PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

PROSPECTUS

One-for-one bonus issue of Options to acquire fully paid Shares exercisable at $1.35 per Option on or before 2 September 2022.

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This is a transaction-specific prospectus lodged under section 713 of the *Corporations Act 2001* (Cth). If you are an Eligible Shareholder, this Prospectus is an important document and requires your immediate attention. It should be read in its entirety. If you have any questions as to its content or any other matters related to the contents of this Prospectus, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

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IMPORTANT INFORMATION

This Prospectus is dated 2 June 2021 and a copy of this Prospectus was lodged with ASIC on that date. This Prospectus has been prepared by Perpetual Equity Investment Company Limited (the **Company**). The Company will apply to the ASX for quotation of the Options within seven days of the date of this Prospectus.

Neither ASIC nor the ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Nature of this Prospectus

This is a Prospectus for an offer of 'continuously quoted securities' (as defined in the Corporations Act) of the Company and has been prepared in accordance with section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of securities in a class of securities which has been continuously quoted by the ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the offer on the company and the rights and liabilities attaching to the options offered and the underlying securities, and any material price sensitive information not previously disclosed to the market. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is therefore intended to be read in conjunction with publicly available information in relation to the Company which has been disclosed to the ASX. This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in the Prospectus. This Prospectus does not contain the same level of disclosure as a prospectus for an initial public offering.

This Prospectus should be read carefully and in its entirety before you decide whether to deal in or exercise the Options. In particular, you should consider the key risks that could affect the performance of the Company or the value of an investment in the Company, some of which are outlined in section 4 of this Prospectus.

The Company may make additional announcements after the date of this Prospectus and throughout the period that the Offer is open that may be relevant to your consideration about whether to deal in or exercise the Options.

You can access these announcements at www.asx.com.au under the stock code 'PIC' or at http://www.perpetualequity.com.au/shareholders/asx-announcements

By returning a completed Option Exercise Form and paying the Exercise Price, you acknowledge that you have read this Prospectus and you have acted in accordance with, and agree to the terms of, the Offer detailed in this Prospectus.

Cooling off rights do not apply to an exercise of the Options. This means that, in most cases you cannot withdraw your Option Exercise Form once it has been accepted.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding whether to deal in or exercise the Options, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, solicitor, accountant or other professional adviser.

Disclaimer

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company, or any return on any investment made under this Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

Past performance

Past Share price performance provides no guarantee or guidance as to future Share price performance. Past performance information given in this Prospectus is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Prospectus is, or is based upon, information that has been released to the market. For further information, please see past announcements released to the ASX.

Forward-looking statements

This Prospectus includes forward-looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions could cause actual results, performance or achievements to differ materially from the expectations described in or implied by the forward-looking statements in this Prospectus.

In particular, this Prospectus details some important factors and risks that could cause the Company's actual results to differ from the forward-looking statements in this Prospectus. Forward-looking statements include, but are not limited to, those statements containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions that are predictions of or indicate future events and future trends.

Prospectus expiry

No Options or other securities will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

Governing law

This Prospectus is governed by the laws of New South Wales.

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Intermediary authorisation

The Company does not hold an Australian financial services licence (**AFSL**) under the Corporations Act. Accordingly, the Offer will be made pursuant to an arrangement between the Company and Perpetual Investment Management Limited (the **Manager**), a holder of an AFSL. Under section 911A(2)(b) of the Corporations Act, the Manager will act as the Company's authorised intermediary. The Company has authorised the Manager to make offers to arrange for the issue, variation and disposal of Options and the issue, variation and disposal of Shares issued on exercise of the Options. The Company will only issue, vary or dispose of the Options, and the Shares issued on exercise of the Options, in accordance with those offers and no others.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus at any time prior to the Option Expiry Date on the Company's website at http://www.perpetualequity.com.au/shareholders/asx-announcements or by contacting the Share Registry on 1800 421 712 (within Australia) or +61 1800 421 712 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday. The information on the Company's website does not form part of this Prospectus.

If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. A paper copy of this Prospectus will be made available free of charge by contacting the Share Registry.

Any person accessing the electronic version of this Prospectus, for the purpose of making an investment in the Company, must only access this Prospectus from within Australia or New Zealand, or any jurisdiction outside Australia or New Zealand where the distribution of this Prospectus is not restricted by law.

The Corporations Act prohibits any person from passing the Option Exercise Form on to another person unless it is accompanied by a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus.

If the Prospectus is found to be deficient, any exercises of Options may need to be dealt with in accordance with section 724 of the Corporations Act. If section 724 applied, the Company would be required to either:

- repay the money to the relevant Eligible Shareholders;
- give the relevant Eligible Shareholders a supplementary or replacement prospectus correcting the deficiency or changing the terms of the Offer and allow Eligible Shareholders one month to withdraw their Option Exercise Forms, in which case any withdrawing Eligible Shareholder would be repaid their money; or
- issue the Options to Eligible Shareholders and give Eligible Shareholders one month to withdraw their Option Exercise Form, in which case any withdrawing Eligible Shareholder would be repaid their money.

Foreign jurisdictions

This Prospectus contains offers to Eligible Shareholders in Australia and New Zealand.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to:

- register or qualify the Options or the Offer, or to otherwise permit an offering of the Options, in any jurisdiction other than as set out in this section; and
- lodge this Prospectus in any jurisdiction outside of Australia or New Zealand or to otherwise permit a public offering of the Options in any jurisdiction outside Australia or New Zealand.

The distribution of this Prospectus outside Australia and New Zealand (including electronically) may be restricted by law and the persons who come into possession of this Prospectus should seek advice and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are residents in countries other than Australia and New Zealand should consult their stockbroker, accountant, solicitor or other professional adviser as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

Nominees

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia and New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer.

Minimum subscription

There is no minimum subscription for the Offer.

Glossary

Terms and abbreviations used in this Prospectus are explained in the Glossary in section 6 of this Prospectus.

A reference in this Prospectus to time is a reference to the local time in Sydney, New South Wales, unless otherwise stated.

All financial amounts in this Prospectus are expressed in Australian dollars, unless otherwise stated.

Enquiries

If you have any questions in relation to the Offer or matters set out in this Prospectus, please contact the Share Registry on 1800 421 712 (within Australia) or +61 1800 421 712 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday or your stockbroker, solicitor, accountant or other professional adviser.

Privacy

By completing an Option Exercise Form to exercise the Options you are providing personal information to the Company through the Share Registry that may be personal information for the purposes of the Privacy Act 1988 (Cth).

The Company and the Share Registry, on its behalf, may collect, hold and use that personal information in order to process your Option Exercise Form. The Company may also collect, hold and use that personal information in order to service your needs as a Shareholder, provide

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facilities and services that you request and carry out appropriate administration of your investment.

If you become a Shareholder, the Corporations Act and the Australian taxation legislation require information about you (for example, your name, address and details of the Shares that you hold) to be included in the Company's Shareholder register, which is accessible by the public. The information must continue to be included in the Company's Shareholder register if you cease to be a Shareholder.

The Company will only use or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Share Registry may not be able to process your Option Exercise Form.

The Company may also share your personal information with the Company's agents, service providers and others who provide services on the Company's behalf, some of which may be located outside of Australia where your personal information may not receive the same level of protection as afforded under Australian law.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located on the Company's website at https://www.perpetualequity.com.au/~/media/perpetualpeic/pdf/peiclprivacypolicy.ashx?la=en. Alternatively, you can contact the Company to request a copy of its Privacy Policy free of charge. The Share Registry's privacy policy is available at https://linkgroup.com/docs/Link_Group_Privacy_Policy.pdf

It is recommended that you obtain a copy of the Company's Privacy Policy and read it carefully before making an investment decision.

