Appendix 4E - Results for announcement to the market

Annual results for the year ended 30 June 2009

Challenger Wine Trust (CWT) ARSN 092 960 060

Results for announcement to the market

2.1/2.2/2.3 Revenue and profit from ordinary activities and net profit for the year attributable to members:

	Year ended 30-Jun-09 $'000	Year ended 30-Jun-08 $'000	Change $'000	Change %
Revenue from ordinary activities	33,495	32,731	764	2.3%
Net (loss) / profit after tax attributable to members	(24,331)	13,534	(37,865)	(279.8%)
Add back:				
Net realised gains from sale of assets	(60)	(1,227)	1,167	
Impairment of non-current assets	813	1,437	(624)	
Fair value decrements in non-current assets	39,715	2,266	37,449	
Profit from operating activities after tax	16,137	16,010	127	0.8%

2.4/2.5 Amounts per security of all distributions paid/payable during the year:

	Ordinary units (cents per unit)	Record date	Payment date
Quarterly distribution	2.400	30-Sep-08	17-Nov-08
Quarterly distribution	2.300	31-Dec-08	16-Feb-09
Quarterly distribution	1.200	31-Mar-09	15-May-09
Quarterly distribution	1.200	30-Jun-09	17-Aug-09
Total distribution	7.100		

2.6 Explanation of figures in 2.1 to 2.4

For further explanation of the above result also refer to the following attached documents:

- Annual results market release
- Annual Financial Report

3/4/5. For a statement of financial performance, financial position and cash flows together with notes to the statements refer to attached annual Financial Report.

6. Details of distribution:

	Ordinary units (cents per unit)	Payment date	Total distribution $'000
Quarterly distribution	2.400	17-Nov-08	4,087
Quarterly distribution	2.300	16-Feb-09	3,917
Quarterly distribution	1.200	15-May-09	2,044
Quarterly distribution	1.200	17-Aug-09	2,044
Total distribution	7.100		12,092

7. No distribution reinvestment plan was in operation for the year.

8. For a statement of retained earnings refer to attached annual Financial Report.

9. Net tangible assets and net asset value per security:

	30-Jun-09 (cents per unit)	30-Jun-08 (cents per unit)	Change %
Net Tangible Assets (NTA) per unit	$0.47	$0.77	(39.0%)
Net Asset Value (NAV) per unit	$0.60	$0.90	(33.3%)
Net Independent Value (NIV) per unit	$0.66	$0.94	(29.8%)

10. No control has been gained or lost over another entity during the year.

11. No associates or joint venture transactions were entered into during the year.

12. All significant information has been released to the market.

13. Not applicable.

14. For commentary on the results for the year refer to the attached annual results market release.

15/16/17. Refer to attached audited annual Financial Report.

Suzanne Koeppenkastrop

Suzie Koeppenkastrop
Company Secretary

5 August 2009
Date

MARKET RELEASE

CWT FULL YEAR OPERATING PROFIT AFTER TAX: $16.1M

Key points

- **Net property income of $32.6 million – up 3% on prior year**
- **Profit from operating activities after tax of $16.1 million (FY08: $16.0m) or 9.5 cpu**
- **Distribution for 4Q09 of 1.2 cents per unit (cpu); FY09 distributions total 7.1 cpu**
- **Net Independent Value (NIV) of 66 cpu**
- **Net liability from interest rate swaps reduced to $8.1 million ($21.7m at 31 Dec 08)**
- **Operating within all banking covenants; Gearing (debt to total assets[1]) of 54.0%**
- **Property fundamentals remain sound – occupancy: 98.5% and WALE[1]: 5.0 years**
- **20 of 24 properties revalued as at 30 June resulting in a net $33.0m (12.1%) decrement[2] (full year net $40.5m)**
- **Distribution cycle to move from quarterly to half-yearly**

6 August 2009, Sydney – Challenger Wine Trust (ASX:CWT) today announced 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 net $40.5 million. A final quarter distribution of 1.2 cents per unit (cpu) will be paid on 17 August 2009 to unitholders on the register at the record date of 30 June 2009.

