

Market
release

CLC
Subordinated
Notes
issuance

Challenger Limited
15 November 2017

CHALLENGER LIFE COMPANY LAUNCHES TIER 2 SUBORDINATED NOTES ISSUANCE

Challenger Limited (ASX:CGF) today announced that as part of its process to replace Challenger Life Company Limited (CLC) Tier 2 subordinated debt, CLC has launched a new Tier 2 subordinated note issuance to institutional and wholesale investors ('CLC Subordinated Notes').

CLC Subordinated Notes will be fully paid, unsecured, subordinated debt obligations of CLC¹. CLC is rated A by S&P with the ratings outlook recently revised to positive from stable.

CLC Subordinated Notes will qualify as Tier 2 capital under the Australian Prudential Regulation Authority's Prudential Standards. The pricing will be determined by a bookbuild process.

CLC is seeking to raise \$300 million, with the ability to raise a higher or lower amount.

The key terms of CLC Subordinated Notes are as follows:

- A term of 25 years, with the maturity date in November 2042 and the Issuer's option to redeem in November 2022, subject to APRA's prior written approval;
- The Issuer may also redeem CLC Subordinated Notes at any time if a Tax Event or Regulatory Event has occurred, subject to APRA's prior written approval;
- If not redeemed in November 2022, in certain circumstances holders have the option to require conversion of CLC Subordinated Notes to ordinary shares of Challenger Limited in November 2024;
- If a Non-Viability Trigger Event occurs, the CLC Subordinated Notes may be converted into ordinary shares of Challenger Limited or written-off;

¹ Referable to the business of CLC's Statutory Fund No. 2.

- On a winding-up of CLC and assuming a Non-Viability Trigger Event has not occurred, the CLC Subordinated Notes will be subordinated to senior creditors;
- Interest is deferrable in certain circumstances (subject to a dividend pusher provision), cumulative and payable quarterly in arrears; and
- the CLC Subordinated Notes will have a notional face value of \$10,000 per note, with a minimum subscription amount of \$500,000 or otherwise issued in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act.

There are risks associated with an investment in CLC Subordinated Notes. It is important that wholesale investors read the Information Memorandum for a full description of the terms and risks associated with an investment in CLC Subordinated Notes and CLC's business before making a decision to invest in CLC Subordinated Notes. Wholesale investors should not expect that APRA's approval will be given for any early redemption.

CLC Subordinated Notes are not being offered to retail investors and are not issued under a prospectus.

National Australia Bank, UBS and Westpac Banking Corporation are each Joint Lead Managers for the notes issue.

For more information contact

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