

MARKET RELEASE

ASSETS AND LOANS UNDER MANAGEMENT / ADMINISTRATION 31 MARCH 2009

27 April 2009, Sydney – Challenger Financial Services Group Limited (ASX:CGF) today announced that at 31 March 2009 its:

- Assets and mortgages under management totalled \$35.6bn, representing a reduction of 5.5% for the quarter
- Assets under administration and advice totalled \$72.8bn up 2.8% for the quarter

Challenger's mortgages under management totalled \$18.9bn at 31 March 2009. Residential mortgages under management fell by 4.4% for the quarter reflecting subdued credit growth. During the last two quarters Challenger has placed \$1.9bn of term residential mortgage backed securities (RMBS), however book growth continues to be managed prudently against a constrained volume outlook for term RMBS markets.

Underlying mortgages under administration continued to grow with \$5.3bn new loans settled over the quarter. Annualised growth remained strong at 14.7%, ahead of market growth.

Funds under management decreased during the quarter to \$15.5bn. Market performance was down 2.9% over the quarter compared to the reduction in the ASX200 of 3.8%. Strong performance from Boutique Partnership funds lead to a number of new institutional accounts being awarded and are expected to fund in the June quarter.

Life's assets under management totalled \$5.9bn, up 12.3% for the twelve months ended 31 March 2009 and down 2.8% over the quarter, led by subdued sales of annuities and associated products of \$91m for the quarter.

Ends

Assets, Funds and Mortgages Under Management and Administration as at 31 March 2009

	31 Mar 09 \$m	31 Dec 08 \$m	30 Sep 08 \$m	30 Jun 08 \$m
Total Assets Under Management	35,624	37,704	41,249	43,445

Represented by:

Funds Management

Unlisted funds/mandates

Australian equities ^(a)	2,871	3,683	5,902	6,876
International equities	125	154	270	320
Real estate securities (including hybrid property)	1,071	1,144	1,492	1,563
Property	1,111	1,113	1,061	1,065
Infrastructure	1,121	1,207	1,338	1,286
Fixed interest ^(a)	3,196	3,119	3,559	3,624
Multi sector funds	7	36	336	355
Cash funds	13	14	23	39
Mortgage funds	2,662	2,784	2,899	3,058
Boutique partnership mandates ^(b)	680	667	740	857
Total Unlisted funds/mandates under management	12,857	13,921	17,620	19,044

Listed funds

Challenger Infrastructure Fund (ASX:CIF) (adjusted equity value)	452	612	927	984
Challenger Diversified Property Group (ASX:CDI) (gross assets)	875	884	903	890
Challenger Wine Trust (ASX:CWT) (gross assets)	312	314	321	316
Challenger Kenedix Japan Trust (ASX:CKT) (gross assets)	969	1,057	787	687
Total assets of listed funds	2,608	2,867	2,938	2,877
Total funds under management	15,465	16,788	20,558	21,921

Comprising:

Retail funds	5,689	6,213	8,433	9,283
Institutional funds	7,168	7,708	9,187	9,761
Listed funds	2,608	2,867	2,938	2,877
Total funds under management	15,465	16,788	20,558	21,921

^(a) Australian equities\Fixed interest has been restated in prior quarters due to misclassification of Boutique funds under management between categories.

^(b) Boutique partnership mandates represent segregated institutional mandates and do not include the registered schemes.

Mortgage Management

Commercial lending	2,460	2,627	2,829	3,029
Residential lending	16,402	17,165	17,997	18,776
Total mortgages under management	18,862	19,792	20,826	21,805

Life

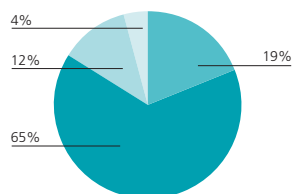
Property ^(c)	1,111	1,113	1,061	1,065
Debt investments, cash and receivables	3,891	3,915	2,934	3,072
Infrastructure assets	714	800	962	945
Equity and other assets	243	301	218	163
Total Life investment assets	5,959	6,129	5,175	5,245
Investment assets managed by other subsidiaries ^(d)	–	–	–	17
Total investment assets managed	–	–	–	5,262

^(c) Property is reported net of senior debt of \$483m (Dec \$489m). Property includes direct and indirect holdings.

