

02 February 2004

Sydney

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The Manager
Company Announcement Platform
Australian Stock Exchange Limited
29 Bridge St
SYDNEY NSW 2000

Dear Sir/Madam,

Re: Interstar's European Debut

Attached is an announcement regarding Interstar Securities.

Yours faithfully

Stuart Nelson
Company Secretary

Melbourne

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MARKET RELEASE

2 February 2004

**INTERSTAR's EUROPEAN DEBUT:
LARGEST RMBS ISSUE BY AUSTRALIAN ISSUER**

2 February 2004, Sydney - Diversified financial services company Challenger Financial Services Group Limited (Challenger - ASX:CGF), today announced its wholly-owned wholesale mortgage finance business, Interstar Securities, had successfully launched the largest Euro denominated RMBS issue by an Australian issuer.

The \$E1.05bn 3 tranche mortgage backed FRN issue launched by Barclays Capital & JP Morgan on behalf of Interstar in London late last week, was a debut for Interstar Securities in the European market. The deal has eclipsed the previous largest RMBS issuance by more than \$E400 million.

The deal is substantially larger than recent RMBS issues by Interstar.

Brian Benari, Challenger's General Manager, Mortgage Financing said the Group was delighted with the level of take-up which resulted in the deal being heavily oversubscribed. "We are really pleased with the level of interest and enhanced pricing with this deal. It has also proved successful in the introduction of a wide array of new investors."

The issue is for senior class A2 notes rated AAA by Moody's and S&P and received has more than 2 billion subscriptions.

ENDS