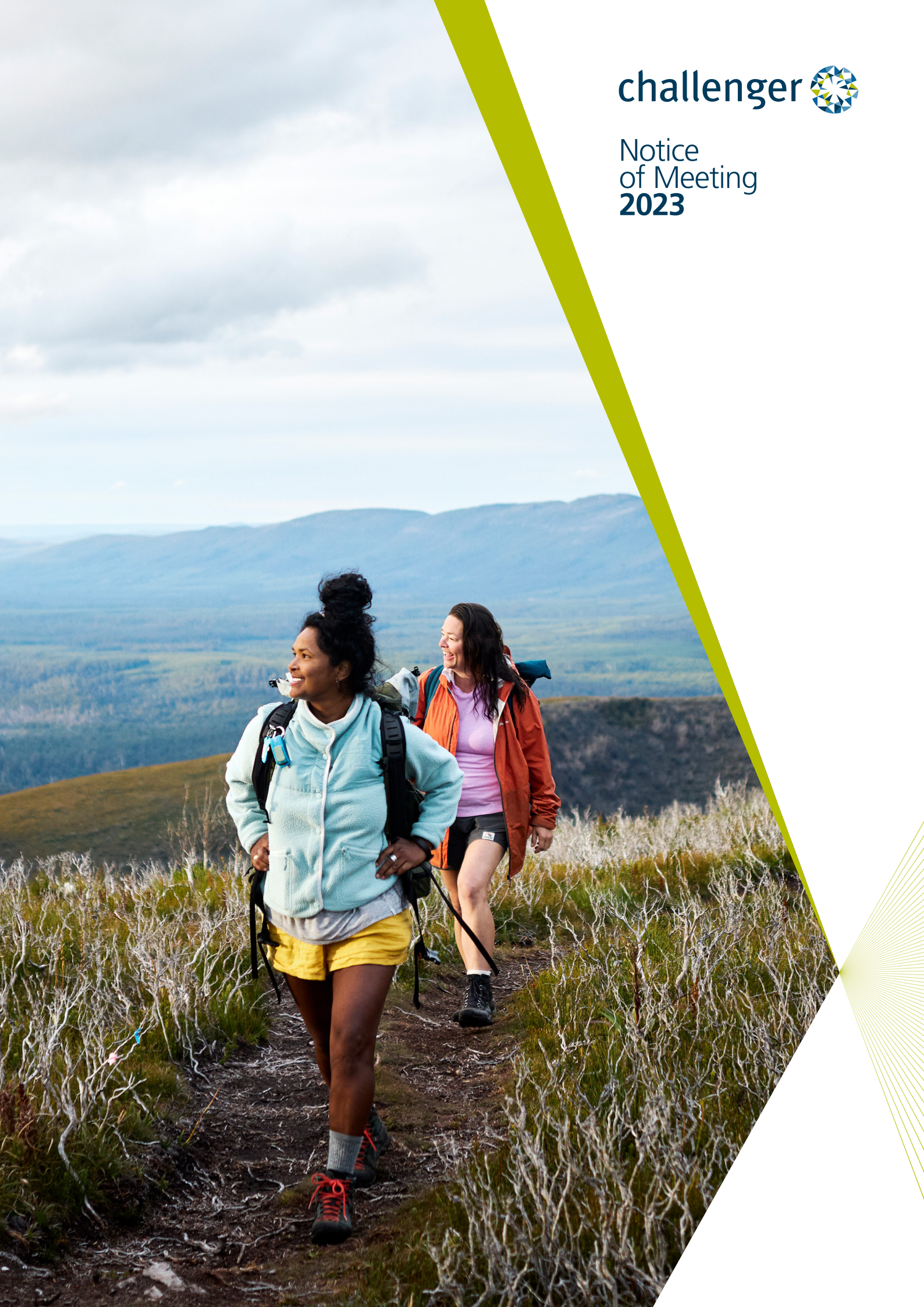




Notice
of Meeting
2023



Message from the Chair



Dear Shareholder

Enclosed is the notice of Challenger Limited's (Challenger) Annual General Meeting (AGM), which will be held in Sydney on Thursday 26 October 2023.

Reflecting on my first year as Chair of Challenger, I feel very proud of the important role that our company plays in helping Australian retirees achieve financial security.

2023 was a pivotal year for our industry as demographic, economic and policy shifts highlighted the urgent need to improve our retirement system. While Australia has a first-class accumulation savings system, we are only just beginning to focus on the importance of providing income in retirement.

Challenger's strong performance in FY23 underscores the strength of our business and speaks to the important role we can play in the development of the retirement income market. We made significant progress in improving the customer experience and meeting a wider range of customer needs – all in the service of delivering on our purpose.

Challenger will continue to leverage our expertise across retirement income and funds management as we capture the opportunity to take a broader stance in retirement and drive growth across our business.

Annual General Meeting

Challenger's 2023 AGM will be held at the Wesley Conference Centre in Sydney and online and will commence at 9.30am (Sydney time) on Thursday 26 October 2023. Registrations will open from 9.00am (Sydney time). The AGM is an important day for Challenger as it provides our shareholders the opportunity to engage with the Board and Management of your company. I encourage you to attend (whether online or in person) and to ask any questions you may have. You will hear presentations from me and our Managing Director and CEO, Nick Hamilton, as well as vote on the items of business and be able to ask questions during the meeting.

For those joining online, please ensure you have your Challenger Shareholder Reference Number (SRN) or Holder Identification Number (HIN), which is your username and is required to log into the meeting. You will also need to use the postcode registered to your holding as your password. You won't be able to vote or ask a question during the meeting without them.

We welcome your questions and encourage shareholders to submit questions online in advance via www.investorvote.com.au. We will endeavour to address the most frequently asked questions during our AGM. Questions may also be submitted in writing or verbally during

the meeting. Please refer to page 4 for instructions on how to do this. Those attending the AGM in person will be able to ask questions at the meeting.

Please see the Online Meeting Guide available on Challenger's website, challenger.com.au/agm, for further information regarding participation in our AGM online. This Notice of Meeting, together with the Online Meeting Guide, provides all the important information you need to know about attending our AGM.

The items of business at the AGM are outlined on page 5 and should be read together with the Explanatory Notes. Items of business include the usual items such as considering the financial reports, approving the Remuneration Report and Non-Executive Director re-elections. This year I will stand for re-election along with Melanie Willis, who has provided valuable contributions to the Challenger Board during her tenure.

Shareholders will also consider a resolution and vote on the long-term Hurdled Performance Share Rights granted to Challenger's Managing Director and CEO, Nick Hamilton. Details on our approach to executive remuneration and long-term incentives granted are included in our Remuneration Report.

After over a decade of service on your company's Board, Steven Gregg will retire from the Board at the AGM. On behalf of my fellow Directors, we thank Steven for his significant strategic contribution to the development of your company during his tenure.

Challenger continues to consider the skills and experience required at Board level to guide the implementation of our strategy, and we are well advanced in the Board renewal process.

On behalf of my fellow Directors, we thank you for your continued support in 2023 and I look forward to welcoming you to our AGM in October.

Yours sincerely

DUNCAN WEST

Independent Non-Executive Director and Chair

Challenger Limited 2023 Annual General Meeting

Notice is given that the Annual General Meeting (AGM or meeting) of the shareholders of Challenger Limited (Challenger or Company) will be held on Thursday, 26 October 2023 beginning at 9.30am (Sydney time).

The AGM will be held as a hybrid meeting, which means shareholders can attend in person at the Wesley Conference Centre or online (refer to details below).

The AGM is an important opportunity for shareholders to interact and hear from the Board and CEO about Challenger's progress and plans for the future. It is also an opportunity to share your views and vote on the items of business. We encourage shareholders to participate in the AGM in one of the ways outlined below.

How to participate in Challenger's AGM

In person

VENUE

You can attend the AGM in person at:

Wesley Conference Centre - Lyceum Room
220 Pitt Street, Sydney NSW 2000



HOW TO GET TO THE AGM

- Train:** The closest train stations are Town Hall and St James.
- Light rail:** The closest light rail stations are QVB and Town Hall.
- Bus:** A number of bus routes have bus stops on nearby Park Street and Castlereagh Street.
- Car:** Parking is available at Piccadilly Secure Parking (137 Castlereagh Street, Sydney) or Secure Parking, The Hilton Hotel (259 Pitt Street, Sydney).

