Beston
WINE INDUSTRY TRUST

The Beston Wine Industry Trust

Capital Raising

Prospectus

ORD MINNETT LIMITED

SHAW CORPORATE FINANCE

Issuer & Responsible Entity: Challenger Beston Limited ABN 94 055 293 644
Joint Lead Managers & Underwriters: Ord Minnett Limited ABN 86 002 733 048 and Shaw Corporate Finance Pty Limited ABN 25 101 193 971

The Beston Wine Industry Trust

ARSN 092 960 060

An Offer of up to 50,000,000 New Units at $0.90 each with a right to accept oversubscriptions for up to a further 11,111,111 New Units at $0.90 each.

Key Dates for Investors

Offer Opens:	30 October 2003
Priority Entitlement for Existing Unitholders expires:	5.30pm AEST 10 November 2003
Offer Closes:	5:30pm AEST 2 December 2003
Expected date for dispatch of Unitholding Statements:	9 December 2003
Expected date for quotation of New Units on ASX:	16 December 2003

Performance & Forecast Summary

12 Months Ending 31 December	2000	2001	2002	2003 Actual/Estimated	2004 Forecast
Revenue ($m)	3.438	5.937	8.688	13.607	23.949
Profit ($m)	1.834	3.122	4.678	7.029	12.487
Annualised Yield per Unit[1]	10.44%	10.51%	10.31%	10.31%[2]	10.45%[3]

1 Yield calculated for a 12 month calendar period on the unit distribution for that 12 month period, on a Weighted Average number of Units on issue, at an assumed acquisition cost equal to the Application Price ($0.90) irrespective of the issue or market price for Units on issue during that period.

2 Represents the actual distributions for the first 2 calendar quarters of 2003 and an estimated distribution for the last 2 calendar quarters of 2003.

3 Assumes that the Offer is fully subscribed and that Units and New Units are on issue for the full 12 calendar months.

THIS SUMMARY SHOULD BE READ AND UNDERSTOOD IN CONJUNCTION WITH THE INFORMATION CONTAINED IN SECTION 1 (INVESTMENT OVERVIEW) AND SECTION 4 (FINANCIAL FORECASTS).

This is an important document and requires your immediate attention. If you are in any doubt as to your options under this document, you should consult your stockbroker, accountant, or other professional adviser without delay.

Important Notice

This Prospectus is dated 15 October 2003 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus. No New Units will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

A number of terms and abbreviations used in this Prospectus have defined meanings that are explained in the Glossary. Money as expressed in this Prospectus is in Australian dollars.

All dates are subject to change and accordingly are indicative only. In particular, Challenger Beston Limited (the responsible entity) has the right to vary the key dates stated above without prior notice. Investors are encouraged to submit their Application Forms as soon as possible.

This Prospectus does not constitute an offer or invitation in any place which, or to any person to whom, it may not be lawful to make such an offer or invitation.

Challenger Beston Limited has authorised and caused the issue of this Prospectus. Neither Challenger Beston Limited, nor any person named in this Prospectus, guarantees the performance of the Trust, the repayment of capital or the payment of a return on the New Units.

Please read this document carefully before you make a decision to invest. An investment in the Trust has specific risks that you should consider before making a decision to invest. See Section 2 for a discussion of risks.

If you have any questions concerning the Offer please contact your stockbroker, accountant, or professional adviser, or call the Trust Information Centre on **1800 11 7777** and/or Ord Minnett on **1800 221 697** and/or Shaw Corporate Finance on **1800 636 625**.

If you are an Existing Unitholder, and have any questions concerning your holding, please contact Computershare Investor Services Pty Limited on 1300 556 161.

Chairman's Letter

15 October 2003

Dear Investor

The Beston Wine Industry Trust continues its expansion and acquisition of wine industry assets, and on behalf of Directors, I am pleased to announce the opportunity for investors to subscribe for New Units in the Beston Wine Industry Trust that will assist in this growth.

