

MEDIA RELEASE

CHALLENGER MANAGED INVESTMENTS LIMITED TEMPORARILY CLOSES HYBRID PROPERTY FUNDS

21 August 2008, Sydney – Challenger today announced that the Challenger Hybrid Property Fund and the Challenger Wholesale Hybrid Property Fund (the “Funds”) offered by its Funds Management business have been temporarily closed to investments and redemptions. Despite this change, the Funds will continue to pay distributions.

The Responsible Entity for the Funds, Challenger Managed Investments Limited, believes that the closure is the best course of action to preserve unitholder value given the evidence of dislocation in the direct property market. There are indications that this dislocation has further accelerated in recent days - the decision by one of the largest participants in this sector to suspend withdrawals in its fund supports this view. These conditions are isolated to the hybrid property asset class alone. Once the market has stabilised, Challenger expects to be able to re-open the Funds for future investments and withdrawals.

The Funds will continue to maintain investment exposure to a diversified portfolio of listed property securities and direct properties. As at 30 June 2008 the Challenger Hybrid Property Fund and Challenger Wholesale Hybrid Property Fund managed approximately \$40 million and \$200 million respectively on behalf of their investors.

Chief Executive of Challenger Funds Management, Rob Adams, said: “The assets within the Funds direct property investment exposure remain robust, with an underlying quality suite of assets in the commercial and retail sectors with an average occupancy rate of 95%. Over time we expect market conditions to improve and the Funds to be reopened, however we believe that the decision to temporarily close these funds is required in order to continue to manage the funds in the best interests of investors in the funds.

“We will remain patient and only sell properties at values that we believe represent fair value for unitholders.”

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