

Challenger Limited

Challenger Capital Notes 3 Offer and Repurchase Invitation

Investor Presentation

13 October 2020



Important notice

This presentation has been prepared and authorised by Challenger Limited (ABN 85 106 842 371) ('**Challenger**') in relation to its proposed offer of non-cumulative, convertible, transferrable, redeemable, subordinated, perpetual and unsecured notes ('**Challenger Capital Notes 3**') (the '**Offer**'). The Offer is made pursuant to a prospectus under Part 6D.2 of the Corporations Act 2001 (Cth) which was lodged with the Australian Securities and Investments Commission ('**ASIC**') on 13 October 2020 ('**Prospectus**'). Challenger intends to lodge a replacement prospectus which will include the offer size and the Margin, on or around 21 October 2020.

National Australia Bank Limited (ABN 12 004 044 937), Westpac Institutional Bank (a division of Westpac Banking Corporation) (ABN 33 007 457 141) and UBS AG, Australia Branch (ABN 47 088 129 613) are the joint lead managers to the Offer ('**Joint Lead Managers**').

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Challenger Capital Notes 3 are complex and may not be suitable for all investors. The investment performance of Challenger Capital Notes 3 is not guaranteed by Challenger nor any other member of the Challenger Group. The risks associated with investing in these securities could result in the loss of your investment. Information about the risks associated with investing in Challenger Capital Notes 3 are detailed in the Prospectus.

All amounts are in Australian dollars unless otherwise indicated. Unless otherwise defined, capitalised terms in this presentation have the meaning in the Prospectus.

Offer summary

01

Summary

Challenger Group overview

- Challenger Limited (**'Challenger'**) is the non-operating holding company and ultimate parent company of the Challenger Group
 - Challenger is an investment management firm with a vision to provide its customers with financial security for retirement
 - Challenger is an ASX listed company (code ASX: 'CGF') with a \$2.5 billion market capitalisation¹
 - Challenger operates two core investment businesses:
 - an APRA-regulated **Life** division; and
 - a fiduciary **Funds Management** division
 - The group manages over \$85 billion in assets²
 - The group has over 700 employees and \$3 billion in net assets²
-

Offer summary

1. Market capitalisation of Challenger Limited as at close of trading on 30 September 2020.

2. As at 30 June 2020.

Summary

Offer summary

Issuer	<ul style="list-style-type: none">Challenger Limited (ABN 85 106 842 371) ('Challenger')
Offer	<ul style="list-style-type: none">Non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes ('Challenger Capital Notes 3')
Offer size	<ul style="list-style-type: none">\$250 million, with the ability to raise more or less
Purpose	<ul style="list-style-type: none">To fund the regulatory capital requirements of Challenger Life Company Limited ('CLC') and to refinance the Challenger Capital Notes issued on 9 October 2014 ('Challenger Capital Notes 1' or 'CCN1') through the Reinvestment Offer and Repurchase Invitation
Ranking	<ul style="list-style-type: none">In a winding-up of Challenger, Challenger Capital Notes 3 will rank ahead of Ordinary Shares, equally with all other Relevant Perpetual Subordinated Instruments¹, but behind any securities and instruments that rank in priority to Challenger Capital Notes 3 and all Senior Creditors of Challenger
Distribution payments	<ul style="list-style-type: none">Floating rate, quarterly, discretionary, non-cumulative payments, subject to no Payment Condition existing²Distributions are expected to be initially partially franked at a Franking Rate of 50%Margin expected to be in the range of 4.60% – 4.80% per annum
Term	<ul style="list-style-type: none">Perpetual (no fixed maturity date) unless Converted, Redeemed or Written-OffOptional Exchange Date³ – 25 May 2026 or following a Regulatory, Tax or Potential Acquisition EventScheduled Mandatory Conversion Date⁴ – 25 May 2028Non-Viability Trigger and Acquisition Events⁴ – Challenger must Convert Challenger Capital Notes 3
Offer structure	<ul style="list-style-type: none">Institutional Offer, Broker Firm Offer, Reinvestment Offer and Securityholder Offer
Lead managers	<ul style="list-style-type: none">National Australia Bank, UBS and Westpac Institutional Bank
Quotation	<ul style="list-style-type: none">Challenger will apply for Challenger Capital Notes 3 to be quoted on ASX under ASX code 'CGFPC'

Offer summary

1. Relevant Perpetual Subordinated Instruments currently on issue include Challenger Capital Notes 1 (\$345m issued in 2014) and Challenger Capital Notes 2 (\$460m issued in 2017).
2. Payment of any Distribution is at the absolute discretion of Challenger.
3. Subject to certain conditions being met and APRA's prior written approval. Holders of Challenger Capital Notes 3 should not expect that APRA will give its approval for any Exchange.
4. Mandatory Conversion and Conversion on an Acquisition Event are subject to certain conditions being met. Non-Viability Conversion is not subject to any conditions.

About the Challenger Group

02

Vision and strategy

A clear plan for sustainable long-term growth

To provide our customers with financial security for retirement



Increase the use of secure retirement income streams



Lead the retirement incomes market and be the partner of choice



Provide our customers with excellent funds management solutions



Maintain leading operational and people practices

About the Challenger Group

Business overview

Challenger Limited (ASX:CGF)

Life

#1 market share in annuities¹

Leading provider of annuities and guaranteed retirement income solutions in Australia.

Products offer certainty of guaranteed cash flows with protection against market, inflation and longevity risks.

Partnering with leading provider of foreign currency annuities in Japan.

Funds Management

One of Australia's largest active fund managers²

Fidante Partners

Co-owned, separately branded, active fixed income, equity and alternative investment managers, including Fidante Partners Europe.



CIP Asset Management

Originates and manages assets for Life and 3rd party clients.