The Trust currently owns and leases 25 vineyards and three wineries, making it the sixth largest vineyard owner in Australia with a total of 1,752.60 hectares (4329 acres) under vine. The Trust's investment in vineyard properties and wine infrastructure assets provides investors with a stable income stream that is derived from rental incomes, like a property trust, and not subject to fluctuations inherent in grape production.

The Trust has a history of high and consistent yields, and acquisitions are aimed at maintaining or improving these returns. The Trust's distributions also carry a tax-deferred component that further enhances its yield. In the financial year ending 30 June 2003 the tax deferred component was 33%.

Based upon the assumptions outlined in Section 4, the forecast yield on New Units for the period 1 January 2004 to 31 December 2004 is 10.45%.

On 17 September 2003, Challenger Beston Ltd, as Responsible Entity of the Trust, entered into a Heads of Agreement with McGuigan Simeon Wines Ltd for the sale and leaseback of four properties: the Balranald vineyard, Balranald NSW; the Qualco East vineyard, Riverland SA; and the Lawson's and Richmond Grove vineyards located in Padthaway SA. The two Padthaway vineyards will be subleased to Orlando Wyndham, makers of Jacob's Creek, for a term that is intended to match the term of the Trust's lease. The funds from this capital raising will also go towards the purchase of other investment opportunities currently being examined by the Trust and the development of the Trust's existing assets.

Significantly, following the successful completion of this Offer (but excluding oversubscriptions), the Trust's ordinary Unit market capitalisation on the ASX will exceed $100 million based upon the Offer price and its total assets will be in excess of $230 million. In addition the Trust will become the third largest vineyard owner in Australia.

Despite the highly competitive export market place, the Australian wine industry continued its success in 2003, with export volume continuing to grow and sales exceeding $2.45 billion. As exports increase, the demand for new vineyard plantings, from the major wine companies in particular, will continue with an emphasis on the popular wine grape varieties such as Chardonnay and Shiraz. New Zealand wine companies are also facing a similar need for growth.

The Beston Wine Industry Trust is now well placed to partner the wine industry to meet these challenges as an established and significant contributor to the development of additional vineyard properties in Australia and New Zealand. The Trust's sale and leaseback product assists wine companies to improve their capital management practices and allows them to keep pace with the demands of the domestic and international market places.

We believe the Trust provides strong investment yields and asset diversification across geographical regions and lessees, and provides investors with an opportunity to invest in a vibrant wine industry.

We look forward to your continued support.

Yours sincerely

Stephen Gerlach
Chairman

Investment Summary

The information set out below is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

Offer Opens	30 October 2003
Offer Closes	2 December 2003
Existing Unitholder Entitlements	Existing Unitholders have a Priority Entitlement to receive one New Unit for every two Units held on the Record Date. This Priority Entitlement expires on 10 November 2003.
Offer Size and Application Price	Up to 50,000,000 New Units at $0.90 each with a right to accept oversubscriptions for up to a further 11,111,111 New Units at $0.90 each.
Minimum Application	2,000 New Units ($1,800) and thereafter in multiples of 1,000 New Units ($900) – excluding Applications made by Priority Entitlement.
Investment Style	An ASX listed unit trust (ASX Code: BWI & BWIPA), which invests in vineyards and wine processing, storage and distribution infrastructure assets, and which aims to provide Unitholders with a consistent and strong income stream.
Issuer and Responsible Entity	Challenger Beston Limited
Joint Lead Managers and Underwriters	Ord Minnett Limited & Shaw Corporate Finance Pty Limited
Application of Proceeds	Subject to satisfactory reports and investigations by the Trust, it will purchase: • 4 vineyards located in South Australia and New South Wales and enter into long-term leases with McGuigan Simeon Wines pursuant to the Heads of Agreement between the parties. The Trust will also apply the proceeds of the Issue to make carefully selected acquisitions of vineyards producing premium grapes, and wine processing, storage and distribution infrastructure opportunities. Funds raised will also be used to continue work on the Trust's development properties and pay expenses of the Issue. See Sections 1, 3 and 4 for further details.