It is important you understand that by submitting an Option Exercise Form accompanying this Prospectus or by making a payment using the information provided on the Option Exercise Form, you consent to the matters outlined in the Company's Privacy Policy. The Company's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

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Key dates

Event	Time and date
Announcement of Offer and SPP Lodgement of Prospectus with ASIC and the ASX	Wednesday, 2 June 2021
Shares trade ex-bonus Option entitlements	Tuesday, 22 June 2021
Record Date to determine entitlements under the Offer	7:00pm (Sydney time) on Wednesday, 23 June 2021
Option Issue Date *Intended date for issue and entry of Options on the register*	Tuesday, 29 June 2021
Options expected to commence trading on the ASX	Wednesday, 30 June 2021
Prospectus and holding statements dispatched to Eligible Shareholders	Wednesday, 30 June 2021
Option Expiry Date	5:00pm (Sydney time) on Friday, 2 September 2022

The timetable is indicative only and may be subject to change. Unless indicated, all times and dates are references to Sydney, Australia time. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and Corporations Act.

The Company's share purchase plan announced on Wednesday, 2 June 2021 (**SPP**) is expected to close on Thursday 17 June 2021. Shares issued under the SPP are expected to be issued prior to the Record Date and will therefore be included in calculating entitlements under the Offer.

Questions

If you have any enquiries concerning the Offer, please contact the Share Registry. If you are unclear in relation to any matter relating to the Offer or are uncertain whether the Options are a suitable investment for you, you should seek professional guidance from your stockbroker, accountant, solicitor or other professional adviser before deciding whether to invest.

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Letter from the Chairman

Wednesday 2 June 2021

Dear Shareholders,

On behalf of the directors of Perpetual Equity Investment Company Limited (**Company**), I am pleased to provide you with this Prospectus for the recently announced one-for-one bonus option issue to Eligible Shareholders (**Offer**).

Overview of the Offer

Under the Offer, each Eligible Shareholder who holds Shares at 7:00pm (Sydney time) on the Record Date of Wednesday, 23 June 2021 and has a registered address in Australia and New Zealand will be issued with one Option for each Share in the Company they hold.

Each Option will give Eligible Shareholders the opportunity, but not the obligation, to purchase an additional ordinary Share for $1.35 (**Exercise Price**). The Exercise Price has been set at the Company's pre-tax net tangible assets per Share as at Thursday, 27 May 2021.[1] As described further in this Prospectus, the Shares issued upon exercise of the Options will rank equally with the existing Shares and have the same rights as those Shares from the date of issue.

You can exercise some or all of your Options by completing the Option Exercise Form, paying the Exercise Price per Option in accordance with the details provided on the Option Exercise Form and returning the completed Option Exercise Form to the Share Registry before 5:00pm (Sydney time) on the Option Expiry Date, being Friday, 2 September 2022.

The Options are being issued to Eligible Shareholders for no consideration so no funds will be raised by the Company from the issue of the Options under the Offer unless and until holders of Options choose to exercise some or all of their Options. Any capital raised from the exercise of Options will be additional capital available to the Company to pursue its investment strategy as described further in section 1.2 of this Prospectus.

The Company regularly pays dividends to its Shareholders. As set out below in section 1.3 of this Prospectus in more detail, the Company in previous years has paid an interim and final dividend, although the Company does not guarantee that any future dividends will be paid. If future dividends are declared (which will be at the discretion of the Board), Option holders who exercise those Options (and are issued the Shares) prior to the applicable record date of any such future dividend will be eligible to receive the dividend in respect of those Shares.

Background to the Offer

In conjunction with the Offer, on Wednesday, 2 June 2021 the Company has also announced a share purchase plan (**SPP**). Shareholders who are eligible to participate in the SPP, will be entitled to apply for up to $30,000 worth of Shares at the SPP issue price, being the lower of:

- a 2.5% discount to the closing Share price on the ASX on the SPP record date (being Tuesday,1 June 2021); and
- a 2.5% discount to the volume weighted average price of Shares traded on the ASX during the five trading days up to, and including, the SPP closing date (expected to be Thursday 17 June 2021),

rounded to the nearest cent.

The terms and conditions of the SPP will be set out in full in the SPP Booklet, which the Company will release on the ASX and dispatch to eligible Shareholders from Thursday 3 June 2021.

The Company will issue new Shares under the SPP (**SPP Shares**). These SPP Shares will be issued to eligible Shareholders on the Record Date of the Offer. Accordingly, eligible

[1] Net tangible asset figure is unaudited and approximate.

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Shareholders who subscribe for, and are issued, Shares under the SPP will be eligible to receive Options in respect of their SPP Shares.

Given this, it is not possible for the Company to accurately specify the precise number of Options which will be issued under the Offer, since this will be determined by reference to the number of existing Shares as well as the number of SPP Shares issued under the SPP, which will only be determined after the date of this Prospectus. However, as a one- for-one offer, the number of Options issued will be one Option for every Share held by an Eligible Shareholder at that time, which is expected to be approximately the number of Shares which are on issue after the SPP Shares are issued.

The Board considers that the SPP and the Offer provide the potential for enhanced liquidity for Shareholders. As the Company's size increases, it is expected the liquidity in the Shares of the Company traded on the ASX should also increase and may generate further interest from new investors, brokers, analysts and financial advisers. Greater scale may also benefit Shareholders by reducing the fixed expense base of the Company on a per Share basis.

How the proceeds will be used

The proceeds from the SPP and from any Options exercised are intended to enable Perpetual Investment Management Limited (the **Manager**) to actively pursue additional investments in accordance with the Company's investment strategy. The Manager is of the view that current market conditions provide attractive opportunities for the active, value style of investing that has underpinned the Manager's approach since the Company's inception.[2] This is reflected in the Portfolio being almost fully invested, holding just 1.7% cash as at 30 April 2021.[3]

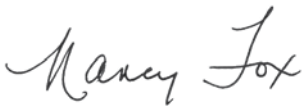
The Manager actively manages the Company's franking credit balance and will also consider this when deploying the additional capital raised.[4] As at 30 April 2021, the annual dividend yield of the Company was 4.4% and the grossed up annual dividend yield was 6.3%.[5]

This Prospectus

The Board recommends you read this Prospectus carefully and in its entirety before making a decision whether to deal in Shares and Options. If you have any questions about the Prospectus, please contact your stockbroker, accountant, solicitor or other professional adviser. This Prospectus provides details of the Offer and an overview of the business of the Company.

On behalf of the Board, I thank you for your continued support.

Yours sincerely,



Nancy Fox
Chairman
Perpetual Equity Investment Company Limited

[2] Inception date is 18 December 2014.

[3] Figure is unaudited and approximate.

[4] No assurance can be given as to the ability of the Company to frank any future dividends.

[5] Yield is calculated based on the total dividends of 5.6 cents per share and the closing share price of $1.26 as at 30 April 2021. Grossed up yield takes into account franking credits at a tax rate of 30%. Note that this is not a forecast. Past dividend payments should not be taken as an indication of future dividends which may be declared or paid to Shareholders.

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1 Overview of the Company

1.1 About the Company

Perpetual Equity Investment Company Limited (the **Company**) is a listed investment company that was listed on the ASX in 2014. The Company's investment strategy is to create a concentrated and actively managed portfolio of Australian securities, with typically a mid-cap focus, and global listed securities. Investments are selected by Perpetual Investment Management Limited (the **Manager**), one of Australia's most experienced investment managers.

