

# *Increased and unconditional offer to acquire Trust Company*

14 November 2013

# Overview of EQT's offer for TRU



- **EQT's offer increased to 39 EQT shares for every 100 TRU share**
  - Plus \$0.22 special dividend
- **EQT's offer declared unconditional**
  - All required approvals have been received
- **Creation of a larger and diversified company with an equity market capitalisation expected of >\$440 million**
- **Delivers real benefits to TRU shareholders**
  - TRU shareholders retain higher ownership and influence with EQT
  - Higher long-term value than Perpetual
  - Higher dividends per TRU share than Perpetual
  - Business model and activities remain consistent with current TRU operations - not leveraged to volatile funds management business
- **EQT intends to vote its TRU shareholding AGAINST the Perpetual Scheme**



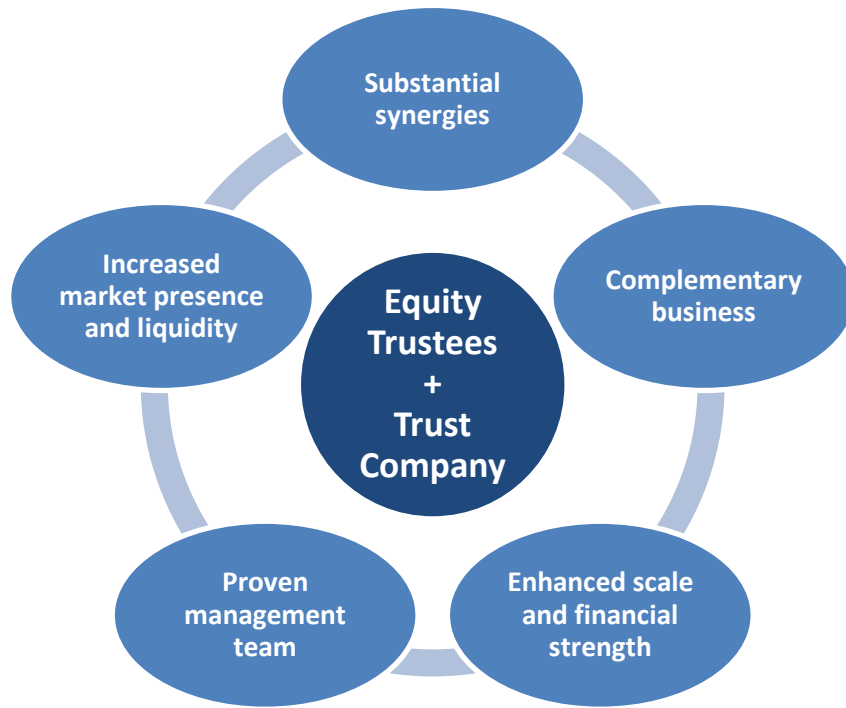


# *Combination of EQT and TRU*



# *EQT + TRU = a value adding combination*

*Creation of a leading Australasian private and corporate trustee services provider – fulfilling a long-standing corporate opportunity for consolidation and efficiency gains.*