Accessibility: The venue has ramps and lifts for any accessibility needs.

For public transport information, please call 131 500 or visit transportnsw.info

REGISTRATION

Registration will be available from 9.00am (Sydney time). If you have a smartphone, please bring it with you in order to vote during the meeting. If you do not have a smartphone, other options will be available for you to vote during the meeting.

Online

You can watch and participate in the AGM online via the Computershare meeting platform using either a computer or mobile device. Enter the following URL in your browser:



<https://meetnow.global/MHCZ744>

REGISTRATION

Online registration will open at 9.00am (Sydney time), half an hour before the meeting.

You will need the following information to participate in the AGM:

- the meeting link for Challenger's AGM is <https://meetnow.global/MHCZ744>
- your username is your SRN/HIN; and
- your password is your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders should use the country of their registered address as their password.

The online meeting platform allows you to view the meeting live, ask written or verbal questions and cast votes when prompted during the meeting.

Please ensure your browser is compatible. For further information regarding participating in the AGM online, including browser requirements, please refer to the Online Meeting Guide on our website:



challenger.com.au/agm

or at:



www.computershare.com.au/virtualmeetingguide

Shareholder questions

Asking questions during the AGM

Only shareholders (or their appointed proxies, representatives or attorneys) may ask questions in person or online once they have been verified.

If you are participating in the meeting via the online meeting platform, follow the instructions on the screen for submitting your written questions or asking verbal questions. If attending in person, the Chair of the meeting will outline the process during the meeting.

Asking questions prior to the AGM

Shareholders are encouraged to submit questions for Challenger in advance of the meeting by submitting a question at:



www.investorvote.com.au

To be considered at the meeting, written questions submitted in advance must be received no later than 5.00pm (Sydney time) on Thursday, 19 October 2023.

Appointed proxies

As an alternative to attending the meeting in person or online, you can appoint a proxy to attend the meeting and vote on your behalf.

To participate in the AGM online, appointed proxies will need a unique username and password.

Proxyholders will need to obtain their unique username and password by contacting Computershare Investor Services on +61 3 9415 4024 during the online registration period, which will open at 9.00am, half an hour before the start of the meeting.

You can submit your proxy form online by visiting:



www.investorvote.com.au

Shareholder information

Manage your shareholding at Computershare Investor Services

Computershare Investor Services Pty Limited

Level 3
60 Carrington Street
Sydney NSW 2000

Telephone
1800 780 782 (within Australia)
+61 3 9415 4065 (outside Australia)

Go electronic

Challenger shareholders can take advantage of electronic communications. By electing to receive e-communications, you will be helping to reduce print, paper and postage costs and the associated environmental impact.

To sign up for e-communications, visit Computershare Investor Services:



www.investorcentre.com/au

Accessing the Notice of Meeting

This Notice of Meeting is available to read and download online at:



challenger.com.au/agm

To request a hard copy of the Notice of Meeting, please contact Computershare Investor Services on the phone numbers provided.

Challenger 2023 Reports



challenger
Annual Report
2023



[challenger.com.au/
annualreport
2023](http://challenger.com.au/annualreport2023)



challenger
Corporate
Governance
Statement
2023



[challenger.com.au/
corporategovernance
2023](http://challenger.com.au/corporategovernance2023)



challenger
Sustainability
Report
2023



[challenger.com.au/
sustainabilityreport
2023](http://challenger.com.au/sustainabilityreport2023)

Business of the meeting

Financial reports

Item 1

To receive and consider the Financial report, Directors' report and Independent auditor's report for Challenger and its controlled entities (Challenger Group) for the financial year ended 30 June 2023.

Note: The above reports, which are included in Challenger's 2023 Annual Report, are available at:



challenger.com.au/annualreport2023

Re-election of Non-Executive Directors

Item 2(a)

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

That Duncan West, who retires by rotation in accordance with Challenger's board renewal policy specified in clause 10 of its Board Charter, be re-elected as a Director of Challenger.

Item 2(b)

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

That Melanie Willis, who retires by rotation in accordance with Challenger's board renewal policy specified in clause 10 of its Board Charter, be re-elected as a Director of Challenger.

Remuneration Report

Item 3

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

That the Remuneration Report for Challenger for the financial year ended 30 June 2023 be adopted.

The vote on this item is advisory only and does not bind the Directors or the Company. A voting exclusion applies to this resolution.

Grant of long-term Hurdled Performance Share Rights to the Chief Executive Officer

Item 4

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

That, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval is given for the grant of long-term Hurdled Performance Share Rights to Challenger's Managing Director and CEO, Nicolas Hamilton, under the Challenger Performance Plan and on the terms described in the Explanatory Notes included in the Notice of Meeting.

A voting exclusion applies to this resolution.

Renewal of proportional takeover provisions

Item 5

To consider and, if thought fit, to pass the following resolution as a special resolution:

That the proportional takeover provisions contained in rule 6 of the Company's constitution be renewed for a further period of three years from the date of the AGM.

Refresh the Company's 15% Placement Capacity under the ASX Listing Rules

Item 6

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

That for all purposes, including ASX Listing Rule 7.4, the issue of 3,500,000 Challenger Capital Notes 4 (Notes) on 5 April 2023, on the terms set out in the Replacement Prospectus and summarised in the Explanatory Notes to the Notice of Meeting, be approved.

A voting exclusion applies to this resolution.

Important voting information

Voting exclusion statements

Item 3: Remuneration Report

Challenger will disregard any votes cast on Item 3:

- by or on behalf of a member of the Company's Key Management Personnel (KMP), the details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2023, or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 3:

- in accordance with a direction on the proxy form; or
- by the Chair of the meeting pursuant to an express authorisation to exercise the proxy as the Chair of the meeting decides, even though Item 3 is connected with the remuneration of KMP.

Item 4: Grant of long-term Hurdled Performance Share Rights to the Chief Executive Officer

Challenger will disregard any votes cast on Item 4:

- in favour of Item 4 by or on behalf of Mr Hamilton and any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a member of the Company's KMP on the date of the meeting and their closely related parties,

unless the vote is cast on Item 4:

- as proxy or attorney for a person entitled to vote on Item 4 in accordance with a direction given to the proxy or attorney to vote on Item 4 in that way;
- by the Chair of the meeting as a proxy for a person entitled to vote on Item 4 pursuant to an express authorisation to exercise undirected proxies as the Chair of the meeting decides; or
- by a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Item 6: Refresh the Company's 15% Placement Capacity under the ASX Listing Rules

Challenger will disregard any votes cast in favour of Item 6 by or on behalf of any person who participated in the issue of the Notes or their associates.

However, Challenger will not disregard a vote cast in favour of Item 6 by:

- a person as proxy or attorney for a person who is entitled to vote on Item 6, in accordance with directions given to the proxy or attorney to vote on Item 6 in that way;
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on Item 6, in accordance with a direction given to the Chair of the meeting to vote as the Chair of the meeting decides; or
- a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

CHAIR'S PROXY VOTING INTENTIONS

The Chair of the meeting intends to vote all undirected proxies in favour of all resolutions on the agenda for the meeting. Please read the information under the heading 'Undirected proxies' on page 13 of this Notice of Meeting for further information.

By order of the Board.



LINDA MATTHEWS

Company Secretary
26 September 2023

Explanatory Notes

These Explanatory Notes form part of the Notice of Meeting.

Item 1: Financial Reports

The Financial report, Directors' report and Independent auditor's report (together, the Reports) for Challenger and its controlled entities for the financial year ended 30 June 2023 will be laid before the meeting in accordance with the requirements of the *Corporations Act 2001* (Cth) (Corporations Act).

Challenger's 2023 Annual Report (which includes the Reports) is available at:



challenger.com.au/annualreport2023

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on the Reports and no formal resolution will be put to the meeting. However, shareholders will be provided with a reasonable opportunity to ask questions about, and make comments on, the Reports and the management of Challenger.

