

28 May 2014

ASX Limited
Level 4
20 Bridge Street
Sydney NSW 2000

By electronic lodgement

Dear Sir/Madam

**Takeover Bid by Challenger Life in relation to Challenger Diversified Property Group –
Compulsory Acquisition Notice**

As you are aware, Challenger Life Nominees Pty Ltd as trustee of Challenger Australia Listed Property Holding Trust (**Challenger Life Bidder**) has offered under its off-market takeover bid to acquire all units in the Challenger Diversified Property Group (**CDI**) which it does not own. The offer period is scheduled to close at 7.00pm (Sydney time) today and will not be extended.

Challenger Life Bidder today announced that it had a relevant interest in 93.49% of CDI units. As Challenger Life Bidder has acquired a relevant interest in more than 90% of CDI units, Challenger Life Bidder intends to compulsorily acquire all outstanding CDI units. It is anticipated that this process will be completed in approximately 6 weeks' time.

Trading in CDI units will be suspended by ASX by mid-next week, as required under the ASX Listing Rules.

Accordingly, we enclose, by way of service pursuant to paragraph 661B(1)(d) of the *Corporations Act 2001*, a copy of ASIC Form 6021 ('Notice of compulsory acquisition following takeover bid') and a pro-forma copy of the accompanying letter to be sent to CDI unitholders who are yet to accept Challenger Life Bidder's offer.

Yours sincerely



Michael Vardanega
Company Secretary

For and on behalf of Challenger Life
Nominees Pty Ltd as trustee of Challenger
Australia Listed Property Holding Trust

28 May 2014

[NAME AND ADDRESS]

Dear Unitholder

Compulsory Acquisition of your Stapled Units in Challenger Diversified Property Group

Challenger Life Nominees Pty Ltd as trustee of Challenger Australia Listed Property Holding Trust (**Challenger Life Bidder**) offered to acquire your stapled units in Challenger Diversified Property Group under its Bidder's Statement dated 11 April 2014 (the **Offer**). The Offer closes at 7pm (Sydney time) on 28 May 2014 and our records show that Challenger Life Bidder did not receive a valid acceptance of its Offer from you before 28 May 2014.

As Challenger Life Bidder has acquired a relevant interest in more than 90% of the stapled units in Challenger Diversified Property Group, Challenger Life Bidder proposes to acquire your stapled units under the compulsory acquisition provisions of the *Corporations Act 2001* (Cth) (the **Corporations Act**). We anticipate that the compulsory acquisition process will be completed in approximately 6 weeks' time.

Trading in CDI units will be suspended by ASX by mid-next week, as required under the ASX Listing Rules.

The acquisition will be effected on the same terms as the Offer, which means that you will receive A\$2.74 cash per stapled unit, less any distributions to which you became entitled after the date of the Bidder's Statement for the Offer (being 11 April 2014). If you become entitled to receive a distribution before completion of the compulsory acquisition procedure, the amount of the distribution will be deducted from the consideration that we pay to you on completion of the compulsory acquisition procedure. However, Challenger Diversified Property Group will be required to pay the distribution to you separately.

Please note that your entitlement to receive the consideration specified above is subject to section 6.6 of the Bidder's Statement.

If you attempted to accept the Offer but failed to validly do so, you will be treated as a unitholder whose units may be compulsorily acquired.

The formal notice which Challenger Life Bidder is required to give you under the compulsory acquisition provisions of the Corporations Act is enclosed. This notice specifies the rights that you have with respect to the compulsory acquisition.

On completion of the compulsory acquisition procedures, Challenger Life Bidder will deliver the consideration for your stapled units to Challenger Diversified Property Group. On receipt of that consideration, Challenger Diversified Property Group is required to notify you that the consideration for your stapled units has been received and that it is being held pending your instructions. Challenger Diversified Property Group will also send you a form which will set out how you may claim your consideration.

