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CORPORATE GOVERNANCE UPDATE

INTRODUCTION

The Board of Challenger Beston Limited ("the Company"), the responsible entity of the Challenger Beston Wine Trust ("the Trust"), are committed to the highest standards in corporate governance. In accordance with that commitment, the Company sets out below an update on its Remuneration policies and procedures for remuneration as contemplated by the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("the Guidelines"). As set out in the Corporate Governance Report in the Trust's annual report, the Board of the Company has a majority of independent non-executive directors.

The company is a member of the Challenger Financial Services Group Limited ("Challenger") and as such relies on Challenger's Remuneration Committee and remuneration policies and procedures in respect of its obligations under the Guidelines for the Trust.

GROUP REMUNERATION PRACTICES

Challenger's remuneration policy for non-executive directors aims to ensure that the Company can attract and retain suitably skilled, experienced and committed people to serve on the Board. Total remuneration for non-executive directors of the Company is in proportion to the levels applicable to Challenger directors and is based on a fixed remuneration amount without any performance based or equity based components. Executive directors are remunerated in accordance with Challenger's senior executive remuneration practices.

The Challenger Remuneration Committee is responsible for determining and reviewing compensation arrangements for the non-executive directors having regard to market trends and the interests of shareholders and the Trust's unit holders. Non-executive directors are not entitled to receive performance related remuneration or to receive shares through participation in any incentive plan. The Committee is also responsible for reviewing the remuneration of the executive directors as part of the overall consideration and approval of senior executive remuneration. In accordance with ASIC relief for Trusts, for the year to 30 June 2004 the details of both non-executive and executive director remuneration was included in the Trust's annual report in banded levels rather than in detail as recommended in the Guidelines.

Senior executive remuneration and incentive policies and practices are performance based and aligned with Challenger's vision, values and overall business objectives. Challenger's ability to attract and retain talented executives, and to align their interests with those of shareholders, is critically important to Challenger's ability to deliver sustained shareholder value. At the same time, Challenger recognises that it has a

responsibility to ensure that executive remuneration is fair and reasonable, and is effectively structured to produce superior results for shareholders and the Trust's unit holders. Accordingly, Challenger has adopted remuneration policies designed to achieve these important objectives.

Remuneration packages for senior executives typically comprise three components: a fixed pay component, a short-term bonus component and a component related to longer-term performance and retention.

Details of Challenger's policies on remuneration can be found in Challenger's annual report and details of Challenger's Remuneration Committee Charter can be found at www.challenger.com.au.

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For further information please visit the Trust's website at www.challengerbestonwinetrust.com.au or contact the Challenger Beston Wine Trust:

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About the Challenger Beston Wine Trust

The Challenger Beston Wine Trust is Australia's largest listed property trust that invests exclusively in vineyards and wine infrastructure assets. The Trust has also grown to become one of the largest vineyard owners in Australia with over 4,000 hectares under vine (9,884 acres) and in excess of \$265 million in assets under management.

The Trust's assets are long-term leased to quality Lessees, which either utilise the grapes or processing capacity for their own products, or are contracted to one of the major wine companies. Lessees of the Trust include McGuigan Simeon Wines, Orlando Wyndham (Sub-Lessee of McGuigan Simeon), Evans & Tate, Grant Burge Wines, Delegat's Wine Estate in New Zealand and Southcorp.

Geographically diversified, the Trust has properties in many of the premium growing regions of Australia and New Zealand including: Hawkes Bay and Marlborough, New Zealand; the Adelaide Hills, South Australia ("SA"); Hunter Valley, New South Wales; Barossa Valley, SA; the Riverland, SA; Yarra Valley, Victoria; Coonawarra, SA; Clare Valley, SA; Margaret River, Western Australia; and Padthaway, SA.