

PENDAL

GROUP

Pendal Group Limited
ABN 28 126 385 822

The future is worth
investing in

Notice of Annual
General Meeting



Notice of Annual General Meeting

Dear Shareholder,

It is my pleasure to invite you to attend the 2020 Annual General Meeting (AGM) of Pental Group (ASX: PDL).

As a result of the ongoing risks from COVID-19 and the advice of government health authorities, this year's AGM will be conducted virtually and will be held online on Friday, 11 December 2020 at 10.00am (AEDT).

We will be providing shareholders with various alternatives to participate in the AGM, including by watching the AGM live online through a facility which will also allow shareholders to participate, vote and to ask questions or make comments online. A dial-in teleconference will also be available.

Information on how to participate is provided on the following page and at the following web address: www.pentalgroup.com/shareholders.

The AGM will be webcast live at <https://agmlive.link/PDL20> and the webcast will also be recorded on the website for later viewing on Pental's website.

Our Group Chief Executive Officer, Emilio Gonzalez, and I will report to shareholders on the 2020 Financial Year at the AGM. The 2020 AGM agenda will be similar to recent years, providing an opportunity for shareholders to hear directly from the Board and the Group Chief Executive Officer, to ask questions and to vote on matters to be put before the AGM. The resolutions are contained in this Notice of Meeting.

We also refer you to the 2020 Annual Report, which was published at the time of our Full Year Results Announcement on 4 November 2020, and which sets out a full account of the year. The Annual Report is available on Pental Group's website at www.pentalgroup.com.

2020 was a year of many parts. Brexit. Geo-political tensions and global trade impacts arising from the US/China trade disputes. And there was the COVID-19 global pandemic. No one could have predicted the depth and extent of the pandemic and its impact on every facet of our lives. In response, we are managing an environment hitherto unknown. Until a vaccine is found, the COVID-19 pandemic will continue

to disrupt our lives; to impact our communities and nations, and affect our economies – domestic and global. We are mindful of the effects and the disruption the pandemic is having on our people, our clients, markets and society in general.

The Board recognises how important dividends are to our shareholders. Some companies are presently delaying or not declaring dividends but Pental's strong balance sheet and diversified business model enables it to continue to support returns to its shareholders. A final dividend of 22.0 cents per share was declared, compared to the 25.0 cents in the prior year. Looking at performance over the long-term, Total Shareholder Return since listing is 173 per cent, which is well above the 57 per cent return of the Standard and Poor's ASX200 Accumulation Index over the same period.

If you are unable to attend the AGM but wish to vote, you will need to appoint a proxy using the enclosed proxy form. This can be done online ahead of the AGM by logging on at www.linkmarketservices.com.au.

Methods of voting are described in detail on page 4 in this Notice.

The Board is always keen to hear shareholder questions and we invite you to submit questions in advance of the AGM, by following the steps outlined on page 5. We will not be able to respond directly to all questions submitted, but I will consider these questions in preparing my AGM address.

The Board and executive team look forward to welcoming you to Pental Group's 2020 AGM.



James Evans
Chairman

11 November 2020

Important Information for Shareholders

Documents

The following documents relating to the AGM are enclosed in this mailing:

- the Notice of Meeting;
- a personalised proxy form and return envelope;
- a copy of the Annual Report, if you have elected to receive a hard copy by mail; and
- a Shareholder Question Form.

The above documents are also available online at www.pendalgroup.com/shareholders or by contacting our share registry, Link Market Services by one of the following methods:

Online at:

www.linkmarketservices.com.au

By e-mail at:

PDL@linkmarketservices.com.au

By post:

Link Market Services Limited,
Locked Bag A14
Sydney South, NSW, 1235

By telephone:

In Australia: 1300 792 077
From outside Australia: + 61 1300 792 077

By facsimile:

+ 61 2 9287 0309

Receiving documents electronically

If you received the Notice of Meeting by mail and would prefer to receive future notices and correspondence from Pental Group electronically, please contact Link Market Services to change how you receive documents from Pental Group.

