARC meetings. Attendance at these meetings is set out on page 23 of the Directors' Report.

At the PARC's invitation, the CEO and Managing Director and Group Executive People and Culture attended meetings, except where matters associated with their own performance evaluation, development and remuneration were considered.

The PARC considers advice and views from those invited to attend meetings and draws on services from a range of external sources, including remuneration advisers.

2.2 Use of external advisers

In March 2011, the PARC appointed PricewaterhouseCoopers (PwC) as its principal remuneration adviser to provide specialist advice on executive remuneration and other Group-wide remuneration matters.

During the year, PwC provided general information to the PARC in respect of Executive and Non-executive Director remuneration practices and trends. This information did not include any specific recommendations in relation to the remuneration or fees paid to KMP. In addition, PwC was engaged during the year to support the review of Perpetual's Performance and Reward framework.

3. OUR PEOPLE

3.1 Diversity and inclusion

Perpetual has a long-standing commitment to diversity and inclusion and recognises the value of attracting and retaining employees with different backgrounds, knowledge, experiences and abilities. Perpetual strongly believes that promoting diversity amongst employees and creating an inclusive environment results in tangible improvements to corporate performance, and better results for shareholders, due to the benefits of diversity of thought. Perpetual has an established Diversity and Inclusion strategy that is reviewed and refreshed regularly to ensure continued progress and impact. The strategy includes three focus areas: Flexibility, Gender Equality and Cultural Diversity.

Recognised as a key lever in driving a high performance environment, Perpetual's continued commitment to workplace flexibility ensures employees can successfully balance life, family and client commitments, and the organisation can continue to attract and retain a diverse and inclusive workforce. To further support flexibility, in 2016, *Flexibility is Perpetual* was launched – a program focused on embedding flexible work practices. Revised processes, tools, education and communication approaches were developed to support an 'all roles flexible environment'. Perpetual's increased focus on flexibility has resulted in an extremely positive experience for our people, with 81% of our people strongly believing that Perpetual cultivates a culture that embraces flexibility (2016 Employee Engagement Survey).

This year has also seen further progress towards our target of achieving a minimum of 38% women in senior leader roles (currently 36%).

For further information about Diversity and Inclusion at Perpetual, refer to the Corporate Responsibility Statement, 2016 which can be found on Perpetual's website: https://www.perpetual.com.au/About/Corporate-Governance.

3.2 Employee benefits

At Perpetual we are passionate about protecting and growing the wealth of all Australians and positioning them for financial security in retirement. With our strengthened business performance we are pleased to be able to extend improved benefits to our employees to help them reach their personal goals.

A key part of the Company's superannuation policy is to increase employer contributions to 12% by 2020 (by 0.5% increments applied annually). As highlighted in our report last year, effective 1 September 2015 all employees received the first 0.5% increase in employer superannuation contributions to 10%, with the next 0.5% increase to 10.5% to be effective 1 September 2016.

During FY16, we introduced superannuation benefits for employees on parental leave. All eligible employees returning to work from parental leave will now receive superannuation payments on the unpaid portion of their parental leave, up to a maximum of 40 weeks. These initiatives are about helping our employees to build stronger superannuation balances.

With the aim of increasing employee share ownership, last year Perpetual introduced the One Perpetual employee share grant program with the first grant of $1,000 being made to employees on 1 September 2015 following our strong financial performance.

Enhancing our employee benefits portfolio has been a priority over the past 12 months as we strive to improve the wellbeing of our employees through our range of Wealth, Health and Lifestyle benefits outlined below.

Wealth	$1,000 share grant Superannuation to 12% by 2020 Superannuation on parental leave Free financial health check Discounted financial advice	Salary continuance insurance Death & TPD insurance Salary packaging Talent Referral Incentive Plan Investment employee offers
Health	Employee health checks Flu vaccinations BUPA health plans Meditation and yoga sessions	Mental health program Employee assistance programs Healthy workplace snacks
Lifestyle	Contribution leave Purchased leave Flexible working Shopping and lifestyle discounts	Education assistance Paid parental leave Parental return to work bonus Sabbatical leave

4. OUR REMUNERATION PHILOSOPHY AND STRUCTURE

Perpetual's remuneration philosophy is designed to align with and support the achievement of our Lead & Grow strategy, whilst ensuring that remuneration outcomes are aligned with our shareholder interests and are market competitive. To that end, we have created a set of guiding principles that direct our remuneration approach.

4.1 Remuneration principles

Our remuneration policy is designed around the following guiding principles:

1. The remuneration structure should attract, motivate and retain the desired talent within Perpetual.
2. The remuneration structure should balance value creation for shareholders, clients and employees.
3. The remuneration structure should facilitate the meaningful accumulation of Perpetual shares that drives an ownership mentality.
4. The remuneration structure should embed sound risk management.
5. The remuneration structure should be simple, transparent and easily understood and administered.
6. The remuneration structure should be supported by a governance framework that avoids conflict of interest and ensures proper controls are in place.

The PARC has also adopted a number of practices that collectively contribute to each remuneration principle.

4.2 Remuneration policy and practice

ALIGNMENT WITH SOUND RISK MANAGEMENT

When determining the variable (or 'at risk') elements of remuneration, we ensure that risk management is a key performance metric using specific performance goals and targets. Sound risk management practices include:

- deeming employees to be ineligible for the payment of STI if they exhibit poor risk behaviours
- incorporating goals that are specifically related to risk management performance measures in individual employee scorecards; these goals are approved by the Board and cascade down to all employees
- performing scenario testing on potential outcomes under any new incentive plans
- regularly reviewing the alignment between remuneration outcomes and performance achievement for existing incentive plans
- deferring a portion of STI into Perpetual shares to align remuneration outcomes with longer-term Company performance
- including provisions in incentive plans for the Board under the recommendation of the PARC to adjust incentive payments downwards, if required, to protect Perpetual's financial soundness, or to respond to significant unexpected or unintended consequences
- including a provision for the Board under the recommendation of the PARC to 'claw back' deferred STI shares in certain circumstances, and
- continuous monitoring of remuneration outcomes by the Board, the PARC and management, to ensure that results are promoting behaviours that support Perpetual's long-term financial soundness and the desired culture.

LINK TO LEAD & GROW STRATEGY

The remuneration structure for the Executives is designed to drive our Lead & Grow strategy with outcomes being aligned to our shareholders. In FY16, the structure was as follows:

<table>
<tr><td>Fixed</td><td>Fixed remuneration</td><td>Set in consideration of the total target remuneration package and the desired remuneration mix for the role, taking into account the remuneration of market peers, internal relativities and the skill and expertise brought to the role.
Calculated on a 'total cost to company' basis, consisting of cash salary, superannuation, packaged employee benefits and associated fringe benefits tax (FBT).</td><td rowspan="2">Paid as cash</td></tr>
<tr><td rowspan="3">Variable 'at risk'</td><td>STI</td><td>60% of STI awards are paid in cash for meeting annual targets aimed at delivering our longer-term strategic plan. Awards are based on individual, divisional and Company (CEO: Company and Individual only) performance against stretch targets using financial and longer-term, value-creation measures.</td></tr>
<tr><td>Deferred STI</td><td>40% of the STI award is deferred into Perpetual shares for two years, with vesting subject to service conditions and claw-back provisions.</td><td rowspan="2">Awarded as equity subject to performance hurdles and/or service conditions</td></tr>
<tr><td>LTI</td><td>Granted in the form of performance rights and are subject to service conditions and performance targets measured over a three year period.</td></tr>
</table>

MINIMUM SHAREHOLDING GUIDELINE

A minimum shareholding guideline applies to the CEO and Managing Director and Group Executives. The purpose of this guideline is to strengthen the alignment between Executives' and shareholders' interests in the long-term performance of Perpetual. Under this guideline, Executives are expected to establish and hold a minimum shareholding to the value of:

- CEO and Managing Director: 1.5 times fixed remuneration
- Group Executives: 0.5 times fixed remuneration

The value of each vested performance right or share still held in trust for the Executive is treated as being equal to 50% of that share or performance right, as this represents the value of the share in the hands of the Executive after allowing for tax. Unvested shares or performance rights do not count towards the target holding.