Items 2(a) and 2(b): Re-election of Non-Executive Directors

Background

In accordance with Challenger's Board Renewal Policy, set out in the Board Charter, one-third of Non-Executive Directors (to the nearest whole number) must retire from office at the end of every AGM and may stand for re-election.

Duncan West and Melanie Willis are Non-Executive Directors of Challenger and will retire as Directors at the 2023 AGM, in accordance with Challenger's Board Charter. Each of Duncan West and Melanie Willis will stand for re-election at the meeting.

Each candidate standing for re-election has confirmed that they will have sufficient time to properly fulfil their Director duties for Challenger.

Under Challenger's independence policy, an Independent Director is independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of the Director's judgement. In accordance with Challenger's independence policy, the Board has determined (with Duncan West and Melanie Willis abstaining as relevant) that each of Duncan West and Melanie Willis are an Independent Non-Executive Director.

Item 2(a)

DUNCAN WEST

Independent Non-Executive Director since 10 September 2018 and Chair from 27 October 2022



EXPERIENCE / QUALIFICATIONS

Duncan has over 30 years experience in financial services in the UK and Australia. He has held a series of senior executive positions, including as CEO of Vero Insurance and CGU Insurance, and as EGM of Insurance at MLC.

Duncan holds a Bachelor of Science in Economics (University of Hull, Hull, United Kingdom), Fellow of the Chartered Insurance Institute, member of the Australian Institute of Company Directors and a Senior Associate of the Australia and New Zealand Institute of Insurance and Finance.

SPECIAL RESPONSIBILITIES

- Independent Chair
- Member of the Group Audit Committee
- Member of the Group Risk Committee
- Member of the Group Remuneration Committee
- Chair of the Nomination Committee

The Board has reviewed Duncan's performance and believes that his skills, experience and expertise are a valuable addition to the Board. In particular, Duncan's extensive global financial services experience enhances the Board's ability to oversee Challenger's performance and governance. In addition, Duncan's extensive directorship experience enables him to effectively lead the Board as its Chair.

OTHER LISTED DIRECTORSHIPS

Non-executive Director of Helia Group Limited (formerly Genworth Mortgage Insurance Australia Limited) (appointed 1 September 2018) and Suncorp Group Limited (appointed 23 September 2021).

RECOMMENDATION

The Board (with Duncan West abstaining) supports the re-election of Duncan West and unanimously recommends that shareholders vote in favour of the re-election of Duncan West as a Non-Executive Director.

Item 2(b)

MELANIE WILLIS

Independent Non-Executive Director since 6 December 2017



EXPERIENCE / QUALIFICATIONS

Melanie has significant senior executive experience in corporate finance, strategy and innovation and funds management. Melanie previously held the position of Chief Executive Officer of NRMA Investments and senior executive roles at Deutsche Bank and Bankers Trust. She is also a Non-Executive Director of PayPal Australia and QBE Australia Pacific Limited.

Melanie holds a Bachelor of Economics (University of Western Australia), Master of Law, Tax (University of Melbourne) and is a Fellow of the Australian Institute of Company Directors.

SPECIAL RESPONSIBILITIES

- Chair of the Group Risk Committee
- Member of the Group Audit Committee
- Member of the Nomination Committee

The Board has reviewed Melanie's performance and believes that her skills, experience and expertise are a valuable addition to the Board. In particular, Melanie's significant corporate finance, strategy and innovation and funds management experience enhances the Board's ability to oversee Challenger's performance and governance.

OTHER LISTED DIRECTORSHIPS

Non-Executive Director of Property Exchange Australia Ltd (appointed 11 June 2021).

RECOMMENDATION

The Board (with Melanie Willis abstaining) supports the re-election of Melanie Willis and unanimously recommends that shareholders vote in favour of the re-election of Melanie Willis as a Non-Executive Director.

Item 3: Remuneration Report

Challenger's Remuneration Report is set out on pages 64 to 87 inclusive of the 2023 Annual Report, which is available at:



challenger.com.au/annualreport2023

The Remuneration Report sets out Challenger's remuneration policy and frameworks together with the reward outcomes for the year ending 30 June 2023 for Key Management Personnel (KMP), comprising Executive Directors, Non-Executive Directors and specified Challenger executives.

In accordance with the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board considers the vote and discussion at the AGM in setting remuneration policy and making reward decisions for future years.

A reasonable opportunity will be provided at the meeting to discuss and raise questions in relation to the Remuneration Report.

Recommendation

The Board unanimously recommends that shareholders vote in favour of the adoption of the Remuneration Report.

Item 4: Grant of long-term Hurdled Performance Share Rights to the Chief Executive Officer

It is proposed that Mr Nicolas Hamilton, the Managing Director and Chief Executive Officer of Challenger, be awarded a long-term incentive in the form of Hurdled Performance Share Rights (HPSRs) under the Challenger Performance Plan (CPP). Each HPSR is a conditional right to receive one ordinary fully paid share in Challenger at no cost subject to meeting applicable employment and performance conditions.

ASX Listing Rule 10.14.1 requires a listed company to obtain shareholder approval before issuing equity securities (which would include the HPSRs) to a director under an employee incentive scheme. ASX Listing Rule 10.14 does not apply to securities purchased on-market by or on behalf of a director under an employee share scheme where the terms of the scheme require the securities to be sourced on-market.

While it is currently intended that shares granted on vesting will be acquired on-market, shareholder approval is being sought to preserve flexibility should, for example, the need arise to issue shares rather than allocate Mr Hamilton existing shares. If new shares are issued in order to satisfy the HPSRs (if they vest), that issue will fall within ASX Listing Rule 10.14 because Mr Hamilton is a director of Challenger, and therefore approval under ASX Listing Rule 10.14 will be required.

If Item 4 is passed, Challenger will proceed with the grant of HPSRs outlined in this Notice of Meeting. If Item 4 is not passed, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr Hamilton, which may include amending the terms of and/or the quantum of the award.

Mr Hamilton's current total annual remuneration package comprises the following elements:

- total fixed remuneration (TFR) of \$1,075,000 per annum (inclusive of statutory superannuation contributions and any salary sacrifice items), reviewable annually;
- a short-term incentive target of 133.3% of TFR (maximum 200% of TFR), which if earned, based on Challenger's current Remuneration Policy, is payable 50% in cash and 50% in deferred shares; and

- a long-term incentive in the form of HPSRs with a face value of 225% of TFR.

Challenger grants the long-term incentive in the form of HPSRs to ensure a significant proportion of Mr Hamilton's total reward is 'at risk' and directly linked to shareholder outcomes.

Hurdled Performance Share Rights

Mr Hamilton is eligible for a long-term incentive award each year. Currently, the face value of this award is set at 225% of TFR and is awarded wholly in HPSRs. The Board proposes to grant 376,752 HPSRs to Mr Hamilton.

The number of HPSRs has been calculated by dividing 225% of TFR (being \$2,418,750) by the 5-day volume weighted average price (VWAP) of Challenger shares traded over the five trading days from 1 September 2023 to 7 September 2023 (being \$6.42). This is the same allocation price used for other KMP.

Vesting of the HPSRs will only occur if each of the following conditions are satisfied over the applicable performance period:

- for 75% of the HPSRs granted to vest, Challenger satisfies an absolute total shareholder return (TSR) performance target (the TSR Tranche), described further below;
- for 25% of the HPSRs granted to vest, the Board determining that Challenger has met or exceeded a range of key metrics relating to the culture of the Group (Culture Performance Condition), described further below (the CPC Tranche); and
- for any of the HPSRs granted to vest, Mr Hamilton must not cease to be a permanent employee of the Group prior to the relevant HPSR vesting date. See 'Cessation of employment' below for further information.