Investment Highlights	• Income backed by long-term leases to quality tenants – including Southcorp, McGuigan Simeon Wines, Evans & Tate, Grant Burge Wines and Delegat's Wine Estate of New Zealand. • Diversified portfolio of vineyards and wineries in premium locations including Coonawarra, Barossa Valley, Yarra Valley, Hunter Valley, Margaret River and Clare Valley in Australia, and Marlborough and Hawkes Bay in New Zealand. • Experienced Responsible Entity, with track record of securing premium property acquisitions and delivering consistent and strong yields to Unitholders.
Forecast Distributions	The forecast distribution for the period 1 January 2004 to 31 December 2004 is 9.41 cents per New Unit (without oversubscriptions), which represents an annualised yield of 10.45% based on the Application Price and Weighted Average number of Units on issue for the Forecast Period – see Section 4 for further details.
Risks	The Trust is subject to a number of risk factors that may impact on its future performance. See Section 2 for further details.
ASX Quotation	Quotation of the New Units is expected to commence on 16 December 2003.
Taxation	A summary of applicable Australian taxation considerations is set out in Section 6.
Fees and Expenses	For a summary of the fees and expenses payable in connection with the ongoing operations of the Trust, refer to Section 5. For a summary of fees and expenses of the Issue, refer to Section 7.

Contents

1 Investment Overview

1. Investment Overview

The Offer

Up to 50,000,000 New Units at a price of $0.90 per New Unit with a right to accept oversubscriptions for up to a further 11,111,111 New Units at $0.90 per New Unit.

Under the Offer, Existing Unitholders have a Priority Entitlement to receive one New Unit for every two Units held by them as at the Record Date. Priority applications that are received prior to 5:30pm AEST on 10 November 2003 will be assured an allocation of New Units under the Priority Entitlement.

Purpose of the Offer

The Trust is a specialist investor in vineyards and wine infrastructure assets. It currently owns vineyards and wineries located in well regarded grape growing regions in Australia and New Zealand.

Subject to satisfactory reports and investigations by the Trust, the proceeds of the Offer will be primarily directed towards purchasing four vineyards for a total cost of $68 million:

- Lawson's, Padthaway SA;
- Richmond Grove, Padthaway SA;
- Qualco East, Riverland SA; &
- Balranald, Balranald NSW.

These vineyards will be leased to McGuigan Simeon Wines Limited pursuant to the Heads of Agreement between the parties.

Further vineyard and wine processing and storage assets will be purchased, with the balance of the proceeds of the Offer to be used for the payment of expenses associated with the upgrading of some of the Trust's existing assets, and the payment of the expenses of the Issue. Opportunities currently being examined are located in both Australia and New Zealand.

The net proceeds of the Offer (excluding oversubscriptions) and existing and expected debt capacity, are forecast to be progressively invested in the following amounts, and during the following periods (see also Section 4):

Date	$million
1 October 2003 – 31 December 2003	$82.22
1 January 2004 – 31 March 2004	$13.81
1 April 2004 – 30 June 2004	$4.23
1 July 2004 – 30 September 2004	$3.59
1 October 2004 – 31 December 2004	$3.19
Total Invested	$107.04

In keeping with the Trust's practices, any vineyards acquired will be or have been planted with premium grape varieties and leased to experienced wine industry participants.

See section 3, Application of Proceeds, for further details on the properties to be purchased, the Heads of Agreement (also summarised in Section 7), and McGuigan Simeon Wines Limited.

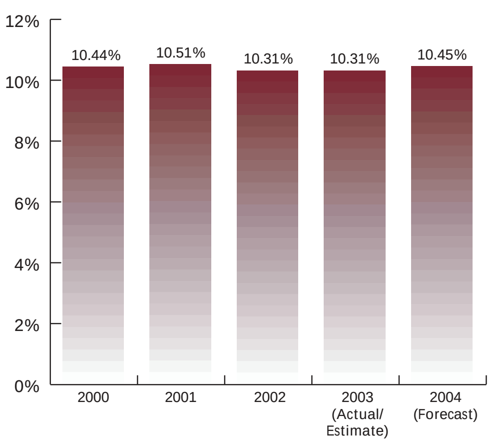
Forecast Distribution and Yield – Existing Units and New Units

This forecast information should be read in conjunction with Section 4.

