



Media release

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Perpetual announces changes to Monthly Income and Mortgage Funds

Perpetual Investment Management Limited (Perpetual) today announced it had suspended all applications and redemptions relating to its Monthly Income and Mortgage Funds (Funds).

Perpetual said the change was in response to the recently introduced guarantee on bank deposits, which had prompted a sharp increase in redemptions from mortgage funds across the industry.

Effective today, Perpetual's intention is to allow quarterly redemptions to investors based on the level of funds available as securities mature in the portfolio. The change does not affect the distributions paid by the Funds or the capital position of investors in the Funds.

Perpetual's Group Executive Income and Multi-sector, Mr Richard Brandweiner, said Perpetual's Monthly Income Fund was established in 1966 and is one of the oldest and most highly-awarded funds in Australia.

"The Funds are invested in a conservative and high quality mortgage portfolio and have represented a very secure investment for over 40 years," he said. "Regrettably, the recent introduction of the guarantee on bank deposits and subsequent actions by other parties has incited uncertainty in the market and created a sudden spike in redemptions in the past few days. In this context, we must act prudently to protect the interests of all investors in the Funds."

Mr Brandweiner said Perpetual was of the view that its action was the most fair and equitable approach for all investors in the Funds, many of whom are retirees with modest balances.

"Most importantly, our action aims to protect the security of their capital and income."

The Funds affected by the change have approximately \$2 billion under management. They are the Perpetual's Wholesale Monthly Income Fund, Perpetual's Monthly Income Fund, Perpetual WealthFocus Super and Pension Fund's Mortgage Option, Perpetual WealthFocus Investments Mortgage Fund, Perpetual's Term Fund and Private Investor Mortgage fund (Perpetual Private Clients only). As at 30 September 2008, the mortgage assets in the Funds had:

- an average LVR of 49.8 per cent (maximum 66.6 per cent)
- total loans in arrears which were less than 1.5 per cent of the book

Mr Brandweiner said this is an evolving issue and Perpetual would continue to monitor closely the situation.

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