

MARKET RELEASE

CWT ANNOUNCES SALE OF GNANGARA AND BOH RIVER VINEYARDS

21 December 2007, Sydney – Challenger Wine Trust (ASX: CWT) has today announced the sale of Gnangara Vineyard in Manjimup, Western Australia and Boh River Vineyard in Loxton, South Australia for a total consideration of \$16.25 million.

Sale of Gnangara Vineyard

CWT has sold Gnangara Vineyard for \$6.3 million, reflecting a premium to CWT's book value of 6.8%.

Gnangara Vineyard was previously leased to Evans & Tate Limited, which was placed in receivership in August 2007. Since that time Challenger has continued to oversee the vineyard as caretaker manager. As part of the sale terms the purchaser is making an additional payment to CWT of \$670,000, which covers vineyard expenses incurred to date. This payment effectively mitigates the lost rental to CWT since Evans & Tate Limited ceased paying rent in August 2007.

Following today's sale of the Gnangara Vineyard and the successful leasing of the Cocoparra and Woods Vineyards to Foster's Group in October 2007, CWT has now successfully eliminated its lease exposure to Evans and Tate Limited.

CWT's Fund Manager Mr Nick Gill said: "This is a great result for CWT investors, with the sale prices achieved for Gnangara Vineyard and the recent leasing deal completed at Cocoparra and Woods Vineyards reflecting the underlying demand from both buyers and tenants for large scale commercial vineyards."

Sale of Boh River Vineyard

CWT has sold Boh River Vineyard for a total consideration of \$9.95 million, in line with the property's June 2007 economic value (which includes the full market value of water rights), and at a premium to CWT's book value of 5.3%.

Boh River Vineyard is a large scale, warm climate vineyard located in the Riverland region of South Australia. The property was leased to a contract grower until June 2010.

Following the sale of Boh River Vineyard, the proportion of CWT's portfolio reliant on the Murray River as its major water source falls from 21% to 19%. It also has the benefit of increasing the proportion of tenants which are wine companies (versus contract growers) from 90% to 92%.



The sale of Gnangara and Boh River Vineyards follows the recent sales of the remaining land at Grande Junction Vineyard (\$0.9 million) and Trillians Hill Vineyard (\$1.1 million) and the acquisition of the remaining lots at Balranald Vineyard (\$2.9 million), all of which were foreshadowed to the market in August 2007.

Mr Gill said: "These transactions are consistent with our focus on continually enhancing the quality of the portfolio. Through the execution of these transactions we have successfully removed short term leasing risk whilst also strengthening the security of future portfolio income."

Following settlement of the sale of Gnangara and Boh River vineyards CWT's gearing is approximately 50%.

Portfolio outlook

Spring rainfalls in the Murray-Darling Basin have resulted in increased water allocations across all warm climate wine growing regions. This is benefiting the 2008 production outlook for CWT tenants that draw irrigation water from the Murrumbidgee and Murray Rivers.

Mr Gill said: "There is an increasing positive outlook in the sector, particularly for large scale vineyards in New Zealand and Australia that enjoy the benefits of economies of scale and reliable water access.

"In addition, the reduced harvest forecast and growth in grape prices is expected to have a positive flow on effect on vineyard values in some regions. The CWT portfolio is well placed to take advantage of this trend."

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