

Notification must be received by 5.00 pm Sydney time on or before the first business day after the record date for the relevant dividend for the change or withdrawal to be effective for that dividend payment. Notification of a change or withdrawal received after that time will take effect from the next dividend payment.

17. Can the rules of the DRP be modified, suspended or cancelled?

Yes. The rules of the DRP (Rules) can be modified, suspended or terminated at any time at the discretion of the directors of the Company. Participating shareholders will be notified in a timely manner of any changes by notice on the Company's website, www.perpetualequity.com.au and by notice to ASX.

PERPETUAL LIMITED DIVIDEND REINVESTMENT PLAN (DRP)

KEY FEATURES

- The DRP gives you the flexibility to receive some or all of your dividends in the form of shares rather than cash, which is an efficient way of increasing your investment in the Company.
- Shares allocated under the DRP are free of brokerage, commission and stamp duty costs.
- Shares may be issued at a discount to the market price of the Company's shares.
- Shares issued under the DRP rank equally with existing shares.
- You can participate, vary your participation or withdraw from the DRP at any time. Your application form must be received by the share registry by 5.00 pm Sydney time on or before the first business day following the record date to be active for the next dividend payment.
- A dividend statement outlining the dividend calculation and the details of any new shares allocated to you under the DRP will be despatched on the payment date for the relevant dividend.

Dear fellow shareholder

The directors of Perpetual Equity Investment Company Limited (the Company) are pleased to offer to Australian and New Zealand shareholders the opportunity to participate in the Company's Dividend Reinvestment Plan (DRP).

Your participation in the DRP is optional. Should you decide to take part in the DRP, you can choose to receive some or all of your future dividends as ordinary shares instead of cash, via direct credit. You will also have the ability to amend your participation or to opt out of the DRP as outlined in the rules of the DRP (Rules).

In addition, shares allocated under the DRP are free of brokerage, commission and stamp duty costs, meaning the DRP provides a cost effective way of increasing your ownership in the Company.

This booklet contains important information, including key features and some questions and answers that may help you to better understand the DRP. A copy of the Rules is available on the Company's website at www.perpetualequity.com.au.

Before deciding to participate in the DRP, we advise you to carefully read this document and the Rules. It is important to understand the risks that can affect the value of your investment and may mean the value of your investment may rise or fall. You should also consider seeking independent professional advice as to the financial and tax implications of the DRP for your own specific circumstances.

You also have the right to request to receive from the Company, free of charge, copies of the Company's latest annual report, financial statements and the auditor's report on those financial statements (if applicable). These documents are available online at www.perpetualequity.com.au, alternatively you may contact Link Market Services (see contact details on the back page of this flyer) to request copies of these documents.

Yours sincerely



PETER SCOTT

WANT MORE DETAILS ABOUT THE DRP?

Full details of the DRP terms and conditions are available in the DRP Rules. You can download the Rules from www.perpetualequity.com.au or obtain a free copy by contacting our share registry, Link Market Services.

If you have any questions or would like more information about the DRP, please contact Link Market Services.

FURTHER INFORMATION

LINK MARKET SERVICES

PHONE

1800 421 712 (within Australia)
+61 1800 421 712 (within New Zealand)

FAX

+61 2 9287 0303

EMAIL

pic@linkmarketservices.com.au

**PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED**

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED DIVIDEND REINVESTMENT PLAN

QUESTIONS AND ANSWERS

Below are some questions and answers that may help you to better understand the Perpetual Equity Investment Company Limited Dividend Reinvestment Plan (DRP) and its benefits to you as a shareholder.

1. Who is eligible to participate in the DRP?

All shareholders on the record date with a registered address in Australia or New Zealand are eligible to participate in the DRP.

2. How do I participate in the DRP?

Participation in the DRP is optional. If you wish to participate in the DRP, please complete an application form and return it to our share registry using one of the following options:

Link Market Services

- via reply paid envelope (enclosed)
- via fax on +61 2 9287 0303.

The completed application form must be lodged on or prior to the first business day following the next dividend record date to be effective for that dividend. The record date is determined by the Company and is the date and time for determining an entitlement to the dividend. A person who holds shares on the record date for a dividend is entitled to that dividend. The record date will be advised at the half year and end of year results announcements. The announcements will be accessible from the Company's website and the ASX website www.asx.com.au.

An application form remains in effect until withdrawn or varied in accordance with the DRP.

