1H 13 Financial Results

Capital flexibility and tenor driving business value

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Outline

Business performance

Capital clarity and sales

Brian Benari
Managing Director &
Chief Executive Officer

Financial results

Capital management

Andrew Tobin
Chief Financial Officer

Strategy update

Outlook

Brian Benari
Managing Director &
Chief Executive Officer

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Key points

Capital flexibility and tenor driving business value

1 Strong operating performance
Business and earnings growth with tight cost control

2 Capital management clarity
Strong excess capital following LAGIC implementation

3 Life retail annuity sales
Increasing tenor creating long term business value

4 Focused strategy
Continuing to execute and grow in attractive markets

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Strong operating performance

Business and earnings growth with tight cost control

- Performance
  - Normalised NPAT[1] up 17% to $149m
  - Underlying operating cashflow up to $151m
  - Statutory NPAT up to $222m
  - Normalised EPS up 11% to 28.0 cps
  - Interim dividend of 9.5 cps up from 7.5 cps
- Growth - Life
  - Retail net book growth of $213m (3%) and life retail sales up 7% to $1.1bn
  - Institutional sales of $921m, largely representing reinvestment of maturities
  - Life AUM up 17% to $10.2bn
- Growth – Funds Management
  - Fidante Partners net flows of $2.7bn
  - Total FM FUM up 27% to $35.3bn
- Guidance
  - FY13 retail net book growth - revised target of $500m (~8% growth), reflecting focus on longer term sales
  - FY13 Life COE guidance – unchanged range of $440m to $450m

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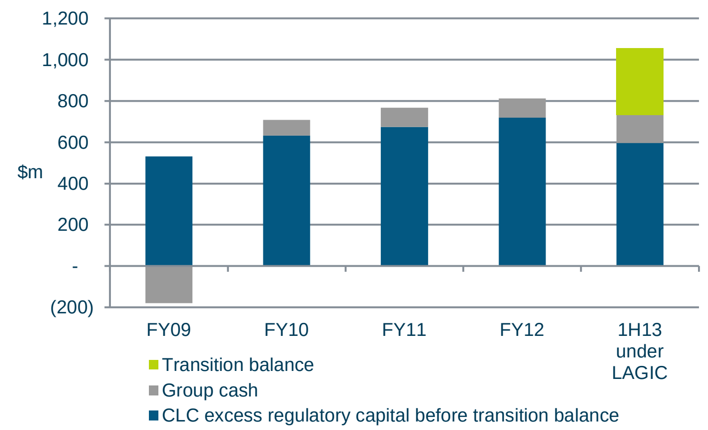
1. Normalised profit framework and a reconciliation to statutory profit is disclosed on page 4 of the Directors' Report and Note 2 (segment information) in the Challenger Limited 31 December 2012 half year financial report.

Capital management clarity

Strongly capitalised following LAGIC implementation

- LAGIC capital standards and transition finalised
- 1H13 excess capital based on LAGIC standards (including transition)
- Total CLC excess capital and Group cash of $1,055m[1], up $242m from FY12
- Excess capital includes transition balance of $323m offsetting capital impact from LAGIC and will amortise over 3 years
- CLC PCA ratio of 1.9 times, including transition balance
- CLC expects to maintain PCA ratio of between 1.4 and 1.6 times, based on target asset mix

CLC excess regulatory capital and Group cash



CLC capital adequacy ratio – under LAGIC		31 Dec 2012
Total regulatory capital base (Tier 1 and Tier 2)[1]		1,943
Prescribed Capital Amount – excluding transition	1,347	
Transition balance	(323)	
Total Prescribed Capital Amount		1,024
CLC excess regulatory capital		919
PCA ratio – including transition[2]		1.9 times
PCA ratio – excluding transition[2]		1.4 times

1. Refer to page 6 of Challenger's 1H13 Analyst Pack for more detail.
2. PCA ratio represents total regulatory capital base divided by total prescribed capital amount.

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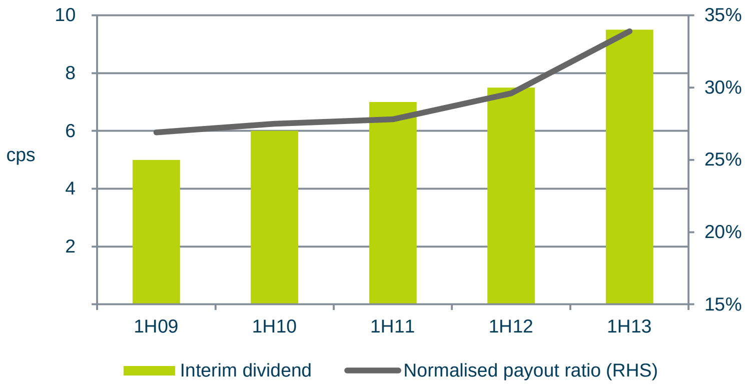
1. CLC excess regulatory capital ($932m) plus Group cash ($136m).

Capital management clarity

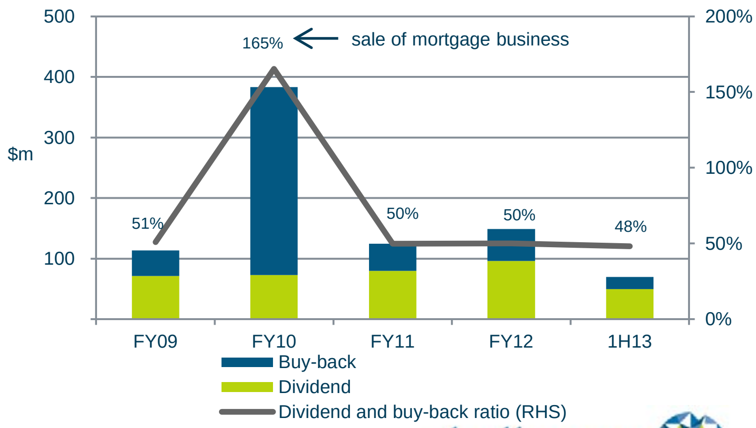
Track record of funding growth and active capital management

- Interim dividend of 9.5 cps (unfranked), representing
  - 17% increase in normalised profit
  - redistribution of interim and final dividend payout ratio
- Dividend payout policy of 30% to 35%[1], representing a sustainable ratio while funding business growth
- History of enhancing shareholder returns with on-market buy-back
- $50m committed to buy-back in November 2012, ~70% completed by February 2013
- Combined dividend and buy-back ratio target of ~50%[1] over the medium term

Dividends and normalised payout ratio



Dividends and buy-back ratio

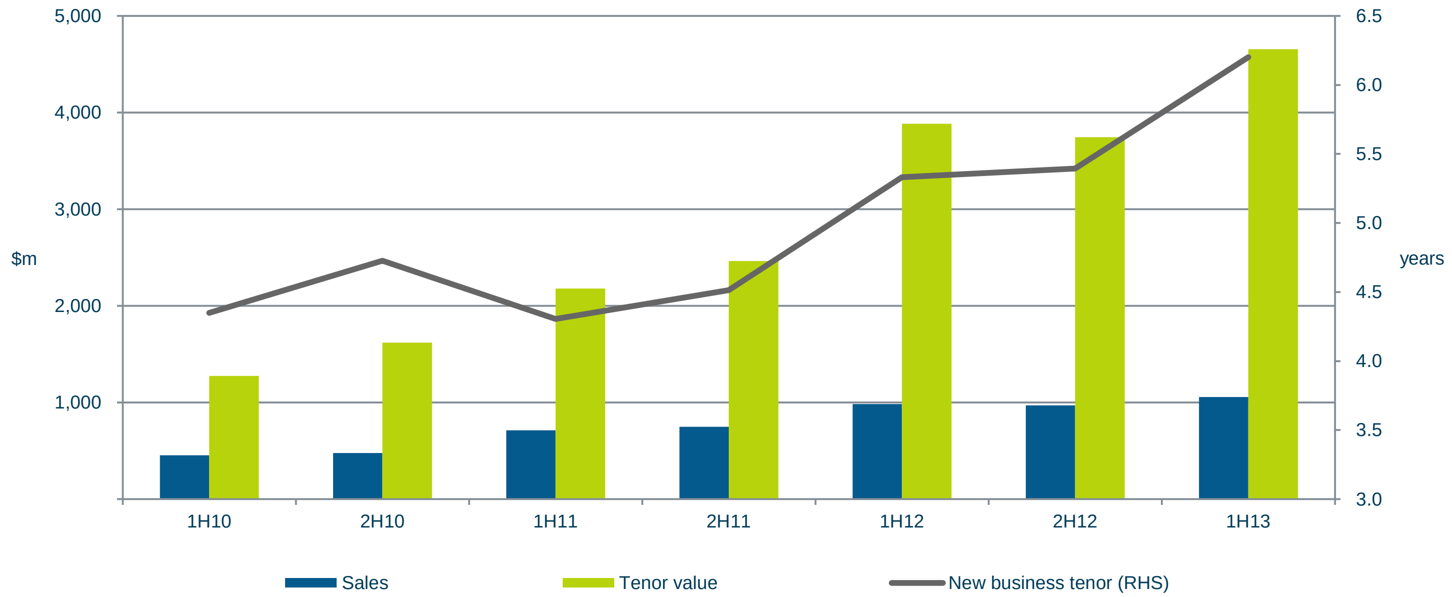


1. Dividend and buy-back ratio based on Normalised Net Profit After Tax and is subject to prevailing market conditions and capital allocation priorities.

Life retail annuity sales

Focused on tenor and creating long term business value

Life product retail annuity sales – tenor value
(Tenor value represents policy tenor multiplied by policy face value)



- Sales mix is changing to less price sensitive longer tenor business
- Australian banks have utilised funding opportunity to improve loan to deposit ratios, which has increased short end rate competition
- Tenor benefiting from longer term and lifetime annuity products, with new business tenor increasing to 6.2 years from 4.4 years in 1H10

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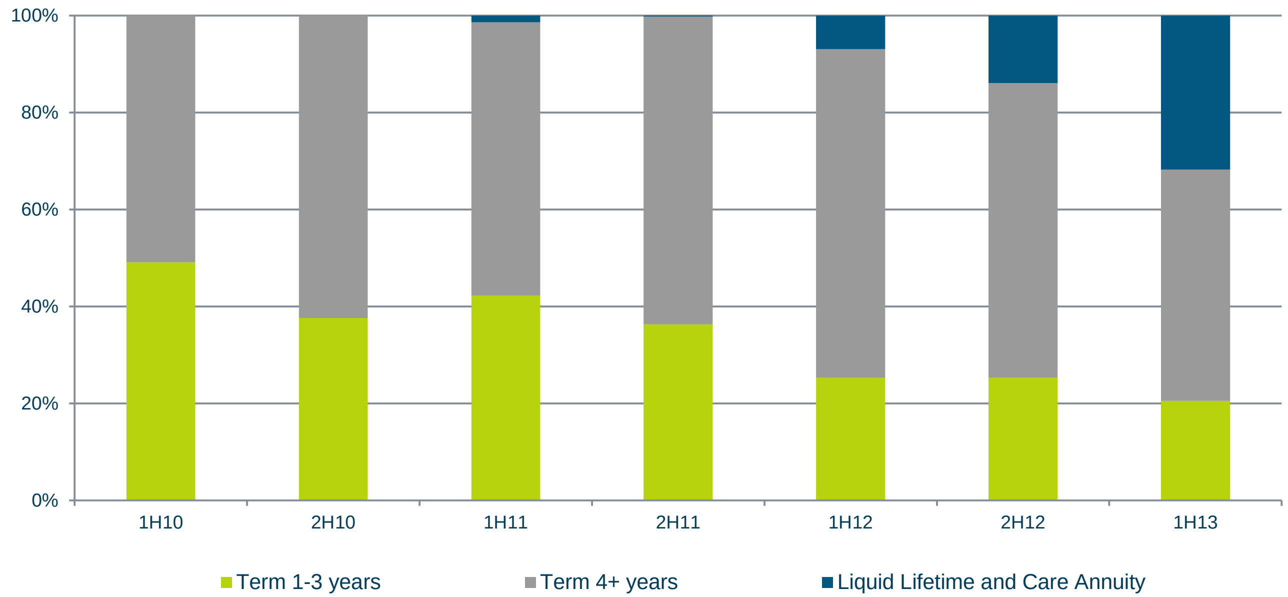
Life retail annuity sales

