

MARKET RELEASE

4 June 2004

CHALLENGER OFFERS REMAINING US PROPERTIES FOR SALE

4 June 2004, Sydney - Diversified financial services company Challenger Financial Services Group Limited (CGF), today announced that it will now also explore the sale of its two remaining US property assets.

The two properties, Invesco Funds Corporate Campus in Denver, Colorado and 50 Milk Street in Boston, Massachusetts, have a combined book value of approximately AUD\$240 million at current exchange rates.

Challenger's Chief Executive Officer, Mr Chris Cuffe said Challenger's decision to explore the sale of the Denver and Boston properties is a result of considerable interest since Challenger announced on 18 May that it was exploring the sale of its other foreign properties.

"We've received significant enquiry about the remaining US properties since announcing the sale of our UK and Las Cimas properties a few weeks ago and as such we believe it now makes sense to also explore the sale of these two remaining foreign properties to take advantage of competitive market conditions," Mr Cuffe said. "As previously stated we are an active property manager and always willing to explore opportunities to bring forward returns that we had not expected until future years."

Mr Cuffe also affirmed Challenger will continue to hold its Australian property assets which represent approximately 60 per cent of Challenger's current direct property portfolio. "Our domestic properties are good quality assets and continue to be economically attractive for us to hold," he said.

"Should we go ahead with the sale of any of our overseas properties, the proceeds will be invested in liquid interest bearing securities pending identification of other appropriate investment opportunities," Mr Cuffe said.

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