Participating in the AGM

- Shareholders and proxyholders are encouraged to participate in the AGM online, on <https://agmlive.link/PDL20> which will allow them to view a live webcast, ask questions and vote. More information about how to use the AGM online platform is available in the Virtual Meeting Online Guide, which is available at www.pendalgroup.com.au/shareholders
- The AGM will be webcast live on <https://agmlive.link/PDL20>. You do not need to be a shareholder or proxyholder to view the webcast. An archive of the webcast will be available on the Pental Group website shortly after the meeting concludes.
- Other options for asking questions at the AGM are set out on page 5 of the Notice of Meeting.

Proxy voting and proxyholder participation

Further information on lodging a proxy vote ahead of the meeting is available on page 4 of this Notice of Meeting.

Date: Friday, 11 December 2020

Time: 10.00 am (AEDT)

Link to AGM: <https://agmlive.link/PDL20>

The Annual General Meeting (AGM) of Pental Group Limited (Pental Group or the Company) will be held online. Information on how to participate is provided in this Notice of Meeting and at the following web address: www.pentalgroup.com/shareholders. The AGM will also be webcast live at <https://agmlive.link/PDL20> and the webcast will also be available on the Pental Group website for later viewing.

Business

1. Financial Reports

To receive and consider the annual Financial Report, Directors' Report and Auditor's Report of the Company for the year ended 30 September 2020. There will be no formal motion in relation to this item.

2. Re-election of Director

To consider and, if thought fit, pass the following resolutions as an **ordinary resolution**:

"That, James Evans, being a Non-executive Director of the Company, who retires by rotation at the close of the AGM in accordance with Rule 48 of the Constitution and being eligible for re-election, is re-elected as a Director of the Company."

"That, Deborah Page, being a Non-executive Director of the Company, who retires by rotation at the close of the AGM in accordance with Rule 48 of the Constitution and being eligible for re-election, is re-elected as a Director of the Company."

3. Adoption of the Remuneration Report

To adopt the Company's Remuneration Report for the year ended 30 September 2020.

Note: Pursuant to Section 250R of the Corporations Act, this resolution is advisory only and does not bind the Company or the Directors.

4. Approval of 2020 LTI Grant of Performance Share Rights to Mr Emilio Gonzalez, Group Managing Director and CEO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That the Company approves the grant of Performance Share Rights (and acquisition of ordinary shares on exercise of the vested Performance Share Rights to Mr Emilio Gonzalez under the terms of the Performance Reward Scheme) on the terms described in the Explanatory Notes to this Notice of Meeting."

Further information in relation to each resolution to be considered at the AGM is set out in the enclosed Explanatory Notes. The Explanatory Notes form part of this Notice of Meeting.

By order of the Board



Joanne Hawkins
Company Secretary
11 November 2020

Other Information

Entitlement to attend and vote

You will be eligible to participate and vote at the AGM if you are registered as a holder of Pental Group shares at 7.00 pm on Wednesday, 9 December 2020 (AEDT).

Participating in the AGM online

Eligible shareholders may participate in the AGM and vote in person online or may appoint a proxy, corporate representative or attorney. If you participate in the AGM directly, you do not need to submit a proxy form.

If you wish to participate directly, we recommend logging in to our online facility at least 15 minutes prior to the scheduled start time for the AGM, by inserting the link <https://agmlive.link/PDL20> into a web browser on a computer or other online device.

To participate, please note that shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) which are printed at the top of the personalised proxy form.

You may still participate in the AGM, even if you have appointed a proxy. If you have previously submitted a proxy form, your proxy will be cancelled if you vote on the resolution.

Appointing a proxy

You can appoint a proxy to vote on your behalf rather than participating in the AGM online. All eligible shareholders are encouraged to submit a proxy vote ahead of the AGM if they are not sure they will be able to attend.