Focused on tenor and creating long term business value

Life product retail annuity sales – tenor value
(Tenor value represents policy tenor multiplied by policy face value)



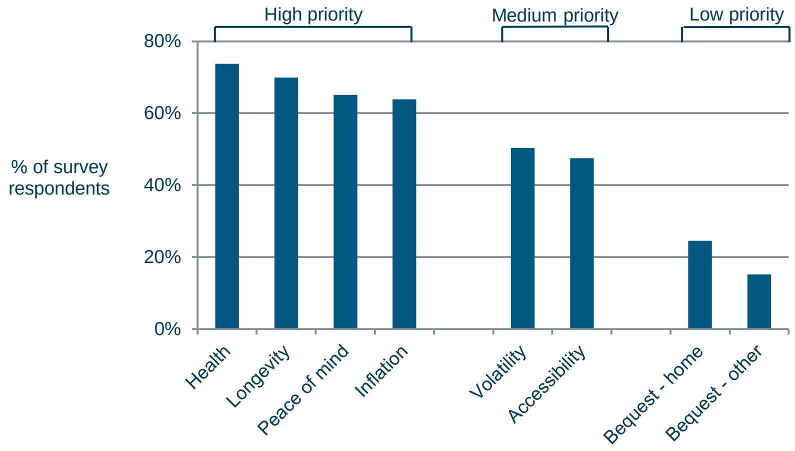
- Longer tenor creates more value as it
  - delivers longer term revenue streams and ‘embeds value’
  - enables investment in longer dated assets which earn increased illiquidity and risk premiums
  - is more cost efficient business to distribute and administer
- Longer tenor enhances future net book growth

Life retail annuity sales

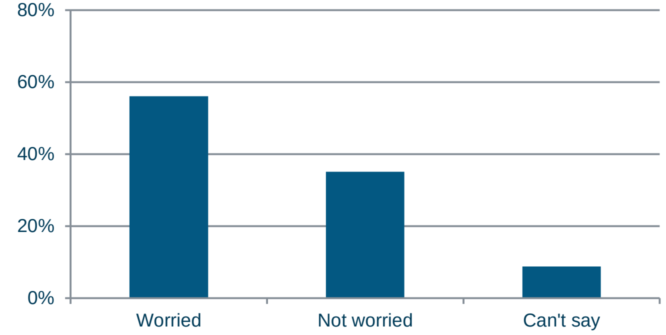
Retirees focused on risks in retirement

- National Seniors Association sentiment index shows, outside of health, retirees focused on
  - longevity risk
  - peace of mind from regular and dependable income in retirement
  - inflation protection
- We continue to focus on the annuity value proposition which addresses these high priorities
- Annuities provide regular and dependable income in retirement with product flexibility including inflation and longevity protection

Seniors priorities[1]



Percentage of seniors worried about outliving their saving – longevity risk[1]



1. National Seniors Association – Retiree risk aversion report – February 2013.

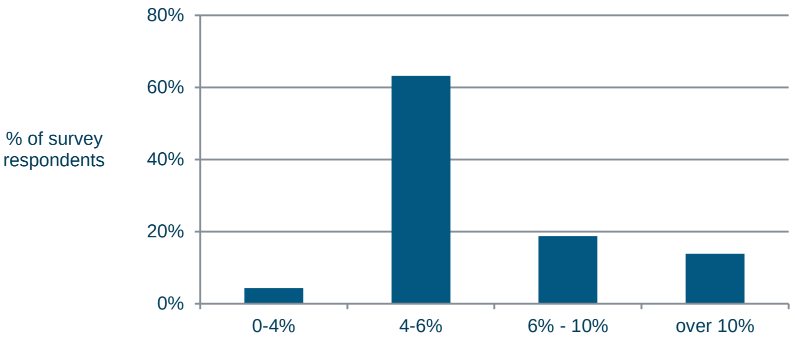
Life retail annuity sales

Product features drive sales

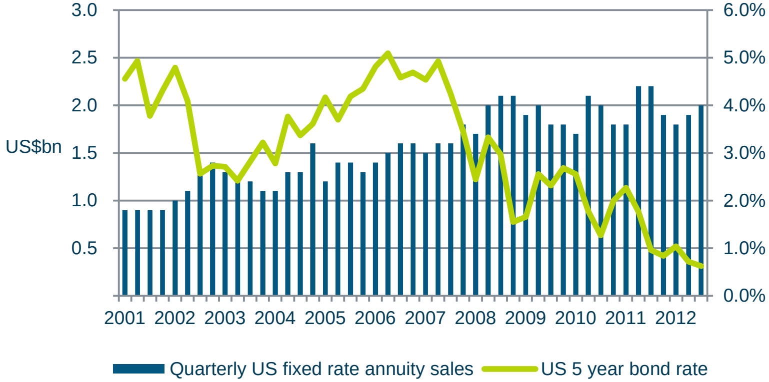
- Retirees are risk adverse and demanding more income and capital certainty
- Annuity product features meet these needs
- Whilst interest rates have reduced, rates need to be considered in the context of risk appetite
- US experience shows fixed rate annuity volumes are not impacted by interest rate cycles

Retirees are risk adverse[1]

Guaranteed return equivalent to a variable return of -10% and +50%



Quarterly sales of US fixed term annuity sales through different interest rate cycles[2]



1. National Seniors Association – Retiree risk aversion report – February 2013.
2. LIMRA.

1H 13 Financial Results

Andrew Tobin

Chief Financial Officer

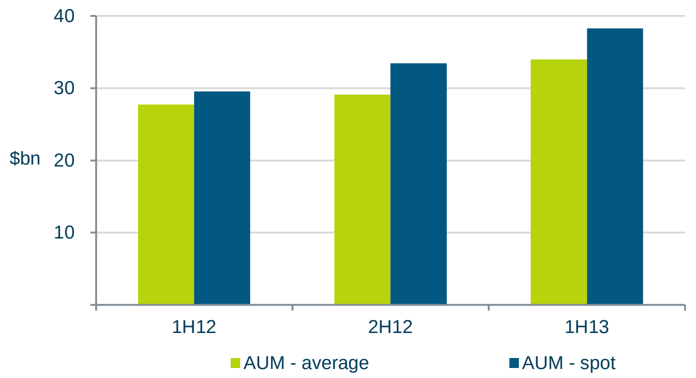
28 February 2013

Group financial performance

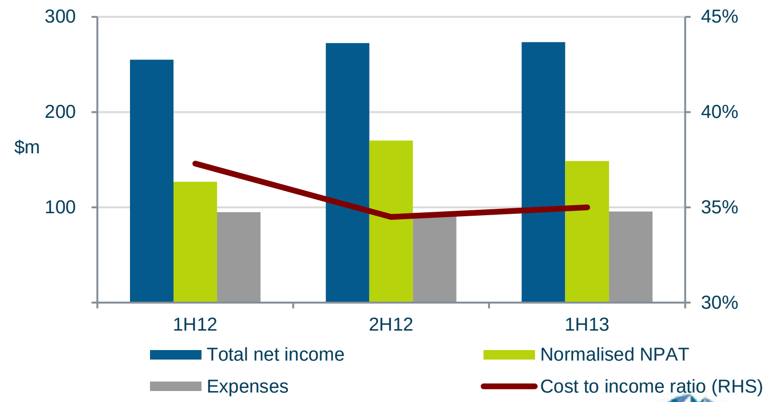
Growth in normalised NPAT and EPS

Financial performance	1H13	1H12	Change	Trend
Assets Under Management	**$38.3bn**	$29.6bn	29%	↑
Net income	**$274m**	$255m	7%	↑
Expenses	**$96m**	$95m	1%	↓
Normalised EBIT[1]	**$178m**	$160m	11%	↑
Normalised NPAT[1]	**$149m**	$127m	17%	↑
Normalised cost to income ratio	**35.0%**	37.3%	230 bps	↑
Normalised RoE[2]	**16.6%**	16.8%	20 bps	↓
EPS (normalised basic) - cps	**28.0**	25.3	11%	↑
Statutory NPAT	**$222m**	$20m	large	↑
EPS (statutory basic) - cents	**41.8**	4.0	large	↑

Total Assets Under Management (AUM)



Financial performance



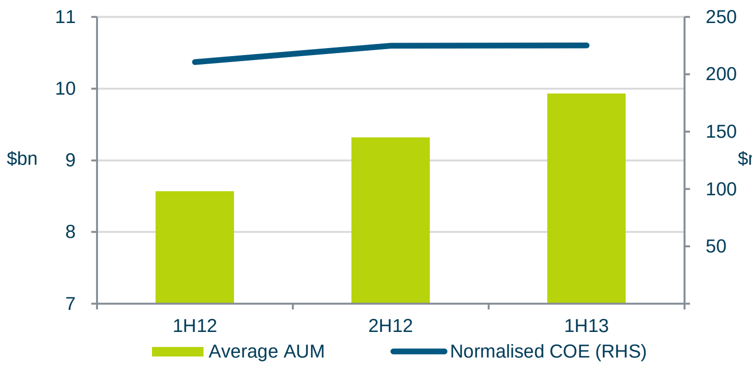
1. Excludes investment experience.
2. Normalised RoE calculated as normalised NPAT divided by average net assets.