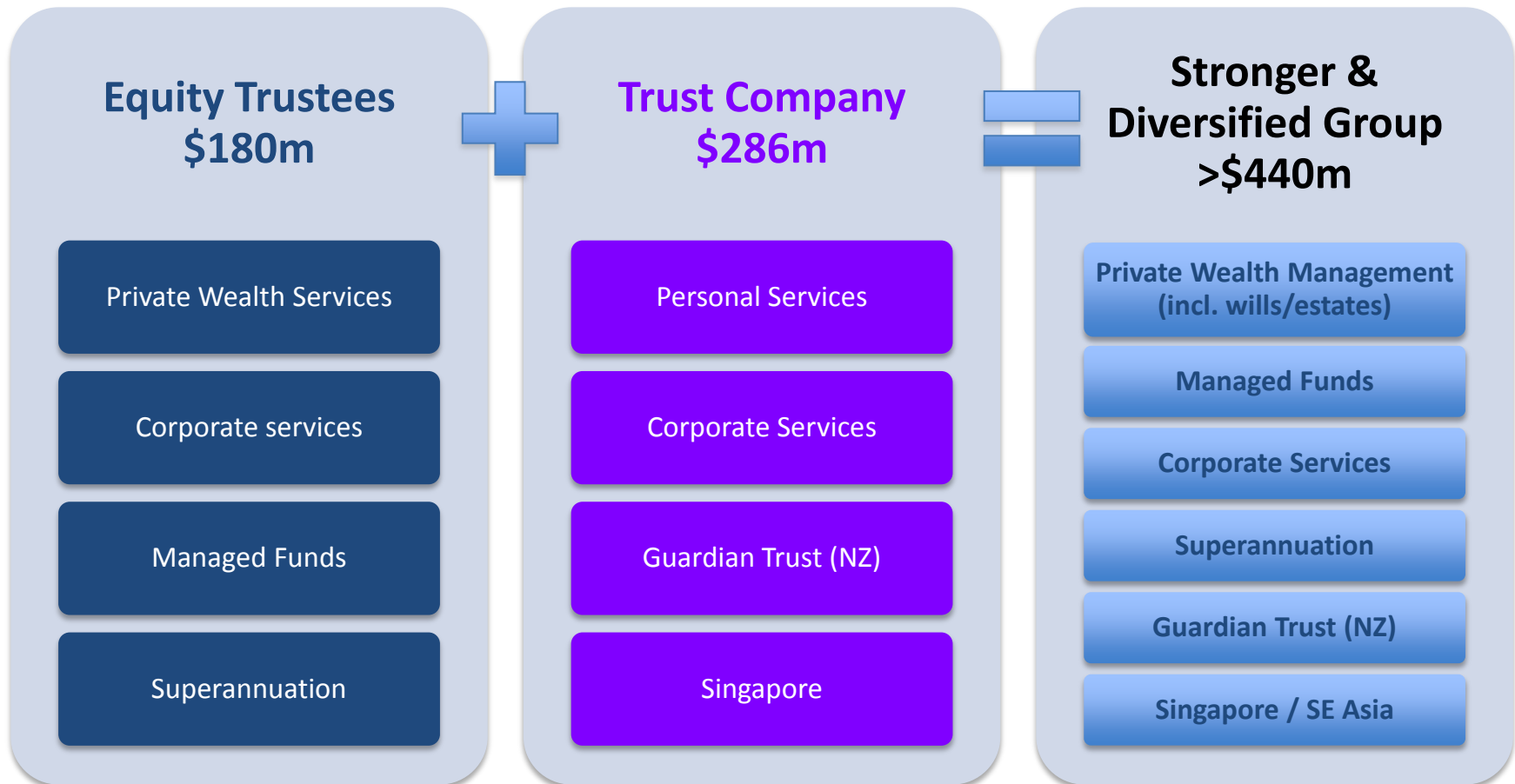


- *Up to \$15m cost synergies p.a. (pre-tax)*
- *Larger diversified company*
- *Increased capability for further acquisitions*
- *No competition issues*

