MARKET RELEASE

ASSETS AND LOANS UNDER MANAGEMENT / ADMINISTRATION 31 MARCH 2008

21 April 2008, Sydney – Challenger Financial Services Group Limited (ASX:CGF) today announced that at 31 March 2008 its:

- **Assets and mortgages under management totalled $45.2 billion** (bn), representing a reduction of 4.3% for the quarter and growth of 13.7% for the twelve months ended 31 March 2008.
- **Assets under administration and advice totalled $32.3bn**, which is flat for the quarter and growth of $24.2bn (301.7%) for the twelve months ended 31 March 2008, bolstered by $21.9bn of mortgages under administration acquired via Choice.

Funds under management decreased during the quarter to $16.2bn, down 14.5% over the quarter compared to the reduction in the ASX 200 of 15.5%.

Challenger's mortgages under management totalled $22.6bn at 31 March 2008. Residential mortgages under management fell by 3.4% for the quarter reflecting lower originations as a result of strategies to reduce volume given the current unprofitable market conditions for originations. The residential portfolio grew by 2.1% in the 12 months to 31 March 2008.

Mortgages under administration continued to grow strongly to $24.4bn, up 5.4% over the quarter representing a greater than 20% annualised growth rate demonstrating strong customer preference for product choice.

Asset Management's assets under management grew to $10.4bn. Asset Management's AUM is up 15.2% over the quarter and by 91.2% in the 12 months to 31 March 2008. Asset Management sales of annuities and associated products totalled $154m for the quarter ended 31 March 2008 an increase of 100% over the prior corresponding period.

Funds under advice and administration within Financial Planning totalled $7.8bn, down 13.4% over the quarter, and down 2.4% for the 12 months to 31 March 2008.

Ends

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Assets, Funds and Mortgages Under Management, Administration or Advice as at 31 March 2008

	31 Mar 08 $m	31 Dec 07 $m	30 Sep 07 $m	30 Jun 07 $m
Total Assets Under Management	**45,252**	**47,253**	**47,642**	**43,954**
Represented by:				
Funds Management				
Market linked funds				
Australian equities funds/mandates	7,705	9,084	9,256	8,184
International equities funds	330	399	399	348
Real estate securities (including hybrid property) funds/mandates	2,006	2,351	2,709	3,009
Fixed interest funds	1,690	2,228	2,376	2,277
Multi sector funds	356	393	408	405
Total market linked funds under management	12,087	14,455	15,148	14,223
Other funds				
Cash funds	38	37	38	25
Mortgage funds	3,253	3,468	3,470	3,435
Boutique partnership mandates [a]	859	1,040	874	710
Total other funds under management	4,150	4,545	4,382	4,170
Total funds under management	**16,237**	**19,000**	**19,530**	**18,393**
Comprising:				
Retail funds	9,750	11,219	11,247	10,554
Institutional funds	6,487	7,781	8,283	7,839
Total funds under management	16,237	19,000	19,530	18,393

[a] Boutique partnership mandates represent segregated institutional mandates and do not include the registered schemes.

Mortgage Management

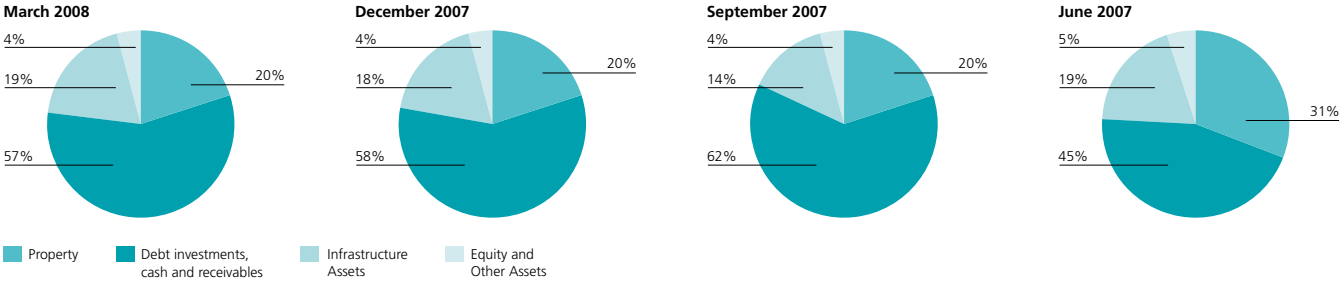
Mortgages under management				
Commercial lending	3,101	3,117	3,111	3,185
Residential lending	19,491	20,181	20,371	19,828
Total mortgages under management	**22,592**	**23,298**	**23,482**	**23,013**