Life financial performance

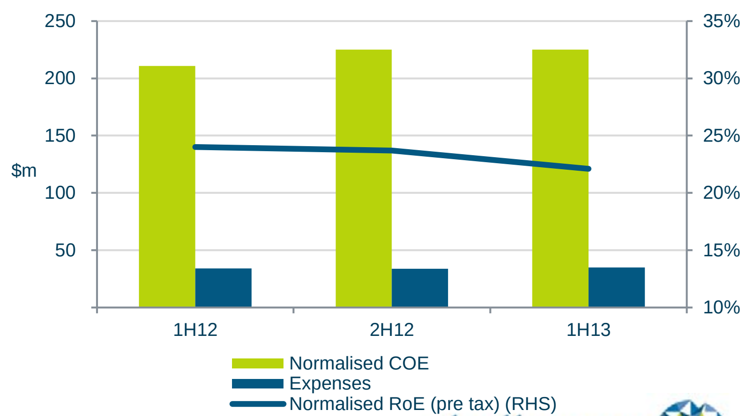
Significant AUM growth driving higher COE and EBIT

Financial performance	1H13	1H12	Change	Trend
AUM (average)	**$9.9bn**	$8.6bn	15%	↑
Normalised Cash Operating Earnings (COE)	**$225m**	$211m	7%	↑
Expenses	**$35m**	$34m	3%	↓
Normalised EBIT[1]	**$190m**	$177m	7%	↑
Normalised RoE (pre tax)[2]	**22.1%**	24.0%	190 bps	↓
Investment Experience (post tax)	**$73m**	($107m)	n/a	↑

Average AUM and normalised COE



Financial performance



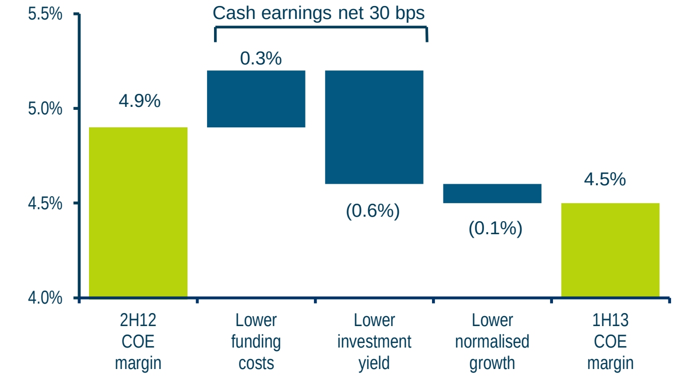
1. Excludes investment experience.
2. Normalised RoE (pre tax) calculated as normalised EBIT divided by average net assets.

Life margins

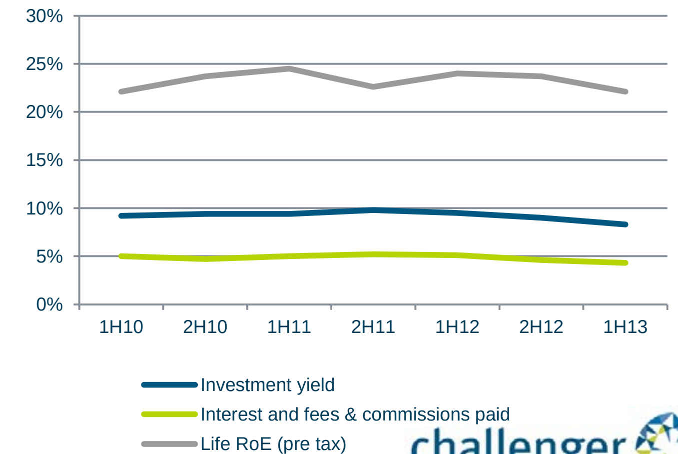
On track to achieve FY13 COE guidance of $440m to $450m

- 1H13 Life COE of $225m
- Change in 1H13 Life cash earnings (30 bps) due to
  - lower infrastructure distributions from CIF (15 bps)
  - lower interest rates impacting return on shareholder capital (10 bps)
  - other net movements (5 bps) from lower debt, property and equity yields (35 bps, including NIM of 10 bps) offset by lower funding costs (30 bps)
- Normalised capital growth is lower (10 bps) due to an increased fixed income allocation
- Internal RoE hurdle of 18% (pre tax) expected to be maintained over the medium term

1H13 change in Life COE margin



Life margins and RoE



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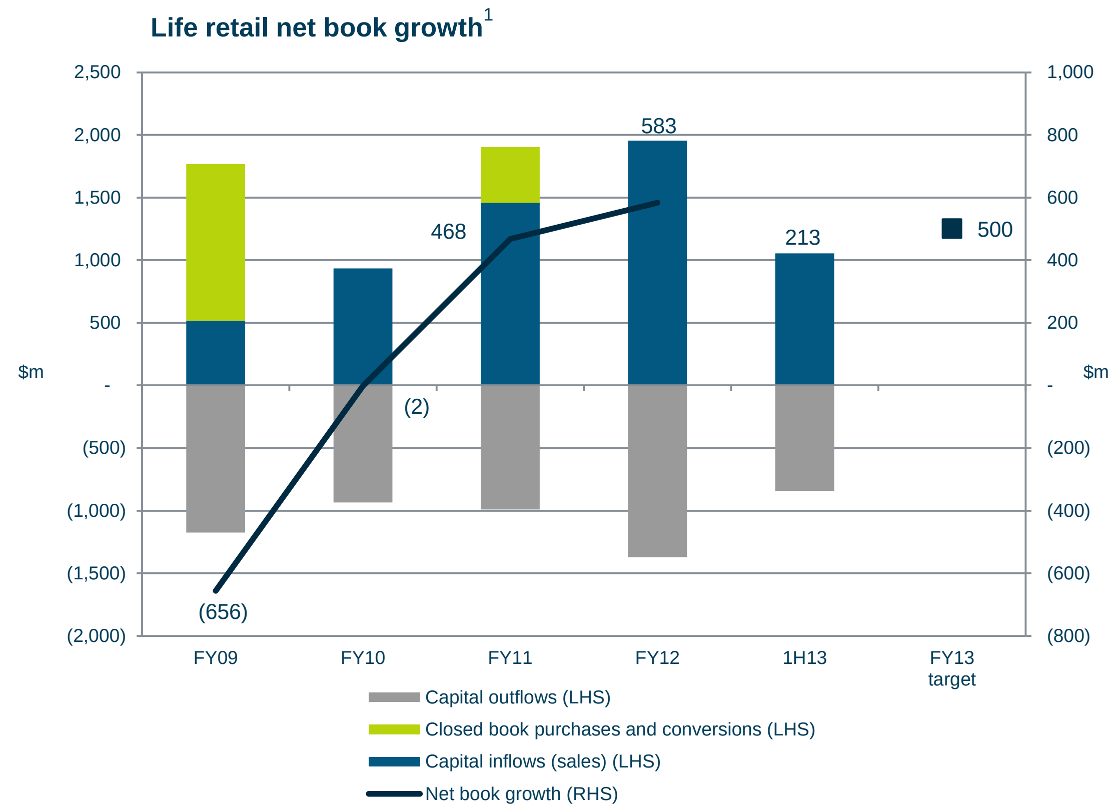
Life net book growth

Supported by continued investment in DPM

- Net book growth of $213m (3%) achieved in 1H13
- Reduced short term sales partially offset by focus on long term business, including Lifetime and Care annuities
- FY13 Life retail net book growth target revised to $500m (~8%)
- Long term net book growth supported by increasing tenor and establishing new distribution channels



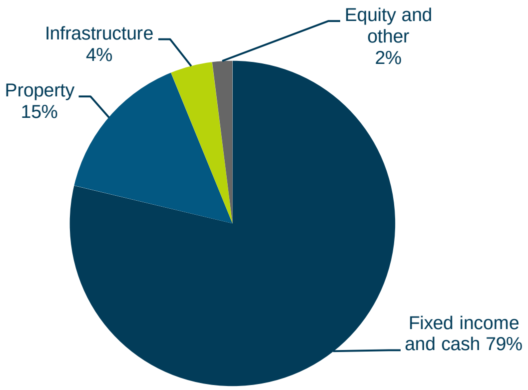
1. Closed book purchases and conversions include AXA (2009 $1.3b) and High Yield Fund (2011 $0.4b).

Life investment portfolio

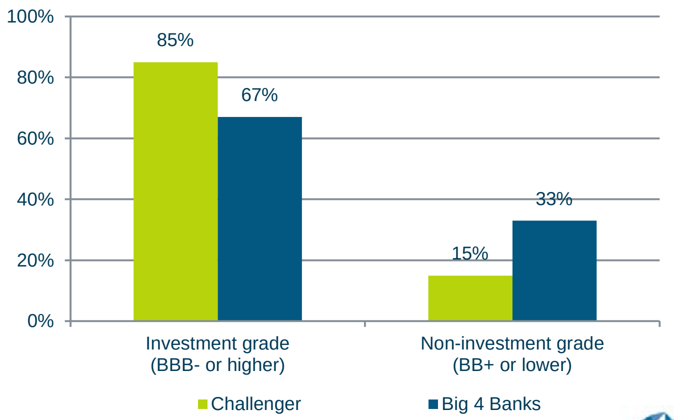
High quality generating sustainable cash flows

- Portfolio weighted to fixed income, with allocation increasing over past 5 years
  - 85% investment grade and compares favourably to Big 4 Banks
  - 82% externally rated by ratings agencies
- Conservative property portfolio and predominantly leased to government with leases having fixed rate or CPI increases
- Infrastructure investments reduced following CIF asset sales
- Current asset mix in line with target asset allocation

31 December 2012 portfolio - $10.2bn



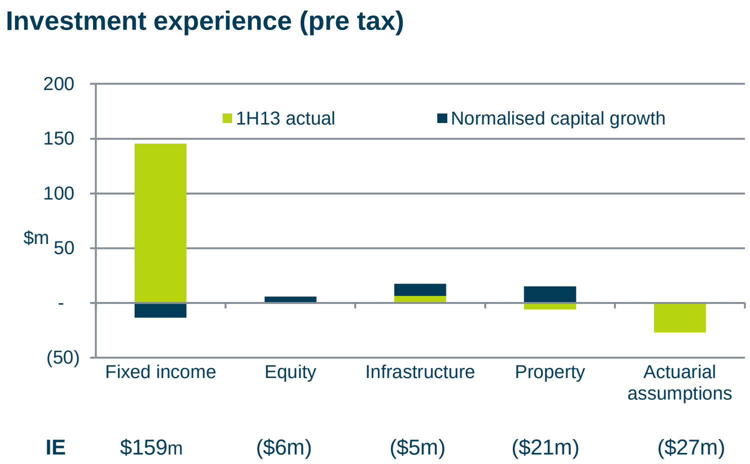
Credit quality of fixed income portfolio[1]

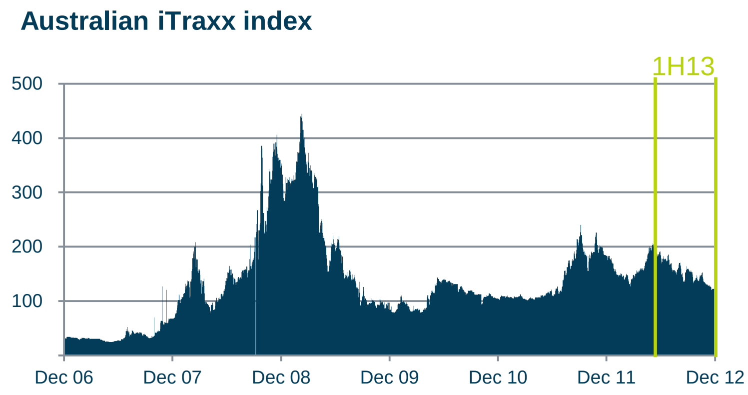


1. Represents average of ANZ, CBA, NAB, WBC credit exposures (excluding home loans) sourced from September and December 2012 Basel II Pillar 3 reports.