Central functions

e.g. Distribution, Product and Marketing (DPM)

Operations, Finance, IT, Risk Management, HR, Treasury, Legal and Strategy

About Challenger Group

1. Plan for Life – June 2020 – based on annuities under administration at 30 June 2020.

2. Consolidated FUM for Australian Fund Managers – Rainmaker Roundup June 2020.

Australian superannuation system

Attractive market with long-term structural drivers

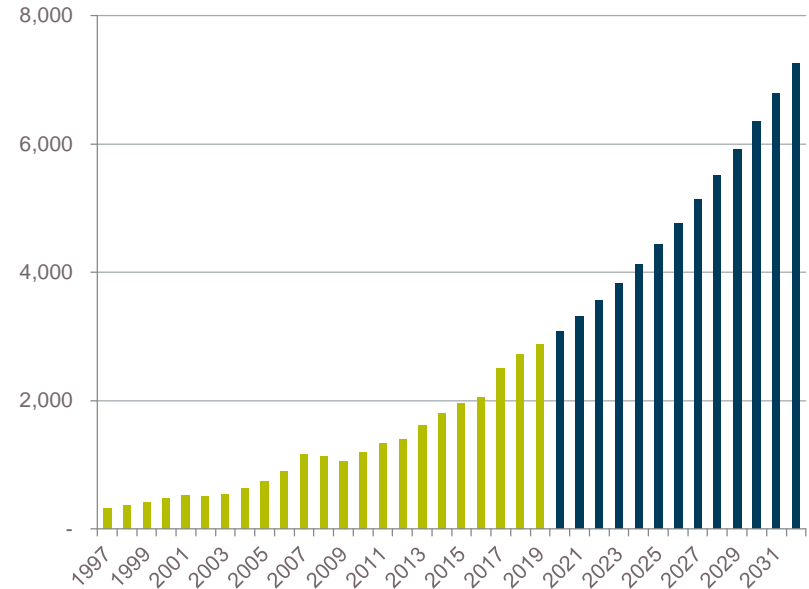
Market growth supported by

- Mandatory and increasing contributions
- Earnings and contributions compounding
- Population growth and ageing demographics

Resulting in

- 11% CAGR growth over last 20 years¹
- 4th largest global pension market¹
- Assets expected to increase from \$2.9 trillion today² to almost \$7 trillion over next 15 years³

Australian superannuation growth² (\$bn)



1. Willis Towers Watson Global Pension Study 2020.

2. APRA, as at June 2020.

3. Based on Rice Warner 2017 superannuation projections applied to 2018 APRA superannuation assets.

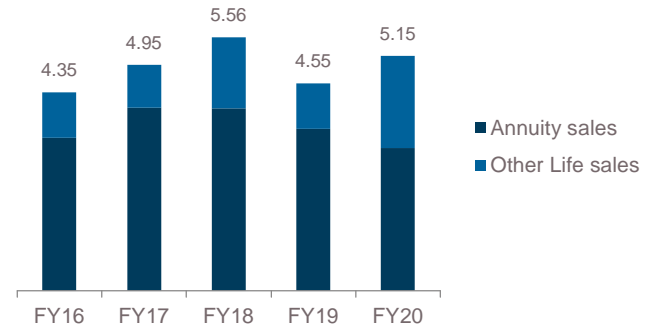
Life business

Australia's largest annuity provider

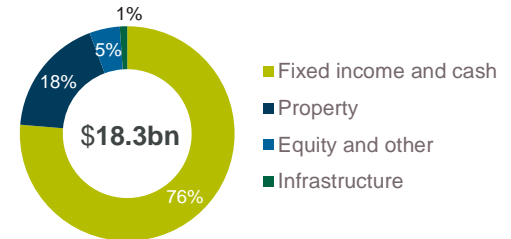
Life business overview

- Focuses on retirement spending phase of superannuation by providing products converting retirement savings into safe and secure income
- Australia's largest annuity provider with leading annuity market share¹
- Annuity products appeal to retirees as they provide security and certainty of guaranteed² income while protecting against risks from market downturns and inflation
- The retirement incomes paid to customers are backed by a high-quality investment portfolio, which generate regular and predictable investment income
- Products available on leading investment and administration platforms
- Life manages a cash flow matched portfolio, with liability cash flows (i.e. payments to annuity customers) matched against cash flows from investment assets
- Life also has an annuity relationship with Mitsui Sumitomo Primary Life Insurance Company Limited ('**MS Primary**'), a leading provider of foreign currency annuities in Japan and part of MS&AD Insurance Group Holdings Inc.

Total Life sales (\$bn)



Life investment assets³



About Challenger Group

1. Plan for Life – June 2020 – based on annuities under administration at 30 June 2020.

2. The word 'guaranteed' means payments are guaranteed by Challenger Life Company Limited ('CLC') from assets of its relevant statutory fund.

3. As at 30 June 2020.

Challenger Life Company Limited

Strongly capitalised and above top end of PCA guidance range

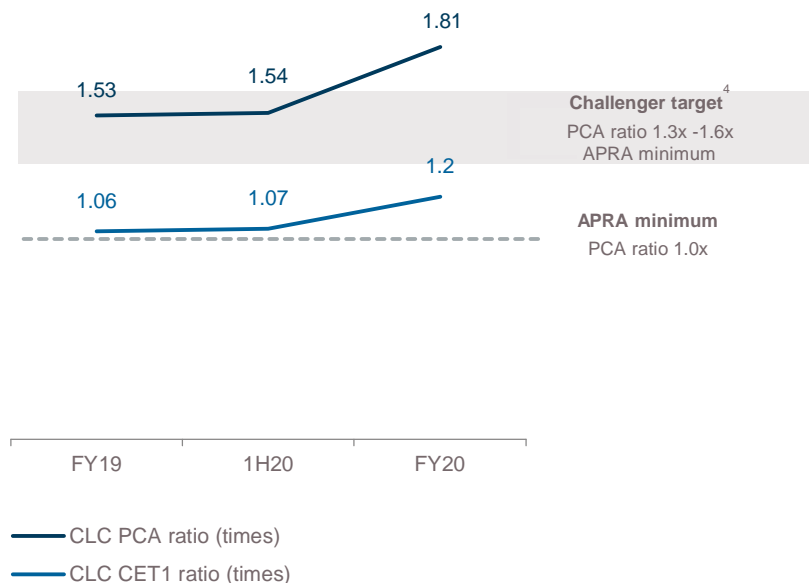
FY20 excess capital

- Regulatory capital \$3.5 billion
- APRA PCA¹ \$2.0 billion
- Excess regulatory capital \$1.6 billion