A five year transition period, from the later of 1 July 2010 or the start of employment, gives Executives reasonable time to meet their shareholding guideline. Where the guideline is not met after the required time period, Executives may be restricted from trading vested shares.

As at 30 June 2016, progress towards the minimum shareholding target for each Executive was as follows:

	VALUE OF ELIGIBLE SHAREHOLDINGS AS AT 30 JUNE 2016[1] $	VALUE OF MINIMUM SHAREHOLDING GUIDELINE $	DEADLINE TO MEET MINIMUM SHAREHOLDING GUIDELINE
CEO and Managing Director			
G Lloyd	1,248,362	1,875,000	6 February 2017
Group Executives			
C Green	1,521,687	240,007	1 October 2013
D Kiddie	–	375,000	22 February 2021
G Larkins	–	347,000	3 October 2017
R Nash	82,281	295,483	15 August 2017
M Smith	–	299,000	19 November 2017

1. Value is calculated through reference to the closing Perpetual share price at 30 June 2016 of $41.12.

HEDGING AND SHARE TRADING POLICY

Consistent with Corporations Act obligations, Perpetual's Share Trading Policy prohibits employees and Directors from entering into hedging arrangements in relation to Perpetual securities. Perpetual employees and Directors cannot trade in financial products issued over Perpetual securities by third parties or trade in any associated products which limit the economic risk of holding Perpetual securities. Share dealing can only take place during agreed trading windows throughout the year and is subject to certain approvals (as set out below).

SHARE DEALING APPROVAL

Any share dealings, whether these shares are held personally or were acquired as part of remuneration, require prior approval. The table below shows the approval required:

PERSON WISHING TO DEAL IN SHARES	APPROVAL REQUIRED FROM
CEO and Managing Director	Chairman
Director	Chairman
Chairman	Nominated Director
Group Executive	CEO and Managing Director
An employee likely to have price-sensitive information	CEO and Managing Director/Company Secretary

FIXED REMUNERATION INCREASES FOR FY17

Following a review of market fixed remuneration increase trends, a budget for fixed remuneration increases was set at 3% for all employees, including the Executives.

The Board has reviewed the remuneration package for the Executives, and has decided to provide fixed remuneration increases averaging 2.3% (inclusive of the increased employer superannuation contributions) for FY17.

ASSET MANAGER REMUNERATION

Asset manager remuneration is developed in consideration of the same principles that apply to all remuneration across Perpetual.

The strategy for asset manager remuneration differentiates between asset managers managing what the Company considers to be funds in a mature state as compared to those managing funds in the growth phase. The Company may also vary its practices for differing asset classes such as equities or credit.

In all cases, the Company seeks to align asset manager remuneration with longer-term value creation for our clients which in turn is expected to benefit shareholder outcomes. The remuneration arrangements for asset managers managing funds in the growth phase is structured to appropriately recognise and reward the importance of growth in revenue. For asset managers managing mature funds, the focus is more biased to rewarding longer-term investment performance as measured against the relevant benchmark.

Asset managers receive a significant proportion of their variable remuneration opportunity in the form of deferred pay which may vest over several years. Senior asset managers may elect to receive a percentage of their deferred incentives as a notional investment in the products they manage or as Perpetual shares. This arrangement further builds alignment with clients and/or shareholders over the longer term and aims to ensure that investment professionals have a long-term focus on investment performance and clear visibility of their long-term incentives.

Dividends are normally paid on unvested shares as share grants are usually earned through meeting targets in annual performance agreements; therefore, performance hurdles are already met. Where this is not the case, dividends accrue in a trust structure and are released when and if the shares vest.

The most senior asset managers can receive an annual long-term incentive grant in the form of performance rights subject to performance hurdles. No dividends accrue on these unvested grants as the performance hurdle has not been met.

5. ALIGNING COMPANY PERFORMANCE AND REWARD

5.1 Five year company performance

One of Perpetual's remuneration guiding principles is the remuneration structure should balance value creation for our shareholders, clients and employees.

This section demonstrates the strong alignment between Company performance and remuneration outcomes for Executives over the last five years.

The following table shows the Company's five year performance.

				YEAR END		
PERPETUAL'S FIVE YEAR PERFORMANCE		30 JUNE 2012	30 JUNE 2013	30 JUNE 2014	30 JUNE 2015	30 JUNE 2016
Net profit after tax reported	$M	26.68	60.97	81.62	122.48	132.01
Earnings per share – NPAT[1]	$	0.64	1.49	1.86	2.65	2.82
Closing share price	$	22.90	35.40	47.38	48.36	41.12
Total dividends paid per ordinary share	$	0.90	1.30	1.75	2.40	2.50

1. In FY15, UPAT was adopted as the primary scorecard measure. In FY16, this changed to NPAT based on feedback from key stakeholders.

5.2 Short-term incentives

5.2.1 MEASURING PERFORMANCE

At the beginning of each financial year, the Board agrees the balanced scorecard goals for Perpetual and each division for the coming year. The scorecard is considered 'balanced' because it includes a range of short-term financial and longer-term value-creation measures. This approach aims to balance rewards for meeting financial objectives for the year and rewarding activities designed to deliver sustainable future profits. The authors of balanced scorecards, Robert Kaplan and David Norton (1992), identify balanced goals across four categories:

1. Financial perspective – How do we look to shareholders?
2. Customer perspective – How do customers see us?
3. Internal business perspective – What must we excel at?
4. Innovation and Learning perspective – Can we continue to improve and create value?

In FY16, Perpetual's measures included financial, client advocacy, growth, people and building longer-term capabilities to support our Lead & Grow strategy. The appropriate weighting or focus across each category in any one year depends on the strategic priorities for Perpetual.

Our balanced scorecard includes stretch targets approved by the Board, allowing the business to be assessed in the context of the operating environment. Financial performance remains a key performance indicator to ensure that STI outcomes under the STI plan are closely aligned with shareholder interests.

The balanced scorecard measures for FY16 and performance against those measures are summarised below:

MEASURE	WEIGHTING	FULL YEAR PERFORMANCE	
Financial		**Outcome**	**Comments**
Delivery of net profit after tax (NPAT)	40%	Performance exceeded At Plan target	Overall profit is above plan which is a strong result given equity markets have negatively impacted our financial performance.
Clients		**Outcome**	**Comments**
Improve client advocacy – external net promoter score (NPS) performance	10%	Performance exceeded the Superior target	Client Net Promoter Score (NPS) increased again in 2016 to 31, reflecting the focused and disciplined approach to understanding client needs, and commitment to providing an outstanding client experience. All client segments in Perpetual Investments, Perpetual Private and Perpetual Corporate Trust were included in the independent research which noted that results were achieved against a backdrop of market volatility and uncertainty. Particularly in this environment, strongly performing Perpetual teams have delivered on the emotional as well as practical needs of clients who have heightened focus on consistency of delivery, integrity of relationship and quality of communication.
Growth		**Outcome**	**Comments**
Perpetual Corporate Trust (PCT) – New Business Revenue Perpetual Investments (PI) – Grow Revenue in Core Markets Perpetual Private (PP) – Non-market Related Revenue	30%	Performance was At Plan Performance was below Threshold Performance was At Plan	Our growth portfolio has benefited from a more diversified mix, given headwinds in investment markets. We have seen strong new business growth in PCT managed fund services markets and in our non-FUA related revenues in PP. Our core product growth drivers in PI have faced challenges with some institutional clients rebalancing their portfolios. We are still making significant progress on establishing new lines of revenue in PI relating to Global Equities, Pure Credit Alpha and Diversified Real Return investment strategies in accordance with our Lead & Grow strategy. Activity is on track for these PI growth initiatives.