You may also submit your proxy appointment online at www.linkmarketservices.com.au using the holding details as shown on your Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN). You can also lodge your proxy by scanning the QR code on your Proxy Form or enter the voting link www.linkmarketservices.com.au into your mobile device and log in using the Holder Identifier and postcode for your shareholding.

You will be taken to have signed the proxy appointment if you lodge it in accordance with the instructions on the website. If you wish to use this facility, you must submit your proxy appointment through the facility by no later than 10.00 am (AEDT) on Wednesday, 9 December 2020. A proxy cannot be appointed online if they are appointed under a power of attorney or similar authority.

If you wish to lodge a physical version, a personalised proxy form is included with this Notice of Meeting.

Please note the following information in relation to the appointment of proxies:

- A proxy does not have to be a Pental Group shareholder and may be an individual or a body corporate.
- Proxyholders will need their proxy code which Link Market Services will provide via email no later than 24 hours prior to the AGM.
- You may appoint up to two proxies. If you appoint two proxies you should complete two separate proxy forms and specify the percentage or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. You must return both proxy forms together.
- To appoint the Chairman as your proxy, mark the box in the section marked "Step 1" on the proxy form. You can direct your proxy how to vote on Items 2 to 4 by marking "For", "Against" or "Abstain", in the section marked "Step 2".

- You may appoint another person as your proxy by completing their name on the space provided in the section marked "Step 1" on the proxy form. If your proxy is not the Chairman, you are also appointing the Chairman as your alternate proxy in the event that your named proxy does not attend the AGM.
- If you sign the enclosed proxy form and do not mark the box in the section marked "Step 1", the Chairman will be appointed as your proxy. The Chairman intends to vote undirected proxies in favour of each resolution.
- If you appoint a proxy, you may still attend the AGM. However, your proxy will be revoked if you also vote on the resolution.
- If your proxy is appointed under a written authority, such as a power of attorney, the original or a certified copy of the authority must be submitted with the proxy form, unless it has previously been submitted to our share registry, Link Market Services.

Undirected proxies and Chairman's voting instructions

If you appoint the Chairman as your proxy and have not directed him how to vote, you are authorising the Chairman to cast your undirected proxy in favour of all proposed resolutions, which are set out in this Notice of Meeting. The Chairman intends to vote all such undirected proxies in favour of all resolutions.

Proxies in favour of KMPs and Directors

If you appoint a Director or one of the Company's other KMPs or their Closely Related Party (other than the Chairman) as your proxy, they will not be able to vote your proxy on Items 3 and 4 unless you have directed them how to vote.

If you intend to appoint a KMP (including the Chairman) or a Closely Related Party of a KMP as your proxy, you are encouraged to direct them how to vote on Items 3 and 4 by marking either "For", "Against" or "Abstain" for that item of business on the proxy form, in the section marked "Step 2".

Details of the voting exclusions for Items 3 and 4 are included in the Explanatory Notes.

Voting to be conducted by poll

The voting on all resolutions at the AGM will be conducted by poll. Details of how the polls will be conducted will be explained at the AGM.

Lodging your proxy

Your completed proxy form must be received by Link Market Services no later than 10.00 am (AEDT) on Wednesday, 9 December 2020, i.e. 48 hours before the commencement of the AGM. Proxy forms can be lodged:

- **Online** at: www.linkmarketservices.com.au by following the instructions. You will need to input your Security Holder Reference number (SRN) or Holder Identification Number (HIN) as well as your postcode or country registered on your holding
- **Posting** it to: Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 1235, Australia
- **Faxing** it to: + 61 2 9287 0309
- **Hand delivery** to: Link Market Services Limited, Level 12, 680 George Street, Sydney, NSW, 2000 or 1A Homebush Bay Drive, Rhodes, NSW 2138 before 10.00 am (AEDT) on Wednesday, 9 December 2020.

