

7 November 2016

Ms Stephanie Yong
Senior Adviser, Listings Compliance
ASX
Exchange Centre
Level 6, 20 Bridge Street
Sydney, NSW 2000

Dear Stephanie,

Appendix 3Y – Change of Director's Interest

Attached is an Appendix 3Y for Mr Brian Benari, Challenger's Chief Executive Officer, for:

- the transfer of 536,167 Challenger shares to him upon vesting and allocation of:
 - Deferred Performance Rights (i.e. deferred STI bonus) awarded in 2013, 2014 and 2015;
 - a portion of Hurdled Performance Rights awarded in 2013, having exceeded the 12% per annum Total Shareholder Return hurdle and satisfied other vesting conditions;
- the sale of 436,167 of those shares;
- the new award of the following Performance Rights as part of his awarded remuneration in 2016:
 - 152,005 Deferred Performance Rights; and
 - 435,030 Hurdled Performance Rights, which are subject to deferral and other vesting conditions.

Mr Benari continues to maintain a Challenger shareholding in excess of the Company's minimum shareholding requirements.

Yours sincerely,



Michael Vardanega
Company Secretary

Melbourne Level 19, 31 Queen Street PO Box 297, Flinders Lane, Melbourne VIC 3000 Telephone 02 9994 7000 Facsimile 02 9994 7777
Brisbane Level 9, 241 Adelaide Street GPO Box 3234, Brisbane QLD 4001 Telephone 07 3136 5400 Facsimile 07 3136 5407
Perth Level 5, 50 Georges Terrace, Perth WA 6000 Telephone 08 9261 7412 Facsimile 08 9321 5277
Adelaide Level 7, Suite 714, 147 Pirie Street Adelaide SA 5000 Telephone 08 7071 7042 Facsimile 08 8227 0395

Challenger Limited ABN 85 106 842 371 Challenger Group Services Pty Limited ABN 91 085 657 307
Challenger Life Company Limited ABN 44 072 486 938 AFSL 234670 Howard Commercial Lending Limited ABN 65 000 033 143
Challenger Management Services Limited ABN 29 092 382 842 AFSL 234 678
Challenger Retirement and Investment Services Limited ABN 80 115 534 453 AFSL295642 RSE Licence No. L0001304
Challenger Mortgage Management Pty Ltd ABN 72 087 271 109 Challenger Securitisation Management Pty Ltd ABN 56 100 346 898 AFSL 244593
Challenger Investment Solutions Management Pty Ltd ABN 63 130 035 353 AFSL 487354

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

Name of entity	Challenger Limited
ABN	85 106 842 371

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Brian Benari
Date of last notice	4 March 2016

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct and Indirect
Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	Indirect held via Benari Superannuation Fund
Date of change	31 October 2016 (allocation of vested shares) 1 November – 7 November 2016 (sale of shares)
No. of securities held prior to change	1,000,000 shares (including 350,000 shares held by Benari Superannuation Fund)
Class	Ordinary shares
Number acquired	536,167
Number disposed	436,167
Value/Consideration <small>Note: If consideration is non-cash, provide details and estimated valuation</small>	\$10.76 per share (value on allocation) \$10.32 per share (proceeds of sale)

+ See chapter 19 for defined terms.

Appendix 3Y

Change of Director's Interest Notice

No. of securities held after change	1,100,000 shares (including 350,000 shares held by Benari Superannuation Fund).
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Allocation and transfer of shares following vesting of 2013, 2014 and 2015 Deferred Performance Rights and a portion of the 2013 Hurdled Performance Rights received as long term incentive and subsequent sale of the resulting shares.

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of “notifiable interest of a director” should be disclosed in this part.

Detail of contract	As previously disclosed, Mr Benari held 1,988,168 Performance Rights under the Challenger Performance Plan comprising: <ul style="list-style-type: none"> • 472,359 Deferred Performance Rights; and • 1,515,809 Hurdled Performance Rights.
Nature of interest	N/A
Name of registered holder (if issued securities)	N/A
Date of change	Grant of 2016 Deferred Performance Rights and Hurdled Performance Rights on 12 September 2016. Vesting & allocation of 2013, 2014 and 2015 Deferred Performance Rights and 2013 Hurdled Performance Rights on 31 October 2016.
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	N/A
Interest acquired	152,005 Deferred Performance Rights. 435,030 Hurdled Performance Rights.
Interest disposed	252,834 Deferred Performance Rights. 283,333 Hurdled Performance Rights.
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	N/A
Interest after change	2,039,036 Performance Rights comprising: <ul style="list-style-type: none"> • 371,530 Deferred Performance Rights; and • 1,667,506 Hurdled Performance Rights.

+ See chapter 19 for defined terms.

Part 3 – +Closed period

Were the interests in the securities or contracts detailed above traded during a +closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	N/A
If prior written clearance was provided, on what date was this provided?	N/A

+ See chapter 19 for defined terms.