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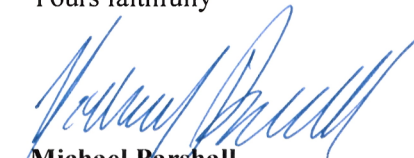
Dear Sir/Madam

Challenger Limited - Notification of initial substantial holder

We act for MS&AD Insurance Group Holdings, Inc (**MS&AD**).

On behalf of MS&AD, in accordance with section 671B of the *Corporations Act 2001* (Cth), we attach a "Form 603 – Notice of substantial holder" in respect of Challenger Limited (**Challenger**).

Yours faithfully



Michael Parshall
Partner



Keegan Lopez
Lawyer

Encl

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Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To: Company Name/Scheme Challenger Limited (CGF)

ACN/ARSN 106 842 371

1. Details of substantial holder (1)

Name MS&AD Insurance Group Holdings, Inc (MS&AD) (and its controlled entities, including those named in Annexure A) (MS&AD Group)

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 23/ 08/ 2017

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares in CGF (CGF Shares)	38,295,689	38,295,689	6.27% (based on 610,297,544 CGF Shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interests	Nature of relevant interest (7)	Class and number of securities
MS&AD	MS&AD's relevant interest arises under section 608(1)(a) to (c) of the Corporations Act 2001 (Cth) (Corporations Act) (holder of the securities, power to exercise right to vote securities and/or power to dispose of the securities). MS&AD is the holder of 38,295,689 CGF Shares following a placement by CGF of such shares to MS&AD under a subscription agreement entered into between MS&AD and CGF dated 14 August 2017, a copy of which is set out as Annexure B.	38,295,689 CGF Shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
MS&AD	MS&AD	MS&AD	38,295,689 CGF Shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
MS&AD	23/08/2017	\$500,000,000 or \$13.0563 per CGF Share	38,295,689 CGF Shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

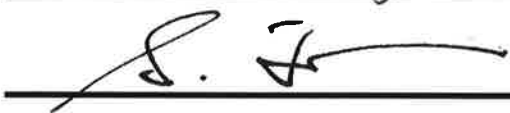
Name and ACN/ARSN (if applicable)	Nature of association
N/A	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
MS&AD	2-27-2 Shinkawa Chuo-Ku, Tokyo 104-0033, Japan
MS&AD Group	c/- 2-27-2 Shinkawa Chuo-Ku, Tokyo 104-0033, Japan

Signature

print name	<u>Shiro Fujii</u>	capacity	Authorised representative
sign here	<u></u>	date	23/ 08/ 2017

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant issues (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of 4 pages (including this page) referred to in the accompanying form 603 notice of initial substantial holder lodged by MS&AD Insurance Group Holdings, Inc (MS&AD) (and its controlled entities, including those named in this Annexure A) (MS&AD Group).

Signature

print name	<u>Shino Fujii</u>	capacity	Authorised representative
sign here	<u>S. Fujii</u>	date	23/ 08/ 2017

The following persons are substantial holders by virtue of being associates of each other pursuant to section 12(2)(a) of the Corporations Act:

No.	Company Name
1	Mitsui Sumitomo Insurance Co., Ltd.
2	Aioi Nissay Dowa Insurance Co., Ltd.
3	Mitsui Direct General Insurance Co., Ltd.
4	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
5	Mitsui Sumitomo Primary Life Insurance Co., Ltd.
6	MS&AD Staff Service Co., Ltd.
7	MS&AD Research Institute Co., Ltd.
8	MS&AD Business Service Co., Ltd.
9	MS&AD Systems Co., Ltd.
10	MS&AD Business Support Co., Ltd.
11	MS&AD Loan Service Co., Ltd.
12	InterRisk Research Institute & Consulting, Inc.
13	ANSHIN DIAL Co., Ltd.
14	MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.
15	Mitsui Sumitomo Insurance Agency Service Co., Ltd.
16	MITSUI SUMITOMO INSURANCE Care Network Co., Ltd.
17	MSK Marine Service Co., Ltd.
18	MSK Anshin Station Co., Ltd.
19	MS Saitama Co., Ltd.
20	MS Chiba Co., Ltd.
21	MS Chubu Co., Ltd.
22	MS Tokushima Co., Ltd.
23	MS Insurance Service Hokkaido Co., Ltd.
24	MS Soutoku Co., Ltd.
25	MS Sapporo Co., Ltd.
26	MS Kagoshima Co., Ltd.

No.	Company Name
27	MS Iwate Co., Ltd.
28	MS Fukuyama Co., Ltd.
29	MS Yokohama Co., Ltd.
30	MS Saga Co., Ltd.
31	MS Oitachuo Co., Ltd.
32	MS Osaka Co., Ltd.
33	MS Kochi Co., Ltd.
34	MS Niigata Co., Ltd.
35	MS Ehime Co., Ltd.
36	MS Yamagata Co., Ltd.
37	MS Enshu Co., Ltd.
38	MS Kanazawa Co., Ltd.
39	MS Toyama Co., Ltd.
40	MS Nara Co., Ltd.
41	MS Kobe Co., Ltd.
42	MS Yamaguchi Co., Ltd.
43	MS Nagasaki Co., Ltd.
44	MS Hyogo Co., Ltd.
45	MS Sendai Co., Ltd.
46	MS Wakayama Co., Ltd.
47	MS Fukushima Co., Ltd.
48	MS Akebono Co., Ltd.
49	MS Fukui Co., Ltd.
50	MS Shiga Co., Ltd.
51	MS Kyoto Co., Ltd.
52	MS Hiroshima Co., Ltd.
53	MS Okayama Co., Ltd.

No.	Company Name
56	MS Aomori Co., Ltd.
57	MS Tochigi Co., Ltd.
58	MS Yamanashi Co., Ltd.
59	MS Shinshu Co., Ltd.
60	MS Doto Co., Ltd.
61	MS Miyazaki Co., Ltd.
62	Aioi Nissay Dowa Claims Adjusting Co., Ltd.
63	Aioi Nissay Dowa Insurance Service Co., Ltd.
64	Fureai Do-Life Service Co., Ltd.
65	Aioi Nissay Dowa Automobile Research Center Co.,Ltd.
66	au Insurance Co., Ltd.
67	ADIS Shizuoka GH Co., Ltd.
68	ADIS Sainokuni Unipro Co., Ltd.
69	AC Planning Co., Ltd.
70	MSK Insurance Center Co., Ltd.
71	Shoukou Service Co., Ltd.
72	MSI C University-Ltd Venture Capital Fund
73	MSI C2005V Limited Investment Fund
74	MSIVC Campus 3 Limited Investment Fund
75	MSIVC2008V Limited Investment Fund
76	MSIVC Asia Fund 1 Investment Fund
77	MSIVC Global Academic Seeds Limited Investment Fund
78	MSIVC2012V Limited Investment Fund
79	MSIVC2016V Limited Investment Fund
80	Sumitomo Mitsui Asset Management Co., Ltd.
81	Ar&Smart Co., Ltd.
82	e-Net Small Amount Short Term Insurance Co., Ltd.
83	Zenkankyo Small Amount and Short Term Insurance Holdings, Ltd.
84	Zenkankyo Kyosaikai Co., Ltd.
85	Eternity Small Amount and Short Term Insurance Company, Limited
86	Interisk Asia Pte Ltd
87	Interisk Global Management (Bermuda) Limited
88	(InterRisk Consulting (Shanghai) Co.,Ltd)
89	InterRisk Asia (Thailand) Company Limited
90	MSIG Holdings (Americas), Inc.
91	Mitsui Sumitomo Insurance USA Inc.
92	Mitsui Sumitomo Insurance Company of America
93	Mitsui Sumitomo Marine Management (U.S.A.), Inc.
94	MSI Risk Management Services, Inc.
95	Seven Hills Insurance Agency, LLC
96	Mitsui Sumitomo Insurance Company (Europe), Limited

