

MARKET RELEASE

CHALLENGER ACQUIRES GLOBAL STORAGE TERMINALS BUSINESS

19 April 2007, Sydney – Challenger Financial Services (ASX: CGF) as part of a Challenger Infrastructure Fund ('CIF') led consortium, today announced the acquisition of the LBC Group (LBC) from One Equity Partners LLC, the private equity arm of JP Morgan Chase & Company, Inc.

LBC is the second largest independent operator of storage terminals for bulk liquid chemicals globally. LBC has 2.2 million cubic meters of storage capacity spread across 12 terminals in key locations in Europe and North America. LBC provides integral infrastructure to the global bulk chemicals supply chain facilitating the timely and cost effective flow of chemicals from producers to their customers.

CIF will acquire 100% of LBC for a total acquisition price of €565 million. CIF will contribute €210 million (approximately A\$344 million) in equity, representing 66% ownership of LBC, and has binding commitments from other investors for the balance.

Chief Executive, Mike Tilley said "This acquisition demonstrates Challenger's ability to originate growth assets in the utility and storage infrastructure sector. Both LBC and the increased commitment towards Arqiva are seen as a strong fit for the Challenger Infrastructure Fund, of which Challenger remains a committed cornerstone investor."

These transactions will continue to add greater scale in our growing specialised funds business. In addition to the acquisitions in infrastructure, Challenger has recently announced the IPO of the Challenger Kenedix Japan Trust ('CKT'), and the recent acquisition of a property portfolio in France for Challenger Diversified Property Group (ASX: CDI)."

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