# Combined TRU + EQT group



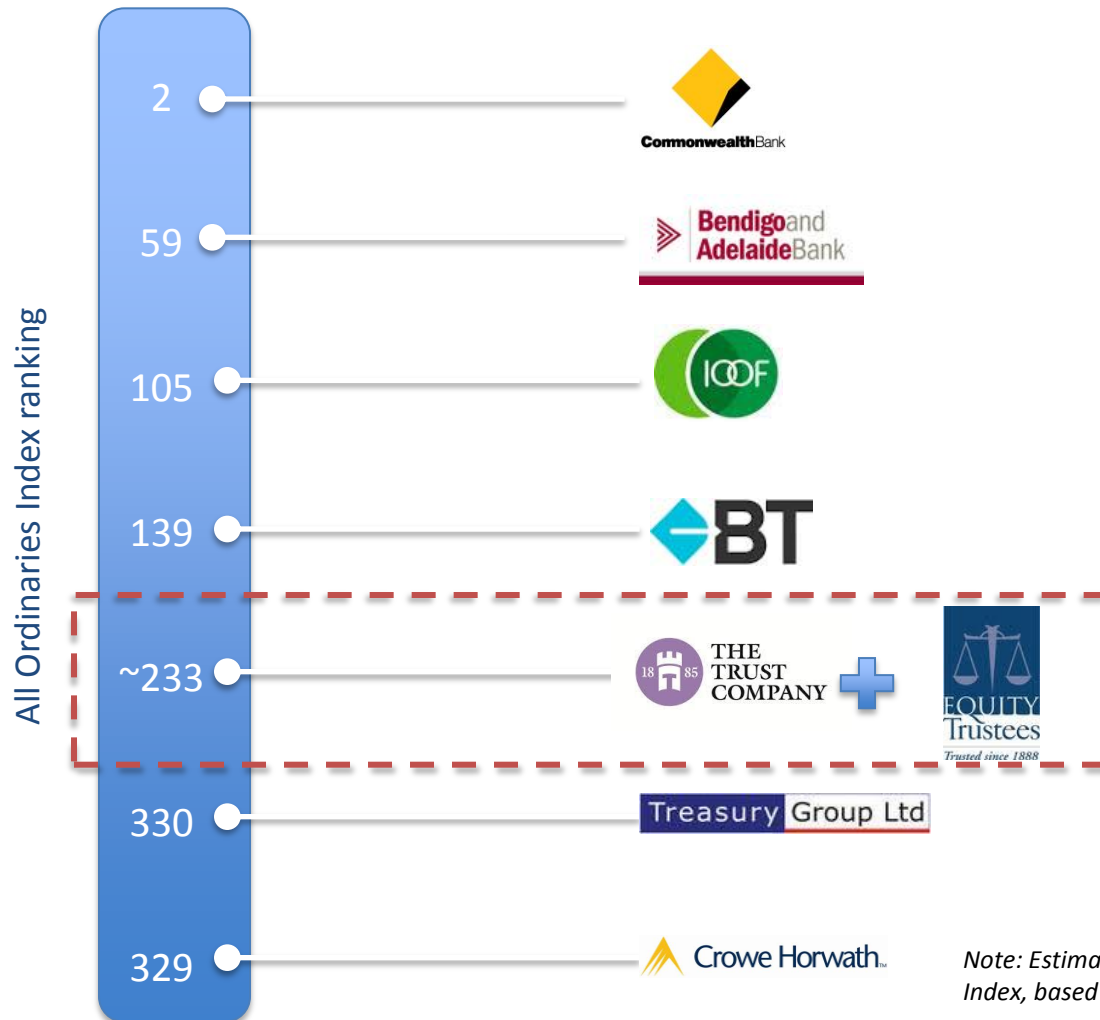
*Clients and employees will benefit from being associated with a larger, more diversified organisation with deeper resources, broader scope and a wider range of high-quality services.*



<sup>5</sup> NOTE: Equity market capitalisation based on closing share prices as at 12 November 2013 multiplied by ordinary shares on issue. Combined equity market capitalisation adjusted down for cancellation of 1.19m EQT shares held by TRU. It does not account for market movements subsequently or the value of synergies that may be achieved.