No.	Company Name
97	Mitsui Sumitomo Insurance (London) Limited
98	Mitsui Sumitomo Insurance (London Management) Ltd
99	MSI Corporate Capital Limited
100	MSUK Services Limited
101	MSIG Corporate Services (Europe) Limited
102	MSIS PTE. LTD.
103	SPAC Insurance (Bermuda) Limited
104	PT. Asuransi MSIG Indonesia
105	Mitsui Sumitomo Seguros S/A.
106	Mitsui Sumitomo Insurance Company Limited-Escritório de Representação no Brasil Ltda.
107	MSI Holding (Thailand) Company Limited
108	Calm Sea Service Company Limited
109	MSIG Service and Adjusting (Thailand) Company Limited
110	MBTS Life Insurance Broker Co., Ltd.
111	MSIG Insurance (Singapore) Pte. Ltd.
112	MSIG Insurance (Hong Kong) Limited
113	MSIG Mingtai Insurance Co.,Ltd.
114	MSIG Berhad
115	MSIG German Services GmbH
116	Mitsui Sumitomo Insurance Underwriting at Lloyd's Limited
117	MSI GuaranteedWeather, LLC
118	MSI GuaranteedWeather Trading Ltd.
119	MSIG Insurance (Malaysia) Bhd.
120	MSIG Holdings (Asia) Pte. Ltd.
121	Mitsui Sumitomo Insurance (China) Company Limited
122	Vortex Insurance Agency, LLC
123	MSIG Insurance (Vietnam) Company Limited
124	MSIG Insurance (Lao) Co., Ltd.
125	MSI Insurance Management (Ireland) Limited
126	MS Financial Reinsurance Limited
127	MSIG Insurance Europe AG
128	Aioi Nissay Dowa Insurance Company of America
129	MS Amlin plc
130	MS Amlin Corporate Services Limited
131	Leadenhall Capital Partners LLP
132	Leadenhall Capital Partners US LLC
133	AUA Insolvency Risk Services Limited
134	MS Amlin Underwriting Limited
135	MS Amlin Corporate Member Limited
136	Crowe Livestock Underwriting Limited
137	Lead Yacht Underwriters Limited

No.	Company Name
138	JR Clare Underwriting Agencies Limited
139	Amlin UK Limited
140	Serviceline (U.K.) Limited
141	MS Amlin Reinsurance Managers, Inc.
142	Haven Knox - Johnston Limited
143	Just Law Limited
144	Summit Insurance Group Limited
145	Amlin Plus Limited
146	Phoenix Underwriters Limited
147	MS Amlin (India) Private Limited
148	St. Margaret's Insurance Services Limited
149	MS Amlin Underwriting Services Limited
150	AUT Holdings Limited
151	Stace Barr Angerstein Limited
152	MS Amlin (Overseas Holdings) Limited
153	MS Amlin Investments Limited
154	Amlin France Legacy Services
155	MS Amlin Asia Pacific Pte. Ltd.
156	MS Amlin Labuan Limited
157	MS Amlin Investment Management Limited
158	MS Amlin (MENA) Limited
159	Toro Prism Public Limited Company
160	Amlin Netherlands Holding B.V.
161	MS Amlin Marine N.V.
162	RaetsMarine UK Limited
163	MS Amlin Marine France Sarl
164	RaetsAsia P&I Services Pte Ltd
165	Amlin Bermuda Holdings, Ltd.
166	MS Amlin AG
167	Allied Cedar Insurance Group Limited
168	Allied Underwriting Agencies Limited
169	Amlin Insurance SE
170	Aioi Nissay Dowa Insurance Company of Europe Limited
171	Toyota Insurance Management Limited
172	Aioi Nissay Dowa Insurance Management Limited
173	Aioi Nissay Dowa Life Insurance of Europe AG
174	Aioi Nissay Dowa Insurance (China) Company Limited
175	DTRIC Insurance Company, Limited
176	DTRIC Insurance Underwriters, Limited
177	Aioi Nissay Dowa Management New Zealand Limited
178	Aioi Nissay Dowa Insurance Company Australia Pty Ltd
179	Top Class Insurance S.r.l.
180	Top Class Broker S.r.l.

No.	Company Name
181	LLC Toyota Insurance Management (Insurance Brokers)
182	LLC Toyota Insurance Management (Insurance Agency)
183	Toyota Insurance Management (Insurance Broker) LLP
184	Box Innovation Group Limited
185	Insure The Box Limited
186	ITB Services Limited
187	ITB Web Limited
188	ITB Telematics Solutions LLP
189	ITB Premium Finance Limited
190	Aioi Nissay Dowa Insurance Services USA Corporation
191	DTRIC Management Company, Limited
192	MSIG Insurance (Thailand) Public Company Limited
193	Ueang Mai Co., Ltd.
194	Yardhimar Company Limited
195	Solo Absolute Bonds and Currency Fund
196	Leadenhall Capital Partners US LP
197	Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV
198	DRD LLP
199	HI-TECH INSURANCE SYSTEMS DEVELOPMENT LLP
200	Advanced Connectivity, LLC
201	Connected Analytic Services, LLC
202	Toyota Insurance Management Solutions USA, LLC
203	BPI/MS Insurance Corporation
204	FLT Prime Insurance Corporation
205	MBTS Broking Services Company Limited
206	Sumitomo Mitsui Asset Management (New York) Inc.
207	Sumitomo Mitsui Asset Management (London) Limited
208	Sumitomo Mitsui Asset Management (Hong Kong) Limited
209	Sansei Capital Management Cayman Ltd.
210	SLI Cayman Limited
211	Cholamandalam MS General Insurance Company Limited
212	Asia Insurance (Cambodia) Plc.
213	Cholamandalam MS Risk Services Limited
214	PT. Auto Management Services
215	Hong Leong Assurance Berhad
216	Hong Leong MSIG Takaful Berhad
217	PT. Asuransi Jiwa Sinarmas MSIG
218	Max Life Insurance Company Limited
219	Miles Smith Holdings Limited
220	Eagle Underwriting Group Inc.
221	Arena Holdings Limited

No.	Company Name
222	Ortac Underwriting Agency Limited
223	Arena Systems Limited
224	SHUS Holdings Limited
225	Bellarmine Ltd

No.	Company Name
226	Bangkok Chayoratn Company, Limited
227	Aioi Bangkok Insurance Public Company Limited
228	Guangzhou Guang Ai Insurance Brokers Ltd.
229	Bangkok Chayolife Company, Limited

Annexure B

This is Annexure B of 31 pages (including this page) referred to in the accompanying form 603 notice of initial substantial holder lodged by MS&AD Insurance Group Holdings, Inc (MS&AD) (and its controlled entities, including those named in Annexure A) (MS&AD Group).