Asset Management

Investment assets				
Property [b]	1,060	1,094	1,036	1,077
Debt investments, cash and receivables	3,036	3,195	3,283	1,567
Infrastructure assets	1,003	992	719	648
Equity and other assets	205	247	221	184
Total investment assets managed for the Life Company	**5,304**	**5,528**	**5,259**	**3,476**
Investment assets managed by other subsidiaries [c]	–	59	–	59
Total investment assets managed	–	5,587	–	3,535
Specialised funds				
Challenger Infrastructure Fund (ASX:CIF) (adjusted equity value)	1,050	1,205	1,317	1,154
Challenger Diversified Property Group (ASX:CDI) (gross assets)	898	888	855	807
Challenger Wine Trust (ASX:CWT) (gross assets)	331	336	332	298
Challenger Kenedix Property Trust (ASX:CKT) (gross assets)	732	591	505	468
Unlisted funds/mandates	2,080	474	460	436
Total assets of specialised funds	**5,091**	**3,494**	**3,469**	**3,163**
Total assets under management	**10,395**	**9,022**	**8,728**	**6,639**

[b] Property is reported net of senior debt of $538m (Dec 2007 $538m). Property includes direct and indirect holdings.
[c] Assets managed by Asset Management subsidiaries other than the Life Company are reported for 31 Dec 07 and 30 Jun 07 to provide a reconciliation of the total investment assets of Asset Management.

Life Company asset allocation split



	31 Mar 08 $m	31 Dec 07 $m	30 Sep 07 $m	30 Jun 07 $m
Total Assets Under Administration or Advice	**32,273**	**32,232**	**31,001**	**8,796**

Mortgage Management

Mortgages under administration				
Aggregation	24,433	23,181	21,918	–
Total mortgages under administration	**24,433**	**23,181**	**21,918**	**–**

Financial Planning

Funds under administration	2,037	2,275	2,337	2,295
Funds under advice	5,803	6,776	6,746	6,501
Total funds under administration and advice	**7,840**	**9,051**	**9,083**	**8,796**

Analysis of Flows

Funds Management

Funds under management net flows for the quarter comprise:	**31 Mar 08** $m	**31 Dec 07** $m	**30 Sep 07** $m	**30 Jun 07** $m
Retail funds	(348)	187	799	520
Institutional funds	32	(149)	282	1,223
Net inflows	(316)	38	1,081	1,743

Mortgage Management

Mortgages under administration net flows for the quarter comprise:	**31 Mar 08** $m	**31 Dec 07** $m	**30 Sep 07** $m	**30 Jun 07** $m
Net inflows	2,518	2,638	860	–

Asset Management

Sales for the quarter:	**31 Mar 08** $m	**31 Dec 07** $m	**30 Sep 07** $m	**30 Jun 07** $m
Annuities, allocated pensions and superannuation	154	144	274	108

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

	31 Mar 08 $m	31 Dec 07 $m	30 Sep 07 $m	30 Jun 07 $m
Funds under management	16,237	19,000	19,530	18,393
Mortgages under management	22,592	23,298	23,482	23,013
Assets under management	10,395	9,022	8,728	6,639
Adjustments to remove double counting of cross holdings:				
Commercial lending	(3,101)	(3,117)	(3,111)	(3,185)
Life Company investment in Specialised Funds	(568)	(634)	(685)	(621)
Life Company unlisted funds	(303)	(316)	(302)	(285)
Total Assets Under Management	**45,252**	**47,253**	**47,642**	**43,954**
Mortgages under administration	24,433	23,181	21,918	–
Funds under administration and advice	7,840	9,051	9,083	8,796
Total Assets Under Administration or Advice	**32,273**	**32,232**	**31,001**	**8,796**

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