Challenger Wine Trust

Annual Report 2009

Challenger Wine Trust
(ARSN 092 960 060)

Responsible Entity
Challenger Listed Investments Limited
(ABN 94 055 293 644)
(AFSL 236887)

challenger

Contents

Important notice

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CLIL does not receive any specific remuneration for any general advice which may be provided to you in this Report. However, CLIL and CMSL receive trustee and management fees as issuer and manager of CWT, respectively. For more details on fees, please refer to the financial report contained in this Report along with the Constitution and Management Agreement on CWT's website www.challenger.com.au/cwt (under the Corporate Governance tab). Financial advisers may receive fees or commissions if they provide advice to you or arrange for you to invest in a Challenger product (including CWT). CLIL and its associates may have an interest in the financial products referred to in this Report and may earn fees or other benefits as a result of transactions in any such financial products.

Members of the Challenger Group and their officers and directors may hold securities in CWT from time to time.

Key highlights

1

Net property income of $32.6 million for FY09; up 3% on prior year.

2

Profit from operating activities after tax of $16.1 million, in line with prior year and equivalent to 9.5 cents per unit.

3

Distributions for FY09 of 7.1 cents per unit, with retained cash used to pay down out-of-the-money interest rate swaps.

4

Net Independent Value (NIV) per unit of 66 cents, adversely impacted by property revaluations and mark-to-market movements on interest rate swaps.

5

Net liability from interest rate swaps reduced in second half of FY09 from a net liability of $21.7 million at 31 December 2008 to $8.1 million at 30 June 2009.

6

Property fundamentals remain sound with occupancy at 98.5% and a weighted average lease expiry (WALE) of 5.0 years with no lease expiries in FY10.

7

Gearing (debt to total assets at fair value) of 54% at 30 June 2009. Operating within all banking covenants.

8

All properties independently revalued during FY09 with full year net decrement of $40.5 million.

Investment objective:

Challenger Wine Trust (CWT) aims to generate for investors maintainable attractive and predictable income returns with potential for capital growth.

Chair's letter

Dear unitholder

On behalf of the Board of Challenger Listed Investments Limited (CLIL), the Responsible Entity of Challenger Wine Trust (CWT or 'the Fund'), I am pleased to report that CWT at an operating level performed to plan during the financial year ended 30 June 2009.

Over the past year, the 'credit crisis' that hit global financial markets in 2007 worsened, and capital markets were affected by an unprecedented period of volatility and general market uncertainty. This volatility significantly impacted the listed property trust (A-REIT) sector, and as a result the unit price performance for CWT, together with most of its listed peers, disappointed unitholders.

The S&P/ASX200 property accumulation index fell 42.3% across the year, while the S&P/ASX300 property accumulation index fell 42.1%. Relative to these indices, CWT fell 43.2%.

Against this backdrop, CWT produced profit from operating activities after tax of $16.1 million, which was in line with guidance and marginally ahead of prior year. At the Net profit after tax (NPAT) line, CWT recorded a loss of $24.3 million after allowing for property revaluations of $40.5 million. CWT paid a total distribution to unitholders of 7.1 cents per unit.

CWT's portfolio consists of 24 properties in Australia and New Zealand. Occupancy is at 98.5% and weighted average lease expiry is 5.0 years.

The CWT management team and staff have worked diligently during the past year to strengthen CWT. I congratulate the team and thank them for the hard work required to achieve such a result in this challenging environment.

I encourage all unitholders to read the Fund Manager's report that follows, and to review the portfolio details and financial reports also contained in this document. I further encourage you to remain well informed by registering for email news alerts on CWT's website www.challenger.com.au/cwt.

Corporate governance

CWT entered into a management agreement with Challenger Management Services Limited, a wholly owned subsidiary of Challenger, on 12 April 2006. This management agreement was referred to in the notice of meeting for the unitholder meeting of 17 November 2005. The fee arrangements are consistent with those in the CWT constitution, a copy of which has also previously been publicly disclosed. As enhanced disclosure for investors, a copy of the management agreement is now available for viewing on CWT's website under the Corporate Governance tab. This disclosure is also consistent with paragraph 12 of the Australian Securities Exchange (ASX) Guidance Note 26.

I would like to welcome Michael Cole to the CLIL Board, replacing Russell Hooper, whom we thank for his valuable contribution. I would like to acknowledge the work of the CLIL Board; they have worked tirelessly over the past year, focused on ensuring that CWT is positioned to maximise returns to its unitholders.

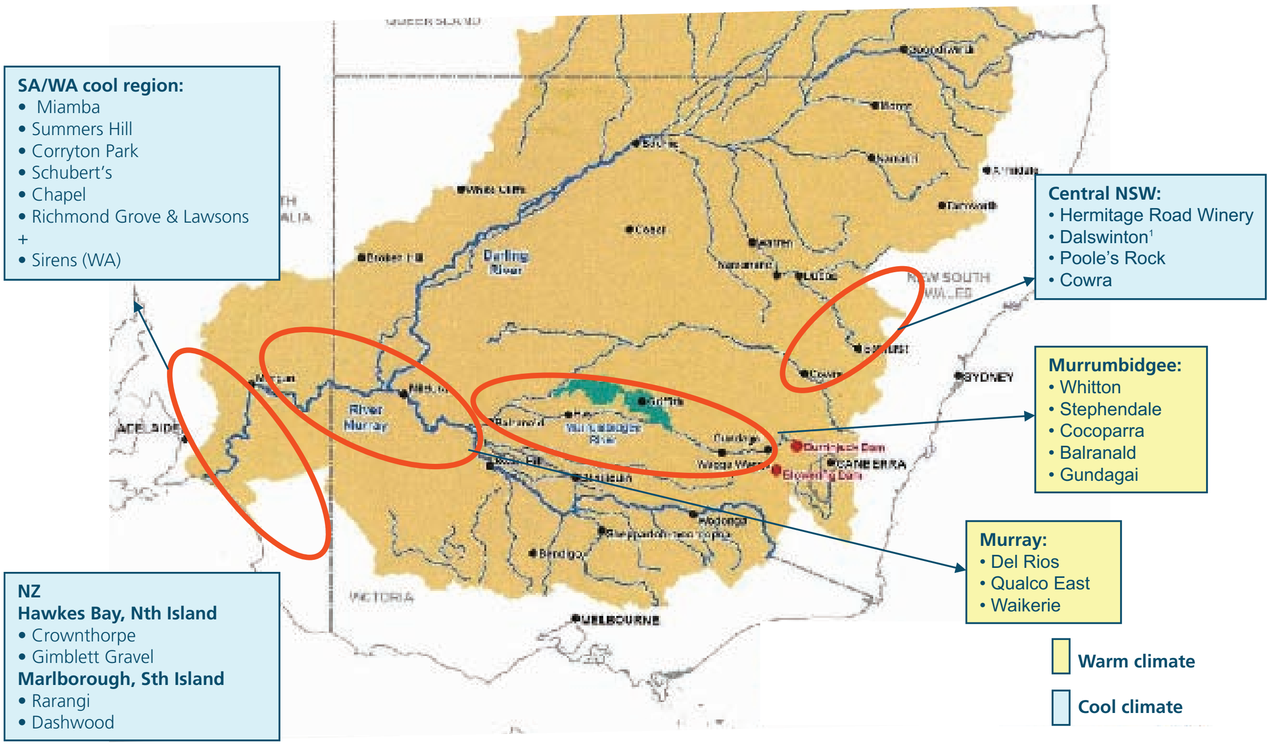
Finally, I thank you for your continued support of CWT, and I look forward to reporting to you on the future performance of the Fund.

Brenda Shanahan
Chair

Fund Manager's report

Nick Gill
Fund Manager

Regional map of CWT's eastern portfolio



[1] Contract for sale exchanged.

Dear unitholder,

Overview

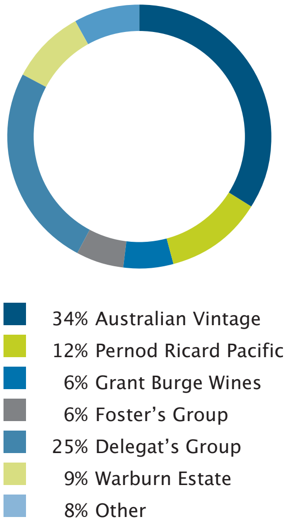
The year ended 30 June 2009 was challenging, with the wine sector experiencing a reduction in export prices, an over-supply of Australian cool-climate wine grapes, softening grape prices, and continuing drought along the Murray River. The full year decrement of $40.5 million in Challenger Wine Trust's (CWT) property valuations reflects these difficult conditions. Despite this, CWT's underlying fundamentals remained sound with occupancy at 98.5% and WALE at 5.0 years.

CWT produced a profit from operating activities after tax of $16.1 million for the financial year ended 30 June 2009 (FY09), up marginally on FY08. Net property income was $32.6 million, up 3% on prior year, while finance costs of $13.1 million were up 5%. Net profit after tax was negative $24.3 million, after accounting for a full-year unrealised decrement due to property revaluations of $40.5 million.

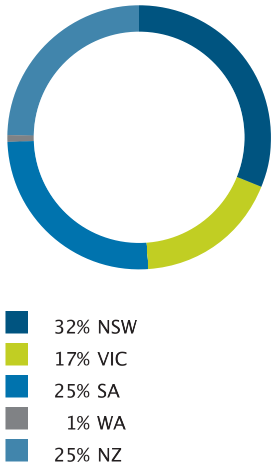
The final quarter distribution of 1.2 cents per unit (cpu) was paid on 17 August 2009 to unitholders on the register at the record date of 30 June 2009. This brought total distributions for FY09 to 7.1 cpu.

During the second half of FY09, CWT reset some out-of-the-money interest rate swaps, and, in combination with an upward movement in longer-term interest rates, the net liability for swaps at 30 June 2009 was $8.1 million. This was down significantly from $21.7 million reported at the half-year.

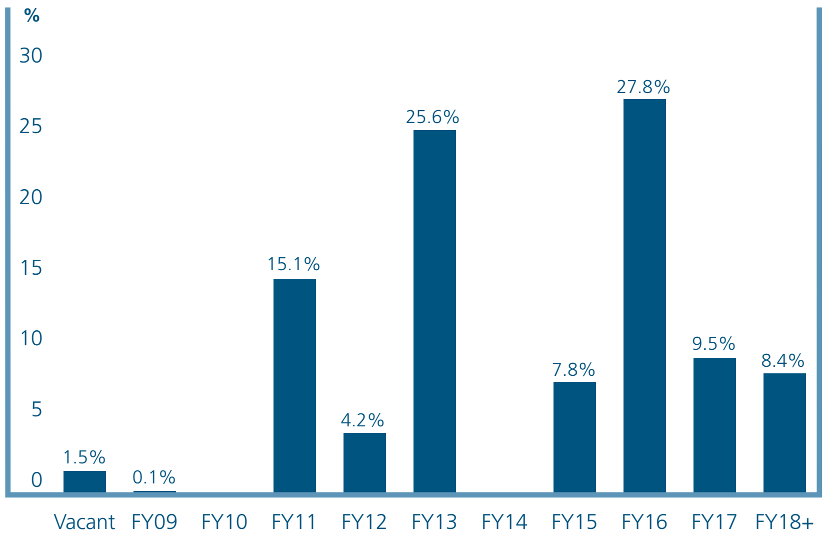
Tenant diversification (by fair value) as at 30 June 2009



Geographic diversification (by fair value) as at 30 June 2009



Weighted Lease Maturity Profile as at 30 June 2009



Fund Manager's report (continued)

While asset sales have been difficult to achieve in the current climate, CWT sold four smaller vineyards during 2009 and continues to pursue vineyard sales to assist in deleveraging the balance sheet.

Recently a decision was made to change the cycle for distributions from quarterly to half-yearly. This decision was a difficult one to arrive at and I know that it will disappoint unitholders. We believe this change though is in the best interests of all unitholders as we continue to conservatively manage capital and increase financial flexibility.

Portfolio and property valuations

CWT comprises a portfolio of 24 properties in Australia and New Zealand, which are primarily leased to wine companies on long-term leases with annual rental reviews. At 30 June 2009, CWT's portfolio was 98.5% occupied with a long WALE of 5.0 years.

CWT revalued 20 of 24 properties as at 30 June 2009, representing 90% of the portfolio, resulting in a 12.1% ($33 million) net fall in the fair value of these vineyards.

CWT has completed the sale of Sandy Hollow Vineyard and Inglewood Vineyard in the Upper Hunter Valley, and Bethany Creek and Vine Vale Vineyards in the Barossa Valley for a total $3.4 million. Contracts have been exchanged on the Dalswinton Vineyard also in the upper Hunter Valley for $1.3 million. CWT continues to pursue further asset sales with discussions ongoing with several parties.

Tenants

Ninety four percent of CWT's tenants are long established wine companies. Importantly, across CWT's portfolio all rental income for the financial year has been collected.

CWT's largest tenant is ASX-listed Australian Vintage Ltd (AVG), leasing around 34% of portfolio value. In light of difficult economic and market conditions CWT and AVG are presently reviewing rental support options.

Capital management

Capital management remains a key focal point for CWT with management closely monitoring current initiatives for their impact on gearing and loan-to-valuation ratios.

At 30 June 2009, CWT had total drawn borrowings of $149 million, down from $155 million at 30 June 2008, due mainly to repaying $7.1 million from the proceeds of asset sales. The weighted average cost of borrowings (including margins) was 8.0% compared to 7.9% at 30 June 2008.

CWT enters into interest rate swaps to hedge against movements in interest rates. CWT's net swap liability has reduced to $8.1 million. At 30 June 2009, the majority of CWT's interest rate exposure is hedged until lease expiry.

Gearing (debt to total assets at fair value) was 54.0% at 30 June 2009 compared to 47.9% at 30 June 2008. Loan-to-valuation ratio (LVR) covenants apply to CWT's borrowings, with CWT continuing to operate within all banking covenants.

Asset value per unit

As at 30 June 2009, Net Independent Value (NIV) was 66 cpu compared to 94 cpu at 30 June 2008, mainly due to property revaluations (22 cpu) and mark-to-market movement on interest rate swaps (8 cpu). NIV represents the Net Asset Value (NAV) of CWT plus the fair value increment of water rights as assessed by independent valuers. Under accounting principles, NAV includes water rights at their historical cost and does not include the fair value of CWT's water rights, which are a strategic asset given the scarcity of the resource.

Industry conditions and outlook

The Australian wine and vineyard sectors are being impacted by a number of forces including a reduction in wine export prices, an over-supply of Australian cool-climate wine grapes (27% of CWT portfolio), softening grape prices, and continuing drought along the Murray River.

The 2009 grape harvest intake was 1.7 million tonnes, 7% lower than the prior corresponding period, primarily due to water shortages and heat wave conditions in January. This has provided some short-term relief to the over-supply situation. With vineyard removals occurring, the sector is expected to move toward longer term supply/demand balance over the next two to three years. There is expected to be a shortage of warm climate vineyards (48% of CWT's portfolio) as a consequence of the current industry restructuring.

In New Zealand (25% of CWT's portfolio), the 2009 vintage of 285,000 tonnes was above pre-harvest expectation for a crop of 275,000 tonnes. Vineyard area has increased to 31,000 ha, an increase of 2,000 ha since 2008. The 2009 harvest follows a record vintage the previous year. While the record 2008 harvest drove export growth of 28% it also generated an over-supply, thus New Zealand grape growers have experienced downward pressure on grape prices in 2009, particularly in the sauvignon blanc variety.

Summary

In summary, while it is expected there will be ongoing pressure on the vineyard sector over the next two to three years, the geographical diversity of the CWT portfolio in combination with long leases to wine companies should see CWT well positioned going into the next upturn.

Despite the difficult conditions over the past year, CWT has continued to generate strong operating cash flows and remains within its banking covenants. The final distribution of 1.2 cpu brings total distributions for the year ended 30 June 2009 to 7.1 cpu.

We anticipate challenging and uncertain conditions in the coming year. As a result, we will not be issuing distribution guidance for FY10. We will continue to monitor the sector conditions and our priority will be to implement capital management initiatives to ensure the strength of CWT's balance sheet through the cycle.

Thank you for your continued support of Challenger Wine Trust.

Nick Gill
Fund Manager

Portfolio summary

Property	Geographic indicator	Tenant
Australian portfolio		
Cool climate vineyards		
Bethany Creek and Vine Vale Vineyards[1]	Barossa Valley, SA	N/A
Chapel Vineyard	Coonawarra, SA	National Viticulture Fund of Australia Pty Ltd
Corryton Park Vineyard	Eden Valley, SA	Burge Corp Pty Ltd
Miamba Vineyards	Barossa Valley, SA	Grant Burge Wines Pty Ltd and Burge Corp Pty Ltd
Richmond Grove and Lawsons Vineyards	Padthaway, SA	Pernod Ricard Pacific Pty Ltd
Schuberts Vineyard	Adelaide Hills, SA	Australian Vintage Limited
Summers Hill Vineyard	Eden Valley, SA	Burge Corp Pty Ltd
Cowra Station Vineyard[3]	Cowra, NSW	N/A
Dalswinton Vineyard[2]	Upper Hunter Valley, NSW	N/A
Hermitage Road Winery[3]	Hunter Valley, NSW	The Hunter Resort Pty Ltd
Poole's Rock Vineyard and Winery	Hunter Valley, NSW	PRW Leasing Pty Ltd
Sirens Estate Vineyard	Margaret River, WA	Foster's Australia Limited
Cool climate vineyards total		
Warm climate vineyards		
Qualco East Vineyard	Riverland, SA	Australian Vintage Limited
Waikerie Vineyard	Riverland, SA	Australian Vintage Limited
Balranald Vineyard	Riverina, NSW	Australian Vintage Limited
Cocoparra and Woods Vineyards	Riverina, NSW	Foster's Australia Limited
Gundagai Vineyard	Gundagai, NSW	Greenvalley Properties Pty Ltd
Stephendale Vineyard	Riverina, NSW	Warburn Estate (Aust) Pty Ltd
Whitton Vineyard	Riverina, NSW	Australian Vintage Limited
Del Rios Vineyard	Sunraysia, VIC	Australian Vintage Limited
Warm climate vineyards total		
Australian portfolio total		
New Zealand portfolio		
Crownthorpe Vineyard	Hawkes Bay, NZ	Delegat's Wine Estate Limited
Dashwood Vineyard	Marlborough, NZ	Delegat's Wine Estate Limited
Gimblett Gravels Vineyards	Hawkes Bay, NZ	Delegat's Wine Estate Limited
Rarangi Vineyard	Marlborough, NZ	Delegat's Wine Estate Limited
New Zealand portfolio total		
Total		

*NZD/AUD 1.2480.

[1] Sold – settlement August 2009.

[2] Contracts exchanged.

[3] Marketed for sale or lease.