Corporate shareholders

Corporate shareholders may appoint a representative to attend the AGM on their behalf. The representative must provide evidence of his or her appointment unless it has previously been provided to Link Market Services.

Shareholders can download and fill out the Appointment of Corporate Representative form from the Link Market Services' website:

www.linkmarketservices.com.au/corporate/resources/forms.html

Attorneys

If a shareholder has appointed an attorney to attend and vote at the meeting, or if the proxy is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by the Company's share registry, Link Market Services Limited, at the post office box or facsimile number noted above, or at the Company's registered office in Sydney, by no later than 10.00 am (AEDT) on Wednesday, 9 December 2020 unless the power of attorney has been previously lodged with the Company's share registry.

Questions from shareholders

You may ask questions at the AGM about any of the resolutions being considered at the AGM or general questions about Pental Group's management or performance. You may also ask questions of the Company's auditor about the content of the Auditor's Report or the conduct of the audit.

Shareholders and proxyholders will be given an opportunity to ask questions in real time via the online platform or by telephone. Dial-in details are provided under the heading titled "How to Dial into the AGM".

In addition, you may submit written questions prior to the AGM. Questions can be submitted using the enclosed Shareholder Question Form, or online at our share registry's website: www.linkmarketservices.com.au.

Please see the Shareholder Question Form for information on how to submit your questions and submit your question by no later than 5pm, 4 December 2020. We will endeavour to answer as many of the more frequently raised relevant questions as possible during the course of the AGM.

However, there may not be sufficient time available at the AGM to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

How to dial into the AGM

Shareholders and proxyholders who would prefer to attend the AGM by telephone can do so by dialling 1800 572 288, or +61 1800 572 288 (outside of Australia). For verification purposes, you will require your unique PIN. Your PIN is located on your proxy form, or retrievable by contacting Link Market Services on 1300 792 077 or +61 1300 792 077 (outside of Australia) before 5:00pm (AEDT), Wednesday 9 December 2020.

Shareholders participating in the AGM via telephone will be able to ask questions during the AGM. You will receive instructions on how to raise your virtual hand to ask a question during the AGM via a pre-recorded message. The call facilitator will then introduce themselves to ask you what item of business your question relates to, and will assist with submitting the question to the AGM at the appropriate time. If you plan to ask questions by telephone, you will still need to log into the online platform if you wish to vote during the meeting.

Conduct of the meeting

The Company is committed to ensuring that its shareholder meetings are conducted in a manner which provides those shareholders (or their proxy holders) an opportunity to participate in the business of the meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about the Company generally. The Company requests that attendees at the meeting are courteous to those who are present at the meeting to ensure that the meeting can be conducted in an orderly and timely manner.

Technical difficulties

The Chairman has discretion as to whether and how the AGM should proceed if a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of shareholders affected as well as the extent to which participation in the AGM is affected. The Chairman may continue to hold the AGM and transact business if it is appropriate to do so.

Explanatory Notes on the Business of the AGM

Item 1 – Financial Reports

The Corporations Act requires that Pental Group's annual Financial Report, Directors' Report and Auditor's Report for the year ended 30 September 2020, be laid before the AGM.

The Financial Report, Directors' Report and the Auditor's Report are available in the Annual Report, a copy of which is available on Pental Group's website at www.pentalgroup.com.

There is no requirement under the Corporations Act or the Constitution for shareholders to approve or adopt these reports. Shareholders will have an opportunity to comment and ask questions about the above reports at the AGM.

Item 2 – Re-election of James Evans and Deborah Page as Directors

Two directors of the Company – James Evans and Deborah Page – are retiring at the AGM by rotation and, in accordance with the Company's Constitution, offer themselves for re-election as Directors.

In accordance with Rule 48(b) of the Constitution, James Evans and Deborah Page hold office until the conclusion of the AGM and offer themselves for re-election.

