

6 December 2023
ASX Announcement

Non-binding indicative proposal to acquire Perpetual

Diversified investment house, Washington H. Soul Pattinson and Company Limited (ASX:SOL or “WHSP”), announces that on 21 November 2023, it submitted a non-binding, indicative offer to acquire 100% of the issued ordinary shares of Perpetual Limited (“Perpetual”) not already owned by WHSP via a scheme of arrangement (the “Indicative Proposal”).

WHSP notes the announcement from Perpetual today 6 December 2023 that it intends to explore a potential separation of its Corporate Trust and Wealth Management businesses from its Asset Management business. As a large shareholder WHSP welcomes this step and is committed to constructively engaging with Perpetual’s Board and other shareholders to further progress the Indicative Proposal which it strongly believes is in the best interests of all shareholders.

Overview of Indicative Proposal

Under the Indicative Proposal, WHSP would acquire 100% of the shares in Perpetual by way of a Scheme of Arrangement and undertake a simultaneous demerger of Perpetual Asset Management (“PAM”), distributed in-specie to existing Perpetual shareholders. WHSP would retain 100% of the Perpetual Wealth Management (“WM”) and Perpetual Corporate Trust (“PCT”) businesses in exchange for WHSP shares, as well as assume responsibility for all group net debt and stranded group costs.

WHSP believes the Indicative Proposal provides a unique opportunity for Perpetual shareholders to unlock value in a tax efficient structure while retaining exposure to each of Perpetual’s three businesses.

The Indicative Proposal implies equity value of \$3,060m, comprising:

- WHSP scrip worth \$1,060m¹; and
- PAM scrip worth an estimated \$2,000m.

This represents a value of \$27.00 per Perpetual Share (“Offer Consideration”) and total enterprise value of \$3,531m. The Offer Consideration is at a meaningful premium to the undisturbed market prices for Perpetual shares, representing:

- 28.6% premium to the undisturbed closing share price of \$21.00 on 13 November 2023²;
- 33.4% premium to the undisturbed 1-month VWAP of \$20.24 as at 13 November 2023; and
- 28.3% premium to the undisturbed 3-month VWAP of \$21.04 as at 13 November 2023.

After adjusting for the liabilities that WHSP will assume, and excluding the value of PAM, the implied value for WM and PCT is \$1,885m. Indicatively, this represents a 56.4% premium to \$1,205m, the value of WM

¹ The value of \$1,060m is fixed, i.e. the exact number of shares to be issued will be determined based on the SOL share price at the time of the transaction.

² 13 November 2023 was the last undisturbed share price before WHSP’s 9.99% economic interest in Perpetual was disclosed.



and PCT implied by Perpetual's current market capitalisation after adjusting for the aforementioned liabilities, and excluding PAM, as at 13 November 2023.

The Indicative Proposal provides a mechanism for all Perpetual shareholders to realise a premium value for WM and PCT, while retaining exposure to a separately listed PAM. A singular management focus on PAM positions the business to deliver growth in the global asset management sector, and to benefit from annualised synergies of the Pandal integration without the burden of leverage.

In WHSP, Perpetual shareholders will not only continue to benefit from WM and PCT's annuity-style earnings streams, but also gain exposure to a broader, more liquid stock backed by a diversified portfolio of quality assets, a net cash position, and a focus on wealth creation for retail shareholders.

Strategic rationale

As a diversified investment company with a proud Australian heritage and a proven track record of delivering shareholder returns, WHSP is uniquely positioned to partner with Perpetual to deliver value for all of its shareholders. WHSP has been a long term shareholder of Perpetual and, as disclosed on 13 November 2023, currently holds interests (comprising a relevant interest and an economic interest) of up to 9.9% over the ordinary shares in Perpetual.

As a long-term investor in Perpetual, WHSP has a deep understanding of Perpetual and its individual business segments, which each have different characteristics and mostly operate independently. WHSP believes the complexity of the Perpetual Group, together with the current market backdrop and Perpetual's high financial leverage, is weighing on the share price and constraining Perpetual's strategic flexibility.

The acquisition would provide further diversification to WHSP's portfolio and increase exposure to financial services. The Indicative Proposal demonstrates WHSP's ability to unlock value through a creative, flexible and long-term approach.

Additional information

The Indicative Proposal is subject to satisfactory completion of confirmatory due diligence by WHSP, the execution of transaction documentation and a unanimous recommendation from the Perpetual Board that shareholders vote in favour of the Indicative Proposal, as well as other customary conditions.

WHSP has appointed Macquarie Capital as its financial adviser and Ashurst as its legal adviser. WHSP is committed to engaging with Perpetual's Board and other shareholders to further progress the Indicative Proposal which it strongly believes is in the best interests of all shareholders.

-ENDS-

This ASX announcement has been authorised for release by the Board.



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About WHSP

Washington H. Soul Pattinson is an Australian public company that first listed on the Sydney Stock Exchange (now ASX) on 21 January 1903. With origins in owning and operating Australian pharmacies, WHSP has since evolved into an investment house with a diversified and uncorrelated portfolio of assets across multiple industries. WHSP takes a long-term approach to investing with an objective to deliver superior returns by creating capital growth and regular dividends. Through owning WHSP shares, an investor gains access to the following asset classes: listed equities, private markets, structured yield, and property. More information: <https://www.whsp.com.au/>

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