Total area (ha)	Planted area (ha)	Occupancy by income	WALE	Current independent valuation date	Fair value ($m)	Carrying value ($m)	Passing yield
25	18	0%	–	Jun-08	0.75	0.75	
37	29	100%	2.5	Jun-09	1.90	1.90	
54	42	100%	3.6	Jun-09	2.50	2.50	
204	125	100%	6.1	Jun-09	11.25	11.25	
573	484	100%	4.0	Jun-09	33.50	33.50	
109	74	100%	2.0	Dec-08	6.10	6.10	
28	17	100%	3.6	Dec-08	1.40	1.40	
68	58	0%	–	Jun-09	1.00	1.00	
92	76	0%	–	Jun-09	1.25	0.83	
40	1	29%	2.0	Jun-09	2.23	2.23	
21	10	100%	5.4	Dec-08	7.38	7.38	
66	44	100%	2.9	Jun-09	3.33	3.33	
1,317	**978**	**94.7%**	**4.0**		**72.58**	**72.15**	**12.6%**
214	174	100%	6.5	Jun-09	7.10	6.06	
43	39	100%	3.8	Jun-09	1.50	1.33	
547	463	100%	7.4	Jun-09	25.00	22.00	
561	257	100%	3.8	Jun-09	12.00	10.52	
331	236	100%	1.2	Jun-09	8.25	7.05	
666	631	100%	8.2	Jun-09	24.00	24.00	
102	97	100%	5.8	Dec-08	4.60	4.00	
1,048	905	100%	7.0	Jun-09	46.50	43.38	
3,511	**2,802**	**100.0%**	**6.3**		**128.95**	**118.34**	**13.3%**
4,828	**3,780**	**98.2%**	**5.5**		**201.53**	**190.49**	**13.1%**
361	291	100%	1.8	Jun-09	24.82*	24.82*	
201	168	100%	3.3	Jun-09	19.71*	19.71*	
44	39	100%	1.8	Jun-09	6.47*	6.47*	
142	129	100%	5.3	Dec-08	15.63*	15.63*	
747	**627**	**100.0%**	**3.0**		**66.63**	**66.63**	**8.7%**
5,575	**4,407**	**98.5%**	**5.0**		**268.15**	**257.12**	**12.0%**

What we've got...

Property summaries

Chapel Vineyard

Coonawarra, SA

Property details

Ownership interest	100%
Total area	37 ha
Planted area	29 ha
Tenant	National Viticulture Fund of Australia Pty Ltd
Occupancy	100%
Lease expiry date	December 2011
WALE	2.5 years
Review type/s	Reviewed annually by CPI with a minimum increase of 1% and a maximum increase of 4%
FY09 net rental income	$0.36 million
Date acquired/established	December 2001
Carrying value	$1.9 million
Valuation (fair value)	$1.9 million
Valuation date	June 2009

Property description

The property is located in the Coonawarra region of South Australia, close to the township of Penola. Planted to Cabernet Sauvignon, the grapes are grown by National Viticulture Fund of Australia under contract to Foster's.

Corryton Park Vineyard

Eden Valley, SA

Property details

Ownership interest	100%
Total area	54 ha
Planted area	42 ha
Tenant	Burge Corp Pty Ltd
Occupancy	100%
Lease expiry date	February 2013
WALE	3.6 years
Review type/s	Fixed annual increase of 1.5%
FY09 net rental income	$0.31 million
Date acquired/established	February 1998
Carrying value	$2.5 million
Valuation (fair value)	$2.5 million
Valuation date	June 2009

Property description

The property is planted mainly to Cabernet Sauvignon. The grapes go into the Grant Burge Wines' premium wine brands.

Miamba Vineyards

Barossa Valley, SA

Property details

Ownership interest	100%
Total area	204 ha
Planted area	125 ha
Tenant	Grant Burge Wines Pty Ltd and Burge Corp Pty Ltd
Occupancy	100%
Lease expiry date	August 2015
WALE	6.1 years
Review type/s	Reviewed annually by CPI with a maximum increase of 1.5%
FY09 net rental income	$1.23 million
Date acquired/established	August 2007
Carrying value	$11.3 million
Valuation (fair value)	$11.3 million
Valuation date	June 2009

Property description

The Miamba vineyards comprise an aggregation of five vineyards which together provide grapes for many of Grant Burge Wines' premium wine brands, including Barossa Vines, Miamba, Filsell, Cameron Vale, and Meshach brands.

Property summaries (continued)

Richmond Grove and Lawsons Vineyards

Padthaway, SA

Property details

Ownership interest	100%
Total area	573 ha
Planted area	484 ha
Tenant	Pernod Ricard Pacific Pty Ltd
Occupancy	100%
Lease expiry date	June 2013
WALE	4.0 years
Review type/s	1.5% fixed increases to 1/7/10 and thereafter 0.75% fixed increases annually
FY09 net rental income	$4.74 million
Date acquired/established	December 2003
Carrying value	$33.5 million
Valuation (fair value)	$33.5 million
Valuation date	June 2009

Property description

Located in the premium grape growing region of Padthaway in the south-east of South Australia, both Richmond Grove and Lawsons vineyards are leased to a subsidiary of one of the world's largest wine companies, Pernod Ricard.

Schuberts Vineyard

Adelaide Hills, SA

Property details

Ownership interest	100%
Total area	109 ha
Planted area	74 ha
Tenant	Australian Vintage Limited
Occupancy	100%
Lease expiry date	July 2011
WALE	2.0 years
Review type/s	Reviewed annually by CPI with a maximum increase of 4%
FY09 net rental income	$0.68 million
Date acquired/established	July 2001
Carrying value	$6.1 million
Valuation (fair value)	$6.1 million
Valuation date	December 2008

Property description

The vineyard is solely planted to white grape varieties. The main variety planted is Sauvignon Blanc, with the Adelaide Hills producing some of Australia's best examples of this wine variety.

Summers Hill Vineyard

Eden Valley, SA

Property details

Ownership interest	100%
Total area	28 ha
Planted area	17 ha
Tenant	Burge Corp Pty Ltd
Occupancy	100%
Lease expiry date	February 2013
WALE	3.6 years
Review type/s	Fixed annual increase of 1.5%
FY09 net rental income	$0.14 million
Date acquired/established	February 1998
Carrying value	$1.4 million
Valuation (fair value)	$1.4 million
Valuation date	December 2008

Property description

This vineyard produces superior quality grapes for Grant Burge Wines' Summers Hill brand.

Cowra Station Vineyard

Cowra, NSW

Property details

Ownership interest	100%
Total area	68 ha
Planted area	58 ha
Tenant	–
Occupancy	–
Lease expiry date	–
WALE	–
Review type/s	N/A

FY09 net rental income	$0.33 million
Date acquired/established	October 1998
Carrying value	$1.0 million
Valuation (fair value)	$1.0 million
Valuation date	June 2009

Property description

This vineyard has a good balance of red and white varieties. It is watered by bores and therefore has reliable yields. The property is being maintained while being marketed for sale or lease.

Hermitage Road Winery

Hunter Valley, NSW

Property details

Ownership interest	100%
Total area	40 ha
Planted area	1 ha
Tenant	The Hunter Resort Pty Ltd
Occupancy	28.6%
Lease expiry date	June 2021
WALE	2.0 years
Review type/s	Reviewed annually by CPI

FY09 net rental income	$0.06 million
Date acquired/established	October 2001
Carrying value	$2.2 million
Valuation (fair value)	$2.2 million
Valuation date	June 2009

Property description

A lease is in place for the restaurant, cellar door and bar area until 2021. The 3,500 tonne winery is currently untenanted and is being marketed for sale or lease.

Poole's Rock Vineyard and Winery

Hunter Valley, NSW

Property details

Ownership interest	100%
Total area	21 ha
Planted area	10 ha
Tenant	PRW Leasing Pty Ltd
Occupancy	100%
Lease expiry date	November 2014
WALE	5.4 years
Review type/s	Reviewed annually by CPI with a maximum increase of 4%

FY09 net rental income	$0.80 million
Date acquired/established	November 2004
Carrying value	$7.4 million
Valuation (fair value)	$7.4 million
Valuation date	December 2008

Property description

The property is made up of a 9.5 ha vineyard, a 2,500 tonne winery and a fine cuisine restaurant. The Poole's Rock and Cockfighters Ghost brands are made at this winery.

Property summaries (continued)

Sirens Estate Vineyard

Margaret River, WA

Property details

Ownership interest	100%
Total area	66 ha
Planted area	44 ha
Tenant	Foster's Australia Limited
Occupancy	100%
Lease expiry date	May 2012
WALE	2.9 years
Review type/s	Reviewed annually by CPI with a minimum increase of 1% and a maximum of 5%
FY09 net rental income	$0.30 million
Date acquired/established	October 2002
Carrying value	$3.3 million
Valuation (fair value)	$3.3 million
Valuation date	June 2009

Property description

The Sirens vineyard produces exceptional quality fruit that goes into Foster's Fifth Leg and Devil's Lair wine brands.

Qualco East Vineyard

Riverland, SA

Property details

Ownership interest	100%
Total area	214 ha
Planted area	174 ha
Tenant	Australian Vintage Limited
Occupancy	100%
Lease expiry date	December 2015
WALE	6.5 years
Review type/s	Fixed annual increases of 1.5%. Each fifth anniversary reviewed to reflect any change in finance costs
FY09 net rental income	$1.01 million
Date acquired/established	December 2003
Carrying value	$6.1 million
Valuation (fair value)	$7.1 million
Valuation date	June 2009

Property description

This large vineyard is situated in the 'engine room' of the South Australian vineyard region. It currently produces grapes for Australian Vintage's white wine product range.

Waikerie Vineyard

Riverland, SA

Property details

Ownership interest	100%
Total area	43 ha
Planted area	39 ha
Tenant	Australian Vintage Limited
Occupancy	100%
Lease expiry date	April 2013
WALE	3.8 years
Review type/s	Reviewed annually by CPI with a maximum increase of 4%
FY09 net rental income	$0.24 million
Date acquired/established	October 1998
Carrying value	$1.3 million
Valuation (fair value)	$1.5 million
Valuation date	June 2009

Property description

This vineyard is located in the Riverland region with water supplied by the Central Irrigation Trust from the Murray River. The grapes from this vineyard go into Australian Vintage's wine products.

Balranald Vineyard

Riverina, NSW

Property details

Ownership interest	100%
Total area	547 ha
Planted area	463 ha
Tenant	Australian Vintage Limited
Occupancy	100%
Lease expiry date	November 2016
WALE	7.4 years
Review type/s	Fixed annual increase of 1.5%. Each fifth anniversary reviewed to reflect any change in finance costs
FY09 net rental income	$3.09 million
Date acquired/established	December 2003
Carrying value	$22.0 million
Valuation (fair value)	$25.0 million
Valuation date	June 2009

Property description

Located in the Riverina area along the Murrumbidgee River in NSW, the property is a large scale, high grape tonnage property that is used in Australian Vintage's wine brands.

Cocoparra and Woods Vineyards

Riverina, NSW

Property details

Ownership interest	100%
Total area	561 ha
Planted area	257 ha
Tenant	Foster's Australia LImited
Occupancy	100%
Lease expiry date	April 2013
WALE	3.8 years
Review type/s	Reviewed annually by CPI with a minimum increase of 1%
FY09 net rental income	$1.14 million
Date acquired/established	April 2003
Carrying value	$10.5 million
Valuation (fair value)	$12.0 million
Valuation date	June 2009

Property description

The property is located in the Griffith region which remains one of the strongest vineyard areas due to favourable water allocations from high security water, quality grapes and strong grape buyer interest.

Gundagai Vineyard

Gundagai, NSW

Property details

Ownership interest	100%
Total area	331 ha
Planted area	236 ha
Tenant	Greenvalley Properties Pty Ltd
Occupancy	100%
Lease expiry date	September 2010
WALE	1.2 years
Review type/s	Reviewed annually by CPI
FY09 net rental income	$1.99 million
Date acquired/established	September 2000
Carrying value	$7.0 million
Valuation (fair value)	$8.3 million
Valuation date	June 2009

Property description

Located on the Murrumbidgee River, it is watered predominantly by high security water entitlement from the river. This large scale vineyard produces high quality fruit contracted to Foster's and Casella.

Property summaries (continued)

Stephendale Vineyard

Riverina, NSW

Property details

Ownership interest	100%
Total area	666 ha
Planted area	631 ha
Tenant	Warburn Estate (Aust) Pty Ltd
Occupancy	100%
Lease expiry date	September 2017
WALE	8.2 years
Review type/s	Reviewed annual by CPI with a maximum increase of 1.52%
FY09 net rental income	$2.64 million
Date acquired/established	September 2007
Carrying value	$24.0 million
Valuation (fair value)	$24.0 million
Valuation date	June 2009

Property description

This large scale commercial vineyard is watered via high security water licences with Murrumbidgee River Irrigation. The property is one of the largest in the region and supplies grapes used in the tenant's Warburn Estate, Gossips and Stephendale wines.

Whitton Vineyard

Riverina, NSW

Property details

Ownership interest	100%
Total area	102 ha
Planted area	97 ha
Tenant	Australian Vintage Limited
Occupancy	100%
Lease expiry date	April 2015
WALE	5.8 years
Review type/s	Reviewed annually by CPI with a maximum increase of 1.5%
FY09 net rental income	$0.42 million
Date acquired/established	April 2005
Carrying value	$4.0 million
Valuation (fair value)	$4.6 million
Valuation date	December 2008

Property description

Located in the Riverina near Griffith this vineyard has strong water entitlement coverage.

Del Rios Vineyard

Sunraysia, VIC

Property details

Ownership interest	100%
Total area	1,048 ha
Planted area	905 ha
Tenant	Australian Vintage Limited
Occupancy	100%
Lease expiry date	June 2016
WALE	7.0 years
Review type/s	Fixed annual increase of 1.5%. Each fifth anniversary reviewed to reflect any change in finance costs
FY09 net rental income	$6.60 million
Date acquired/established	June 2003
Carrying value	$43.4 million
Valuation (fair value)	$46.5 million
Valuation date	June 2009

Property description

The grapes produced from this large vineyard go into a range of Australian Vintage's wine products.

Crownthorpe Vineyard

Hawkes Bay, New Zealand

Property details

Ownership interest	100%
Total area	361 ha
Planted area	291 ha
Tenant	Delegat's Wine Estate Limited
Occupancy	100%
Lease expiry date	April 2011
WALE	1.8 years
Review type/s	Reviewed annually by New Zealand CPI

FY09 net rental income	$2.22 million
Date acquired/established	April 2001
Carrying value	$24.8 million
Valuation (fair value)	$24.8 million
Valuation date	June 2009

Property description

One of the largest vineyards in Hawkes Bay, Crownthorpe Vineyard was developed by Delegat's Wine Estate for CWT. Grapes from this vineyard go into Delegat's Oyster Bay branded wines.

Dashwood Vineyard

Marlborough, New Zealand

Property details

Ownership interest	100%
Total area	201 ha
Planted area	168 ha
Tenant	Delegat's Wine Estate Limited
Occupancy	100%
Lease expiry date	October 2012
WALE	3.3 years
Review type/s	Reviewed annually by New Zealand CPI

FY09 net rental income	$1.69 million
Date acquired/established	October 2002
Carrying value	$19.7 million
Valuation (fair value)	$19.7 million
Valuation date	June 2009

Property description

Dashwood Vineyard is located in the Awatere Valley sub-region of the world famous Marlborough region of New Zealand's South Island. Planted to Sauvignon Blanc, Pinot Noir and Chardonnay, the vineyard was developed in 2002. Grapes from this vineyard go into Delegat's Oyster Bay branded wines.

Gimblett Gravels Vineyards

Hawkes Bay, New Zealand

Property details

Ownership interest	100%
Total area	44 ha
Planted area	39 ha
Tenant	Delegat's Wine Estate Limited
Occupancy	100%
Lease expiry date	April 2011
WALE	1.8 years
Review type/s	Reviewed annually by New Zealand CPI

FY09 net rental income	$0.59 million
Date acquired/established	April 2001
Carrying value	$6.5 million
Valuation (fair value)	$6.5 million
Valuation date	June 2009

Property description

As part of the famous Gimblett Gravels sub-region of Hawkes Bay in New Zealand's North Island, the property is planted to Merlot and Cabernet Sauvignon grape varieties. The property has the shallow gravels with large river stones that provide the unique ripening process that distinguishes this sub-region's wines. Grapes from this vineyard go into Delegat's Oyster Bay branded wines.

Property summaries (continued)

Rarangi Vineyard

Marlborough, New Zealand

Property details

Ownership interest	100%
Total area	142 ha
Planted area	129 ha
Tenant	Delegat's Wine Estate Limited
Occupancy	100%
Lease expiry date	September 2014
WALE	5.3 years
Review type/s	Reviewed annually by New Zealand CPI

FY09 net rental income	$1.28 million
Date acquired/established	June 2004
Carrying value	$15.6 million
Valuation (fair value)	$15.6 million
Valuation date	December 2008

Property description

Located in the main Wairau Valley of the Marlborough region, the property is predominantly planted to the region's world famous Sauvignon Blanc grape variety. Grapes from this vineyard go into Delegat's Oyster Bay branded wines.

About Challenger

Challenger Financial Services Group Limited (Challenger) [1] is an investment management firm with assets under management of A$35 billion (US$28.23 billion) and assets under administration of A$75 billion (US$60.49 billion) at balance date.

Established in 1985, Challenger was listed on the Australian Securities Exchange (ASX: CGF) in 1987[2].

Integral to the Group is the APRA-regulated life business, Challenger Life Company Limited (Challenger Life), which provides term annuities to retirees and other investors seeking the security and certainty of guaranteed income streams. Challenger is the largest provider of retail annuities in Australia, managing A$6 billion (US$4.83 billion) for more than 60,000 annuitants.

With funds under management of approximately A$16 billion (US$12.90 billion), Challenger's Funds Management business develops and distributes listed and unlisted investment products and services to retail and institutional clients across a wide range of asset classes and investment styles. Challenger also acts as a gateway to other investment managers and a number of boutique specialist funds part-owned by the Group.

Until its divestment in FY2010, Challenger's Mortgage Management business was the largest non-bank provider of Australian mortgages, and through its network of 5,500 mortgage brokers touched one in five Australian residential loans.

[1] All figures as at 30 June 2009. USD/AUD conversions use closing exchange rate of 0.8066.

[2] CGF was formed in 2003 from the merger of Challenger International Limited (ASX: CIL) with CPH Investment Corporation. CIL was listed on the ASX in 1987.

Corporate governance statement

The Responsible Entity's approach to corporate governance

The Board of the Responsible Entity (the Responsible Entity) recognises its duties and obligations to stakeholders to implement and maintain a robust system of corporate governance. The Responsible Entity believes that the adoption of good corporate governance adds real value to stakeholders and enhances investor confidence.

The Responsible Entity determines the most appropriate corporate governance arrangements for Challenger Wine Trust (CWT), taking into consideration Australian and international standards. This statement ref ects the Responsible Entity's corporate governance system as at August 2009.

This statement reports against the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' released in August 2007. As required by the ASX Listing Rules, this statement sets out the extent to which CWT has followed the principles or, where appropriate, indicates a departure from them with an explanation.

Principle 1 Lay solid foundations for management and oversight

The role of the Responsible Entity and delegations

The role of the Responsible Entity is to manage CWT in the unitholders' best interests in accordance with CWT's constitution and the Corporations Act 2001 (Cth) (Corporations Act). The Responsible Entity is accountable to unitholders for the activities and performance of CWT by overseeing the development of sustainable fund value within an appropriate framework of risk, and regard for all stakeholder interests. The Responsible Entity has identified the key functions which it has reserved for itself. These duties are outlined below and set out in the Board Charter, a copy of which is available on CWT's website **www.challenger.com.au/cwt**:

- approval of the strategy and annual budgets of the Funds;
- approval of accounting policies and financial reports of the Funds;
- approval of corporate governance structure and monitoring the performance and effectiveness of the corporate governance policies and procedures;
- oversight of the establishment and maintenance of effective risk management policies and processes;
- evaluation and approval of acquisitions and investments and other corporate actions of the Funds that are outside the authority delegated to the Investment Committees;
- the power to issue units in a Scheme;
- the issuance of a Product Disclosure Statement;
- monitoring the performance of the Manager; and
- the evaluation of the performance of the Board, Board Committees and individual Directors.