The significant weighting to the long-term incentive in Mr Hamilton's reward mix and the use of both absolute TSR and Culture as metrics support a continued focus by Mr Hamilton on long-term performance outcomes and ensures a direct link between Mr Hamilton's realised reward and long-term shareholder outcomes. The adoption of the Culture Performance Condition in respect of the CPC Tranche is designed to assess how effectively Challenger's leadership protects and strengthens Challenger's culture over the performance period and to align with APRA's requirements in Prudential Standard CPS 511 *Remuneration* (CPS 511) that variable remuneration must give material weight to non-financial measures.

TSR TRANCHE

HPSRs granted in the TSR Tranche will vest in accordance with the vesting schedule outlined below.

CHALLENGER'S COMPOUND ANNUAL GROWTH IN ABSOLUTE TSR OVER THE APPLICABLE TSR PERFORMANCE PERIOD	PERCENTAGE OF TSR HPSRS THAT SATISFY THE PERFORMANCE CONDITION
Below 7% per annum	0%
7% per annum	50%
Above 7% but less than 10% per annum	A percentage between 50% and 99.9%, as determined on a straight-line basis
10% or above per annum	100%

TSR performance is calculated using a 90-day VWAP of Challenger shares leading up to the relevant performance period start or end date. This reduces the potential for short-term price volatility to impact vesting outcomes.

The initial period for performance testing and vesting for the HPSRs in the TSR Tranche is four years. Where the absolute TSR performance targets are not satisfied at the end of four years, a higher cumulative test is applied at the end of year five, requiring TSRs above the annual thresholds compounded over five years. As a higher hurdle applies in year five, Challenger's approach differs from traditional "retests" and reflects the Company's commitment to driving focus on long-term performance and strong risk management.

Any HPSRs in the TSR Tranche that do not vest at five years following the performance period start date will lapse. The TSR performance period start and end dates applicable to Mr Hamilton's proposed grant of HPSRs are the same as those applicable to other KMP.

CPC TRANCHE

The Culture Performance Condition that applies to the HPSRs in the CPC Tranche focuses on how effectively Challenger's leadership protects and strengthens Challenger's culture over a four-year performance period.

There are a total of 11 key metrics outlined in a scorecard focused on measuring improvements or declines in Challenger's culture that will be used by the Board to assess progress against the Culture Performance Conditions. These metrics are:

- the results of Challenger's risk culture survey (Risk Culture Survey). The Risk Culture Survey is undertaken bi-annually;
- the results of Challenger's engagement survey (Engagement Survey). The Engagement Survey is undertaken annually; and
- responses to a fixed set of nine specific culture-related questions included in the Engagement Survey (Culture Questions).

The Board will determine whether (and to what extent) the Culture Performance Condition has been achieved or exceeded in respect of the four-year performance period ending 30 June 2027 based on its assessment of satisfaction and/or progress against a scorecard which sets target and stretch ranges for measuring improvements in Challenger's culture (CPC Scorecard). The target and stretch ranges have been set based on internal and external benchmarks.

The number of HPSRs in the CPC Tranche that satisfy the Culture Performance Condition and subsequently vest will be determined by the Board having regard to the target and stretch ranges set out in the CPC Scorecard and will be based on the following vesting scale:

PERFORMANCE AGAINST CPC SCORECARD	PERCENTAGE OF HPSRs GRANTED IN THE CPC TRANCHE THAT VEST
Target Performance not achieved	0%
Target Performance range achieved	Board assessment to determine vesting between 50% and 99.9%
Stretch Performance achieved	100%

For the Target Performance to be met, the Target range in the CPC Scorecard must be met for:

- the Risk Culture Survey; and/or
- the Engagement Survey; and
- at least five of the nine Culture Questions.

If the Target ranges are met, the Board will determine the number of Culture HPSRs that vest, ranging between 50% and 99.9% of the Culture HPSRs, depending on the level by which the Target ranges have been met or exceeded and having regard to the performance

outcomes, taking into consideration operational measures and other relevant information presented to the Board by Challenger's management which may have impacted the results.

For 100% of the Culture HPSRs to vest, Target Performance must be met, plus the stretch ranges listed in the CPC Scorecard must be met for:

- either or both the Risk Culture Survey and the Engagement Survey; and
- at least five of the nine the Culture Questions.

POST-VESTING RESTRICTIONS

CPS 511 requires that at least 60% of a CEO's total variable reward is deferred for a period of at least six years from the date of grant, with pro-rata vesting permissible after four years. To meet this requirement, a disposal restriction of one or two additional years post-vesting will be applied to the HPSRs granted this year to Mr Hamilton. For any HPSRs that will vest after four years, an additional two-year disposal restriction will be applied to the vested HPSRs, with restrictions lifted on a pro-rata basis after the fifth and sixth years. For any HPSRs that will vest after five years, an additional one-year disposal restriction will be applied on a pro-rata basis to the vested HPSRs, and lifted after the sixth year.

Cessation of employment

The subsection titled 'Nicolas Hamilton – Managing Director & CEO' set out on page 83 of the 2023 Annual Report sets out the notice periods and payments which apply to Mr Hamilton upon termination.

In summary, if Mr Hamilton ceases employment as a 'good leaver' before the HPSRs vest, a pro-rata portion of the unvested HPSRs will remain on foot and the vesting conditions will be tested in the ordinary course subject to the terms of the offer and the rules of the CPP (unless the Board determines otherwise). Good leaver treatment applies if employment ends in any circumstances other than as a 'bad leaver'. 'Bad leaver' circumstances are if Mr Hamilton's employment is terminated by Challenger for poor performance, misconduct or resignation without the prior approval of the Board. In the case of cessation of employment as a 'bad leaver', any unvested rights will lapse, unless the Board determines otherwise.

Change of control

In the event of a change of control of Challenger (in summary, where a person either acquires a relevant interest in more than 50% of Challenger's issued shares or disposes of shares so that its relevant interest falls below 50% of Challenger's issued shares), then the Board may in its sole discretion determine the way in which Mr Hamilton's HPSRs will be dealt with, provided that this does not adversely affect Mr Hamilton's accrued rights under the CPP.

Malus and clawback

Challenger acknowledges that risk and conduct issues can take several years to become known to the Board. Therefore, the Board has the ability to adjust unvested equity (including to zero) and apply clawback for up to two years post-vesting or after an award or payment has been made to Mr Hamilton in a range of circumstances, including to protect financial soundness or respond to unexpected or unintended consequences that are material and unforeseen by the Board (such as material risk management breaches, unexpected financial losses, reputational damage or regulatory non-compliance).

The Challenger Board will retain absolute discretion to adjust final vesting outcomes in respect of the HPSRs granted to mitigate any adverse outcomes and to ensure alignment with experience of its shareholders.

Material terms of HPSRs

In addition to the terms described in this explanatory note for Item 4, the following terms apply to the HPSRs until the HPSRs vest and convert into ordinary securities:

- the HPSRs are not transferrable;
- the HPSRs do not confer any right to vote;
- the HPSRs do not confer any entitlement to a dividend;
- the HPSRs do not confer any right to participate in the surplus profit or assets of Challenger on winding up; and
- the HPSRs do not confer any right to participate in new issues of securities such as bonus issues or entitlement issues.

Material terms of the CPP

In addition to the terms described in this explanatory note for Item 4, the following terms apply to the CPP:

- the CPP is an employee share scheme for Challenger and its subsidiaries (the Group);
- the purpose of the CPP is to reward, motivate and retain eligible executives and employees of the Group (Participants) while aligning with the interests of shareholders;
- Challenger may offer various types of awards under the CPP, including HPSRs. Challenger's Board of Directors has discretion to approve and vary the terms of offers of awards to participants under the CPP (including manner, form, content and timing). The Challenger Board of Directors also has a discretion to amend the terms of the CPP;
- the CPP provides that when HPSRs vest, the holder of those rights becomes entitled to receive one Challenger share for each vested HPSR; and
- the CPP also includes the provisions relating to vesting and lapsing of HPSRs, change of control, malus and clawback, as summarised in this explanatory note.

