

CHALLENGER COMPLETES SALE OF CHALLENGER REAL ESTATE

Challenger Limited (ASX:CGF) today announced the completion of the sale of its Australian real estate business (CRE) to Elanor Investors Group (ASX:ENN) (Elanor) for total consideration of \$38 million¹ (the Transaction), which has been received in new securities issued by Elanor.

The revised total consideration for CRE reflects the termination of one third-party institutional mandate following the announcement of the Transaction on 6 April 2023. Elanor has secured the transfer of a third-party institutional mandate with a subsidiary of Abu Dhabi Investment Council (ADIC) as part of its acquisition of CRE.

Elanor has issued 24.8 million new securities as consideration for the Transaction, representing approximately 17% of Elanor securities on issue². As part of the transfer of the ADIC mandate, Challenger has agreed to transfer 4.5 million of the 24.8 million new securities in Elanor to ADIC resulting in Challenger's and ADIC's holding in Elanor representing approximately 14% and 3% of total Elanor securities on issue respectively².

As previously announced, 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.

Updated key transaction details:

- Purchase price of \$38 million¹.
- Consideration (\$38 million) received in 24.8 million new securities issued by Elanor representing approximately 17% of Elanor securities on issue³.
- Consideration subject to claw-back provisions over a three-year period linked to achieving certain milestones.
- Challenger to transfer 4.5 million of Elanor securities to ADIC following the transfer of the ADIC mandate to Elanor, with the securities subject to buy-back from Challenger based on certain milestones.
- Challenger's and ADIC's interest in Elanor equivalent to approximately 14% and 3% of total securities on issue respectively².
- All conditions precedent to Transaction completion have been satisfied, including Elanor security holder approval and other regulatory approvals.
- The Transaction is expected to be EPS neutral for Challenger in the first year after 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 Issue price is based on Elanor's one-month VWAP on 5 April 2023 on an ex-entitlement basis. The securities issued to Challenger will not be entitled to Elanor's 2H23 distribution.

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.

At the time the sale was announced on 6 April 2023, 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."

ENDS

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

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 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 is a real estate investment and funds management group with approximately \$3.0 billion (as at 5 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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