# *EQT will become a much larger company*

*EQT will benefit from increased scale and liquidity – leading to greater investor interest.*



*Note: Estimated ranking on S&P ASX All Ordinaries Index, based on pro-forma market capitalisations.*

# Up to \$15m p.a. in synergies

*EQT is confident that up to \$15m pre-tax p.a. of cost synergies are achievable.*

- ***EQT has undertaken a review of synergy opportunities and developed an implementation plan***
  - Integration plan for first 3 months post merger to lay strong foundation
  - Cost synergies to be generated progressively over two years after acquisition
- ***Updated implementation costs estimated at \$15m***
  - To be incurred progressively over 2 years
- ***Revenue synergies and other business enhancements are likely to also be available, but have not been included in estimates. Potentially include:***
  - Cross-selling products to a larger customer base – via a stronger and integrated wealth management business in Australia
  - Increased regulatory compliance capabilities and coverage
  - Increased scale and resources can facilitate further strategic or bolt-on acquisitions

# Other considerations



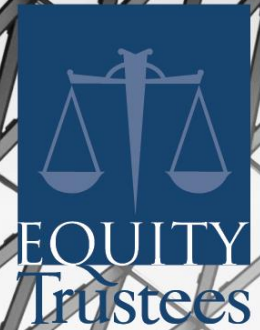
*EQT's objective to retain the best people from both business and establish a culture of 'One'.*

- ***Share common values throughout the group***
  - One Vision, One Strategy
  - EQT's history will allow the continuation of TRU's values and heritage, which may be lost within a larger company like Perpetual
- ***EQT proposes to invite up to 2 directors from TRU to join the EQT board following successful close of the offer***
  - Provides continuity of skills and knowledge for benefits of all shareholders
- ***Tony Killen OAM to continue as Chairman for at least 2 years***
- ***Robin Burns to continue as CEO and Managing Director***
  - Executive team to be drawn from the best within TRU and EQT



# Key dates

Date	Milestone
13 November	EQT declared offer unconditional
15 November	EQT expects to lodge Fourth Supplementary Bidder's Statement
26 November	Last day for receipt of proxies for TRU Scheme meeting
28 November	TRU Scheme meeting
29 November	Current closing date for EQT's offer