Signature

print name	Shino Fujii	capacity	Authorised representative		
sign here		date	23/	08/	2017



HERBERT
SMITH
FREEHILLS

Agreement

Execution Version

Project Arches

Subscription agreement

Challenger Limited

MS&AD Insurance Group Holdings, Inc.



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Subscription agreement

Date ► 14 August 2017

Between the parties

Company	Challenger Limited ACN: 106 842 371 of Level 2, 5 Martin Place, Sydney, New South Wales, AUSTRALIA 2000
---------	--

Subscriber	MS&AD Insurance Group Holdings, Inc. of 2-27-2 Shinkawa Chuo-Ku, Tokyo 104-0033 JAPAN
------------	--

Recitals	The Subscriber has agreed to subscribe for, and the Company has agreed to issue, the Subscription Shares on the terms and conditions of this agreement.
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The parties agree as follows:

1 Definitions and interpretation

1.1 Agreement components

This agreement includes any schedule.

1.2 Definitions

The meanings of the terms used in this document are set out below.

Term	Meaning
Account	██ ████████████████ ██████████████ ████████████████████████████
Affiliate	in relation to any entity, means: 1 any other entity that is Controlled by that entity; 2 any other entity that Controls that entity; and 3 any other entity that is under common Control of that entity.
Announcement Date	15 August 2017
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules	the official listing rules of the ASX as amended from time to time.
Authorisation	includes: 1 any consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Government Agency; and 2 in relation to anything that a Government Agency may prohibit or restrict within a specific period, the expiry of that period without intervention or action or notice of intended intervention or action.



Term	Meaning
Business Day	a day on which banks are open for business in Sydney, Australia and Tokyo, Japan excluding a Saturday, Sunday or public holiday in either city.
Chi-X	Chi-X Australia Pty Ltd (ACN 129 584 667).
Claim	any claim, demand, legal proceedings or cause of action, including any claim, demand, legal proceedings or cause of action under common law or under statute in any way relating to this agreement or the Subscription and includes a claim, demand, legal proceedings or cause of action arising from a breach of Warranty.
Cleansing Notice	a notice under section 708A(5)(e)(i) of the Corporations Act complying with section 708A(6) of the Corporations Act.
Company Warranties	the representations and warranties set out in clause 6.1.
Confidentiality Agreement	the agreement entitled 'Mutual Confidentiality Agreement' between Challenger Group Services Pty Limited and MS&AD Insurance Group Holdings, Inc. dated 13 December 2016.
Constitution	the constitution of the Company as amended or varied from time to time.
Control	has the meaning given in section 50AA of the Corporations Act, and Controlled has a corresponding meaning.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Dividend	the final dividend to be paid by the Company for its financial year ended 30 June 2017 to be announced on the Announcement Date.
Duty	any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.
Encumbrance	any interest or power: 1 reserved in or over any interest in any asset including, but not



Term	Meaning
	limited to, any retention of title; or 2 created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, or any trust or any retention of title and includes, but is not limited to, any agreement to grant or create any of the above.
FY17 Results	the annual report of the Company for the year ended 30 June 2017, and associated results announcements, to be announced to ASX on the Announcement Date.
Government Agency	any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Group	the Company and each of its subsidiaries.
Group Member	any member of the Group.
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
GST Law	has the same meaning as in the GST Act.
Immediately Available Funds	payment by electronic funds transfer into the Account.
Issue Date	23 August 2017.
Material Adverse Effect	a material adverse change or effect in or affecting the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, shareholder's equity or results of operations of the Group (taken as a whole).
Loss	losses, liabilities, damages, costs, charges and expenses.



Term	Meaning
Official List	the official list of the ASX as defined in the ASX Listing Rules as amended from time to time.
Relevant Date	11 August 2017.
Settlement	the settlement of the issue of the Subscription Shares under this agreement.
Settlement Date	22 August 2017.
Shares	the ordinary issued shares in the Company.
Subscriber Group	the Subscriber and each of its subsidiaries.
Subscriber Warranties	the representations and warranties set out in clause 6.2.
Subscription	means the subscription for Subscription Shares at the Subscription Price under this agreement.
Subscription Amount	A\$500,000,000
Subscription Price	the A\$ VWAP for Shares, multiplied by 1.02, then reduced by the cash amount of the Dividend per Share, calculated to four decimal places rounded to the nearest hundredth of a cent, provided that the Subscription Price must not exceed A\$14.00 A worked example for the calculation of the Subscription Price based on the 30 Trading Days up to and including the last Trading Day before the Relevant Date is set out in Schedule 2.
Subscription Shares	the number of Shares that would raise the Subscription Amount at the Subscription Price, rounded to the nearest whole Share.
Tax	any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.

Term	Meaning
Trading Day	a day which is a trading day under the ASX Listing Rules.
VWAP	the volume weighted average price for trading in the Shares on the ASX market and the Chi-X market over the 30 Trading Days up to and including the last Trading Day before the Announcement Date as published by or derived from the ASX, but excluding: 1 block trades; 2 large portfolio trades; 3 permitted trades during the pre-trading hours period; 4 permitted trades during the post-trading hours period, 5 out of hours trades and exchange traded option exercises; Terms that are used but not defined in this definition but defined for the purposes of the ASX Listing Rules have the meaning they have in those rules. If a VWAP is required to be determined for a Trading Day where such price is not available or cannot otherwise be determined as set out above, the VWAP will be the VWAP, determined as set out above, on the immediately preceding Trading Day on which it can be determined. A worked example for the calculation of the VWAP based on the 30 Trading Days up to and including the last Trading Day before the Relevant Date is set out in Schedule 2.
Warranties	the Company Warranties and the Subscriber Warranties.

