

MARKET RELEASE

**CHALLENGER CAPITAL NOTES
OFFER INCREASED AND MARGIN SET**

29 August 2014, Sydney – Challenger Limited (Challenger) today announced that the bookbuild for the Challenger Capital Notes offer (Offer) has been successfully completed and the Offer increased, with \$340 million having been allocated on a firm basis under the Broker Firm and Institutional Offers.

Chief Executive Officer Brian Benari said: “We received very strong demand and have increased the size of the Offer accordingly. The proceeds of Challenger Capital Notes will help fund our growth ambitions, whilst providing capital flexibility”.

A further amount, up to \$20 million, will be allocated to shareholders under the Shareholder Offer¹, bringing the total amount raised under the Offer to a maximum of \$360 million.

As a result of strong demand, Challenger will not proceed with a General Offer.

The margin has been set at 3.40% p.a. over the 90 day Bank Bill Rate, which is at the bottom end of the announced 3.40% to 3.60% p.a. range.

A replacement prospectus, including the margin and increased Offer size will be lodged with the Australian Securities and Investment Commission (ASIC) and Australian Securities Exchange on 4 September 2014.

Shareholders wishing to acquire Notes should complete the application form (either electronic or paper) included in the replacement prospectus which will be available at www.challengercapitalnotes.com.au, or by calling the Challenger Capital Notes Offer Information Line.

Investors should consider the replacement prospectus in full before deciding whether to invest in Notes.

ENDS

¹ Challenger will scale back applications received under the Shareholder Offer to the extent applications from eligible shareholders are in excess of \$20 million. Any scale back and the basis of allocation will be announced to ASX on the issue date (expected to be on 9 October 2014) and through advertisements in The Australian and The Australian Financial Review.

For personal use only



For further enquiry

Challenger Capital Notes Offer Information Line
1300 466 519 (within Australia)
+61 3 9415 4320 (outside Australia)
Monday to Friday - 8:00am to 6:00pm (Sydney time)

Further information about the Offer

The Offer comprises:

- an Institutional Offer to certain institutional investors;
- a Broker Firm Offer to Australian resident retail and high net worth clients of syndicate brokers; and
- a Shareholder Offer to eligible shareholders of Challenger.²

Indicative timetable

Key dates for the Offer	Date
Lodgement of the replacement prospectus with ASIC	4 September 2014
Opening date	4 September 2014
Closing date for the Shareholder Offer	30 September 2014
Closing date for the Broker Firm Offer	7 October 2014
Issue date	9 October 2014
Notes commence trading on ASX (deferred settlement basis)	10 October 2014
Holding statements despatched by	14 October 2014
Notes commence trading on ASX (normal settlement basis)	15 October 2014
Key dates for Notes	Date
First distribution payment date	25 February 2015
Optional exchange date	25 May 2020
Scheduled mandatory conversion date	25 May 2022

² Eligible shareholders of Challenger will be those persons who hold ordinary shares in Challenger on the record date (being 7.00pm on 19 August 2014 (Sydney time)) and are shown on the 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.

Further enquiry: Stuart Kingham, Head of Investor Relations, Challenger Limited, 02 9994 7125
Stuart Barton, General Manager of Marketing and Communications, Challenger Limited, 02 9994 7008



Dates may change

These dates are indicative only and may change without notice.

Challenger and the Joint Lead Managers may at their discretion agree to vary the timetable, including extending any closing date, closing the Offer early without notice or accepting late applications, whether generally or in particular cases, or withdrawing the Offer at any time before Notes are issued.

You are encouraged to apply as soon as possible after the opening date.

Disclaimer

This announcement does not constitute an offer of any securities (including the Notes) for sale or issue. No action has been taken to register or qualify Notes or the Offer or to otherwise permit a public offering of Notes outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Notes nor the Ordinary Shares have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. The Notes are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the US Securities Act.

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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