

MARKET RELEASE

CHALLENGER CAPITAL NOTES QUARTERLY DISTRIBUTION RATE SET

28 May 2015, Sydney — Challenger Limited (Challenger) confirms the Distribution Rate and Distribution for the next Challenger Capital Notes (ASX: CGFPA) Distribution Payment Date.

Distribution Rate

The Distribution Rate has been determined under the Challenger Capital Notes Terms, as set out in the Prospectus dated 4 September 2014.

Distribution Rate = (Bank Bill Rate + Margin) x Franking Adjustment Factor, where:

Bank Bill Rate (90 day bank bill rate on 25 May 2015)	2.1250% p.a.
Plus Margin	3.4000% p.a.
Total	5.5250% p.a.
Multiplied by Franking Adjustment Factor ¹	70.0000% p.a.
Distribution Rate	3.8675% p.a.

Franking Adjustment Factor = $(1 - T) / \{1 - [T \times (1 - F)]\}$, where:

F = Franking Rate	100%
T = Tax Rate	30%
Franking Adjustment Factor¹	70.0000%

Distribution = Distribution Rate x A\$100 x Number of days in Distribution Period / 365

Distribution per A\$100 Note	A\$0.97
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Distribution Payment Date

Distribution Payment Date	25 August 2015
Record Date	17 August 2015
First day of current Distribution Period (inclusive)	25 May 2015
Last day of current Distribution Period (exclusive)	25 August 2015
Number of days in current Distribution Period	92

¹ The franking rate reflects the expected rate for the next distribution payment date on 25 August 2015. The franking rate is subject to change and may ultimately be a lesser percentage depending on Challenger Limited's level of available franking credits.



Distributions are discretionary and are subject to there being no Payment Condition existing in respect of the relevant Distribution Payment Date.

Capitalised terms used in this announcement but not defined have the meaning they are given in the Challenger Capital Notes Prospectus dated 4 September 2014. The Prospectus and other information about Challenger Capital Notes may be found at www.challenger.com.au.

ENDS

Disclaimer

The forward-looking statements, estimates and projections contained in this release are not representations as to future performance and nothing in this release should be relied upon as guarantees or representations of future performance.

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