1.3 Interpretation

In this agreement:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this agreement;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;
- (e) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this agreement and a reference to this agreement includes any schedule, attachment and exhibit;



- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assignees;
- (j) a reference to an agreement other than this agreement includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;
- (k) a reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;
- (l) no provision of this agreement will be construed adversely to a party because that party was responsible for the preparation of this agreement or that provision;
- (m) a reference to a body, other than a party to this agreement (including an institute, association or authority), whether statutory or not:
 - (1) that ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body that replaces it or that substantially succeeds to its powers or functions;
- (n) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this clause 1.3(n) implies that performance of part of an obligation constitutes performance of the obligation;
- (o) if an act prescribed under this agreement to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later; and
- (r) a reference to time is a reference to Sydney time.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the following Business Day.

1.5 Inclusive expressions

Specifying anything in this agreement after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included.

2 Conditions precedent to Settlement

2.1 Conditions precedent

The obligations of the parties under clauses 3 and 5 are conditional on:

- (a) **(Entry into this agreement)** the Company executes and returns a copy of this agreement to the Subscriber on or before 9am on the Announcement Date.
- (b) **(No material adverse information)** there being no material adverse information in relation to the Company:
 - (1) in the FY17 Results which is inconsistent with the information provided by the Company to the Subscriber in writing at least two days before the Relevant Date; or
 - (2) which is otherwise disclosed to ASX or becomes generally known on or after the Relevant Date and prior to the release of the FY17 Results;
- (c) **(Company Warranties)** each of the representations and warranties of the Company under clause 6.1 is true and correct as at the Relevant Date, the date of this agreement, the Announcement Date and as at Settlement;
- (d) **(Subscriber Warranties)** each of the representations and warranties of the Subscriber under clause 6.2 is true and correct as at the Relevant Date, the date of this agreement, the Announcement Date and as at Settlement; and
- (e) **(ASX)** the ASX not indicating to the Company that it will refuse to grant quotation of the Subscription Shares or otherwise make quotation conditional (other than in relation to the Subscription Shares being quoted on ASX in a separate class to the Shares until the Shares also trade ex-entitlement to the Dividend) on or before 12pm on the Settlement Date.

2.2 Notice

Each party must promptly notify the others in writing if it becomes aware that any condition in clause 2.1 has not been satisfied or has become incapable of being satisfied.

2.3 Waiver

- (a) The conditions in paragraphs 2.1(a), 2.1(b), 2.1(c) and 2.1(e) are for the benefit of the Subscriber and may only be waived by the Subscriber.
- (b) The condition in paragraph 2.1(d) is for the benefit of the Company and may only be waived by the Company.
- (c) A waiver of a condition:
 - (1) will not be effective unless it is given in writing in relation to a particular condition;
 - (2) may be given unconditionally or on the conditions the Subscriber or the Company considers fit;
 - (3) will only apply to the obligations in relation to which it is expressed to be given unless the Subscriber or the Company states otherwise in writing; and
 - (4) will not preclude the Subscriber or the Company from refusing to waive a particular condition on another occasion or from requiring the

Company to satisfy conditions that differ from the conditions applying on a prior occasion.

2.4 Cut-off date

- (a) The Company may, by notice to the Subscriber, terminate this agreement at any time before Settlement if:
 - (1) the condition in paragraph 2.1(d) is not satisfied, or waived in accordance with clause 2.3, by the Settlement Date; or
 - (2) the condition in paragraph 2.1(d) becomes incapable of satisfaction or the parties agree that the condition in paragraph 2.1(d) cannot be satisfied.
- (b) The Subscriber may, by notice to the Company, terminate this agreement at any time before Settlement if:
 - (1) the conditions in paragraphs 2.1(a), 2.1(b), 2.1(c) or 2.1(e) are not satisfied, or waived in accordance with clause 2.3 by the time specified in that condition or, if no time is specified, the Settlement Date; or
 - (2) a condition in paragraphs 2.1(a), 2.1(b), 2.1(c) or 2.1(e) becomes incapable of satisfaction or the parties agree that any of the conditions in paragraphs 2.1(a), 2.1(b), 2.1(c) or 2.1(e) cannot be satisfied.

3 Subscription and issue

3.1 Subscription Shares

On or prior the Settlement Date, the Company must resolve to issue, and the Subscriber must subscribe for, the Subscription Shares, for the Subscription Price.

3.2 Constitution

On issue of the Subscription Shares, the Subscriber agrees to hold the Subscription Shares issued to it on and subject to the provisions of the Constitution and to be bound by and observe such provisions.

3.3 Rights and ranking

All Subscription Shares issued to the Subscriber will:

- (a) be issued as fully paid;
- (b) be free of Encumbrances;
- (c) carry no right to the Dividend;
- (d) be quoted on ASX in a separate class to the Shares until the Shares also trade ex-entitlement to the Dividend; and
- (e) rank equally in all respects with the Shares on and from the date the Shares trade ex-entitlement to the Dividend.

4 Undertakings

4.1 Quotation on ASX

- (a) The Company will apply to ASX for the Subscription Shares to be officially quoted on ASX, and will use its best endeavours to obtain official quotation of the Subscription Shares on ASX no later than 10.00am on the Issue Date.
- (b) The Company will give to the ASX a Cleansing Notice before 10.00am on the Issue Date which confirms that the Company has not withheld any excluded information for the purposes of section 708A(6)(e) of the Corporations Act.

4.2 Subscriber's intentions

- (a) The Subscriber currently intends to be a supportive shareholder, and intends to increase its shareholding to 10% of the Shares (based on the current total number of Shares in the Company) within 12 months of the Issue Date, subject to market conditions, any necessary or desirable regulatory approvals and the Company's circumstances.
- (b) The parties acknowledge that clause 4.2(a) is a statement of current intention and the Subscriber reserves the right to change its intentions set out in clause 4.2(a), and to acquire, dispose of or vote its Shares in the Company as it sees fit.

5 Settlement

5.1 Time and place for Settlement

Settlement of the issue of the Subscription Shares under this agreement must take place:

- (a) on the Settlement Date, or at such other time as agreed by the parties;
- (b) at the Sydney office of Herbert Smith Freehills or at any other place or in any other manner that the parties agree; and
- (c) at the time (but during banking hours at that place) that the parties agree.

5.2 Subscription at Settlement

At Settlement, the Subscriber must:

- (a) **(subscription)** subscribe for and accept the issue of the Subscription Shares, by means of an application substantially in the form in Schedule 1; and
- (b) **(subscription price)** pay to the Company the Subscription Price in Immediately Available Funds to the Account.

5.3 Issue at Settlement

No later than 10am on the Trading Day following the Settlement Date, the Company must:

- (a) **(Share issue)** issue and allot the Subscription Shares to the Subscriber and register or procure the registration of the Subscriber in the register of shareholders of the Company as holder of the Subscription Shares; and

- (b) **(evidence of issue)** at the election of the Subscriber, issue an issuer-sponsored holding statement in respect of the Subscription Shares.