Life investment experience

Stability in debt markets supported Investment Experience gains





- Actual capital growth of $119m exceeds normalised growth of $19m, resulting in $100m of positive Investment Experience
- 1H13 Investment Experience primarily driven by fixed income, benefiting from credit spreads tightening, e.g. Australian iTraxx index reduced by ~60 bps in 1H13
- Property impacted by interest rate reductions without corresponding increase in property valuations
- Actuarial assumptions represent impact of changes in macro-economic variables, expense assumptions, and new business mark to market

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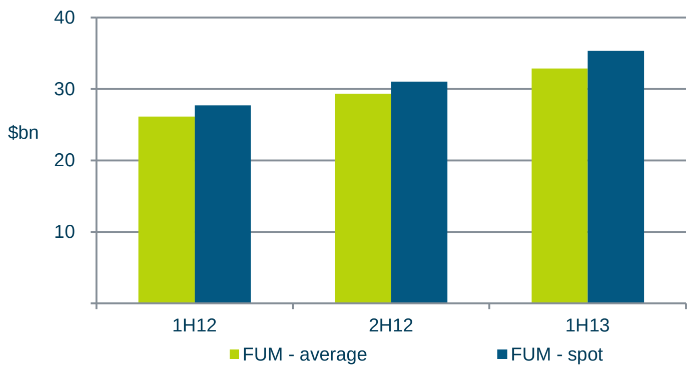
Funds Management financial performance

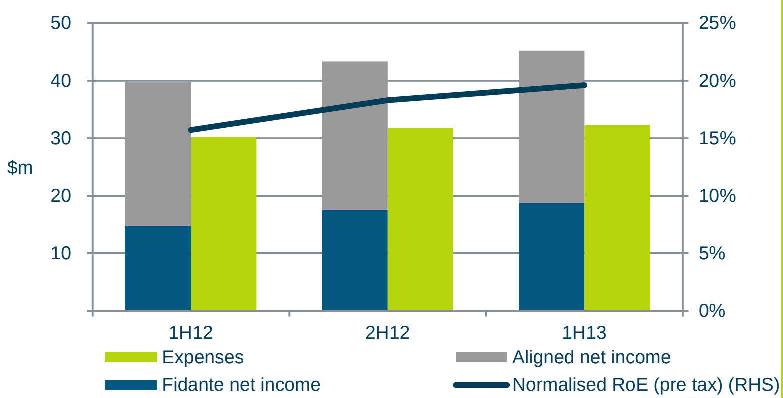
Strong FUM growth translating into EBIT growth

Financial Performance	1H13	1H12	Change	Trend
FUM (average)	**$32.9bn**	$26.1bn	26%	↑
Fidante Partners net income	**$19m**	$15m	27%	↑
Aligned Investments net income	**$26m**	$25m	4%	↑
Expenses	**$32m**	$30m	7%	↓
EBIT	**$13m**	$10m	30%	↑
Normalised RoE (pre tax)[1]	**19.6%**	15.7%	390 bps	↑

FUM – average and spot



Financial performance



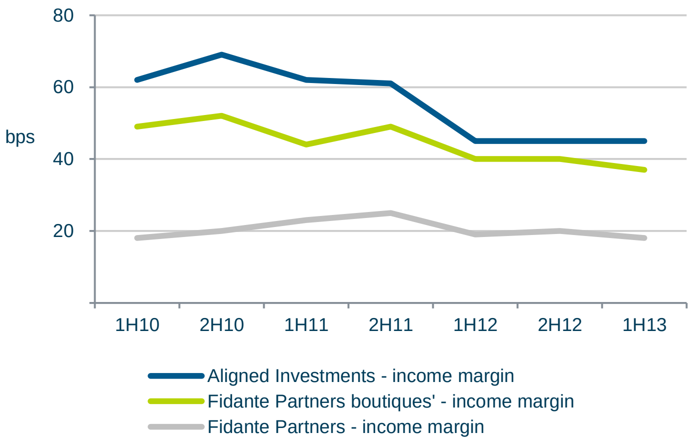
1. Normalised RoE (pre tax) calculated as normalised EBIT divided by average net assets.

Funds Management margins

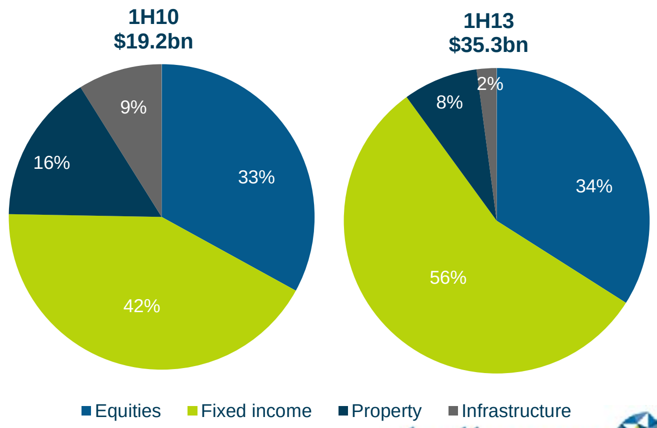
Margins driven by FUM composition

- Fidante Partners income margin (bps) reflects
  - improved economics from Boutiques
  - higher portion of fixed income and institutional business, reducing average boutique income margin
  - Average Boutique income margin 37 bps, with Fidante Partners share 18 bps
- Average equity ownership of Boutiques ~40%
- Aligned Investments income margin (bps) reflects
  - higher portion of fixed income FUM
  - historical retail products being replaced with institutional FUM
  - 1H13 includes CIF transaction fees

Income margin

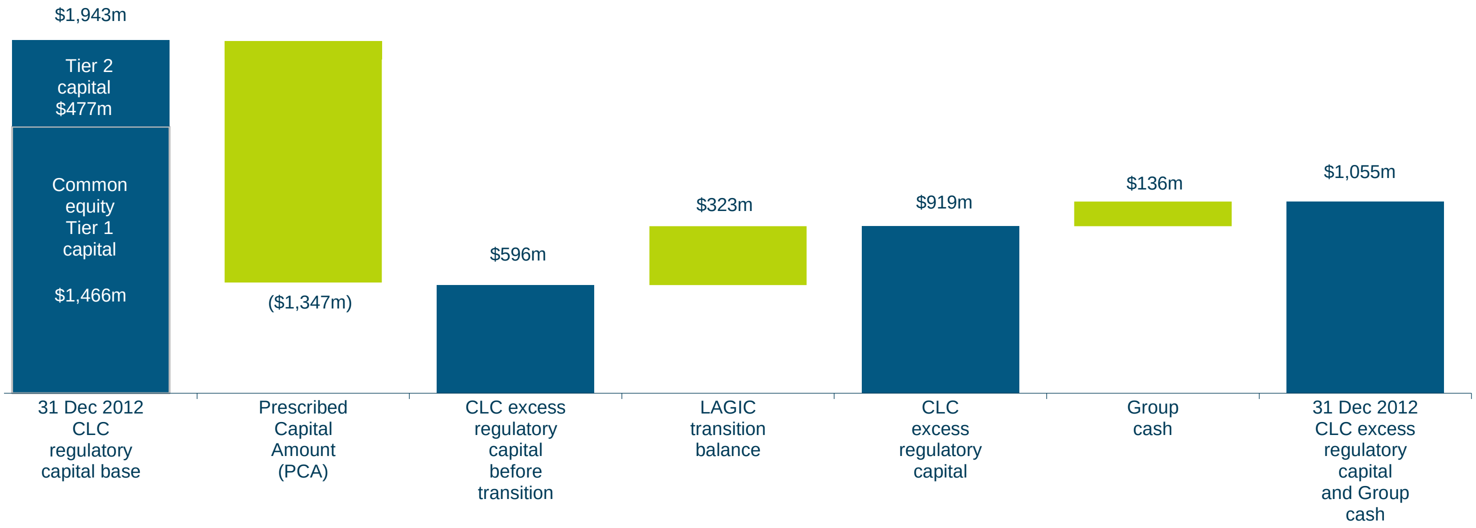


Asset mix



Capital management

Strongly capitalised and transitioned to LAGIC



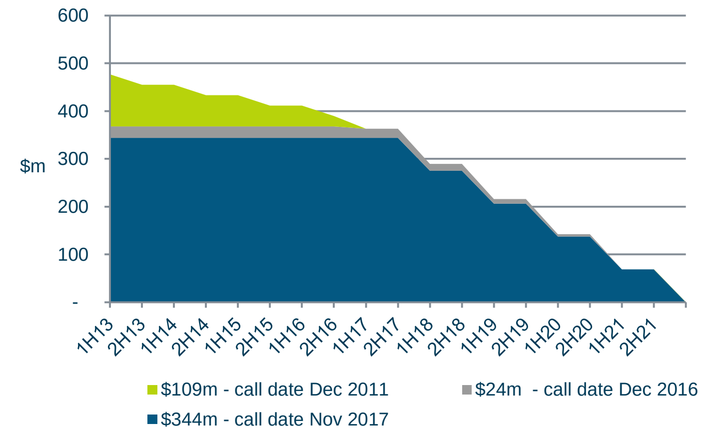
- Strong net increase in CLC excess capital of $200m to $919m over half due to operating profits, positive investment experience and change in capital intensity
- Under LAGIC PCA increases due to higher asset and operational risk charges
- LAGIC transition balance ($323m) amortises over three years commencing 1 January 2014

Capital management

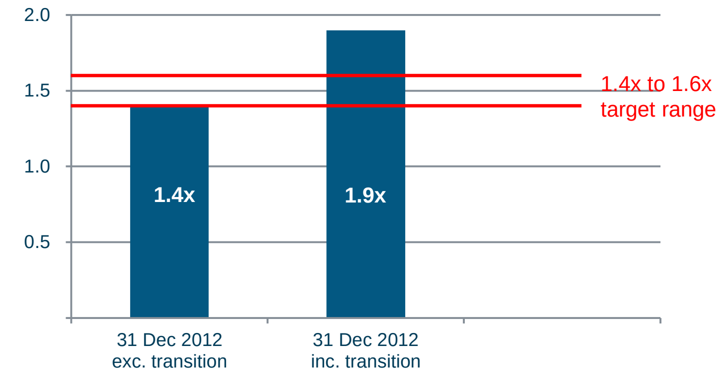
Strong capital position with financial flexibility

- LAGIC transition confirmed by APRA
  - $108m pa increase in PCA for three years commencing 1 January 2014
  - Long dated sub debt will continue to form part of capital base until 2021
  - Consolidated CLC (18 months) and statutory funds (3 years) transition period to minimum requirement that Tier 1 capital represents 80% of PCA
- CLC PCA ratio of 1.9 times including transition and 1.4 times excluding transition
- CLC expects to maintain a PCA ratio of between 1.4 and 1.6 times, dependent on asset mix
- CLC credit and financial strength ‘A’ rating reaffirmed by S&P

CLC subordinated debt amortisation profile



CLC PCA multiples and target surplus



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Strategy update and outlook

Brian Benari

Chief Executive Officer

28 February 2013

Challenger Vision and Strategy

Our Vision
Provide Australians with financial security in retirement

Our Strategy
Increase the Australian retirement savings pool allocation to secure and lifetime income products

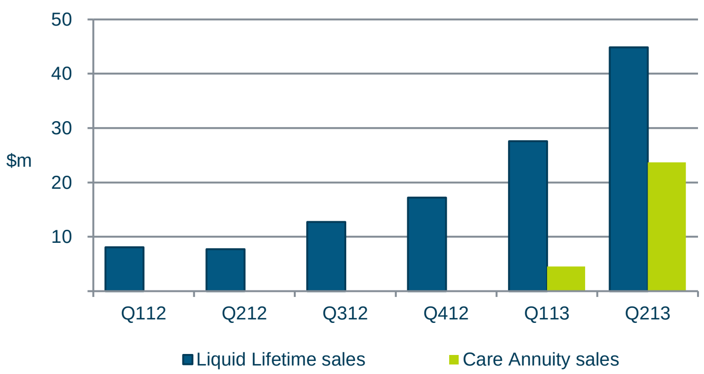
Our Strategy
Be recognised as the leader in retirement income solutions in Australia

Our Strategy
Be an active investment manager providing superior returns from Fidante Partners and Aligned Investments

Leading the retirement incomes market

Strategy executed by ….