(a) James Evans BEc

James Evans was appointed as an Independent Non-executive Director of the Company on 2 June 2010 and as Chairman of the Board on 6 December 2013. James was also appointed as a Chairman of the Company's wholly owned subsidiary, J O Hambro Capital Management Holdings Limited on 1 November 2016.

James Evans, who is based in Australia, brings to the Board over 40 years of corporate leadership experience in finance, risk management and business development and operations. James' corporate experience spans accounting, capital markets, corporate finance, mergers and acquisitions, insurance, joint venture arrangements, strategy and technology for companies including the Commonwealth Bank, Lendlease Group, GEC Australia and Grace Bros.

James has significant experience as a company director across ASX listed, private and regulated entities and accordingly, brings to the Board both executive and company director skills in financial and risk management, strategy and corporate governance and compliance. Specifically, he has sector experience and expertise in banking and financial services, including funds management, superannuation and financial services technology, property investment, lease financing and life and general insurance.

James is currently Chairman of ME Bank Limited and a Non-executive Director of Investa Wholesale Funds Management Limited and ICPF Holdings Limited.

James is a Member of Chartered Accountants ANZ, Fellow of Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

The Company has a policy that Directors hold Pental Group shares equivalent to at least one year's Director fees. Since 30 September 2020, James has acquired 17,500 Pental Group shares taking his total holding to 67,500 shares which fulfilled the requirements of the policy as at 5 November 2020.

The Board (excluding James Evans who did not participate because of his interest) unanimously recommend that shareholders vote in favour of the re-election of James Evans as a Director.

(b) Deborah Page AM BEc

Deborah Page was appointed as an Independent Non-executive Director of the Company on 7 April 2014. Deborah was also appointed as a Non-executive Director of the Company's wholly owned subsidiary, J O Hambro Capital Management Holdings Limited on 1 November 2016.

Deborah Page, who is based in Australia, brings to the Board extensive financial expertise from her time at Touche Ross/KPMG including as a Partner, and subsequently from senior finance and operating executive roles with the Lend Lease Group, Allen, Allen & Hemsley and the Commonwealth Bank. She has specific experience in corporate finance, accounting, audit, mergers and acquisitions, capital markets, insurance and joint venture arrangements.

Deborah is a member of Chief Executive Women and has extensive experience as a company director gained across ASX listed, private, public sector and regulated entities since 2001. Her relevant sector experience includes funds management, life and general insurance, superannuation and financial services technology. Deborah's experience includes Board leadership, governance and compliance, risk management, remuneration practices, technology, investor relations and health, safety and environment.

Deborah is Chairman of the Audit and Risk Committee.

Deborah is currently a Non-executive Director of Brickworks Limited and Service Stream Limited.

Deborah is a Fellow of Chartered Accountants ANZ, Fellow of the Australian Institute of Company Directors and was honoured in 2006 as a Member in the General Division of the Order of Australia for services to Public Health, Business and the Accounting Profession.

Deborah meets the requirements of the Company's policy that Directors hold Pental Group shares equivalent to at least one year's Director fees.

The Board (excluding Deborah Page who did not participate because of her interest) unanimously recommend that shareholders vote in favour of the re-election of Deborah Page as a Director.

Item 3 – Remuneration Report

The Company’s Remuneration Report for the year ended 30 September 2020:

- sets out Pandal Group’s remuneration policies;
- highlights the link between pay, corporate performance and shareholder wealth creation; and
- reports on the remuneration arrangements in place for the Company’s KMP, including its Non-executive Directors, Group CEO and Company executives.

The Remuneration Report is available in the Annual Report (pages 34 to 65), which is available on Pandal Group’s website at www.pandalgroup.com.

Shareholders will be asked to vote on a resolution to adopt the Remuneration Report at the AGM. In accordance with section 250R of the Corporations Act, the vote on the resolution is advisory only and does not bind the Board or Pandal Group. However, the Board will take the outcome of the vote into consideration when considering future remuneration policies for Directors and Company executives.