MEASURE	WEIGHTING	FULL YEAR PERFORMANCE	
People		**Outcome**	**Comments**
Employee engagement	10%	Performance exceeded the Superior target	Employee engagement increased again in 2016 to 71%, a 5 point increase since 2015. This means a 20 point increase in engagement since 2014. Employee engagement has been a strong focus for the last few years. This year we: • drove a combination of company wide and local activities, allowing the benefits of scale and efficiency as well as supporting leaders to take ownership and accountability • improved our engagement as a company by developing the capability of our people leaders, ensuring they are equipped to lead their teams through targeted development and leadership summits • continued to improve our systems and technology to better equip our people to deliver on their goals • improved the benefits offering for employees, including enhanced superannuation, free health checks for all staff and for staff below senior leadership level, the first grant of Perpetual shares to eligible employees (as we had achieved our annual Company profit target) • continued the communication regarding our Lead & Grow strategy across the Company, incorporating refreshed Values and People Promise for our people. As reported in last year's annual report, in 2015 we saw a 15 point increase in engagement outcomes as surveyed by AON Hewitt. Only 10% of organisations who work with AON Hewitt globally experience an increase in employee engagement of greater than 14 percentage points in any one year. That is, fewer than one in ten companies sees an increase of this size in one year. In 2016, we saw an additional increase of 5 points. According to AON Hewitt only 30% of organisations globally achieve an increase in engagement of more than 5 points. Perpetual's result is 10 points higher than the Financial Services benchmark.
Building Capabilities to Support Lead & Grow Strategy		**Outcome**	**Comments**
Delivering Perpetual's Digital Strategy	10%	Performance exceeded the At Plan target	Recognising client and employee expectations are changing rapidly as a result of digital technologies, Perpetual this year articulated an approach to enabling our Lead & Grow strategy through an increased focus on digital. The new digital direction is strategically designed to: drive growth through connected services which bring us closer to clients, new markets and each other; create digital experiences for clients which are commensurate with our premium brand; and establish a strong base of digital capability for long-term market success. The strategy outlined nine key digital initiatives and four foundation capabilities required for success and in FY16 six of these initiatives were established and/or piloted.

5.2.2 DETERMINING THE STI POOL

At the conclusion of each financial year, the Perpetual Board considers the Company's performance against each measure of the balanced scorecard, and on the basis of this review recommends the pool that is available for distribution to employees by way of STI payments. This is expressed as a percentage of the aggregate of all STI targets for eligible employees. The outcome of this assessment determines the proportion of the overall pool each division receives.

The performance of each division against their scorecard is assessed by the CEO and Managing Director. Divisional pools are then allocated to the employees of that division based on an individual performance score, and target STI of the respective employees. Each year, performance targets and goals are set for employees in consideration of the balanced scorecards for their division and the Company to ensure alignment of objectives.

5.2.3 DISTRIBUTING THE STI POOL

Performance objectives are assessed throughout the year as part of the performance management process. At year end, an annual assessment of each employee's performance is made and the STI is then allocated.

Individual STI awards are determined through an assessment of overall Company performance against the Company scorecard, divisional performance against a divisional scorecard and individual performance, which includes an assessment of behavioural expectations for all employees. Employees must also meet risk and compliance requirements to be eligible to receive an STI payment.

For the FY16 year, 80% of the CEO and Managing Director's STI outcome was weighted to overall performance against the Company scorecard, with 20% weighted to individual measures. For Group Executives (except David Kiddie), 40% of their STI outcome was weighted to overall performance against the Company scorecard, with 40% weighted to the performance of their division and 20% weighted to individual measures. This equal focus on Company and divisional/individual performance ensures shared accountability for Company performance amongst Group Executives, balanced with divisional and individual priorities. It provides greater scope to differentiate the incentive outcomes for Group Executives to ensure a strong adjustment to individual performance contribution. As David Kiddie commenced in the second half of FY16, he was assessed separately by the CEO and Managing Director and PARC.

The Senior Leadership Team (direct reports to Group Executives) also have a portion (30%) of their STI outcome weighted to overall Company scorecard performance. The remaining 70% is weighted to individual and divisional performance measures.

The CEO and Managing Director makes recommendations to the PARC on STI allocations for the Group Executives, and these are subject to approval by the Board. The PARC makes recommendations to the Board on the STI allocation for the CEO and Managing Director, and this is also approved by the Board.

5.2.4 DELIVERING STI AWARDS

STI payments are delivered in cash and deferred Perpetual shares. Cash payments are made in September following the end of the performance year less applicable tax and superannuation.

Deferral arrangements

The STI plan requires that 40% of an Executive's STI award be delivered in the form of unvested Perpetual shares. Deferred STI shares may vest after a two year vesting period, subject to service conditions and claw-back provisions. Dividends on deferred STI shares are paid during the vesting period as the performance criteria for awarding the STI have already been met.

Termination of employment

In the event of the CEO and Managing Director or a Group Executive ceasing employment with the Company due to resignation, poor performance or dismissal, all unvested STI shares will be forfeited at the termination date. If an Executive is made redundant or retires, dies or exits due to total and permanent disablement, unvested STI shares are retained by the Executive or their estate, with vesting subject to the original two year period and claw-back provisions.

This approach strengthens the alignment between Executives' and shareholders' interests in the long-term performance of Perpetual, extending beyond each Executive's tenure.

Claw-back provisions

The Board retains a discretion to claw back deferred STI shares awarded to Executives prior to the shares vesting if the Board becomes aware of any information that, had it been available at the time STI awards were determined, would have resulted in a different (or zero) STI amount being awarded.

5.2.5 TOTAL STI OUTCOME RECEIVED FOR FY16

The table below provides the total STI outcomes (both the cash and deferred portions) received by the Executives for the FY16 performance year. STI awards have increased on an annualised basis from FY15 by 1.8% for the Executives. This is in the context of an 8% increase in NPAT over the same period. Note D Kiddie and M Gordon are excluded for the purposes of this calculation as neither participated for a full year.

NAME	STI CASH $	STI DEFERRED $	TOTAL STI $	2016 STI (AS % OF TARGET)[1]	PERCENTAGE FORFEITED
CEO and Managing Director					
G Lloyd	792,217	528,145	1,320,362	107%	0%
Current Group Executives					
C Green	296,072	197,381	493,453	103%	0%
D Kiddie	159,836	106,557	266,393	100%	0%
G Larkins	263,373	175,582	438,955	115%	0%
R Nash	185,090	123,394	308,484	116%	0%
M Smith	261,206	174,138	435,344	91%	9%
Former Group Executive					
M Gordon	–	–	–	0%	100%
Total	1,957,795	1,305,197	3,262,991	90%	

1. Represents the total STI outcome for FY16 (including the deferred portion) as a percentage of target STI.

5.3 Long-term incentives

Long-term incentives (LTI) provide Executives with remuneration delivered in equity if conditions are met over a three year period. LTI awards are granted annually, which provides ongoing benefits to Executives for increasing shareholder value and are a retention element for the team.

This section explains LTI plans in place in FY16 and how they work.

5.3.1 PERPETUAL LIMITED LONG-TERM INCENTIVE PLAN

Long-term incentives are provided to Executives and selected senior leaders through the Perpetual Limited Long-term Incentive Plan. This plan was introduced in February 2011.

Since 1 October 2012, LTIs have been awarded to Executives in the form of performance rights. A performance right is a right to acquire a fully paid Perpetual share (or, subject to Board discretion, its cash value) at the end of a performance period, subject to tenure and performance hurdles for no consideration. This means that dividends are not received by the Executives on performance rights until they have vested and been converted into Perpetual shares. Performance rights are awarded at no cost to the participant.

Performance targets

LTI grants made to Executives vest subject to two performance measures directly linked to Company performance:

- 50% of each grant is subject to a relative total shareholder return (TSR) performance target, and
- 50% is subject to an earnings per share (EPS) growth target.