The Board has established Committees to assist in carrying out its responsibilities and to consider certain issues and functions in detail. The Board Committees are discussed in Principle 2 below.

Non-executive Directors are issued with formal letters of appointment governing their role and responsibilities. The responsibilities of the Chair and the Directors are also set out in the Board Charter.

Management responsibility

The Corporations Act empowers the Responsible Entity to engage agents on its behalf; however, it remains fully responsible for the actions of those agents. The Responsible Entity has appointed Challenger Management Services Limited, to manage CWT. Challenger Management Services Limited and the Responsible Entity are wholly owned subsidiaries of Challenger Life Holdings Limited which is wholly owned by Challenger Financial Services Group Limited (CFSG).

The Board has delegated to CWT's Fund Manager the authority and powers necessary to implement the strategies approved by the Board for CWT and to manage the business affairs of CWT within the policies and specific delegation limits specified by the Board from time to time.

CWT's constitution governs, among other things, how CWT will operate, how the Responsible Entity remuneration will be calculated and the rights of unitholders. The Responsible Entity must also prepare and lodge a compliance plan with the Australian Securities and Investments Commission (ASIC). The compliance plan sets out the mechanism the Responsible Entity has in place to ensure compliance with CWT's constitution and the Corporations Act.

Relationship with Challenger Financial Services Group

The corporate governance structure adopted by the Responsible Entity ref ects its role as the responsible entity of CWT. In several ways, this will be different to the corporate governance structure of a listed company.

CFSG has expertise in developing and managing specialist investment funds in areas of property and infrastructure. The Responsible Entity makes extensive use of the resources available within CFSG in managing CWT.

The resources provided to assist the Responsible Entity to fulfil its role include the services of senior executives and responsible officers. CFSG in consultation with the Responsible Entity may also appoint appropriately skilled Independent Directors and executives to ensure that CWT continues to be managed to maximise returns to unitholders within CWT's stated strategy and mandate.

Executive performance assessment

The performance of the Joint Chief Executive, Fund Management and senior executives is reviewed at least annually against appropriately agreed and documented performance objectives and measures, consistent with the Performance Management Framework that applies to all Challenger employees. All Challenger Group employees are also assessed against the Challenger Corporate Principles (refer Principle 3 below).

Performance evaluations for the Joint Chief Executive, Fund Management and senior executives have taken place in respect of the 2009 reporting period in accordance with the above process.

Principle 2
Structure the Board to add value

Membership of the Board

The Board comprises Directors who possess an appropriate range of skills, experience and expertise to:

- have a proper understanding of, and competence to deal with, the current and emerging issues of the business;
- exercise independent judgement;
- encourage enhanced performance of the Fund; and
- effectively review and challenge the performance of management.

The Responsible Entity's constitution provides for a minimum of three Directors and a maximum of 12 Directors. The table below summarises the current composition of the Board. Background details of each Director are set out in the Directors' report.

Name	Position	Independent	First appointed
Brenda Shanahan	Chair	Yes	2007
Michael Cole	Non-executive Director	Yes	2008
Ian Martens	Non-executive Director	Yes	2003
Ian Moore	Non-executive Director	Yes	2005
Geoff McWilliam	Non-executive Director	Yes	2006
Brendan O'Connor	Executive Director	No	2008
Rob Woods	Executive Director	No	2004

The roles of Chair and Chief Executive are not exercised by the same person.

Nominations and appointment of new Directors

The Responsible Entity is a wholly owned subsidiary of CFSG. As a result, the Board has not appointed a formal nominations committee. This represents a departure from the ASX principles. The Directors are appointed by CFSG having regard to maintaining a majority of Independent Directors and to ensuring an appropriate balance of skills, experience and competence on the Board. All new Directors are provided with an appropriate induction into the Responsible Entity's business.

Review of Board performance

The Board Charter sets out the requirement for a formal review of the Board's performance at least every two years. A review of the Board's performance was conducted in June 2009. Each Director completed a questionnaire, and responses were reviewed by the Chair and the Company Secretary. The outcomes of the review were provided for discussion by the Board. The review indicated that the Board is performing soundly.

Independent Directors

The Responsible Entity has adopted an Independence Policy that states that an Independent Director should be independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Board regularly considers and assesses the independence of each Director in light of the interests and information which Directors disclose. In accordance with the Corporations Act, Directors are required to advise the Responsible Entity of any material personal interests they have in a matter.

Corporate governance statement (continued)

In assessing independence, the Board will have regard to whether the Director has any of the following relationships with the Responsible Entity:

1. is a substantial shareholder (as defined by section 9 of the Corporations Act) of the Responsible Entity, or is a director or officer of, or otherwise associated directly with, a substantial shareholder of the Responsible Entity;

2. is employed, or has previously been employed in an executive capacity by a Challenger Group company, and there has not been a period of at least three years between ceasing such employment and serving on the board;

3. has within the last three years been a principal of a material professional adviser or a material consultant to the Responsible Entity or another Challenger Group company, or an employee materially associated with the service provided;

4. is a material supplier or customer of the Responsible Entity or other Challenger Group company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and

5. has a material contractual relationship with the Responsible Entity or another Challenger Group company other than as a director.

The Responsible Entity will state its reasons if it considers a Director to be independent notwithstanding the existence of a relationship of the kind referred to in paragraphs 1 – 5 above.

In accordance with the ASX Corporate Governance Guidance for Independence, there is a majority of Independent Directors on the Board.

Conf icts of interest

In accordance with the Board Charter and the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must declare such an interest and may only be present when the matter is being considered at the Board's discretion. Directors with a material interest may not vote on any matter in which they have declared a personal interest.

Meetings of the Board

During the year, the Board generally meets approximately every six weeks. In addition, the Board may meet whenever necessary to deal with specific matters needing attention between scheduled meetings. The Chief Executive, in consultation with the Chair, establishes the meeting agendas to ensure adequate coverage of strategic, financial and material risk areas throughout the year. The Fund Manager and senior management are invited to attend Board meetings and are available for contact by Non-executive Directors between meetings. The Non-executive Directors hold a private session without any executive involvement at least annually.

Board access to information and advice

All Directors have unrestricted access to the Responsible Entity's records and information. The Company Secretary provides Directors with guidance on corporate governance issues and developments and on all other matters reasonably requested by the Directors and monitors compliance with the Board Charter. The Board or each individual Director has the right to seek independent professional advice at the Company's expense to assist them to discharge their duties. Whilst the Chair's prior approval is required, it may not be unreasonably withheld or delayed.

Board Committees

To assist it in undertaking its duties, the Board has established the following Committees:

- Audit and Compliance Committee
- Property Investment Committee
- Infrastructure Investment Committee.

Each Committee has its own charter. A copy of the Audit and Compliance Committee Charter is available on CWT's website at **www.challenger.com.au/cwt**

The charters specify the composition, responsibilities, duties, reporting obligations, meeting arrangements, authority and resources available to the Committees and the provisions for review of the charter. Details of Directors' membership of each Committee and their attendance at meetings throughout the period are set out below.

Directors' meetings

Director	Board		Audit and Compliance Committee		Property Investment Committee		Infrastructure Investment Committee*	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Brenda Shanahan	19	19	11	11				
Michael Cole	9	8					7	7
Russell Hooper	3	3			1	1	2	2
Ian Martens	19	18	11	11	5	4		
Ian Moore	19	17	11	11			9	8
Geoff McWilliam	19	16			6	6		
Brendan O'Connor	18	16						
Rob Woods	18	17					9	9

* Not applicable to CWT.

Investment Committees

The Board has established the Property Investment Committee and the Infrastructure Investment Committee to assist the Board to review and monitor investments by the Funds, including CWT.

The Committees each consist of at least three members, including two Non-executive Directors, one of whom will act as chairman, and relevant executives of the Challenger Group.

In accordance with their respective charters, the Committees are responsible for:

- reviewing and approving of fund investments within the authority delegated by the Board;
- monitoring and reporting of market, liquidity and credit risk exposure;
- monitoring of investment policies and limits; and
- reporting on the above to the Board.

Principle 3
Promote ethical and responsible decision-making

The Responsible Entity's commitment to ethical and responsible decision-making is ref ected in the internal policies and procedures, underpinned by the Challenger Corporate Principles of:

- commercial ownership
- compliance
- creative customer solutions
- working together, and
- integrity.

Code of Conduct

Challenger has adopted a Code of Conduct which applies to all Directors, executives, management and employees of the Challenger Group. The Code of Conduct articulates the standards of honest, ethical and law-abiding behaviour expected by Challenger. Employees are actively encouraged to bring any problems to the attention of management or the Board, including activities or behaviour which may not comply with the Code of Conduct, other policies and procedures in place, or other regulatory requirements or laws. A copy of the Code can be found at **www.challenger.com.au/cwt**

Political donations policy

Challenger Group has adopted a policy of not making political donations in any country or jurisdiction of operation.

Staff trading policy

Directors and staff of the Challenger Group are subject to restrictions under the law relating to dealing in securities, including the securities issued by the Challenger Group and listed funds, if they are in possession of insider information. The Board has approved the Challenger Group's Staff Trading Policy, which prescribes the manner in which staff can trade in the securities issued by the Challenger Group. A summary of the policy is available on CWT's website. The policy applies to all Directors and staff and places restrictions and reporting requirements, including the imposition of blackout periods for trading in Challenger securities and requiring pre-trade approval. Those staff designated as potentially having access to insider information are required to seek prior approval to trade in other securities. The policy prohibits margin lending over the Challenger Group securities, including CWT.

Principle 4 Safeguard integrity in financial reporting

Integrity of financial reporting

The Board has the responsibility to ensure truthful and factual presentation of CWT's financial position. The Board has established an Audit and Compliance Committee to assist the Board to focus on issues relevant to the integrity of CWT's financial reporting. In accordance with its charter, the Audit and Compliance Committee must have at least three members and is comprised of all Non-executive Directors and a majority of independent members. The Committee is chaired by an Independent Director, who is not Chair of the Board. The background details of the Audit and Compliance Committee members are set out in the Directors' report. The Committee typically meets at least six times a year and additional meetings are scheduled as required. The members' names and attendance at meetings are set out on page 23 of the corporate governance statement.

The Committee oversees the financial reporting process, the system of internal control and risk management, the audit process and the Responsible Entity's processes for monitoring compliance with laws and regulations. The Committee also assists the Board in discharging its responsibilities under the Compliance Plan adopted by the Responsible Entity. The Committee works on behalf of the Board with the external auditor and reviews non-audit services provided by the external auditor to confirm that they are consistent with maintaining external audit independence.

A copy of the Audit and Compliance Committee Charter is available on CWT's website.

Declaration by the Fund Manager and Chief Financial Officer

The Fund Manager and Chief Financial Officer periodically provide formal assurance statements to the Board that:

- the Fund's financial statements present a true and fair view of the Fund's financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

Independent external audit

The Board requires the independent external audit to:

- provide stakeholders with assurance over the true and fair view of the financial reports; and
- ensure accounting practices comply with applicable accounting rules and policies.

CWT'S independent external auditor is Ernst & Young (E&Y). External auditors are required to rotate the engagement partner assigned to the Challenger Group on a five-year basis. Under this policy, the lead audit engagement partner assigned to the Challenger Group rotated at the conclusion of the 2007 financial reporting period.

The external auditor will be invited to attend general meetings of CWT and be available to answer questions in relation to the conduct of its audit.

Principle 5 Make timely and balanced disclosure

Continuous disclosure policy

The Responsible Entity is committed to ensuring all investors have equal and timely access to material information concerning CWT and that CWT announcements are factual and presented in a clear and objective manner.

The Board has approved and implemented a Continuous Disclosure Policy. The policy is designed to ensure compliance with the Corporations Act and ASX Listing Rules continuous disclosure requirements. The Responsible Entity has a Continuous Disclosure Committee which is responsible for:

- making decisions on what should be disclosed publicly under the Continuous Disclosure Policy;
- maintaining a watching brief on information; and
- ensuring disclosure is made in a timely and efficient manner.

Principle 6 Respect the rights of investors

The Responsible Entity recognises the importance of enhancing our relationship with investors by:

- communicating effectively; and
- providing ready access to clear and balanced information about CWT.

As set out in Principle 5, it is CWT's policy that material information concerning the Fund will be announced to the market in a timely and objective manner. Following release to the market, the Responsible Entity publishes annual and half-yearly reports, announcements, media releases and other relevant information on its website at **www.challenger.com.au/cwt**. Internet web-casting is provided for market briefings to encourage participation from all stakeholders, regardless of their location. CWT also encourages greater use of electronic media by providing investors with greater access to the electronic receipt of reports and meeting notices. CWT also provides a facility to ask questions about the Fund and have them answered directly via electronic means.

The Responsible Entity is not required to hold annual general meetings for CWT; however, it may convene general meetings from time to time. Where the Responsible Entity convenes a general meeting for CWT, unitholders are encouraged to attend and participate in such meetings. The Responsible Entity will provide unitholders with details of any proposed meeting well in advance of the relevant date.

Principle 7
Recognise and manage risk

Risk management and compliance

The management of risks is fundamental to the Fund's business and to building unitholder value. The Responsible Entity recognises the broad range of risks which apply to CWT as a participant in the property industry, including, but not limited to, market risk, funding and liquidity risk, credit risk, investment, strategic and business risk, reputation, licence (compliance) and operational risk. The Responsible Entity is responsible for determining the Fund's risk management strategy. Management is responsible for implementing the Responsible Entity's strategy and for developing policies and procedures to identify, manage and mitigate risks across the whole of CWT's operations.

The Responsible Entity has adopted a Risk Management Framework. The Responsible Entity utilises centralised risk management functions to support business managers to manage and mitigate risks across the Fund. Operational, licence (compliance), credit, market and funding and liquidity risks are driven through centralised teams, providing both scale and knowledge concentration benefits. The central functions have direct line of sight into the businesses with reporting and oversight for functions within the businesses focused on their specific activities. Management is accountable for strategic, investment and business risk management within the delegated authority framework established by the Challenger Group Board. The framework is underpinned with a robust set of policies, delivery plans and procedures.

The framework and policies are developed and approved by management, reviewed and approved by the Responsible Entity's Audit and Compliance Committee and made available to all staff of the Challenger Group. The Challenger Group risk management functions have day to day responsibility for monitoring the implementation of the framework and policy with regular reporting provided to the Responsible Entity's Audit and Compliance Committee on the adequacy and effectiveness of management controls for material business risk. The Committee provides reporting to the Board on compliance with the framework and policies. A summary of the Challenger Group Risk Management Framework can be found at the Fund's website.

The Audit and Compliance Committee reviews the effectiveness of the risk management and internal control system on an annual basis.

Internal audit

Internal audit services were provided to CWT by PricewaterhouseCoopers during the period.

The Responsible Entity has appointed KPMG to provide internal audit services with effect from 1 July 2009. The Audit and Compliance Committee oversees the scope of the internal audit and monitors the progress of the internal audit work program. The Committee receives reports from internal audit at each meeting and monitors management's responsiveness to internal audit findings and recommendations. The internal audit function is independent of the external auditor. The internal audit function reports directly to the Audit and Compliance Committee.

Assurance

During the period, the Board has received formal assurance from the Fund Manager and Chief Financial Officer that:

- CWT's financial statements present a true and fair view of the financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

Principle 8
Remunerate fairly and responsibly

Remuneration

The Responsible Entity is entitled to be paid fees under the terms of the constitution for managing CWT. The details of fees paid in the period are set out in the notes to the financial statements on page 72.

All executives involved in the management of CWT are employees of the Challenger Group and are not remunerated by CWT.

As CWT does not pay any remuneration directly to executives of the Responsible Entity, the Responsible Entity considers that the requirement to disclose its remuneration policies, to establish a remuneration committee and to distinguish the nature of executive remuneration from that of non-executives are not relevant to CWT. In addition, CWT does not have equity based executive remuneration in operation and thus the disclosure required by Principle 8 is not relevant to CWT. These represent departures from the ASX principles.

Management Fees

Management Fees and Performance Fees are payable to Challenger Management Services Limited in accordance with the management agreement. The details of fees paid in the period are set out in the notes to the financial statements on page 72.

Non-executive Director fees

Non-executive Directors are paid an annual fee for their service on the Board and all Committees of the Board. Non-executive Directors are not entitled to participate in incentive schemes. There are no termination payments to Non-executive Directors on their retirement from office other than payments accruing from superannuation contributions comprising part of their remuneration. All Non-executive Director remuneration is paid by the Responsible Entity and is not an expense of CWT.

The staff trading policy prohibits any executive or staff member from entering into a transaction that is designed or intended to hedge that component of their unvested remuneration which is constituted by Challenger securities.

Directors' report

The Directors of Challenger Listed Investments Limited (CLIL) (ABN 94 055 293 644), the Responsible Entity of the Challenger Wine Trust (CWT) (ARSN 092 960 060), submit their report together with the financial report for CWT, for the year ended 30 June 2009.

Principal activities

Challenger Wine Trust invests in a portfolio of high quality, strategically located vineyards and wineries that are leased primarily to wine companies. The vineyards are located across Australia and New Zealand.

Trust information

CLIL, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 15, 255 Pitt Street, Sydney, NSW 2000.

Directors' summary

The following persons held office as Directors of CLIL during the year and up to the date of this report:

- Brenda Shanahan – Chair
- Michael Cole (appointed 5 November 2008)
- Russell Hooper (resigned 1 October 2008)
- Ian Martens
- Geoff McWilliam
- Ian Moore
- Brendan O'Connor
- Robert Woods.

Qualifications, experience and special responsibilities of Directors and Key Management Personnel

CLIL has considerable expertise in the infrastructure, property and funds management sectors as illustrated by the experience of its Directors.

The names and details of the Directors in office at the date of this report are as follows.

Directors

Brenda Shanahan
B Comm, AICD
Chair
Non-executive Director, Independent

Ms Shanahan is a Graduate of Melbourne University in Economics and Commerce and a Fellow of the Institute of Directors. She has a research and institutional background in finance in Australia and overseas economies and sharemarkets. She has held executive positions in stock broking, investment management and an actuarial firm.

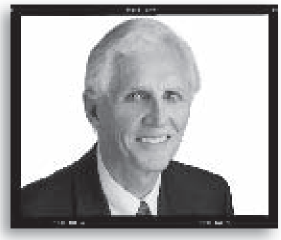
Ms Shanahan is a non-executive director of JM Financial Group Limited and non-executive Chairman of Clinuvel Pharmaceuticals Ltd. Ms Shanahan is a former director of Challenger Financial Services Group Limited. Ms Shanahan is currently Chair of St Vincent's Medical Research Institute in Melbourne.

Ms Shanahan is a member of the CLIL Audit and Compliance Committee.

Directors' report (continued)

Directors

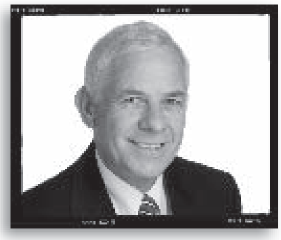
Michael Cole
B Ec, M Ec, F Fin
Non-executive Director, Independent



Mr Cole is a Graduate of the University of Sydney in Economics and possesses a Master of Economics. He is also a Fellow of the Financial Services Institute of Australia. Mr Cole has over 30 years experience in the investment banking and funds management industry. He was executive director at Bankers Trust Australia for over a decade. Mr Cole is currently Chair of Platinum Asset Management Ltd, Ironbark Capital Limited, and IMB Ltd (Illawarra Mutual Building Society). As well, Mr Cole is a director of NSW Treasury Corporation and a director of State Super Financial Services Australia Ltd. In 2007, Mr Cole retired as Chair of SAS Trustee Corporation, a position he held from 2000.