At the 2019 AGM, the Remuneration Report was approved with over 97% of votes cast in favour of the Remuneration Report.

If the Company receives a ‘no’ vote of 25% or more in relation to the Remuneration Report at two successive AGMs, a spill resolution will be put to the shareholders at the second AGM. In accordance with section 250W of the Corporations Act, if the spill resolution is passed with 50% or more of the votes cast, the Company will, within 90 days, hold a spill meeting to vote on whether to keep the Directors (the Managing Director will not be subject to the spill vote).

Voting Exclusions

The Company will disregard any votes cast on Item 3:

- by or on behalf of a KMP or a Closely Related Party of those persons (regardless of the capacity in which the vote is cast); or
- as a proxy by a KMP or a Closely Related Party of those persons,

unless:

- the vote is cast as a proxy for a person who is entitled to vote on Item 3, and: (a) the vote is in accordance with a direction on the proxy form; or (b) in the absence of a direction on the proxy form, the vote is cast by the Chairman where the Chairman has received express authority to vote undirected proxies as the Chairman decides, even if the resolution is connected directly or indirectly with the remuneration of a member of a KMP.

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of the adoption of the Company’s Remuneration Report for the year ending 30 September 2020.

Explanatory Notes on the Business of the AGM continued

Item 4 – Approval of 2020 LTI Grant of Performance Share Rights to Mr Emilio Gonzalez, Group Managing Director and CEO

The resolution is being put to shareholders to obtain approval for the grant to Mr Gonzalez of 180,746 performance share rights (**PSRs**) in accordance with the performance reward scheme approved by the Board Remuneration and Nominations Committee on 26 November 2015 (**Performance Reward Scheme**) and the acquisition of ordinary shares in the Company on the exercise of the vested PSRs (upon satisfaction of certain performance hurdles).

PSRs will only vest and become exercisable if the performance hurdles (as set out below) have been met at the end of the three year performance period 1 October 2020 to 30 September 2023 (**Performance Period**).

The number of PSRs to be granted (being 180,746) was based on a value of \$1,000,000 determined by the Board and divided by the volume weighted average price of the Company's ordinary shares on the five trading days before the commencement of the Performance Period (being \$5.5326 per share).

PSRs form part of Mr Gonzalez's total remuneration package which, as described in the Remuneration Report, is intended to target a mix of 25% for his fixed remuneration package, 25% for his cash variable reward and 50% for his equity based variable award.

The Company announced on 4 November 2020 that from the 2021 Financial Year it will be using a new alternative profit measure - Underlying Profit After Tax (**UPAT**). Since the Company was listed in 2007, it has used Cash Net Profit After Tax (**Cash NPAT**) as its alternative profit measure in announcing the underlying earnings of the business. Following a recent review, the Company will use UPAT as its alternative profit measure from the 2021 Financial Year.

Under UPAT there will be no adjustment for certain employee expenses which have historically been adjusted under Cash NPAT. This will simplify reporting and is aligned to market practice.

The difference between UPAT and Statutory Net Profit After Tax is that UPAT excludes items not considered as part of the underlying earnings of the business. UPAT excludes the amortisation and impairment of intangible assets and the unrealised and realised movements in financial assets including the seed investment portfolio together with related tax effects.

As set out in the table below, two performance hurdles are applied to Mr Gonzalez's PSRs. For PSRs to be granted in Financial Year 2021, the Earnings per Share hurdle has been updated to reflect the use of UPAT. There is no change to the Total Shareholder Return hurdle.

Why is approval sought?

Pursuant to Listing Rule 10.16, shareholder approval is not required under ASX Listing Rule 10.14 where Mr Gonzalez's vested PSRs are satisfied through the purchase of shares on-market (where the terms of the Performance Reward Scheme permits such purchases) or where the PSRs are cash settled.