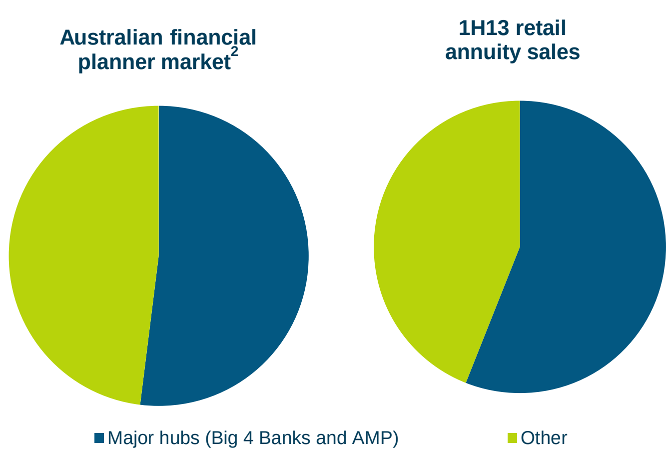
Developing new innovative products



Continuing to grow brand recognition

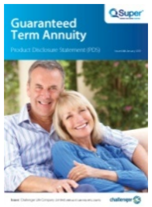
- Further rise in consumer brand and product awareness
  - 85%[1] of advisers identify Challenger as a leader in retirement incomes
- "Real Stories" was Australian Marketing Institute's Program of the Year

Diversifying distribution footprint



Establishing new channels

- White labelling agreement signed with Bendigo and Adelaide Bank
- Industry super funds co-branding Challenger annuities



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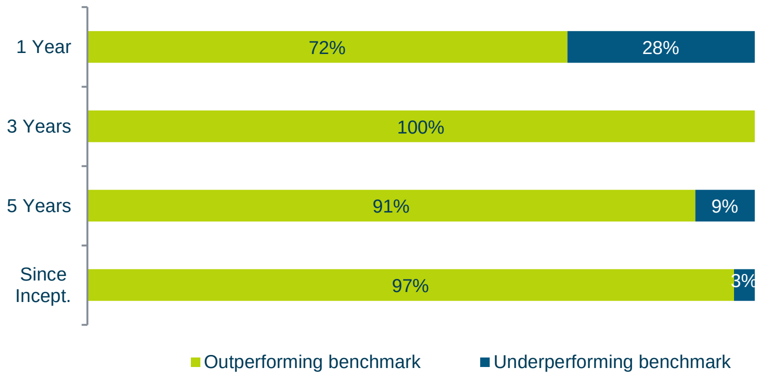
1. Marketing pulse survey December 2012.
2. Rainmaker Advantage – September 2012.

Fund Manager with superior returns

Strategy executed by ….

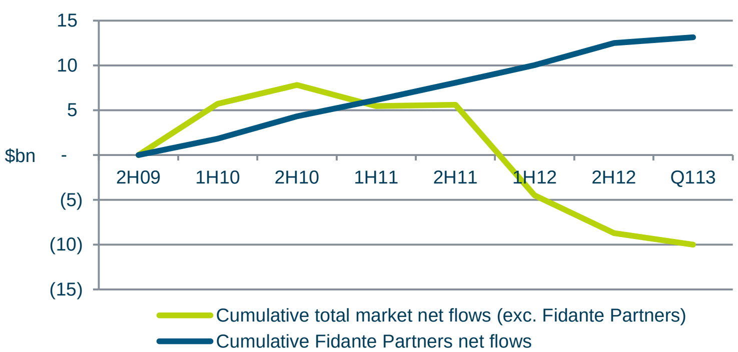
Achieving strong investment performance

Investment performance - % of funds meeting or exceeding benchmark



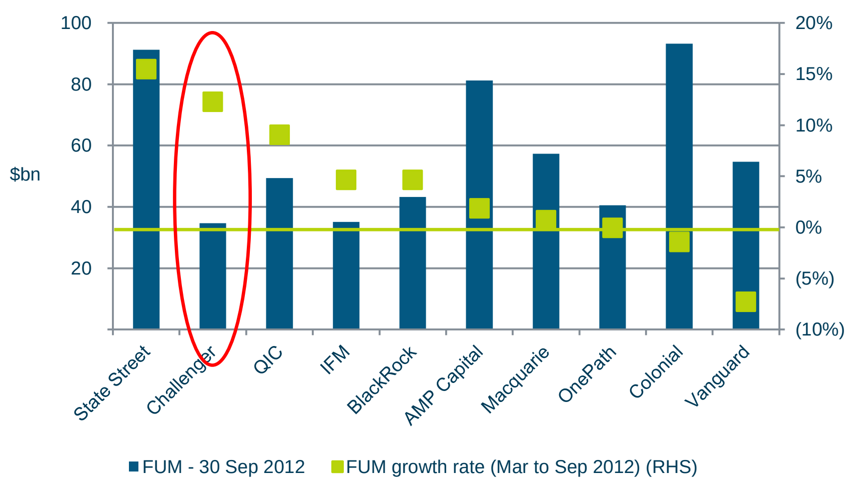
Attracting strong flows

Source: Plan for Life



Fastest growing active manager

Source: Rainmaker Roundup – September 2012



Identifying Aligned Investments opportunities

- Aligned Investments winning mandates in fixed income, property and infrastructure
- New clients, including sovereign wealth and industry superannuation funds
- New institutional product opportunities, including Relative Value Debt Fund

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Growth opportunities

Life

- Product innovation
  - Liquid Lifetime
  - Care Annuity
  - Deferred Lifetime Annuities (DLA's)
- Distribution
  - white labels
  - footprint expansion
  - retirement incomes models
  - adviser education
- Diversification
  - Life risk opportunity

Fidante Partners

- Strong pipeline
- Leveraged to rising equity markets
- Expand existing boutique offering
- New boutiques focusing on different asset classes

Aligned Investments

- New products, including Relative Value Debt Fund and domestic property investments for offshore investors
- ~$1bn of unfunded mandates
- Pipeline of new opportunities

Outlook

Competitive advantage in attractive markets

Life

- Continued focus on longer term product sales offering higher returns
- Targeted FY13 retail net book growth of $500m (~8%) implying ~$2.1bn of sales
- FY13 Life COE guidance of $440m to $450m, implying margin of 4.4% to 4.5%

Funds Management

- Fidante Partners focused on FUM growth and is leveraged to markets
- Aligned Investments repositioned and winning new clients and mandates via existing investment capability

Corporate

- Targeting combined dividend and buy-back ratio of ~50%[1] over the medium term

1. Dividend and buy-back ratio based on Normalised Net Profit After Tax and is subject to prevailing market conditions and capital allocation priorities.

Key points

Capital flexibility and tenor driving business value

1 Strong operating performance
Business and earnings growth with tight cost control

2 Capital management clarity
Strong excess capital following LAGIC implementation

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Appendix – additional background information

Challenger business overview

Two core businesses supported by centralised functions

Challenger Limited (ASX:CGF)

Life

Leading provider of annuities and guaranteed retirement income solutions in Australia

Products offer certainty of guaranteed cash flows with protection against market, inflation and longevity risks

Funds Management

Fidante Partners – co-owned separately branded active fixed income and equity boutique investment managers

Aligned Investments – develops and manages assets for Life and third party investors

Distribution Product and Marketing
(DPM)

Core business functions
(Operations, Finance, IT, Risk Management, HR, Legal and Strategy)

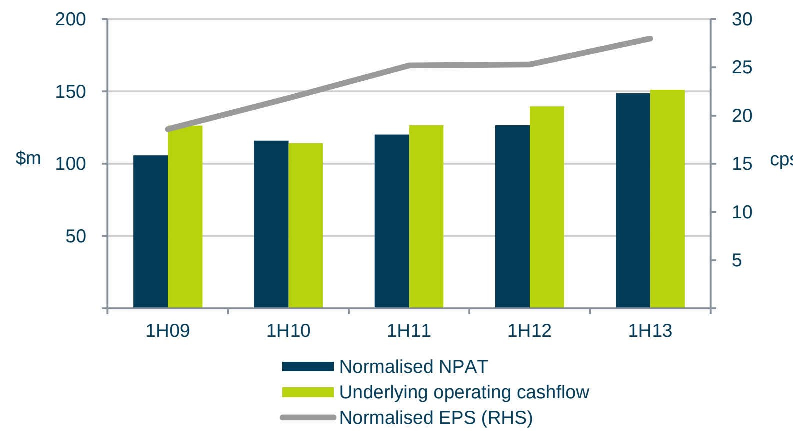
Strong operating performance

Consistent earnings growth with tight cost control

Strong growth in profit and EPS

- Normalised net profit after tax is a proxy for underlying cash generated by the business
- Since 1H09
  - normalised NPAT up 40% to $149m
  - normalised EPS up 51% to 28.0 cps, aided by active approach to capital management

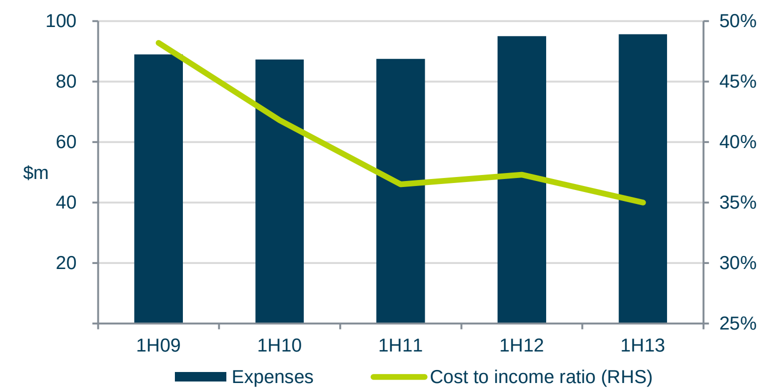
Normalised NPAT, underlying operating cashflow and EPS



Tight cost control

- Since 1H09, expense base has increased 8% while revenues up 48%, driving cost to income ratio down 13 percentage points
- One of Australia's most efficient financial services companies
- Target cost to income ratio of between 34% and 38%