CWT Fund Manager Nick Gill said “The past year has been challenging with the wine sector experiencing a reduction in export prices, an over-supply of wine grapes, softening grape prices, and continuing drought along the Murray River. The full year net $40.5 million decrement in CWT’s property valuations reflects these difficult conditions. Despite this CWT’s underlying fundamentals remain sound with occupancy at 98.5% and WALE at 5.0 years.”

CWT has 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. 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 de-leveraging the balance sheet.

[1] Weighted Average Lease Expiry
[2] To Fair Value

Further enquiry: Luke Keighery, Investor Relations, Challenger Financial Services Group, 02 9994 7633
Stuart Barton, Head of Corporate Marketing and Communications, Challenger Financial Services Group, 02 9994 7008

Mr Gill further commented “We have made a decision to change the cycle for distributions from quarterly to half-yearly. This change we believe is in the best interests of unitholders as we continue to conservatively manage capital and increase financial flexibility.”

Portfolio and property valuations

CWT comprises a portfolio of 24 quality 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 $3.4million. 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 well established 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 (LVRs).

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 Assets (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 heatwave 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.

CWT Fund Manager Nick Gill said: "While the past year has been difficult, CWT has continued to generate strong operating cash flows and despite downward property revaluations remains within its banking covenants. The final distribution of 1.2 cents per unit brings total distributions for the year ended 30 June 2009 to 7.1 cents per unit.

Further enquiry: Luke Keighery, Investor Relations, Challenger Financial Services Group, 02 9994 7633
Stuart Barton, Head of Corporate Marketing and Communications, Challenger Financial Services Group, 02 9994 7008

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

ENDS

About Challenger Wine Trust (CWT):
CWT is the second largest vineyard owner in Australasia. CWT has total assets at fair value of $277 million (at 30 June 2009) and owns 22 vineyards and two wineries located across Australia and New Zealand. CWT's strategically located assets (including water rights) are mainly tenanted to wine companies. Further details are provided on CWT's website www.challenger.com.au/cwt

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

Further enquiry: Luke Keighery, Investor Relations, Challenger Financial Services Group, 02 9994 7633
Stuart Barton, Head of Corporate Marketing and Communications, Challenger Financial Services Group, 02 9994 7008

Challenger Wine Trust

(ARSN 092 960 060)

Financial Report

For the year ended 30 June 2009

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

Table of Contents

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 St, 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 (cont.)

Directors (cont.)

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 had over 30 years experience in the investment banking and funds management industry. He was an 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-Corp 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' report (cont.)

Directors (cont.)

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, Challenger Infrastructure Fund, Challenger Diversified Property Group and Challenger Kenedix Japan Trust Challenger.

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 (cont.)

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 contained in the Corporate Governance Section of the Annual Report.

Directors' report (cont.)

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 unit holders 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 unit holders	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

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.

Directors' report (cont.)

Earnings per unit

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

The following reflects 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.

Directors' report (cont.)

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 CFO 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 & 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.

Directors' report (cont.)

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young as set out on page 11.

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

Brenda Shanahan
Chair

Sydney
5 August 2009

ERNST & YOUNG

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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 17 to 52.

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 17 to 52.

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 17 to 52.

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**

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 17 to 52.

Cash Flow 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 flows 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 flows 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 flows 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 unit holders		(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 Flow Statement should be read in conjunction with the Notes to the Financial Statements set on pages 17 to 52.

Notes to the Financial Statements

For the year ended 30 June 2009

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.

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 AASB3 and AASB127* 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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

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

- 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.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the 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 flow 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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(e) Depreciation

Investment properties and Vines (including integral infrastructure and water rights) are not required to be depreciated as per AASB140 *Investment properties* and AASB141 *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, Delegats 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 Delegats 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 Delegats 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 Flow 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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(i) Investment properties (cont.)

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 directs 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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(l) Leases (cont.)

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

(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 transactions 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 flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(p) Goods and Services Tax (cont.)

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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(t) Derivative financial instruments and hedging (cont.)

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.

(w) Foreign currency translation

Both the functional and presentation currency of Challenger Wine Trust and its Australian subsidiaries is Australian dollars. The functional currency of the New Zealand subsidiary (Delegats 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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(w) Foreign currency translation (cont.)

As at the reporting date the assets and liabilities of the overseas subsidiary are translated into the presentation currency of Challenger Wine Trust 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 flows 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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(x) Derecognition of financial assets and financial liabilities (cont.)

