

Shareholder Update

25 August 2022

Dear Shareholder,

Introduction

I am writing to update you on a significant announcement made today by your company. Earlier this morning the Board of Pendal Group Limited (**Pendal**) announced it has entered into a Scheme Implementation Deed (**SID**) with Perpetual Limited (**Perpetual**) for the acquisition of 100 per cent of Pendal via a Scheme of Arrangement (**Scheme**).

The Scheme recognises the value Pendal has created as a home to some of the most respected investment talent in the world, including sustainable and impact investing capability and an impressive global distribution footprint. It has the Board's unanimous support, in the absence of a superior proposal and subject to an Independent Expert Report concluding (and continuing to conclude) that the Scheme is in the best interests of shareholders.

The Scheme also has the strong support of our investment teams, with commitment from Perpetual to preserve our culture of investment independence. We believe this will be core to the success of the combined group.

Scheme Consideration

Following extensive engagement between our companies, the increased Scheme consideration relative to the initial proposal we received from Perpetual in April comprises 1 Perpetual Share for every 7.5 Pendal shares plus \$1.976 cash for each Pendal share (**Scheme Consideration**). The Scheme Consideration will be reduced by the amount of any final dividend paid to Pendal shareholders for the six months ending 30 September 2022.

The Scheme Consideration has an implied undisturbed value of \$6.54 per Pendal share based on Perpetual's closing share price on 1 April 2022, being the last trading day before Pendal announced on 4 April 2022 the receipt of the initial conditional, non-binding indicative proposal from Perpetual. The undisturbed value of \$6.54 represents a 46.0% premium to Pendal's closing share price on 1 April 2022.

Based on Perpetual's closing share price on 24 August 2022, the Scheme Consideration has an implied value of \$6.016 per Pendal share, which represents a 23.3% premium to Pendal's closing share price on 24 August 2022.

Pendal shareholders will own approximately 47% of the combined Perpetual / Pendal group and up to three Pendal directors will be invited to join the Perpetual Board post-implementation.

Strategic rationale

If the Scheme is approved by you, our shareholders, the proposed transaction will see two iconic financial services firms brought together to create Australia's pre-eminent global asset manager, with combined funds under management of \$201 billion.¹

We believe this is a compelling opportunity for shareholders and the business alike. The combination will deliver a significant increase in scale, boost our position in an increasingly competitive global market and bring strategic benefits in the dynamic sectors in which we operate, both domestically and internationally.

Furthermore, the combined company, through its multi-brand strategy, culture of investment independence, expanded distribution network and enhanced sustainable and impact investing capability, will be well positioned to deliver long-term shareholder value.

Next steps

Pendal shareholders do not need to take any action at this stage.

A Scheme Booklet will be sent to shareholders ahead of the meeting at which shareholders will be able to vote on whether to approve the Scheme (**Scheme Meeting**). The Scheme Booklet will contain important information relating to the Scheme and the Scheme Meeting, the rationale for the Pendal Directors' recommendation to shareholders, and the Independent Expert's Report opining on whether the Scheme is in the best interests of Pendal shareholders. The timing for the Scheme Meeting is to be determined, however it is currently expected to be held in either December 2022 or early 2023 subject to the timing of receiving regulatory approvals and client consents.

I ask that you review the Scheme Booklet in detail once you receive it and if you have any questions about the Scheme details, documents or voting procedure (including proxy forms) please do not hesitate to contact the Pendal shareholder information line on 1300 792 077 (toll free within Australia) or on +61 1300 792 077 (from outside Australia) between 9.00am and 5.00pm (AEST), Monday to Friday.

If you have any questions about how this proposed Scheme fits with your personal investment circumstances, you should consult your independent financial adviser.

In conclusion your Board considers this is an excellent opportunity for Pendal shareholders and look forward to your support for it.

Your sincerely,



Deborah Page AM
Chairman

This announcement has been authorised for release by the Board of Pendal Group Limited

¹ Closing FUM as at 30 June 2022.