

MARKET RELEASE

9 September 2003

CHALLENGER LOOKS AT THE FEASIBILITY OF CORPORATISING

9 September 2003, Sydney - The Board of Directors of CPH Management Ltd, the Responsible Entity of Challenger Financial Services Group (Challenger - ASX code:CFG), today announced it is considering the feasibility of corporatising Challenger.

Corporatisation would result in the Responsible Entity function being internalised and eliminating the requirement to pay management and performance fees to an external company.

Corporatisation would require the concurrence of CPH Management Ltd and agreement will need to be reached on the compensation CPH Management Ltd receives for foregoing its right to receive management and performance fees. Compensation arrangements are being discussed and if corporatisation is to proceed, will require the approval of Challenger's unitholders excluding CPH Management and its associates.

UBS and Gilbert & Tobin have been appointed to advise Challenger on the proposal to corporatise. If any corporatisation proposal is to proceed, the board will ensure that the Challenger's unitholders have the benefit of an Independent Expert report concerning such a proposal.

The Board recognises that a corporate structure may better facilitate the growth of the Challenger Group and meet the long term objectives of unitholders but also other stakeholders including Regulators and employees.

The Board will make an announcement if a decision to corporatise the Challenger Group is made and will provide all relevant details at that time.

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