

## CHALLENGER LAUNCHES CHALLENGER CAPITAL NOTES 4 OFFER

**Challenger Limited (ASX:CGF)** today announced the offer of a new subordinated, unsecured, perpetual convertible security, Challenger Capital Notes 4, to raise approximately \$250 million, with the ability to raise more or less (the Offer). The Offer includes a reinvestment offer for certain Eligible CCN2 Holders (Reinvestment Offer). Challenger Capital Notes 4 are expected to be quoted on the Australian Securities Exchange (ASX) under the code CGFPD.

Challenger intends to use the proceeds of Challenger Capital Notes 4 to fund a subscription for Additional Tier 1 Capital of Challenger Life Company Limited, the registered life insurance company of the Challenger Group, and will refinance (in part) Challenger Capital Notes 2 (ASX:CGFPB) through the Reinvestment Offer.

UBS AG, Australia Branch (UBS), National Australia Bank Limited (NAB) and Westpac Institutional Bank (a division of Westpac Banking Corporation) (WIB) have been appointed as Arrangers and UBS, ANZ Securities Limited, Morgans Financial Limited, NAB and WIB have been appointed as Joint Lead Managers to the Offer. LGT Crestone Wealth Management Limited and JBWere Limited have been appointed as Co-Managers to the Offer. The Arrangers, Joint Lead Managers and Co-Managers are together the "Syndicate Brokers".

Unless otherwise defined, capitalised terms in this announcement have the meanings given in the Challenger Capital Notes 4 prospectus dated 7 March 2023 (Prospectus) which was lodged with Australian Securities and Investments Commission (ASIC) and made available on ASX today<sup>1</sup>.

### Eligibility requirements

In response to the recent introduction of the product design and distributions obligations in the *Corporations Act 2001* (Cth), Challenger has created a target market determination for Challenger Capital Notes 4 (TMD). Under the TMD, Applications under the Offer (including the Reinvestment Offer) can only be made by investors who satisfy certain eligibility criteria<sup>2</sup>. There is no separate offer to Challenger securityholders or a general offer for Challenger Capital Notes 4. Challenger Capital Notes 2 holders will not be able to apply to Challenger directly for Challenger Capital Notes 4.

In order to meet the eligibility criteria, you must:

- be a company or an individual over 18 years of age with a registered address in Australia; and
- be either:
  - an Institutional Investor; or
  - a client of a Syndicate Broker who is either a Wholesale Client or a Retail Investor who has received personal advice from a qualified financial adviser concerning an investment in Challenger Capital Notes 4.

All Applications must be submitted through a Syndicate Broker. Investors who wish to participate in the Offer are encouraged to contact a Syndicate Broker as soon as possible for instructions on how to apply. For further information on the eligibility requirements to participate in the Offer and

how to apply, refer to Section 7 of the Prospectus and the TMD for Challenger Capital Notes 4 which is available at [www.challengercapitalnotes.com.au](http://www.challengercapitalnotes.com.au).

## Details of the Offer

The Offer comprises:

- a New Money Offer made to eligible clients of the Syndicate Brokers and Institutional Investors wishing to make a new investment in Challenger Capital Notes 4; and
- a Reinvestment Offer made to eligible clients of the Syndicate Brokers and Institutional Investors, who are Eligible CCN2 Holders wishing to reinvest some or all of their Challenger Capital Notes 2 in Challenger Capital Notes 4.

The Reinvestment Offer provides Eligible CCN2 Holders with the opportunity to apply to have all or part of their Challenger Capital Notes 2 Resold to a Nominated Purchaser and reinvest the proceeds (\$100 per Challenger Capital Note 2) in Challenger Capital Notes 4, and maintain an ongoing investment in Challenger.

Participation in the Reinvestment Offer is optional. Challenger Capital Notes 2 holders who do not wish to participate do not need to take any action.

For those Challenger Capital Notes 2 holders who do not participate (or do not participate fully) in the Reinvestment Offer, Challenger intends to redeem your Challenger Capital Notes 2 on 22 May 2023 (for \$100 per Challenger Capital Note 2) in accordance with the terms of Challenger Capital Notes 2<sup>3</sup>.

As set out in the Prospectus, all Challenger Capital Notes 2 holders (whether participating in the Reinvestment Offer or not) will be entitled to receive the First CCN2 Pro-Rata Distribution<sup>4</sup> on 5 April 2023. Challenger Capital Notes 2 holders who have chosen not to participate in the Reinvestment Offer will also receive the Second CCN2 Pro-Rata Distribution<sup>4</sup> on 22 May 2023.