5.4 Obligations interdependent

- (a) The obligations of the Company and the Subscriber under clause 4.1 and this clause 5 are interdependent.
- (b) If one action does not take place, then without prejudice to any rights available to any party as a consequence:
 - (1) there is no obligation on any party to undertake or perform any of the other actions; and
 - (2) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions.

6 Warranties and indemnities

6.1 Company Warranties

The Company represents and warrants to and for the benefit of the Subscriber that:

- (a) **(Registration)** it is a corporation registered (or taken to be registered) and validly existing under the Corporations Act.
- (b) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
- (c) **(Corporate authorisations)** all necessary Authorisations for the execution, delivery and performance by the Company of this agreement in accordance with its terms have been obtained.
- (d) **(Binding obligation)** this agreement is a valid and binding obligation on it and enforceable against it in accordance with the terms of this agreement.
- (e) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (1) complies with its Constitution; and
 - (2) does not constitute a breach of any law or obligation (including the ASX Listing Rules), or cause or result in a default under any agreement, or Encumbrance, by which it or any Group Member is bound and that would prevent it from entering into and performing its obligations under this agreement.
- (f) **(No breach of law)** neither it nor any Group Member is in breach of any law, regulation, its constitution or the ASX Listing Rules where such breach would reasonably be expected to have a material adverse effect on the assets, business and undertaking of the Group (taken as a whole).
- (g) **(Solvency):**
 - (1) it has not gone, or proposed to go, into liquidation;
 - (2) it has not passed a winding-up resolution or commenced steps for winding-up or dissolution;

- (3) it has not received a deregistration notice under section 601AB of the Corporations Act or applied for deregistration under section 601AA of the Corporations Act;
 - (4) it has not been presented or threatened with a petition or other process for winding-up or dissolution and, so far as the Company is aware, there are no circumstances justifying a petition or other process;
 - (5) no receiver, receiver and manager, judicial manager, liquidator, administrator, official manager has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the Company, and, so far as the Company is aware, there are no circumstances justifying such an appointment; or
 - (6) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them.
- (h) **(Shareholder approval)** no approval from the Company's shareholders is required in connection with the issue of the Subscription Shares under this agreement (whether under the Corporations Act or the ASX Listing Rules).
- (i) **(Ownership)** the Subscriber will acquire at Settlement:
 - (1) the full legal and beneficial ownership of the Subscription Shares free and clear of all Encumbrances, subject to registration of the Subscriber in the register of shareholders;
 - (2) the Subscription Shares will be free of competing rights, including pre-emptive rights or rights of first refusal; and
 - (3) the Subscription Shares will be fully paid and have no money owing in respect of them.
- (j) **(Subscription Shares)** the Subscription Shares will be validly issued and have the rights and ranking as set out in clause 3.3 and as otherwise set out in the Constitution.
- (k) **(Share capital)** as at the date of this agreement, it has the following securities on issue:
 - (1) 572,001,855 Shares;
 - (2) 3,450,000 Challenger Capital Notes (being perpetual, subordinated, unsecured notes) with the ASX ticker 'CGFPA'; and
 - (3) 4,600,000 Challenger Capital Notes 2 (being perpetual, subordinated, unsecured notes) with the ASX ticker 'CGFPB'.
- (l) **(No further issues)** it does not intend to issue or agree to issue any Shares (other than the Subscription Shares, and any Shares issued to participants in the Company's existing dividend reinvestment plan in relation to the Dividend) until after the record date for the Dividend.
- (m) **(ASX)** the Company has been admitted to and is listed on the Official List, it has not been removed from the Official List and no removal from the Official List has been threatened by the ASX, and the Shares are quoted on the ASX and have not been suspended from quotation and no suspension has been threatened by the ASX.
- (n) **(Disclosure obligations)** it is in compliance with its periodic and continuous disclosure obligations under the ASX Listing Rules and the Corporations Act



and the information disclosed to ASX does not contain any statement that is misleading or deceptive in any material respect (including by omission), except to the extent qualified or amended by subsequent disclosure by the Company to ASX.

- (o) **(Cleansing Notice)** it will be able to issue a Cleansing Notice that will comply with section 708A(6) of the Corporations Act when required to do so by clause 5.3(b).
- (p) **(Sale of Subscription Shares)** after the Company has given the Cleansing Notice to ASX, each offer for sale and each sale of the Subscription Shares will not be an offer or sale to which sections 707(3) of the Corporations Act applies so as to require the offeror or seller to prepare and lodge with ASIC a prospectus or other document relating to the offer or sale.
- (q) **(Disclosure and information)** no information relating to the Company or the Group and/or the Company's or Group's operations provided to the Subscriber or its advisers by the Company in connection with the proposed investment by the Subscriber in the Company as contemplated by this agreement, subject to the release of the FY17 Results and the Cleansing Statement, constitutes 'inside information' for the purposes of the Corporations Act.

6.2 Subscriber Warranties

The Subscriber represents and warrants, to and for the benefit of the Company, that:

- (a) **(Incorporation)** it is a corporation, validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation.
- (b) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
- (c) **(Corporate Authorisations)** all necessary Authorisations for the execution, delivery and performance by the Subscriber of this agreement in accordance with its terms have been obtained.
- (d) **(Binding obligation)** this agreement is a valid and binding obligation on it, enforceable against it in accordance with the terms of this agreement.
- (e) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (1) complies with its constitution or other constituent documents (as applicable); and
 - (2) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound and which would prevent it from entering into and performing its obligations under this agreement.
- (f) **(Solvency):**
 - (1) it has not gone, or proposed to go, into liquidation;
 - (2) it has not passed a winding-up resolution or commenced steps for winding-up or dissolution;
 - (3) it has not received a deregistration notice under the section 601AB of the Corporations Act or applied for deregistration under section 601AA of the Corporations Act;
 - (4) it has not been presented or threatened with a petition or other process for winding-up or dissolution and, so far as the Subscriber is

aware, there are no circumstances justifying a petition or other process;

- (5) no receiver, receiver and manager, judicial manager, liquidator, administrator, official manager has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the Subscriber, and, so far as the Subscriber is aware, there are no circumstances justifying such an appointment;
- (6) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them; and
- (7) nothing analogous to the above under the laws of its place of incorporation has occurred.

6.3 Repetition of warranties

The Warranties given by the Company and the Subscriber are given on the Relevant Date, the date of this agreement, on the Announcement Date and immediately before Settlement.

6.4 Survival

The Warranties survive the execution and Settlement of this agreement.

6.5 Reliance

- (a) The Company acknowledges that the Subscriber enters into this agreement in reliance on each Company Warranty.
- (b) The Subscriber acknowledges that the Company enters into this agreement in reliance on each of Subscriber Warranty.

6.6 Independent Warranties

Each Warranty is separate and independent and not limited by reference to any other Warranty or any notice or waiver given by any party in connection with anything in this agreement.

