

CHALLENGER CONSIDERS A NEW CAPITAL NOTES OFFER

Challenger Limited (ASX:CGF) today announced that it is considering the launch of a new offer of capital notes (Potential Offer). The Potential Offer may include a reinvestment offer for certain eligible holders of Challenger Capital Notes 2 (ASX:CGFPB) issued in April 2017 (Challenger Capital Notes 2 Holders). Launch of the Potential Offer remains subject to market conditions and relevant approvals.

If the Potential Offer proceeds, Challenger expects to appoint the following Joint Lead Managers:

- UBS AG, Australia Branch;
- ANZ Securities Limited;
- Morgans Financial Limited;
- National Australia Bank Limited; and
- Westpac Institutional Bank (a division of Westpac Banking Corporation).

Challenger also expects to appoint LGT Crestone Wealth Management Limited as Co-Manager (together with the Joint Lead Managers, the Syndicate Brokers).

Important changes due to the introduction of the Design and Distribution Obligations (DDO) regime

The introduction of the DDO regime has changed the requirements relating to the distribution of certain financial products (including capital notes of Challenger) to certain investors.

In response to the introduction of the DDO regime, Challenger has made the decision that the Potential Offer (including any reinvestment offer) will be limited to (i) wholesale investors and (ii) retail investors who have received personal advice from a qualified financial adviser. As a result, the Potential Offer will not include a securityholder offer and there will be no ability to apply directly to Challenger under the Potential Offer.

Investors wishing to participate in the Potential Offer, including existing Challenger securityholders through any reinvestment offer, will need to do so through a Syndicate Broker. There may be varying costs, administrative effort and time considerations associated with engaging a financial adviser to provide personal advice and not all financial advisers will have access to the Potential Offer.

ASIC has published guidance on choosing a financial adviser on its MoneySmart website at www.moneysmart.gov.au/financial-advice/choosing-a-financial-adviser.

The Potential Offer will be made under a prospectus and any person wishing to apply through a Syndicate Broker will need to complete an application form accompanying that prospectus.

Further information for Challenger Capital Notes 2 Holders

For more information, including regarding the potential reinvestment offer, refer to the attached letter that will be sent to existing Challenger Capital Notes 2 Holders.

ENDS

This release has been authorised by Challenger's Continuous Disclosure Committee.

About Challenger

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates a fiduciary Funds Management division, an APRA-regulated Life division and an APRA-regulated authorised deposit-taking institution. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

For more information contact:

Mark Chen

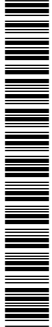
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21 February 2023

Dear Noteholder,

CHALLENGER CONSIDERS A NEW CAPITAL NOTES OFFER

Challenger Limited (**Challenger**) announced on 21 February 2023 that it is considering a new offer of capital notes (**Potential Offer**). Whether the Potential Offer proceeds will depend on market conditions and relevant approvals. The Potential Offer may include a reinvestment offer for certain eligible holders of Challenger Capital Notes 2 (ASX: CGFPB) issued in April 2017 (**Challenger Capital Notes 2 Holders**). The Potential Offer will be made under a prospectus that will be lodged with the Australian Securities and Investment Commission (**ASIC**).

If the Potential Offer proceeds, Challenger expects to appoint UBS AG, Australia Branch, ANZ Securities Limited, Morgans Financial Limited, National Australia Bank Limited and Westpac Institutional Bank (a division of Westpac Banking Corporation) as Joint Lead Managers and LGT Crestone Wealth Management Limited as Co-Manager (collectively, the **Syndicate Brokers**¹). Contact details of the Syndicate Brokers are provided overleaf.

The purpose of this letter is to inform you of some important changes should the Potential Offer proceed.

Important changes to the eligibility requirements and the application process for the Potential Offer

With the introduction of new laws in 2021 known as the product design and distribution obligations (**DDO**), Challenger will change the way in which the Potential Offer will be conducted compared to its previous offers of capital notes. In particular, Challenger expects that, if the Potential Offer proceeds:

- all applications under the Potential Offer (including any application to participate in any reinvestment offer) would need to be made through a Syndicate Broker via an application form accompanying the prospectus for the Potential Offer;
- retail investors will need to obtain personal advice from a qualified financial adviser, or qualify as a wholesale client under the *Corporations Act 2001* (Cth);
- there will be no specific offer to Challenger shareholders or other securityholders; and
- there will be no direct applications to Challenger under the Potential Offer.

Some investors who have previously participated in capital note offers by Challenger may not be eligible to participate in the Potential Offer, including any reinvestment offer.

What does this mean for you?

If you are interested in participating in the Potential Offer if it proceeds, including any reinvestment offer, we encourage you to:

- speak to your broker or other qualified financial adviser about how to obtain personal advice or whether you qualify as a wholesale client under the *Corporations Act 2001* (Cth); and
- consider becoming a client of a Syndicate Broker.

ASIC has published guidance on choosing a financial adviser on its MoneySmart website found at www.moneysmart.gov.au/financial-advice/choosing-a-financial-adviser. There may be various costs, administrative effort and time considerations associated with engaging a financial adviser, and not all financial advisers will have access to the Potential Offer. Taking these steps now may help you to participate in the Potential Offer, if it proceeds.

For more information, please talk to your Syndicate Broker, financial adviser or call the Challenger Information Line on 1800 780 782 (within Australia) or +61 3 9415 4065 (outside Australia), Monday to Friday 8:30am to 5:00pm (Sydney time).

On behalf of the Board, I thank you for your support of Challenger.

Yours faithfully,



Duncan West
Independent Chair
Challenger Limited

Syndicate Broker contact details

Joint Lead Manager	Investors seeking personal advice	Wholesale clients
ANZ Securities Limited	Not available to retail investors	(02) 8037 0622
Morgans Financial Limited	(07) 3334 4831	(07) 3334 4831
National Australia Bank	Not available to retail investors	(02) 7226 7880
UBS AG, Australia Branch	Not available to retail investors	(02) 8121 5917
Westpac Institutional Bank (a division of Westpac Banking Corporation)	Not available to retail investors	(02) 8253 4574
Co-Manager		
LGT Crestone Wealth Management Limited	Not available to retail investors	(02) 8422 5500

Important information: This letter is not an announcement of, and does not constitute, a new offer (or reinvestment offer) of capital notes by Challenger. The Potential Offer will be made under a prospectus that will be lodged with ASIC and made available when the securities are offered. If the Potential Offer is announced, anyone wishing to apply is encouraged to contact their Syndicate Broker as soon as possible to express an interest in applying (but no applications will be accepted until the Potential Offer opens). Anyone wishing to apply under the Potential Offer must receive an allocation from a Syndicate Broker and complete the application form accompanying the prospectus. This letter does not constitute financial advice, or a recommendation for any capital notes, and does not take into account your objectives, financial situation or needs. As is always the case for an offer of capital notes by Challenger, we encourage you to take advice from your broker or financial adviser.

ⁱ Appointed syndicate brokers may differ for any future capital note offers of Challenger.