

CHALLENGER CAPITAL NOTES 2 EXCHANGE NOTICE

Challenger Limited (ASX:CGF) encloses an Exchange Notice issued today by Challenger in accordance with the terms of Challenger Capital Notes 2 (ASX:CGFPB). The Exchange Notice is given in respect of certain Challenger Capital Notes 2 (referred to in the Exchange Notice as “Reinvestment CCN2”) issued by Challenger in April 2017.

ENDS

This release has been authorised by Challenger’s Continuous Disclosure Committee.

About Challenger

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates a fiduciary Funds Management division, an APRA-regulated Life division and an APRA-regulated authorised deposit-taking institution. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

For more information contact:

Mark Chen

General Manager Investor Relations
Mob +61 423 823 209
machen@challenger.com.au

Jane Keeley

Head of External Communication
Mob +61 402 663 522
jkeeley@challenger.com.au

Irene Xu

Investor Relations Manager
Mob +61 451 822 326
ixu@challenger.com.au

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF CCN2 HOLDERS (AS DEFINED BELOW). IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK ADVICE FROM YOUR FINANCIAL ADVISER OR OTHER PROFESSIONAL ADVISOR.

Challenger Limited (ABN 85 106 842 371)

(the “**Issuer**”)

Exchange Notice

given in respect of the

A\$ Challenger Capital Notes (ASX code: CGFPB)

(the “**CCN2**”)

7 March 2023

A. Resale of CCN2 to Nominated Purchaser

This Exchange Notice is an “Exchange Notice” given in accordance with clause 6.1 (*Optional Exchange by the Issuer*) of the terms and conditions of the CCN2, as amended and restated from time to time (the “**CCN2 Terms**”).

Capitalised terms used and not otherwise defined in this Exchange Notice have the meaning given to them in the CCN2 Terms.

This Exchange Notice is irrevocable (subject to the CCN2 Terms).

The Issuer hereby gives notice to each CCN2 Holder that, in accordance with the CCN2 Terms, the Issuer has:

- made an election to Exchange all Reinvestment CCN2 on the Reinvestment Date, being 5 April 2023 (the “**Exchange Date**”);
- elected Resale as the Exchange Method for the Reinvestment CCN2; and
- appointed UBS AG, Australia Branch (ABN 47 088 129 613) (not being a Related Entity of the Issuer) as the Nominated Purchaser (“**Nominated Purchaser**”) for that Resale,

and accordingly, all Reinvestment CCN2 will be transferred to the Nominated Purchaser (excluding the right to any Distribution) at the Resale Price of A\$100 per Reinvestment CCN2 (in aggregate, the “**Resale Proceeds**”).

The Nominated Purchaser has undertaken for the benefit of each CCN2 Holder that, on the Exchange Date, it will acquire each Reinvestment CCN2 under the Reinvestment Offer from the relevant CCN2 Holders at the Resale Price in accordance with the Deed of Undertaking made on or before the date of this Exchange Notice, a copy of which is attached (the “**Exchange (Resale)**”).

By applying to participate in the Reinvestment Offer, Reinvestment CCN2 Holders will be directing the Nominated Purchaser to pay the Resale Proceeds to the Issuer as application moneys for Challenger Capital Notes 4.

The Issuer has the approvals required from APRA under the CCN2 Terms in respect of (1) the Exchange (Resale) and (2) the subsequent Redemption of the Reinvestment CCN2 in the hands of the Nominated Purchaser, subject to APRA being satisfied as to the amount of capital raised by Challenger under the offer of Challenger Capital Notes 4.

In accordance with clause 11.1 (*Power of attorney*) of the CCN2 Terms, each CCN2 Holder has appointed the Issuer as its attorney to, among other things, sign any instrument of transfer necessary to give effect to the Resale.

B. Conditions to completion of Exchange (Resale)

The acquisition of Reinvestment CCN2 by the Nominated Purchaser is subject to and will be performed in accordance with the CCN2 Terms.

This Exchange Notice is irrevocable, except as provided by the CCN2 Terms. The Exchange (Resale) may not occur for a number of reasons, including if any of the following applies:

- the Reinvestment Offer does not proceed;
- a Non-Viability Trigger Event occurs;
- APRA revokes its approval of the Exchange (Resale) or the subsequent Redemption of the CCN2 in the hands of the Nominated Purchaser, or APRA is not satisfied as to the amount of capital raised by Challenger under the offer of Challenger Capital Notes 4;
- the Reinvestment CCN2 cannot for any reason be transferred; or
- any circumstance set out in clause 10.9 of the CCN2 Terms occurs.

If the Exchange (Resale) does not occur (except where a Non-Viability Trigger Event occurs), the relevant CCN2 Holders will continue to hold their Reinvestment CCN2 until they are otherwise Redeemed, Converted or Resold in accordance with the CCN2 Terms.