6.7 Indemnity

- (a) Subject to this clause 6.7, the Company indemnifies the Subscriber against any Loss suffered or incurred by the Subscriber as a result of a breach of a Company Warranty by the Company.
- (b) Subject to clause 6.7(c), the indemnity in clause 6.7(a) does not apply to any Loss that is a special Loss.
- (c) Nothing in clause 6.7(b) applies in respect of any Loss (special or otherwise) suffered or incurred by the Subscriber as a result of an intentional breach of a Company Warranty by the Company or as a result of intent or the gross negligence of the Company.
- (d) The Subscriber must:
 - (1) take all reasonable actions to mitigate any Loss that may give rise to a Claim; and



- (2) not omit to take any reasonable action that would mitigate any Loss that may give rise to a Claim.
- (e) If the Subscriber does not comply with clause 6.7(d) and compliance with clause 6.7(d) would have mitigated the Loss, the Company is not liable for the amount by which the Loss would have been reduced.

7 Capacity to trade

Following the issue of the Cleansing Notice, the Subscriber and its Affiliates will be free to trade Shares despite any standstill or restriction in any agreement between the Company and the Subscriber (and to the extent such standstill or restrictions would otherwise apply, the Company irrevocably and unconditionally waives such rights).

8 Termination

8.1 Termination by the Subscriber

The Subscriber may terminate this agreement at any time before Settlement by notice in writing to the Company if:

- (a) an order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation) of the Company;
- (b) a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or a substantial part of the undertaking or property of the Company;
- (c) a holder of an Encumbrance takes possession of the whole or any substantial part of the undertaking and property of the Company;
- (d) a Material Adverse Effect occurs between the Relevant Date and the Trading Day prior to the Announcement Date (inclusive);
- (e) the S&P/ASX 200 Index closes on any day from the Relevant Date up to and including the Trading Day prior to the Announcement Date at a level that is 12.5% or more below the level of the S&P/ASX 200 Index as at the close of trading on the Trading Day prior to the Relevant Date;
- (f) a change in the board of directors of the Company or a change to the executive management team of the Company is announced between the Relevant Date and the Trading Day prior to the Announcement Date (inclusive); or
- (g) trading in all securities quoted or listed on ASX is suspended or limited in any material respect for one or more days on which that exchange is open for trading between the Relevant Date and the Trading Day prior to the Announcement Date (inclusive), other than a suspension or limitation of trading due to operational failures.

8.2 Termination by the Company

The Company may terminate this agreement at any time before Settlement by notice in writing to the Subscriber if:



- (a) an order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation) of the Subscriber;
- (b) a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or a substantial part of the undertaking or property of the Subscriber; or
- (c) a holder of an Encumbrance takes possession of the whole or any substantial part of the undertaking and property of the Subscriber.

8.3 Effect of Termination

If this agreement is terminated under clause 2.4 or this clause 8:

- (a) each party retains the rights it has against the other in respect of any breach of this agreement occurring before termination;
- (b) the rights and obligations of each party under each of the following clauses will continue independently from the other obligations of the parties and survive termination of this agreement:
 - (1) clause 1.2 (Definitions and interpretation);
 - (2) clause 6.7 (Indemnity);
 - (3) clause 7 (Capacity to trade);
 - (4) clause 8 (Termination);
 - (5) clause 9 (Confidentiality and announcements);
 - (6) clause 10 (Duties, costs and expenses);
 - (7) clause 11 (GST); and
 - (8) clauses 12 and 13 (Notices and General).

8.4 No other right to terminate or rescind

No party may terminate or rescind this agreement (including on the grounds of any breach of Warranty or misrepresentation that occurs or becomes apparent before Settlement) except as permitted under clause 2.4 or this clause 8.

9 Confidentiality and announcements

9.1 Confidentiality

The parties acknowledge and agree that the terms of the Confidentiality Agreement apply to this agreement and the Subscription as a proposed transaction between the parties for the purposes of the Confidentiality Agreement.

9.2 Public announcements

- (a) The Subscriber acknowledges and agrees that the Company will be required to make a public announcement to ASX in connection with Subscription on the Announcement Date.



- (b) The Company acknowledges and agrees that the Subscriber may make a public announcement to the Tokyo Stock Exchange in connection with the Subscription on the Announcement Date.
- (c) Any public announcements by the Company or Subscriber in relation to, or in connection with, the Subscription or any related transaction may only be made in a form approved by the other party in writing (acting reasonably) subject to where a party is required by law, the ASX Listing Rules or the listing rules for the Tokyo Stock Exchange to make any announcement or to make any disclosure in relation to, or in connection with, the Subscription or any related transaction and acting reasonably considers that an immediate announcement is required to be made.

10 Duty

10.1 Duties

The Company must pay all Duty in respect of the execution, delivery and performance of this agreement and any agreement, transaction or document entered into or signed under this agreement.

10.2 Costs and expenses

- (a) Unless otherwise provided for in this agreement, each party must pay its own costs and expenses in respect of the negotiation, preparation, execution, delivery and registration of this agreement and any other agreement or document entered into or signed under this agreement.
- (b) Any action to be taken by the Subscriber or the Company in performing their obligations under this agreement must be taken at their own cost and expense unless otherwise provided in this agreement.

11 GST

11.1 Definitions

Words used in this clause 11 that have a defined meaning in the GST Law, have the same meaning as in the GST Law unless the context indicates otherwise.

11.2 GST

- (a) Unless expressly included, the consideration for any supply under or in connection with this agreement does not include GST.
- (b) To the extent that any supply made under or in connection with this agreement is a taxable supply (other than any supply made under another agreement that contains a specific provision dealing with GST), the recipient must pay, in addition to the consideration provided under this agreement for that supply (unless it expressly includes GST) an amount (additional amount) equal to the amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. The recipient must



pay the additional amount at the same time as the consideration to which it is referable.

- (c) Whenever an adjustment event occurs in relation to any taxable supply to which clauses 11.2(a) and 11.2(b) applies:
- (1) the supplier must determine the amount of the GST component of the consideration payable; and
 - (2) if the GST component of that consideration differs from the amount previously paid, the amount of the difference must be paid by, refunded to or credited to the recipient, as applicable.

11.3 Tax invoices

The supplier must issue a Tax Invoice to the recipient of a supply to which clause 11.2 applies no later than 7 days following payment of the GST inclusive consideration for that supply under that clause.

11.4 Reimbursements

If either party is entitled under this agreement to be reimbursed by the other party for a cost or expense incurred in connection with this agreement, the reimbursement payment must not include any GST component of the cost or expense to the extent that the cost or expense is the consideration for a creditable acquisition made by the party being reimbursed, or by its representative member.