Mr Cole is a member of the CLIL Infrastructure Investment Committee.

Ian Martens
FCA, FAICD
Non-executive Director, Independent

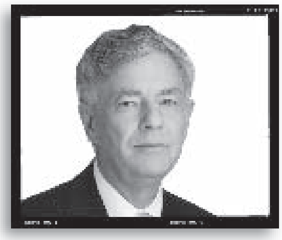


Mr Martens is a chartered accountant and was senior partner at BDO Chartered Accountants (SA), where he is now a consultant. Throughout his career, Mr Martens has advised a broad range of public and private companies on financial measurement and reporting, strategy development and evaluation and merger and acquisitions activities.

Mr Martens retired as Chairman of RAA Insurance Ltd in March 2008 and as a director of the Royal Automobile Association of SA Inc in February 2009. He was appointed the Chairman of The Creeks Pipeline Company Ltd in January 2009.

Mr Martens is Chairman of the CLIL Audit and Compliance Committee and member of the CLIL Property Investment Committee.

Geoff McWilliam
BE (Civil)
Non-executive Director, Independent



Mr McWilliam has had an extensive career in the Australian property investment industry. Mr McWilliam spent 10 years to 2002 building the Commonwealth Bank's property funds management and corporate real estate division, Colonial First State Property. As head of this business, he was responsible for the management and performance of over $16 billion in listed and unlisted property funds. Prior to this, Mr McWilliam spent 23 years with Lend Lease Corporation in a variety of senior management roles including international postings. Over the last four years, Mr McWilliam has been appointed to various property groups as an independent director.

Mr McWilliam is a director of Lend Lease Funds Management Limited, Lend Lease Asian Retail Investments Limited, Lend Lease Real Estate Investments Limited, St Laurence Limited (NZ), the Gandel Group Limited, ProTen Limited and the Dusseldorp Skills Forum Incorporated, and is a Fellow of the Australian Property Institute.

Mr McWilliam is Chairman of the CLIL Property Investment Committee.

Directors

Ian Moore
BA, FIA, FIAA
Non-executive Director, Independent

Mr Moore has extensive experience in investment banking and structured finance. Mr Moore was Head of Corporate Finance at Bankers Trust Investment Bank where he was responsible for all forms of corporate debt, project debt and asset backed debt financings. Prior to that, Mr Moore was Head of Fixed Income at Bankers Trust where he was responsible for the trading and placement of all government, corporate and securitised debt. Mr Moore was a member of Bankers Trust's Investment Bank Management Committee and a partner of Bankers Trust globally. Mr Moore is currently a Fellow of the Institute of Actuaries of Australia and the Institute of Actuaries in London.

Mr Moore is a member of the CLIL Audit and Compliance Committee and Chairman of the CLIL Infrastructure Investment Committee.

Brendan O'Connor
B Bus, CA, GAICD
Executive Director

Mr O'Connor is the Chief Financial Officer for Challenger's Funds Management division. Mr O'Connor is responsible for the services that support the Funds Management business as well as the financial management and reporting for the Funds Management division's funds, including the Challenger Wine Trust.

Prior to joining Challenger in 2006, Mr O'Connor held several senior finance roles with Westpac Banking Corporation. Prior to this, Mr O'Connor spent over six years at KPMG.

Robert Woods
B Comm
Executive Director

Mr Woods is Joint Chief Executive, Funds Management at Challenger. In this role, Mr Woods is jointly responsible for managing $16 billion of investments across property, infrastructure, fixed income, mortgages and equities. The Funds Management business manages assets for third party investors and Challenger Life Company Limited.

Prior to joining Challenger, Mr Woods was a founder of Zurich Capital Markets Asia, where he was responsible for the alternative asset business. Prior to this, Mr Woods spent 11 years with Bankers Trust in investment banking.

Mr Woods is a member of the CLIL Infrastructure Investment Committee.

Directors' report (continued)

Key Management Personnel

Trent Alston
B Build (Hons), GMQ, AMP
Head of Real Estate

Mr Alston joined Challenger in February 2006. As Head of Real Estate, Mr Alston is responsible for Challenger's property funds management and investment strategy, and for the management and performance of all Challenger wholesale property vehicles.

Prior to joining Challenger, Mr Alston spent seven years at Colonial First State, most recently in the role of General Manager, Wholesale Funds in the property division. In this role, Mr Alston was responsible for the management and performance of a portfolio of unlisted funds and client mandates valued at in excess of $8.0 billion.

Mr Alston has over 20 years experience in the property investment industry, including roles in property funds management, corporate real estate, development and project management with Colonial First State and Lend Lease.

Nick Gill
B Ag Econ, MBA, FCIS
Fund Manager, Challenger Wine Trust (CWT)

Mr Gill joined Challenger in November 2006 in the role of Fund Manager and has specific responsibility for ongoing management of CWT. This includes responsibility for Trust strategy, financial and investment performance and transaction evaluation and execution.

Mr Gill has over 23 years experience in the corporate agribusiness and investment industries, including roles in corporate strategy, commercial management and investment with Macquarie Bank, SunRice Limited, Twynam Agricultural Group, Colly Cotton Limited and Rural Property Trust.

Company Secretary

Chris Robson
BA, LLB (Hons), LLM
General Counsel and Group Company Secretary

Mr Robson is a qualified solicitor and is the Group Company Secretary and General Counsel of the Challenger Financial Services Group Limited. He is also a non-independent director of certain subsidiaries of the Challenger Group. His responsibilities include leading the legal and company secretariat teams within the Business Services division of the Challenger Group.

Suzie Koeppenkastrop
B Comm, LLB, LLM
Company Secretary

Ms Koeppenkastrop is a qualified solicitor and Head of the Company Secretariat team at Challenger. Ms Koeppenkastrop has over 14 years experience in legal and company secretarial roles in the financial services industry.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of CLIL support and have adhered to substantially all of the ASX Corporate Governance Principles and Recommendations. The corporate governance statement is set out on pages 20-26.

Review and results of operations

Profit from operating activities (before tax and fair value movements) for the year ended 30 June 2009 was $16.5 million (2008: $16.5 million). The consolidated net loss after tax for the year to 30 June 2009 attributable to unitholders of CWT was $24.3 million (2008: net profit $13.5 million). The following table provides an analysis of the result:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
Revenue from operating activities	33,495	32,731
Profit from operating activities (before tax and fair value movements)	16,504	16,467
Income tax expense	(367)	(457)
Net fair value movement in non-current assets held at the end of the year(i)	(39,715)	(2,266)
Net (loss)/profit attributable to unitholders of CWT	(24,331)	13,534
Distributions to ordinary unitholders	12,092	16,010
Distributions to ordinary unitholders in respect of the year ended 30 June 2009 (cents per unit)	**7.100**	**9.400**

(i) The net fair value movement in non-current assets for the year consists of:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
(Decrease)/increase from revaluation of non-current assets	(36,950)	2,499
(Decrease) in carrying value due to recognising intangible assets at cost	(2,765)	(4,765)
Net fair value movement in non-current assets held at the end of the year	**(39,715)**	**(2,266)**

Distributions

Interim distributions of 5.900 cents per unit (2008: 7.036 cents per unit) were paid during the year in respect of the year ended 30 June 2009. On 19 June 2009, CWT announced to the ASX an estimated final distribution of 1.200 cents per unit (2008: 2.364 cents per unit) to be paid on 17 August 2009 in respect of the year ended 30 June 2009, resulting in a total distribution of 7.100 cents per unit (2008: 9.400 cents per unit) for the year.

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
(a) Distributions declared and paid during the year to unitholders		
Interim distributions in respect of the year ended 30 June 2009 paid on 17 November 2008, 16 February 2009 and 15 May 2009 totalling 5.9 cents per unit (2008: 7.036 cents per unit).	10,048	11,984
(b) Distributions proposed and recognised as a liability		
Final distribution in respect of the year ended 30 June 2009 payable on 17 August 2009, 1.200 cents per unit (2008: 2.364 cents per unit).	2,044	4,026
Total distribution in respect of the year ended 30 June 2009, 7.100 cents per units (2008: 9.400 cents per unit)	**12,092**	**16,010**

Directors' report (continued)

Units on issue

170,312,633 (2008: 170,312,633) ordinary units were on issue at 30 June 2009. No additional units were issued or withdrawn during the year.

Earnings per unit

Basic earnings per unit amounts are calculated by dividing the net profit after tax attributable to ordinary unitholders by the weighted average number of securities outstanding during the period.

The following ref ects the income and security data used in the basic earnings per unit computations.

	Consolidated 30 June 2009	Consolidated 30 June 2008
Net (loss)/profit attributable to unitholders ($'000)	(24,331)	13,534
Time weighted average number of units for basic and diluted earnings per unit at year end (number of units in thousands)	170,313	170,313
Basic and diluted earnings per unit for net profit attributable to security holders (cents per unit)	(14.29)	7.95

Trust assets

At 30 June 2009, CWT held assets to a total value of $265.6 million (2008: $316.2 million). The basis for valuation of the assets is disclosed in Note 2 to the financial statements.

Fees paid to the Responsible Entity and associates

The following table discloses all fees paid by CWT to CLIL under the Trust Constitution and to Challenger Management Services Limited (CMSL) under the management agreement with CLIL:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
(a) Responsible Entity fees for the year paid or payable to CLIL	300	300
(b) Management fees for the year paid or payable to CMSL	2,050	2,143
Total fees as per the income statement	**2,350**	**2,443**
(c) Transaction fees for the year paid or payable to CMSL which have been capitalised to property acquisitions and developments	10	631
Total fees paid or payable for the year	**2,360**	**3,074**

Total expenses paid by CWT to reimburse CMSL in respect of costs paid on behalf of CWT for the year ended 30 June 2009 were $105,104 (2008: $588,204).

All transactions were in accordance with agreements.

Interests held in CWT by the Responsible Entity and its associates

The following related entities of CLIL hold interests of 5% or more in CWT:

- Challenger Life Company Limited (formerly Challenger Life No. 2 Limited) holds 47,249,788 ordinary units (28%) (2008: 45,939,348 ordinary units (27%)) as at 30 June 2009.

Challenger Life Company Limited (CLC) and CLIL are wholly owned subsidiaries of Challenger Financial Services Group Limited (CFSG).

Significant changes in the state of affairs

There were no significant changes to the state of affairs of CWT during the year, other than those changes identified in the financial statements for the year ended 30 June 2009.

Significant events after the balance date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect:

(a) CWT's operations in future financial years; or

(b) the results of those operations; or

(c) CWT's state of affairs in future financial years.

Likely developments and expected results

Further information on likely developments on the operation of CWT and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to CWT.

Environmental regulation and performance

The Trust owns properties which are subject to environmental regulations under both Commonwealth and State legislation. The Directors are satisfied that adequate systems were in place for the management of the environmental responsibilities and the compliance with various legislative, regulatory and licence requirements. Further, the Directors are not aware of any breaches to these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

Indemnification and insurance of Directors and officers

The Responsible Entity has insured the Directors and officers against liabilities incurred in their role as Directors and officers of the Responsible Entity. The Responsible Entity is prohibited by the insurance contract itself from disclosing the nature of the liabilities covered and the amount of the premium. The auditors of CWT are not indemnified out of the assets of CWT.

Fund Manager and Chief Financial Officer declaration

The Fund Manager and Chief Financial Officer have given a declaration to the Board of Directors that in their opinion the financial records of CWT have been properly maintained in accordance with section 286 of the Corporations Act 2001, and the financial statements and notes for the financial year ended 30 June 2009 comply with accounting standards and give a true and fair view.

Rounding of amounts in the Directors' report and the financial report

CWT is a registered scheme that is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's independence declaration

We have obtained an independence declaration from our auditor, Ernst & Young, as set out on page 34.

This report is made in accordance with a resolution of the Directors of Challenger Listed Investments Limited.

Brenda Shanahan
Chair

Sydney
5 August 2009

Auditor's independence declaration

ERNST & YOUNG

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680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Responsible Entity of Challenger Wine Trust

In relation to our audit of the financial report of Challenger Wine Trust for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Elliott Shadforth
Partner
Sydney

5 August 2009

Income statement

For the year ended 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Property income					
Rental income		32,783	31,583	11,268	12,264
Less: Property related expenses		(163)	–	(163)	–
Net property income		**32,620**	**31,583**	**11,105**	**12,264**
Other income	4	712	1,148	12,578	11,283
Other trust expenses					
Finance costs		(13,122)	(12,526)	(5,650)	(5,445)
Responsible Entity's and Manager's fees		(2,350)	(2,443)	(808)	(912)
Operating expenses	5	(1,356)	(1,295)	(1,088)	(1,180)
Profit from operating activities before tax		**16,504**	**16,467**	**16,137**	**16,010**
Income tax expense	6	(367)	(457)	–	–
Profit from operating activities after tax		**16,137**	**16,010**	**16,137**	**16,010**
Impairment of non-current assets	5	(813)	(1,437)	(14,765)	(1,437)
Net fair value movement of available-for-sale assets sold during the year		–	389	–	389
Net fair value movement of non-current assets sold during the year		60	838	60	838
Net fair value movement of non-current assets held at the end of the year	18	(39,715)	(2,266)	(14,881)	(7,795)
Unrealised foreign exchange gains/(losses)		–	–	172	(1,988)
Net (loss)/profit		**(24,331)**	**13,534**	**(13,277)**	**6,017**
Basic and diluted earnings per ordinary unit (cents)	8	(14.29)	7.95	(7.80)	3.53

The above income statement should be read in conjunction with the notes to the financial statements set on pages 41 to 73.

Distribution statement

For the year ended 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
Net (loss)/profit attributable to unitholders of CWT		**(24,331)**	**13,534**
Earnings per unit (cents)		*(14.29)*	*7.95*
Adjusted for:			
Impairment of non-current assets		813	1,437
Net fair value movement in non-current assets	18	39,715	2,266
Net income available for distribution		**16,197**	**17,237**
Less: Undistributed income carried forward			
Net fair value movement of available-for-sale assets sold during the year		–	(389)
Net fair value movement of non-current assets sold during the year		–	(838)
Unamortised fair value of derivatives on closed hedged positions		(4,105)	–
Distribution to unitholders	7	**12,092**	**16,010**
Distribution per unit (cents)		*7.10*	*9.40*

The above distribution statement should be read in conjunction with the notes to the financial statements set on pages 41 to 73.

Balance sheet

As at 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Assets					
Current assets					
Cash and cash equivalents	9	5,841	13,690	3,029	9,481
Trade and other receivables	10	1,897	406	2,113	1,632
Prepayments	11	495	99	400	99
Derivative financial instruments	26	159	1,172	159	747
Assets of a disposal group classified as held for sale	19	–	2,350	–	2,350
Total current assets		**8,392**	**17,717**	**5,701**	**14,309**
Non-current assets					
Investment properties	14	132,146	137,603	42,678	46,342
Vines	15	97,201	130,319	25,199	36,045
Intangible assets	16	21,786	21,836	8,362	8,412
Plant and equipment	17	5,978	6,743	5,978	6,743
Derivative financial instruments	26	69	2,015	69	1,861
Available-for-sale financial assets	13	–	–	62,854	75,057
Other financial assets	12	–	–	20,693	20,693
Total non-current assets		**257,180**	**298,516**	**165,833**	**195,153**
Total assets		**265,572**	**316,233**	**171,534**	**209,462**
Liabilities					
Current liabilities					
Trade and other payables	20	3,148	2,112	1,270	1,293
Rent received in advance		888	1,399	21	175
Provision for distribution	21	2,044	4,026	2,044	4,026
Derivative financial instruments	26	1,378	37	42	–
Liabilities directly associated with the assets classified as held for sale	19	–	1,941	–	1,941
Interest bearing liabilities	22	2,163	–	2,163	–
Total current liabilities		**9,621**	**9,515**	**5,540**	**7,435**
Non-current liabilities					
Derivative financial instruments	26	6,919	1,092	327	–
Interest bearing liabilities	22	147,101	153,054	65,599	69,736
Total non-current liabilities		**154,020**	**154,146**	**65,926**	**69,736**
Total liabilities		**163,641**	**163,661**	**71,466**	**77,171**
Net assets		**101,931**	**152,572**	**100,068**	**132,291**
Equity					
Contributed equity	23	145,644	145,644	145,644	145,644
Retained earnings	24	(32,064)	4,359	(41,330)	(15,961)
Reserves	24	(11,649)	2,569	(4,246)	2,608
Total equity		**101,931**	**152,572**	**100,068**	**132,291**

The above balance sheet should be read in conjunction with the notes to the financial statements set on pages 41 to 73.

Statement of changes in equity

For the year ended 30 June 2009

Consolidated	Issued capital $'000	Retained earnings $'000	Reserves $'000	Total $'000
Balance as at 1 July 2007	**145,644**	**6,835**	**3,715**	**156,194**
Net profit for the year	–	13,534	–	13,534
Total recognised income and expense for the year	**–**	**13,534**	**–**	**13,534**
Currency translation differences	–	–	(458)	(458)
Fair value movements in available-for-sale assets	–	–	(64)	(64)
Realised gains transferred to the income statement	–	–	(389)	(389)
Amounts transferred to finance costs during the year	–	–	(1,587)	(1,587)
Amounts transferred to income statement during the year	–	–	(235)	(235)
Fair value movements in derivative financial instruments	–	–	1,587	1,587
Net income for the year recognised directly in equity	**–**	**–**	**(1,146)**	**(1,146)**
Distribution to unitholders	–	(16,010)	–	(16,010)
Balance as at 30 June 2008	**145,644**	**4,359**	**2,569**	**152,572**
Balance as at 1 July 2008	**145,644**	**4,359**	**2,569**	**152,572**
Net loss for the year	–	(24,331)	–	(24,331)
Total recognised income and expense for the year	**–**	**(24,331)**	**–**	**(24,331)**
Currency translation differences	–	–	135	135
Amounts transferred to finance costs during the year	–	–	1,951	1,951
Amounts transferred to income statement during the year	–	–	267	267
Fair value movements in derivative financial instruments	–	–	(16,571)	(16,571)
Net income for the year recognised directly in equity	**–**	**–**	**(14,218)**	**(14,218)**
Distribution to unitholders	–	(12,092)	–	(12,092)
Balance as at 30 June 2009	**145,644**	**(32,064)**	**(11,649)**	**101,931**

The above statement of changes in equity should be read in conjunction with the notes to the financial statements set on pages 41 to 73.

Parent	Issued capital $'000	Retained earnings $'000	Reserves $'000	Total $'000
Balance as at 1 July 2007	**145,644**	**(5,968)**	**1,019**	**140,695**
Net profit for the year	–	6,017	–	6,017
Total recognised income and expense for the year	**–**	**6,017**	**–**	**6,017**
Fair value movements in available-for-sale assets	–	–	(64)	(64)
Realised gains transferred to the income statement	–	–	(389)	(389)
Amounts transferred to finance costs during the year	–	–	(274)	(274)
Amounts transferred to income statement during the year	–	–	(235)	(235)
Fair value movements in derivative financial instruments	–	–	2,551	2,551
Net income for the year recognised directly in equity	**–**	**–**	**1,589**	**1,589**
Distribution to unitholders	–	(16,010)	–	(16,010)
Balance as at 30 June 2008	**145,644**	**(15,961)**	**2,608**	**132,291**
Balance as at 1 July 2008	**145,644**	**(15,961)**	**2,608**	**132,291**
Net loss for the year	–	(13,277)	–	(13,277)
Total recognised income and expense for the year	**–**	**(13,277)**	**–**	**(13,277)**
Amounts transferred to finance costs during the year	–	–	878	878
Amounts transferred to income statement during the year	–	–	95	95
Fair value movements in derivative financial instruments	–	–	(7,827)	(7,827)
Net income for the year recognised directly in equity	**–**	**–**	**(6,854)**	**(6,854)**
Distribution to unitholders	–	(12,092)	–	(12,092)
Balance as at 30 June 2009	**145,644**	**(41,330)**	**(4,246)**	**100,068**

The above statement of changes in equity should be read in conjunction with the notes to the financial statements set on pages 41 to 73.