Additional information

The following additional information is relevant to the proposed grant of securities:

- There is no cost payable by Mr Hamilton, and no loan made by Challenger to Mr Hamilton, in relation to the grant of the HPSRs or the allocation of shares on vesting of the HPSRs.
- Mr Hamilton is the only Director (or associate of a Director) entitled to participate in the CPP.
- The HPSRs that are the subject of this approval will be granted to Mr Hamilton following the AGM and no later than 12 months from the AGM.
- A total of 1,241,418 HPSRs have been granted to Mr Hamilton under the CPP in prior years (commencing from 2016) of which none have vested, 79,414 have lapsed and 1,162,004 remain unvested and on foot, with vesting subject to compound annual TSR thresholds. These awards were granted to Mr Hamilton as his long-term incentive for no cost. No HPSRs granted to Mr Hamilton vested in 2021, 2022 or 2023.
- Details of any securities issued under the CPP will be published in Challenger's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14, who become entitled to participate in an issue of securities under the CPP after this resolution is approved and who are not named in this Notice of Meeting, will not participate until approval is obtained under ASX Listing Rule 10.14.

Recommendation

The Board (with Mr Hamilton abstaining) unanimously recommends that shareholders vote in favour of the grant of long-term Hurdled Performance Share Rights to Mr Hamilton.

Item 5: Renewal of proportional takeover provisions

Under the Corporations Act, companies may include proportional takeover rules in their constitutions that prohibit the registration of transfers of shares acquired under a proportional takeover bid unless a resolution is passed by the shareholders approving the bid. Challenger has such rules in its Constitution. However, these rules expire if they are not renewed by a special resolution of shareholders every three years.

Challenger is proposing to renew the proportional takeover provisions in Rule 6 of the Constitution, which were inserted by a special resolution at Challenger's 2020 Annual General Meeting, held on 29 October 2020, for a period of three years from the date of the meeting.

Statement under the Corporations Act

The Corporations Act requires that the following information be provided to shareholders when they are considering renewal of proportional takeover provisions in a constitution.

What is a proportional takeover bid?

A proportional takeover bid is a takeover bid where an offer is made to each shareholder of a company to acquire a specified proportion only of that shareholder's shares (that is, less than 100%). The specified proportion must be the same in the case of all shareholders.

This means that control of the company may pass without shareholders having the chance to sell all their shares to the bidder and the bidder may take control of the company without paying an adequate amount for gaining control.

The Corporations Act allows a company to provide in its constitution that if a proportional takeover bid is made, shareholders must vote on whether to accept or reject the proportional takeover bid and that decision will be binding on all shareholders. This provision allows shareholders to decide collectively whether a proportional takeover bid is acceptable in principle and it may ensure that any partial offer is appropriately priced.

The effect of the proportional takeover provisions

The effect of Rule 6 of the Constitution is that in the event that a proportional takeover bid is made, the Directors must convene a meeting of shareholders to vote on a resolution to approve the proportional takeover bid. The resolution must be voted on at least 14 days before the last day of the takeover bid period. For the resolution to be approved, it must be passed by a simple majority of votes at the meeting, excluding votes of the bidder and its associates.

If no such resolution is voted on at least 14 days before the last day of the takeover bid period, the resolution will be deemed to have been approved. This effectively means that shareholders may only prohibit a proportional takeover bid by passing a resolution rejecting the proportional takeover bid.

If the resolution is approved or deemed to have been approved, a transfer of Challenger shares under the proportional takeover bid may be registered provided it complies with the other provisions of the Corporations Act and the Constitution.

If the resolution is rejected, the registration of any transfer of shares resulting from the proportional takeover bid is prohibited and the proportional takeover bid is deemed by the Corporations Act to have been withdrawn.

The Directors will breach the Corporations Act if they fail to ensure the resolution is voted on.

The proportional takeover provisions do not apply to full takeover bids. The renewed provisions will expire after three years, unless again renewed by shareholders by a special resolution. Similar provisions are commonly found in the constitutions of publicly listed companies on the ASX, and are regularly renewed.

Reasons for proposing the resolution

Part 6.5 Subdivision 5C of the Corporations Act permits the inclusion and renewal of proportional takeover provisions in the Constitution.

The Directors consider that shareholders should continue to have the opportunity to vote on a proposed proportional takeover bid.

Without the proportional takeover approval provisions in the Constitution, a proportional takeover bid may result in control of Challenger passing without shareholders having the opportunity to dispose of all of their Challenger shares to the bidder. This could result in control of Challenger passing to the bidder without the payment of an adequate control premium and with shareholders left as a minority interest in Challenger.

The proportional takeover provisions lessen this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed. The Directors consider that it is appropriate for shareholders to have this right.

No knowledge of any acquisition proposals

At the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in Challenger.

Review of proportional takeover provisions

No takeover bids for the Company have been made, either proportional or otherwise, since the provisions in Rule 6 were inserted in the Constitution at the AGM in 2020. Accordingly, there are no actual examples against which to assess the advantages or disadvantages of the proportional takeover provisions for the Directors and shareholders of Challenger. The Directors are not aware of any potential takeover bid that was discouraged by these provisions.

Potential advantages and disadvantages

The Corporations Act requires that shareholders be given a statement of the potential future advantages and disadvantages of the provisions being renewed in the Constitution.

The renewal of the proportional takeover provisions will allow Directors to ascertain shareholders' views on a proportional takeover bid. Otherwise, the Directors consider that the proposed renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved or rejected.

The potential advantages of the proportional takeover provisions for shareholders are:

- they give shareholders a say in determining whether a proportional takeover bid should proceed;
- they may discourage the making of a proportional takeover bid which may be considered to be opportunistic and may prevent control of Challenger passing without the payment of an appropriate control premium;
- they may assist shareholders in not being locked in as a minority interest;

- they increase shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- knowing the view of the majority of shareholders may assist each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that bid.

Some potential disadvantages for shareholders are that the proportional takeover provisions:

- may discourage the making of proportional takeover bids in respect of Challenger and may reduce any speculative element in the market price of Challenger's shares arising from the possibility of a takeover bid being made;
- may depress the share price or deny shareholders an opportunity of selling some of their Challenger shares at a premium;
- may reduce the likelihood of a proportional takeover bid being successful; and
- may be considered to constitute an unwarranted restriction on the ability of shareholders to deal freely with their Challenger shares.

However, the Directors do not perceive those or any other possible disadvantages as a justification for not renewing the proportional takeover provisions for a further period of three years and consider that the potential advantages of the proportional takeover provisions for shareholders outweigh these possible disadvantages.

Recommendation

The Board unanimously recommends that shareholders vote in favour of renewing the proportional takeover provisions in the Constitution.

Item 6: Refresh the Company's 15% Placement Capacity under the ASX Listing Rules

On 5 April 2023, Challenger raised \$350 million through the issue of 3,500,000 non-cumulative, convertible, transferable, redeemable, subordinated, perpetual and unsecured Challenger Capital Notes 4 (Notes) at \$100 per Note.

The Offer of the Notes was via a Replacement Prospectus dated 15 March 2023 (Replacement Prospectus) and comprised:

- a New Money Offer made to eligible clients of Syndicate Brokers and Institutional Investors wishing to make a new investment in the Notes; and
- a Reinvestment Offer made to clients of Syndicate Brokers and Institutional Investors that were Eligible CCN2 Holders wishing to reinvest some or all of their Challenger Capital Notes 2 in the Notes.

Capitalised terms used to describe the Notes offer are as defined in the Replacement Prospectus.

Applicants under both the New Money Offer and the Reinvestment Offer were required to be either Institutional Investors in Australia, Wholesale Clients of Syndicate Brokers or Retail Clients of Syndicate Brokers that had received personal advice from a qualified financial adviser concerning the investment in the Notes.

The proceeds of the Notes have been used to fund a subscription for Additional Tier 1 Capital for Challenger Life Company Limited (CLC), a registered life company of the Challenger Group and a wholly owned subsidiary of Challenger.

The Notes are quoted on the ASX under the code 'CGFPD'.

A summary of the terms of the Notes is provided in Appendix A to this Explanatory Note. Shareholders should refer to the full terms of the Notes as set out in the Replacement Prospectus, which will prevail in the event of any inconsistency between this Explanatory Note (including Appendix A) and the Replacement Prospectus.