12 Notices

12.1 How and where Notices may be sent

A notice or other communication (including any confirmation, approval or agreement) to a party under this agreement (**Notice**) must:

- (a) be in writing (by email or otherwise) and in English and signed by or on behalf of the sending party;
- (b) be addressed to that party in accordance with the details for that party in 12.3 (or any alternative details nominated to the sending party by Notice); and
- (c) be copied to any additional persons nominated in the following table (or any additional persons nominated to the sending party by Notice).

Communications sent by email are deemed to be signed by or on behalf of the sending party named in the relevant email.

12.2 How Notice must be given and when Notice is received

A Notice must be given by one of the methods set out in the table below. A Notice is regarded as given and received at the time set out in the table below.

However, except in the case of notice given by email, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), the Notice will instead be regarded as given and received at the start of the following business hours period.



Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	6 Business Days after the date of posting (or 10 days after posting if sent from one country to another)
By email to the nominated email address	At the earlier of: • when the sender receives an automated message confirming delivery or other confirmation by the addressee of receipt; or • two hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered.

A Notice must not be given by other electronic means of communication (other than email as permitted in this clause 12.2).

12.3 Notice details

To	Address	Attention	Email
Company	Challenger Limited of Level 2, 5 Martin Place, Sydney, New South Wales, AUSTRALIA 2000	Copy to Company Secretary	
Subscriber	MS&AD Insurance Group Holdings, Inc. of 2-27-2 Shinkawa Chuo-Ku, Tokyo 104- 0033 JAPAN		

13 General

13.1 Governing law and jurisdiction

- (a) This agreement is governed by the law in force in New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this agreement. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

13.2 Invalidity and enforceability

- (a) If any provision of this agreement is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 13.2(a) does not apply where enforcement of the provision of this agreement in accordance with clause 13.2(a) would materially affect the nature or effect of the parties' obligations under this agreement.

13.3 Waiver

No party to this agreement may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 13.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this agreement and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct that might otherwise give rise to an estoppel.

13.4 Variation

A variation of any term of this agreement must be in writing and signed by the parties.

13.5 Assignment of rights

- (a) Rights arising out of or under this agreement are not assignable by a party without the prior written consent of the other parties.



- (b) A breach of clause 13.5(a) by a party entitles the other parties to terminate this agreement.
- (c) Clause 13.5(b) does not affect the construction of any other part of this agreement.

13.6 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this agreement and the transactions contemplated by it.

13.7 Entire agreement

This agreement states all the express terms of the agreement between the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings, arrangements and agreements, express or implied, in respect of its subject matter.

13.8 No merger

The Warranties and undertakings in this agreement will not merge on Settlement.

13.9 No reliance

No party has relied on any statement by any other party not expressly included in this agreement.

13.10 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

13.11 Relationship of the parties

- (a) Nothing in this agreement gives a party authority to bind any other party in any way.
- (b) Nothing in this agreement imposes any fiduciary duties on a party in relation to any other party.

13.12 Exercise of discretions

- (a) Unless expressly required by the terms of this agreement, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this agreement.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this agreement. Any conditions must be complied with by the party relying on the consent, approval or waiver.

Application for Subscription Shares

To: The Directors
Challenger Limited (**Company**)

MS&AD Insurance Group Holdings, Inc, in accordance with the terms of the Subscription Agreement dated on or about 14 August 2017 and made between the Company and MS&AD Insurance Group Holdings, Inc. (**Agreement**):

- 1 applies to have issued to it 38,295,689 fully paid ordinary shares in the capital of the Company;
- 2 has made payment in the sum of A\$500,000,000 representing the subscription money payable in respect of the shares in Immediately Available Funds; and
- 3 agrees to hold all shares issued to it on and subject to the provisions of the constitution of the Company from time to time and to be bound by and observe such provisions.

Capitalised terms used but not defined in this application have the meaning they are given in the Agreement.

date

22 August 2017

Signed for
MS&AD Insurance Group Holdings, Inc
by its representative

sign here ►


Representative

print name

Shiro Fujii

Schedule 2

Subscription Price – Worked Example

See separate attachment.

Stock code: CGF AU Equity
Target date: 14/08/2017
Data source: Bloomberg

Date	(1) Traded Value	(2) VWAP Volume
4/07/2017	19,502,230.935	1,446,004
5/07/2017	15,026,423.704	1,127,505
6/07/2017	30,255,177.857	2,309,600
7/07/2017	33,339,475.212	2,586,108
10/07/2017	30,029,632.061	2,331,153
11/07/2017	28,436,266.944	2,186,216
12/07/2017	28,083,087.152	2,172,622
13/07/2017	16,958,876.845	1,297,191
14/07/2017	30,161,884.188	2,275,778
17/07/2017	16,526,274.296	1,242,077
18/07/2017	18,349,747.179	1,404,653
19/07/2017	15,819,201.723	1,206,976
20/07/2017	23,222,757.851	1,759,684
21/07/2017	21,515,716.970	1,623,170
24/07/2017	23,849,599.903	1,828,428
25/07/2017	15,830,194.359	1,202,802
26/07/2017	42,201,210.522	3,274,013
27/07/2017	24,622,961.821	1,901,427
28/07/2017	27,889,820.778	2,196,077
31/07/2017	16,992,524.632	1,323,195
1/08/2017	17,992,218.340	1,404,503
2/08/2017	35,230,930.691	2,777,702
3/08/2017		
4/08/2017		
7/08/2017		
8/08/2017		
9/08/2017		
10/08/2017		
11/08/2017		
14/08/2017		

VWAP calculation		14/08/2017
Last 30 business day VWAP		13.01099895
Premium	2%	B
Assumed DPS		0.175
VWAP + 2% premium (after dividend)		13.09621893
"Subscription Price"		13.0962
Placement		(A\$)
"Subscription Amount"		500,000,000.00
"Subscription Shares"		38,179,014.00

Public Holiday
No holiday is in between VWAP calculation period (2017/7/4-2017/8/14)

ASX Trading calendar - 2017

Public Holiday	Dates for 2017	Applies to the Following States	Trading Day	Settlement Activity - ASX Clear Settlement (CHESS)	Settlement Activity - ASX Clear (Derivatives)	Business Day
New Year's Day	Monday 2 January	ALL	CLOSED	No Settlement	No Settlement	NO
Australia Day	Thursday 26 January	ALL	CLOSED	No Settlement	No Settlement	NO
Good Friday	Friday 14 April	ALL	CLOSED	No Settlement	No Settlement	NO
Easter Monday	Monday 17 April	ALL	CLOSED	No Settlement	No Settlement	NO
ANZAC Day	Tuesday 25 April	ALL	CLOSED	No Settlement	No Settlement	NO
Queen's Birthday	Monday 12 June	ALL except WA & QLD	CLOSED	No Settlement	No Settlement	NO
Christmas Day	Monday 25 December	ALL	CLOSED	No Settlement	No Settlement	NO
Boxing Day / Proclamation Day / Christmas Day	Tuesday 26 December	ALL except SA	CLOSED	No Settlement	No Settlement	NO

*A Trading Day means ASX Trade is open for trading.
*In terms of the operating rules of the ASX markets and clearing and settlement facilities.
*When New Year's Day falls on a Sunday.

