

## MARKET RELEASE

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### **CHALLENGER DIVERSIFIED PROPERTY GROUP RECEIVES AN UNCONDITIONAL AND FINAL CASH OFFER OF \$2.74 FROM CHALLENGER LIFE**

**11 April 2014, Sydney** – Challenger Diversified Property Group (ASX:CDI) announces it has received an off-market takeover offer (Offer) from Challenger Life Company Limited (Challenger Life), a wholly owned subsidiary of Challenger Limited (ASX:CGF), for all units that it does not currently own in CDI. Challenger Life currently owns approximately 58.7% of all CDI units.

Under the Offer, accepting CDI unitholders will receive cash consideration of \$2.74 per CDI unit. Challenger Life has stated that the Offer is its best and final offer. This means that the offer price cannot be increased. The Offer is unconditional.

Challenger Life will lodge its Bidder's Statement with the ASX today, which includes full details of the Offer, and this will be mailed to CDI unitholders in due course. Challenger Life has indicated that it will place an order on the ASX to acquire units at \$2.74.

Challenger Listed Investments Limited (CLIL) as responsible entity of CDI, established an Independent Board Committee, comprised of Independent Directors, to consider the Offer. In the absence of a superior proposal and provided that an independent expert does not opine that the Offer is neither fair nor reasonable, the CLIL Independent Directors unanimously recommend that CDI unitholders accept the Offer (Recommendation). The Independent Board Committee has appointed Deloitte Corporate Finance as the independent expert.

All CLIL Directors intend to sell on-market in respect of holdings in CDI owned or controlled by them.

The CLIL Independent Directors believe that the Offer provides an opportunity for CDI unitholders to access meaningful liquidity at a premium to the latest published net tangible assets (NTA), and as a result, delivers value and certainty.

The Offer represents a:

- 5% premium to CDI's closing price of \$2.62 on 10 April 2014, being the day prior to the announcement of the Offer;
- 6% premium to the CDI one month VWAP of \$2.58 to 10 April 2014; and
- 1% premium to CDI's last reported NTA of \$2.71<sup>1</sup> as at 31 December 2013.

1. NTA is supported by 31 December 2013 property valuations. All properties have been independently valued in the last twelve months.



In making the Recommendation, the CLIL Independent Directors have also provided Challenger Life with assurances that, during the Offer period, CLIL, in its capacity as responsible entity of CDI, and CDI's subsidiaries will not:

- other than as agreed with Challenger Life, acquire or dispose of, or offer or agree to acquire or dispose of, any one or more entities or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of A\$1 million for any individual item;
- make, determine as payable, or declare a CDI distribution (whether by way of dividend, capital reduction or otherwise, and whether in cash or in specie), other than a distribution in relation to the six month period ending 30 June 2014, of an amount which is consistent with CDI's previously released distribution guidance. The Offer consideration payable will be reduced by the amount of any CDI distribution; or
- take any action which may cause an event specified in section 652C of the Corporations Act to occur.

CLIL will issue a formal Target's Statement to CDI unitholders in mid-May 2014 containing further details relating to the Offer and the independent expert's report. As Challenger Life has declared the Offer final, it is not permitted to increase the offer price. CDI unitholders do not need to take any action at the present time. However, once Challenger Life has given the Bidder's Statement to CDI, unitholders who wish to receive the offer price of \$2.74, may immediately sell their CDI units on market. The payment under the acceptance of the Offer will not be received prior to May.

The Independent Board Committee is being advised by UBS AG Australia Branch and Ashurst Australia.

*ENDS*

**About Challenger Diversified Property Group (CDI):**

CDI offers investors exposure to a diversified portfolio of properties generating stable income returns and potential for capital growth. Further details are provided on CDI's website [www.challenger.com.au/cdi](http://www.challenger.com.au/cdi)

**Important notice:**

Any forward looking statements included in this document are by nature subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, CDI, so that actual results or events may vary from those forward looking statements, and the assumptions on which they are based.

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