

CGF

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000Eligible Holder Identification Number (HIN) /
Securityholder Reference Number (SRN):

X9999999991

21 October 2020

Dear Noteholder

CHALLENGER CAPITAL NOTES 3 OFFER AND REPURCHASE INVITATION

As a valued holder of Challenger Capital Notes (ASX: CGFPA) ('Challenger Capital Notes 1'), I am writing to let you know that there is an important decision that you need to make in relation to your investment.

Challenger Limited ('Challenger') today announced the opening of the Challenger Capital Notes 3 Offer ('Offer') and the Repurchase Invitation, which provides eligible holders of Challenger Capital Notes 1 with the opportunity to either:

1. **Participate in the Offer** by reinvesting some or all of your investment in Challenger Capital Notes 1 into Challenger Capital Notes 3 under the Reinvestment Offer and maintain an ongoing investment in Challenger. If you want to choose this option, you must read the enclosed Prospectus, and will need to complete either the enclosed Application Form or the online Application Form via the Offer website at www.challengercapitalnotes.com.au. Your application must be received by the Registry before 5:00pm (Sydney time) on Friday 13 November 2020. Please note that if you decide to reinvest only some of your Challenger Capital Notes 1 into Challenger Capital Notes 3 under the Reinvestment Offer, the remaining balance of your Challenger Capital Notes 1 will be deemed to be offered for repurchase by Challenger for their face value of \$100 each (see below).
2. **Participate in the Repurchase Invitation** and Challenger (through a nominated purchaser) will repurchase all of your Challenger Capital Notes 1 for their face value of \$100 each, payable in cash. This is expected to occur on Wednesday 25 November 2020. If you want to choose this option, you must read the enclosed Repurchase Booklet, and will need to complete and lodge either the enclosed Application Form or the online Application Form via the Offer website at www.challengercapitalnotes.com.au. Your application must be received by the Registry before 5:00pm (Sydney time) on Wednesday 18 November 2020, but note that after Friday 13 November 2020, applications under the Repurchase Invitation must be submitted via the online Application Form (not paper).

Participation in either the Offer (including the Reinvestment Offer) or the Repurchase Invitation is optional. **If you choose not to participate, any outstanding Challenger Capital Notes 1 will mandatorily convert into Challenger shares on or after 25 May 2022¹**, and in the meantime you will continue to receive quarterly distribution payments².

¹ Subject to the Mandatory Conversion Conditions being satisfied, as defined in the Challenger Capital Notes 1 terms.

² Subject to no Payment Condition existing in respect of the relevant Distribution Payment Date, in each case as defined in the Challenger Capital Notes 1 terms.

If you have any questions in relation to the Offer, the Reinvestment Offer or the Repurchase Invitation, please call the Offer & Repurchase Information Line (contact details are provided below).

I encourage eligible holders of Challenger Capital Notes 1 to read the Prospectus and the Repurchase Booklet carefully and in full before deciding whether to participate in the Offer or the Repurchase Invitation. If you are in any doubt as to the action you should take, please seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

On behalf of the Challenger Directors, I thank you for your support and for considering this investment opportunity.



Peter Polson
Independent Chair
Challenger Limited

For further enquiries

Offer & Repurchase Information Line

1800 780 782 (within Australia) or
+61 3 9415 4065 (outside Australia)
Monday to Friday, 8:30am to 5:00pm (Sydney time)

Website

www.challengercapitalnotes.com.au

Important information: Challenger Capital Notes 3 are not policy liabilities of Challenger, CLC or any other member of the Challenger Group, and are subordinated, unsecured and not guaranteed. Challenger Capital Notes 3 are complex and may not be suitable for all investors. The investment performance of Challenger Capital Notes 3 is not guaranteed by Challenger or any other member of the Challenger Group. This letter is not financial product advice and has not taken into account your objectives, financial situation or needs. Unless otherwise defined, capitalised terms used in this letter have the meanings given to them in the Prospectus and the Repurchase Booklet.