Shares delivered to Mr Gonzalez on exercise of vested PSRs would have been purchased on-market by the Company and therefore, no shareholder approval would be required.

Notwithstanding the above, the Company is again seeking approval for the grant of the PSRs and the acquisition of ordinary shares on exercise of the vested PSRs in the interests of transparency and good governance. At the 2019 AGM, over 97% of votes cast on the 2019 LTI grant of PSRs to Mr Gonzalez were in favour of the grant.

Key terms of Performance Share Rights

Entitlements

- Each PSR is a right to be allocated a fully paid ordinary share in the Company at nil cost (i.e. nil exercise price).
- PSRs do not carry any dividend or voting rights during the Performance Period (but where dividends are paid during the Performance Period for PSRs that meet the performance hurdles and are ultimately vested and exercised, a dividend-equivalent cash payment will be made on or around the date of exercise or potentially earlier in the case of cessation of employment). Once the PSRs have vested and been exercised, the shares issued or transferred to Mr Gonzalez will rank equally with ordinary shares in the Company for dividends.
- PSRs (whether vested or unvested) are non-transferrable, except in limited circumstances such as in the event of death. PSRs may be forfeited under the Performance Reward Scheme or as determined by the Board at its discretion.
- The PSRs do not confer a right to participate in any new issue of shares in the Company (including by way of bonus issues, rights issues or otherwise).

Performance Share Hurdles

- The PSRs will be divided into two components which will each be subject to a separate performance hurdle as set out below.
- Each component will be tested on the final day of the Performance Period, being 30 September 2023. There will be no re-testing.

TSR Rights

90,373 of Mr Gonzalez's 2020 PSRs will vest and become exercisable if the Company's total shareholder return (**TSR**) compared to the median TSR of companies in the ASX 200 index (taken as at the first day of the Performance Period) meets certain thresholds (**TSR Rights**). The TSR is calculated using share price and dividend data, and adjusting for any cash distribution under a return of capital of any company in the ranking group during the Performance Period. The number of TSR Rights that will vest is calculated as follows:

Pendal Group's TSR Performance	Percentage of TSR Rights to vest
Below the median of the ASX200	Nil
At the median of the ASX200	50%
For each 1% increase in ranking above the median up to the 75 th percentile	An additional 2%
At or above 75 th percentile	100%

Key terms of Performance Share Rights continued

Performance Share Hurdles continued **Underlying EPS Rights**
 90,373 of Mr Gonzalez's 2020 PSRs will vest and become exercisable if the Company's underlying earnings per share (**Underlying EPS**) meets certain compound annual growth rate thresholds (**Underlying EPS Rights**). The number of Underlying EPS Rights that will vest is calculated as follows:

Underlying EPS over Performance Period	Percentage of Underlying EPS Rights to vest
Less than or equal to 5%	Nil
5%	50%
More than 5% but less than 10%	Straight line vesting between 50-100%
10% or more	100%

Date of granting and vesting The PSRs will be granted to Mr Gonzalez on or around 18 December 2020. The PSRs will vest and become exercisable on 1 October 2023, following which they may be exercised at any time between 1 October 2023 to 30 September 2028 (excluding during any blackout period) (**Exercise Period**).

Exercise On exercise, unless the Board elects to cash settle the vested PSRs at its discretion, one ordinary share will be allocated for each PSR. On expiry of the Exercise Period, any unexercised, vested PSRs will be automatically exercised. Mr Gonzalez may not exercise his vested PSRs during a blackout period as nominated by Pandal Group in accordance with its Trading in PDL Securities Policy or if he possesses inside information (for the purposes of the Corporations Act) in relation to Pandal Group.