Cash f ow statement

For the year ended 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Cash f ows from operating activities					
Rental received		30,764	32,602	10,734	12,099
Interest received		712	1,106	1,882	777
Dividends received		–	42	–	42
Finance costs paid		(12,593)	(12,888)	(6,085)	(5,601)
Payments to suppliers		(3,643)	(2,805)	(1,956)	(1,518)
Net fair value of derivatives paid on closed hedged positions		(4,372)	–	(4,200)	–
Income tax paid		(290)	(457)	–	–
Distributions received		–	–	10,582	10,462
Net cash flows from operating activities	9	**10,578**	**17,600**	**10,957**	**16,261**
Cash f ows from investing activities					
Proceeds from disposal of property		2,662	18,194	2,662	18,194
Payment for vines, investment properties and developments		(481)	(42,913)	(481)	(39,670)
Proceeds received from repayment of loan notes		–	200	–	200
Proceeds received from disposal of available-for-sale assets		–	436	–	436
Payments to controlled entities		–	–	(1,555)	(1,411)
Net cash flows from/(used in) investing activities		**2,181**	**(24,083)**	**626**	**(22,251)**
Cash f ows from financing activities					
Proceeds from borrowings		638	38,390	627	38,390
Repayment of borrowings		(7,088)	(8,410)	(4,588)	(8,410)
Derivative option fee paid		(120)	–	–	–
Distributions to unitholders		(14,074)	(15,876)	(14,074)	(15,876)
Net cash flows (used in)/from financing activities		**(20,644)**	**14,104**	**(18,035)**	**14,104**
Net (decrease)/increase in cash and cash equivalents		(7,885)	7,621	(6,452)	8,114
Effects of foreign exchange		36	(89)	–	–
Cash and cash equivalents at beginning of year		13,690	6,158	9,481	1,367
Cash and cash equivalents at end of year	9	**5,841**	**13,690**	**3,029**	**9,481**

The above cash f ow statement should be read in conjunction with the notes to the financial statements set on pages 41 to 73.

Notes to the financial statements

For the year ended 30 June 2009

Note 1 – Trust information

The financial report for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors dated 5 August 2009.

Challenger Wine Trust (CWT or 'the Trust') is an Australian registered managed investment scheme and is publicly traded on the Australian Securities Exchange (ASX).

The principal activity of the Trust during the year was to invest in a portfolio of high quality, strategically located vineyards and wineries that are leased primarily to wine companies. The vineyards are located across Australia and New Zealand.

Note 2 – Summary of significant accounting policies

The accounting policies which have been adopted in the preparation of the financial statements are stated to assist in a general understanding of this report.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Constitution, Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements.

The financial report has also been prepared on an historical cost basis, except for investment properties, vines, winery land and buildings, derivative financial instruments and available-for-sale financial assets, which have been measured at fair value.

The accounting policies adopted in preparing these consolidated financial statements have been consistently applied by CWT unless otherwise specified.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

A summary of the significant accounting policies of CWT is disclosed below.

(b) New reporting standards issued and/or applied during the year

The following standards, interpretations and amendments were available for early adoption and applicable to the Group but have not been applied in these financial statements:

- AASB 8 Operating Segments amendments are applicable for annual reporting periods beginning 1 July 2009. This standard adopts a management reporting approach to segment reporting. The new segment disclosure will not be a material departure from current disclosure.
- AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 are applicable for annual reporting periods beginning 1 July 2009. Under AASB 3, if the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Transaction costs related to the acquisition are expensed. Non-controlling interest is valued at share of net assets.
- AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101. This is applicable for annual reporting periods beginning on or after 1 January 2009. This standard requires the presentation of a statement of comprehensive income which replaces the income statement and makes changes to the statement of changes in equity. Any changes made with respect to a prior period adjustment or reclassification in the financial statement will require a third Balance Sheet as at the beginning of the comparative periods to be disclosed. The Group will need to reformat its income statement and statement of changes in equity for its 30 June 2010 financial statements.
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvement Project. This is applicable for annual reporting periods beginning on or after 1 January 2009. The amendment to AASB 140 Investment Property requires development property to be recognised at fair value rather than at cost. The possible impact on initial application of this amendment will not be material.
- AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments.
This is applicable for annual reporting periods beginning on or after 1 January 2009. The main amendment requires fair value measurements to be disclosed by the source of the inputs. This standard is disclosure only and will not have a financial impact on the results of the Group.

Notes to the financial statements (continued)

For the year ended 30 June 2009

Note 2 – Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of CWT and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Controlled entities are consolidated from the date on which the parent obtains control and cease to be consolidated from the date on which control is transferred out of CWT. Where loss of control over an entity occurs, the consolidated financial statements include the results for the part of the reporting period during which CWT had control.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will f ow to the Group and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Rental income arising on investment properties is recognised in accordance with the provisions of the lease. The basic rent rate is increased annually in accordance with the terms of the lease. All rental income is recognised net of Goods and Services Tax (GST).

Interest income is recognised as interest accrues using the effective interest method.

Distribution and dividend income is recognised when the Group's right to receive the payment is established.

(e) Depreciation

Investment properties and vines (including integral infrastructure and water rights) are not required to be depreciated as per AASB 140 Investment Properties and AASB 141 Agriculture respectively. Winery plant and equipment are depreciated, on a straight-line basis, over their expected useful life. Major depreciation periods are:

	30 June 2009	30 June 2008
Fermentation and storage	20-25 years	20-25 years
Winery buildings	40 years	40 years
Winery plant	7.5-15 years	7.5-15 years

(f) Income tax

(i) Eligible investment business

Under current legislation, the Trust undertakes activities of an 'eligible investment business', that is investing in land and vines for the purpose of, or primarily for the purpose of deriving rent, and is, therefore, taxed as a trust estate.

It is the opinion of the Directors that the Trust has not conducted activities outside of the scope of an eligible investment business during the financial year ended 30 June 2009.

Distributions to investors will be taxed as distributions of net income or corpus.

(ii) New Zealand tax payable

One of the Group's wholly owned entities, Delegat's Trust, is treated as a company for New Zealand tax purposes as deriving rental income from New Zealand property is deemed to be taxable income of the trustee. As a result Delegat's Trust is required to calculate and pay tax in New Zealand at the New Zealand company tax rate (2009: 30%; 2008: 33%). Any tax paid by Delegat's Trust will be passed through to the unitholders of CWT as foreign income tax offsets in the year that the tax is paid.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash f ow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

(i) Investment properties

Investment properties, which include land, buildings, integral infrastructure and water rights that are not able to be separately identified from properties and with no market defined cost base are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Independent valuations of investment properties are obtained at least once every 18 months from qualified valuers. The valuations have been completed in accordance with AASB 140 Investment Property and the fair value definitions, and the IFRS determination that fair value may be assessed utilising a discounted cash flow approach. The key valuation assumptions used by the independent valuers are outlined in Note 18(b). The Directors of the Responsible Entity make reference to these independent valuations when assessing the fair value of investment properties at each reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Water rights are included in investment properties when they are not legally separate from such properties and for which there is no market against which cost can be reliably determined.

CWT's leases include an option or right of first refusal for the lessee to purchase the property from CWT during the option term, which is generally at the end of the lease or, if at any time during the lease period, CWT wishes to dispose of the property. The option deed is integrally linked to the underlying lease of the property and therefore forms part of the fair value consideration supplied by the independent valuer. As a result these options are not considered to be embedded derivatives and are not recognised separately from the properties.

(j) Vines

Vines are initially recorded at cost including transaction costs. Subsequent to initial recognition the vines are stated at fair value. Gains or losses arising from changes in the fair values of vines are recognised in profit or loss in the year in which they arise.

Independent valuations of vineyards are obtained at least once every 18 months from suitably qualified valuers. The valuations have been completed in accordance with AASB 141 Agriculture and the fair value definitions, and the IFRS determination that fair value may be assessed utilising a discounted cash flow approach. The key valuation assumptions used by the independent valuers are outlined in Note 18(b). The Directors of the Responsible Entity make reference to these independent valuations when assessing the fair value of vines at each reporting date.

(k) Plant and equipment

Winery plant and equipment is stated at historical cost, including relevant transactions costs, less accumulated depreciation and any accumulated impairment losses.

(l) Leases

Leases are classified as either operating leases or finance leases at the date of inception of the lease. A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all of the risks and benefits incidental to ownership of leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Lease agreements entered into with lessees over vineyard properties and wineries are considered to be operating leases given that the Group retains substantially all the risks and benefits of ownership of the leased assets. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset.

Under the terms and conditions of the lease contract, lessees are responsible for the following:

- payment of relevant rates, taxes and levies;
- costs incurred to preserve and maintain the land and the vines growing in the land in accordance with best viticultural practice, including pruning, irrigation, fertilisation, etc;
- expenditure on any additional plant that will remain the lessee's property;
- maintenance, repair and replacement of items of a structural and or capital nature; and
- all operational costs related to the growing of grapes.

The Trust will reimburse the lessee for any agreed alterations and additions to the leased vineyards and wineries, with rental payments adjusted accordingly.

Note 2 – Summary of significant accounting policies (continued)

(m) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

(ii) Units in controlled entities

Units held by the parent in controlled entities are carried at cost.

(n) Intangible assets

Separable and tradeable water rights

Separable and tradeable water rights, which are included in intangible assets, provide the owner with an allocation of irrigation water for as long as the rights are held. Separable and tradeable water rights are able to be legally separated from properties and are able to be traded.

Separable and tradeable water rights are recognised at cost less impairment losses. The cost is not amortised as the water licences have indefinite useful lives.

Due to the water rights being used for the provision of permanent planting of crops (vines) these water rights are held to support the vines and not for regular trading purposes.

(o) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash f ows are included in the cash f ow statement on a gross basis and the GST component of cash f ows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash f ows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowing costs are recognised as an expense when incurred.

(r) Contributed equity

Ordinary units are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per unit

Basic EPU is calculated as net profit attributable to ordinary equity holders of the parent entity, divided by the weighted average number of ordinary units. Diluted EPU is calculated as net profit attributable to ordinary equity holders of the parent entity divided by the weighted average number of ordinary units adjusted for the effects of all dilutive potential ordinary units.

(t) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of interest rate swap contracts are determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategies for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(u) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(v) Significant accounting judgements

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Other than the process for determining fair value of investment properties and vines as described in Note 2(i) and 2(j) and derivative financial instruments in Note 2(t), there are no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of CWT's assets and liabilities within the next annual reporting period.

Note 2 – Summary of significant accounting policies (continued)

(w) Foreign currency translation

Both the functional and presentation currency of CWT and its Australian subsidiaries is Australian dollars. The functional currency of the New Zealand subsidiary (Delegat's Trust) is New Zealand dollars and is reported in Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of the overseas subsidiary are translated into the presentation currency of CWT at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Exchange rates used

The following exchange rates are used in translating foreign currency transactions, balances and financial statements:

	30 June 2009 NZD	30 June 2008 NZD
Weighted average exchange rate	1.2311	1.1690
Spot rate at the balance date	1.2480	1.2609

(x) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risk and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash f ows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(y) Impairment of assets
At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Impairment of financial assets
The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Note 3 – Financial risk management

The Group's activities expose it to a variety of financial risks:

- market risk (including currency risk and interest rate risk);
- credit risk; and
- liquidity risk.

The Responsible Entity believes that the management of financial risks is fundamental to CWT's operations and to building unitholder value. The Board is responsible for CWT's risk management strategy and management is responsible for implementing the Board's strategy and for developing policies and procedures to identify, manage and mitigate risks across CWT's operations.

The Responsible Entity as a subsidiary of Challenger Financial Services Group (CFSG) is subject to periodic review by the CFSG internal audit function.

The Board has adopted the CFSG Operational Risk Framework and formal policies in respect of compliance and operational risk management. Risks at both the Responsible Entity and CWT level are managed through the CFSG Operational Risk Framework and include:

- regulatory and reporting risks;
- financial risks (such as liquidity, interest rate, currency and investment);
- legal risks (such as contract enforceability, covenants);
- operational risks (such as people, processes, infrastructure, technology); and
- reputation risk (such as investor relations, media management).

At the time of approving the financial statements of CWT, the Board requires representation letters from management addressing risk management and internal compliance and controls relevant to risk.

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of CWT's business. Derivative financial instruments are used to hedge exposures to f uctuations in interest rates. Instruments used include interest rate swap contracts.

All interest rate derivative financial instruments held within CWT are stated at fair value with any gains or losses arising from changes in fair value being taken directly to equity for the year. CWT has elected to undertake the hedge accounting treatment available under AASB 139 for its derivative financial instruments.

Financial risks impact the financial assets and liabilities of CWT. CWT's principal financial instruments, other than derivatives, comprise cash and cash equivalents, receivables, payables and interest bearing liabilities.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial instruments are disclosed in Note 2.

(a) Market risk

Market risk is the risk that the fair value or future cash f ows of a financial instrument will f uctuate because of changes in market factors. Market risk comprises (amongst others) various types of risk including interest rate risk (due to f uctuations in interest rates) and currency risk (due to f uctuations in foreign exchange rates).

(i) Interest rate risk

Interest rate risk is the risk to CWT's earnings arising from movements in the interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between the different yield curves and the volatility of the interest rates.

Financial instruments with f oating rate interest expose CWT to cash f ow interest rate risk.

It is CWT's policy to manage the impact of interest rate movements on its debt servicing capacity, profitability and business requirements by entering into interest rate derivatives.

The purpose of using derivative financial instruments is to minimise financial risk from movements in interest rates. CWT's exposure to interest rate risk arises predominantly from liabilities bearing variable interest rates.

Hedging activity is performed using interest rate swaps. A swap transaction obliges the two parties to the contract to exchange a series of cash f ows at specified intervals known as payment or settlement dates.

CWT's policy is to enter into interest rate derivatives to effectively hedge a minimum of 60% of its borrowings over the life of the underlying lease from exposure to movements in interest rates.

At 30 June 2009, CWT has entered into interest rate derivatives to hedge 76% (2008: 100%) of its exposure to movements in interest rates over the life of the underlying lease and 100% (2008: 100%) of its 30 June 2009 borrowing levels. The contracts require settlement of net interest receivable or payable on a quarterly basis. These derivative instruments have been designated as effective hedges and formal documentation of the hedging relationship has been maintained. CWT's derivative instruments are assessed on an ongoing basis and have been determined to be highly effective throughout the reporting periods for which they have been designated as effective. As a result of being an effective hedge any gains or losses from the changes in fair value of these derivative instruments are recognised directly in equity.

(ii) Currency risk

The consolidated entity's exposure to foreign currency risk relates primarily to investment properties that are denominated in New Zealand dollars. CWT manages these exposures by borrowing in foreign currency to provide a hedge against a net investment in a foreign entity.

Capital hedge

CWT has a policy to implement a natural capital hedge of a minimum of 90% of the total equity of the Trust that is invested in foreign currency denominated assets by borrowing in the same foreign currency to insulate against movements in exchange rates, both favourable and unfavourable. At 30 June 2009, CWT has naturally hedged 99% (2008: 92%) of its foreign currency exposure.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. CWT aims to ensure that at all times it has appropriate credit risk management in place and that the Board and senior management are appropriately informed of the Group's credit risks.

CWT's approach to credit management utilises a credit risk framework to ensure that the following principles are adhered to:

- independence from the fund manager;
- appropriate segregation practices are in place to avoid conflicts of interest;
- credit exposures are systematically controlled and monitored;
- credit exposures are regularly reviewed in accordance with existing credit procedures;
- credit personnel are appropriately qualified and experienced; and
- credit exposures include such exposures arising from derivative transactions.

CWT makes primary use of both external and internal ratings. Internal ratings are expressed on the basis of Standard & Poor's rating definitions. Where an external rating is available (predominantly from Standard & Poor's, Moody's or Fitch), the internal rating will ordinarily be no greater than the lowest external rating assigned.

The credit risk in respect of derivative transactions is mitigated by entering into trades with counterparties with an A rating or above.

CWT minimises concentration of credit risk in relation to trade receivables by ensuring no more than 40% of the property portfolio shall be let by one tenant and providing leases only to tenants who are considered creditworthy third parties. It is CWT's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, rent receivable balances are monitored on an ongoing basis to ensure the Group's exposure to bad debts is managed through normal payment terms and review of any rental in arrears.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. This may result from either the inability to recover or settle financial assets at their face values or at all; or a counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

CWT aims to ensure that it has sufficient liquidity to meet its obligations on a short-term and medium-term basis. In setting the level of sufficient liquidity, CWT considers new asset purchases and equity origination in addition to current contracted obligations. In summary CWT considers: minimum cash requirements; cash flow forecasts; acquisition and disposal pipeline; and cash mismatches by maturity.

Notes to the financial statements (continued)

For the year ended 30 June 2009

Note 4 – Other income

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Other income				
Interest income	712	809	461	480
Interest income – wholly owned group entities	–	–	1,635	1,733
Dividend income	–	42	–	42
Gains recognised from closed hedged positions on debt repayment	–	297	–	297
Distributions received – wholly owned group entities	–	–	10,482	8,731
	712	**1,148**	**12,578**	**11,283**

Note 5 – Expenses

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Operating expenses					
Custodian fees		72	93	72	93
Consultant fees		236	267	140	181
Auditor's remuneration	28	81	67	81	67
Depreciation		313	210	313	210
Realised foreign exchange losses		–	4	–	4
Write-off of loan notes		–	197	–	197
Losses recognised from closed hedged positions on debt repayment		205	–	33	–
Amortisation of fair value of derivatives on closed hedged positions		62	–	62	–
Other costs		387	457	387	428
		1,356	**1,295**	**1,088**	**1,180**
Impairment of non-current assets					
Impairment of plant and equipment	17	813	1,437	813	1,437
Impairment of convertible notes in controlled entities	13	–	–	13,952	–
		813	**1,437**	**14,765**	**1,437**

Note 6 – Income tax expense

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Income tax expense				
New Zealand income tax expense	367	457	–	–
	367	**457**	–	–

New Zealand tax payable

One of the Group's wholly owned entities, Delegat's Trust, is treated as a company for New Zealand tax purposes as deriving rental income from New Zealand property is deemed to be taxable income of the trustee. The tax paid by Delegat's Trust will be passed through to the unitholders of CWT as foreign income tax offsets in the year that the tax is paid. A reconciliation of the New Zealand income tax expense is provided in the table below:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
(a) Reconciliation of New Zealand income tax expense		
Profit from operating activities for the year ended 31 March 2009 (Delegat's Trust)	1,889	1,792
At the New Zealand statutory company tax rate of 30% (2008: 33%)	567	591
Adjustments for:		
Amortisation of facility establishment costs	1	2
Depreciation of investment properties	(244)	(293)
Australian sourced interest income	(10)	(14)
Provision for New Zealand tax payable for the period 1 April 2009 to 30 June 2009	77	–
Income tax (refund)/paid in current year relating to prior years	(24)	171
New Zealand income tax expense[(i)]	**367**	**457**

(i) NZD income tax expense has been converted at the spot rate prevailing on the day of payment being 1.2534 (2008: 1.2639).

