

MARKET RELEASE

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CHALLENGER DIVESTS NON CORE PROPERTY ASSETS

16 March 2004, Sydney - Diversified financial services company Challenger Financial Services Group Limited (CGF), today announced it had entered into unconditional contracts for the sale of 11 properties to Cromwell Corporation Ltd (CMW) for \$152m, an increase of \$22m (17%) over the book value as last reported 30 June 2003.

The properties, including five cinemas, four commercial/industrial properties, an office building and a call centre, were assets of the Challenger Life company property portfolio, which largely underpins Challenger's complying annuity products.

Challenger's CEO, Chris Cuffe, said Challenger was taking advantage of the current strong investment market conditions to make adjustments to the portfolio.

"The direct property portfolio is actively managed and as part of that process the property team is constantly reviewing the market for opportunities to either divest or acquire assets which maximise the quality of the overall portfolio."

"We had indicated at the end of last year that approximately 5% of the total portfolio value had been approved for disposal," Mr Cuffe said.

Mr Cuffe said the divestment of these properties resulted in an increase in the average value of the remaining 40 properties in the portfolio to more than \$60m each.

"To date, the assets backing our annuity model have largely been commercial and government property with long-term leases. However, more recently, we have also said we are considering alternate growth assets for the annuity model, which have similar characteristics of strong cash flows and high yields."

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Properties divested include:

Bird Cameron Bldg, Perth WA	\$11.1m	Village City Centre, Melbourne VIC	\$31.9m
Spicers Warehouse, Cannington, WA	\$7.6m	Village Cinema, Geelong VIC	\$8.9m
Elders Woolstore, Gilman SA	\$10.9m	Village Cinema, Hobart TAS	\$16.0m
Vodafone Call Centre, Kingston TAS	\$15.9m	Village Cinema, Launceston TAS	\$3.5m
Wesfarmers Woolstore, Brooklyn, VIC	\$34m	Village Cinema, Albury NSW	\$9.9m
Heidelberg Showroom, Bowen Hills QLD	\$2.3m		