1.2 Investment objective, strategy and approach

The Company's investment objective is to provide investors with an income stream and long-term capital growth in excess of its Benchmark (the S&P/ASX 300 Accumulation Index) over minimum 5 year investment periods.

The Company's investment strategy is to create a concentrated and actively managed portfolio of Australian securities with typically a mid-cap focus and global listed securities. The Company will typically hold 20 to 40 securities.

The Company's investment guidelines are as follows:

- 50% - 100% Australian listed securities
- 0% - 35% Global listed securities
- 0% - 25% Cash

The Manager undertakes an active management style of the Company's investment Portfolio, with a focus on value and quality. The Manager aims to buy securities in companies that it believes are high quality companies trading at prices below what it perceives to be fair value. The Manager applies the following four quality criteria when assessing companies for investment:

1. **Quality of business** – This looks at the industry in which the company operates, its market share and barriers to entry, its products and their positioning and any issues such as social and environmental impacts.
2. **Conservative debt** – Involves strict balance sheet scrutiny to avoid over leveraged companies.
3. **Sound management** – Based on an assessment of the track record of a company's management. The Manager looks for management with a history of using shareholders' capital sensibly, a clear focus on maximising shareholder value and strong governance practices.
4. **Recurring earnings** – Companies that have at least a three year track record of generating earnings, where applicable, or a demonstrated ability to provide visible earnings in the future.

The Company provides regular updates to Shareholders regarding the ongoing performance of the Portfolio. In addition to its annual and half year financial reports to Shareholders, the Company also issues net tangible asset statements on the ASX each trading day.[6] Shareholders are encouraged to monitor the ASX and to read these updates carefully.

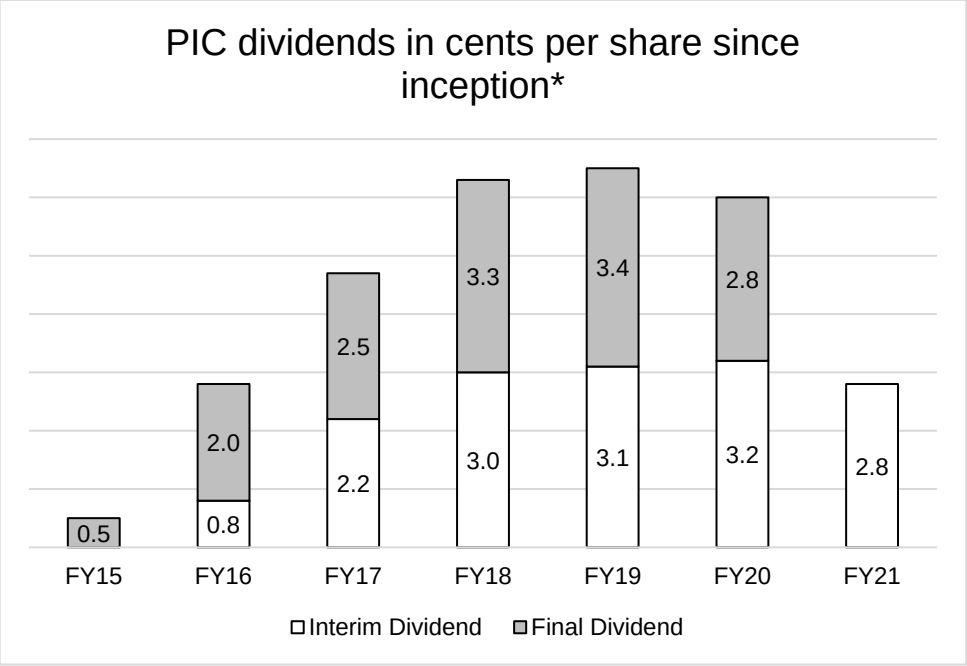
[6] Net tangible asset figures released to the ASX each trading day are unaudited and approximate.

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1.3 Dividends

The Company has, in previous years, paid fully franked interim and final dividends to Shareholders as outlined in the chart below. While the Company may change its dividend policy in the future and there is no guarantee that any dividends will be paid, it is the Board's current intention to continue to pay a dividend to Shareholders twice a year, franked to 100% or to the maximum extent possible if less than 100%.

As at 30 April 2021, the annual dividend yield of the Company (calculated over the previous 12 months) was 4.4% and the grossed up yield was 6.3%.[7]



Note: This is not a forecast. Past dividend payments should not be taken as an indication of future dividends which may be declared or paid to Shareholders.

* Inception date is 18 December 2014.

[7] Yield is based on the total dividends of 5.6 cents per share and the closing price of $1.26 as at 30 April 2021. Grossed up yield takes into account franking credits at a tax rate of 30%.

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1.4 Total shareholder return

Total shareholder return of the Company for the 12 months to 30 April 2021 was 56.1%, which was +24.5% above the performance of the Benchmark for the same period.[8]

Total Shareholder Return [8]							
As at 30 April 2021	**1 month**	**3 months**	**6 months**	**1 year**	**3 years p.a**	**5 years p.a**	**Since inception p.a.**
PIC	2.7%	14.6%	28.9%	56.1%	10.1%	12.3%	9.0%
Benchmark (S&P/ASX 300 Accumulation Index)	3.7%	7.6%	20.6%	31.6%	9.7%	10.4%	9.3%
Excess Returns	-1.0%	7.0%	8.3%	24.5%	0.4%	1.9%	-0.3%

Note: Investments can go up and down. The past performance data provided above is not necessarily indicative of future performance.

1.5 Investment performance

The Company's investment performance as at 30 April 2021 is outlined in the table below. Over the 12 months to 30 April 2021, the Company's Portfolio has achieved a return of 47.6%, outperforming the Benchmark by +16.0%. Since inception in 2014, the Company has outperformed the Benchmark by +1.9% per annum.[9]

Investment Performance [9]								
As at 30 April 2021	**1 month**	**3 months**	**6 months**	**1 year**	**2 years p.a**	**3 years p.a**	**5 years p.a**	**Since inception p.a.**
PIC Investment Portfolio Net of fees, expenses and before tax paid	4.9%	15.5%	28.1%	47.6%	18.7%	13.1%	12.8%	11.2%
Benchmark (S&P/ASX 300 Accumulation Index)	3.7%	7.6%	20.6%	31.6%	9.4%	9.7%	10.4%	9.3%
Excess Returns	1.2%	7.9%	7.5%	16.0%	9.3%	3.4%	2.4%	1.9%

Note: Investments can go up and down. The past performance data provided above is not necessarily indicative of future performance.

[8] Source: Factset. Performance presented in AUD, based on the ASX share price assuming reinvestment of dividends on ex-date.

[9] Returns have been calculated on the growth of net tangible assets after taking into account all operating expenses (including management fees) and assuming reinvestment of dividends and excluding tax paid. Any provisions for deferred tax on unrealised gains and losses are excluded. Inception date is 18 December 2014. 'PIC Investment Portfolio' and 'Benchmark' returns may not sum to 'Excess Return' due to rounding.

1.6 Directors

The relevant interests in Shares that each Director held as at the date of this Prospectus is set out in the following table:

Director	Role	Current holding	Remuneration[10]	
			FY19	FY20
Nancy Fox	Chairman	294,532 Shares	$55,000	$55,000
Virginia Malley	Non-executive Director	141,754 Shares	$44,000	$44,000
John Edstein	Non-executive Director	122,835 Shares	$44,000	$44,000
Amanda Gillespie[11]	Executive Director	-	-	-

All Directors who are eligible Shareholders intend to participate in the SPP.