FY20 CLC PCA ratio²

- PCA ratio² 1.81x up from 1.53x
 - Above top end of target range (1.3x to 1.6x)
- CET1³ ratio 1.20x up from 1.06x

CLC excess regulatory capital and PCA ratio



About Challenger Group

1. Prescribed Capital Amount ('PCA') as at 30 June 2020.

2. Challenger Life Company Limited ('CLC') total regulatory capital base divided by PCA as at 30 June 2020.

3. CLC Common Equity Tier 1 divided by PCA as at 30 June 2020.

4. CLC maintains a target level of capital representing APRA's PCA plus a target surplus based on asset allocation, business mix and economic circumstances.

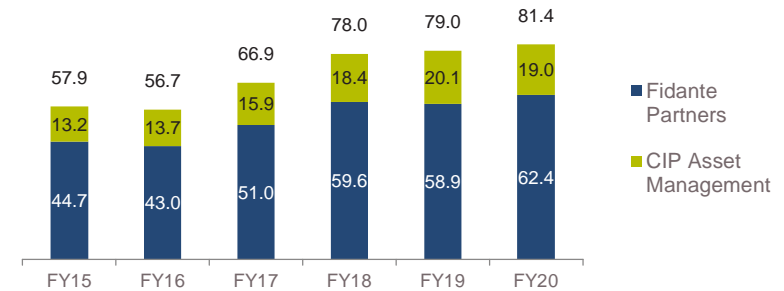
Funds Management

Australia's fifth largest and one of the fastest growing asset managers^{1,2}

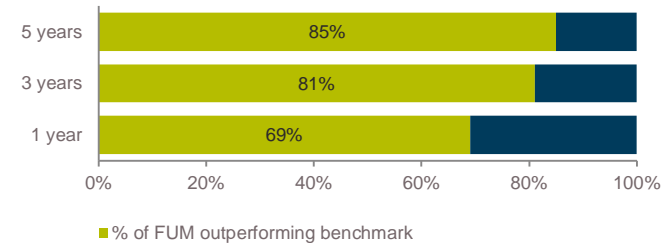
Funds Management overview

- Focuses on building savings for retirement by providing investment strategies seeking to deliver superior investment returns
- Operations in Australia, Japan and the United Kingdom
- 7% CAGR growth in FUM³ over last 5 years
- Strong investment performance over the past 5 years, with 85% of FUM outperforming relevant benchmarks⁴
- Comprises Fidante Partners and CIP Asset Management
 - **Fidante Partners** – Co-owned, separately branded, active fixed income, equity and alternative investment managers, including Fidante Partners Europe
 - **CIP Asset Management** – Originates and manages assets for Life and 3rd party clients

Funds Management FUM (\$bn)