Expenses and cost to income ratio



1. OECD Pension Markets in Focus – September 2012.
2. Australian Bureau of Statistics.

Market opportunity

Competitive advantage in attractive markets

	Life	Funds Management
Market opportunity	• Supportive demographics • Changing consumer risk preferences • Increasing need for longevity protection	• Growth underpinned by mandated super system • Contributions increasing from 9% to 12% • Offshore investor appetite for assets
Competitive advantage	• Independent provider on all major platforms • Retirement incomes core focus • Recognised market leader	• Contemporary model with alignment of interests • Strong investment management capabilities • Diversified strategies and products

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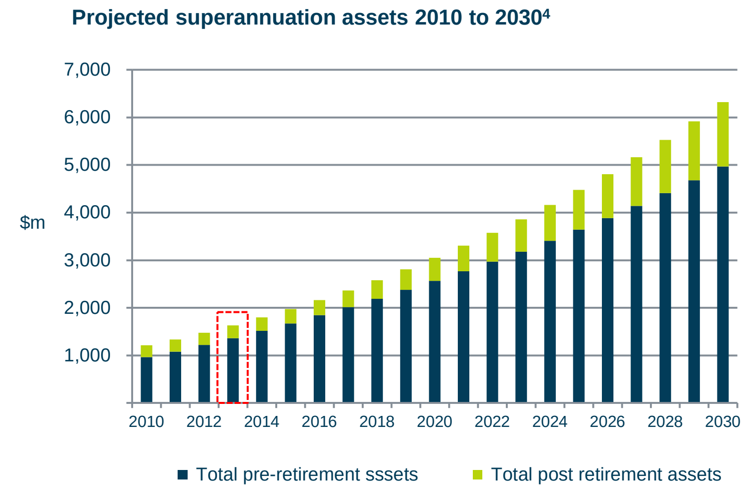
Life – favourable operating environment

Leveraged by product innovation and distribution footprint

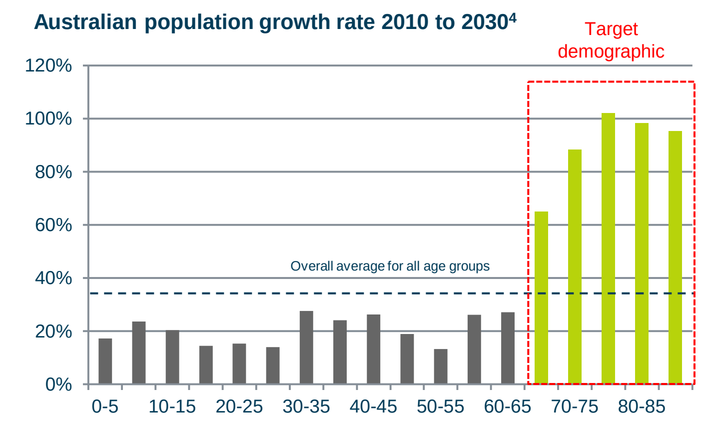
Favourable macro trends

- Australia has the largest pension market in Asia-Pac and world's 4th largest[1]
- Pension assets have recovered and surpassed financial crisis levels to $1.5 trillion[2]
- 9% compulsory superannuation contribution, increasing to 12% by 2019
- $59bn moving from accumulation to retirement phase in 2013[3]



Demographic changes

- Post retirement segment is the fastest growing demographic
- By 2030 baby boomers (born 1943 – 1960) will represent 69%[4] of retirement population
- As baby boomers draw down superannuation assets, they will be replaced by Generation X (1961 – 1981) leading to growth in total post retirement assets[4]



1. OECD Pension Markets in Focus – September 2012.
2. APRA superannuation statistics.
3. Rice Warner Actuaries projection.
4. Deloitte – Dynamics of the Australian superannuation system: the next 20 years 2011 – 2030.

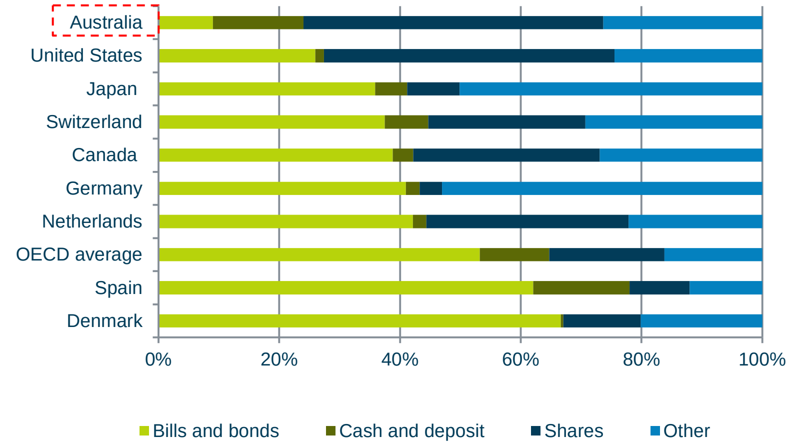
Life – favourable operating environment

Leveraged by product innovation and distribution footprint

Changes in risk preferences

- Australian allocation to bonds and fixed income lowest in OECD at 9% (OECD average 52%)
- Australia is one of the most equitised retirement markets (~50% allocation)
- Individuals closer to retirement may prefer a more prudent asset allocation, including cash and fixed income guaranteed income products
- Retirees becoming aware of sequencing risks

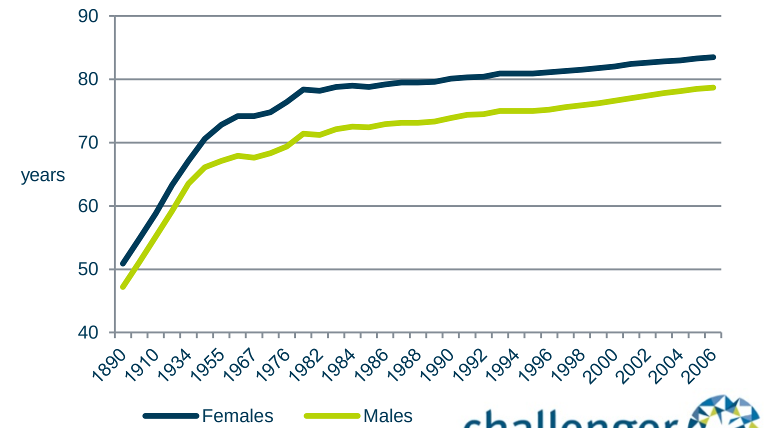
Australia has a low allocation to fixed income equivalants[1]



Increased focus on longevity

- Retirees face challenges including determining required annual income in retirement, managing market and inflation impacts, and longevity risk
- Australian's have the 3rd highest life expectancy in OECD
- Medical and mortality improvements improve longevity

Life expectancy at birth[2]



1. OECD Pension Markets in Focus – September 2012.
2. Australian Bureau of Statistics.

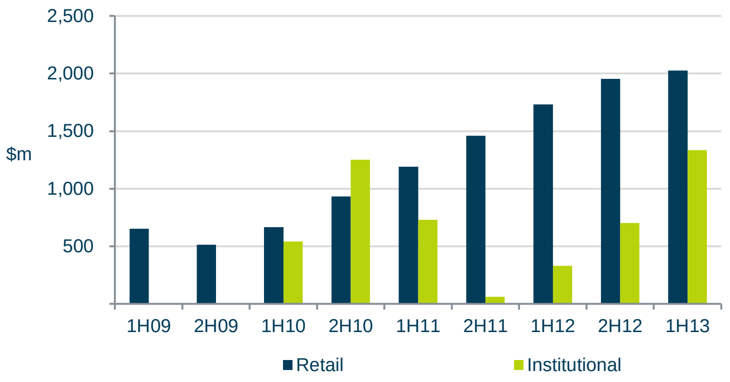
Life – favourable operating environment

Leveraging favourable operating environment to drive growth

Strong sales growth

- Since 1H09 retail annuity sales have grown by 33% CAGR
- Annuity sales underpinned by
  - favourable macro trends
  - demographic changes
  - changes in retiree risk preferences
  - increased focus on longevity risk

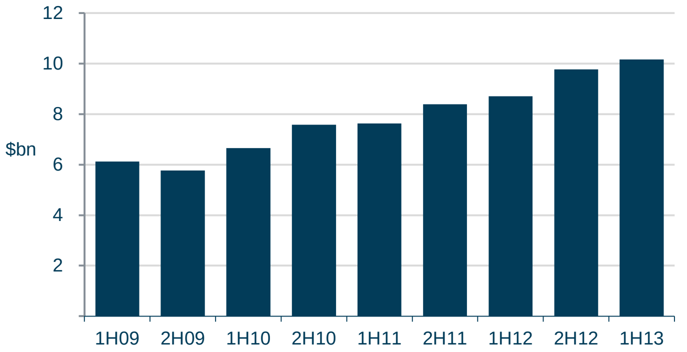
Annual sales of guaranteed products
(represent sum of two previous half years)



Significant AUM growth

- Since 1H09 AUM have grown by 13% CAGR
- Strong sales and favourable operating environment leading to significant AUM growth
- Favourable operating environment leveraged by new innovative products, expanded distribution footprint and educating advisers & consumers

Life AUM



Life products and distribution

New innovative products and broad based distribution

Product

- ~70% of annuity book is immediate annuities with guaranteed rate and flexible terms, with option to draw principal with inflation protection options
- ~10% of the annuity book is lifetime and aged care annuities
- ~20% institutional guaranteed return product

Product categories

Immediate annuities	Guaranteed Annuity Guaranteed Income Plan Guaranteed Income Fund Guaranteed Pension Fund	Off platform and on platform products with guaranteed rate and flexible terms including ability to draw principal
Lifetime annuity	Liquid Lifetime	Lifetime annuity with liquidity feature in first 15 years
Age care annuity	Care Annuity	Lifetime annuity for age care
Institutional	Guaranteed Index Return	Institutional product with guaranteed returns

Distribution

- Challenger products represented on the approved product lists of all major distribution groups
- Largest 5 platforms (major Banks and AMP), account for ~50% of the Australian financial adviser market and similar portion of Life sales
- Broad based third party distribution

Major platform representation

AMP / AXA	✓
BT / Asgard (Westpac)	✓
Colonial (CBA)	✓
IOOF	✓
MLC / Navigator (NAB)	✓
OnePath (ANZ)	✓
Macquarie	✓

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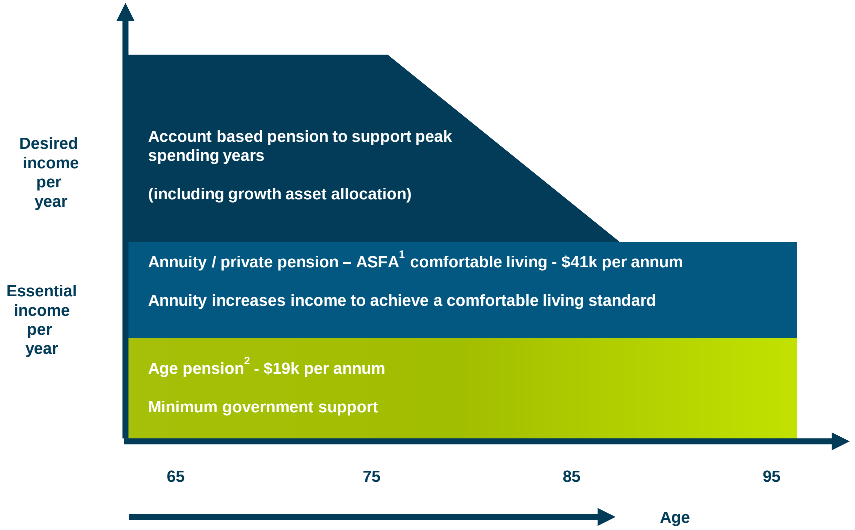
Annuity value proposition

Provides regular and dependable income in retirement

Benefits of annuities

- Provide security of knowing exactly how much regular income will be received in retirement
- Retirement cashflow management solution with flexible features including term (1 to 50 years), policy amount, interest only or interest and principal drawdown, payment frequency, and nominal or indexed adjusted payments
- Income tax free if held in a superannuation environment from age 60
- Provides certain social security benefits for retirees to maximise age pension
- Lifetime annuities provide longevity protection
- Care Annuity reduces aged care fees and provides social security and tax benefits
- No management fees payable by customer
- Annuities are issued by Challenger Life, which is regulated by Australian Prudential Regulation Authority (APRA)

Annuities and portfolio construction – layering income



Award wining products

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1. The Association of Superannuation Funds of Australia (ASFA) is the peak industry body for the superannuation sector.
2. Age pension is income support provided by the Australian government and is subject to income and asset tests.