The financial objectives of the Trust are to provide Unitholders with a consistent and strong income yield.

For the 12 months ending 31 December 2004, based on a Weighted Average of 115,106,513 Units on issue (ie including New Units and assuming no oversubscriptions), Challenger Beston forecasts a distribution of approximately 9.41 cents per New Unit. This forecast represents an annualised yield of approximately 10.45% per New Unit against the Application Price.

The yield of the Trust for the years 2000 to 2004 (including the above forecast) is represented by the following table:



Note:

1) The yields are annualised and calculated against the Application Price of $0.90 per New Unit.

2) The 2003 calendar year yield is based upon two actual distributions for the first 2 calendar quarters and two estimated distributions for the last 2 calendar quarters per Unit.

3) The forecast yield for a New Unit and an existing Unit is based on a Weighted Average of 115,106,513 Units on issue for 2004 and no oversubscriptions.

If an additional 11,111,111 New Units are issued by way of oversubscriptions the forecast distribution and yield is 9.41 cents and 10.45% per New Unit respectively.

The forecast yields are dependent on a number of assumptions including the timing of acquisitions detailed in Section 4.

Ranking with Existing Units

From the date of their issue, the New Units will rank equally with existing Units. For further details as to the rights attaching to the New Units, see Section 7.

The New Units will not participate in the distribution for the quarter ending 30 September 2003.

The New Units will be entitled to a pro rata distribution for the December quarter from the date of their issue until 31 December 2003 estimated to be 0.27 cents per New Unit. The above mentioned 2003 yield calculations relate only to existing Units and not to New Units. Existing Units will be entitled to a distribution for the whole of the December 2003 quarter. In each case distributions will be calculated on a daily basis. This distribution will be payable on or about 16 February 2004.

All Unitholders will participate fully in the March 2004 quarter distribution.

Tax-Deferred Component of Distributions

All distribution yields outlined in this Prospectus do not take into account the tax-deferred component of the distributions.

Distributions from the Trust typically carry a tax-deferred component. In the 2003 Financial Year the tax-deferred component equalled 33.09%.

The tax-deferred component arises where the cash distribution per Unit exceeds the taxable distribution per Unit. It can, for example, arise as a result of greater tax depreciation deductions claimable on depreciating assets compared to accounting depreciation, as well as deductible expenditure in raising equity and debt-establishment costs.

The tax-deferred component will generally give rise to a reduction in the cost base of a Unitholder's Units for capital gains tax purposes, other than where the excess distribution is attributable to a discount capital gain.

If the cumulative total of the tax-deferred component received by the Unitholder exceeds the cost base of the Unitholder's units, the Unitholder will realise a capital gain equal to the excess. The extent to which the excess will be included in the Unitholder's assessable income will depend upon the tax profile of the Unitholder.

For more information on this issue see the Taxation Opinion set out in Section 6.

Investors should seek independent financial and tax advice in relation to their individual financial and tax circumstances.

Joint Lead Managers and Underwriters

The Offer will be lead managed by Ord Minnett Limited and Shaw Corporate Finance Pty Limited. The placement agreement is summarised in Section 7.

This Offer is underwritten to the amount of $7.074 million by the Joint Lead Managers as part of the placement agreement.

Conditions of the Offer

For a summary of any conditions attaching to the Offer please refer to Section 7.

ASX Quotation

An application for quotation of the New Units on the ASX will be made within 7 days after the date of this Prospectus. Quotation of the New Units is expected to commence on 16 December 2003.

