

CHALLENGER SELLS EQUITY INTEREST IN WHITEHELM CAPITAL TO PATRIZIA

Challenger Limited today announced it has entered into an agreement to sell its 30% equity interest in Whitehelm Capital, a Fidante Partners infrastructure boutique manager, to PATRIZIA AG (PATRIZIA) for €32 million (~A\$50 million).

Whitehelm was established in 2014 following the merger of Challenger's and Access Capital Advisers' respective infrastructure operations, creating a new infrastructure boutique manager. Whitehelm has operations in Sydney, Canberra and London, over 60 investment professionals and is 70% owned by Whitehelm employees and 30% by Challenger.

PATRIZIA is a leading global listed real asset manager, providing investment opportunities in real estate and infrastructure assets for institutional and private investors. Headquartered in Germany, PATRIZIA manages over €48 billion in funds and employs over 800 professionals at 24 locations worldwide¹.

Nick Hamilton, Chief Executive Funds Management said: "The sale will deliver value to Challenger's shareholders whilst ensuring continuity for Whitehelm's clients and business operations.

"Through our market-leading multi-boutique business, Fidante Partners, we seek to build long-standing relationships and benefit from their long-term growth. While it is not our strategy to sell our interest in our boutique partners, PATRIZIA's offer provided a unique and compelling opportunity for Challenger to deliver value for shareholders.

"PATRIZIA's strong interest in Whitehelm highlights the strength of Fidante Partners boutique model and our ability to partner and build quality specialist investment management firms.

"Fidante Partners has a healthy pipeline of potential strategic opportunities and we will continue to invest to support its growth" Mr Hamilton said.

Graham Matthews, Chief Executive and founding shareholder of Whitehelm said: "We are really excited about partnering with PATRIZIA. They represent a perfect cultural and strategic fit and will enable us to expand our client reach especially in Europe, providing access to their extensive client base".

In order to support the successful transition of Whitehelm to PATRIZIA, Fidante Partners has agreed to provide ongoing administration and distribution services for a period of up to two years post completion.

¹ As at 30 June 2021.

Challenger's sale consideration will be paid in cash, with the transaction expected to complete in the first quarter of calendar year 2022².

Following completion, Funds Management will derecognise \$5 billion³ of funds under management and record a ~\$44 million gain on sale, which will be reported by Challenger as a significant item. Funds Management earnings expectations remain unchanged following the sale.

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 three core investment businesses – 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.

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² Transaction subject to FIRB and FCAA regulatory approval.

³ As at 30 June 2021.