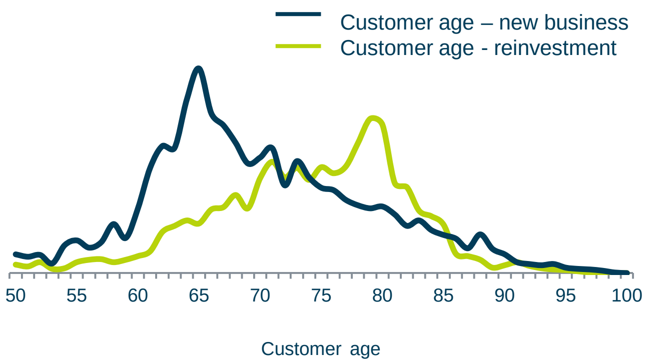
Life customer demographics

Products aimed at investors seeking guaranteed cash flows

Annuitant key statistics

- Average policy amount $178,000
- Average new customer age 67 years[1]
- Average tenor of new business 6.2 years
- >50% of customers draw capital
- 98% of new business sales via financial advisers
- 61,000 Life customers

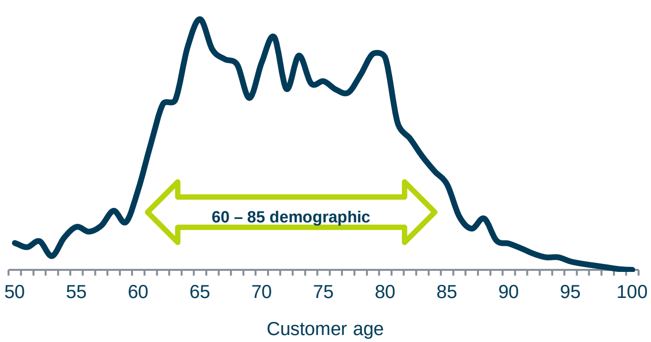
New business and reinvestment



Policy reinvestment rates

- Peak in new business is 62-70 year old demographic
- Reinvestment continues until age 85
- Sustained reinvestment rate with ~80% of maturities reinvested[2]
- Average number of times an annuitant reinvests 2.7 times
- Behavioural maturity of annuities longer than contracted maturity

New business and reinvestment combined



1. Excludes Lifetime Annuities and Care Annuity.
2. For products that have a Residual Capital Value (RCV) of 50% or greater.

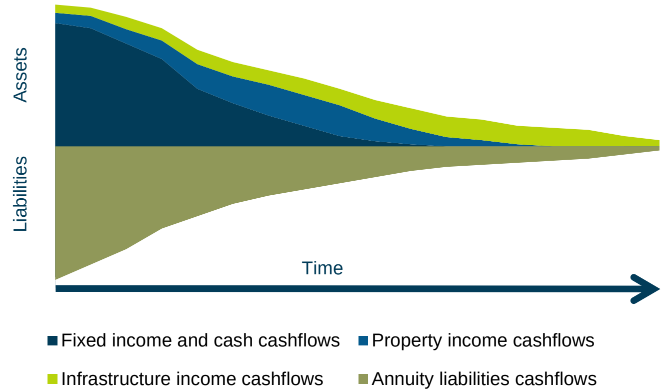
Life portfolio management

Liabilities matched with high quality assets

Assets and liabilities matched

- Assets and liabilities cashflow matched and marked to market
- Fixed income, property and infrastructure cashflows used to match annuity obligations
- Risks mitigated - including interest rate, foreign exchange and inflation
- Prudentially regulated risk limits and investment process

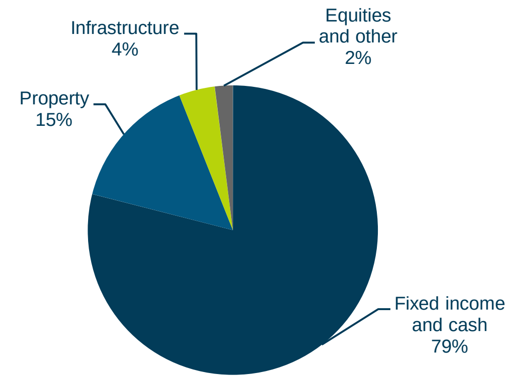
Asset and liability matching



Life investment portfolio - $10.2bn

- Highly diversified portfolio across different asset classes and managed within risk concentration limits
- Weighting to fixed income has increased from 64% in 1H09 to 79% in 1H13
- Portfolio monitored by segregated Risk function

31 December 2012 portfolio



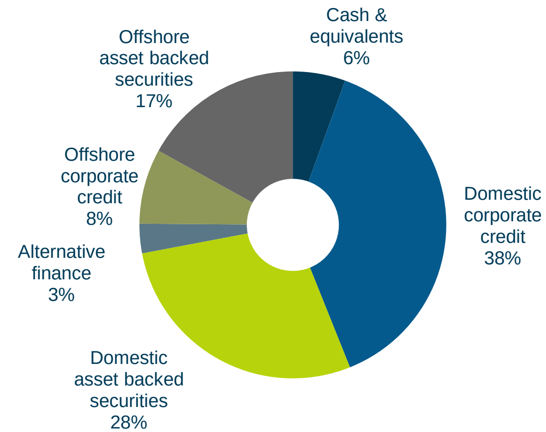
Life portfolio management

High quality fixed income portfolio - $8.0bn

Diversified fixed income portfolio

- Portfolio diversified across a broad range of industries, sectors, ratings bands and geographies
- No offshore sovereign debt
- Over 1,000 different investments
- Portfolio managed by experienced fixed income managers

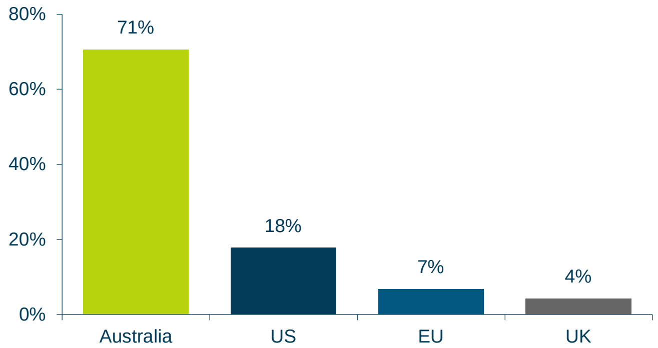
Fixed income portfolio by asset type



Domestic focused portfolio

- Domestic cash, corporate credit, and asset backed securities account for over 70% of the fixed income portfolio
- Average life of portfolio 4 years
- Foreign exchange risk hedged

Fixed income portfolio by currency exposure



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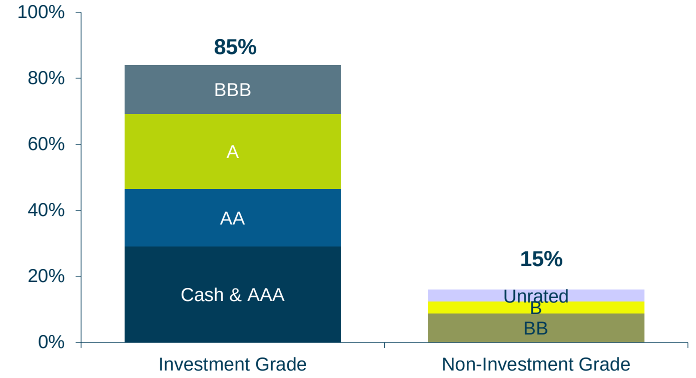
Life portfolio management

High quality fixed income portfolio - $8.0bn

High quality fixed income portfolio

- 30% cash and AAA rated
- 85% investment grade
- 82% externally rated, remainder rated using S&P methodology
- Long term credit default experience better than 35 bps normalised assumption

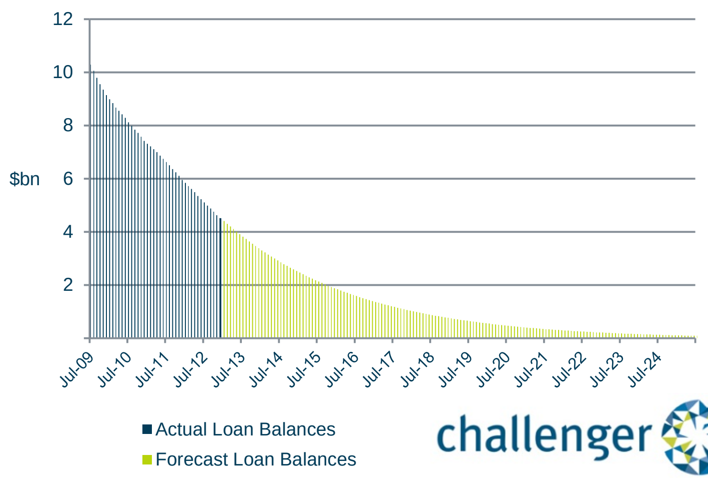
Fixed income portfolio – credit quality



Net Interest Margin (NIM) - $0.3bn

- NIM consists of $4.6bn term funded prime residential mortgages generating ~200 bps in Net Interest Margin (NIM)
- Portfolio amortises down as mortgages run-off and expected to amortise by 50% every 3 years
- Underlying mortgages are mortgage insured

NIM - underlying mortgage run-off profile



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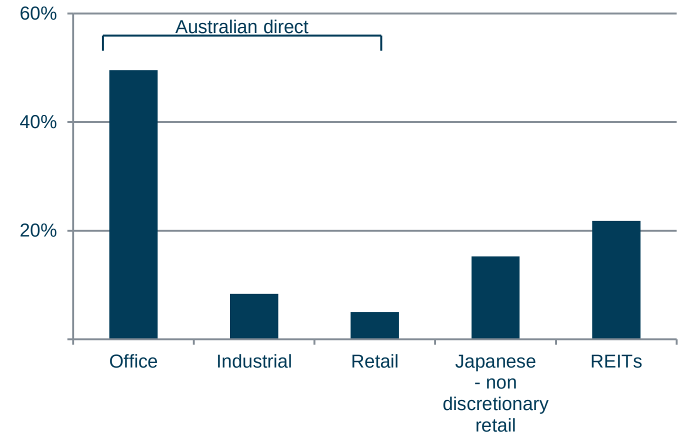
Life portfolio management

