

MARKET RELEASE

CWT ADVISES CHANGE TO ACCOUNTING TREATMENT OF WATER RIGHTS

25 July 2007, Sydney – Challenger Wine Trust (ASX: CWT) has today advised that following discussions with ASIC, it has resolved to treat certain water rights as intangible assets in the 2007 financial statements.

Historically, CWT has accounted for its water rights as embedded in the value of the vines, and as a result has not separately accounted for water rights. Following discussions with ASIC as to the appropriate accounting treatment of water rights under AIFRS, CWT has decided to record certain water rights as intangible assets.

This change in accounting treatment will have no impact on the underlying economic value of CWT's properties.

Independent valuations of CWT's vineyards take into consideration the value of the land, vines, infrastructure and water rights which collectively reflect the underlying economic value of the properties. CWT believes that independent valuations, undertaken on an annual basis, remain the most appropriate reflection of the market value of the vineyards.

The water rights affected will be recorded at historic cost in the 2007 financial statements, with the potential to move to fair value accounting should an 'active' market for water rights be deemed to exist. This change in accounting treatment is not forecast to materially impact CWT's net assets at 30 June 2007. However, the change in classification of some of the water rights to intangible assets is forecast to result in a reduction in net tangible assets of approximately \$17 million or \$0.10 per unit. On an historic cost accounting basis, any future uplift in the valuation of these water rights will not be recognised in the Trust's net assets.

This accounting change will have no impact on distributions from the Trust.

CWT is scheduled to lodge its 2007 financial statements with ASX on 22 August 2007. The financial statements will provide further detail of the impact of this accounting treatment change on CWT.

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