

**Market
release**

**Equity
placement**

Challenger Limited
23 August 2017

EQUITY PLACEMENT TO MS&AD COMPLETED SUPPORTS STRATEGIC RELATIONSHIP AND FUNDS FUTURE GROWTH

Challenger Limited (ASX:CGF) today announced the completion of the \$500 million equity placement to MS&AD Insurance Group Holdings Inc. (MS&AD).

On 15 August 2017 Challenger announced a strategic relationship with MS&AD supported by a \$500 million equity placement. MS&AD is the largest general insurer in Japan and through its life company operations, the leading foreign currency annuity provider.

The strategic relationship builds on Challenger's existing relationship with Mitsui Sumitomo Primary Life Insurance (MS Primary), a subsidiary of MS&AD.

Challenger's Chief Executive Officer Brian Benari said: "This strategic relationship builds on Challenger's successful relationship with MS Primary and broadens our access to the Japanese market. It also provides significant capital to fund our future growth. We look forward to further leveraging our relationship with MS&AD group and exploring new growth opportunities for both groups."

Challenger today issued 38.3 million ordinary shares to MS&AD at \$13.06 per share¹. The new shares issued to MS&AD will not be eligible for Challenger's final 2017 dividend of 17.5 cents per share.

Following the placement, the shares issued to MS&AD will represent 6.3% of issued capital and MS&AD has stated its intention to grow its holding, via market, to 10% over the next 12 months. MS&AD has also stated that it intends to be a supportive shareholder².

Proceeds from the equity placement will be used to increase Challenger Life Company's Common Equity Tier 1 capital, to fund future growth.

1. 38.3m new ordinary shares at a 2% premium to Challenger's 14 August 2017 30 business day volume weighted average share price of \$12.9719, adjusted for the final FY17 dividend of 17.5 cents per share. The shares issued to MS&AD will not be eligible for Challenger's final FY17 dividend.
2. Increasing holding to 10% will be via market acquisition, subject to market conditions, any necessary or desirable regulatory approvals and Challenger's circumstances. MS&AD reserves the right to change its intentions and to acquire, dispose and vote Challenger shares as it sees fit.

About Challenger

Challenger Limited (Challenger) is an investment management firm with \$70 billion* in assets under management. Its vision is to provide customers with financial security for retirement.

Challenger operates two core investment businesses, a fiduciary Funds Management division and an APRA-regulated Life division. Challenger Life Company Limited (Challenger Life) is Australia's leading provider of annuities.

*30 June 2017

About MS&AD

MS&AD is a leading Japanese insurance company. It is the largest general insurer in Japan and, through its life company operations, the leading foreign currency annuity provider.

For more information contact

Investors

Stuart Kingham
Head of Investor Relations
Tel (02) 9994 7125
Mob 0401 139 067

Jana Flanagan
Investor Relations Manager
Tel (02) 9994 7815
Mob 0423 823 209

Media

Michelle Taylor
Head of Corporate Affairs & Advocacy
Tel (02) 9994 7181
Mob 0400 356 692

Paul Marriage
Corporate Communications
Tel (02) 9994 7053
Mob 0405 848 327