

MARKET RELEASE

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CDI ANNOUNCES SUCCESSFUL COMPLETION OF RETAIL ENTITLEMENT OFFER

Monday, 14 September, 2009, Sydney – Challenger Diversified Property Group (CDI, ASX:CDI) today announced the completion of the retail component of its fully underwritten \$130 million 4 for 7 non-renounceable entitlement offer (Entitlement Offer) announced on 6 August 2009.

The Retail Entitlement Offer raised approximately \$19 million. This follows the completion of the institutional component of the Entitlement Offer, which raised approximately \$111 million.

Under the retail component of the Entitlement Offer (Retail Entitlement Offer) eligible retail unitholders were invited to participate by subscribing for 4 new CDI units (New Units) for every 7 existing units held on the record date, at a price of \$0.40 per New Unit. Eligible retail unitholders also had an opportunity to apply for New Units in excess of their entitlement, up to a maximum of 50% of their entitlement (Additional New Units). Any Additional New Units were to be limited to the extent that there were sufficient New Units from eligible retail unitholders who did not take up their full entitlements.

Under the Retail Entitlement Offer, CDI received valid applications for entitlements and Additional New Units of approximately \$11 million, being some 64% of the retail entitlements offered. Accordingly, no scale-back will apply to valid applications for Additional New Units. Final allocations are subject to a reconciliation and audit process currently being conducted by CDI's share registry.

As the Entitlement Offer was fully underwritten, subscriptions for the remaining New Units available under the Retail Entitlement Offer will be obtained under the terms of the underwriting agreement between CDI and UBS AG, Australia Branch (Underwriter). The Underwriter has in turn entered into sub-underwriting agreements with the Challenger Financial Services Group (Challenger) and a number of other institutional investors selected by the Underwriter. Post the Entitlement Offer, Challenger will hold approximately 46.3% of CDI units on issue.

Settlement of New Units issued under the Retail Entitlement Offer will occur on Thursday 17 September 2009 and allotment will occur on Friday 18 September 2009. New Units are expected to commence trading on the ASX on Monday 21 September 2009. Holding statements and refunds for invalid applications are expected to be despatched to Retail Entitlement Offer participants no later than Tuesday 22 September 2009. New Units issued under the Retail Entitlement Offer will rank equally with existing CDI units.

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Ineligible unitholder bookbuild

Certain unitholders resident outside Australia and New Zealand were not eligible to participate in the Entitlement Offer. To satisfy applicable *Corporations Act 2001* (Cth) requirements, CDI appointed a nominee for ineligible unitholders and issued the nominee with rights to subscribe for the New Units that would otherwise have been available for subscription by ineligible unitholders. The nominee conducted an institutional bookbuild on Wednesday 9 September 2009 for sale of ineligible unitholders rights. The bookbuild achieved a clearing price of \$0.44 which is in excess of the issue price of the New Units of \$0.40. As a result, an amount equal to the excess over the \$0.40 issue price, net of expenses, will be distributed proportionally to ineligible unitholders shortly (net of any applicable withholding taxes, which could be up to a rate of 46.5%). The proceeds may have Australian and overseas tax consequences for ineligible unitholders depending on their own individual circumstances. Certain ineligible unitholders may be entitled to a refund of some or all of the tax withheld. Ineligible unitholders should seek professional tax advice regarding the taxation of any proceeds they receive.

Important Information

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any U.S. person (as defined in Regulation S under the Securities Act of 1933, as amended (the U.S. Securities Act)) (U.S. Person). This announcement may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person. Neither the entitlements nor the units offered in the Entitlement Offer have been and will be registered under the U.S. Securities Act, or under the securities laws or any state or other jurisdiction of the United States. Accordingly, the entitlements and the units offered in the Entitlement Offer may not be offered, or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

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