Under the Constitution, each Director may be paid remuneration for ordinary services performed as a Director. The remuneration of any executive director may be fixed by the Directors and may be by way of salary or commission or participation in profits or by all or any of those modes, but may not be by a commission or percentage of operating revenue. Under the ASX Listing Rules, the maximum fees payable to Directors may not be increased without prior approval from the Company at a general meeting.

The Directors are entitled to receive the following benefits:

(a) from the maximum total of $250,000 set out in the Constitution, the aggregate remuneration of the Directors is $143,000 per annum (including superannuation) to be divided amongst them in such proportions as they agree;

(b) Nancy Fox received $55,000 per annum and the other Directors (except for Amanda Gillespie as noted below) receive $44,000 per annum; and

(c) Amanda Gillespie is remunerated by Perpetual Limited, the parent company of the Manager, as an employee and will not be entitled to Directors' fees or any other form of remuneration from the Company for her services.

The Company has entered into deeds of indemnity, access and insurance with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities include losses or liabilities incurred by the Director to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

[10] Includes superannuation.

[11] Amanda Apted (Gillespie) was appointed as a director on 13 May 2021**.** Amanda Gillespie is not entitled to Directors' fees or any other form of remuneration from the Company for her services. Amanda Gillespie is remunerated by Perpetual Limited, the parent company of the Manager, as an employee.

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In addition to being Directors of the Company, the following Directors are also directors of the Manager or its related bodies corporate:

(a) Amanda Gillespie is a director of the Manager and Trillium Asset Management Group, LLC, a subsidiary of Perpetual Limited (the parent company of the Manager);

(b) Nancy Fox is a director of Perpetual Limited; and

(c) Virginia Malley is a director of Perpetual Superannuation Limited, a subsidiary of Perpetual Limited, and a member of the Manager's Compliance Committee.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director:

(a) has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with the Offer; or

(b) has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

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2 The Offer and its impact on the Company

2.1 What is the Offer?

The Offer is a bonus issue of Options. On the Option Issue Date, Eligible Shareholders will be given, for no consideration, one Option for each Share in the Company that they hold at 7:00pm (Sydney time) on the Record Date. Eligible Shareholders do not need to do anything to be issued Options. The number of Options issued to each Eligible Shareholder will be shown on the holding statement dispatched to that Eligible Shareholder shortly after the issue of the Options.

On exercise of the Option and payment of the Exercise Price of $1.35 per Option, the Company will issue one Share in the Company for each Option exercised. Options can be exercised by completing the Option Exercise Form, paying the Exercise Price per Option in accordance with the details provided on the Option Exercise Form and returning the Option Exercise Form to the Share Registry before the Option Expiry Date of 5:00pm (Sydney time) on Friday, 2 September 2022.

Option holders can exercise part or all of their Option holding by indicating on the Option Exercise Form the number of Options they wish to exercise, and paying the appropriate amount (being the Exercise Price multiplied by the number of Options being exercised).

Options can be exercised at any time until expiry at 5:00pm (Sydney time) on Friday, 2 September 2022.

Eligible Shareholders are registered holders of Shares as at 7:00pm (Sydney time) on the Record Date with a registered address in Australia or New Zealand.

Directors and their associates that are Eligible Shareholders will participate in the Offer on the same basis as other Eligible Shareholders.

2.2 About the Options

Upon the exercise of the Options, Option holders will receive one ordinary Share in the Company. The rights attaching to the Options are set out in detail at section 3.3 of this Prospectus. Details of the rights attaching to the Shares are set out at section 3.4 of this Prospectus.

As detailed below in section 3.5 of this Prospectus, the Company will apply to the ASX for quotation of the Options on the ASX.

2.3 Purpose of the Offer

The purpose of the Offer is to provide Shareholders with the opportunity, but not the obligation, to purchase additional shares and participate in the potential growth of the Company without incurring brokerage or transaction costs. The proceeds from any Options exercised will enable the Manager to actively pursue additional investments in accordance with its investment strategy and approach, as set out in section 1.2 of this Prospectus.

2.4 Effect on capital structure

No Shares will be issued in respect of the Offer unless and until any Options are exercised.

The principal effect of the Offer under this Prospectus will be to cause the issue of Options to Eligible Shareholders.

Because it is anticipated that the Company will issue new SPP Shares under the SPP on or before the Record Date of the Offer, eligible Shareholders who subscribe for, and are

issued, Shares under the SPP will be eligible to receive Options in respect of their SPP Shares.

Given this, it is not possible for the Company to accurately specify the number of Options which will be issued under the Offer, as this will be determined by reference to the number of existing Shares as well as the number of SPP Shares issued under the SPP, which will only be determined after the date of this Prospectus.

To illustrate the range of potential outcomes on the Company's capital structure, the table below provides indicative details of the theoretical minimum and maximum number of Options and Shares that could ultimately be issued in respect of the Options offered under this Prospectus, however these minimum or maximum amounts are not expected to represent the actual number of Options and Shares issued.

	Total at the date of this Prospectus	**Total at Option Issue Date**	**Total immediately following Option Expiry Date**
Shares on issue	349,381,055 Shares	At least 349,381,055 Shares (if no SPP Shares are issued and assuming all Shareholders as at the Record Date are Eligible Shareholders) No more than 454,195,372** Shares (if the maximum number of SPP Shares are issued)	At least 349,381,055 Shares (if no SPP Shares are issued and no Options exercised) No more than 908,390,743 Shares (if the maximum number of SPP Shares are issued and all Options are exercised)[12]
Options on issue	Nil	At least 349,381,055 Options (if no SPP Shares are issued under the SPP)[13] No more than 454,195,372** Options (if the maximum number of SPP Shares are issued)	Nil (as all remaining unexercised Options will expire and there will be no Options on issue)

** All figures are rounded up. Assumes 100% of Shares are held by Eligible Shareholders on the Record Date.

The table above details the theoretical minimum and maximum number of Options and Shares that could be issued in respect of the Offer. If Eligible Shareholders choose not to exercise any or all of their Options, the maximum number of Shares set out in the table above will not be issued.

The table below provides further illustration of the potential outcome in alternative potential scenarios, however there is no certainty as to what number of SPP Shares will be issued, what number of Options will be exercised or whether any of the below scenarios will occur.

[12] Excluding any other Shares issued by the Company prior to the Option Expiry Date (including any Shares issued under the Company's dividend reinvestment plan).

[13] This is an approximate maximum number of Options based on the number of Shares on issue at the date of this Prospectus and assuming 100% of Shares are held by Eligible Shareholders on the Record Date.

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SPP Uptake*	Total at Option Issue Date		Total Shares at Option Expiry Date[14]			
	Shares	**Options**	**If 10% of Options are exercised**	**If 30% of Options are exercised**	**If 60% of Options are exercised**	**If 90% of Options are exercised**
If 20% of maximum number of SPP Shares are issued	370,343,919	370,343,919**	407,378,311	481,447,095	592,550,270	703,653,446
If 40% of maximum number of SPP Shares are issued	391,306,782	391,306,782**	430,437,460	508,698,817	626,090,851	743,482,886

* The uptake is based on the maximum number of new Shares the Company can issue under the SPP in accordance with the ASX Listing Rules. This is 30% of the number of fully paid ordinary shares already on issue, which is 104,814,316 Shares.