LTI grants are generally made on 1 October each year.

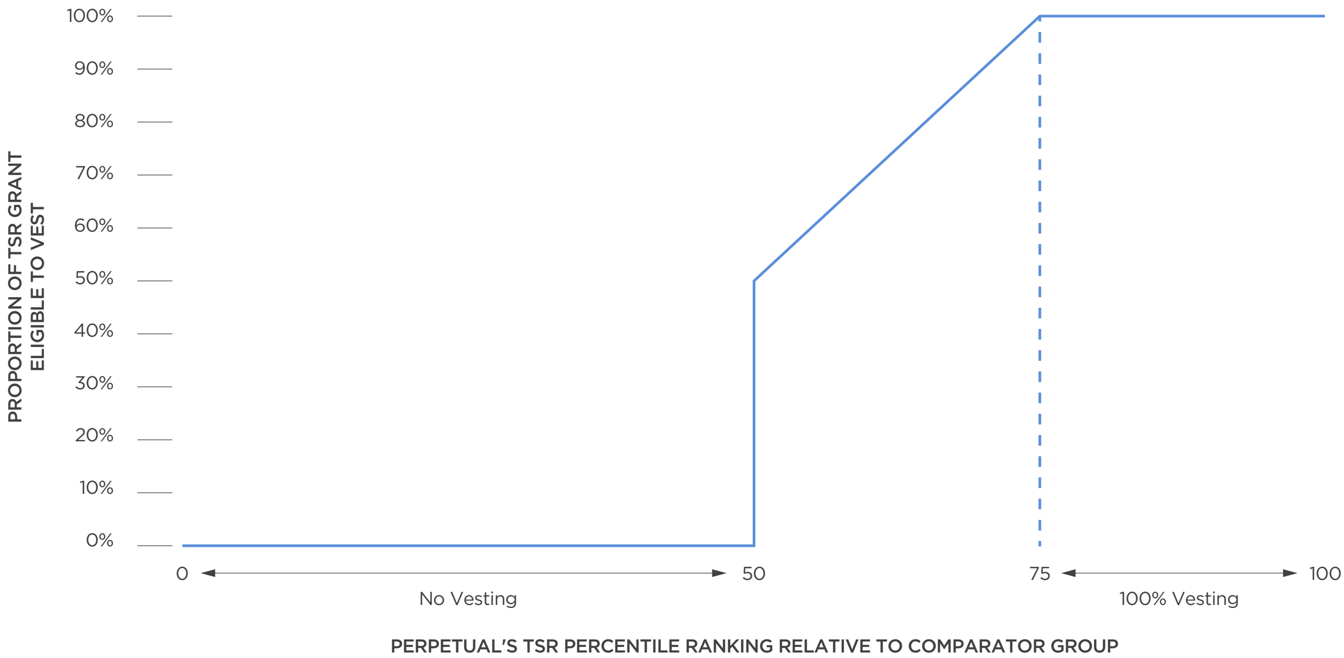
Relative TSR performance target

The TSR performance target requires Perpetual's TSR over the performance period to be equal to or better than the TSR of half of the comparator group, which consists of companies listed on the S&P/ASX 100 (excluding listed property trusts). This comparator group was chosen in the absence of a suitable peer group of direct competitors. For Relative TSR performance greater than median, a sliding scale applies to determine the vesting percentage.

TSR vesting schedule

PERPETUAL'S TSR RANKING RELATIVE TO THE COMPARATOR GROUP	PERCENTAGE OF SHARES AND OPTIONS THAT WILL VEST
Less than median	0%
Median	50%
Greater than median but less than 75th percentile	2% for every one percentile increase in Perpetual's relative position
Greater than 75th percentile	100%

TSR vesting scale



TSR is measured independently by Orient Capital and reported to the PARC.

EPS performance target

The EPS performance target requires Perpetual's EPS growth during the performance period to be equal to or greater than the target set by the Board for 100% of the grant to vest. This target, which is currently 10% per annum, may be reviewed by the Board from time to time.

Growth in EPS is defined as compound average annual growth in the Company's earnings per share comprising basic earnings per share (after tax). The Board may adjust EPS for items such as those of a capital nature that do not reflect management and employee performance and day-to-day business operations and activities. The underlying principle for making EPS adjustments is that the vesting outcome should reflect the contribution of participants and that the adjustments should not provide a disadvantage or advantage to participants. The aim is that the resulting EPS outcome fairly reflects management's contribution to the improvement of EPS since the commencement of the performance period.

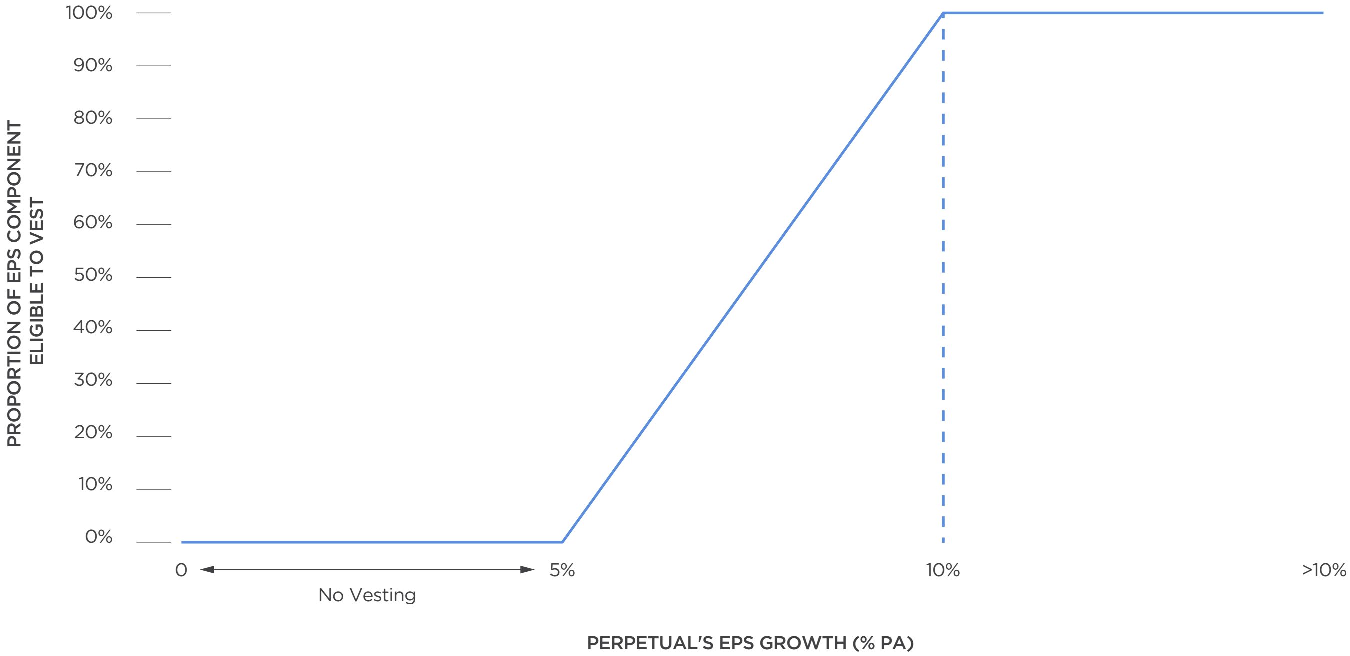
The achievement of this performance target links the individual's remuneration to the Company's growth in earnings.

EPS vesting schedule

For LTI awarded to the Executives, the following vesting schedule applies:

PERPETUAL'S GROWTH IN EPS	PERCENTAGE OF SHARES THAT WILL VEST
EPS growth less than or equal to 5% pa	0%
EPS growth between 5% pa and 10% pa	2% for every 0.1% of EPS growth above 5% pa
EPS growth at or above 10% pa	100%

EPS vesting scale



Performance target testing and re-testing guidelines

A three year performance testing period applies to TSR and EPS targets and performance is calculated and tested against the respective target on the third anniversary of the grant date. There is no re-testing of grants.