*Why EQT's bid is superior to Perpetual*



# EQT's offer is superior to Perpetual's

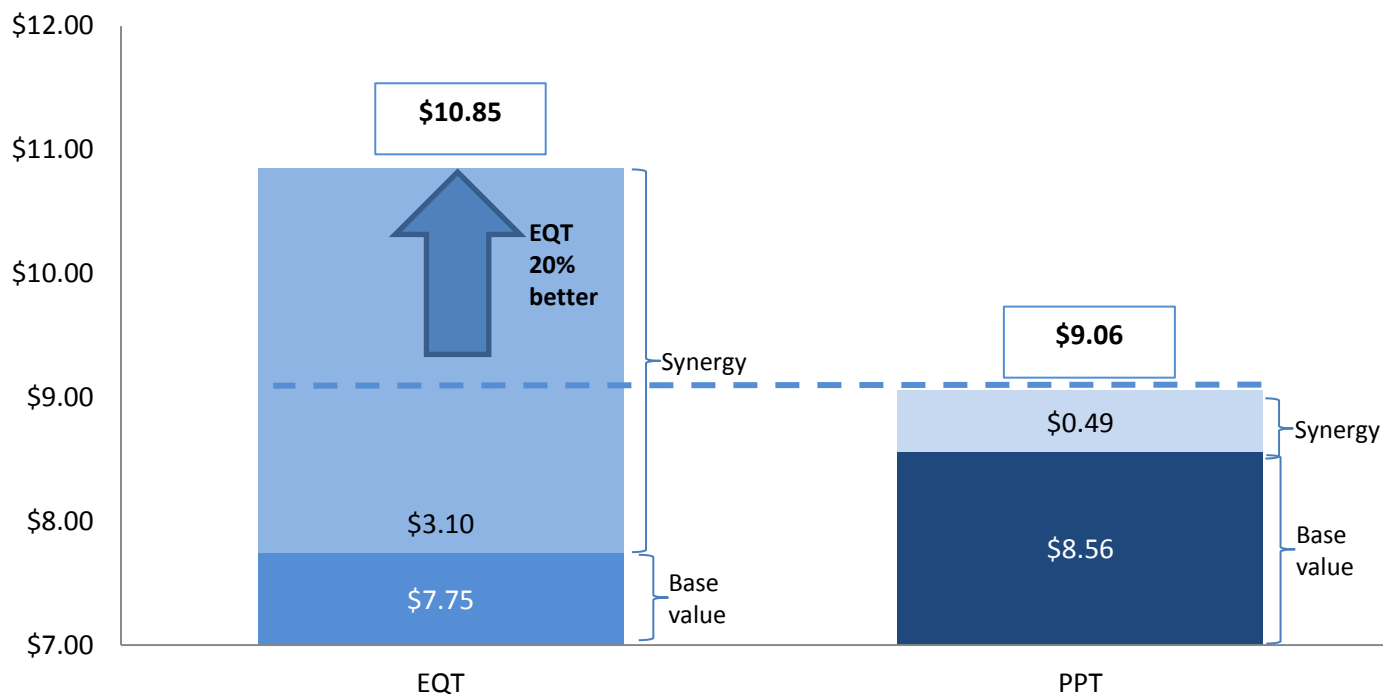


Assessment criteria	EQT offer		<i>PPT proposal</i>	
1. TRU shareholder ownership	✓	62.2%	✗	8.4%
2. TRU's share of synergies	✓	\$9.3m p.a.	✗	\$1.3m p.a.
3. Influence of TRU shareholders	✓	Up to 2 directors	✗	No direct influence
4. Business strategy	✓	'Focused' trustee	✗	Diversified financial
5. Dividends for TRU shareholders	✓	Superior growth	✗	Lower
6. Tax triggered	✓	CGT roll-over possible <sup>1</sup>	✗	Full tax on cash component
7. Overall value	✓	Significant upside	✗	Highly priced shares
<b>SUPERIOR PROPOSAL FOR TRU</b>	✓	<b>YES = Accept</b>	✗	<b>NO = Reject</b>