** All figures are rounded up. Assumes 100% of Shares held by Eligible Shareholders on the Record Date.

As demonstrated in the above table, if Option holders choose to exercise their Options, the total number of Shares on issue will increase. This would mean that the interest (including dividend entitlements) in the Company of Shareholders who do not exercise their Options will be diluted. As a result, Shareholders who do not exercise all of their Options, Shareholders who sell some or all of their Options, and Ineligible Shareholders may hold a lesser percentage of the total Shares on issue in the Company and may receive a lesser proportion of the Company's future total dividend payments.[15]

2.5 Impact on balance sheet

The Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet from the Offer unless Options are exercised.

The Company does not guarantee that any Options will be exercised or that any funds will be raised by the Offer. If the Options are exercised and funds raised from the exercise of the Options, then the Company will have further capital to invest. That further capital will be invested in accordance with the Company's investment strategy as set out in section 1.2 of this Prospectus.

As detailed at section 5.1 of this Prospectus, the Company has released its half year financial report to 31 December 2020 and also lodges net tangible asset statements on the ASX on each trading day.[16]

[14] After 5:00pm (Sydney time) on the Option Expiry Date, all Options offered under the Offer will expire and there will be no Options on issue by the Company.

[15] Where declared and paid at the discretion of the Board.

[16] Net tangible asset figures released to the ASX each trading day are unaudited and approximate.

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2.6 Effect on control of the Company

The Options do not convey ownership in the Company unless exercised. The Offer will therefore have no material effect on the ownership of the Company at the Option Issue Date.

The exercise of Options will dilute the percentage of Shares which are held by existing Shareholders who do not exercise Options or are not eligible to receive Options (see above in section 2.4 of this Prospectus for further detail on impact on capital structure and below in section 3.3(a) of this Prospectus for further details regarding eligibility).

2.7 Expenses of the Offer

The total estimated expenses of the Offer are expected to be $540,000, including legal fees, ASX and ASIC fees, Share Registry fees, and printing, postage and other expenses.

The Company has agreed with the Manager that the Company and the Manager will share the costs of the Offer, with approximately 50% of the total expenses relating to the Offer paid by each party.

The Company intends to meet its share of the estimated expenses out of the cash reserves of the Company.

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3 Offer terms and conditions

3.1 The Offer

The Offer is a bonus issue of one Option for each Share held by Eligible Shareholders registered at 7:00pm (Sydney time) on Wednesday, 23 June 2021 (**Record Date**), to be issued for no consideration.

Following the issue of the Options, Option holders will be entitled to purchase one new Share for each Option held at the Exercise Price of $1.35 at any time before 5:00pm (Sydney time) on 2 September 2022 (**Expiry Date**).

No funds will be raised by the issue of the Options. Based on the number of Shares on issue at the date of this Prospectus, if the maximum number of Options issued under this Prospectus are exercised, the Offer would raise approximately $472 million.[17]

The Company does not guarantee that any Options will be exercised or that any funds will be raised by the Offer. If the Options are exercised and funds raised from the exercise of the Options, then the Company will have further capital to invest. That further capital will be invested in accordance with the Company's investment strategy as set out in section 1.2 of this Prospectus.

Further, as outlined above, it is expected that additional Shares will be issued under the SPP. The number of SPP Shares which will be issued is uncertain and therefore it is not possible for the Company to determine the specific impact that the SPP will have on the number of Options to be issued under the Offer (and therefore to assess the maximum amount which could be raised from the exercise of Options issued under the Offer).

The number of Options issued to each Eligible Shareholder will be shown on the holding statement dispatched to that Eligible Shareholder shortly after the issue of the Options. Eligible Shareholders do not need to take any action to receive their Options.

3.2 Exercising the Options

The Options can be exercised by completing the Option Exercise Form, paying the Exercise Price per Option in accordance with the details provided on the Option Exercise Form and returning the completed Option Exercise Form to the Share Registry.

The Exercise Price must be paid and the completed Option Exercise Form must be received before 5:00pm (Sydney time) on the Option Expiry Date (being, Friday, 2 September 2022).

If you need a new Option Exercise Form, please contact the Share Registry on 1800 421 712 (within Australia) or +61 1800 421 712 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday.

3.3 Rights attaching to the Options

The full terms and conditions of the Options are as follows:

(a) **Eligibility**

Eligible Shareholders will be eligible to receive one Option for each Share in the Company held at 7:00pm (Sydney time) on the Record Date of Wednesday 23 June 2021 if they have a registered address in Australia or New Zealand.

[17] This assumes that 100% of the Shares are held by Eligible Shareholders on the Record Date and does not take into account any entitlement to Options in respect of Shares that may be issued after the date of this Prospectus, including Shares issued under the SPP. Based on the exercise price of $1.35.

(b) **Register**

The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act and will enter the details of the holdings of Options from the Option Issue Date.

(c) **Transferability**

An Option may be transferred or transmitted in any manner approved by the ASX.

(d) **Exercise**

On exercise of an Option, Option holders will be issued a Share.

Option holders do not need to exercise all of their Options and may specify on the Option Exercise Form the number of Options they wish to exercise.

Options may be exercised by delivery to the Share Registry of a duly completed Option Exercise Form identifying the number of Options being exercised, signed by the registered holder of the Options, together with the applicable payment amount (being the Exercise Price of $1.35 per Option multiplied by the number of Options being exercised).

Options may only be exercised from the Option Issue Date of Tuesday, 29 June 2021 to 5:00pm (Sydney time) on the Option Expiry Date (being 2 September 2022).

An Option Exercise Form is only effective when the Company has received the full amount of the Exercise Price in respect of the number of Options specified in the Option Exercise Form in cash or cleared funds.

(e) **Timing of issue of Shares upon exercise**

Within five Business Days after the date on which the Exercise Price is paid in respect of the number of Options specified in the Option Exercise Form and the Share Registry receives a valid complete Option Exercise Form, the Company will:

(1) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Option Exercise Form and for which cleared funds have been received by the Company; and

(2) if admitted to the official list of the ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Options.

(f) **Dividend entitlement**

Options do not carry any dividend entitlement. Shares issued on exercise of Options rank equally with other issued Shares of the Company (including dividend entitlement) from the date of issue.

(g) **Reorganisation of capital**

If at any time the issued capital of the Company is reorganised, rights of an Option holder are to be amended in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

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Where permitted under applicable laws and the ASX Listing Rules, the Company will give holders of Options at least six Business Days' notice of any new issues of capital offer to Shareholders before the record date for determining entitlements.

(i) **Change in Exercise Price**

The Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

3.4 Rights attaching to the Shares

As set out at section 3.3(d) of this Prospectus, Shares issued upon the exercise of Options will be fully paid ordinary shares in the Company. These Shares will rank equally with and have the same voting and other rights as the existing Shares from the date of issue.

Detailed provisions relating to the rights attaching to Options and Shares are set out in the Company's Constitution and the Corporations Act. The Company's Constitution has been lodged with ASIC and contains provisions common for public companies in Australia and is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. A copy of the Constitution can be inspected at https://www.perpetualequity.com.au/about/corporate-governance or by visiting the Company during office hours. Shareholders have the right to obtain a copy of the Company's Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands and on a poll (one vote per Share or a fraction of a vote for a Share on which payment remains owing) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends,[18] according to the amount paid up on the Share; and
- upon the winding up of the Company, the right to receive, the excess of the Company's property available for distribution, in proportion to the number of shares held.