Note 7 – Distributions paid and proposed

The following distributions were paid or payable during the year ended 30 June 2009:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
(a) Distributions declared and paid during the year to unitholders				
Interim distributions (2009: 5.900 cents per unit paid on 17 November 2008, 16 February 2009 and 15 May 2009; 2008: 7.036 cents per unit)	10,048	11,984	10,048	11,984
(b) Distributions proposed and recognised as a liability				
Final distribution (2009: 1.200 cents per unit payable on 17 August 2009; 2008: 2.364 cents per unit)	2,044	4,026	2,044	4,026
Total distributions (2009: 7.1 cents per unit; 2008: 9.4 cents per unit)	**12,092**	**16,010**	**12,092**	**16,010**

Note 8 – Earnings per unit

	Consolidated 30 June 2009	Consolidated 30 June 2008	Parent 30 June 2009	Parent 30 June 2008
Basic and diluted earnings per ordinary unit (cents)	(14.29)	7.95	(7.80)	3.53

The diluted earnings per unit is the same as the basic earnings per unit as no dilutionary potential ordinary units have been issued.

The following ref ects the income and unit data used in the basic and diluted earnings per unit computations:

	Consolidated 30 June 2009	Consolidated 30 June 2008	Parent 30 June 2009	Parent 30 June 2008
Net (loss)/profit attributable to unitholders ($'000)	(24,331)	13,534	(13,277)	6,017
Weighted average number of ordinary units for basic and diluted earnings per unit (thousands)	170,313	170,313	170,313	170,313

There have been no other transactions involving ordinary units or potential ordinary units between the reporting date and the date of completion of these financial statements.

Note 9 – Cash and cash equivalents

For the purpose of the cash f ow statement, cash and cash equivalents comprise the following at year end:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Cash at bank and in hand	3,474	1,950	762	350
Term deposits	2,367	11,740	2,267	9,131
Total cash and cash equivalents	**5,841**	**13,690**	**3,029**	**9,481**

Cash at bank earns interest at f oating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between seven days and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

(a) Reconciliation of net profit to net cash f ows from operations

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Net (loss)/profit	(24,331)	13,534	(13,277)	6,017
Adjustments for:				
Non-cash items:				
Depreciation of non-current assets	313	210	313	210
Amortisation of facility establishment costs	48	209	21	86
Losses recognised from closed hedged positions on debt repayment	205	–	33	–
Amortisation of fair value of derivatives on closed hedged positions	62	–	62	–
Loan notes written-off	–	196	–	196
Accrued capital development costs	(453)	–	(453)	–
Impairment of non-current assets	813	1,437	14,765	1,437
Net fair value movement of available-for-sale assets sold during the year	–	(389)	–	(389)
Net fair value movement of non-current assets sold during the year	(60)	(838)	(60)	(838)
Net fair value movement of non-current assets held at the end of the year	39,715	2,266	14,881	7,795
Unrealised foreign exchange (gains)/losses	–	–	(172)	1,988
Net fair value of derivatives paid on closed hedged positions	(4,372)	–	(4,200)	–
Facility establishment costs paid	–	(173)	–	(101)
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	(1,887)	647	(782)	(347)
(Increase)/decrease in unearned income	(511)	423	(154)	(99)
Increase/(decrease)in trade and other payables	1,036	78	(20)	306
Net cash flows from operating activities	10,578	17,600	10,957	16,261

(b) Disclosure of financing facilities

Refer to Note 22 interest bearing liabilities.

Notes to the financial statements (continued)

For the year ended 30 June 2009

Note 10 – Trade and other receivables

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Trade receivables[(i)]	1,654	–	529	–
Less: Allowances for impairment losses	–	–	–	–
	1,654	–	529	–
Accrued rental income	228	369	228	369
Accrued interest receivable	–	33	–	22
Other receivables	15	4	–	–
Receivables from wholly owned group entities[(ii)]	–	–	1,356	1,241
Total trade and other receivables	**1,897**	**406**	**2,113**	**1,632**

(i) Trade receivables are non-interest bearing and generally 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No allowances for doubtful debts have been recognised as an expense for the current year.

(ii) Receivables from wholly owned group entities is comprised of interest receivable on convertible notes issued by the controlled entities to the parent entity and equity distributions receivable from the controlled entities.

Note 11 – Prepayments

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Prepaid interest	436	99	341	99
Other prepayments	59	–	59	–
Total prepayments	**495**	**99**	**400**	**99**

Note 12 – Other financial assets

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Non-current				
Units in controlled entities at cost	–	–	20,693	20,693
	–	**–**	**20,693**	**20,693**

Note 13 – Available-for-sale assets

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Convertible notes in controlled entities	–	–	76,806	75,057
Less: Allowances for impairment losses[(i)]	–	–	(13,952)	–
	–	**–**	**62,854**	**75,057**

(i) During the year, impairment losses of $14.0 million were recognised on the convertible notes issued by the McGuigan Simeon Trust (MST) to CWT. The impairment losses recognised ref ect the fair value decrements of the underlying investment properties and derivatives held in MST. MST is a 100% controlled entity of CWT. On consolidation, the impairment losses recognised by the parent entity are eliminated and the revaluation decrements in MST are ref ected in the carrying values of the Group assets.

Note 14 – Investment properties

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Investment properties				
Beginning of the year at fair value	137,603	161,358	46,342	42,042
Additions	413	21,982	413	20,915
Disposals	(442)	(8,405)	(442)	(8,405)
Foreign currency f uctuations	506	(6,486)	–	–
Assets transferred to intangible assets at fair value	–	(945)	–	(945)
Net fair value movement	(5,934)	(30,379)	(3,635)	(7,743)
Assets derecognised from a disposal group classified as held for sale	–	478	–	478
End of the year at fair value	**132,146**	**137,603**	**42,678**	**46,342**

Revaluation of investment properties

Investment properties, which include land, buildings, integral infrastructure and water rights that are not able to be separately identified from properties and with no market defined cost base are stated at fair value which has been determined based on independent valuations from accredited industry valuers who are specialists in valuing these types of investment properties. The independent valuations are obtained from qualified valuers at least once every 18 months. The Directors of the Responsible Entity make reference to these independent valuations when assessing the fair value of investment properties at each reporting date.

Assets pledged as security

First mortgages have been granted as security for bank loans (Note 22) over all investment properties and vines. The terms of the first mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder.

Note 15 – Vines

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Vines				
Beginning of the year at fair value	130,319	94,991	36,045	26,222
Additions	–	14,156	–	13,520
Disposals	–	(4,738)	–	(4,738)
Foreign currency f uctuations	263	(3,296)	–	–
Net fair value movement	(33,381)	29,206	(10,846)	1,041
End of the year at fair value	**97,201**	**130,319**	**25,199**	**36,045**

Revaluation of vines

Independent valuations of vineyard properties are obtained at least once every 18 months from suitably qualified valuers.
The Directors' valuations of vines are determined by discounting the expected future cash f ows from the vines.

Assets pledged as security

First mortgages have been granted as security for bank loans (Note 22) over all investment properties and vines. The terms of the first mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder.

Notes to the financial statements (continued)

For the year ended 30 June 2009

Note 16 – Intangible assets

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Intangible assets (separable and tradeable water rights)				
Beginning of the year at cost less impairment losses	21,836	16,995	8,412	5,111
Additions	–	6,748	–	5,208
Disposals	(50)	(2,209)	(50)	(2,209)
Assets transferred from investment properties at cost	–	302	–	302
Less: Allowances for impairment losses	–	–	–	–
End of the year at cost less impairment losses	**21,786**	**21,836**	**8,362**	**8,412**

Separable and tradeable water rights

Separable and tradeable water rights, which are included in intangible assets, provide the owner with an allocation of irrigation water for as long as the rights are held. Separable and tradeable water rights are able to be legally separated from properties and are able to be traded. Separable and tradeable water rights are recognised at cost less impairment losses. The cost is not amortised as the water licences are considered to have indefinite useful lives.

The below table provides a summary of the fair value and carrying value of water rights owned by the Trust:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Intangible assets (separable and tradeable water rights)				
Water rights at fair value (as assessed by independent valuations)	32,822	30,214	12,242	11,447
Fair value movements not recognised due to carrying water rights at cost	(11,036)	(8,378)	(3,880)	(3,035)
Water rights at cost less impairment losses	**21,786**	**21,836**	**8,362**	**8,412**

Note 17 – Plant and equipment

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Winery plant and equipment				
Beginning of the year at net carrying value	6,743	4,954	6,743	4,954
Additions (at cost)	520	27	520	27
Disposals (WDV)	(159)	–	(159)	–
Depreciation for the year	(313)	(210)	(313)	(210)
Less: Allowances for impairment losses(i)	(813)	(1,437)	(813)	(1,437)
Assets re-recognised from a disposal group classified as held for sale	–	3,409	–	3,409
End of the year at net carrying value	**5,978**	**6,743**	**5,978**	**6,743**

(i) During the year, the recoverable amount was estimated for certain items of plant and equipment. The recoverable amount estimation was based on the fair value less costs to sell as assessed by independent valuations. As a result, an impairment loss of $0.8 million was recognised to reduce the carrying amount of plant and equipment to recoverable amount.

	Consolidated Winery P&E 30 June 2009 $'000	Consolidated Winery P&E 30 June 2008 $'000	Parent Winery P&E 30 June 2009 $'000	Parent Winery P&E 30 June 2008 $'000
Cost	9,973	9,614	9,973	9,614
Less: Accumulated impairment write-downs	(2,251)	(1,437)	(2,251)	(1,437)
Less: Accumulated depreciation	(1,744)	(1,434)	(1,744)	(1,434)
Net carrying amount	**5,978**	**6,743**	**5,978**	**6,743**

Note 18 – Investment properties, vines, intangible assets, assets of a disposal group classified as held for sale and plant and equipment

Details of the investment properties, vines, intangible assets, assets of a disposal group classified as held for sale and plant and equipment are presented below:

Property	Acquisition date	Country	Date of latest independent valuation	30 June 2009 Fair value $'000	30 June 2008 Fair value $'000	30 June 2009 Carrying value $'000	30 June 2008 Carrying value $'000
Corryton Park Vineyard(i)	Feb 1998	Australia	Jun 2009	2,500	3,000	2,500	3,000
Summers Hill Vineyard(i)	Feb 1998	Australia	Dec 2008	1,400	1,450	1,400	1,450
Bethany Creek & Vine Vale Vineyards(i),(xi)	Oct 1998	Australia	Jun 2008	750	1,400	750	1,400
Cowra Station Vineyard(ii)	Oct 1998	Australia	Jun 2009	1,000	1,600	1,000	1,600
Waikerie Vineyard(i)	Oct 1998	Australia	Jun 2009	1,500	2,000	1,329	1,829
Dalswinton Vineyard(iii),(xii)	Jul 1999	Australia	Jun 2009	1,250	3,525	827	2,882
Gundagai Vineyard(iv)	Sep 2000	Australia	Jun 2009	8,250	12,900	7,048	12,018
Schubert's Vineyard(i)	Jul 2001	Australia	Dec 2008	6,100	6,600	6,100	6,600
Hermitage Road Winery(iii)	Oct 2001	Australia	Jun 2009	2,220	3,200	2,220	3,200
Chapel Vineyard(i)	Dec 2001	Australia	Jun 2009	1,900	2,625	1,900	2,625
Cocoparra & Woods Vineyards(v)	Apr 2003	Australia	Jun 2009	12,000	12,000	10,516	10,961
Poole's Rock Vineyard & Winery(vii)	Nov 2004	Australia	Dec 2008	7,377	7,253	7,377	7,253
Whitton Vineyard(v)	Apr 2005	Australia	Dec 2008	4,600	4,422	4,000	4,123
Miamba Vineyards(vi)	Aug 2007	Australia	Jun 2009	11,250	12,100	11,250	12,100
Stephendale Vineyard(vii)	Sep 2007	Australia	Jun 2009	24,000	26,500	24,000	26,500
Total held by parent entity before held for sale properties				**86,097**	**100,575**	**82,217**	**97,541**
Sandy Hollow Vineyard(xiii)	Nov 1998	Australia	Sold May 2009	–	2,350	–	2,350
Total held for sale assets				**–**	**2,350**	**–**	**2,350**
Total held by parent entity				**86,097**	**102,925**	**82,217**	**99,891**
Sirens Estate Vineyard(viii)	Oct 2002	Australia	Jun 2009	3,325	3,300	3,325	3,300
Del Rios Vineyard(i)	Jun 2003	Australia	Jun 2009	46,500	55,000	43,380	53,692
Balranald Vineyard(v)	Dec 2003	Australia	Jun 2009	25,000	25,000	22,004	22,004
Qualco East Vineyard(i)	Dec 2003	Australia	Jun 2009	7,100	8,100	6,060	7,060
Richmond Grove & Lawsons Vineyards(vii)	Dec 2003	Australia	Jun 2009	33,500	41,900	33,500	41,900
Crownthorpe Vineyard(ix)	Apr 2001	New Zealand	Jun 2009	24,817	26,743	24,817	26,743
Gimblett Vineyards(ix)	Apr 2001	New Zealand	Jun 2009	6,471	6,501	6,471	6,501
Dashwood Vineyard(x)	Oct 2002	New Zealand	Jun 2009	19,712	21,501	19,712	21,501
Rarangi Vineyard(x)	Jun 2004	New Zealand	Dec 2008	15,625	16,259	15,625	16,259
Total held by controlled entities				**182,050**	**204,304**	**174,894**	**198,960**
Total consolidated				**268,147**	**307,229**	**257,111**	**298,851**
Variance between carrying value and fair value at period end(xiv)						**(11,036)**	**(8,378)**

The Directors have assessed fair value by reference to the following valuers' valuations as described in Notes 2(i) and 2(j):

(i) As valued by Jason Oster, B. Bus. Prop. (Val.), A.A.P.I., Dip. App. Sc. (Farm Management), Certified Practising Valuer of Knight Frank.

(ii) As valued by David Sullivan, A.A.P.I., Certified Practising Valuer of Herron Todd White.

(iii) As valued by Robin Gardner, F.A.P.I., Certified Practising Valuer of Herron Todd White.

(iv) As valued by Adrian Pearce, A.A.P.I., Certified Practising Valuer of Herron Todd White.

(v) As valued by John Carbone, Certified Practising Valuer of MIA Valuers Pty Ltd.

(vi) As valued by Nicholas Cranna, B. Bus. Prop. (Val), A.A.P.I., Certified Practising Valuer of Colliers International Consultancy and Valuation Pty Ltd.

(vii) As valued by Angus Barrinton-Case, B. Bus (Prop), A.A.P.I., Agri Valuation & Advisory, Certified Practising Valuer of Colliers International Consultancy and Valuation Pty Ltd.

(viii) As valued by Alex Thamm, A.A.P.I., Certified Practising Valuer, of Colliers International Consultancy and Valuation Pty Ltd.

(ix) As valued by Boyd Gross, B. Agr. (Rural Val), Dip. Bus. Std., A.N.Z.I.V., of Logan Stone.

(x) As valued by Michael Penrose, F.N.Z.I.V., F.N.Z.P.I., Public Registered Valuer of TelferYoung (Hawkes Bay) Ltd.

(xi) Contracts have been exchanged for the sale of Bethany Creek and Vine Vale Vineyards. At 30 June 2009 the Directors have written down the value of the property to the net sales price due at settlement.

(xii) Formerly known as Dalswinton & Inglewood Vineyards. Inglewood Vineyard sold in April 2009, for $0.6 million. Contracts have been exchanged for the sale of the Dalswinton Vineyard. At 30 June 2009, the Directors have written down the value of the Dalswinton Vineyard to the net sales price due at settlement.

(xiii) Sandy Hollow Vineyard sold for $2.0 million in May 2009.

(xiv) Variance between carrying value and fair value at year end relates to intangible assets (water rights) carried at cost. Refer to further discussion in Note 18(a).

Note 18 – Investment properties, vines, intangible assets, assets of a disposal group classified as held for sale and plant and equipment (continued)

	Consolidated 1 Jul 2008 – 30 Jun 2009 $'000	Consolidated 1 Jul 2007 – 30 Jun 2008 $'000
Reconciliation of the movement in the variance between carrying value and fair value for the year:		
Opening variance at beginning of the year	(8,378)	(4,247)
Disposal of Boh River Vineyard	–	634
Disposal of Inglewood Vineyard	107	–
(Decrease) in carrying value during the year due to recognising intangible assets at cost	(2,765)	(4,765)
Closing variance between carrying value and fair value of investment properties	**(11,036)**	**(8,378)**

The reconciliation of the consolidated carrying values for the combined investment properties, vines, intangible assets, assets of a disposal group classified as held for sale and plant and equipment is detailed below:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
Carrying value at the beginning of the year	298,851	286,989
Additions	933	42,913
Disposals	(2,601)	(17,356)
Depreciation for the year	(313)	(210)
Foreign currency f uctuations	769	(9,782)
Impairment of non-current assets	(813)	(1,437)
Net fair value movement(i)	(39,715)	(2,266)
Carrying value at the end of the year	**257,111**	**298,851**
(i) Net fair value movement for the year consists of:		
(Decrease)/increase from revaluation of non-current assets	(36,950)	2,499
(Decrease) in carrying value due to recognising intangible assets at cost	(2,765)	(4,765)
	(39,715)	**(2,266)**

(a) Definition of fair value and carrying value of CWT properties

(i) Fair value

The fair value of CWT's properties represents the amount at which the assets could be exchanged between a knowledgeable willing but not anxious buyer and a knowledgeable willing but not anxious seller in an arm's length transaction at the date of valuation, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. In determining fair value, the independent valuers or the Directors have reviewed comparable sales as well as discounted the expected net cash f ows applicable to each property to their present value using a market determined, risk-adjusted discount rate applicable to the respective asset.

The fair value of CWT's properties at 30 June 2009 is $268.1 million (2008: $307.2 million) which includes intangible assets (separable and tradeable water rights) carried at fair value.

(ii) Carrying value

The carrying value of the Trust's assets is determined as the fair value of the property as described in Note 18(a)(i) adjusted for any fair value movements in intangible assets (separable and tradeable water rights), which are carried at cost. The carrying value of CWT's properties at 30 June 2009 is $257.1 million (2008: $298.9 million), which includes intangible assets (separable and tradeable water rights) carried at cost.

The variance between the fair value and the carrying value of CWT's properties at 30 June 2009 is $11.0 million (2008: $8.4 million). This variance is the gain in the fair value of CWT's separable and tradeable water rights which has not been recognised in the Trust's income statement due to carrying intangible assets at cost.

(b) Key valuation assumptions

The fair value of CWT's investment properties are determined based on independent valuations from accredited industry valuers who are specialists in valuing these types of investment properties. The independent valuations are obtained from qualified valuers at least once every 18 months. The Directors of the Responsible Entity make reference to these independent valuations when assessing the fair value of investment properties at each reporting date.

