

MARKET RELEASE - 26 November 2010

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### CWT PROPERTY VALUATION UPDATE

26 November 2010, Sydney – Challenger Listed Investments Limited (CLIL) as the Responsible Entity of Challenger Wine Trust (ASX:CWT) today announced a fall of \$20 million in the value of CWT's properties. This follows an independent valuation of 85% of the portfolio (by value), along with directors' valuations on a further 7% of the portfolio, and represents a fall of 9% across the entire CWT property portfolio which is now valued at \$213 million.

The valuations, while forming part of the periodic valuation cycle, will be used by the Independent Expert in the development of a report in relation to the Proposal announced by CLIL on 8 November 2010.

CWT Fund Manager Nick Gill said: "The continuing wine grape oversupply and the need to reduce the vineyard footprint particularly in Australia, accompanied by the ongoing high Australian and New Zealand dollar, is resulting in a recalibration of vineyard values in both countries."

Factors impacting valuations included:

- the recent sales of vineyards by wine companies in Padthaway and Wrattenbully regions of South Australia adversely impacting the value of CWT's Richmond Grove and Lawsons Vineyards;
- continuing general softening of the vineyard sector, with lower market rents impacting valuations, particularly in the New Zealand portfolio,
- the slower-than-anticipated rate of vineyard removals in Australia.

CWT's Net Independent Value<sup>1</sup> (NIV) at 30 June 2010 was \$0.49 per unit. Adjusted for the changes to property valuations, and incorporating the impact of currency movements and fair value movements on interest swaps plus operating cash flow to 31 October 2010, pro forma NIV is \$0.41 per unit.

On 8 November 2010, CLIL announced that it had entered a Scheme Implementation Agreement with Hong Kong based CK Life Science's Int'l., Inc. (CKLS) wherein CKLS agreed to acquire all of the issued units in CWT at \$0.24 per unit, other than the 27.7% of total units on issue owned by Challenger Life Company Limited<sup>2</sup> (CLC). The Proposal is subject to the approval of unitholders and certain other conditions being satisfied, including approval from the New Zealand Overseas Investment Office.

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<sup>1</sup> Net Independent Value (NIV) represents the net asset value plus water rights fair value increment as determined by independent valuation

<sup>2</sup> Challenger Life Company Limited and Challenger Management Services Limited are wholly owned subsidiaries of Challenger Financial Services Group Limited (ASX:CGF). CLC's units are held by a wholly owned subsidiary of Challenger Life Company Limited.

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**Further enquiry:** Investor Relations, Luke Keighery, Challenger Financial Services Group, 02 9994 7633  
Media Relations, Stuart Barton, Challenger Financial Services Group, 02 9994 7008

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The Independent Directors of CLIL continue to unanimously recommend that CWT unitholders approve the scheme resolutions in the absence of a superior proposal and subject to the Independent Expert (IE) concluding that the scheme is in the best interests of CWT unitholders. An Explanatory Memorandum (EM) will be mailed to unitholders in mid-December 2010. The EM will contain amongst other things, the IE's report, the background to the Proposal, and reasons to vote for or against the resolutions. Unitholders are encouraged to read the EM in its entirety before making a decision as to how to vote on the scheme resolutions that will be considered at a meeting of CWT unitholders, scheduled for late January.

While the scheme Proposal is under consideration, CWT's bankers have agreed to delay a re-test of the loan-to-valuation ratio (LVR) covenants which were due at 31 December 2010.

*ENDS*

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

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