

CHALLENGER ANNOUNCES REAL ESTATE STRATEGIC PARTNERSHIP

Challenger Limited (ASX:CGF) today announced it has entered into an agreement with Elanor Investors Group (ASX:ENN) to form a strategic real estate partnership. Elanor will become Challenger's commercial real estate partner in Australia and New Zealand and Challenger will become Elanor's exclusive distribution partner.

As part of the agreement, Challenger will sell its Australian real estate business (CRE) to Elanor for total consideration of \$42 million¹ (the Transaction), which will be received in new securities issued by Elanor. Upon completion, Challenger's holding in Elanor will be approximately 18% of total Elanor securities on issue².

The Transaction will involve new investment management agreements (IMA) between Challenger Life and CRE third party clients³ with Elanor, representing approximately \$3.4 billion⁴ of Funds Under Management, invested across retail, office and industrial assets.

Challenger and Elanor will also establish a strategic partnership, which will include an exclusive distribution arrangement whereby Challenger's multi-affiliate business, Fidante, will distribute Elanor's existing and new funds, and Elanor will become Challenger's commercial real estate partner in Australia and New Zealand.

The Transaction supports Challenger's strategy to expand its funds management offering by leveraging the combination of Fidante's market-leading distribution capability and Elanor's real estate platform to create a new Fidante affiliate manager that offers a very compelling proposition for retail, high-net-worth and institutional customers.

Representing the strategic nature of the partnership, Challenger intends to be a long-term Elanor securityholder and will work with management to support growth of the business, which will include a Challenger representative joining the Elanor Board.

Key transaction details:

- Purchase price of \$42 million¹.
- Consideration subject to claw-back provisions over a three-year period linked to achieving certain milestones.
- Consideration (\$42 million) will be received in new securities issued by Elanor⁵, with securities issued on completion.

¹ Before tax, transaction costs and other adjustments and subject to certain milestones being met.

² On a non-diluted basis and subject to certain milestones being met.

³ Subject to third-party approvals.

⁴ Funds Under Management as at 31 December 2022.

⁵ Subject to Elanor shareholder approval.

- Elanor securities issued at \$1.52, being the 30-day VWAP reduced by the pro-rata⁶ estimated Elanor distribution for the six months ended 30 June 2023.
- Challenger's interest in Elanor post transaction completion will be equivalent to approximately 18% of total securities on issue⁷.
- The Transaction is subject to Elanor securityholder approval and other regulatory approvals and is expected to complete 30 June 2023.
- The Transaction is expected to be EPS neutral for Challenger in the first year after the Transaction completes.

Challenger Managing Director and Chief Executive Officer, Nick Hamilton said: "The combination of Challenger's real estate platform with Elanor will provide a significant uplift in capability and scale.

"Elanor's track record in originating high quality real estate opportunities, combined with Fidante's award-winning distribution capability, will allow us to meet more customer needs.

"Challenger will benefit from both alignment and access to growth via the acquisition of a strategic stake in Elanor, and we are excited to continue to grow the real estate platform together with the Elanor team."

Elanor Chief Executive, Glenn Willis said: "We are pleased to have executed on a key strategic objective of the Group to grow AUM through the acquisition of a significant real estate funds management platform. This is a transformational transaction for Elanor. Combining Elanor's real estate funds management capability with Challenger's market leading capital raising platform delivers significant size and scale benefits, and positions us for further strong growth."

ENDS

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

⁶ Pro-rated adjustment based on day count from 6 April 2023 to 30 June 2023.

⁷ On a non-diluted basis and subject to certain milestones being met.

About Challenger

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

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

About Challenger Real Estate

Challenger Real Estate (CRE) is part of Challenger Investment Management (within Challenger's Funds Management business) and is an institutional manager with a strong track record of managing both domestic and international real estate portfolios. Its Australian business currently has funds under management of approximately \$3.4 billion (as at 31 December 2022), predominantly with Challenger Life, focused on long-term resilient income streams.

About Fidante

Fidante provides investors with access to best-in-class investment managers. Fidante is one of Australia's largest active investors, offering compelling strategies across equities, fixed income, and alternative assets, via partnerships with leading investment teams. Fidante is a global investment management business with approximately \$72.4 billion funds under management (as at 31 December 2022). Fidante forms part of Challenger Limited. <https://fidante.com/au/about-fidante>

About Elanor

Listed on the Australian Securities Exchange in 2014, Elanor Investors Group (Elanor) is a real estate investment and funds management group with approximately \$3.0 billion (as at 05 April 2023) in funds under management across Australia and New Zealand.

Elanor's key real estate sectors of focus are the commercial office, healthcare, retail and hotels, tourism and leisure sectors. Elanor's investment management approach is to acquire and unlock value through the active asset management of real estate assets that provide strong income and significant capital growth potential.

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