

**CHALLENGER LAUNCHES WHOLESALE PROPERTY FUND WITH INVESTMENT IN THE WATERFORD COUNTY PROJECT, MAITLAND**

31 January 2007, Sydney – Challenger Financial Services Group Limited today announced the establishment of Challenger Strategic Property Partners 1 (CSPP1) - the first in a series of opportunistic wholesale property funds to be launched by the company - with a seed investment in the Waterford County project in Maitland.

CSPP1 is seeking to raise \$75 million in equity commitments and aims to build a \$600-700 million diversified portfolio of Australian property investments. The Fund's strategy is to partner with geographic and sector delivery specialists, with a focus on residential and industrial land subdivisions, industrial development, re-zoning opportunities, medium density and alternative residential development.

The Waterford County project is a long-term staged residential land subdivision on 242 hectares in the Hunter Valley and represents approximately 40 per cent of the Maitland City Council's Thornton North land release area.

Fund Manager for Challenger Strategic Property Partners, Karlyn Gasnier said: "Challenger has shown its commitment to the fund with a significant equity investment enabling us to acquire the Waterford County project. This acquisition further cements the Fund's attractiveness, by providing investors with exposure to a long-term investment that offers the flexibility to respond to changing market cycles.

"The Hunter Valley is a bright spot within the New South Wales economy. The Maitland area was the fastest growing in New South Wales in the 2004 to 2005 year and the Waterford County project is strategically positioned in the hub of this region, with good road and rail access, and connections to regional services infrastructure.

"We have been actively sourcing a long-term residential land subdivision for the Fund and are delighted to be able to partner with County Property Group and Daracon Group on this project, two of the most respected development and civil construction companies in the Hunter," Ms Gasnier said.

*ENDS*



## Notes for editors:

**Challenger Financial Services Group Limited:** (ASX: CGF) Challenger is an established player in Australian financial services with assets and loans under management/administration and advice of \$46.4 billion. Challenger's Asset Management division manages a range of assets and funds, including a multi-sector property portfolio valued at \$2 billion and managed by a team of 30 property professionals.

**Challenger Strategic Property Partners 1:** CSPP1 is a fixed-term wholesale opportunistic property fund targeting a pre-tax internal rate of return of 18 per cent per annum on called equity, net of all fees and fund expenses, via investment in a diversified portfolio of property development, trading and repositioning opportunities.

**County Property Group:** County Property Group (CPG) has developed residential and industrial estates in the lower Hunter for over 15 years.

**Daracon Group:** Daracon has over 30 years experience in providing civil engineering, civil construction and project management services to leading developers in the Hunter.

### The Waterford County project, Maitland

- The Waterford County project is a long-term staged residential land subdivision in a strategic growth area of the of the Hunter region.
- The Maitland Local Government Area (LGA) was the fastest growing LGA in NSW for the 2004-2005 year.
- The site comprises 242 hectares located approximately midway between Newcastle and Maitland, representing around 40 per cent of the Maitland City Council's Thornton North land release area.
- The acquisition will involve a rezoning and development by the partners, with rezoning for approximately 1100 lots (37 per cent of site area) expected in the first half of 2007.
- The site has strong property fundamentals including good road and rail access to Newcastle and surrounding hubs, immediate access to the F3, and the benefit of being one of the first land releases in Thornton North to be able to connect regional services infrastructure.
- 162 hectares is developable and is forecast to yield approximately 2000 residential lots with a neighbourhood town centre, community recreation centre and school facilities. In addition development approval is being sought for a project home display village of 100 homes. This will provide a significant draw card to the estate to be marketed as Waterford County.
- Waterford County will have a strong focus on providing a range of environmentally sustainable and affordable housing lots for residents in the Hunter. All allotments will benefit from recycled water, a cost-effective response to the BASIX legislation for new homes.