The key valuation assumptions used by the independent valuers when determining a property's fair value is set out below:

	30 June 2009 Key valuation assumptions				30 June 2008 Key valuation assumptions			
Property	Valuation method(i)	Rate per hectare(ii)	Discount rate	Fair value $'000	Valuation method(i)	Rate per hectare(ii)	Discount rate	Fair value $'000
Corryton Park Vineyard	DCF	$60,000/ha	12.25%	2,500	DCF	$68,000/ha	11.00%	3,000
Summers Hill Vineyard	DCF	$80,000/ha	11.50%	1,400	DCF	$85,000/ha	11.00%	1,450
Bethany Creek & Vine Vale Vineyards(iii)	N/A	–	–	750	Summation	$75,430/ha	–	1,400
Cowra Station Vineyard	Summation	$15,000/ha	–	1,000	Summation	$25,000/ha	–	1,600
Waikerie Vineyard	DCF	$35,000/ha	13.50%	1,500	DCF	$47,500/ha	12.00%	2,000
Dalswinton Vineyard(iv)	N/A	–	–	1,250	Summation	$28,300/ha	–	3,525
Gundagai Vineyard	Summation	$25,951/ha	–	8,250	DCF	$47,847/ha	11.25%	12,900
Schubert's Vineyard	DCF	$80,000/ha	12.25%	6,100	DCF	$85,000/ha	12.00%	6,600
Hermitage Road Winery(v)	Summation	–	–	2,220	Summation	–	–	3,200
Chapel Vineyard	Summation	$55,000/ha	–	1,900	DCF	$75,000/ha	12.50%	2,625
Cocoparra & Woods Vineyards	DCF	$42,000/ha	12.00%	12,000	DCF	$42,701/ha	10.00%	12,000
Poole's Rock Vineyard & Winery(v)	Summation	–	–	7,377	Summation	–	–	7,253
Whitton Vineyard	DCF	$41,000/ha	10.25%	4,600	DCF	$38,194/ha	10.75%	4,422
Miamba Vineyards	DCF	$73,719/ha	12.00%	11,250	DCF	$87,500/ha	11.00%	12,100
Stephendale Vineyard	DCF	$38,427/ha	11.50%	24,000	DCF	$41,000/ha	10.25%	26,500
Total held by parent entity before held for sale properties				86,097				100,575
Sandy Hollow Vineyard	–	–	–	–	Summation	$16,875/ha	–	2,350
Total held for sale assets				–				2,350
Total held by parent entity				86,097				102,925
Sirens Estate Vineyard	DCF	$59,239/ha	10.50%	3,325	DCF	$66,169/ha	9.50%	3,300
Del Rios Vineyard	DCF	$45,000/ha	13.50%	46,500	DCF	$52,692/ha	12.00%	55,000
Balranald Vineyard	DCF	$50,000/ha	12.00%	25,000	DCF	$47,648/ha	12.00%	25,000
Qualco East Vineyard	DCF	$37,500/ha	13.50%	7,100	DCF	$44,728/ha	12.25%	8,100
Richmond Grove & Lawsons Vineyards	DCF	$62,160/ha	12.00%	33,500	DCF	$70,000/ha	10.75%	41,900
Crownthorpe Vineyard(vi)	DCF	$79,862/ha	10.50%	24,817	DCF	$81,021/ha	10.50%	26,743
Gimblett Vineyards(vi)	DCF	$137,316/ha	11.50%	6,471	DCF	$141,106/ha	11.50%	6,501
Dashwood Vineyard(vi)	DCF	$133,932/ha	10.50%	19,712	DCF	$141,843/ha	10.00%	21,501
Rarangi Vineyard(vi)	DCF	$160,269/ha	10.50%	15,625	DCF	$180,180/ha	10.00%	16,259
Total held by controlled entities				182,050				204,304
Total consolidated				268,147				307,229

(i) DCF – a Discounted Cash Flow approach has been used to determine the fair value of the subject property.
Summation – includes a direct comparison of comparable sales to determine the fair value of the subject property.
N/A – not applicable

(ii) Rate per hectare is the rate per planted hectare of vines including fair value of water rights as determined by an external valuer.

(iii) Contracts have been exchanged for the sale of Bethany Creek and Vine Vale Vineyards. At 30 June 2009, the Directors have written down the value of the property to the net sales price due at settlement.

(iv) Formerly known as Dalswinton & Inglewood Vineyards. Contracts have been exchanged for the sale of the Dalswinton Vineyard. At 30 June 2009, the Directors have written down the value of the Dalswinton Vineyard to the net sales price due at settlement.

(v) For winery properties the external valuers use a summation approach to determine the value of the winery buildings, vineyard, land and plant and equipment. The value of each individual component of the property is determined using either the direct comparison or capitalisation method. The values for each part are then added together to determine the overall value of the property.

(vi) NZD rates per hectare converted at the 30 June 2009 AUD/NZD spot rate of 1.2480 (2008: 1.2609).

Notes to the financial statements (continued)

For the year ended 30 June 2009

Note 19 – Assets and liabilities of a disposal group classified as held for sale

The following table includes a summary of the properties classified as held for sale:

Description	Acquisition date	Country	Sale date	30 June 2009 carrying value $'000	30 June 2008 carrying value $'000
Sandy Hollow Vineyard	Nov 1998	Australia	May 2009	–	2,350
				–	**2,350**

(a) Assets and liabilities classified as held for sale

The major classes of assets and liabilities held for sale at 30 June 2009 are as follows:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Assets				
Investment properties	–	2,150	–	2,150
Vines	–	200	–	200
Assets of a disposal group classified as held for sale	**–**	**2,350**	**–**	**2,350**
Liabilities				
Interest bearing loans and borrowings	–	(1,941)	–	(1,941)
Liabilities directly associated with the assets classified as held for sale	**–**	**(1,941)**	**–**	**(1,941)**
Net assets attributable to a disposal group classified as held for sale	**–**	**409**	**–**	**409**

Note 20 – Trade and other payables

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Current				
Trade creditors and accruals	1,031	880	1,015	802
Interest payable	1,824	1,006	239	455
Provision for New Zealand tax payable	77	–	–	–
Other payables	216	226	16	36
Total trade and other payables	**3,148**	**2,112**	**1,270**	**1,293**

Note 21 – Provision for distribution

The provision for distribution represents the final distribution of 1.200 cents per unit for the year ended 30 June 2009 (2008: 2.364 cents per unit).

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Provision for distribution	**2,044**	**4,026**	**2,044**	**4,026**
Distribution to unitholders				
Opening balance at beginning of the year	4,026	3,892	4,026	3,892
Distributions proposed during the year	12,092	16,010	12,092	16,010
Payment of distributions:				
Final distribution for year ended 30 June 2008	(4,026)	(3,892)	(4,026)	(3,892)
Interim distributions for year ended 30 June 2009	(10,048)	(11,984)	(10,048)	(11,984)
Balance at end of the year	**2,044**	**4,026**	**2,044**	**4,026**

Note 22 – Interest bearing liabilities

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Current				
Bank bill facilities	2,163	–	2,163	–
Liabilities directly associated with the assets classified as held for sale	–	1,941	–	1,941
Total current interest bearing liabilities	2,163	1,941	2,163	1,941
Non-current				
Bank bill facilities	147,217	153,218	65,669	69,830
Less: Unamortised borrowing costs	(116)	(164)	(70)	(94)
Total non-current interest bearing liabilities	**147,101**	**153,054**	**65,599**	**69,736**
Total interest bearing liabilities	**149,264**	**154,995**	**67,762**	**71,677**
Interest bearing loans and borrowings by currency:				
AUD borrowings	83,679	90,129	65,669	69,630
NZD borrowings*	65,701	65,030	2,163	2,141
Less: Unamortised borrowing costs	(116)	(164)	(70)	(94)
Total interest bearing loans and borrowings	**149,264**	**154,995**	**67,762**	**71,677**

* NZD interest bearing loans and borrowings converted at the 30 June 2009 AUD/NZD spot rate of 1.2480 (2008: 1.2609).

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available.

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Total facilities:				
Bank overdraft	–	30	–	30
Secured bank bills	161,724	166,290	68,363	73,141
	161,724	**166,320**	**68,363**	**73,171**
Facilities used at reporting date:				
Bank overdraft	–	–	–	–
Secured bank bills	149,380	155,159	67,832	71,771
	149,380	**155,159**	**67,832**	**71,771**
Facilities unused at reporting date:				
Bank overdraft	–	30	–	30
Secured bank bills	12,344	11,131	531	1,370
	12,344	**11,161**	**531**	**1,400**

The total combined Australian and New Zealand dollar borrowing facilities at balance date were $161.7 million (30 June 2008: $166.3 million). The facilities have maturity dates staggered between July 2009 and May 2012. Unless otherwise disclosed, the carrying amount of CWT's current and non-current borrowings approximate their fair value. During the current and prior year, there were no defaults or breaches on any of the loans.

Assets pledged as security

First mortgages have been granted as security for bank loans over investment properties. The fair value pledged as security is $268.1 million (2008: $307.2 million). The terms of the first mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder.

Note 22 – Interest bearing liabilities (continued)

Financing facilities maturity dates

The following table sets out the carrying amount, by maturity, of CWT's financing facilities as at the balance date:

Year ended 30 June 2009	<1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000	Total $'000	Weighted average effective interest rate %
Consolidated								
Facilities covered by interest rate swaps	2,163	60,013	87,204	–	–	–	149,380	8.04%
Weighted average effective interest rate	9.60%	8.86%	7.43%	–	–	–		
Facilities unused at reporting date	–	11,737	607	–	–	–	12,344	
Total facilities	**2,163**	**71,750**	**87,811**	**–**	**–**	**–**	**161,724**	
Parent								
Facilities covered by interest rate swaps	2,163	–	65,669	–	–	–	67,832	6.75%
Weighted average effective interest rate	9.60%	–	6.66%	–	–	–		
Facilities unused at reporting date	–	–	531	–	–	–	531	
Total facilities	**2,163**	**–**	**66,200**	**–**	**–**	**–**	**68,363**	

Year ended 30 June 2008	<1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000	Total $'000	Weighted average effective interest rate %
Consolidated								
Facilities covered by interest rate swaps	–	–	62,074	93,085	–	–	155,159	7.89%
Weighted average effective interest rate	–	–	8.02%	7.80%	–	–		
Facilities unused at reporting date	–	–	9,676	1,455	–	–	11,131	
Total facilities	**–**	**–**	**71,750**	**94,540**	**–**	**–**	**166,290**	
Parent								
Facilities covered by interest rate swaps	–	–	–	71,771	–	–	71,771	7.79%
Weighted average effective interest rate	–	–	–	7.79%	–	–		
Facilities unused at reporting date	–	–	–	1,370	–	–	1,370	
Total facilities	**–**	**–**	**–**	**73,141**	**–**	**–**	**73,141**	

Note 23 – Contributed equity

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Ordinary units				
Equity balance at the beginning of the year	145,644	145,644	145,644	145,644
Equity balance at the end of the year	145,644	145,644	145,644	145,644
	Units '000	Units '000	Units '000	Units '000
Ordinary units on issue at the beginning of the year	170,313	170,313	170,313	170,313
Total units on issue at the end of the year	170,313	170,313	170,313	170,313

Capital management

CWT manages its capital to ensure the Trust will be able to continue as a going concern while maximising optimal returns to unitholders through the optimisation of debt and equity balances. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The capital structure of CWT consists of debt which includes borrowings disclosed in Note 22, cash and cash equivalents disclosed in Note 9, issued capital disclosed above and reserves and retained earnings disclosed in Note 24. CWT's management reviews the capital structure regularly and balances its overall capital structure through payment of distributions, new unit issues and unit buy-backs as well as the drawing of new debt or repayment of existing debt. Hedging is utilised to minimise risk exposure. Details of hedges are contained in Note 26.

Capital risk is monitored against policies, guidelines and externally imposed covenants:

	CWT policy	30 June 2009	30 June 2008
Gearing	Targeted gearing limit of 45% – 55%(i)	54%	48%
Interest rate risk	To effectively hedge the interest on greater than 60% of drawn debt over the life of the underlying lease	76%	100%
Foreign currency risk	Capital hedging		
	– Maintain a natural capital hedge against a minimum of 90% of the total value of assets invested offshore	99%	92%

(i) CWT's targeted gearing limit is calculated as debt/total assets (with assets recognised at fair value as disclosed in Note 18).

During the current and prior year, the financial covenants under the borrowing facilities were complied with.

Note 24 – Reserves and undistributed income

Retained earnings

Movements in retained earnings were as follows:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Balance at beginning of the year	4,359	6,835	(15,961)	(5,968)
Net (loss)/profit for the year	(24,331)	13,534	(13,277)	6,017
Distributions paid/payable	(12,092)	(16,010)	(12,092)	(16,010)
Balance at end of the year	**(32,064)**	**4,359**	**(41,330)**	**(15,961)**
Reconciliation of retained earnings:				
Opening balance at beginning of the year	4,359	6,835	(15,961)	(5,968)
Impairment of non-current assets	(813)	(1,437)	(14,765)	(1,437)
Net fair value movement of available-for-sale assets sold during the year	–	389	–	389
Net fair value movement of non-current assets sold during the year	–	838	–	838
Net fair value movement in non-current assets held at year end	(39,715)	(2,266)	(14,881)	(7,795)
Unrealised foreign exchange gains/(losses)	–	–	172	(1,988)
Undistributed income – unamortised fair value of derivatives on closed hedged positions	4,105	–	4,105	–
Balance at end of the year	**(32,064)**	**4,359**	**(41,330)**	**(15,961)**

Reserves

Movements in reserves were as follows:

Consolidated	Foreign currency translation $'000	Investment revaluation $'000	Cash flow hedge $'000	Total $'000
At 1 July 2007	**969**	**453**	**2,293**	**3,715**
Currency translation movements	(458)	–	–	(458)
Fair value movements in available-for-sale assets	–	(64)	–	(64)
Realised gains on sale of available-for-sale assets	–	(389)	–	(389)
Amounts transferred to finance costs during the year	–	–	(1,587)	(1,587)
Amounts transferred to the income statement during the year	–	–	(235)	(235)
Fair value movements in derivative financial instruments	–	–	1,587	1,587
At 30 June 2008	**511**	**–**	**2,058**	**2,569**
Currency translation movements	135	–	–	135
Amounts transferred to finance costs during the year	–	–	1,951	1,951
Amounts transferred to the income statement during the year	–	–	267	267
Fair value movements in derivative financial instruments	–	–	(16,571)	(16,571)
At 30 June 2009	**646**	**–**	**(12,295)**	**(11,649)**

Parent	Investment revaluation $'000	Cash flow hedge $'000	Total $'000
At 1 July 2007	**453**	**566**	**1,019**
Fair value movements in available-for-sale assets	(64)	–	(64)
Realised gains on sale of available-for-sale assets	(389)	–	(389)
Amounts transferred to finance costs during the year	–	(274)	(274)
Amounts transferred to the income statement during the year	–	(235)	(235)
Fair value movements in derivative financial instruments	–	2,551	2,551
At 30 June 2008	**–**	**2,608**	**2,608**
Amounts transferred to finance costs during the year	–	878	878
Amounts transferred to the income statement during the year	–	95	95
Fair value movements in derivative financial instruments	–	(7,827)	(7,827)
At 30 June 2009	**–**	**(4,246)**	**(4,246)**

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary and the hedge of the net investment in the foreign subsidiary.

Investment revaluation reserve

The investment revaluation reserve records fair value changes on available-for-sale investments in unlisted shares.

Cash flow hedge reserve

The cash f ow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash f ow hedge that is determined to be an effective hedge.

Note 25 – Segment information

The Group operates entirely within Australasia, investing in vineyard properties and wine infrastructure assets for lease to vineyard and winery operators.

There are no distinguishable business segments or geographical segments within the Trust that are subject to a different risk and return.

Note 26 – Financial instruments

Derivative financial instruments

The following table sets out CWT's outstanding derivative financial instruments as at the balance date:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Current assets				
Interest rate swaps at fair value	159	1,172	159	747
	159	**1,172**	**159**	**747**
Non-current assets				
Interest rate swaps at fair value	69	2,015	69	1,861
	69	2,015	69	1,861
Total assets	**228**	**3,187**	**228**	**2,608**
Current liabilities				
Interest rate swaps at fair value	1,378	37	42	–
	1,378	**37**	**42**	**–**
Non-current liabilities				
Interest rate swaps at fair value	6,919	1,092	327	–
	6,919	1,092	327	–
Total liabilities	8,297	1,129	369	–
Net derivative financial instruments	**(8,069)**	**2,058**	**(141)**	**2,608**

Interest rate risk

As at the reporting date, CWT had the following interest rate swaps:

Year	Notional contract value $'000	Fair value move-ments $'000	Net fair value $'000	Weighted average interest rate %	Maturity profile <1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000
Consolidated										
30 June 2009	149,919	(16,571)	(8,069)	8.04%	28,400	34,548	–	23,063	8,226	55,682
30 June 2008	225,040[(i)]	1,587	2,058	7.89%	85,525	–	4,041	8,323	35,710	91,441
Parent										
30 June 2009	68,363	(7,827)	(141)	6.75%	28,400	29,300	–	–	–	10,663
30 June 2008	87,011	2,551	2,608	7.79%	23,450	–	2,900	4,270	12,750	43,641

(i) At 30 June 2008, the notional contract value of CWT's consolidated interest rate swaps includes $68.6 million of interest rate swaps with effective dates beginning after the year end reporting date that will replace certain interest rate swaps that expire within the next 12 months.

Sensitivity analysis

CWT's sensitivity to movements in interest rates in relation to the value of financial instruments is shown in the table below:

	Movement in variable %	P&L 2009 $'000	Equity 2009 $'000	P&L 2008 $'000	Equity 2008 $'000
Consolidated					
AUD					
Interest rate movement – financial instruments	+1.00%	27	1,852	93	3,545
	–1.00%	(27)	(1,904)	(93)	(3,722)
NZD					
Interest rate movement – financial instruments	+1.00%	11	3,280	4	3,242
	–1.00%	(11)	(3,400)	(4)	(3,371)
Parent					
AUD					
Interest rate movement – financial instruments	+1.00%	10	1,201	55	3,015
	–1.00%	(10)	(1,237)	(55)	(3,168)
NZD					
Interest rate movement – financial instruments	+1.00%	–	99	–	100
	–1.00%	–	(104)	–	(104)

At 30 June 2009, CWT has entered into interest rate derivatives to hedge 76% (2008: 100%) of its exposure to movements in interest rates over the life of the underlying lease and 100% (2008: 100%) of its 30 June 2009 borrowing levels. CWT has no profit or loss exposure to a movement in interest rates in relation to its interest bearing liabilities with fair value changes in derivative financial instruments as a result of movements in interest rates recognised directly in equity. CWT's only profit and loss exposure to interest rate movements is in respect to interest income earned on surplus cash.

Currency risk

Consolidated entity

CWT manages its exposure to currency risk by maintaining a foreign exchange hedge between New Zealand dollar denominated assets and New Zealand dollar borrowings.

Parent entity

The parent entity is exposed to interest and foreign exchange risk on New Zealand denominated intercompany convertible notes and interest bearing liabilities which are unhedged against movements in the New Zealand dollar exchange rate. Any gains or losses arising from changes in fair value are ref ected in the income statement. The effect on the parent entity's profit and loss for the year ended 30 June 2009 was a gain of $0.2 million (30 June 2008: loss of $2.0 million).

Sensitivity analysis

The analysis below shows the impact on profit and equity of a movement in foreign currency exchange rates against the Australian dollar on the New Zealand dollar foreign currency exposure at the balance date:

	Movement in variable against AUD(i) %	P&L 2009 $'000	Equity 2009 $'000	P&L 2008 $'000	Equity 2008 $'000
Consolidated					
NZD	+5%	–	276	–	(488)
	–5%	–	(298)	–	597
Parent					
NZD	+5%	(665)	–	(1,215)	–
	–5%	734	–	1,486	–

(i) Movement in variable against A$ (%) was 10% for comparative year. A 5% movement in variable against the AUD has been used in the current year following detailed analysis of AUD/NZD foreign exchange movements over the past 10 years.