Subject to the Corporations Act and the ASX Listing Rules, the Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders at a general meeting by special resolution.

3.5 ASX quotation

Within seven days of this Prospectus, the Company will apply to the ASX for the Options to be quoted on the ASX.

The Options may trade above or below their intrinsic value and there is no assurance there will be purchasers for the Options or that the price or value of the Options will increase following their quotation on the ASX. Option holders will be able to exercise their

[18] Where declared and paid at the discretion of the Board.

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Options in accordance with their terms and otherwise buy or sell Options on-market subject to applicable market conditions.

If the ASX does not give permission for quotation of the Options within three months after the date of this Prospectus (or a later date permitted by ASIC), none of the Options will be issued and if any have been issued, the issue will be void, unless ASIC grants an exemption permitting the Offer.

The fact that the ASX may grant Official Quotation of the Options is not to be taken in any way as an indication of the merits of the Company or the Options.

3.6 Overseas Shareholders

The Options are not offered in, and this Prospectus does not constitute an offer of securities in, any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer or issue the Prospectus.

Given the small number of Shareholders who are not Eligible Shareholders (**Ineligible Shareholders**) and the cost of complying with overseas legal requirements within the relevant jurisdictions outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders.

The Company has not made any investigations as to the regulatory requirements that may prevail in countries outside of Australia and New Zealand in which Shareholders may reside. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with any such restrictions might constitute a violation of applicable securities laws.

The Options are not being issued to the public within New Zealand other than to Eligible Shareholders with a registered address in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (NZ).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (NZ). This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain.

3.7 Taxation

The taxation consequences for Eligible Shareholders will vary depending on the individual financial affairs of each Eligible Shareholder. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Eligible Shareholders in the Offer. Eligible Shareholders should therefore consult their tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Eligible Shareholders in respect of the Offer under this Prospectus or Shares issued as a result of the exercise of the Options issued under this Prospectus.

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4 Risks

Investors should be aware that dealing in and exercising Options involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of Options and Shares can both go down and up due to factors outside the control of the Company, which means the value of your investment may rise or fall and you may not be able to sell your investment quickly.

As with all investments, an investment in the Company is subject to risks. The value of the Company's Options and Shares may decline significantly if the Company's business, financial condition or operations were to be negatively impacted and its Options and Shares may in turn trade on the ASX below the value of the Company's net tangible assets. In these circumstances, you could lose all or part of your investment in the Company.

It is recommended that prospective investors familiarise themselves with the possible risks relating to an investment in the Company and seek professional financial advice if they are unsure of any risk aspects, before making an investment in the Company.

4.1 Risks associated with the Offer

While it is not possible to identify every risk associated with the Offer, detailed below is a non-exhaustive list of the key risks that might arise in relation to the Offer.

Risk factor	Description of risk
Option Exercise Price	The Options may only be exercised at the Exercise Price. There is no guarantee that the Share price will be greater than the Exercise Price at any time before the Option Expiry Date. If the Options are exercised, there is no guarantee that Shares issued on exercise of those Options will trade above the Exercise Price paid for those Shares. There is also no guarantee that there will be a liquid market for the Options or that Option holders will be able to trade their Options.
Dilution	If you do not exercise the Options, because either you sell those Options on market, allow those Options to expire without being exercised or you are not an Eligible Shareholder, and other investors exercise their Options, your shareholding will be diluted.

4.2 General risks

While it is not possible to identify every risk associated with investing in the Company, detailed below is a non-exhaustive list of the key risks that might affect your investment.

Risk factor	Description of risk
Market and economic events	Certain events may have a negative effect on the price of all types of investments within a particular market in which the Company holds securities, and may also have a negative effect on the value of the Company's securities. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The causes may include changes in governments or government

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Risk factor	Description of risk
	policies, political unrest, wars, terrorism, pandemics and natural, nuclear and environmental disasters. The duration and potential impacts of such events can be highly unpredictable, which may give rise to increased or prolonged market volatility. The recent COVID-19 pandemic resulted in significant market falls and impacted the price of securities. There is still ongoing uncertainty regarding the impact of the COVID-19 pandemic on markets and economies more broadly, which could have an impact on the value of the Company's securities and securities held by the Company. As a result, there can be no guarantee given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments.
Value of investments and assets	The value of an investment in the Company or the Company's investments may fall over the short or long-term for a number of reasons, including the risks set out in this Prospectus, which means that you may receive less than your original investment when you sell your Shares or Options. A particular asset that the Company may invest in may fall in value, and result in a reduction in the value of the Company's Portfolio and its Shares. The prices of securities may be affected by the quality of the relevant entity's management, the general health of the sector it operates in, its financial circumstances and government policy, as well as market and other factors. The Manager may take some time following exercise of the Options to fully invest the proceeds of the exercise of the Options and, during this time, the Company's Portfolio will be subject to the risk of market movements which may affect the return of the Portfolio compared to a fully constructed portfolio.
Share value	The performance and profitability of the Company can be affected by many influences including the fact that the value of securities in which the Company invests can vary widely over time. This can result in either an increase or a decrease in the value of the Company's Shares and ultimately the value of your investment, which can result in the loss of income and the capital you invested. Shares generally are considered to be more risky than fixed interest securities or cash. As a result, an investment in the Company cannot be considered a predictable low risk investment. The Company does not guarantee the return of capital, any rate of return in terms of income or capital or the investment performance of the Company.
Discount to net tangible asset value	The Shares may trade on the ASX at a discount to net tangible asset value per Share for short or long periods of time and the performance of the Shares may not be correlated with the performance of the Portfolio.

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Risk factor	Description of risk
Future dividends and franking capacity	There is no guarantee or assurance that dividends will be paid in the future, or that dividends will remain at current levels or increase over time. To the extent that the Company pays dividends, the Company may not have sufficient franking credits in the future to frank dividends, or the franking system may be subject to review or reform. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances and is subject to applicable tax laws and regulations. The Company's ability to pay a fully or partly franked dividend is contingent on it making taxable profits. No guarantee can be given concerning the future earnings of the Company, the earnings and capital appreciation of the Company's Portfolio or the return of your investment. The issue of additional Shares as a result of the exercise of the Options could potentially cause a dilution of the return per Share available to Shareholders. The Manager may make poor investment decisions which may result in the Portfolio's return being inadequate to pay dividends to Shareholders.
The Manager	If the Manager ceases to manage the Portfolio or the Management Agreement is terminated, the Company will need to identify and engage a suitably qualified and experienced investment manager to implement the Company's investment strategy. This may take some time to address and involve transition difficulties and additional costs. The ability of the Manager to continue to manage the Company's Portfolio may be compromised by such events as the loss of its AFSL or its non-compliance with the licence conditions of its AFSL and the Corporations Act. The Portfolio Manager (or other key personnel) involved in the management of the Company's Portfolio may resign, or otherwise cease to be involved in the management of the Company's Portfolio. This may require the Manager to find a replacement Portfolio Manager (or other key personnel), which may negatively affect the Company's business and the ability to implement its strategies.
Investment strategy	The historic performance of the Company cannot be relied on as a guide to the future performance of the Company. The investment strategy used by the Manager for the Company includes inherent risks. These include the fact that the Company's success and profitability is very much reliant upon the ability of the Manager to devise and maintain a Portfolio that complies with the Company's investment objective, strategy, style and guidelines, as well as the investments in which it is permitted to invest and its investment approach.
Portfolio concentration	The level of volatility in the Portfolio may fluctuate and the level of correlation with the Benchmark will vary (for example, because of the diversity of the Portfolio and the level of cash held over time).The lower the number of investments the Company holds at any point in time, the higher the concentration and, accordingly, the higher the exposure to changes in prices of individual investments.