Cessation of employment If Mr Gonzalez's employment with the Company ceases prior to the end of the Performance Period, unless otherwise determined by the Board, a pro-rata portion of any unvested PSRs (based on how much of the Performance Period has lapsed) will remain on foot and subject to the original performance hurdles, and any vested, unexercised PSRs will be automatically exercised on cessation of employment. It is expected that, in the case of resignation or dismissal, the Board will exercise its discretion to lapse all unvested PSRs (but reserves the right not to do so in whole or in part). All PSRs that do not remain on foot will automatically lapse.

Lapse Unvested PSRs will lapse in the following circumstances: (a) to the extent that performance hurdles are not satisfied during the Performance Period; (b) cessation of employment in certain circumstances, as set out above; (c) any fraudulent or dishonest act, or material breach of obligations by Mr Gonzalez to Pandal Group; and (d) exercise of Board discretion.

Change of control Under a change of control, except as set out below, the PSRs would operate as they normally would and the test date would not accelerate if the change of control occurs prior to the end of the Performance Period.
 Under a transaction which results in an acquisition of 100% of the shares of the Company, PSRs will be tested against the performance hurdles and there will be a pro-rata reduction in number based on the period of time from the start of the Performance Period to the date the acquirer is entitled to 100% of the shares of the Company. In that event, vesting will only be determined by the extent to which the relevant performance hurdles are satisfied at the time the acquirer is entitled to 100% of the shares of the Company (rather than the end of the Performance Period).

Voting Exclusions

The Company will disregard any votes cast on Item 4:

- in favour of the resolution by or on behalf of Mr Gonzalez and his associates (regardless of the capacity in which the vote is cast); or
- by or on behalf of a KMP or as a proxy for a KMP or any Closely Related Party of those persons.

However, the Company will not disregard votes cast on Item 4, if they are cast as proxy for a person entitled to vote on Item 4, and: (a) the vote is cast in accordance with a direction on the proxy form; or (b) in the absence of a direction on the proxy form, the vote is cast by the Chairman where the Chairman has received express authority to vote undirected proxies as the Chairman decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP.

Board Reasons and Recommendation

The Board (excluding Mr Gonzalez) considers that:

- the grant of the PSRs to Mr Gonzalez as part of his remuneration is reasonable and is in the best interests of the Company and its shareholders; and
- the PSRs provide a strong link between the reward for Mr Gonzalez's performance and TSR and increased Underlying EPS over the Performance Period, strengthening the alignment of Mr Gonzalez's interests with shareholders.

The Board (excluding Mr Gonzalez who did not participate because of his interest) unanimously recommends that shareholders vote in favour of approval of the grant of PSRs to Mr Gonzalez (and the acquisition of shares on their exercise).

Glossary

In this Notice of Meeting:

AGM	means the annual general meeting of the Company to be held online on Friday, 11 December 2020 at 10.00 am (AEDT).
Annual Report	means the Company's annual report to shareholders for the financial year ended 30 September 2020.
Chairman	means the chairman of the AGM and includes any acting chairman during the AGM.
Closely Related Party	has the same meaning as the definition in section 9 of the Corporations Act and includes a person's spouse and child, their spouse's child, their dependent or spouse's dependent and certain other close family members, as well as companies controlled by that person.
Company	means Pental Group Limited (ABN 28 126 385 822).
Constitution	means the constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Cth), as amended.
Director or Directors	means a director or directors of the Company.
KMP or Key Management Personnel	means the key management personnel of the Company as disclosed in the Remuneration Report.
Listing Rules	means the listing rules of ASX Limited.
LTI	means long term incentive.
Non-executive Directors	means the Non-executive Directors of Pental Group.
Pental Group	means Pental Group Limited (ABN 28 126 385 822).
Remuneration Report	means the remuneration report contained in the Company's Directors' Report for the financial year ended 30 September 2020 and set out in the Annual Report.

Further information

If you need any further information regarding the AGM, please contact Link Market Services on 1300 792 077 (toll free in Australia), or from outside Australia on + 61 1300 792 077.