Notes to the financial statements (continued)

For the year ended 30 June 2009

Note 26 – Financial instruments (continued)

Credit risk

CWT's approach to credit management utilises a credit risk framework as referred to in Note 3(b).

Owing to the specialised and sometimes smaller scale nature of the tenants' operations within CWT, assigning external ratings nomenclature is not considered appropriate. New tenants are subject to a detailed credit assessment and thereafter their credit quality is regularly monitored.

Credit support (such as bank or personal guarantees) is obtained where necessary.

The credit risk in respect of derivative transactions is spread among two counterparties, each with a S&P rating of AA.

Impairment

The following tables provide an ageing analysis of CWT's financial assets at the balance date:

Consolidated		Past due but not impaired			
	Neither past due nor impaired $'000	0-3 months $'000	>3 months $'000	Not past due but impaired $'000	Total $'000
Consolidated					
30 June 2009					
Trade and other receivables	243	1,654	–	–	1,897
30 June 2008					
Trade and other receivables	406	–	–	–	406
Parent					
30 June 2009					
Trade and other receivables	1,584	529	–	–	2,113
Available-for-sale assets	62,854	–	–	13,952	76,806
30 June 2008					
Trade and other receivables	1,632	–	–	–	1,632
Available-for-sale assets	75,057	–	–	–	75,057

All trade receivables outstanding at 30 June 2009 have been collected subsequent to year end.

Liquidity risk

The following table summarises the contractual maturity profile of CWT's financial assets and liabilities.

Year ended 30 June 2009 Consolidated	Note	Carrying amount as per balance sheet $'000	Contractual amount $'000	<1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000
Financial assets									
Non-derivative financial assets									
Cash and cash equivalents	9	5,841	5,841	5,841	–	–	–	–	–
Trade and other receivables	10	1,897	1,897	1,897	–	–	–	–	–
Derivative financial assets									
Interest rate swaps	26	228	380	200	180	–	–	–	–
Total financial assets		**7,966**	**8,118**	**7,938**	**180**	–	–	–	–
Financial liabilities									
Non-derivative financial liabilities									
Trade and other payables	20	3,148	3,148	3,148	–	–	–	–	–
Rent received in advance		888	888	888	–	–	–	–	–
Interest bearing liabilities(i)	22	149,264	170,106	9,915	67,553	92,638	–	–	–
Derivative financial liabilities									
Interest rate swaps	26	8,297	24,660	4,082	4,202	3,958	3,845	2,805	5,768
Total financial liabilities		**161,597**	**198,802**	**18,033**	**71,755**	**96,596**	**3,845**	**2,805**	**5,768**
Net financial assets/(liabilities)		**(153,631)**	**(190,684)**	**(10,095)**	**(71,575)**	**(96,596)**	**(3,845)**	**(2,805)**	**(5,768)**

Year ended 30 June 2008 Consolidated	Note	Carrying amount as per balance sheet $'000	Contractual amount $'000	<1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000
Financial assets									
Non-derivative financial assets									
Cash and cash equivalents	9	13,690	13,690	13,690	–	–	–	–	–
Trade and other receivables	10	406	406	406	–	–	–	–	–
Derivative financial assets									
Interest rate swaps	26	3,187	3,187	1,172	821	544	389	136	125
Total financial assets		**17,283**	**17,283**	**15,268**	**821**	**544**	**389**	**136**	**125**
Financial liabilities									
Non-derivative financial liabilities									
Trade and other payables	20	2,112	2,112	2,112	–	–	–	–	–
Rent received in advance		1,399	1,399	1,399	–	–	–	–	–
Interest bearing liabilities(i)	22	154,995	199,392	12,244	12,244	73,903	101,001	–	–
Derivative financial liabilities									
Interest rate swaps	26	1,129	1,129	37	54	164	193	237	444
Total financial liabilities		**159,635**	**204,032**	**15,792**	**12,298**	**74,067**	**101,194**	**237**	**444**
Net financial assets/(liabilities)		**(142,352)**	**(186,749)**	**(524)**	**(11,477)**	**(73,523)**	**(100,805)**	**(101)**	**(319)**

(i) The contractual amount of interest bearing liabilities at the year end represents the undiscounted future principal and interest payments until expiry of the facility terms. Future interest payments are calculated using the f oating interest rate and bank margin at the year end.

Note 26 – Financial instruments (continued)

Liquidity risk (continued)

Year ended 30 June 2009

Parent	Note	Carrying amount as per balance sheet $'000	Contractual amount $'000	<1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000
Financial assets									
Non-derivative financial assets									
Cash and cash equivalents	9	3,029	3,029	3,029	–	–	–	–	–
Trade and other receivables	10	2,113	2,113	2,113	–	–	–	–	–
Available-for-sale assets	13	62,854	82,672	1,641	1,641	1,641	16,468	1,752	59,529
Derivative financial assets									
Interest rate swaps	26	228	380	200	180	–	–	–	–
Total financial assets		68,224	88,194	6,983	1,821	1,641	16,468	1,752	59,529
Financial liabilities									
Non-derivative financial liabilities									
Trade and other payables	20	1,270	1,270	1,270	–	–	–	–	–
Rent received in advance		21	21	21	–	–	–	–	–
Interest bearing liabilities(i)	22	67,762	79,883	6,120	3,946	69,817	–	–	–
Derivative financial liabilities									
Interest rate swaps	26	369	2,765	370	370	371	371	369	914
Total financial liabilities		69,422	83,939	7,781	4,316	70,188	371	–	–
Net financial assets/(liabilities)		(1,198)	4,255	(798)	(2,495)	(68,547)	16,097	1,752	59,529

Year ended 30 June 2008

Parent	Note	Carrying amount as per balance sheet $'000	Contractual amount $'000	<1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000
Financial assets									
Non-derivative financial assets									
Cash and cash equivalents	9	9,481	9,481	9,481	–	–	–	–	–
Trade and other receivables	10	1,632	1,632	1,632	–	–	–	–	–
Available-for-sale assets	13	75,057	75,057	–	–	–	–	–	75,057
Derivative financial assets									
Interest rate swaps	26	2,608	2,608	747	738	517	362	123	121
Total financial assets		88,778	88,778	11,860	738	517	362	123	75,178
Financial liabilities									
Non-derivative financial liabilities									
Trade and other payables	20	1,293	1,293	1,293	–	–	–	–	–
Rent received in advance		175	175	175	–	–	–	–	–
Interest bearing liabilities(i)	22	71,677	94,909	5,591	5,591	5,591	78,136	–	–
Derivative financial liabilities									
Interest rate swaps	26	–	–	–	–	–	–	–	–
Total financial liabilities		73,145	96,377	7,059	5,591	5,591	78,136	–	–
Net financial assets/(liabilities)		15,633	(7,599)	4,801	(4,853)	(5,074)	(77,774)	123	75,178

(i) The contractual amount of interest bearing liabilities at the year end represents the undiscounted future principal and interest payments until expiry of the facility terms. Future interest payments are calculated using the f oating interest rate and bank margin at the year end.

Fair values

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 27 – Related party disclosures

(a) Responsible Entity

The Responsible Entity of CWT is CLIL, a wholly owned subsidiary of Challenger Life Holdings Pty Limited.

(b) Controlled entities

The consolidated financial statements include the financial statements of CWT and the controlled entities listed in the following table.

Name	Country of incorporation	% equity interest 30 June 2009	% equity interest 30 June 2008	Investment ($'000) 30 June 2009	Investment ($'000) 30 June 2008
Delegat's Trust	New Zealand	100	100	11,793	11,793
Southcorp Trust	Australia	100	100	500	500
McGuigan Simeon Trust	Australia	100	100	8,400	8,400
				20,693	**20,693**

(c) Details of Key Management Personnel

(i) Directors

The Directors of CLIL, the Responsible Entity of CWT, are considered to be Key Management Personnel.

- Brenda Shanahan – *Chair*
- Michael Cole (appointed 5 November 2008)
- Russell Hooper (resigned 1 October 2008)
- Ian Martens
- Geoff McWilliam
- Ian Moore
- Brendan O'Connor
- Robert Woods

During the year ended 30 June 2009, Directors were paid $663,671 (2008: $694,733) in respect of their directorship of the Responsible Entity. This amount includes all fees paid to the Directors of CLIL in respect of their Responsible Entity Board and Committee duties for all trusts, including this Trust and three other ASX listed funds (ASX: CDI, CKT and CIF).

(ii) Key Management Personnel

In addition to the Directors noted above, the following were considered Key Management Personnel during the period with the authority for the strategic direction and management of the CWT:

- Trent Alston (Head of Real Estate)
- Nick Gill (Fund Manager, CWT)
- CLIL (Responsible Entity, CWT)

(iii) Compensation of the Key Management Personnel of CWT

No amounts are paid by CWT directly to the Key Management Personnel individuals of the Trust.

Compensation paid directly to CLIL in the form of fees is disclosed in Note 27(f).

(d) Management fees

The Responsible Entity is entitled under the Constitution to be reimbursed for certain expenses incurred in administering the Trust. The basis on which the expenses are reimbursed is defined in the Constitution.

Management fees policy

In accordance with the Constitution, the Responsible Entity is entitled to a fee up to 0.65% per annum of the total asset value of the Trust and 1.5% on capital acquisitions, assessed at the end of each month.

The Responsible Entity is entitled to receive up to 1% per annum of the properties' annual gross income for managing the vineyards, payable monthly.

Management fee expenses are recognised on an accruals basis as they are incurred.

The Responsible Entity has delegated certain of its management activities to CMSL.

Notes to the financial statements (continued)

For the year ended 30 June 2009

Note 27 – Related party disclosures (continued)

(e) Custodian

The Custodian of the parent is Australian Executor Trustees Limited.

(f) Related party transactions

The following table discloses all fees paid by CWT to CLIL under the Trust Constitution and to CMSL under the management agreement with CLIL:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000
(a) Responsible Entity fees for the year paid or payable to CLIL	300	300
(b) Management fees for the year paid or payable to CMSL	2,050	2,143
Total fees as per the income statement	**2,350**	**2,443**
(c) Transaction fees for the year paid or payable to CMSL which have been capitalised to property acquisitions and developments	10	631
Total fees paid or payable for the year	**2,360**	**3,074**

Total expenses paid by CWT to reimburse CMSL in respect of costs paid on behalf of CWT for the year ended 30 June 2009 were $105,104 (2008: $588,204).

All transactions were in accordance with agreements.

(g) Convertible notes

The controlled entities have issued convertible notes to the parent entity, CWT. The convertible notes are issued in consideration for funds advanced by CWT. The convertible notes may be redeemed at 30 days notice or converted to ordinary units on each anniversary of the issue of the notes although it is the CWT's intention to hold the convertible notes for longer than 12 months.

(h) Units held in CWT by Directors and Key Management Personnel

As at the balance date, the interests of the following related parties in units of CWT were:

	Note	Balance at beginning of the year 30 June 2008 No. of units	Change during the year No. of units	Balance at end of the year 30 June 2009 No. of units
Related entities				
Challenger Life Company Limited		45,939,348	1,310,440	47,249,788
CLIL Directors				
B Shanahan		400,000	–	400,000
R Hooper	(i)	200,000	(200,000)	–
IM Martens		256,148	–	256,148
I Moore		480,000	–	480,000
G McWilliam		130,000	–	130,000
B O'Connor		3,000	3,000	6,000
R Woods		233,812	–	233,812
Key Management Personnel				
T Alston		221,684	–	221,684
N Gill		15,000	179,458	194,458
Total		**47,878,992**	**1,292,898**	**49,171,890**

(i) Resigned 1 October 2008.

Note 28 – Auditor's remuneration

The auditor of CWT is Ernst & Young.

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Amounts received or due and receivable by Ernst & Young for:				
An audit or review of the financial report of the entity and any other entity in the consolidated group	81	67	81	67
	81	**67**	**81**	**67**

Note 29 – Commitments and contingencies

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio.

These non-cancellable leases have remaining terms of between one and 12 years. The rates are based on predetermined formulae in each lease.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Within one year	31,812	33,064	10,151	11,272
After one year but not more than five years	100,314	115,889	28,727	33,144
More than five years	36,591	55,131	12,232	17,869
	168,717	**204,084**	**51,110**	**62,285**

Capital expenditure commitments

Capital expenditure commitments of $673,147 (2008: $737,953) have been made by the Group for further development of various vineyards. These commitments will be secured by the Group and the Group will earn lease rentals on these developments at rates based on predetermined formulae in each lease. The capital expenditure commitments will be financed by available facilities and cash on hand.

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 $'000
Within one year	532	738	365	738
After one year but not more than five years	141	–	141	–
More than five years	–	–	–	–
	673	**738**	**506**	**738**

Note 30 – Events subsequent to the balance sheet date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect:

(a) CWT's operations in future financial years; or

(b) the results of those operations; or

(c) CWT's state of affairs in future financial years.

Statement by the Directors of the Responsible Entity of CWT

On the Financial Report of the Challenger Wine Trust

In accordance with a resolution of the Directors of Challenger Listed Investments Limited (the Responsible Entity of the Challenger Wine Trust (herein known by its ASX code 'CWT')), I state that:

1. In the opinion of the Directors:

    (a) The financial statements and notes of CWT are in accordance with the Trust Constitution and the Corporations Act 2001, including:

    (i) giving a true and fair view of CWT as at 30 June 2009 and of its performance for the period ended on that date; and

    (ii) complying with Accounting Standards and Corporations Regulations 2001; and

    (b) There are reasonable grounds to believe that CWT will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2009.

On behalf of the Board

Brenda Shanahan
Chair

Sydney
5 August 2009

Independent audit report to unitholders of Challenger Wine Trust

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
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Independent auditor's report to the unitholders of Challenger Wine Trust

We have audited the accompanying financial report of Challenger Wine Trust ('the Trust'), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration by the directors of Challenger Listed Investment Limited, the Responsible entity of the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Independent audit report to unitholders of Challenger Wine Trust (continued)

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Challenger Wine Trust is in accordance with the *Corporations Act 2001*, including:

   I giving a true and fair view of the financial position of Challenger Wine Trust and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Elliott Shadforth
Partner
Sydney

5 August 2009

Unitholder information

ASX listing

Challenger Wine Trust (CWT) is listed on the Australian Securities Exchange (ASX). The Trust's units trade under the code 'CWT'. Unit prices are published daily in major Australian metropolitan newspapers, and are also accessible from the CWT website.

The CWT website

The CWT website **www.challenger.com.au/cwt** contains important information about the Trust, including unit prices, announcements, annual reports and an overview of each property in the CWT portfolio.

Unitholder enquiries

If you have queries relating to your unitholding or wish to provide a change of address, Tax File Number, instructions for payment of distributions or annual report elections, please contact the Registry as follows:

Challenger Wine Trust
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Telephone: 1800 830 977
Telephone (outside Australia):
+61 2 8280 7492
Facsimile: +61 2 9287 0303

If you have any questions relating to the management of the Trust, please contact Challenger on +61 2 9994 7000, or send an email to cwt@challenger.com.au.

Distributions

Effective from the commencement of the financial year ending 30 June 2010, CWT will pay distributions six-monthly – for the periods ending 31 December and 30 June. Distribution payments can be paid by:

- direct credit to a nominated Australian financial institution account; or
- a cheque mailed to your registered unitholding address.

Annual taxation statements

The taxable income shown on your Annual Taxation Statement is taxable in the year of entitlement rather than the year of receipt. This means that taxable income included in distributions paid in November 2008 and February, May and August 2009 is assessable in the taxation year ended 30 June 2009.

An Annual Taxation Statement is sent to unitholders in August each year. This statement includes important taxation information and should be retained by unitholders to assist in the completion of their taxation return.

Unitholder complaints

If you are dissatisfied with a service or process relating to your investment, please let us know. Complaints can be made either verbally or in writing by contacting:

Complaints Manager
Challenger Wine Trust
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Telephone: 1800 830 977
Telephone (outside Australia):
+61 2 8280 7492
Facsimile: +61 2 9287 0303

The Responsible Entity has a documented internal dispute and resolution policy in line with the Australian Standard for Complaint Handling ISO 10002_2006.

If you are not happy with how the complaint has been handled, you may contact the Financial Ombudsman Service (FOS), of which the Responsible Entity is a member. This is an independent body and is approved by ASIC to consider complaints. The contact details for FOS are:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
www.fos.org.au

Unitholder information (continued)

Substantial unitholdings as at 20 August 2009

	Effective date	Number of units	% issued capital
Challenger Financial Services Group Limited	01-May-07	45,442,330	26.70
Commonwealth Bank of Australia	12-Jan-09	11,167,411	6.56

Top 20 unitholders as at 20 August 2009

Number	Name	Number of units	% issued capital
1	J P Morgan Nominees Australia Limited	47,307,660	27.78%
2	HSBC Custody Nominees (Australia) Limited	13,422,490	7.88%
3	Mr Alan Segel	4,603,400	2.70%
4	Crownace Pty Ltd	3,750,000	2.20%
5	RBC Dexia Investor Services Australia Nominees Pty Limited	2,752,276	1.62%
6	Mr David Dixon	2,451,860	1.44%
7	ASB Nominees Limited	1,906,000	1.12%
8	ANZ Nominees Limited	1,442,691	0.85%
9	Citicorp Nominees Pty Limited	1,320,985	0.78%
10	Contemplator Pty Ltd	1,276,275	0.75%
11	Ago Pty Ltd	1,270,484	0.75%
12	Cogent Nominees Pty Limited	1,088,947	0.64%
13	Cherryoak Investments Pty Ltd	1,000,000	0.59%
14	Biwutu Pty Ltd	890,400	0.52%
15	Mr Gim Tong Teo and Madam Beng Hua Kwah	820,000	0.48%
16	National Nominees Limited	791,440	0.46%
17	Mr Graham Ian Holdaway and Mrs Kristina Mary Irving Holdaway	750,000	0.44%
18	Netwealth Investments Limited	729,790	0.43%
19	Miss Samantha Orgill	695,764	0.41%
20	Mr Christopher John Elliott	636,400	0.37%
	Total	**88,906,862**	**52.20%**

At 20 August 2009 there were 191 unitholders each holding less than a marketable parcel of 1,562 units.

Voting rights

On a show of hands, each member of CWT, being a holder of ordinary units (Member) has one vote. On a poll, each Member has one vote for each dollar of the value of the total units held by that Member.

Spread of unitholders as at 20 August 2009

Holding	Number of unitholders	Number of units fully paid	%
1 to 1,000	140	63,983	0.04
1,001 to 5,000	675	2,249,404	1.32
5,001 to 10,000	779	6,306,762	3.70
10,001 to 100,000	1,712	50,285,748	29.53
100,001 and Over	133	111,406,736	65.41
Total	**3,439**	**170,312,633**	**100.00**

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Directory

Challenger Wine Trust (CWT)

ARSN 092 960 060

Australian Securities Exchange (ASX) code

CWT

Responsible Entity

Challenger Listed Investments Limited
ABN 94 055 293 644
AFSL 236887

Directors of the Responsible Entity

BM Shanahan (Chair)
MJ Cole
IM Martens
GK McWilliam
IR Moore
BJ O'Connor
RJ Woods

Company Secretary

C Robson
S Koeppenkastrop

Manager

Challenger Management Services Limited
ABN 29 092 382 842

Address

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Facsimile: +61 2 9994 7777
Email: cwt@challenger.com.au
Website: www.challenger.com.au/cwt

Registry

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