

MARKET RELEASE

CHALLENGER LIFE MAKES UNCONDITIONAL AND FINAL CASH OFFER OF \$2.74 PER UNIT FOR CHALLENGER DIVERSIFIED PROPERTY GROUP

11 April 2014, Sydney – Challenger Life Company Limited (Challenger Life), a wholly owned subsidiary of Challenger Limited (ASX:CGF), today announced its intention to make an off-market takeover offer (Offer) for all outstanding units that it does not currently own in Challenger Diversified Property Group (ASX:CDI). Challenger Life currently owns approximately 58.7% of all CDI units.

CDI unitholders accepting the offer will receive cash consideration of \$2.74 per CDI unit. This consideration will be reduced by the amount of any distribution per unit to which CDI unitholders become entitled to during the Offer.

This consideration of \$2.74 per unit exceeds the latest published value of CDI's net tangible assets (NTA), which was \$2.71 per unit as at 31 December 2013. Challenger Life will not increase the consideration under the Offer.

Challenger Life also intends to conduct on-market purchases of CDI units at \$2.74 per unit in accordance with section item 611(2) of the Corporations Act.

Challenger Life believes that the Offer provides an opportunity for all CDI unitholders to access meaningful liquidity at a price in excess of the latest published NTA, and as a result, delivers compelling value and certainty.

The independent directors of Challenger Listed Investments Limited (CLIL), the responsible entity of CDI, have indicated to Challenger Life that, in the absence of a superior proposal and provided that an independent expert does not opine that the Offer is neither fair nor reasonable, they unanimously recommend that CDI unitholders accept the Offer.

Commenting on the Offer, Challenger Life Chief Executive Mr Richard Howes said, "under the existing structure, CDI units have traded at a material discount to NTA and this Offer represents a compelling liquidity opportunity for all CDI unitholders and is at a premium to both the latest published NTA and the closing unit price on 10 April 2014.

"Challenger Life manages a cash flow matched portfolio and its desire to increase its property investments is a result of seeking longer dated asset cash flows due to significant growth in lifetime annuity sales.



“The Offer to acquire the units in CDI that it does not currently own is part of a broader Challenger Life investment strategy to review the mix and optimise its property portfolio”, said Mr Howes.

The Offer and the on-market purchases will be undertaken by Challenger Life’s related entity, Challenger Life Nominees Pty Ltd as trustee for Challenger Australia Listed Property Holding Trust.

The Offer is not subject to any defeating conditions.

Challenger Life will lodge its Bidder’s Statement with ASIC today and will subsequently be released to the ASX.

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