Termination of employment

In the event of an Executive ceasing employment with the Company, all unvested shares and performance rights will be forfeited at the termination date, except as noted below:

- On death, all unvested shares and performance rights are retained by the Executive's estate, with vesting subject to the same performance conditions as if they had remained employed by Perpetual.
- If an Executive is made redundant or retires, or resigns due to total and permanent disablement, unvested shares and performance rights granted within the past 12 months lapse immediately. Unvested shares and performance rights granted more than 12 months prior to termination are retained by the Executive, with vesting subject to the same performance conditions as if they had remained employed by Perpetual.

This approach strengthens the alignment between Executives' and shareholders' interest in the long-term performance of Perpetual, extending beyond the Executives' tenure.

Treatment of LTI on change in control

If Perpetual were to be taken over or if there were a partial or full change in control, LTI awards may vest in part or in full at the discretion of the Board. Guiding principles have been developed to help the Board determine vesting outcomes that are consistent, fair and reasonable, and balance multiple stakeholder interests.

How LTI aligns to Company performance

The following table shows the vesting outcomes of all LTI issued to Executives with EPS and relative TSR hurdles (past and present) over the last six years.

During FY16, the 2012 grant fully vested in respect of both the EPS growth hurdle and the TSR performance hurdle. This was the first time since the 2004 LTI grant (that vested in 2007) that grants relating to both the EPS hurdle and TSR hurdles have fully vested. These vesting outcomes reflect the improved Company performance since 2012.

ANNUAL LTI GRANTS OVER THE LAST SIX YEARS: VESTING OUTCOMES						
Grant Date	1 October 2010	1 October 2011	1 October 2012	1 October 2013	1 October 2014	1 October 2015
Vesting Date	1 October 2013	1 October 2014	1 October 2015	1 October 2016	1 October 2017	1 October 2018
HURDLE						
EPS	0%	30%	100%	yet to be tested	yet to be tested	yet to be tested
Relative TSR	88%	100%	100%	yet to be tested	yet to be tested	yet to be tested

5.3.2 EMPLOYEE SHARE PLANS

Perpetual offers all employees the opportunity to participate in share plans. These are described below.

OPEN PLANS	DESCRIPTION
Perpetual Limited Long-term Incentive Plan 115 members	From February 2011, this is the primary plan to be used for LTI grants to eligible employees, including Executives.
One Perpetual Share Plan (OPSP) 575 members	This plan, introduced in FY15, awards eligible employees with annual grants of up to $1,000 worth of Perpetual shares subject to the Company meeting its profit target. The first grant of shares was made 1 September 2015.
PLANS CLOSED TO NEW ISSUE	**DESCRIPTION**
Tax Deferred Share Plan (TDSP) 13 members	This plan was used for awards made under the annual sales incentive plans for eligible employees within the Perpetual Private and Perpetual Corporate Trust teams. The plan was previously used by employees, including Executives, to buy shares using a salary-sacrifice arrangement. The plan was closed to any new salary-sacrifice purchases during FY10.
Tax Exempt Share Plan (TESP) 28 members	This plan was superseded by the One Perpetual Share Plan, with the final grant of shares under the TESP being 4 September 2014. All employees could elect to sacrifice up to $1,000 of their cash STI payment into shares under the TESP. Shares acquired via this sacrifice were not subject to performance targets as they were acquired in lieu of a cash payment by the Company. The plan's trading restrictions continue to apply until the earlier of three years from the date of grant or on termination of employment, before the shares can be released. Employees will hold shares under the TESP until the final vesting date in September 2017.
Non-executive Director Share Plan (NEDSP) 1 member	This plan was used only by Non-executive Directors and was closed to new purchases on 1 July 2009, following changes to taxation rules.

Dilution limits for share plans

Shares awarded under Perpetual's employee share plans may be purchased on market or issued subject to Board discretion and the requirements of the *Corporations Act 2001* and the ASX Listing Rules.

As at 30 June 2016, the proportion of unvested shares and performance rights (excluding unallocated shares as a result of forfeitures) held in Perpetual's employee share plans as a percentage of issued shares was 2%. This has remained flat compared to last year.

The Board will manage the issue of shares under employee incentive plans to balance market-based remuneration for employees with shareholder returns, subject to the relevant regulatory requirements. Refer to page 33 for detail on the share dealing approval process.

Going forward, Perpetual will continue to purchase shares on market, which will minimise the dilutionary impact of the employee share plans on shareholders.

6. DATA DISCLOSURES – EXECUTIVES

6.1 Remuneration data

REMUNERATION OF CEO AND MANAGING DIRECTOR AND GROUP EXECUTIVES (STATUTORY REPORTING)

	SHORT-TERM BENEFITS			
NAME	CASH SALARY[1] $	CASH STI[2] $	NON-MONETARY BENEFITS[3] $	OTHER[4] $
CEO and Managing Director				
G Lloyd				
2016	**1,095,630**	**792,217**	**101,452**	**20,930**
2015	1,001,678	696,795	94,775	14,334
Current Group Executives				
C Green				
2016	**455,756**	**296,072**	**–**	**(9,868)**
2015	434,050	313,270	–	5,468
D Kiddie				
2016	**242,723**	**159,836**	**–**	**572,173**
G Larkins				
2016	**663,874**	**263,373**	**–**	**12,956**
2015	640,425	289,997	–	9,819
R Nash				
2016	**564,212**	**185,090**	**–**	**13,201**
2015	557,977	151,720	–	29,805
M Smith				
2016	**574,779**	**261,206**	**–**	**(1,914)**
2015	557,550	314,027	–	18,525
Former Group Executive				
M Gordon				
2016	**273,598**	**–**	**–**	**26,500**
2015	547,618	230,918	–	23,570
Total 2016	**3,870,572**	**1,957,795**	**101,452**	**633,978**
Total 2015	**3,739,298**	**1,996,727**	**94,775**	**101,521**

1. Cash salary is the ordinary cash salary received in the year including payment for annual, long service, sick or other types of paid leave taken.
2. Cash short-term incentive payments consist of cash payments to be made in September 2016 from the Group STI plan.
3. Non-monetary benefits represents those amounts salary sacrificed from fixed remuneration to pay for benefits such as leased motor vehicles and car parking.
4. Other short-term benefits relate to:
   - salary continuance and death and total and permanent disability insurance provided as part of the remuneration package
   - the value of accrued annual leave over 1 July 2015 to 30 June 2016, and
   - for D Kiddie it also includes a sign-on bonus payable six months after date of commencement, relocation expenses for flights, short-term accommodation and financial advice.
5. Share-based remuneration has been valued using the binomial method which takes into account the performance hurdles relevant to each issue of equity instruments. The value of each equity instrument has been provided by PricewaterhouseCoopers. Share-based remuneration is the amount expensed in the financial statements for the year and includes adjustments to reflect the most current expectation of vesting of LTI grants with non-market condition hurdles. For grants with non-market conditions including earnings per share hurdles, the number of shares expected to vest is estimated at the end of each reporting period and the amount to be expensed in the financial statements is adjusted accordingly. For grants with market conditions such as Total Shareholder Return hurdles, the number of shares expected to vest is not adjusted during the life of the grant and no adjustment is made to the amount expensed in the financial statements (except if service conditions are not met). The accounting treatment of non-market and market conditions are is in accordance with accounting standards.
6. The expense value of accrued long service leave for FY16.
7. Deferred short-term incentive payments are costs incurred in FY16 for the deferred portion of the current and previous STI awards.

