

3 September 2013

PROPOSAL RECEIVED FROM IOOF HOLDINGS LIMITED

The Trust Company announces that, after market close yesterday, it received a proposal from IOOF Holdings Limited ("IOOF") to acquire 100% of the company ("IOOF Proposal"). A copy of the IOOF Proposal is attached to this announcement.

In accordance with our obligations in the Scheme Implementation Agreement ("SIA") with Perpetual Limited ("Perpetual"), The Trust Company informed Perpetual of the IOOF Proposal yesterday evening.

The Board of The Trust Company will meet as soon as practical to discuss the IOOF Proposal, and will continue to comply with its obligations to Perpetual as contained in the SIA.

The Board of the Trust Company will continue to keep you updated on developments as they occur. In the meantime, if you have any queries in relation to the Equity Trustees offer, Perpetual scheme or IOOF Proposal, please contact The Trust Company Shareholder Information Line on 1800 505 206 (within Australia) or +612 8256 3354 (outside Australia).

ENDS

For further information, please contact:

For media enquiries:

Angus Urquhart
Hintons
Tel: +61 3 9600 1979
aurquhart@hintons.com.au

For shareholder enquiries:

Geoffrey Stirton
Group Company Secretary and Risk Officer
Tel: +61 2 8295 8100
www.thetrustcompany.com.au

ASX
PERPETUAL
SIA



THE
TRUST
COMPANY



Sent by email

2 September 2013

Mr Bruce Corlett AM
Chairman
The Trust Company Limited
Level 15
20 Bond Street
Sydney NSW 2000

URGENT

PROPOSAL TO ACQUIRE THE TRUST COMPANY LIMITED

Dear Bruce,

IOOF Holdings Limited ("**IOOF**") is pleased to present to The Trust Company Limited ("**Trust**") a proposal to acquire 100% of the shares in Trust pursuant to a Scheme of Arrangement (the "**IOOF Proposal**").

We attach the Scheme Implementation Agreement ("**IOOF SIA**") by which the IOOF Proposal would be effected. The IOOF SIA is almost identical to that signed by Trust and Perpetual Limited ("**Perpetual**") on 7 May 2013 (the "**Perpetual SIA**"). The only differences to the Perpetual SIA are intended to reflect the change of parties, the improved consideration and the lower conditionality of the IOOF Proposal.

The IOOF Proposal

Under the IOOF Proposal, Trust shareholders will receive:

- share consideration of 0.74 IOOF shares per Trust share ("**IOOF Share Consideration**")¹) or guaranteed minimum cash consideration; and
- a special dividend of \$0.22 per Trust share ("**Special Dividend**") (expected to be fully franked).

The guaranteed minimum cash consideration will be \$6.03 or the cash equivalent value of the IOOF Share Consideration, whichever is the higher ("**Guaranteed Minimum Cash Consideration**"). Together, the Special Dividend and the Guaranteed Minimum Cash Consideration will total \$6.25 per Trust share. This cash amount is at the upper end of the range of values for Trust assessed by Lonergan Edwards & Associates Limited, the Independent Expert appointed by the Board of Trust. (The Guaranteed Minimum Cash Consideration will be subject to a maximum cap of \$100 million of total cash to be paid by IOOF and will be scaled back proportionally if necessary if total demand for the Guaranteed Minimum Cash Consideration exceeds the \$100 million so that electing Trust shareholders will receive the balance of their consideration as IOOF Share consideration.)

In addition to the Special Dividend, IOOF would like to encourage your Board to declare and pay to Trust shareholders an interim dividend of up to \$0.17 per share ("**Interim Dividend**"). We note that payment of an interim dividend is not permitted under the Perpetual SIA.

A Superior Proposal

In our view, the IOOF Proposal is superior to the proposal previously put forward by Perpetual ("Perpetual Offer"²) in the following respects:

- higher price per Trust share (currently equivalent to \$6.56 per share);
- Guaranteed Minimum Cash Consideration alternative (equivalent to no less than \$6.25 per share). Shareholders electing cash will also receive the upside from a positive movement in IOOF's share price;
- The IOOF Proposal is not conditional on ACCC approval;
- allows Trust to pay an Interim Dividend of up to \$0.17 per share (which may be franked). Including this Interim Dividend the IOOF Proposal has a total equivalent value of \$6.73 per share representing an attractive premium of 41.7% to the closing share price of Trust on 20 February 2013, the date of the last unaffected trading in Trust shares prior to the announcement by Equity Trustees Limited of a takeover for Trust; and
- a substantially higher total available cash pool of \$100 million compared with \$60 million under the Perpetual Offer.

	IOOF Proposal		Perpetual Offer ³
	Share Consideration alternative ⁴	Guaranteed Minimum Cash Consideration alternative ⁵	
Share consideration	6.34	6.03 (or better)	5.84
Special Dividend	0.22	0.22	0.22
Consideration value (\$ per share)	6.56	6.25 (or better)	6.06
Trust Interim Dividend	(up to) 0.17	(up to) 0.17	-
Value to Trust shareholders (\$ per share)	6.73	6.42 (or better)	6.06
Premium to Perpetual Offer %	11.0%	5.9%	n/a

Based on the closing prices of IOOF and Perpetual on 30 August 2013⁶, the IOOF Proposal is valued at \$6.68 per Trust share and the Perpetual Offer is valued at \$5.97 per Trust share.