Reason for seeking approval

ASX Listing Rule 7.1 imposes a limit on the number of equity securities that a listed company such as Challenger can issue or agree to issue in any 12-month period without shareholder approval (15% placement capacity) where an exemption to the rule does not apply. Under ASX Listing Rule 7.4, an issue of any equity securities may be treated as having been made with approval under ASX Listing Rule 7.1 if the issue did not otherwise breach ASX Listing Rule 7.1 and the holders of ordinary shares in Challenger subsequently approve it.

The issue of the Notes was within the limits of Challenger's 15% placement capacity and therefore did not require shareholder approval to proceed. The purpose of Item 6 is to refresh Challenger's 15% placement capacity so that its capacity would be the same as if the issue of the Notes had proceeded with shareholder approval. If shareholders ratify the issue of the Notes, these securities will no longer be counted towards Challenger's 15% placement capacity and Challenger will have greater flexibility as to how it manages its future capital requirements. Notwithstanding any approval by shareholders of the proposed resolution in Item 6, any future equity issuances will remain subject to the 15% placement capacity under ASX Listing Rule 7.1 unless an exemption applies.

If shareholders do not approve Item 6, the ordinary shares that may be received on conversion of the Notes will continue to be counted towards Challenger's 15% placement capacity, which may restrict the Company's ability to issue further securities for 12 months from the date of issue of the Notes.

Notes Conversion to Ordinary Shares

The Notes do not have a fixed maturity date but Challenger has a right to convert the Notes to ordinary shares or redeem or resell the Notes for cash on 25 May 2029, 25 August 2029, 25 November 2029 and 25 February 2030 (or an earlier date if certain conditions are met) subject to approval by the Australian Prudential Regulation Authority (APRA). The Notes will mandatorily convert to ordinary shares on 25 February 2032 subject to certain conditions being satisfied. Challenger may be required to convert some or all Notes to ordinary shares or undertake other measures if APRA so requires on the happening of a Non-Viability Trigger Event (as defined in the Replacement Prospectus) at any time.

Conversion Number of Notes to Ordinary Shares

For the purposes of calculating the impact on placement capacity under the ASX Listing Rules at any time, the number of ordinary shares to be taken into account is the number that would result if the Notes were exchanged at that time. For example, using the volume weighted average price during the 20 ASX trading days ending 12 September 2023 of \$6.59, the issue of the Notes would reduce Challenger's future placement capacity by approximately 52% of Challenger's issued capital unless shareholders approve Item 6. Under the terms of the Notes, approximately 53,647,246 Challenger ordinary shares would have been issued if the conversion had occurred on 13 September 2023.

Waiver of ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires the approval of security holders to issue securities to a related party. ASX granted a waiver of ASX Listing Rule 10.11 to permit the Directors and their related persons (being the spouses, parents, children and associates of Directors) to collectively participate in the Notes offer without shareholder approval, subject to an aggregate cap of no more than 0.2% of the total number of Notes issued. As announced on 5 April 2023, no Notes were issued to Challenger Directors and their related persons.

Recommendation

The Board unanimously recommends that shareholders vote in favour of refreshing the Company's 15% Placement Capacity under the ASX Listing Rules.

Additional information for shareholders

Eligibility to attend and vote

In accordance with the *Corporations Regulations 2001* (Cth), the Challenger Board has determined that, for the purposes of the meeting, those shareholders registered as holding shares at 7.00pm (Sydney time) on Tuesday 24 October 2023 will be entitled to attend and vote at the meeting. Share transfers registered after that time will be disregarded in determining a shareholder's entitlement to attend and vote at the meeting.

Proxy Appointment and Meeting Participation

A shareholder that is entitled to attend and vote at a meeting of shareholders may appoint a proxy to attend and vote for that shareholder at the meeting. A proxy need not be a shareholder of Challenger and can be either an individual or a body corporate. Appointed proxies will need to contact Computershare Investor Services to obtain a username and password to vote online.

Even if you plan to participate in the meeting either online or in person, we encourage you to submit a directed proxy vote so that your vote will be counted if for any reason you cannot vote on the day of the meeting. Appointing a proxy does not mean you cannot attend the meeting. However, under the Challenger Constitution, if you appoint a proxy but still attend the AGM and vote on any resolution, the proxy is not entitled to vote.

If a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies and may specify the proportion of voting rights each proxy may exercise on a poll.

If no proportions are specified, each proxy may exercise half the available votes (disregarding fractions) on a poll. If a shareholder appoints two proxies, neither is entitled to vote on a show of hands if more than one proxy attends the meeting.

You may direct your proxy to vote for a resolution, against a resolution or abstain from voting on a resolution. Any abstained votes will not be counted in computing the required majority on a poll. In the absence of such a direction, the proxy is authorised to vote or abstain from voting on any resolution at their discretion, subject to applicable voting restrictions.

For an appointment of a proxy to be effective for the meeting, Challenger must receive the proxy appointment by no later than 9.30am (Sydney time) on Tuesday 24 October 2023.

If a proxy form is signed under power of attorney on behalf of a shareholder, then Challenger must receive the original power of attorney or a certified copy of it by the same time.

You may lodge your proxy appointment with Computershare Investor Services by doing one of the following:

- lodging it online at Computershare's website www.investorvote.com.au as instructed on the website (you will have been taken to have signed your proxy form if you have lodged it in accordance with the instructions given on the website);
- posting it by using the reply paid envelope, enclosed with this Notice of Meeting, to: Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001; or
- custodian voting – for Intermediary Online subscribers only (custodians), by visiting www.intermediaryonline.com to submit your voting intentions.

Proxy participation in person at the AGM

If you are attending the meeting in person, you should present a personalised proxy form as your entitlement to attend and vote. The bar code at the top of the proxy form will facilitate registration.

If you do not bring the proxy form with you, you will still be able to attend and vote, but representatives from Computershare must be able to verify your identity at registration. If you are a proxy holder, you will not be allowed entry unless your proxy authority has been verified by Computershare or you produce the original signed proxy form. Registration will open at 9.00am (Sydney time) on the day of the meeting.

Proxy participation in the AGM online

To participate in the AGM online, appointed proxies will need a unique username and password.

To receive their unique username and password, proxies will need to contact Computershare Investor Services on +61 3 9415 4024 during the online registration period, which will open at 9.00am (Sydney time), half an hour before the start of the meeting.

Appointed proxies can also submit a written or verbal question via the online platform during the AGM using their username and password.

Chair's deemed appointment as proxy

There are some circumstances where the Chair of the meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has appointed a different person as their proxy. This will be the case where your named proxy does not attend the meeting, or you direct your proxy how to vote and they attend the meeting but do not vote on a poll for an item.

Undirected proxies

Challenger encourages you to consider directing your proxy how to vote by marking the appropriate box on the proxy form for each of the proposed resolutions.

If you appoint the Chair of the meeting as your proxy, or the Chair of the meeting becomes your proxy by default and you do not direct your proxy how to vote on any resolution, then by completing and submitting the proxy form, you will be expressly authorising the Chair of the meeting to exercise your proxy as they decide, including on Items 3 and 4, even though those resolutions are connected with the remuneration of a member of the KMP. The Chair of the meeting intends to vote all undirected proxies in favour of all resolutions on the agenda for the meeting.

Corporate shareholders and proxies

Corporate shareholders or proxies wishing to appoint a representative to attend and vote at the meeting on their behalf must provide that person with:

- an appropriately executed letter or certificate authorising the person to act as the company's representative in accordance with Challenger's Constitution; or
- a copy of the resolution appointing the representative, certified by a company secretary or director of the company.

A representative may be authorised for a single meeting or all meetings of Challenger, and an authorisation for more than one meeting must be stated on the authorising instrument. The representative must ensure that the Company has received evidence of their appointment, including any authority under which it has been signed, in advance of the meeting, unless it has previously been given to the Company.

Questions and comments by shareholders

The AGM is an important opportunity for shareholders to interact with the Directors and provides an opportunity to hear from the Chair and the CEO, consider and vote on resolutions and ask questions of the Board and auditor.