POST-EMPLOYMENT BENEFITS		EQUITY-BASED BENEFITS[5]				
SUPERANNUATION $	**OTHER LONG-TERM BENEFITS[6] $**	**DEFERRED STI[7] $**	**SHARES $**	**PERFORMANCE RIGHTS $**	**TERMINATION PAYMENTS $**	**TOTAL $**
26,585	**22,430**	**506,011**	**–**	**805,971**	**–**	**3,371,226**
28,648	13,194	395,303	60,499	661,086	–	2,966,312
20,155	**19,906**	**199,942**	**–**	**283,890**	**–**	**1,265,853**
18,783	14,808	160,020	29,128	259,454	–	1,234,981
10,162	**235**	**35,519**	**57,583**	**–**	**–**	**1,078,232**
26,585	**5,100**	**175,771**	**–**	**202,795**	**–**	**1,350,454**
28,533	2,866	148,677	–	142,441	–	1,262,758
26,585	**4,331**	**114,220**	**–**	**104,130**	**–**	**1,011,769**
28,648	2,592	99,534	–	80,136	–	950,412
20,155	**4,298**	**180,470**	**–**	**383,269**	**–**	**1,422,263**
18,783	2,391	154,427	37,499	296,371	–	1,399,573
22,547	**(3,296)**	**(184,908)**	**(42,669)**	**(184,829)**	**600,000**	**506,943**
33,738	2,210	142,993	121,606	138,485	–	1,241,138
152,774	**53,004**	**1,027,025**	**14,914**	**1,595,226**	**600,000**	**10,006,740**
157,133	**38,061**	**1,100,954**	**248,732**	**1,577,973**	**–**	**9,055,174**

REMUNERATION COMPONENTS AS A PROPORTION OF TOTAL REMUNERATION

The remuneration components below are determined based on the Remuneration of the Executives (statutory reporting) table on page 42.

		PERFORMANCE LINKED BENEFITS			
NAME	FIXED REMUNERATION %	STI %	LTI %	TOTAL %	VALUE OF PERFORMANCE RIGHTS AS A PROPORTION OF TOTAL REMUNERATION
CEO and Managing Director					
G Lloyd	37%	39%	24%	100%	24%
Current Group Executives					
C Green	38%	39%	23%	100%	23%
D Kiddie	50%	39%	11%	100%	0%
G Larkins	52%	33%	15%	100%	15%
R Nash	59%	30%	10%	100%	10%
M Smith	42%	31%	27%	100%	27%

This table includes fixed remuneration, STI and LTI. One-off payments such as D Kiddie's sign-on bonus are excluded.

VALUE OF UNVESTED REMUNERATION THAT MAY VEST IN FUTURE YEARS

Estimates of the maximum future cost of equity-based remuneration granted by the Company[1] should all targets be met in the future.

	30 JUNE 17 MAXIMUM $	30 JUNE 18 MAXIMUM $	30 JUNE 19 MAXIMUM $
CEO and Managing Director			
G Lloyd	895,554	503,236	108,309
Current Group Executives			
C Green	343,894	184,279	39,409
D Kiddie	183,787	95,857	12,741
G Larkins	258,165	130,074	27,818
R Nash	133,524	70,168	15,300
M Smith	403,825	216,801	46,364

1. The minimum value of the grants is $nil if the performance targets are not met. The values above are determined in accordance with accounting standards. The fair value of granted shares is recognised as an employee expense with a corresponding increase in equity. Fair value is measured at grant date and amortised over the period during which employees become unconditionally entitled to the shares.

UNVESTED SHARE AND PERFORMANCE RIGHTS HOLDINGS OF THE EXECUTIVES

The table below summarises the share and performance rights holdings and movements by number granted to the CEO and Managing Director and Group Executives by Perpetual Limited, for the year ended 30 June 2016. For details of the fair valuation methodology, refer to Section 5-6 (ii) of the notes to and forming part of the financial statements.

NAME	INSTRUMENT	GRANT DATE	ISSUE PRICE	VESTING DATE	HELD AT 1 JULY 2015
			$		NUMBER OF INSTRUMENTS
CEO and Managing Director					
G Lloyd	Shares	1 October 2013	39.63	1 October 2015	4,946
	Shares	4 September 2014	49.51	30 September 2016	10,611
	Shares	1 September 2015	42.37	30 September 2017	–
	Performance rights	1 October 2012	23.54	1 October 2015	37,383
	Performance rights	1 October 2013	34.57	1 October 2016	25,455
	Performance rights	1 October 2014	38.00	1 October 2017	29,815
	Performance rights	1 October 2015	33.07	1 October 2018	–
		Aggregate Value[1]			
Current Group Executives					
D Kiddie	Shares	22 February 2016	39.67	30 September 2017	–
	Shares	22 February 2016	39.67	30 September 2018	–
		Aggregate Value			
C Green	Shares	1 October 2013	39.63	1 October 2015	1,958
	Shares	4 September 2014	49.51	30 September 2016	3,910
	Shares	1 September 2015	42.37	30 September 2017	–
	Performance rights	1 October 2012	23.54	1 October 2015	13,806
	Performance rights	1 October 2013	34.57	1 October 2016	9,401
	Performance rights	1 October 2014	38.00	1 October 2017	11,184
	Performance rights	1 October 2015	33.07	1 October 2018	–
		Aggregate Value			
G Larkins	Shares	1 October 2013	39.63	1 October 2015	2,379
	Shares	4 September 2014	49.51	30 September 2016	3,199
	Shares	1 September 2015	42.37	30 September 2017	–
	Performance rights	1 October 2012	23.54	1 October 2015	4,800
	Performance rights	1 October 2013	34.57	1 October 2016	6,682
	Performance rights	1 October 2014	38.00	1 October 2017	7,894
	Performance rights	1 October 2015	33.07	1 October 2018	–
		Aggregate Value			
R Nash	Shares	1 October 2013	39.63	1 October 2015	2,001
	Shares	4 September 2014	49.51	30 September 2016	2,385
	Shares	1 September 2015	42.37	30 September 2017	–
	Performance rights	1 October 2012	23.54	1 October 2015	4,237
	Performance rights	1 October 2013	34.57	1 October 2016	3,181
	Performance rights	1 October 2014	38.00	1 October 2017	3,948
	Performance rights	1 October 2015	33.07	1 October 2018	–
		Aggregate Value			
M Smith	Shares	1 October 2013	39.63	1 October 2015	2,422
	Shares	4 September 2014	49.51	30 September 2016	3,189
	Shares	1 September 2015	42.37	30 September 2017	–
	Performance rights	1 October 2012	23.54	1 October 2015	11,894
	Performance rights	1 October 2013	34.57	1 October 2016	14,463
	Performance rights	1 October 2014	38.00	1 October 2017	13,158
	Performance rights	1 October 2015	33.07	1 October 2018	–
		Aggregate Value			
Former Group Executive					
M Gordon	Shares	1 July 2013	35.70	1 July 2015	4,482
	Shares	1 July 2013	35.70	1 July 2016	2,241
	Shares	1 October 2013	39.63	1 October 2015	1,884
	Shares	4 September 2014	49.51	30 September 2016	4,046
	Shares	1 September 2015	42.37	30 September 2017	–
	Performance rights	1 October 2013	34.57	1 October 2016	10,124
	Performance rights	1 October 2014	38.00	1 October 2017	11,184
		Aggregate Value			

1. Granted aggregate value is calculated by multiplying the number of shares by the issue price. Vested and forfeited aggregate value is calculated by multiplying the number of shares by the Perpetual closing share price on the vesting date.

