

MARKET RELEASE

CHALLENGER LAUNCHES NEW INFRASTRUCTURE FUND

15 July 2005, Sydney - Challenger Financial Services Group Limited (CGF) today announced that it has lodged a product disclosure statement with the Australian Securities and Investments Commission for a new infrastructure fund - the Challenger Infrastructure Fund (CIF).

Challenger seeks to list the fund on the ASX and plans to raise \$630 million through an initial public offer.

The fund is offering 90 million units to the public with an initial subscription price of \$1.75 each and a second instalment of \$1.75 payable 12 months after listing. This issue price was determined following a retail and institutional book-build. The offer is fully underwritten by Citigroup and JP Morgan.

Challenger Life has committed to subscribe for 50 per cent of issued equity representing approximately \$315 million.

The fund will pursue co-investment opportunities with Challenger in global infrastructure markets. The fund aims to build a diversified portfolio of assets without significant bias toward any one infrastructure or utility sub-sector.

Challenger Life has interests in three quality infrastructure assets based in the UK which have been acquired by the fund:

- Wales & the West Gas Distribution Network
- North of England Gas Distribution Network and
- ntl Broadcast (recently renamed Arqiva)

This initiative is part of Challenger Life's overall strategy of investing in assets delivering long-term predictable cash flows and capital growth.

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