Acceptance of the IOOF Proposal

The IOOF Proposal is capable of immediate acceptance by Trust and remains open for acceptance until 9:00 am on Saturday 7 September 2013.

To accept the IOOF Proposal, Trust needs only to execute and deliver to us the attached clean version of the IOOF SIA and announce to the ASX that the Trust Directors unanimously recommend the IOOF Proposal, in the absence of a superior proposal. To assist you in your timely consideration of the IOOF SIA we also attach a marked up version of the SIA showing differences between the Perpetual SIA and the IOOF SIA.

Benefits for Trust shareholders

The IOOF Proposal will be attractive to Trust shareholders for a number of reasons including:

- **Attractive premium:** Based on IOOF's 1 month volume weighted average price of \$8.57 the current total implied value of the IOOF Proposal would provide Trust shareholders with \$6.73 per Trust share, representing an attractive premium of 41.7% to the Trust share price on 20 February 2013. Trust shareholders who are able to capture the benefit of any franking credits attached to the \$0.22 Special Dividend and Interim Dividend will realise additional value;
- **Value in excess of the Independent Expert's range:** The value per Trust share under the IOOF Proposal of \$6.73 exceeds the value of Trust shares of \$6.03 - \$6.29 as assessed by the Independent Expert Lonergan Edwards & Associates appointed by the Board of Trust in connection with the takeover from Equity Trustees Limited, partly because synergies from the IOOF Proposal are anticipated to be at least \$14 million per annum pre-tax;
- **IOOF shares are attractive:** Trust shareholders who elect to receive the IOOF Share Consideration will receive a number of additional benefits including;
 - IOOF is currently included within the ASX Top 100 listed companies by market capitalisation and accordingly IOOF shares are expected to be included within the S&P/ASX 100 Index in the coming weeks which it is anticipated will enhance investor demand for IOOF shares;
 - highly liquid shares with a 12 month annual market turnover of ~76%; and
 - strong track record of delivering attractive returns to shareholders and paying fully franked dividends with a target payout ratio of 60-90% of underlying earnings.
- **Significant Guaranteed Minimum Cash Consideration alternative with a price floor:** The option to receive a total of at least \$6.42 based on Guaranteed Minimum Cash Consideration plus the Special Dividend and Trust Interim Dividend. If the IOOF share price increases, Trust shareholders will receive more cash under the cash alternative;
- **Low Conditionality:** Due diligence has been completed by IOOF and Trust in April / May 2013 and the IOOF Proposal contains no ACCC condition precedent; and
- **Strong Fiduciary Heritage:** IOOF has a strong fiduciary heritage with a highly complementary business through Australian Executor Trustees. The IOOF Proposal will provide Trust's clients with access to a larger Trustee business and a broader range of wealth management products and services. The employees of Trust may also benefit from enhanced career and development opportunities across IOOF's enlarged Trustee business and across the broader IOOF Group.

Timing

We note that you may be required, or may propose, to allow Perpetual three business days to provide a matching or superior proposal. IOOF requests that the Board of Trust takes advice urgently from its legal and financial advisors and determines urgently whether in its view the IOOF Proposal is superior to the Perpetual Offer, and advises Perpetual and IOOF of its view.

IOOF believes that, to match the IOOF Proposal, steps Perpetual would need to take would include the following:

- materially increase the price of its existing offer;
- add a fixed price cash alternative to its existing offer under which cash to be paid totals at least \$6.25;
- increase the total amount of cash potentially available to Trust shareholders from \$60 million to \$100 million;
- remove the ACCC condition precedent in its offer so that Perpetual takes the risk that the ACCC may require Perpetual to sell the Trust business, or any part thereof, later if the ACCC blocks the deal (thus moving the ACCC risk from Trust shareholders to Perpetual shareholders); and
- allow Trust to declare an interim dividend of at least \$0.17 per Trust share in October 2013.

Contacts

We are available to discuss the IOOF Proposal at any time. Please contact me on (03) 9203 4750 or Ian Maxton of Nomura Australia Limited, IOOF's Financial Advisors, on (02) 8062 8031. We look forward to discussing this Proposal further with you and to effecting successfully the merger of our two companies.

Kind regards

Yours sincerely



Christopher Kelaher
Managing Director

¹ The IOOF Share Consideration will be calculated with reference to the exchange ratio of 0.74 IOOF shares for each Trust share and the volume weighted average price per IOOF share over the five business days following the date the Scheme becomes effective.

² Terms of the Perpetual Offer as contained in the Perpetual SIA.

³ 0.1495 x the Perpetual 1 month volume weighted average price of \$39.08 as of 30 August 2013, plus a special dividend of \$0.22 per share.

⁴ 0.74 x the IOOF 1 month volume weighted average price of \$8.57 as of 30 August 2013, plus the Special Dividend of \$0.22 per share plus an Interim Dividend of \$0.17 per share.

⁵ The higher of \$6.03 or 0.74 x the IOOF 1 month volume weighted average price of \$8.57 as of 30 August 2013, plus the Special Dividend of \$0.22 per share plus an Interim Dividend of \$0.17 per share.

⁶ IOOF closing price of \$8.50 and Perpetual closing price of \$38.45 as of 30 August 2013.