Fidante Partners performance relative to benchmark⁴

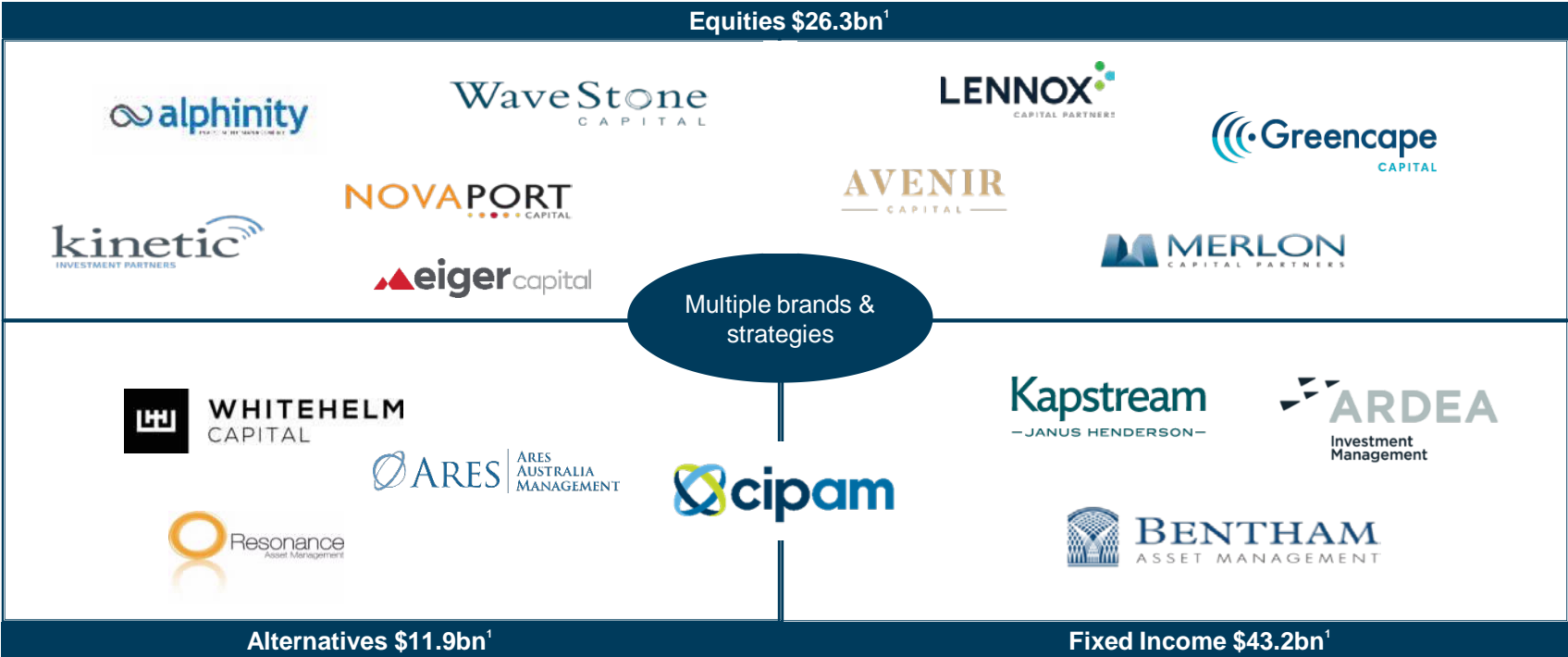


About Challenger Group

1. Consolidated FUM for Australian Fund Managers – Rainmaker Roundup June 2020.
 2. Plan for Life analysis of wholesale Funds – June 2020.
 3. Funds Under Management ('FUM').
 4. As at 30 June 2020. Percentage of Fidante Partners Australian boutiques meeting or exceeding performance benchmark.

Funds Management – multiple brands and strategies

Scalable and diversified ~\$81bn of FUM



About Challenger Group

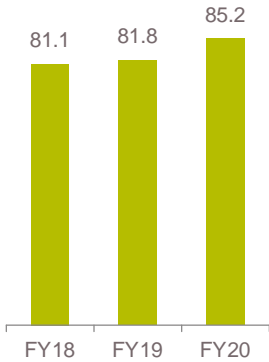
1. Funds Under Management ('FUM') as at 30 June 2020.

FY20 outcomes

Normalised profit in line with guidance

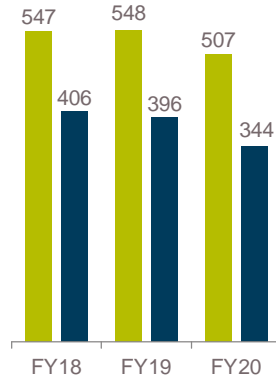
Statutory profit impacted by COVID-19 market sell-off

Group Assets Under Management (\$bn)



AUM up 4% to \$85bn

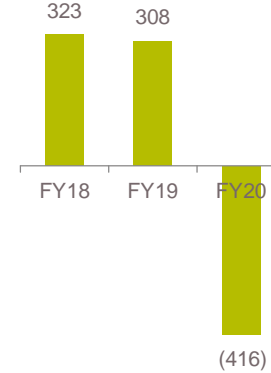
Normalised NPBT¹ (\$m)
Normalised NPAT¹ (\$m)



Normalised NPBT -8% to \$507m
(guidance range \$500m – \$550m)

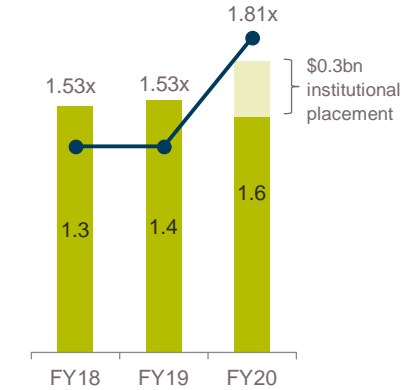
Normalised NPAT -13% to \$344m

Statutory NPAT¹ (\$m)



Statutory NPAT -\$416m includes -\$750m of investment experience²

CLC³ excess capital (\$bn)
CLC³ PCA ratio (times)



CLC excess regulatory capital \$1.58bn

PCA ratio 1.81x following placement and above top end of guidance range

About Challenger Group

1. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2020 Annual Report – Operating and Financial Review Section 8.
2. FY20 investment experience post-tax.
3. Challenger Life Company Limited (CLC).