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Risk factor	Description of risk
Brand contagion risk	There is a risk that there could be a flow on effect to the Company of reputational issues experienced by Perpetual Limited and its subsidiaries. This could impact the Share price.
Expiry or termination of material contracts	The Company relies on services providers (including the Manager) for a number of ongoing services which if terminated may have a significant impact on the operations of the Company. While the Company seeks to manage these arrangements, from time to time, in the ordinary course of business, material contracts will be terminated by the counterparty, expire or come up for renegotiation. There is a risk that a counterparty may not be willing to enter into a further agreement or may seek to negotiate the terms of the contract on less favourable terms for the Company. If any of the material contracts, including with the Manager, are terminated by the counterparty, not renewed or renegotiated on less favourable terms, it may have an adverse impact on the Company's operations and financial performance. Changes in service providers may also cause increased costs or operational issues in transitioning to the new provider. The Company is in the course of changing its custodian, which potentially exposes the Company to this risk.
Performance and monitoring of outsourced services providers	The Company outsources all key activities to its key service providers, namely the Manager, the Share Registry and the custodian. There is a risk that these service providers are not appropriately selected, are not effectively monitored or do not adequately perform the services. This risk is heightened at present given the potential difficulties caused by the COVID-19 pandemic, including changed working arrangements. Any such failure by service providers could result in financial losses as well as reputational damage to the Company.
Operational and cyber risks	The Company's operations, or that of its material service providers, may be adversely impacted by breakdowns in internal or external administrative processes or circumstances beyond the Company's reasonable control, such as impacts of the COVID-19 pandemic, failure of technology or infrastructure or natural disasters. Despite security measures, fraud, data loss or damage, or business disruption may result from cyber threats against, or unauthorized infiltration of, the Company's technology systems and networks or those of the Company's service providers.
Currency exposure	Securities and cash held by the Company may be denominated in foreign currencies. These currencies may move unfavourably against the Australian dollar and their value in equivalent Australian dollars may fall, which may impact the value of the Company's Portfolio. The Manager expects the Company's Portfolio will be typically unhedged.

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Risk factor	Description of risk
Global exposure	For investments in global securities, the Company may be exposed to risks relating to its investment in the securities of entities located in a foreign jurisdiction, where the laws of those foreign jurisdictions offer less legal rights and protections to holders of securities in foreign entities in such foreign jurisdictions compared to the laws in Australia. Foreign countries may also be subject to different business cycles, government policies and geopolitical factors including pandemics, terrorism or warfare which may impact the value of global securities.
Illiquidity	The absence of an established market or shortage of buyers for an investment can result in a loss if the holder of the investment needs to sell it within a particular timeframe. The Company is a listed investment company and is therefore exposed to the risk of illiquidity. The Company experiences this risk in relation to the securities it holds in its Portfolio, which may mean the Company is unable to sell or buy securities within a particular time frame in accordance with its investment strategy. The ability of a Shareholder to sell Shares or Options on the ASX will be dependent on the turnover or liquidity of the Shares at the time of sale, which is a function of a wide variety of factors including the size of the Company and the investment intention of all current and possible investors in the Company at that time. Therefore, Shareholders may not be able to sell their Shares or Options at the time and in the volumes or at the price they desire.
Climate change	Climate change is a risk for the Company as it has a variety of investments that are directly or indirectly affected by the weather, climate, and other natural disasters, as well as changing market forces and perception of industries that have a negative impact on the environment. This could lead to an adverse impact on the value of the Company's investments.
Interest rate changes	Changes in interest rates may have a negative impact, either directly or indirectly, on investment returns.
Credit	The issuer or party to a transaction may not repay the principal, make interest payments or fulfil other financial obligations in full or on time. The market value of an investment can also fall significantly when the perceived risk of a debt security increases or its credit rating declines, and can negatively impact on the performance of the Portfolio.
Derivatives	Derivative market values can fluctuate significantly and, as a result, potential gains and losses can be magnified. Losses can occur where the value of the derivative fails to move in line with the underlying asset or where a greater exposure to a market is created through the derivative position than is backed by the assets of the Company. Other risks applying to derivatives include counter-party risk and liquidity risk, where the derivative position is difficult or costly to reverse.

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Risk factor	Description of risk
Economic, environmental and social sustainability risks	The Company, its outsourced service providers and companies held in the Portfolio may be subject to economic, environment and social sustainability risks which may impact the Company's reputation or ability to operate.
Leverage	Borrowing does not form part of the investment strategy. However, the Company retains the right to leverage up to 10% of the Portfolio's net asset value at the Board's discretion. The use of leverage may magnify the gains and losses achieved by the Company.
Counterparty exposure	The Company enters into various contracts with counterparties in the conduct of its business. A loss may occur if the other party to a contract, such as a derivatives counterparty or a custodian, defaults on their obligations under the contract. The Company could be exposed to the risk of loss if a counterparty does not meet its obligations, including due to insolvency, financial distress or a dispute over the terms of the contract. In the case of a counterparty default, the Company may also be exposed to adverse market movements while it sources replacement transactions. Further, transacting with multiple counterparties may increase the potential for losses by the Company due to the lack of an independent evaluation of a counterparty's financial capabilities and the absence of a regulated market for facilitating the settlement of over the counter derivatives.
Legal and regulatory	The Company operates in a highly regulated environment and is subject to extensive laws, regulatory requirements and obligations, policy, ASX rules and business and ethical standards. If the Company is found to have failed to comply with applicable laws or regulations, it may be subject to fines, penalties and requirements to pay compensation for damages as well as reputational damage and other consequences Changes in legislation, regulations, government policies and other rules in domestic and foreign markets, including those dealing with taxation, accounting and investments, may also adversely impact the Company, the Company's investments or your investment in the Company.
Potential conflicts of interest	The Company and its service providers, including the Manager (who is the investment manager of other funds and investment vehicles), and their respective directors and officers, may, in the course of business, have potential conflicts of interest. If these conflicts are not managed effectively, they could potentially be detrimental to the Company and its Shareholders.

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5 Additional Information

5.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Options which will be issued pursuant to this Prospectus are Options in respect of the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by the ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of the Options on the Company and the rights attaching to the Options (and the Shares) and any material price sensitive information not previously disclosed to the market. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange.

Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial report for the financial year ended 30 June 2020 to the issue of this Prospectus which required the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

The Company, as a disclosing entity under the Corporations Act states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request:

  (1) the annual financial report of the Company for the financial year ended 30 June 2020 being the last financial report for a financial year, lodged with ASIC before the issue of this Prospectus;

  (2) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and

  (3) any continuous disclosure notices given by the Company after the lodgement of the financial report referred to in paragraph (1) above

and before the lodgement of this Prospectus with ASIC (details of which are set out below).