C. Trading and transfer

By applying to participate in the Reinvestment Offer, Holders of Reinvestment CCN2 will be agreeing not to transfer their Reinvestment CCN2 and have authorised the Issuer to request a holding lock on those Reinvestment CCN2. Accordingly, no transfer of Reinvestment CCN2 (other than the transfer to the Nominated Purchaser pursuant to this Exchange Notice) will be registered.

D. Payment and completion of Exchange (Resale)

Payment of the aggregate Resale Proceeds will be made by or on behalf of the Nominated Purchaser to the Issuer, as directed by the relevant CCN2 Holders by their application to participate in the Reinvestment Offer, as described above, in exchange for the transfer of the Reinvestment CCN2 from the relevant CCN2 Holders to the Nominated Purchaser. The Issuer on behalf of the relevant CCN2 Holders will execute and deliver an instrument of transfer of the Participating CCN2 to the Nominated Purchaser.

The payment of the Resale Proceeds will be on the same terms and conditions as a payment of the Redemption Price by the Issuer under clauses 9 (*Redemption mechanics*) and 14 (*Payments*) of the CCN2 Terms (as applicable).

E. Terms defined in this Exchange Notice

“**CCN2 Holder**” means a “Holder” as defined in the CCN2 Terms.

“**Challenger Capital Notes 4 Prospectus**” means the prospectus lodged by the Issuer with ASIC on or about the date of this Exchange Notice and any replacement or supplementary prospectus.

“**Challenger Capital Notes 4**” means the perpetual, subordinated, unsecured notes to be issued by the Issuer on the terms and conditions set out in the Challenger Capital Notes 4 Prospectus.

“Reinvestment CCN2” means a “Reinvestment Capital Note” as defined in the CCN2 Terms.

“Reinvestment Offer” has the meaning given in the Challenger Capital Notes 4 Prospectus.

Challenger Limited

Attachment – Deed of Undertaking

Deed of Undertaking

relating to the Resale of the Challenger Capital Notes 2
(ASX code: "CGFPB") (the "**CCN2**") issued by Challenger Limited
(ABN 85 106 842 371) in respect of which UBS AG, Australia Branch
(ABN 47 088 129 613) was appointed as the Nominated Purchaser
(the "**Nominated Purchaser**")

Dated 7 March 2023

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Deed of Undertaking

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Deed of Undertaking

Details

Parties	Nominated Purchaser	
Nominated Purchaser	Name	UBS AG, Australia Branch
	ABN	47 088 129 613
In favour of	The Reinvestment CCN2 Holders	
Date of Deed	7 March 2023	

Deed of Undertaking

General terms

1 Interpretation

1.1 Definitions

All terms and expressions which have defined meanings in the CCN2 Terms (as defined below) have the same meanings in this Deed except where the context requires otherwise or unless otherwise stated. In addition, the following words have these meanings:

Appointment Agreement means the nominated purchaser appointment agreement in respect of the Resale of Reinvestment CCN2 entered into between the Issuer and the Nominated Purchaser on or about the date of this Deed.

CCN2 means “Capital Note” as defined in the CCN2 Terms.

“CCN2 Terms” means the terms and conditions of the CCN2 as set out in Schedule 1 to the CCN2 Trust Deed.

“CCN2 Trust Deed” means the deed entitled “Challenger Capital Notes Trust Deed” dated 28 February 2017 (as amended and restated from time to time) between the Issuer and the Trustee.

CCN4 means the perpetual, subordinated, unsecured Challenger Capital Notes 4 to be issued by the Issuer.

CCN4 Prospectus means the prospectus lodged by the Issuer with ASIC on 7 March 2023 including any replacement or supplementary prospectus.

Details means the section of this Deed headed “Details”.

Exchange Notice means the “Exchange Notice” given by the Issuer on or after the date of this Deed in accordance with clause 6 (“Optional Exchange by the Issuer”) of the CCN2 Terms.

Issuer means Challenger Limited (ABN 85 106 842 371).

Issuer's Nominated Account means the Issuer's bank account notified to the Nominated Purchaser in writing at least three Business Days prior to the Reinvestment Date.

Nominated Account means the Nominated Purchaser's bank account as specified in the Appointment Agreement.

Nominated Purchaser means the person described as such in the Details.

Reinvestment CCN2 means “Reinvestment Capital Note” as defined in the CCN2 Terms.

Reinvestment CCN2 Holder means a “Holder” (as defined in the CCN2 Terms) of a Reinvestment CCN2.

Reinvestment Funding Amount means with respect to the Reinvestment CCN2, an amount in Australian dollars equal to the Resale Price multiplied by the

number of Reinvestment CCN2, as specified by the Nominated Purchaser in the Funding Request.