# *EQT's provides greater long term value*

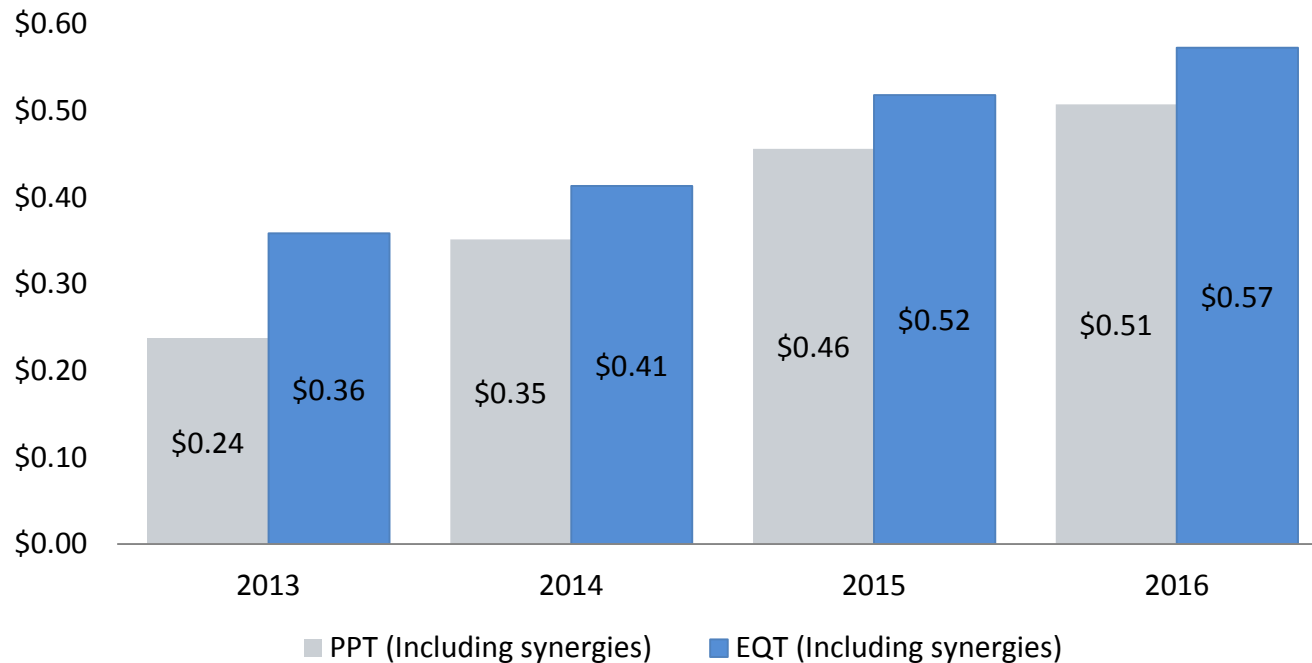


- *TRU shareholders receive higher long-term value from the EQT offer*
- *Synergies for EQT and Perpetual are similar and the higher level of ownership for TRU shareholders means they share in more of the potential upside with EQT*



# *EQT's offer may lead to higher dividends*

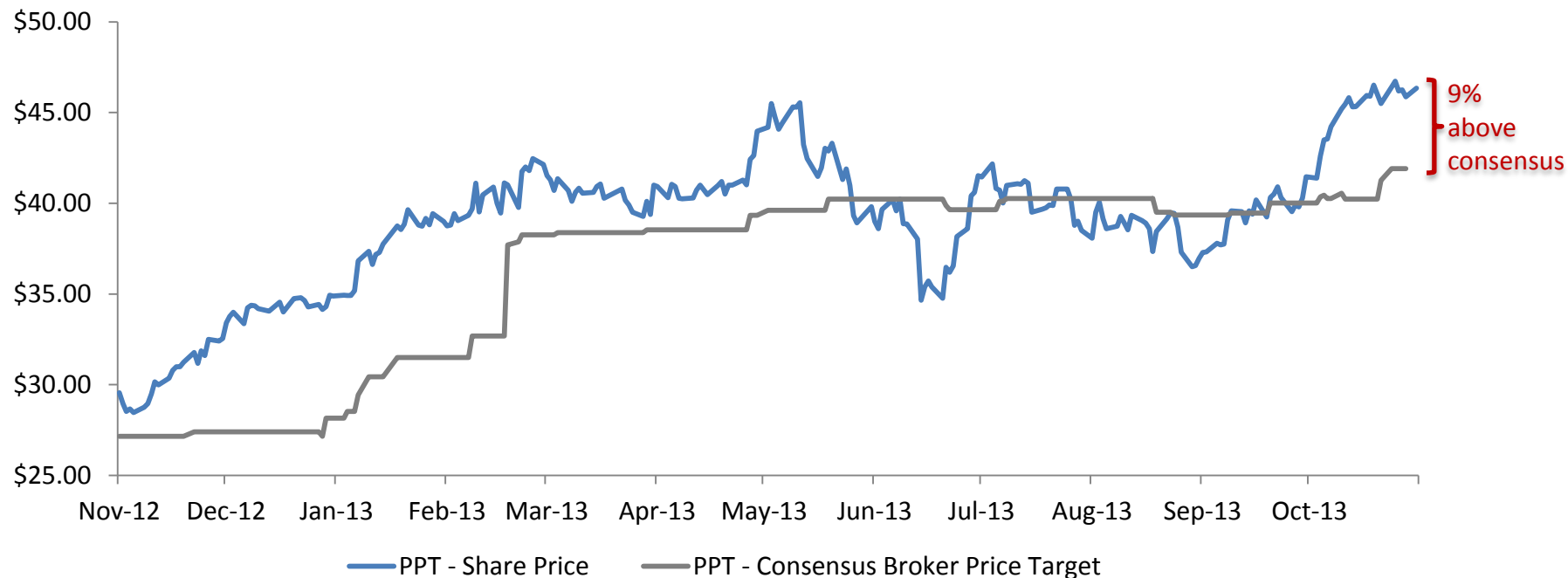
- After synergies, equivalent dividends are estimated to be, on average, 14% higher under EQT's offer over the next 3 years***





