

MEDIA RELEASE

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INTERSTAR LAUNCHES FIFTH SUCCESSFUL RMBS ISSUE FOR 2004

28 October 2004, Sydney - Challenger Financial Services Group Limited (CGF) today announced its wholly-owned wholesale mortgage finance business, Interstar Securities, had successfully launched the Interstar Millennium Series 2004-5 Residential Mortgage Backed Security (RMBS) issue.

The combination fixed / floating, multi-tranche, mortgage backed issue was launched by the National Australia Bank and Macquarie on behalf of Interstar on Wednesday. It is Interstar's fifth RMBS issue for 2004 and its first public offer in the domestic market.

Challenger's Executive Director Wholesale Finance, Brian Benari said, "The high level of demand allowed the issue to be priced at levels inside other recent RMBS transactions.

"The successful launch brings the total Interstar issuance for 2004, in four different currencies, to an AUD equivalent of in excess of \$6.35 billion and confirms Interstar as a pre-eminent global issuer of Residential Mortgage Backed Securities."

The issue was structured with split class A senior notes to account for the fixed and floating tranches (Classes A1 & A2) rated AAA / AAA by S&P and Fitch with two subordinated tranches, Classes AB and B rated AAA/AAA and AA-/AA respectively.

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