MOVEMENT DURING THE YEAR					
GRANTED	FORFEITED	VESTED	HELD AT 30 JUNE 2015	FAIR VALUE PER INSTRUMENT AT GRANT TSR HURDLE	FAIR VALUE PER INSTRUMENT AT GRANT NON-TSR HURDLE
NUMBER OF INSTRUMENTS			**NUMBER OF INSTRUMENTS**	**$**	**$**
–	–	4,946	–	N/A	39.63
–	–	–	10,611	N/A	49.51
10,963	–	–	10,963	N/A	42.37
–	–	37,383	–	14.38	23.54
–	–	–	25,455	22.65	34.57
–	–	–	29,815	21.82	38.00
35,319	–	–	35,319	19.50	33.07
$1,632,502	$–	$1,693,160			
5,041	–	–	5,041	N/A	39.67
3,781	–	–	3,781	N/A	39.67
$349,969	$–	$–			
–	–	1,958	–	N/A	39.63
–	–	–	3,910	N/A	49.51
4,929	–	–	4,929	N/A	42.37
–	–	13,806	–	14.38	23.54
–	–	–	9,401	22.65	34.57
–	–	–	11,184	21.82	38.00
12,851	–	–	12,851	19.50	33.07
$633,824	$–	$630,560			
–	–	2,379	–	N/A	39.63
–	–	–	3,199	N/A	49.51
4,562	–	–	4,562	N/A	42.37
–	–	4,800	–	14.38	23.54
–	–	–	6,682	22.65	34.57
–	–	–	7,894	21.82	38.00
9,071	–	–	9,071	19.50	33.07
$493,270	$–	$287,160			
–	–	2,001	–	N/A	39.63
–	–	–	2,385	N/A	49.51
2,387	–	–	2,387	N/A	42.37
–	–	4,237	–	14.38	23.54
–	–	–	3,181	22.65	34.57
–	–	–	3,948	21.82	38.00
4,989	–	–	4,989	19.50	33.07
$266,123	$–	$249,520			
–	–	2,422	–	N/A	39.63
–	–	–	3,189	N/A	49.51
4,941	–	–	4,941	N/A	42.37
–	–	11,894	–	14.38	23.54
–	–	–	14,463	22.65	34.57
–	–	–	13,158	21.82	38.00
15,119	–	–	15,119	19.50	33.07
$709,336	$–	$572,640			
–	–	4,482	–	N/A	35.70
–	2,241	–	–	N/A	35.70
–	–	1,884	–	N/A	39.63
–	4,046	–	–	N/A	49.51
3,633	3,633	–	–	N/A	42.37
–	10,124	–	–	22.65	34.57
–	11,184	–	–	21.82	38.00
$153,930	$1,267,232	$298,137			

ACTUAL REMUNERATION RECEIVED

The table below provides a summary of actual remuneration received by the Executives during FY16. This includes:

- fixed remuneration (consisting of cash salary, superannuation, packaged employee benefits and associated fringe benefits tax)
- the cash component of short-term incentives awarded for performance in FY15 (paid September 2015)
- the value of equity grants awarded in previous years which vested during the year
- cash dividends received during the year on unvested LTI shares received during the year, and
- sign on and termination payments.

This table differs from the remuneration table on page 42, which has been constructed in accordance with the requirements of the relevant accounting standards. It includes remuneration received on a cash basis rather than an accrual basis.

NAME	TOTAL FIXED REMUNERATION $	STI CASH[1] $	EQUITY VESTED DURING YEAR[2] $	DIVIDENDS PAID ON UNVESTED SHARES DURING YEAR[3] $	SIGN-ON AND RELOCATION BENEFITS[4] $	PAYMENTS MADE ON TERMINATION[5] $	TOTAL $
CEO and Managing Director							
G Lloyd	1,223,667	696,795	1,693,160	60,118	–	–	3,673,740
Current Group Executives							
C Green	475,911	313,270	630,560	24,545	–	–	1,444,286
D Kiddie	252,885	–	–	11,028	61,316	–	325,229
G Larkins	690,459	289,997	287,160	22,376	–	–	1,289,992
R Nash	590,797	151,720	249,520	14,431	–	–	1,006,468
M Smith	594,934	314,027	572,640	23,353	–	–	1,504,954
Former Group Executive							
M Gordon	296,145	230,918	298,160	14,755	–	300,000	1,139,978
Totals	4,124,798	1,996,727	3,731,200	170,605	61,316	300,000	10,384,646

1. Represents the cash portion of STI outcome for FY15 paid in September 2015.
2. For G Lloyd, C Green, G Larkins, R Nash and M Smith this represents the value at vesting of the 2012 LTI grant made on 1 October 2012, and the vesting of deferred STI shares granted 1 October 2013. These shares were valued at $40.00 being the closing market value of Perpetual shares on the vesting date of 1 October 2015.
For M Gordon, this includes the value at vesting of the deferred STI shares vesting 1 October 2015 and the vesting of his sign-on equity grant that vested 1 July 2015. These shares have been valued at $49.71, being the closing market value of Perpetual shares on the vesting date of 1 July 2015.
D Kiddie recently joined the organisation and had no vested shares or rights in FY16.
3. Dividends paid during FY16 on FY15 deferred STI shares and for D Kiddie and M Gordon unvested sign-on tranches of shares.
4. D Kiddie's relocation expenses for flights, short-term accommodation and financial advice. Subject to certain contractual obligations, D Kiddie's sign-on bonus will be paid six months after commencement of employment in FY17.
5. M Gordon received $300,000 as a termination payment, and will receive a further $300,000 in FY17 following execution of contractual obligations.

6.2 Contract arrangements

CONTRACT TERMS FOR THE CEO AND MANAGING DIRECTOR AS AT 30 JUNE 2016

Contract details	Geoff Lloyd, Chief Executive Officer and Managing Director
Term of contract	Open-ended
Fixed remuneration	$1,250,000 per annum, reviewed in accordance with Perpetual's policies.
STI	Target STI of 100% of fixed remuneration. STI amounts are determined by the Board taking into account the Executive's performance against performance criteria determined by the Board annually. The performance criteria include threshold risk measures and behaviour objectives which must be met by the Executive for any STI to be awarded. Subject to the Board's discretion, the Executive may be required to apply a proportion of his STI payment to acquire deferred STI shares.
LTI	From FY15, eligible to receive LTI grants of 100% of fixed remuneration provided by way of performance shares, performance rights or options in such proportions determined by the Board annually in its discretion. Vesting of LTI grants is subject to performance targets determined by the Board and advised to the Executive prior to the effective date of grant.
Termination of employment	The agreement contains provisions for the termination of Mr Lloyd's employment as follows: (a) Termination by Mr Lloyd on 12 months' notice in writing to the Board (or such shorter period as may be agreed). In the event the Board agrees to a notice period of less than 12 months, the agreement will be subject to no entitlement to receive a payment of fixed remuneration (or any other remuneration or amount) in respect of any period after termination date. There is no entitlement for STI for that financial year; and unvested STI held as shares and all unvested LTI is forfeited. (b) Termination by the Company on 12 months' notice in writing (or such shorter period as may be agreed). The Executive is entitled to be considered for a STI payment for that financial year; and unvested STI held as shares and unvested LTI due to vest within two years of the termination date, will remain eligible for vesting, subject to satisfaction of performance conditions in due course. Unvested LTI due to be tested after two years of the termination date is forfeited. (c) If the Executive becomes incapacitated by illness or injury for an accumulated period of three months in any 12 month period, the Company may terminate this agreement by giving 12 months' notice in writing (or such shorter period as may be agreed). The Executive is entitled to a pro rata STI for that financial year; and unvested STI held as shares and unvested LTI due to vest within two years of the termination date, will remain eligible for vesting, subject to satisfaction of performance conditions in due course. Unvested LTI due to be tested after two years of the termination date is forfeited. (d) Termination without notice following an agreed material diminution event. Upon such termination, the Company must, within seven days, pay the Executive fixed remuneration in lieu of 12 months' notice and a pro rata STI for that financial year. Unvested STI held as shares and unvested LTI due to vest within two years of the termination date, will remain eligible for vesting, subject to satisfaction of performance conditions in due course. Unvested LTI due to be tested after two years of the termination date is forfeited. (e) Termination by the Company for poor performance on six months' notice in writing (or such shorter period as may be agreed) or termination by the Company without notice. There is no entitlement for STI for that financial year; and unvested STI held as shares and all unvested LTI is forfeited. (f) Termination in the event of Mr Lloyd's death – his estate is entitled to pro rata STI for that financial year; and unvested STI held as shares and unvested LTI remain eligible for vesting subject to satisfaction of performance conditions in due course. The agreement also provides that the Company may elect to make a payment in lieu of notice.