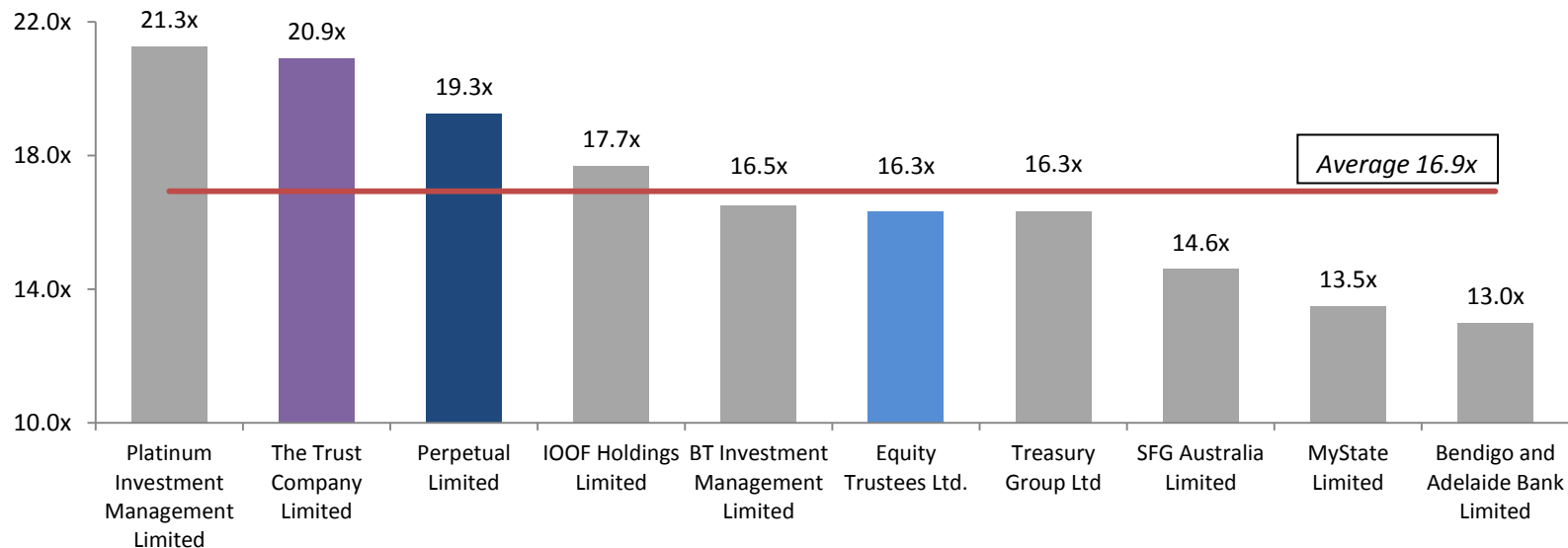
# Perpetual's scrip is highly priced...

- **Perpetual's share price is trading above of 12 out of 14 broker price targets**
- **Perpetual's share price is 9% above consensus mean target price of \$41.91**



# ...EQT's scrip is relatively undervalued

- *EQT PE multiple is comparable with its peers*
- *EQT considers that there is potential for its shares to increase in value as a result of acquiring TRU, due to the cost and revenue synergies that will become available to it and the likely increase in scale and liquidity*



# *EQT's benefits are superior to Perpetual*



- 1. EQT's offer provides higher long-term value than Perpetual.***
- 2. TRU shareholders retain higher ownership and influence with EQT.***
- 3. EQT offers a higher dividend yield than Perpetual.***
- 4. EQT remains a 'pure play' trustee company,  
not a diversified financial company.***

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