A reasonable opportunity will be given to shareholders as a whole to ask questions or make comments about Challenger's management, the Reports, including the Remuneration Report, and other agenda items at the meeting. The Chair of the meeting will seek to address as many as possible of the more frequently raised topics received in advance of the meeting during the course of the meeting; however, there may not be sufficient time available at the AGM to address all topics raised.

Similarly, a reasonable opportunity will be given to shareholders as a whole to ask Challenger's auditor, Ernst & Young, questions about:

- the conduct of the audit;
- the preparation and content of the Independent auditor's report;
- the accounting policies adopted by Challenger in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Only shareholders (or their appointed proxies, attorneys or representatives) may ask questions in person or online.

Asking questions prior to the AGM

Shareholders may provide written questions to Challenger or to the auditor (in relation to the content of the Independent auditor's report or the conduct of the audit of Challenger's financial report for the financial year ended 30 June 2023) in advance of the meeting. Please note that individual responses will not be sent to shareholders.

Shareholders can also submit questions in advance of the meeting when lodging a proxy appointment online prior to the meeting at:



www.investorvote.com.au

To be considered in advance of the meeting, written questions must be received no later than 5.00pm (Sydney time) on Thursday 19 October 2023.

Asking questions during the AGM

If attending online, instructions on how to ask questions during the meeting are detailed in the Online Meeting Guide available on Challenger's website at:



challenger.com.au/agm

If attending in person, the Chair of the meeting will outline the process during the meeting.

Registration and voting

Registration will open at 9.00am (Sydney time) on the day of the meeting.

If you are attending the AGM in person and have a smartphone, please bring it with you in order to vote during the meeting.

If you do not have a smartphone, other options will be available for you to vote during the meeting.

To participate and vote in the AGM online, you can log on to the meeting from your computer or mobile device, by entering the following URL in your browser:



<https://meetnow.global/MHCZ744>

Once you have selected one of the options above, shareholders will need the following information to participate in the AGM in real time:

- the meeting link for Challenger's AGM which is:
<https://meetnow.global/MHCZ744>
- your username, which is your SRN/HIN; and
- your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the Online Meeting Guide available on challenger.com.au/agm for their password details.

Webcast

A live webcast of the meeting will be available on the Challenger website at challenger.com.au/agm from 9.30am (Sydney time) on Thursday 26 October 2023.

The webcast will be recorded and made available to view after the meeting on Challenger's website at:



challenger.com.au/agm

All resolutions will be by poll

A poll will be conducted on each of the resolutions set out in this Notice of Meeting.

Technical difficulties

Technical difficulties may arise during the course of the AGM. The Chair of the meeting has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair of the meeting will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected.

Where the Chair of the meeting considers it appropriate, they may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a directed proxy in advance of the meeting in case they cannot vote on the day for any reason.

Alternative arrangements

Shareholders should monitor the Company's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the meeting.

Appendix A

This table summarises the key features of the Challenger Capital Notes 4 (Notes) that are the subject of Item 6. The full terms of the Notes are set out in the Replacement Prospectus dated 15 March 2023 (Prospectus) for the Notes and will prevail in the event of any inconsistency between this Appendix A and the Prospectus.

TOPIC	SUMMARY
Fully paid subordinated notes of Face Value \$100 each	<p>The Notes are fully paid subordinated notes of Face Value \$100 each issued by Challenger.</p> <p>The Notes will be subordinated to claims of senior creditors, and rank equally with other Relevant Perpetual Subordinated Instruments (these are more fully described in the Prospectus but include Challenger Capital Notes 3 and the Notes and other instruments that are capable of being converted into ordinary shares of Challenger or Written-Off where APRA determines that Challenger is or may become 'non-viable') and ahead of ordinary shares.</p>
No maturity date	<p>The Notes are perpetual, which means they do not have any fixed maturity date and could remain on issue indefinitely.</p> <p>However, Challenger has the right to convert the Notes to ordinary shares, or to redeem the Notes or resell the Notes to a nominated purchaser for cash on an Optional Exchange Date (or on an earlier date in certain circumstances) subject to APRA's prior written approval. The Optional Exchange Dates are 25 May 2029, 25 August 2029, 25 November 2029 and 25 February 2030.</p> <p>If Challenger does not exercise its right described above on any Optional Exchange Date, the Notes will mandatorily convert to ordinary shares on the Mandatory Conversion Date, subject to certain Mandatory Conversion Conditions (see below under 'Will the Notes convert to ordinary shares?') being satisfied. The Mandatory Conversion Date is 25 February 2032, but may not occur at all if the conditions for conversion are not satisfied on that date.</p> <p>What will happen to the Notes is uncertain and depends on a number of factors, including whether mandatory conversion will occur, whether Challenger elects to convert, redeem or resell the Notes, and whether APRA's approval is given when required under the terms of the Notes.</p> <p>Holders will have no right to request that Challenger convert, redeem or resell the Notes.</p>
Distributions	<p>Subject to certain conditions, the Notes will pay quarterly, floating rate, non-cumulative, discretionary distributions in arrears at the Distribution Rate (see below) unless and until converted, redeemed or Written-Off.</p> <p>The Distribution Rate is calculated in accordance with the following formula:</p> <p>Distribution Rate = (BBSW Rate + Margin) x (1 – Tax Rate)</p> <p>Where:</p> <p>BBSW Rate in respect of a distribution period is the three month rate published through information vendors on the first business day of the relevant distribution period. It is a benchmark floating interest rate for the Australian money market and is administered by ASX (or its successor). It is the primary short-term interest rate benchmark used in the financial markets for the pricing and valuation of Australian dollar securities and as a lending reference rate. It changes to reflect supply and demand in the cash and currency markets. Fall-back procedures apply if the BBSW Rate does not appear, if there is an obvious error in that rate, or where Challenger determines that a rate disruption event has occurred;</p> <p>Margin is 3.60% as determined under the Bookbuild; and</p> <p>Tax Rate means the Australian corporate tax rate applicable to Challenger's franking account at the relevant distribution payment date. As at the date of this Notice of Meeting, the Tax Rate is 30%.</p> <p>Distributions are fully franked, although this is not guaranteed. If a distribution is not franked or is only partially franked, the amount of the cash component of the distribution which is being paid will be increased to compensate for the unfranked component according to the following formula:</p> $D \div (1 - [\text{Tax Rate} \times (1 - F)])$ <p>Where:</p> <p>D is the amount of the distribution that would otherwise have been payable;</p> <p>F is the applicable franking rate; and</p> <p>Tax Rate has the meaning given above.</p> <p>Payment of distributions is subject to the absolute discretion of Challenger and subject to no payment condition existing in respect of the relevant distribution payment date. Payment conditions include (in summary) consolidated retained earnings of the Challenger Group being or (on payment of the distribution) becoming negative, the payment resulting in Challenger becoming or being likely to become insolvent, and APRA objecting to the payment.</p> <p>Distributions are non-cumulative, which means that if a distribution has not been paid on a distribution payment date, then Challenger has no obligation to pay the distribution at any later date.</p>

TOPIC

SUMMARY

**Distributions
(continued)**

If a distribution is not paid in full on a distribution payment date, Challenger must not, without the approval of a special resolution of Noteholders, declare, determine to pay or pay a dividend on its ordinary shares, or buy back or reduce capital on any of its ordinary shares, until and including the next distribution payment date. This restriction will not apply if the relevant distribution is paid in full within three business days of the relevant distribution payment date.

The terms do not contain events of default and, accordingly, failure to pay a distribution when scheduled will not constitute an event of default.

Will the Notes be Redeemed?

If certain conditions are met, Challenger will have a right, but not an obligation, to redeem the Notes:

- on any Optional Exchange Date (see above under 'No maturity date' for further information);
- on the occurrence of a Tax Event (as defined in the Prospectus, includes where a change in Australian tax law after the issue date results in a more than insignificant increase in the costs to Challenger of the Notes being on issue); or
- on the occurrence of a Regulatory Event (as defined in the Prospectus, includes where a change in Australian law or regulation after the issue date would impose additional requirements on Challenger in relation to the Notes that the Directors determine would have a not insignificant adverse impact on Challenger or if the proceeds of the Notes may no longer be used to fund the regulatory capital requirements of Challenger Life Company Limited).