(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 assess 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.

Notes to the Financial Statements (cont.)

2 Summary of significant accounting policies (cont.)

(y) Impairment of assets (cont.)

(i) Impairment of financial assets (cont.)

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.

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.

Notes to the Financial Statements (cont.)

3 Financial risk management (cont.)

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 fluctuations 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 flows of a financial instrument will fluctuate because of changes in market factors. Market risk comprises (amongst others) various types of risk including interest rate risk (due to fluctuations in interest rates) and currency risk (due to fluctuations 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 floating rate interest expose CWT to cash flow interest rate risk.

It is the 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 flows 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.

Notes to the Financial Statements (cont.)

3 Financial risk management (cont.)

(a) Market risk (cont.)

(ii) Currency risk (cont.)

Capital hedge
CWT has a policy to implement a natural capital hedge of a minimum of 90% of the total equity of the Fund 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 principals are adhered to:

- independence from the fund manager;
- appropriate segregation practices 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 S&P 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 (cont.)

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**

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
Auditors' 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**

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**	**-**	**-**

Notes to the Financial Statements (cont.)

6 Income tax expense (cont.)

New Zealand tax payable

One of the Group's wholly owned entities, Delegats 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 Delegats 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 (Delegats 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).

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**

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.

Notes to the Financial Statements (cont.)

8 Earnings per unit (cont.)

The following reflects 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.

9 Cash and cash equivalents

For the purpose of the Cash Flow 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 floating 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 flows 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)
(Decrease) / increase 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**

Notes to the Financial Statements (cont.)

9 Cash and cash equivalents (cont.)

(b) Disclosure of financing facilities

Refer to Note 22 interest bearing liabilities.

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.

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**

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**

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 reflect 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 reflected in the carrying values of the Group assets.

Notes to the Financial Statements (cont.)

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 fluctuations	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.

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 fluctuations	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 flows 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 (cont.)

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**

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**

Notes to the Financial Statements (cont.)

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 (vi)	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)**

	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 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 Barrington-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).

Notes to the Financial Statements (cont.)

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

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 fluctuations		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:			
Increase / (decrease) 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 flows 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 describe 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.

Notes to the Financial Statements (cont.)

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

(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 properties fair value is set out below:

	30 June 2009				30 June 2008			
		Key Valuation Assumptions				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**

Notes:

(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 (cont.)

19 Assets & 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 & 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**

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**

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**

Notes to the Financial Statements (cont.)

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.

Notes to the Financial Statements (cont.)

22 Interest-bearing liabilities (cont.)

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	

Notes to the Financial Statements (cont.)

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.

Notes to the Financial Statements (cont.)

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)**

Notes to the Financial Statements (cont.)

24 Reserves and undistributed income (cont.)

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

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.

Notes to the Financial Statements (cont.)

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 movements $'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.

Notes to the Financial Statements (cont.)

26 Financial instruments (cont.)

Interest rate risk (cont.)

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 reflected 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 (cont.)

26 Financial instruments (cont.)

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:

		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.

Notes to the Financial Statements (cont.)

26 Financial instruments (cont.)

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 floating interest rate and bank margin at the year end.

Notes to the Financial Statements (cont.)

26 Financial instruments (cont.)

Liquidity risk (cont.)

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 floating 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.

Notes to the Financial Statements (cont.)

27 Related party disclosure

(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 Challenger Wine Trust and the controlled entities listed in the following table.

Name	Country of incorporation	% Equity interest		Investment ($'000)	
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
Delegats 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 Challenger Wine Trust:

- 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).

Notes to the Financial Statements (cont.)

27 Related party disclosure (cont.)

(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.

(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, Challenger Wine Trust. 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 Challenger Wine Trust's intention to hold the convertible notes for longer than 12 months.

Notes to the Financial Statements (cont.)

27 Related party disclosure (cont.)

(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.

28 Auditors' remuneration

The auditor of Challenger Wine Trust 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**

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 1 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**

Notes to the Financial Statements (cont.)

29 Commitments and contingencies (cont.)

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**

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 ending 30 June 2009.

On behalf of the Board

Brenda Shanahan
Chair

Sydney
5 August 2009

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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.

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

Ernst & Young

Elliott Shadforth
Partner
Sydney

5 August 2009

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