Reinvestment Offer has the meaning given in the CCN4 Prospectus.

1.2 Contrary interpretation

Unless otherwise specified or the contrary intention appears:

- (a) headings (including those in brackets at the beginning of paragraphs) are inserted for convenience and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a statute, ordinance, directive, code or law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them and references to law includes statutes, ordinances, codes, directives or common law and principles of equity having general application;
- (d) a reference to a party to an agreement, deed, authority or other instrument includes a reference to any successor, replacement, assignee, substitute or addition of the party according to that agreement, deed, authority or instrument; and
- (e) a reference to an agreement, deed or other instrument includes a reference to that agreement, deed or instrument as amended, modified, added to or restated from time to time.

1.3 Reference to successor

A reference to the Nominated Purchaser includes any successor appointed as contemplated by the Exchange Notice which accedes to this Deed on terms that it assumes all obligations (present and future) of the Nominated Purchaser.

2 Undertaking to acquire Reinvestment CCN2

2.1 Undertaking to acquire Reinvestment CCN2

Subject to clause 2.3, the Nominated Purchaser undertakes for the purpose of clause 10.1 ("Resale mechanics") of the CCN2 Terms to acquire all Reinvestment CCN2 in accordance with the CCN2 Terms on the Reinvestment Date for the Resale Price.

2.2 Payment against delivery

- (a) Subject to paragraphs (b) and (c) below, payment of the Resale Price will be made in accordance with the Exchange Notice and the Appointment Agreement.
- (b) The Nominated Purchaser's obligations under paragraph (a) will be satisfied following the crediting of the Reinvestment Funding Amount to the Nominated Account by the Issuer, or the application of the Reinvestment Funding Amount in accordance with the Nominated Purchaser's directions made, in each case in accordance with the Appointment Agreement and, in particular, clause 2.5 of the Appointment Agreement.

- (c) The Nominated Purchaser has no liability under this Deed to distribute any funds directly to Reinvestment CCN2 Holders in connection with the Reinvestment Offer and its appointment under the Appointment Agreement, and the Registrar and the Issuer will be solely responsible for payment of the funds to (or on behalf of) each Reinvestment CCN2 Holder from the Issuer's Nominated Account, and the Nominated Purchaser will have no liability for any delay or failure by the Registrar or the Issuer to apply the funds from the Issuer's Nominated Account in payment for the issue price of CCN4 (as directed by each Reinvestment CCN2 Holder as contemplated by, and in accordance with, the Reinvestment Offer.

2.3 Condition precedent to obligations

The obligations of the Nominated Purchaser provided for in clause 2 of this Deed are conditional upon the Issuer:

- (a) giving the Exchange Notice; and
- (b) providing the Reinvestment Funding Amount to the Nominated Purchaser in immediately available funds in accordance with the Appointment Agreement.

2.4 Termination

The obligations of the Nominated Purchaser to acquire a Reinvestment CCN2 terminate:

- (a) if the Exchange Notice becomes void under clause 10.6 ("Effect of failure by Nominated Purchaser or Nominated Purchasers to pay") of the CCN2 Terms; or
- (b) if the Exchange of a Reinvestment CCN2 cannot occur for any reason specified in the Exchange Notice; or
- (c) in accordance with the circumstances set out in clause 10.9 of the CCN2 Terms.

3 Benefit of Deed

3.1 Deed poll

This Deed takes effect as a deed poll for the benefit of the Reinvestment CCN2 Holders from time to time.

3.2 Assignment

No Reinvestment CCN2 Holder is entitled to assign or transfer all or any of its rights, benefits and obligations under this Deed separate from its Reinvestment CCN2.

4 Governing law and submission to jurisdiction

The law in force in New South Wales governs this Deed. The Nominated Purchaser submits to the non-exclusive jurisdiction of the courts of that place.

EXECUTED as a deed poll

Deed of Undertaking

Signing page

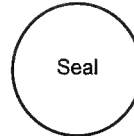
**SIGNED, SEALED AND
DELIVERED** for and on behalf of
UBS AG, AUSTRALIA BRANCH
by its duly authorised signatories in
the presence of:

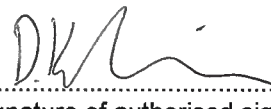

.....

Signature of witness

MICHAEL LEUNG
.....

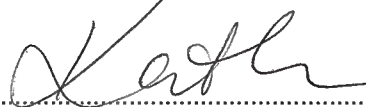
Name of witness (block letters)




.....

Signature of authorised signatory

Dom KRSLOVIC
.....
Name of authorised signatory (block
letters)


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Signature of authorised signatory

KATHERINE CHAN
.....
Name of authorised signatory (block
letters)