

MARKET RELEASE

CHALLENGER FORMS JAPANESE PROPERTY JOINT VENTURE

6 December 2006, Sydney – Challenger Financial Services Group Limited (ASX: CGF) today announced it has entered into a joint venture with Kenedix, Inc., a Japanese-based real estate management and investment advisory company.

The joint venture will provide Challenger with a Tokyo-based platform from which to acquire and manage Japanese property assets for a range of product and balance sheet opportunities through its Asset Management division.

Challenger's team is led by Joint Managing Directors of Property Trent Alston and Bevan Towning.

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Kenedix: Kenedix, Inc. is a successful real estate management and investment advisory company. Listed on the Tokyo Stock Exchange with a market capitalisation of approximately A\$2 billion, Kenedix manages both unlisted real estate funds (for domestic pension fund investors) and listed Japanese real estate investment trusts (J-REITs).