

Market
release

Challenger
Capital
Notes 2

Challenger
Limited

CHALLENGER CAPITAL NOTES 2 OFFER INCREASED AND MARGIN SET

1 March 2017, Sydney – Challenger Limited (Challenger) today announced that the bookbuild for the Challenger Capital Notes 2 offer (Offer) has been successfully completed and closed early due to strong investor demand. The size of the Offer has been increased from \$350 million to an expected \$450 million, and the Margin has been set at the bottom end of the indicative range.

Challenger has allocated \$430 million on a firm basis under the Broker Firm and Institutional Offers. A further \$20 million is expected to be allocated to Eligible Securityholders¹ under the Securityholder Offer, resulting in the total amount expected to be raised increasing to \$450 million.

The Margin has been set at 4.40% p.a. above the 90 day Bank Bill Rate, which is at the bottom end of the indicative Margin range of 4.40% to 4.60% p.a. set at the launch of the Offer.

Challenger Chief Financial Officer Andrew Tobin said: “This offer reflects our longstanding approach to proactively manage our capital position to ensure we remain well placed for future growth. We were very pleased with the strong demand for the offer which demonstrates ongoing support for our business. This strong demand with Challenger’s future growth profile, resulted in us increasing the size of the offer accordingly”.

A replacement Prospectus, including the Margin and increased Offer size will be lodged with the Australian Securities and Investment Commission (ASIC) and Australian Securities Exchange (ASX) on 8 March 2017.

¹ An Eligible Securityholder of Challenger is a person who is a registered holder of Ordinary Shares or a registered holder of Challenger Capital Notes 1 at 7.00pm (Sydney time) on 23 February 2017; shown on the applicable register as having an address in Australia; and is not in the United States, or acting as a nominee for a person in the United States.

Eligible Securityholders who wish to apply for Challenger Capital Notes 2 should complete the application form (either electronic or in paper) included in the replacement Prospectus. The replacement Prospectus will be available from 8 March 2017 at the Offer website, www.challengercapitalnotes2.com.au, or by calling the Challenger Capital Notes 2 Information Line.

Applications for Notes from Eligible Securityholders may be scaled back by Challenger, with any scale-back expected to be announced to the ASX on 7 April 2017 and through advertisements in The Australian and the Australian Financial Review.

Investors should read and consider the Prospectus in full before deciding whether to invest in the Notes. Challenger strongly recommends that investors seek professional advice which takes into account their particular investment objectives and circumstances from a licensed adviser before deciding whether to participate in the Offer.

For further enquiries

Challenger Capital Notes 2 Offer Information Line

1300 651 573 (within Australia) or

+61 3 9415 4024 (outside Australia)

Monday to Friday, 8.30am to 5.00pm (Sydney time)

Website: www.challengercapitalnotes2.com.au

ENDS

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Further information about the Offer

Terms used but not defined in this announcement are defined in the Challenger Capital Notes 2 Prospectus.

The Offer comprises:

- an Institutional Offer to certain Institutional Investors;
- a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers; and
- a Securityholder Offer made to Eligible Securityholders.

There is no general public offer.

Indicative timetable

Key dates for the Offer	Date
Lodgement of the replacement Prospectus with ASIC	8 March 2017
Opening Date	8 March 2017
Closing Date for the Securityholder Offer	31 March 2017
Closing Date for the Broker Firm Offer	6 April 2017
Issue Date	7 April 2017
Notes commence trading on ASX (deferred settlement basis)	10 April 2017
Holding Statements despatched by	12 April 2017
Notes commence trading on ASX (normal settlement basis)	13 April 2017
Key dates for Notes	Date
First Distribution Payment Date	22 August 2017
Optional Exchange Date	22 May 2023
Scheduled Mandatory Conversion Date	22 May 2025

Dates may change

These dates are indicative only and may change without notice.

Challenger and the Joint Lead Managers may at their discretion agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before Notes are issued.

You are encouraged to apply as soon as possible after the Opening Date.

Disclaimer

This announcement does not constitute an offer of any securities (including the Notes) for sale or issue. No action has been taken to register or qualify Notes or the Offer or to otherwise permit a public offering of Notes outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Notes nor the Ordinary Shares have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. The Notes are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the US Securities Act.