

CHALLENGER CAPITAL NOTES 2 HOLDER LETTER

Challenger Limited (ASX:CGF) today commenced distribution of letters to holders of Challenger Capital Notes 2 (CCN2 Holder Letter).

A copy of the CCN2 Holder Letter is attached to this announcement. Unless otherwise defined, capitalised terms in this announcement have the meanings given in the Challenger Capital Notes 4 prospectus dated 7 March 2023 (Prospectus).

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.

CGF
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

SRN WITHHELD DEC

7 March 2023

Dear Noteholder,

CHALLENGER CAPITAL NOTES 4 OFFER

I am writing to let you know that Challenger Limited (**Challenger**) has launched an offer of a new security, Challenger Capital Notes 4 (the **Offer**).

The Offer will be made under the prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) on 7 March 2023 (**Prospectus**), which is available on the Offer website at www.challengercapitalnotes.com.au. It also provides the opportunity for certain Eligible CCN2 Holders to apply to reinvest all or some of their Challenger Capital Notes 2 (ASX:CGFPB) into Challenger Capital Notes 4 (the **Reinvestment Offer**).

In this letter, unless otherwise defined, capitalised terms have the meanings given to them in the Prospectus.

If you wish to participate in the Reinvestment Offer

The Reinvestment Offer is an offer to certain Eligible CCN2 Holders, with a registered holding of Challenger Capital Notes 2 as at 7:00pm (Sydney time) on 3 March 2023, to apply to have all or some of their CCN2 Resale Proceeds reinvested in Challenger Capital Notes 4 on the issue date for Challenger Capital Notes 4, which is scheduled to occur on 5 April 2023, and maintain an ongoing investment in securities issued by Challenger. The funds raised through the Reinvestment Offer will be used to fund a subscription for Additional Tier 1 Capital of Challenger Life Company Limited.

In response to the recent introduction of the product design and distribution obligations in the *Corporations Act 2001* (Cth), Challenger has created a target market determination for Challenger Capital Notes 4 (**TMD**). Under the TMD, Applications¹ under the Offer (including the Reinvestment Offer) can only be made by investors who satisfy the eligibility criteria, including the requirement to be a client of a Syndicate Broker.

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.

Applications under the Reinvestment Offer can only be made by Eligible CCN2 Holders who have received an allocation from a Syndicate Broker under the Bookbuild. While no Applications will be processed during the Bookbuild period (7 March 2023 to 14 March 2023²), Challenger Capital Notes 2 holders are encouraged to contact their Syndicate Broker as soon as possible if they wish to participate. The Bookbuild may close early. If you do not have an existing relationship with a Syndicate Broker, you can use the details in this letter to contact a Syndicate Broker. You should be aware that unless you already meet the eligibility requirements and have an existing relationship with a Syndicate Broker, it may be difficult or costly to demonstrate eligibility in time to participate in the Reinvestment Offer.

Participation in the Reinvestment Offer is optional. Additionally, being a registered holder of Challenger Capital Notes 2 does not automatically entitle you to participate in the Reinvestment Offer. There is no general securityholder offer for Challenger Capital Notes 4 and Challenger Capital Notes 2 holders will not be able to apply to Challenger directly for Challenger Capital Notes 4.

If you are eligible, and do wish to participate in the Reinvestment Offer, it is important that you consider the Prospectus in full before deciding whether to invest in Challenger Capital Notes 4. There are differences between Challenger Capital Notes 2 and Challenger Capital Notes 4, and Challenger Capital Notes 4 may not suit your investment objectives, financial situation or particular needs.

If you do not wish, or are not eligible, to participate in the Reinvestment Offer

You do not need to take any action. Challenger intends to redeem all outstanding Challenger Capital Notes 2 on 22 May 2023 for their face value (\$100 per Challenger Capital Note 2) in accordance with the terms of Challenger Capital Notes 2. While Challenger has obtained the Australian Prudential Regulation Authority's (APRA) 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.

Non-reinvesting Challenger Capital Notes 2 holders can also sell their Challenger Capital Notes 2 on the Australian Securities Exchange (ASX) at the prevailing market price. The last day of trading in Challenger Capital Notes 2 is expected to be 10 May 2023.

Challenger Capital Notes 2 distributions

As set out in the Prospectus, all Challenger Capital Notes 2 holders (whether participating in the Reinvestment Offer or not) will be entitled to the First CCN2 Pro-Rata Distribution³ on 5 April 2023. All remaining holders of Challenger Capital Notes 2 (being Challenger Capital Notes 2 holders who have chosen not to participate in the Reinvestment Offer) will receive the Second CCN2 Pro-Rata Distribution³ on 22 May 2023.

All payments will be made in accordance with your payment instructions recorded on the Challenger Capital Notes 2 register.

Read the Prospectus in full and understand the risks and differences

The Prospectus outlines key risks associated with investing in securities such as Challenger Capital Notes 4, as well as risks associated with Challenger's businesses which may affect Challenger Capital Notes 4. These risks are set out in Section 6 of the Prospectus and include circumstances in which investors could lose some or all of the money they invest in Challenger Capital Notes 4 and/or circumstances in which investors may not be paid Distributions on their Challenger Capital Notes 4.

If you do not understand any part of the Prospectus, or are in any doubt as to whether to invest in Challenger Capital Notes 4 or not, it is recommended that you seek professional advice from a qualified financial adviser before deciding whether to invest.

A copy of the Prospectus and the TMD can be obtained electronically from www.challengercapitalnotes.com.au. You may also request a printed copy of the Prospectus through your Syndicate Broker.

For more information, please talk to your Syndicate Broker, financial adviser 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).

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

Yours faithfully,



Duncan West
Independent Chair
Challenger Limited

Syndicate Broker contact details

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

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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.

¹ Eligible CCN2 Holders can apply by contacting their Syndicate Broker and completing an Application Form accompanying the Prospectus.

² The key dates of the Offer are indicative only and subject to change without notice.

³ 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).