As outlined above, the Company provides net tangible asset statements to the ASX each trading day to update Shareholders.[19] In addition to these daily net tangible asset statements, since its annual financial report for the period ending 30 June 2020 the Company has lodged the following announcements with the ASX:

Date	Announcement
21/05/2021	Webinar Invitation – Investor Update CORRECTION
21/05/2021	Webinar Invitation – Investor Update
14/05/2021	Monthly Investment Update & NTA Report – April 2021
13/05/2021	Appendix 3X – A Gillespie
13/05/2021	Appendix 3Z – D Lane
13/05/2021	Director Appointment and Resignation – May 2021
05/05/2021	Investor Update Presentation May 2021
27/04/2021	Appendix 3Y – N Fox
26/04/2021	Appendix 2A
16/04/2021	Update – Dividend/Distribution – PIC
14/04/2021	Monthly Investment Update & NTA Report – March 2021
12/03/2021	Monthly Investment Update & NTA Report – February 2021
17/02/2021	1H21 Results Summary and Highlights
17/02/2021	Condensed Interim Financial Report
17/02/2021	Dividend/Distribution – PIC
17/02/2021	Appendix 4D
12/02/2021	Monthly Investment Update & NTA Report – January 2021
14/01/2021	Monthly Investment Update & NTA Report – December 2020
14/12/2020	Monthly Investment Update & NTA Report – November 2020

[19] Net tangible asset figures released to the ASX each trading day are unaudited and approximate.

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Date	Announcement
27/11/2020	Appendix 3Y – V Malley
13/11/2020	Monthly Investment Update & NTA Report – October 2020
04/11/2020	Investment Manager Update Presentation
26/10/2020	Appendix 3Y – N Fox
26/10/2020	Appendix 3Y – V Malley
23/10/2020	Appendix 2A
16/10/2020	Appendix 3Z – C Feldmanis
15/10/2020	Results of 2020 AGM
15/10/2020	PIC 2020 AGM Presentation
14/10/2020	Monthly Investment Update and NTA Report
12/10/2020	Update – Dividend/Distribution – PIC
14/09/2020	Monthly Investment Update and NTA Report
10/09/2020	Resignation of Non-executive Director and Notice of Meeting
03/09/2020	Change of Director's Interest Notice – N Fox

Copies of all documents lodged with ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

Publicly available information about the Company, including access to the Company's ASX announcements, is available at www.asx.com.au under the stock code 'PIC' or at http://www.perpetualequity.com.au/shareholders/asx-announcements

5.2 Legal proceedings

As at the date of this Prospectus, the Company is not involved in any legal proceeding which is material to the Company and the Directors are not aware of any legal proceedings pending or threatened against the Company.

5.3 ASIC Instruments

The Offer is made pursuant to *ASIC Corporations (Application Form Requirements) Instrument 2017/241* which exempts the Company from complying with section 723(1) of the Corporations Act to the extent that the subsection only permits an offer of securities in response to an application form included in or accompanied by a disclosure document.

The Offer is also made pursuant to *ASIC Corporations (Exposure Period) Instrument 2016/74* which exempt the Company from complying with section 727(3) of the

Corporations Act to the extent that the section prohibits the Company from issuing Options during the exposure period following the lodgement of this Prospectus.

5.4 Interests of promoters and named persons

Except as disclosed in this Prospectus, no promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has had, in the two year period ending on the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; and

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(d) the formation or promotion of the Company; or

(e) the Offer.

Herbert Smith Freehills has acted as Australian legal advisor to the Company in relation to the Offer. In respect of this work to date, the Company will pay approximately $175,000 exclusive of GST. Subsequently, fees will be paid in accordance with normal hourly rates. Herbert Smith Freehills has received fees totalling approximately $46,500 for services provided to the Company in the two years prior to the date of this Prospectus.

The Manager will act as the authorised intermediary to the Offer. Under the Management Agreement, the Manager receives a management fee which is based on the Portfolio's net asset value (adjusted for provisions for tax payable and unpaid dividends). The exercise of Options issued under the Offer may increase the size of the Portfolio, and therefore the total management fee received by the Manager.

5.5 Consents

Each of the parties referred to in this section:

(a) has given and has not at the date of lodgement of this Prospectus with ASIC, withdrawn their written consent:

  (1) to be named in the Prospectus in the form and context in which it is named; and

  (2) where applicable, to the inclusion in this Prospectus of the statements or reports (if any) by that person in the form and context in which it appears in this Prospectus;

(b) has not caused or authorised the issue of this Prospectus;

(c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based; and

(d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement or reports (if any) made in connection with their role as specified below and included in this Prospectus with the consent of that person.

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Name	Role
Herbert Smith Freehills	Australian solicitors (other than in relation to taxation matters)
Perpetual Investment Management Limited	Manager
Link Market Services Limited	Share Registry

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6 Glossary

6.1 Glossary

AFSL means an Australian financial services licence as defined in section 761A of the Corporations Act 2001.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 921) or the market operated by that entity, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Benchmark means the S&P/ASX 300 Accumulation Index.

Board means the board of Directors of the Company.

Business Day means a day, other than a Saturday, Sunday or public holiday on which Australian banks are open for business in Sydney, Australia.

Company means Perpetual Equity Investment Company Limited (ACN 601 406 419).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001*(Cth).

Eligible Shareholders means a Shareholder as of the Record Date with a registered address in Australia or New Zealand.

Exercise Price means $1.35.

Ineligible Shareholders means a Shareholder as of the Record Date who is not an Eligible Shareholder.

Management Agreement means the management agreement between the Company and the Manager dated 7 October 2014, as amended from time to time.

Manager means Perpetual Investment Management Limited (ABN 18 000 866 535).

Offer means the offer of the Options to Eligible Shareholders pursuant to this Prospectus.

Official Quotation means official quotation on the ASX.

Option means the option to acquire a Share for the Exercise Price per Option granted pursuant to this Prospectus.

Option Exercise Form means the option exercise form that will be sent to Eligible Shareholders with this Prospectus.

Option Expiry Date means Friday, 2 September 2022.

Option Issue Date means Tuesday, 29 June 2021.

Portfolio means the portfolio of investments held by the Company from time to time, to be managed in accordance with the Management Agreement.

Prospectus means this Prospectus and includes the electronic prospectus and Option Exercise Form provided with it.

Record Date means 7:00pm (Sydney time) on Wednesday, 23 June 2021.

Share means a fully paid ordinary share in the Company.

Share Registry means Link Market Services Limited.

Shareholder means a registered holder of Shares.

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SPP means the Company's share purchase plan announced on Wednesday, 2 June 2021.

SPP Shares means new Shares issued under the SPP.

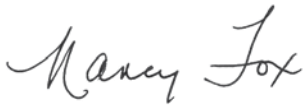
volume weighted average price means the volume weighted average price of Shares sold on the ASX, other than Shares which the Company determines are sold outside the ordinary course of trading, which may include any off-market trades including but not limited to any 'Crossing' transacted outside the 'Open Session State' or any 'Special Crossing' transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over such shares.

7 Approval

Each Director has consented to the lodgement of this Prospectus with ASIC.

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Dated: Wednesday, 2 June 2021



Nancy Fox

Chairman

Perpetual Equity Investment Company Limited

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Corporate Directory

Company

Perpetual Equity Investment Company Limited
ACN 601 406 419
ASX Code: PIC

Directors

Nancy Fox (Chairman and Director)
Virginia Malley (Director)
John Edstein (Director)
Amanda Gillespie (Director)

Company Secretary

Sylvie Dimarco

Manager

Perpetual Investment Management Limited
Level 18, 123 Pitt Street
Sydney NSW 2000 Australia
(AFSL 234426)

Registered Office

Level 18, 123 Pitt Street
Sydney NSW 2000
Telephone: +61 1800 022 033
Website: https://www.perpetualequity.com.au/

Share Registry

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 Australia
Telephone: +61 1800 421 712
Facsimile: +61 9287 0303

Solicitors

Herbert Smith Freehills
Level 34, 161 Castlereagh Street
Sydney NSW 200

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