Key features of Challenger Capital Notes 3

03

Key features

Distributions

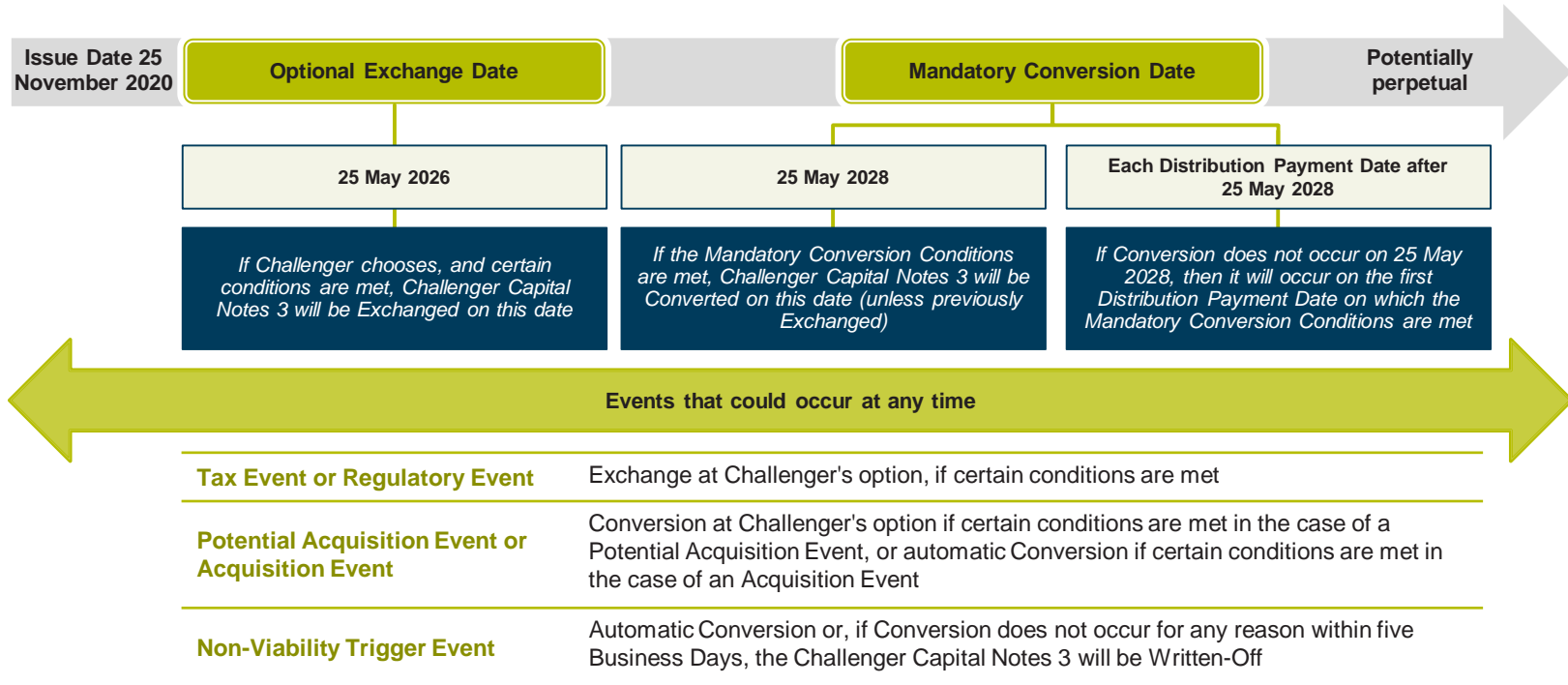
Distributions	<ul style="list-style-type: none">• Distributions are floating rate, discretionary, non-cumulative payments:<ul style="list-style-type: none">– Distributions are expected to be paid quarterly in arrears, subject to no Payment Condition existing– the first Distribution Payment Date is 25 February 2021• Distribution Payment Dates are 25 February, 25 May, 25 August and 25 November in each year• Distributions on Challenger Capital Notes 3 are initially expected to be partially franked at a Franking Rate of 50%. If a Distribution is not fully franked, then the Distribution will be adjusted to reflect the applicable Franking Rate
Distribution Rate	<ul style="list-style-type: none">• Distribution Rate^{1,2} = (Bank Bill Rate + Margin) x (1 – Tax Rate)• Bank Bill Rate is the 3 month BBSW rate on the first Business Day of the relevant Distribution Period• Margin will be determined under the Bookbuild, expected to be in the range of 4.60% and 4.80% per annum
Payment Conditions	<ul style="list-style-type: none">• Distributions are subject to no Payment Condition existing• 'Payment Condition' means:<ul style="list-style-type: none">– the consolidated retained earnings of the Challenger Group as at the relevant Distribution Payment Date are, or would on payment of the Distribution become, negative;– the payment would result in Challenger becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or– APRA objects to the payment
Distribution Restriction	<ul style="list-style-type: none">• Unless a Distribution has been paid in full within 3 Business Days of the relevant Distribution Payment Date, Challenger must not, without a Special Resolution until and including the next Distribution Payment Date:<ul style="list-style-type: none">– declare, determine to pay or pay a dividend on any Ordinary Shares; or– buy back or reduce capital on any Ordinary Shares• Failure to pay a Distribution when scheduled will not constitute an event of default• Distributions that are not paid do not accrue and Challenger has no obligation to pay them at a later date

Key features of Challenger Capital Notes 3

1. If the result of the calculation of the Distribution Rate for a Distribution Period is negative, then the Distribution Rate will be zero for that Distribution Period.
2. If the Franking Rate for a Distribution is not 100% then the Distribution will be calculated according to the formula outlined in Section 2.1.5 of the Prospectus.

Key features

Summary of events that may affect Challenger Capital Notes 3



Key features

Optional Exchange and Conversion on Acquisition Event

Exchange by Challenger¹

- Challenger **may** choose to Exchange all or some Challenger Capital Notes 3 on 25 May 2026
- Challenger **may** choose to Exchange all or some Challenger Capital Notes 3 after a Tax Event or a Regulatory Event
- Challenger **may** choose to Convert all (but not some only) Challenger Capital Notes 3 after a Potential Acquisition Event

Exchange

- Exchange means:
 - Conversion to Ordinary Shares with a value of approximately \$101 per Challenger Capital Note 3²;
 - Redemption for \$100 per Challenger Capital Note 3;
 - Resale for \$100 per Challenger Capital Note 3; or
 - a combination of Conversion, Redemption and Resale

Holder rights

- Holders do not have a right to request Exchange

Acquisition Event

- If an Acquisition Event (as defined in the Terms of the Challenger Capital Notes 3) occurs, Challenger must Convert all Challenger Capital Notes 3 on issue to Ordinary Shares worth approximately \$101 per Challenger Capital Note² (Conversion on an Acquisition Event is subject to satisfaction of certain conditions)

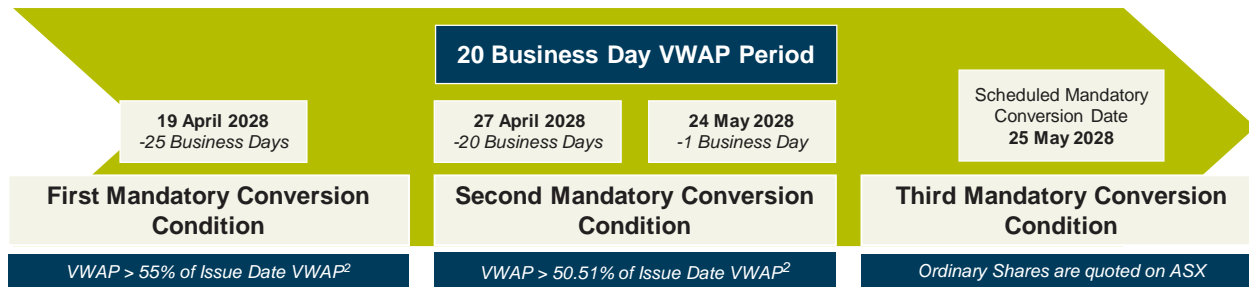
Key features of Challenger Capital Notes 3

1. Challenger's right to elect to Exchange is subject to APRA's prior written approval and subject to restrictions in certain circumstances. Holders should not expect that APRA will provide its approval.
2. The exact number of Ordinary Shares to be received depends on the VWAP of Ordinary Shares over a period of 20 Business Days, therefore it may be worth more or less than \$101 per Challenger Capital Note 3 on the Conversion date.