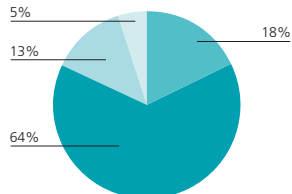
^(d) Assets managed by subsidiaries other than the Life Company were reported for 30 June 2008 to provide a reconciliation of the total investment assets managed. This reconciliation will no longer be required subsequent to transfer of these assets to Funds Management.

Life Company asset allocation split

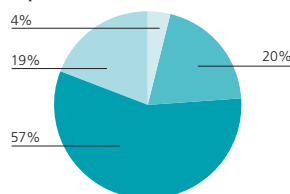
March 2009



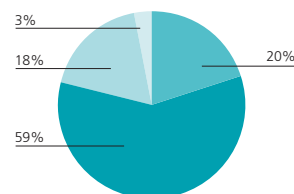
December 2008



September 2008



June 2008



■ Property ■ Debt investments, cash and receivables ■ Infrastructure assets ■ Equity and other assets

Total Assets Under Administration	72,845	70,829	67,850	26,248
	31 Mar 09	31 Dec 08	30 Sep 08	30 Jun 08
	\$m	\$m	\$m	\$m

Mortgage Management

Broker Platforms ^(e)	73,179	71,126	68,150	26,263
Total mortgages under administration and advice	73,179	71,126	68,150	26,263

^(e) Includes PLAN assets of \$41,515m at 30 Sep 08 reflecting purchase completion.

Analysis of Flows

Funds Management

Funds under management net flows for the quarter comprise:	31 Mar 09	31 Dec 08	30 Sep 08	30 Jun 08
	\$m	\$m	\$m	\$m
Retail funds	(336)	(1,497)	(281)	(256)
Institutional funds – Managed Funds	(325)	96	(540)	(456)
Institutional funds – Specialised Funds	–	(49)	324	375
Net flows	(661)	(1,450)	(497)	(337)

Mortgage Management

Mortgages under administration settlements for the quarter:	31 Mar 09	31 Dec 08	30 Sep 08	30 Jun 08
	\$m	\$m	\$m	\$m
Settlements ^(f)	5,274	5,838	2,298	2,523

^(f) Includes PLAN settlements since purchase completion.

Life

Sales for the quarter:	31 Mar 09	31 Dec 08	30 Sep 08	30 Jun 08
	\$m	\$m	\$m	\$m
Annuities, allocated pensions and superannuation	91	109	194	194

Reconciliation of Total Group Assets, Funds and Mortgages Under Management and Administration

	31 Mar 09	31 Dec 08	30 Sep 08	30 Jun 08
	\$m	\$m	\$m	\$m
Funds under management	15,465	16,788	20,558	21,921
Mortgages under management	18,862	19,792	20,826	21,805
Life	5,959	6,129	5,175	5,245
Adjustments to remove double counting of cross holdings:				
Commercial lending	(2,460)	(2,627)	(2,829)	(3,029)
Life Company investment in Specialised Funds	(377)	(465)	(458)	(485)
Life Company investment in unlisted funds	(1,825)	(1,913)	(2,023)	(2,010)
Total Assets Under Management	35,624	37,704	41,249	43,445
Mortgages under administration	73,179	71,126	68,150	26,263
Adjustments to remove double counting of cross holdings:				
Commercial lending	(60)	(19)	(21)	(15)
Residential lending	(274)	(278)	(279)	–
Total Assets Under Administration	72,845	70,829	67,850	26,248