

## CHALLENGER CAPITAL NOTES

### NOTICE OF MANDATORY CONVERSION

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**Challenger Limited (ASX: CGF)** (Challenger) today announced that it has converted the remaining balance of 277,380 Challenger Capital Notes (ASX: CGFPA) (Challenger Capital Notes 1 or CCN1) into Challenger ordinary shares (Ordinary Shares) pursuant to the terms and conditions of the Challenger Capital Notes 1 (CCN1 Terms) and issued 3,822,281 fully paid Ordinary Shares at a price of approximately \$7.33 per fully paid Ordinary Share. The Mandatory Conversion Conditions required to be met under the CCN1 Terms have been satisfied as of today.

Any capitalised words and expressions which are not defined in this announcement have defined meanings that are given to them in the Replacement Prospectus relating to Challenger Capital Notes 1 dated 4 September 2014.

#### Mandatory Conversion

Holders of Challenger Capital Notes 1 (CCN1 Holders) have received 13.7804 Ordinary Shares for each Challenger Capital Notes 1 held (Conversion Number). In accordance with the CCN1 Terms, the Conversion Number was determined based on a Face Value of \$100 per Challenger Capital Note 1 and with the benefit of a 1% discount, divided by the average of the daily volume weighted average sale prices (VWAP) of Ordinary Shares sold on ASX during the period of 20 Business Days on which trading in the Ordinary Shares took place immediately preceding (but not including) 25 May 2022.

As a result of the Mandatory Conversion of Challenger Capital Notes 1 to Ordinary Shares, CCN1 Holders own Ordinary Shares and rank equally with other holders of Ordinary Shares. Holders of Ordinary Shares have voting rights at general meetings of Challenger. Dividends on Ordinary Shares are discretionary and non-cumulative.

The value of any holding of Ordinary Shares will fluctuate in line with the market price of the listed security from time to time. The current market price of Challenger Ordinary Shares is available on the ASX website ([www.asx.com.au](http://www.asx.com.au)), under the code 'CGF'.

A summary of certain income tax consequences of Mandatory Conversion for Australian tax resident CCN1 Holders is set out in Class Ruling CR 2014/87 issued by the Australian Taxation Office. CCN1 Holders are recommended to seek their own tax advice specific to their own particular facts and circumstances.

## Share Sale Facility

Under Condition 8.11 of the CCN1 Terms, CCN1 Holders had the option to notify Challenger of their preference not to receive Ordinary Shares as a result of Mandatory Conversion. The number of Ordinary Shares which CCN1 Holders who gave this notification to Challenger were entitled to were today issued to a nominee appointed by Challenger (the Nominee). The Nominee will sell that number of Ordinary Shares and pay a cash amount equal to the net proceeds received to the relevant CCN1 Holders (Share Sale Facility). Such amount will be paid to the relevant CCN1 Holders between 7 June 2022 and 17 June 2022.

Pursuant to Condition 8.10 of the CCN1 Terms, Challenger has today exercised its discretion to issue the number of Ordinary Shares to which Foreign Holders of Challenger Capital Notes 1 are entitled to receive on Mandatory Conversion to the Nominee. In accordance with the CCN1 Terms, the Nominee will sell that number of Ordinary Shares and pay a cash amount equal to the net proceeds of sale to Foreign Holders under the Share Sale Facility.

No brokerage or stamp duty will be payable by CCN1 Holders under the Share Sale Facility.

The issue of Ordinary Shares to the Nominee satisfies Challenger's obligations under the CCN1 Terms in connection with Mandatory Conversion. Challenger and the Nominee do not owe any duty in relation to the price or terms on which the Ordinary Shares have been sold and have no liability for any loss suffered as a result of the sale of such Ordinary Shares under the Share Sale Facility.

## Holding Statements

CHESS allotment advices and issuer-sponsored holding statements, which set out the number of Ordinary Shares issued to CCN1 Holders on Mandatory Conversion, are expected to be dispatched on 27 May 2022.

## Payment of Distribution

CCN1 Holders who were listed in the Register on the record date of 17 May 2022 are entitled to the final fully franked Distribution payment of \$0.59 per Challenger Capital Note 1 for the Distribution Period from (and including) 25 February 2022 to (but excluding) 25 May 2022. This Distribution was paid into the nominated bank account of those CCN1 Holders today.

**For further enquiries**

**CCN1 Mandatory Conversion Information Line**

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

ENDS

This release had 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 three core investment businesses – 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.

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