For further information, please refer to the letter to Challenger Capital Notes 2 holders, which is available at [www.challengercapitalnotes.com.au](http://www.challengercapitalnotes.com.au).

## Key features of Challenger Capital Notes 4

Challenger Capital Notes 4 are subordinated, unsecured, perpetual and mandatorily convertible into Challenger ordinary shares. Challenger Capital Notes 4 are issued by Challenger under a Trust Deed. Distributions are floating rate, discretionary, non-cumulative, expected to be fully franked and scheduled to be paid quarterly<sup>5</sup>. The Margin will be determined under the Bookbuild and is expected to be in the range of 3.60% to 3.80% per annum above the BBSW Rate.

Challenger Capital Notes 4 have Optional Exchange Dates on 25 May 2029, 25 August 2029, 25 November 2029 and 25 February 2030, and will be mandatorily Converted into Challenger ordinary shares on 25 February 2032 (subject to certain conditions). Challenger Capital Notes 4 have a face value of \$100 each.

The Offer will be made under the Prospectus. Investors should read and consider the Prospectus in full before deciding whether to invest in Challenger Capital Notes 4. Challenger Capital Notes 4 may not be suitable for some investors. It is important that you consider the risks set out in the Prospectus, many of which are outside the control of Challenger. Challenger strongly recommends that investors seek professional advice from a qualified financial adviser before deciding whether to participate in the Offer.

## Key dates for the Offer<sup>6</sup>

Lodgement of the Prospectus with ASIC	Tuesday, 7 March 2023
Bookbuild period commences for the Syndicate Brokers to determine the Margin	Tuesday, 7 March 2023
Announcement of the Margin and confirmation of Bookbuild allocations to the Syndicate Brokers	Tuesday, 14 March 2023
Opening date of the Offer and lodgement of replacement Prospectus with ASIC	Wednesday, 15 March 2023
Closing Date for the Offer (5:00pm Sydney time)	Thursday, 30 March 2023
Issue Date of Challenger Capital Notes 4	Wednesday, 5 April 2023
Challenger Capital Notes 4 commence trading on ASX (normal settlement basis)	Thursday, 6 April 2023
Holding Statements dispatched	Tuesday, 11 April 2023

## Additional information

This announcement only contains a summary of the features of Challenger Capital Notes 4 and the Offer. You should read the Prospectus and Terms of Challenger Capital Notes 4 in full before deciding whether to invest.

For further enquiries, please view the Offer website at [www.challengercapitalnotes.com.au](http://www.challengercapitalnotes.com.au) or call the Offer 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), or contact a Syndicate Broker.

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.

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**Important information:** Challenger Capital Notes 4 are not policy or deposit liabilities of Challenger, Challenger Life, Challenger Bank Limited or any other member of the Challenger Group, and are subordinated, unsecured and not guaranteed. Challenger Capital Notes 4 are complex and may not be suitable for all investors. The investment performance of Challenger Capital Notes 4 is not guaranteed by Challenger or any other member of the Challenger Group. This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. If you have any questions, you should seek professional advice from a qualified financial adviser which takes into account your particular investment objectives, financial situation and needs before deciding whether to invest in Challenger Capital Notes 4.

The offering of securities referred to in this release is open only to investors that are in Australia, and accordingly, this release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended). This information, the Prospectus or any other material relating to the Offer is not for distribution in the United States.

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<sup>1</sup> The Prospectus does not contain the Margin. A replacement prospectus containing the Margin is expected to be made available on ASX and on the Offer website at [www.challengercapitalnotes.com.au](http://www.challengercapitalnotes.com.au) when the Offer opens (expected to be on 15 March 2023).

<sup>2</sup> Applications by eligible holders can be made by contacting a Syndicate Broker and completing an Application Form accompanying the Prospectus.

<sup>3</sup> While Challenger has obtained APRA's approval to redeem Challenger Capital Notes 2, it does not imply that Challenger's other outstanding capital instruments with call dates (including, when issued, Challenger Capital Notes 4) will be redeemed and any such redemption will be in accordance with the relevant capital instrument's terms and conditions and subject to APRA's approval, which may or may not be given.

<sup>4</sup> Subject to no Payment Condition existing in respect of the relevant Distribution Payment Date, in each case as defined in the Challenger Capital Notes 2 terms (as amended).

<sup>5</sup> 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.

<sup>6</sup> The key dates for the Offer are indicative only and subject to change without notice.