

MARKET RELEASE

28 February 2005

ASSETS & LOANS UNDER MANAGEMENT / ADMINISTRATION 31 DECEMBER 2004

28 February 2005, Sydney – Challenger Financial Services Group Limited (CGF) today announced that at 31 December 2004 its assets under management / administration totalled \$28.3 billion (30 September 2004 \$26.7 billion).

Funds under management in managed investments increased nearly eight per cent in the quarter to \$6.7 billion (30 September \$6.2 billion). Assets under administration were \$3.3 billion, compared with \$2.9 billion at 30 September 2004.

Challenger's mortgage loan book totalled \$17.5 billion at 31 December 2004 (30 September 2004 \$16.7 billion) with strong growth in the prime residential lending book, non-conforming and New Zealand operations.

As previously reported, sales of annuity products have slowed considerably since legislation changes became effective on 20 September 2004. Challenger's annuity sales for the quarter ended 31 December 2004 were \$60 million.

ENDS

Assets and loans under management/administration

as at 31 December 2004

	31 Dec 04 \$m	30 Sep 04 \$m
Net assets backing annuity obligations		
Investments managed for the life company (excludes market linked life policies and business assets)		
Direct property ¹	1,783	1,765
Fixed interest, including hybrids	1,271	1,266
Cash	396	873
Infrastructure assets	271	51
Other assets	104	103
	3,825	4,058
Senior debt ¹	(814)	(1,159)
	3,011	2,899
Managed investments where Challenger acts as Responsible Entity, Approved Trustee or Investment Mandate Manager (includes 5Di funds, Custom Choice funds and market linked life policies) (interfunding eliminated)		
Australian equities funds/mandates	2,023	1,755
International equities funds/mandates	85	81
Direct property (via syndicates)	152	166
Mortgage funds	3,304	3,227
Fixed interest funds	666	511
Cash funds	32	39
Multi sector funds ²	415	397
Alternative investment funds	14	31
	6,691	6,207
Beston Wine Industry Trust (gross assets)	273	255
Funds under administration		
Synergy mastertrust	1,656	1,565
Galaxy Wrap	88	81
Solar Wrap ³	1,519	1,347
	3,263	2,993
Mortgage loan book		
Mortgages via Howard Mortgage Trust (assets also included in the Mortgage Funds above) ⁴	2,466	2,364
Mortgages via Interstar Wholesale Finance including Interstar – Non conforming ⁵	15,081	14,370
	17,547	16,734
Total assets under management/administration⁶	28,319	26,724

¹ Property and senior debt as at 31 December 2004 are reported excluding the effect of FX and interest rate hedging

² Depending on the fund type, 5Di funds have been included in either International equities, Australian equities or multi sector funds

³ Solar Wrap is a product of Associated Planners which was acquired on 13 August 2004

⁴ During the quarter \$85m of commercial mortgage backed securities, held by Challenger Commercial Lending, were sold to Challenger Life

⁵ Interstar Non Conforming previously known as The Mortgage Alternative ('TMA')

⁶ Excludes double counting of mortgages via the Howard Mortgage Trust