3. Do all my shares have to participate in the DRP?

There are two ways you can participate in the DRP:

- Full participation
- You can elect to participate in the DRP using all your shares. If you choose this option, all of the dividends associated with your existing shares will be reinvested in additional shares rather than paid to you in cash via direct credit.
- Partial participation

You can elect to participate in the DRP by nominating a specific number of shares which is less than your total shareholding in the Company. If you choose this option, the dividends on the shares you elect to participate in the DRP will be reinvested in additional shares and the dividends on the balance of your shareholding will be received in cash via direct credit.

4. What do I do if I don't want to participate in the DRP?

If you don't want to participate in the DRP, you do not need to take any action and you will continue to receive your dividends as cash via direct credit.

5. What happens if I have more than one shareholding?

If you have more than one shareholding, you will need to submit separate application forms for each shareholding registered under different names or with a different Shareholder Reference Number (SRN) or Holder Identification Number (HIN). You may nominate a different level of participation in respect of each registered shareholding.

6. Are there any limits on participation?

There are no limits on participation in the DRP. You may elect to participate in the DRP for all of your existing shareholding, part of your shareholding or none of your shareholding.

7. At what price will the shares be allocated?

The price of shares allocated under the DRP (Allocation Price) will be calculated using the arithmetic average of the daily volume weighted average market price of the Company's fully paid ordinary shares traded on the ASX (and any other market determined by the Company) over a pricing period determined by the Company (rounded to the nearest cent), less any discount which the directors may determine from time to time. The pricing period and discount (if any) will be announced to the ASX for each dividend.

8. If I decide to participate in the DRP, how will I know if the shares will be allocated at a discount to the market price?

The Company will announce whether or not a discount will be applied to the shares allocated under the DRP every six months at the time of the company's end of year and half year results announcements.

9. How many shares will I receive under the DRP?

The number of shares that you will be allocated under the DRP in relation to each dividend payment will be dependent on the cash dividend payable on your existing participating shares and the relevant Allocation Price as determined under the DRP. The cash dividend payable on the shares that are participating in the DRP in accordance with your application form will be credited to your DRP account. The Company will then determine the maximum number of whole shares to which you are entitled by dividing the amount in your DRP account by the Allocation Price. This calculation will be rounded down to the nearest whole share. Please refer to question 10 in relation to the treatment of residual balances.

10. What happens if there is a residual balance between my dividend amount and the exact number of shares allocated under the DRP?

You will only receive a whole number of shares as a result of participation in the DRP. Should your dividend payment not equate to an exact number of shares, the number of shares to which you are entitled will be rounded down to the nearest whole share. The residual cash balance will remain in your DRP account to be carried forward for use in respect of the next dividend. No interest will accrue in respect of any balance in your DRP account.

11. What happens to the carry forward balance in my DRP account if I elect not to continue to participate in the DRP or sell my shares, or if the Company suspends or terminates the DRP?

Where the DRP is suspended or terminated by the Company, or you cease to participate in the DRP, any residual positive balance in your account at that time will be forfeited and retained by the Company.

12. When will I receive a dividend statement?

All participants in the DRP will be sent a dividend statement on the payment date, detailing:

- the number of shares you held at the dividend record date
- the latest dividend amount
- the Allocation Price of the shares
- the amount of your new total holding of shares, including shares allocated under the DRP
- any residual cash balance brought forward
- any franking credits.

You can elect to receive the dividend statement by post or email.

13. What will it cost to me to participate?

There are no brokerage fees, commission or stamp duty payable by you in respect of any shares allocated to you under the DRP.

14. What are the taxation implications for me if I participate in the DRP?

The Company cannot provide taxation advice to shareholders in relation to their participation in the DRP and does not accept any responsibility for any interpretation of, or application by, shareholders of the general information contained in this booklet. You should consider seeking independent professional advice concerning your taxation position.

Under current Australian income tax legislation, dividends reinvested in shares under the DRP will be assessable by the Australian Taxation Office in the same way as cash dividends.

For capital gains tax purposes, shares allocated under the DRP will have an acquisition date equal to the payment date for the relevant dividend and a cost base equal to the amount of the cash dividend entitlement which is reinvested. You may be subject to tax on disposal of the shares if the sale proceeds received are more than the cost base of the shares.

15. Can I sell my shares acquired under the DRP?

Shares acquired under the DRP can be sold at any time after allocation. You should consider seeking independent professional advice concerning your taxation position should you choose to sell the shares.

16. Can I change my participation at any time?

You can change or withdraw your participation at any time. All you have to do is contact our share registry:

Link Market Services

Phone 1800 421 712 (within Australia)
(+61) 1800 421 712 (within New Zealand)

Fax +61 2 9287 0303

Email pic@linkmarketservices.com.au