TERMINATION TERMS FOR GROUP EXECUTIVES

TERM	WHO	CONDITIONS
Duration of contract	All Group Executives	Ongoing until notice is given by either party[1].
Notice to be provided by Group Executive to terminate the employment agreement	Chris Green	3 months
	All other Group Executives	6 months
Notice to be provided by Perpetual to terminate the employment agreement for poor performance	All Group Executives	3 months
Notice to be provided by Perpetual to terminate the employment agreement without cause	Chris Green	3 months
	All other Group Executives	6 months
Termination payments and/or benefits to be made on termination without cause	**Payment in lieu of notice**	
	All Group Executives	Group Executives are entitled to payment in lieu of any unexpired part of the notice period.
	STI	
	All Group Executives	Subject to the terms and conditions of the STI plan.
	LTI	
	All Group Executives	Subject to the terms of the offer and the LTI plan.
Termination for cause	**Payment in lieu of notice**	
	Chris Green	3 months
	All other Group Executives	6 months
	STI	
	All Group Executives	Subject to the terms and conditions of the STI plan.
	LTI	
	All Group Executives	Subject to the terms of the offer and LTI plan.
Post-employment restraints	All Group Executives	12 months from the date on which notice of termination is given.

1. D Kiddie is currently employed on a 457 visa which has a maximum duration of four years from commencement. This visa can be renewed at any time.

7. EXECUTIVE REMUNERATION CHANGES FOR FY17

In late 2015, with the launch of our Lead & Grow strategy earlier that year, the Board decided it was timely to review our performance and reward arrangements across Perpetual. We asked ourselves:

- Are our existing arrangements attracting, retaining and motivating key talent?
- To what extent can the alignment of interest between performance and shareholder outcomes be strengthened? and
- Is there a better way?

Over a six month period, the Board undertook a review, under the guidance of the PARC and the Board appointed remuneration adviser, PwC. This extensive review resulted in the introduction of a new remuneration structure for the CEO and Managing Director and Group Executives for FY17 that will combine our existing short-term and long-term incentive arrangements into a simplified variable incentive plan. Whilst this does not impact the remuneration arrangements in this year's Report, details of the new plan are summarised in this section for the benefit of our shareholders and other interested parties.

The intention of the new plan is to seek to maximise long-term value creation for shareholders while attracting, retaining and motivating our Executives to execute on our Lead & Grow strategy. We strongly believe the new plan will:

- Better align Executives with shareholders via ownership of equity encouraging long-term decision making.
- Reinforce an ownership mentality by accelerating the accumulation of shares in Executives' hands subject to delivering the necessary performance requirements.
- Achieve closer alignment of variable incentives to performance against key business metrics. We believe balanced scorecards remain essential in assessing the performance of the business through the market cycles.
- Deliver greater differentiation of reward for over and underachievement against agreed targets.
- Reduce complexity and opacity.
- Strengthen retention of our Executives.

We believe there is motivational value in a variable pay framework, which provides both greater 'line of sight' and ability to influence the Company's performance outcome.

7.1 The new Variable Incentive Plan

Variable remuneration for our Executives currently consists of short-term incentive (STI) and long-term incentive (LTI) plans. The proposed structure combines these elements into a single variable incentive plan with long-term deferral. The table below summarises key features of the plan changes.

FEATURE	FROM (OLD PLAN)	TO (NEW PLAN)
Remuneration components	• Fixed • Cash STI • Deferred STI (equity) • LTI	• Fixed • Single Variable Incentive (cash and equity)
Incentive cap (% of target)	• STI = 200% • LTI = 100%	• Variable Incentive = 175%
Duration to access equity post grant	• Deferred STI = 2 years • LTI = 3 years	• Variable Incentive = 4 years
Performance hurdles	• STI = Balanced Scorecard + compliance and behaviours • LTI = EPS and Relative TSR	• Balanced Scorecard + compliance and behaviours
Performance assessment period	• STI = 1 year • LTI = 3 years	• Variable Incentive = 1 year

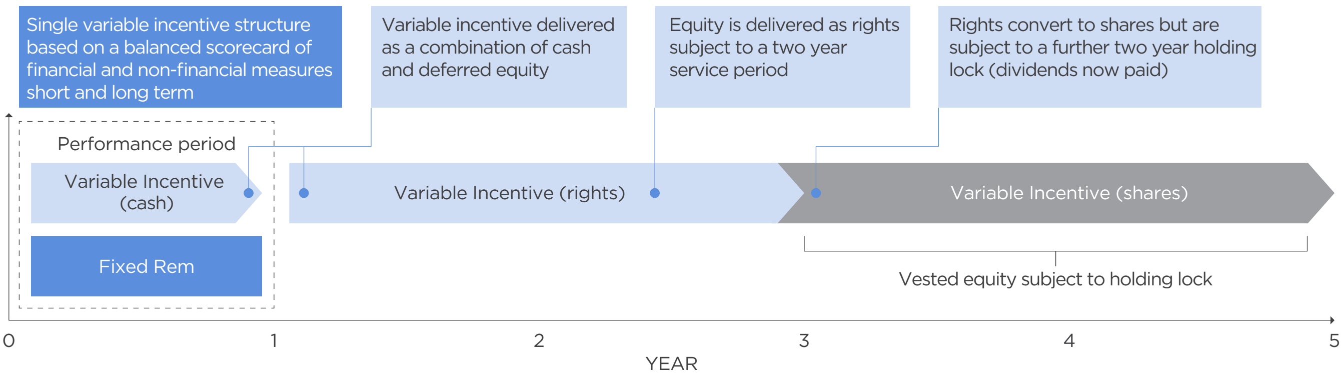
The initial variable incentive targets for current Executives will be set to the equivalent level of existing STI targets and LTI awards on a 'fair value' basis. Fair value, as calculated by PwC, is a valuation approach based on accepted methodologies and is consistent with accounting standards and disclosures in the Remuneration Report. Fair value considers the probability of an LTI award vesting including volatility, time to maturity, dividend yield and share price movement.

Approximately one third of the variable incentive outcome will be paid in cash at the end of the performance year. The remaining two thirds of the variable incentive outcome will be delivered as share rights, which will vest and be satisfied by the allocation of restricted shares, subject to ongoing employment conditions, after two years. Restricted shares are subject to a holding lock for an additional two years, with no risk of forfeiture other than for summary dismissal. Dividends will be payable to the Executive in respect of restricted shares but not share rights.

As performance has been fully assessed to calculate the amount paid as a variable incentive, no additional performance hurdles apply to the share rights or restricted shares.

Going forward, awards will be granted on a face value basis using a five day Volume Weighted Average Price and likely to occur around each 1 September.

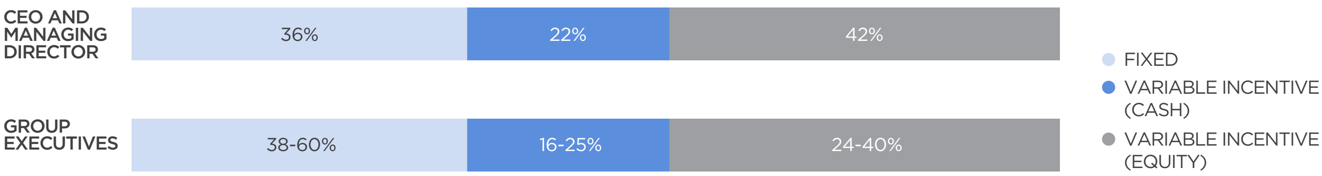
Simple illustrative model



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.