Key features

Mandatory Conversion

- On 25 May 2028, subject to satisfaction of the Mandatory Conversion Conditions illustrated below, Challenger Capital Notes 3 will Mandatorily Convert to a variable number of Ordinary Shares at a 1% discount to the 20 Business Day VWAP¹, unless previously Converted, Redeemed or Written-Off
- If any of the Mandatory Conversion Conditions are not satisfied, the Mandatory Conversion Date will be deferred until the next Distribution Payment Date on which all of those conditions are satisfied. Challenger Capital Notes 3 may remain on issue indefinitely if those conditions are not satisfied



$$\text{Conversion Number} = \frac{\text{Face Value}}{99\% \times \text{VWAP}}$$

Key features of Challenger Capital Notes 3

- The VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive will most likely differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be worth more or less than approximately \$101 per Challenger Capital Note 3.
- Issue Date VWAP = VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, as adjusted in accordance with the Terms of the Challenger Capital Notes 3.

Key features

Non-Viability Conversion

Non-Viability Trigger Event

- A Non-Viability Trigger Event occurs where APRA determines that conversion to Ordinary Shares or write-off of Relevant Perpetual Subordinated Instruments¹ is necessary because:
 - without conversion or write-off APRA considers that **Challenger** would become non-viable; or
 - without a public sector injection of capital into (or equivalent capital support with respect to) Challenger APRA considers that **Challenger** would become non-viable
- Challenger intends to use the proceeds from the issue of Challenger Capital Notes 3 to fund a subscription for Additional Tier 1 Capital of CLC. **CLC represents a substantial part of the business of the Challenger Group. If APRA determines that CLC would become non-viable then there is a significant risk it will also determine Challenger to be non-viable**

Conversion following a Non-Viability Trigger Event

- Upon occurrence of a Non-Viability Trigger Event, some or all Challenger Capital Notes 3 must be immediately Converted to Ordinary Shares
- If for any reason Conversion does not occur within 5 business days of APRA's determination, then Conversion will not occur and Holder's rights with respect to those Challenger Capital Notes 3 are immediately and irrevocably Written-Off

Maximum Conversion Number

- A Holder receives a number of shares calculated using the formula on the previous page² capped at the Maximum Conversion Number
- The Maximum Conversion Number is calculated as $\$100 / (\text{Issue Date VWAP} \times \text{Relevant Fraction})$
- The Relevant Fraction is 0.2 in the case of a Non-Viability Trigger Event


Key features of Challenger Capital Notes 3

1. Relevant Perpetual Subordinated Instruments currently on issue include Challenger Capital Notes 1 (\$345 million issued in October 2014) and Challenger Capital Notes 2 (\$460m issued in 2017).

2. See Conversion Number formula on slide 19.

Challenger Capital Notes 3

Ranking of Challenger Capital Notes 3 in a winding-up

	Type	Illustrative examples ¹
	High ranking	<ul style="list-style-type: none">Preferred and secured debtLiabilities preferred by law including, policy liabilities, employee entitlements and secured creditors
		<ul style="list-style-type: none">Unsubordinated and unsecured debtBonds and notes, trade and general creditors
		<ul style="list-style-type: none">Subordinated and unsecured debtSubordinated notes and other subordinated and unsecured debt obligations
		<ul style="list-style-type: none">Relevant Perpetual Subordinated InstrumentsChallenger Capital Notes 3 and any other securities expressed to rank equally with Challenger Capital Notes 3 (including Challenger Capital Notes 1 and 2)
	Low ranking	<ul style="list-style-type: none">Ordinary SharesOrdinary Shares

Key features of Challenger Capital Notes 3

1. These examples note the order of ranking in the context of Challenger. Challenger is a non-operating holding company of companies in the Challenger Group and most of the claims Challenger has on these companies rank behind the relevant company's creditors, and in the case of CLC, also rank behind policyholders, in a winding-up of those companies.

Key features

Comparison between Challenger Capital Notes 3 and other investments/ securities

	Challenger annuity	Term deposit	Challenger Capital Notes 1 ('CCN1') and Challenger Capital Notes 2 ('CCN2')	Challenger Capital Notes 3	Ordinary Shares
Issuer	Challenger Life Company Limited (CLC)	Bank, credit union or building society	Challenger	Challenger	Challenger
Legal form	Policy (unsecured, unsubordinated debt obligation referable to a statutory fund under the Life Insurance Act)	Unsecured, unsubordinated debt	Unsecured subordinated note	Unsecured subordinated note	Ordinary share
Term	One year to lifetime	One month to five years (usually)	Perpetual (subject to mandatory conversion to Ordinary Shares)	Perpetual (subject to mandatory conversion to Ordinary Shares)	Perpetual
Ranking in winding-up	Rank higher than Challenger Capital Notes 3 and Ordinary Shares	Rank higher than Challenger Capital Notes 3 and Ordinary Shares	Rank lower than Senior Creditors, equally with Challenger Capital Notes 3 but higher than Ordinary Shares ¹	Rank lower than Senior Creditors, equally with CCN1 and CCN2 but higher than Ordinary Shares ¹	Rank lowest of all securities
Transferability	No	No	Yes – CCN1 quoted on ASX as 'CGFPA' and CCN2 quoted on ASX as 'CGFPB'	Yes – expected to be quoted on ASX as 'CGFPC'	Yes – quoted on ASX as 'CGF'
Protection under the Financial Claims Scheme	No	Yes ²	No	No	No
Distribution rate	Fixed or indexed	Fixed (usually)	CCN1 - Floating (Bank Bill Rate + Margin of 3.40% per annum, adjusted for franking) and CCN2 - Floating (Bank Bill Rate + Margin of 4.40% per annum, adjusted for franking)	Floating (Bank Bill Rate + Margin expected to be in the range of 4.60% to 4.80% per annum, adjusted for franking)	Variable dividends
Distribution payment dates	Monthly, quarterly, semi-annually or annually	Monthly, quarterly, semi-annually or annually	Quarterly (discretionary)	Quarterly (discretionary)	Semi-annually (discretionary)
Franking	Unfranked	Unfranked	Expected to be partially franked	Expected to be partially franked	Expected to be partially franked
Treated by APRA as regulatory capital	No	No	No, but used to fund a subscription for Additional Tier 1 Capital of CLC	No, but may be used to fund a subscription for Additional Tier 1 Capital of CLC	Not currently
Mandatory conversion to Ordinary Shares	No	No	Yes, CCN1 on 25 May 2022, or upon an Acquisition Event or Non-Viability Trigger Event and CCN2 on 22 May 2025, or upon an Acquisition Event or Non-Viability Trigger Event	Yes, on 25 May 2028, or upon an Acquisition Event or Non-Viability Trigger Event	No

