

MARKET RELEASE

21 March 2005

CHALLENGER TO ACQUIRE HSBC ASSET MANAGEMENT (AUSTRALIA) LIMITED

21 March 2005, Sydney – Challenger Financial Services Group Limited (CGF) today announced that it has agreed to acquire HSBC Asset Management (Australia) Limited from HSBC for a purchase price of \$21.9 million.

HSBC Asset Management (Australia) manages wholesale and retail funds across a range of asset classes. Its core strength is the management of listed property securities and hybrid property funds, which will add an important fourth bow to Challenger's already well-regarded Australian equities, fixed interest and mortgage trust capabilities.

HSBC Asset Management's key fund managers will continue to operate out of Melbourne, where Challenger manages its fixed interest funds including the highly regarded Challenger High Yield Fund.

Challenger anticipates that it will continue to have an ongoing relationship with the HSBC group for the management of various international products (including the Asian equity fund and the newly launched China fund) and hedge fund products.

The purchase is in line with Challenger's stated strategy to grow both organically and through small bolt-on acquisitions. The addition of HSBC Asset Management's Australian operations will provide a cost-effective opportunity for Challenger Wealth Management to build further scale and increase the diversity of its revenue sources.

PricewaterhouseCoopers Corporate Finance and Mallesons Stephen Jaques acted as advisers to Challenger on the transaction.

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