



**Acquisition of Challenger's Australian real estate funds management business;
Establishment of strategic capital raising partnership with Challenger**

Elanor Investors Group (ASX:ENN) ("Elanor") and Challenger Limited (ASX:CGF) ("Challenger") have entered into agreements for Elanor to acquire 100% of Challenger's \$3.4 billion Australian real estate funds management business ("CRE") for a maximum consideration of \$41.8 million, and establish a broader strategic partnership between Elanor and Challenger (the "Transaction").

Elanor will issue 27.4 million securities to Challenger as consideration for the acquisition of CRE, representing up to 18.2% of ENN securities on issue¹ ("Consideration"). The Consideration is subject to claw-back provisions (of up to 50% over three years) based on certain milestones, including minimum base funds management fee targets.

Elanor and Challenger have also entered into a strategic partnership whereby Elanor will be Challengers' real estate funds management partner in Australia and New Zealand and Fidante (Challenger's multi-affiliate funds management business) will exclusively distribute Elanor's real estate managed funds.

The acquisition delivers a step-change in size and scale for Elanor, increasing AUM from \$3.0 billion to \$6.4 billion, with the strategic partnership positioning Elanor for further strong growth.

Compelling strategic and financial rationale

The acquisition and strategic partnership delivers substantial value, including:

- Material FY24 earnings accretion
- CRE has been acquired on an attractive forward EBITDA multiple (after expected synergies)
- Strengthened recurring funds management income with base management fee income increasing by 60%. Pro-forma base management fees, post-Transaction, represent approximately 75% of total funds management income²
- Step-change in size and scale with AUM growing to \$6.4 billion
- Exclusive distribution agreement combines Elanor's leading real estate funds management platform with Fidante's award-winning capital raising capability positioning ENN for continued strong growth
- Alignment of interests with Challenger becoming Elanor's largest securityholder (with a representative on the Elanor Board)

Elanor Chief Executive Officer, 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."

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."

¹ Issue price based on ENN's one-month VWAP on an ex-entitlement basis. The securities issued to Challenger will not be entitled to ENN's 2H23 distribution

² Pro-forma adjusted for the impact of annualised base management fees of the acquisition on ENN's FY22 total funds management revenue



Overview of the Consideration

Elanor will acquire 100% of Challenger's real estate funds management business for an upfront consideration of \$41.8 million. The Consideration is subject to claw-back provisions (of up to 50% over three years) based on certain milestones, including minimum base funds management fee targets.

Post-transaction, Challenger will be Elanor's largest securityholder with an 18.2% holding. Challenger intends to be a long-term Elanor securityholder, reflecting the strategic nature of the partnership, and will work with Elanor to support the growth of the business. A Challenger representative will join the Elanor board.

Proposed Timetable and Approvals

The Transaction is expected to complete on 30 June 2023. Completion is subject to certain conditions, including ENN securityholder approval and other regulatory approvals.

Further transaction details will be contained in the Notice of Meeting and Explanatory Memorandum for the ENN Extraordinary General Meeting (EGM), which is expected to be released in the coming weeks.

Event	Date
ENN Securityholder Meeting	Mid-June 2023
Elanor consideration securities issued to Challenger	30 June 2023
Settlement of the Transaction	30 June 2023

All dates are indicative only and subject to change at the discretion of Elanor in accordance with requirements under the Corporations Act 2001 (Cth) and ASX Listing Rules.

For further details please refer to the investor presentation released to the ASX on 6 April 2023.

ENDS

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About Elanor

Elanor Investors Group (ASX:ENN) is a real estate investment and funds management group with approximately \$3.0 billion 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 has a proven investment track record from acquiring and unlocking value in real estate assets that provide strong income and capital growth potential.

About Challenger

Challenger Limited (ASX:CGF) 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>

For more information on Elanor visit www.elanorinvestors.com

For more information on Challenger visit www.challenger.com