

MARKET RELEASE

CWT UPDATE

3 July 2009, Sydney – Challenger Wine Trust (ASX:CWT) today provided an update on property valuations, asset sales, interest rate swap liabilities and bank covenants.

Property valuations

The Australian wine industry and vineyard property sector continue to be impacted by a number of factors in addition to the broader global financial and credit crisis. These include a reduction in wine exports, an over-supply of Australian cool-climate wine grapes, softening grape prices, a large number of properties for sale, and continuing drought along the Murray River.

In New Zealand the wine industry has experienced a good growing season with the 2009 vintage estimated to be 285,000 tonnes, in line with prior year output and current year expectations. NZ wine exports are up 28% year to date, driven by the record 2008 vintage¹.

Against this backdrop, CWT has revalued 20 properties as at 30 June 2009, representing 91% of the portfolio. Unaudited results indicate a 12.1% (\$33 million) fall in the fair value of these vineyards, and, along with the results of 31 December 2008 revaluation covering 21% of the portfolio, will take the total fall in fair value for the financial year to around \$38 million. Audited results will be available on 6 August 2009.

Asset sales

CWT has completed the sale of Sandy Hollow Vineyard and Inglewood Vineyard in the Upper Hunter Valley for a total \$2.6 million. Additionally, sale contracts have exchanged on Bethany Creek and Vine Vale Vineyards in the Barossa Valley at a price of \$0.78 million with settlement expected later this month. CWT continues to pursue further asset sales and discussions with several interested parties are ongoing.

Interest rate swap liabilities

As reported in February, a mark-to-market net liability on CWT's interest rate swaps at 31 December 2008 resulted in a narrowing of headroom on bank covenants. As a consequence CWT has proactively reset some out-of-the-money interest rate swaps. This, in combination with an upward movement in longer-term interest rates, has now reduced the liability. CWT's interest rate swap net liability at 30 June 2009 is approximately \$8 million (unaudited), down from \$21.7 million at 31 December 2008.

¹ Source: New Zealand Wine press release 15 June 2009



Bank covenants

CWT remains compliant with bank covenants as at 30 June 2009, with the reduction in interest rate swap liabilities, property sales and paydown of debt softening the impact of lower property valuations.

CWT Fund Manager Nick Gill said: "Through proactive management we have been able to cushion CWT from the full effect of a broad range of issues currently impacting the sector. Importantly, during these challenging times CWT continues to generate strong cash flows and remains within its banking covenants. The estimated final distribution of 1.2 cents per unit announced in late June and payable on 17 August will bring total distributions for the year ended 30 June 2009 to 7.1 cents per unit."

ENDS

About Challenger Wine Trust (CWT):

CWT is the second largest vineyard owner in Australasia. Further information is provided on CWT's website: www.challenger.com.au/cwt

Important notice:

Any forward looking statements included in this document are by nature subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Challenger, so that actual results or events may vary from those forward looking statements, and the assumptions on which they are based.

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