Challenger can only redeem the Notes if it has received APRA's prior written approval, and APRA is satisfied with the projected capital position of Challenger and the Challenger Group.

Will the Notes convert to ordinary shares?

The Notes will be converted to ordinary shares automatically on the occurrence of certain events, or at Challenger's option in a number of circumstances (as set out in the Prospectus). In each case, a Note will convert to a number of ordinary shares calculated based on the VWAP of ordinary shares (VWAP is defined in the Prospectus but broadly refers to the average of the daily volume weighted average prices of Challenger ordinary shares sold on the ASX) during the relevant period, but subject always to a Maximum Conversion Number. The Maximum Conversion Number is calculated as outlined in the Prospectus but is essentially (1) the Face Value of a Note divided by (2) the VWAP of ordinary shares over the 20 business days immediately preceding (but not including) the issue date of the Notes multiplied by a fraction (Relevant Fraction) – the Relevant Fraction is 0.5 in the case of a mandatory conversion, or 0.2 in the case of any other conversion.

Except in the case of a Non-Viability Trigger Event (see below), conversion is subject to conditions (see further details below).

Mandatory Conversion or Acquisition Event: All Notes must be converted to ordinary shares on the scheduled Mandatory Conversion Date (see above under 'No maturity date') or upon the occurrence of an Acquisition Event (as defined in the Prospectus – this event relates to a change of control transaction). However, conversion cannot occur unless the Mandatory Conversion Conditions (in the case of an Acquisition Event, as appropriately adapted) are satisfied. The Mandatory Conversion Conditions are conditions designed to prevent conversion from occurring in circumstances where, due to the Maximum Conversion Number, Note holders would receive a number of ordinary shares per Note worth substantially less than the Face Value of the Notes. Additionally, the Mandatory Conversion Conditions protect Note holders in circumstances where the ordinary shares a holder receives upon conversion cannot be sold on the ASX. Where these conditions are not satisfied, conversion will be deferred until the next distribution payment date where they are satisfied. Each Note which is the subject of a conversion under these circumstances will, in summary, be converted to ordinary shares with a value of approximately \$101 based on the VWAP at the time of conversion (see below for examples of the conversion calculation).

Non-Viability Trigger Event: Some or all Notes must be converted to ordinary shares if APRA determines that a Non-Viability Trigger Event has occurred. Conversion under these circumstances is not subject to any conditions, and Note holders are likely to receive a number of ordinary shares per Note which are worth substantially less than Face Value. A Non-Viability Trigger Event occurs when either (1) APRA issues a notice in writing to Challenger that the conversion to ordinary shares or write-off of Relevant Perpetual Subordinated Instruments (these include the Notes) in accordance with their terms or by operation of law is necessary because, without it, APRA considers that Challenger would become non-viable, or (2) APRA makes a determination, notified in writing to Challenger, that without a public sector injection of capital, or equivalent support, Challenger would become non-viable.

Optional Exchange: Challenger has the option, but not the obligation, to convert, with APRA's prior written approval:

- some or all (as Challenger may select) of the Notes to ordinary shares on the Optional Exchange Date (see above under 'No maturity date'), or on the occurrence of a Tax Event or a Regulatory Event; and
- all Notes to ordinary shares on the occurrence of a Potential Acquisition Event (as defined in the Prospectus – these events relate to potential change of control transactions where all required approvals have not yet been obtained).

In each case Challenger is restricted from exercising its option to convert if certain Optional Conversion Restrictions apply, and where the Mandatory Conversion Conditions (as appropriately adapted for an Optional Exchange) would not be satisfied, conversion will be deferred until the next distribution payment date where they are satisfied. Each Note which is the subject of a conversion under these circumstances will be converted to ordinary shares with a value of approximately \$101 based on the VWAP at the time of conversion.

TOPIC

SUMMARY

**Will the Notes convert to ordinary shares?
(continued)****Examples:**

Conversion on a Mandatory Conversion Date: If Notes are converted on a Mandatory Conversion Date, the number of ordinary shares a Note holder will receive for each Note will (subject to the Maximum Conversion Number) be calculated as follows:

$$\text{Conversion Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$$

So if the VWAP in the relevant period (in the case of conversion on the Mandatory Conversion Date, this is the 20 business days on which trading in ordinary shares took place immediately preceding (but not including) the relevant conversion date) was:

- \$6.36 (being the share price at close of trading on the day nine business days before the date of this Notice of Meeting), the number of Challenger ordinary shares into which each Note would convert would be 15.8821 shares (being \$100 divided by (99% x \$ 6.36)).
- \$12.72 (being double that share price), the number of Challenger ordinary shares into which each Note would convert would be 7.9410 shares (being \$100 divided by (99% x \$12.72)).
- \$3.18 (being half that share price), the number of Challenger ordinary shares into which each Note would convert would, subject to the Maximum Conversion Number not being exceeded (see below), be 31.7642 shares (being \$100 divided by (99% x \$3.18)).

These conversion outcomes are subject to the Maximum Conversion Number not being exceeded. If the VWAP of Challenger ordinary shares over the 20 business days immediately preceding the issue date of the Notes was \$6.52, the Maximum Conversion Number in situations involving conversion on a Mandatory Conversion Date will be 30.6748 shares (being the Face Value of \$100 divided by (\$6.52 x 0.5 (being the Relevant Fraction in the case of Mandatory Conversion))). No more than this number of shares could be issued on conversion, but the Mandatory Conversion Conditions will generally prevent conversion occurring in situations where the Maximum Conversion Number would operate to cap conversion, and conversion would therefore not occur in the third of the examples above (with conversion being deferred until the next distribution payment date where the Mandatory Conversion Conditions were satisfied).

Conversion on a Non-Viability Trigger Event, Acquisition Event or Optional Exchange Date: Conversion on a Non-Viability Trigger Event, Acquisition Event or Optional Exchange Date operates in essentially the same way as conversion on the Mandatory Exchange Date, discussed above, except that the relevant period for calculating the VWAP may in some circumstances be shorter (as set out in the Prospectus), the Relevant Fraction for calculating the Maximum Conversion Number is 0.2 rather than 0.5 and, in the case of conversion on a Non-Viability Trigger Event only, conversion is not subject to any conditions (so if the Maximum Conversion Number would operate to cap conversion that will simply occur, rather than conversion being deferred).

Therefore, if the above examples were occurring on a Non-Viability Trigger Event, Acquisition Event or Optional Exchange Date (and the VWAP referred to above was the VWAP over the applicable period), the numbers of Challenger ordinary shares received on conversion would be as per the above examples, except that in the third example, the holder would receive the full 31.7642 shares (being \$100 divided by (99% x \$3.18)) calculated in that example. This is because the Maximum Conversion Number would be higher – 76.6871 shares (being the Face Value of \$100 divided by (\$6.52 x 0.2)) – and would therefore not operate to cap conversion based on any of the example share prices.

Will the Notes be Written-Off?

Where Challenger is required to convert some or all Notes to ordinary shares on account of a Non-Viability Trigger Event, but conversion does not occur for any reason within five business days of APRA's determination, then those Notes will be Written-Off.

If Notes are Written-Off, the relevant Note holders' rights under the Notes (including to receive distributions, payment of Face Value or potential conversion to ordinary shares) will be immediately terminated with effect on and from the date of the Non-Viability Trigger Event, and holders will lose the entire amount of their investment in the relevant Notes.

Additional information

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Share Registry
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Company Secretary

Linda Matthews

Unless otherwise specified, all amounts are in Australian dollars.

The information, including all amounts, in this Notice of Meeting is current as at 30 June 2023, and unless stated otherwise, any comparison is based on the prior corresponding period.

This Notice of Meeting is not financial product advice, investment advice or a recommendation to acquire Challenger's securities, and has been prepared without taking into account your objectives, financial situation or needs. This document is not, and should not be considered as, an offer or an invitation to acquire securities in Challenger or any other financial products.