Key features of Challenger Capital Notes 3

- Any return in a winding-up may be adversely affected if APRA determines that a Non-Viability Trigger Event has occurred. Following Conversion, Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a winding-up of Challenger. If Conversion on account of a Non-Viability Trigger Event does not occur within 5 business days of APRA's determination, Challenger Capital Notes 3 will be Written-Off.
- For deposits made after 1 January 2013 up to an amount of \$250,000 per Australian deposit taking institution.

Key risks

Key risks associated with an investment in Challenger Capital Notes 3

- Challenger Capital Notes 3 are not policy liabilities of CLC, Challenger or any other member of the Challenger Group, are not secured over the assets of Challenger or any member of the Challenger Group, and are not guaranteed or insured by any government or other person
- In a winding-up of Challenger, if Challenger Capital Notes 3 have not been Redeemed, Converted or Written-Off, Challenger Capital Notes 3 will rank equally with all other Relevant Perpetual Subordinated Instruments, but behind any securities and instruments that rank in priority to Challenger Capital Notes 3 and all Senior Creditors of Challenger
- The price at which Holders may be able to sell Challenger Capital Notes 3 on ASX is uncertain
- There may be no liquid market for Challenger Capital Notes 3
- The market price and liquidity of Challenger Ordinary Shares may fluctuate due to various factors
- Distributions are discretionary and are only payable subject to no Payment Condition existing
- Distributions will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate, and the cash amount paid as a Distribution will change if there is a change in the Franking Rate or the Tax Rate
- Distributions may or may not be franked
- Conversion, Redemption and Resale are not certain. Holders have no right to request Exchange of Challenger Capital Notes 3
- If Conversion occurs following a Non-Viability Trigger Event, Holders are likely to receive Ordinary Shares that are worth significantly less than the Face Value of Challenger Capital Notes 3
- Where Conversion on account of a Non-Viability Trigger Event does not occur for any reason within five Business Days after the Non-Viability Conversion Date, Challenger Capital Notes 3 will be Written-Off
- Challenger may raise further debt or issue securities that rank equally with or ahead of Challenger Capital Notes 3
- See Sections 1.5 and 6.1 of the Prospectus for more information on risks associated with Challenger Capital Notes 3, and Section 6.2 for more information on risks associated with Challenger, CLC and the Challenger Group

Offer process

04

Offer process

Structure

Institutional Offer

- Offer to certain Institutional Investors

Broker Firm Offer

- Offer to Australian resident retail and other clients of Syndicate Brokers

Reinvestment Offer

- Offer to Eligible CCN1 Holders to reinvest their Challenger Capital Notes 1 in Challenger Capital Notes 3. An Eligible CCN1 Holders is a CCN1 Holder who is registered as a holder of Challenger Capital Notes 1 at 7:00pm (Sydney time) on 8 October 2020 (Challenger Capital Notes 1 must also be held on the Closing Date) and, unless otherwise determined by Challenger, is:
 - shown on the Challenger Capital Notes 1 register as having an address in Australia;
 - not an individual residing in a member state of the European Union; and
 - not in the United States or acting as a nominee for, or for the account or benefit of, a U.S. Person, and not otherwise prevented from receiving the Reinvestment Offer or Challenger Capital Notes 3 under the laws of any jurisdiction

Securityholder Offer

- Offer to Eligible Securityholders:
 - registered holders of Ordinary Shares, Challenger Capital Notes 1 or Challenger Capital Notes 2 at 7:00pm (Sydney time) on 8 October 2020;
 - shown on the applicable register as having an address in Australia; and
 - who are not in the United States, or acting as a nominee for a person in the United States

Repurchase Invitation

- Separate to the Offer and the Reinvestment Offer, Eligible CCN1 Holders may choose to have their Challenger Capital Notes 1 repurchased for their face value of \$100 per Challenger Capital Note 1, payable in cash
-