ASX Limited reserves the right to declare additional Non-Business Days or alter those currently specified herein without notice to holders of this calendar.

No responsibility is accepted for any inaccuracies in the matter published.

Definition of 30 business day VWAP (Volume Weighted Average Price)

Last 30 business day VWAP is calculated by

(1) Total of 30 business day "Traded Value" divided by (2) Total of 30 business day "VWAP Volume"

(1) Traded Value -

Equity VWAP Turnover, also known as Traded Value, is the total value of all shares traded that contribute to VWAP calculation. This field can be used in conjunction with the VWAP Start Time (PR313, VWAP_START_TIME) and VWAP End Time (PR314, VWAP_END_TIME) overrides.

(2) VWAP Volume -

Number of shares used to determine the VWAP.

Trade types that are included in calculation of VWAP ((1) and (2) as defined above) is as follows:

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Save Set To Sharing Page 1/3 Price and Volume Dashboard

Custom VWAP Configuration Exchange Composite

☒ P CC Condition Codes

☒ Normal

☒ Auction

☒ AU Scheduled Intraday Auction Trade

☒ CA Close Auction Trade

☒ IA Intraday Auction

☒ OA Open Auction Trade

☒ Dark

☒ BP Broker Preferencing Trade

☒ DT Dark Trade

☒ MC Market On Close

☒ MF Far Point Trade

☒ MM Mid-Point Trade

☒ MQ Near Point Trade

☒ S Price Improvement Trade

☒ Non-Automated

☒ B Block Trade

☒ E Out of Hours Trade

☒ F ETF Trade Report

☒ L Post-Trading Hours Trade

☐ P CC Condition Codes

☐ M Pre-Trading Hours Trade

☐ P Large Portfolio Trade

☐ T Large Principle Transaction

Off Exchange

☐ p Large Portfolio Trade, Delayed

☐ t Large Principle Trans, Delayed

Not A Trade

☐ OC Closing Price

Others / Complementary

☐ BC Preferred Any Price Block Trade

☐ BK Buy Back

☐ BP Booking Purpose Report

☐ BT Any Price Block Trade

☒ BW Buy/Write combination

☒ CM Combination Trade

☒ CP Centre Point Preferred Match Trade

☒ CT Centre Point Trade Report

☒ CX Centre Point Trade

☐ DC Derivatives/Cash Combo Report

☒ Partial - Included in a subset of local exchanges.

Australia 61 2 9777 6600 Brazil 55 11 2398 9000 Europe 44 20 7330 7600 Germany 49 69 3204 1510 Hong Kong 852 2577 6000 Japan 81 3 3201 6900 Singapore 65 6512 1000 U.S. 1 212 318 2000 Copyright 2017, Bloomberg Finance L.P. SN 244144 6369-1763-0 31-Jul-17 14:33:43 JST GMT+9:00

Condition Code Settings Saved, <Menu> to Return.

Save Set To Sharing Page 2/3 Price and Volume Dashboard

Custom VWAP Configuration Exchange Composite

☐ P CC Condition Codes

Others / Complementary (continued)

☐ DR Directed Reporting

☐ EC Exercise Call

☐ EP Exercise Put

☐ ET ETF Special Trades

☐ FD Forward Delivery

☒ GL Non-Ser Traded Govt Instr

☐ IB Index Replicating Portfolio Special

☐ L1 Late Trade Report - Book Squaring

☐ L2 Late Trade Report - Hedging Trades

☐ L3 Late Trade Report - Order Completion

☐ L4 Late Trade Report - Error Rectification

☐ L5 Late Trade Report - Put Through

☐ LC Late Combination Trade

☐ LN Loan

☐ LR Loan Return

☐ LT Late Trade

☒ NX Off-Market Crossing Trade

☐ OE Off Exchange Trade

☐ P CC Condition Codes

☐ OR Overseas Resident

☐ OS Overseas

☐ OT OTC Contigent Eq Trade

☐ P1 Put-Through Special Crossing >= T2

☐ P2 Put-Through Special Crossing >= T3 < T2

☒ PR Priority

☐ PT Put-Through Trade

☐ QB Quote Display Board Trade

☐ S1 Special Crossing >= T1

☐ S2 Special Crossing >= T2 < T1

☐ S3 Special Crossing >= T3 < T2

☐ SA Special Crossing - less than a marketable

☐ SC Special Crossing Combination

☐ SM SMSF Trade Report

☐ SO Special Crossing

☐ SP Block Special Crossing / Special Crossing

☒ ST Price Stabilisation

☐ STL1 Price Stab Late Trade - Book Squaring

☐ STL2 Price Stab Late Trade - Hedging Trades

☒ Partial - Included in a subset of local exchanges.

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1 Select 2 Set To 3 Sharing

Page 3/3 Price and Volume Dashboard

Custom VWAP Configuration Exchange Composite

P CC Condition Codes

Others / Complementary (continued)

STL3 Price Stab Late Trade - Order Completion

STL4 Price Stab Late Trade - Error Rectification

STL5 Price Stab Late Trade - Put Through

STLT Price Stabilization Late Trade

SX Portfolio Special Crossing

T Theoretical Price

TC Tailor Made Two Sided Combination Cross

TH Post-Trading Theoretical Price

TO Tailor Made Combination

☒ UN Unintentional Crossing

☒ WH Wholesale Non-Scr Traded

☒ XR Cross Trade Report

☒ XT Internal Trade/Crossing

Partial - Included in a subset of local exchanges.

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 316 2000 Copyright 2017 Bloomberg Finance L.P. SN 244144 6749-5735-3 01-Aug-17 16:05:22 JST GMT+9:00

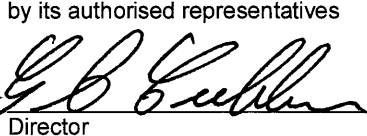
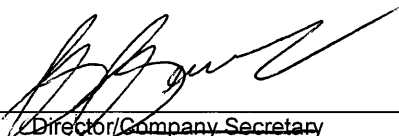


Signing page

Executed as an agreement

Signed for
Challenger Limited

by its authorised representatives

sign here ►  
Director Director/Company Secretary
print name Graham Cubbin Brian Roland Benari

Signed for
**MS&AD Insurance Group
Holdings, Inc**

by its authorised representatives

sign here ► _____
Representative Representative
print name _____



HERBERT
SMITH
FREEHILLS

Signing page

Executed as an agreement

Signed for
Challenger Limited

by its authorised representatives

sign here ►

Director

Director/Company Secretary

print name

Signed for
**MS&AD Insurance Group
Holdings, Inc**

by its authorised representatives

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Representative

Representative

print name

Shiro Fujii

Hiroyuki Iioka