Property – total portfolio $1.5bn

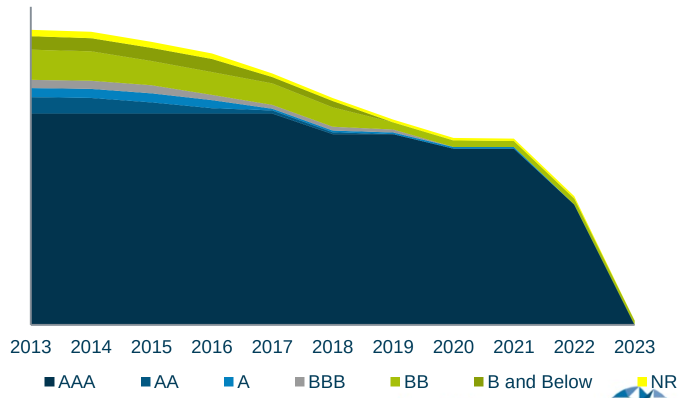
Conservative portfolio

- Australian property portfolio at more conservative end of spectrum
  - Properties directly held or jointly held with Challenger Diversified Property Group (ASX:CDI) and REIT exposure
  - 72% of tenants AAA rated
  - 88% of leases have fixed increases or CPI adjustments
  - WALE 7.2 years
  - Cap rate on Australian portfolio 8.2%
- Japanese property portfolio consists of directly held suburban shopping centres
  - Primarily non discretionary tenants
  - Net exposure ~$230m
  - WALE 11.7 years
- All properties revalued independently at least annually

Property portfolio



Lease tenant quality – Australian direct property



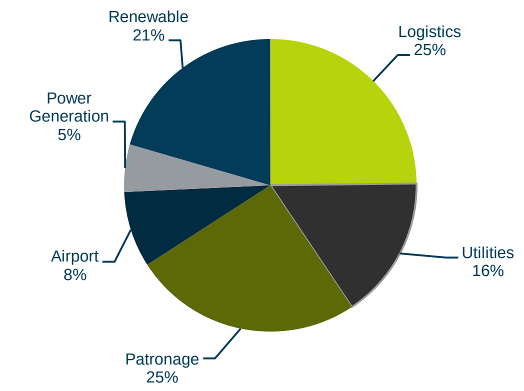
Life portfolio management

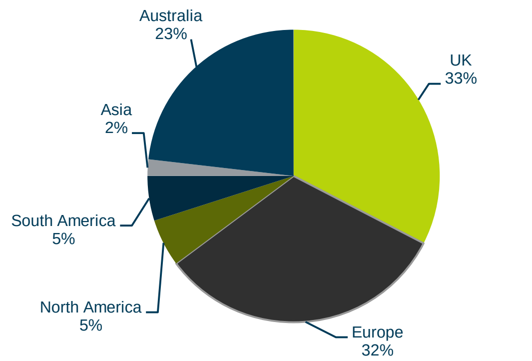
Infrastructure – total portfolio $0.4bn

Attractive asset class

- Attractive asset class as generates reliable and consistent cashflows which are inflation linked, giving rise to sustainable income growth over time
- Diversified portfolio across a number of sectors and geographic regions
- 86% of portfolio invested in unlisted infrastructure assets
- Exposure to infrastructure reduced following the Challenger Infrastructure Fund (CIF) asset sales

Infrastructure portfolio – 31 December 2012





Funds Management

Attractive market with significant growth opportunities

Attractive pension market

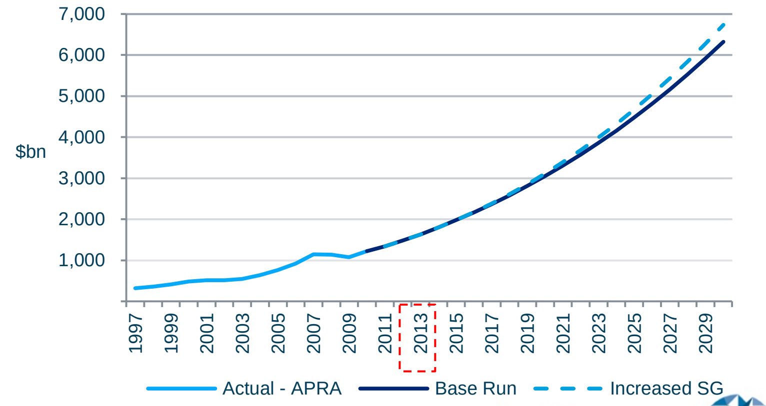
- Australia has the largest pension market in Asia-Pac and world's 4th largest[1]
- Australia's pension market is underpinned by favourable tax treatment and compulsory superannuation contributions
  - super guarantee system introduced in 1992 with contribution rate of 3% increasing to 9% over 10 years
  - 9% compulsory superannuation contribution, increasing to 12% by 2019

OECD pension markets as % of GDP[1]

Strong growth

- Australian superannuation assets of $1.5 trillion projected to grow to over $6 trillion by 2030[2]
- Increase in superannuation contributions rate will drive further growth
- Australia's long term growth in pension assets remain amongst world's fastest

Forecast growth in Australian superannuation market[2]



1. OECD Pension Markets in Focus – September 2012.
2. Deloitte – Dynamics of the Australian superannuation system: the next 20 years 2011 – 2030.

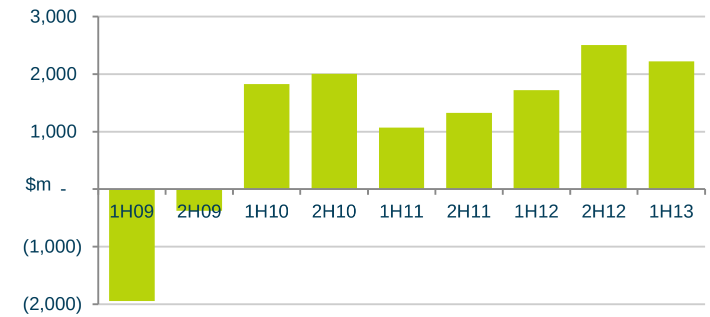
Funds Management

Success of boutique model driving superior FUM growth

Strong net cashflows

- Fidante Partners history of delivering strong positive flows
- Contemporary boutique model delivering superior flows relative to market
- Aligned Investments attracting new institutional clients offset by lower FUM following CIF asset sales

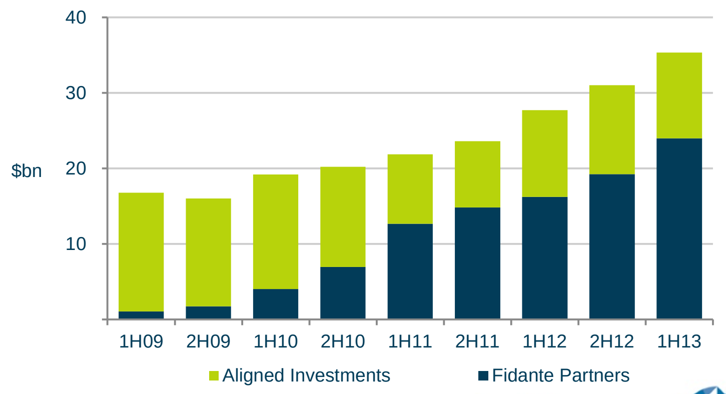
Funds Management – net flows



Strong FUM growth

- Since 1H09 FUM has grown by 20% CAGR
- One of Australia's fastest growing fund managers and ranked 10th largest[1]

Funds Management - FUM



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1. Rainmaker Roundup, September quarter 2012.

Fidante Partners model

Contemporary with strong alignment of interests

Administration services

- Investment operations
- Client operations
- Compliance
- IT infrastructure
- Finance
- Human Resources
- Company secretarial

Distribution services

- Asset consultant & researcher relationships
- Strategic positioning
- Product development & management
- Brand development & marketing support
- Sales planning & execution
- Investor relationships
- Client service

Partnership

- Equity participation (non-controlling interest)
- Business planning, budgeting, strategic development, succession planning

FIDANTE PARTNERS

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Fidante Partners co-owned boutiques

Diversification of manager and strategies

Boutique	Investment date	Asset class
Alphinity Investment Management	Aug 2010	Active investor in Australian equities, focused on undervalued companies with attractive growth potential
ARDEA Investment Management	Nov 2008	Long term, fundamentally driven investor in Australian inflation linked bonds
BENTHAM Asset Management	Jun 2010	Active manager of global credit portfolios
5ceans Five Oceans Asset Management	Sep 2005	Manager of concentrated, lower volatility, global equities portfolios
GREENCAPE Capital	Sep 2006	Bottom-up, high conviction stock picker, focused on mid and large cap Australian equities
KAPSTREAM	Feb 2007	Global fixed income manager, seeking value across a diverse range of strategies and geographies
kinetic	Oct 2005	Active manager of Australian small cap equities, focused on companies creating shareholder value through cashflow return on investment
MERLON Capital Partners	May 2010	Australian equity income manager, delivering attractive income with lower volatility in total returns
metisq capital	May 2012	Active investor, applying quantitative and qualitative techniques to portfolios of Asian and Greater China equities
NOVAPORT Capital	Aug 2010	Active manager of Australian small and micro cap equities, focused on quality of earnings and management
WaveStone Capital	Nov 2008	High conviction, long/short Australian equities manager

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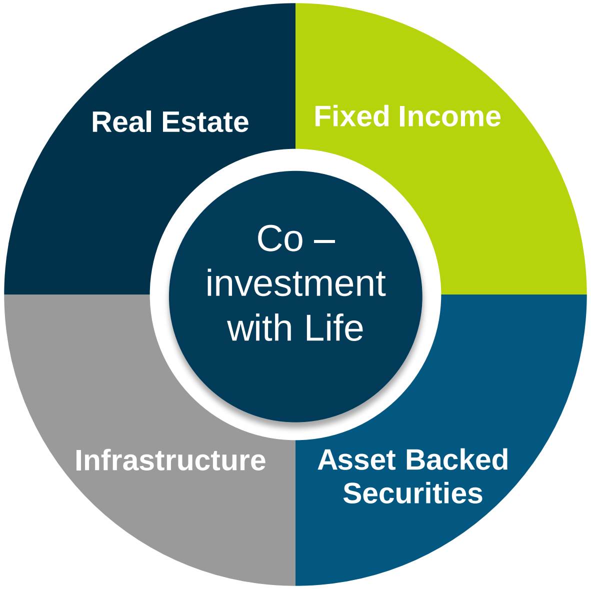
Aligned Investments model

Proven long term investment track record and capability

Institutional clients seeking absolute return strategies

Focus

- Relative value insights
- Absolute return focused investment process applied with a RONA hurdle
- APRA regulated investment thesis



Expertise in Asset Classes

- Fixed income
- Real estate
- Infrastructure
- Asset Backed Securities (ABS)

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