Reinvestment Offer and Repurchase Invitation

Summary

What is the Reinvestment Offer?	<ul style="list-style-type: none">• The Reinvestment Offer is an invitation to Eligible CCN1 Holders to:<ul style="list-style-type: none">– apply to Challenger to have the CCN1 Resale Proceeds relating to all or some of their Challenger Capital Notes 1 reinvested in the Challenger Capital Notes 3; and– direct the CCN1 Nominated Purchaser to pay the relevant CCN1 Resale Proceeds to Challenger as Application Payment for that number of Challenger Capital Notes 3• If you elect to reinvest only some (and not all) of your CCN1 under the Reinvestment Offer, you will be deemed to have tendered the balance of your CCN1 to be repurchased for \$100 per CCN1 under the Repurchase Invitation
What is the Repurchase Invitation?	<ul style="list-style-type: none">• An invitation to Eligible CCN1 Holders to have their CCN1 repurchased for their face value of \$100 each in cash
Distribution(s)	<ul style="list-style-type: none">• If you choose to participate in the Reinvestment Offer or Repurchase Invitation – CCN1 Holders that have chosen to participate in the Reinvestment Offer or Repurchase Invitation will receive a final distribution of \$0.62 per CCN1 on 25 November 2020• If you choose not to participate in the Reinvestment Offer or Repurchase Invitation – you will continue to receive distributions in accordance with the CCN1 Terms. You should note that the payment of any distributions are subject to the satisfaction of the distribution payment conditions in the CCN1 Terms
Differences between CCN1 and Challenger Capital Notes 3	<ul style="list-style-type: none">• Challenger Capital Notes 3 and Challenger Capital Notes 1 are similar, however there are some key differences which you should be aware of before deciding participate in the Reinvestment Offer. Eligible CCN1 Holders should read the Prospectus in full before deciding whether to apply for Challenger Capital Notes 3• A comparison of Challenger Capital Notes 3 and Challenger Capital Notes 1 is contained on slide 22 of this presentation and in Section 3.2 of the Prospectus
What happens to remaining CCN1?	<ul style="list-style-type: none">• Your Challenger Capital Notes 1 will remain on issue in accordance with their terms• Under the CCN1 Terms, Challenger must convert any Challenger Capital Notes 1 that are outstanding on 25 May 2022 into Challenger Ordinary Shares, provided that the mandatory conversion conditions are satisfied

Options for Eligible CCN1 Holders

Structure

Option 1

- Apply directly to Challenger to participate in the Reinvestment Offer¹

Option 2

- Apply through your Syndicate Broker to participate in the Reinvestment Offer¹

Option 3

- Participate in the Repurchase Invitation

Option 4

- Sell your Challenger Capital Notes 1 on market through your broker

Option 5

- Take no action and continue to hold Challenger Capital Notes 1
- Under the CCN1 Terms, Challenger must convert any Challenger Capital Notes 1 that are outstanding on 25 May 2022 into Challenger Ordinary Shares, provided that the mandatory conversion conditions are satisfied

Offer process

1. If you hold 50 Challenger Capital Notes 1 or fewer, you must apply to reinvest all of your Challenger Capital Notes 1 if you wish to participate.

Offer process

Key dates for the Offer

Key dates for the Offer	Date
Record date for determining Eligible Securityholders (7:00pm Sydney time)	8 October 2020
Lodgement of original Prospectus with ASIC	13 October 2020
Bookbuild to determine the Margin	20 October 2020
Announcement of the Margin	20 October 2020
Lodgement of the replacement Prospectus with ASIC	21 October 2020
Opening Date for the Offer	21 October 2020
Closing Date for the Securityholder Offer and Reinvestment Offer (5.00pm Sydney time)	13 November 2020
Closing Date for the Broker Firm Offer (5.00pm Sydney time)	13 November 2020
Issue Date of Challenger Capital Notes 3	25 November 2020
Challenger Capital Notes 3 commence trading on ASX (normal settlement basis)	26 November 2020
Holding Statements dispatched	27 November 2020
Key dates for Challenger Capital Notes 3	Date
First Distribution Payment Date ¹	25 February 2021
Optional Exchange Date ²	25 May 2026
Scheduled Mandatory Conversion Date ³	25 May 2028

Note: These dates are indicative only and may change without notice.

Offer process

1. Subject to the absolute discretion of Challenger to pay the Distribution and no Payment Condition existing on 25 February 2021.
2. With APRA's prior written approval, Challenger may elect to Exchange the Challenger Capital Notes 3 on 25 May 2026. Holders should not expect that APRA's approval will be given for any optional Exchange. This date assumes the Issue Date is 25 November 2020.
3. Challenger Capital Notes 3 will Convert into Ordinary Shares on 25 May 2028 (subject to the Mandatory Conversion Conditions being satisfied and only if, prior to that date, Challenger Capital Notes 3 have not been Exchanged with APRA's prior written approval or Written-Off). This date assumes the Issue Date is 25 November 2020.

Offer process

Key dates for the Reinvestment Offer and Repurchase Invitation

Key dates for the Reinvestment Offer	Date
Record Date for determining Eligible CCN1 Holders (7:00pm Sydney time)	8 October 2020
Opening Date for the Reinvestment Offer	21 October 2020
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	13 November 2020
Transfer of Reinvestment CCN1 to CCN1 Nominated Purchaser	25 November 2020
Issue Date of Challenger Capital Notes 3	25 November 2020
Challenger Capital Notes 3 commence trading on ASX (normal settlement basis)	26 November 2020
Holding Statements dispatched	27 November 2020
Key dates for the Repurchase Invitation	Date
Record date for determining Eligible CCN1 Holders (7:00pm Sydney time)	8 October 2020
Opening Date for the Repurchase Invitation	21 October 2020
Closing Date for the Repurchase Invitation (5.00pm Sydney time)	18 November 2020
Repurchase Date	25 November 2020
Key dates for Eligible CCN1 Holder not participating in the Reinvestment Offer or Repurchase Invitation	Date
Scheduled mandatory conversion date (subject to the mandatory conversion conditions) for Challenger Capital Notes 1	25 May 2022

Note: These dates are indicative only and may change without notice.

Offer process

Contact directory

Issuer		
Challenger Limited	Andrew Tobin, Chief Financial Officer Gavin Buchanan, Deputy Chief Financial Officer	+61 2 9994 7000 +61 2 9994 7482
Arrangers & Joint Lead managers		
National Australia Bank	Nicholas Chaplin Stefan Visser	+61 2 9237 9518 +61 2 9237 9505
UBS	Paul Neumann Katherine Chan	+61 2 9324 3635 +61 2 9324 2305
Westpac Institutional Bank	Allan O'Sullivan Robert Moulton	+61 2 8254 1425 +61 2 8254 4342

Further information – Offer & Repurchase Information Line and website

- 1800 780 782 (within Australia)
- +61 3 9415 4065 (outside Australia)

- 8:30am to 5:00pm (Sydney time)

www.challengercapitalnotes.com.au