If you have any questions, please call the Challenger Life Offer Information line on 1300 823 159 (toll free within Australia) or +61 2 8022 7902 (from outside Australia).

Yours sincerely

A handwritten signature in blue ink that reads "Greg Thomas". The signature is written in a cursive style with a small dot at the end.

Gregory Thomas

Director

Challenger Life Nominees Pty Ltd

as trustee of Challenger Australia Listed Property Holding Trust

Encl

Notice of compulsory acquisition following takeover bid

Notice

To each holder of:

Description of class of securities to which the bid relates All fully paid stapled units in the Challenger Diversified Property Group, each stapled unit comprising one unit in Challenger Diversified Property Trust 1 and one unit in Challenger Diversified Property Trust 2

('Bid Class Securities')

in

Name of target company or body Name ('the Company')
The Challenger Diversified Property Group, comprised of the Challenger Diversified Property Trust 1 and the Challenger Diversified Property Trust 2

ACN/ARBN/ARSN

Tick applicable box(es)

and each holder of securities that will or may be converted into, or confer rights to be issued, in the next 6 weeks, securities to which the bid related.

and each holder of non-transferable securities issued under an employee incentive scheme referred to in paragraph 2.

Name of bidder 1. Under a takeover bid offers were made by
Challenger Life Nominees Pty Ltd (ACN 091 336 793) as trustee of Challenger Australia Listed Property Holding Trust
in respect of the acquisition of Bid Class Securities in the company.

The offers

Tick one box

closed

are scheduled to close

Date offers closed or are scheduled to close on

Date

2	8	/	0	5	/	1	4
[D]	[D]		[M]	[M]		[Y]	[Y]

Tick applicable box(es). (see subsection 661A(4) and (4A))

2. You are, as at the date of this notice, the holder of one or more of the following

securities in respect of which the takeover offer was made, but have not accepted the offer. (If you have accepted the offer but have received this notice you do not need to do anything in response to this notice—the bidder will acquire your securities under the offer.)

securities to which the bid related issued after the end of the offer period and before the date of this notice

securities that will or may be converted into, or confer rights to be issued, in the next 6 weeks, securities to which the bid related

securities issued under an employee incentive scheme to which restrictions on transfer apply under the company's constitution or the terms of issue, being

Description of securities

the following securities in the bid class in which the bidder has a relevant interest

Description of securities

3. The bidder gives you notice under subsection 661B(1) of the Corporations Act 2001 ('the Act') that the bidder has become entitled pursuant to subsection

Tick one box

661A(1)

661A(3)

of the Act to compulsorily acquire your securities and desires to acquire those securities.

Continued... Notice

4. Under section 661D of the Act, you have the right, by notice in writing given to the bidder within one month after this notice is lodged with ASIC, to ask the bidder for a written statement of the names and addresses of everyone else the bidder has given this notice to.

Date of lodgement

This notice was lodged with ASIC on

Date

2	8	/	0	5	/	1	4
[D	D]		[M	M]		[Y	Y]

5. Under section 661E of the Act, you have the right, within one month after being given this notice (see paragraph 8) or within 14 days after being given a statement requested under section 661D of the Act (as referred to in paragraph 4 of this notice), whichever is later, to apply to the Court for an order that the securities not be compulsorily acquired.

6. The bidder is entitled and bound to acquire the securities on the terms that applied under the takeover bid immediately before

Tick one box

- this notice was given.
 the end of the offer period.

7. Unless the Court otherwise orders, on application made by you under section 661E of the Act within one month after being given this notice (see paragraph 8) or within 14 days after being given a statement under section 661D (as referred to in paragraph 4 of this notice), whichever is the later, the bidder must comply with paragraph 6 of this notice.

8. A notice sent by post to you is taken to be given to you 3 days after it is posted.

Signature

Name of person signing

Gregory Thomas

Capacity

Director

Signature



Date signed

2	8	/	0	5	/	1	4
[D	D]		[M	M]		[Y	Y]