Issued Capital of the Trust

The effect of the Offer if fully subscribed (and assuming no additional Units are issued including under the Distribution Reinvestment Plan) on the Trust's issued capital will be as follows:

	Issued Ordinary Units	Issued PICE Units
As at the date of this Prospectus	64,304,125	1,700,234
New Units	50,000,000	–
On Completion of the Offer	114,304,125	1,700,234

The effect of the Offer if fully oversubscribed (and assuming no additional Units are issued including under the Distribution Reinvestment Plan) on the Trust's issued capital will be as follows:

	Issued Ordinary Units	Issued PICE Units
As at the date of this Prospectus	64,304,125	1,700,234
New Units	61,111,111	–
On Completion of the Offer	125,415,236	1,700,234

Value of the Trust's Assets

As at 30 June 2003, the Trust owned 25 vineyards and 3 wineries with a book value of $126.04 million.

As in previous years, the assets of the Trust have been recorded in the Trust's financial accounts at historical cost. However the Trust ensures that qualified independent valuers revalue all properties at least every three years, with the Trust's management reviewing valuations annually.

Based on the Trust's recent valuations of market value, the Trust's vineyards and winery assets are currently worth $128.01 million. This represents a $1.97 million premium over the book value of $126.04 million.

Net Tangible Asset Backing

Following the issue of the New Units (whether fully subscribed or oversubscribed), the Trust's net tangible asset (NTA) backing (fully diluted) will be approximately $0.85 per Unit.

If the Trust's recent valuations were used as the base for the above calculation, the comparable NTA of the Trust would be $0.86 per Unit. This illustrates the benefits to the Trust and Unitholders of the Trust's assets appreciating.

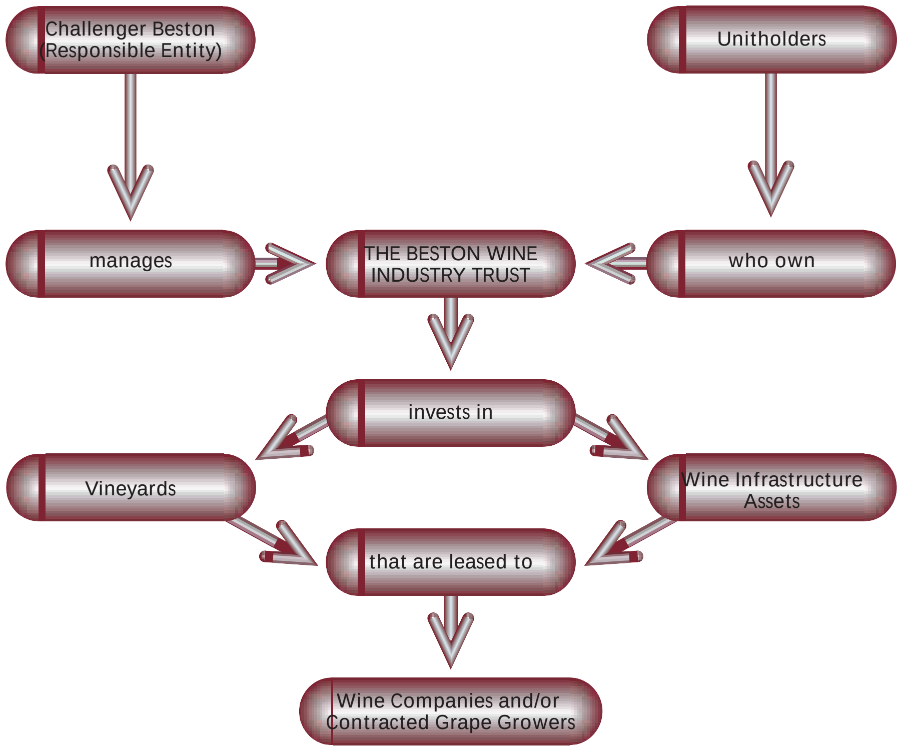
The above figure assumes that each issued PICE Unit is converted into 11.70 Units (based on the issue price of the PICE Units divided by the Application Price).

A PICE Unit is a class of unit in the capital of the Trust that is convertible into Units only in specified circumstances. Challenger Beston believes that these circumstances are unlikely to arise before the first conversion option in March 2006.

The assumed conversion of the PICE Units does not reflect any increase in the market price of a Unit in that period, and therefore overstates the likely PICE Unit conversion ratio. However, whilst Challenger Beston believes that it is unlikely that conversion of the PICE Units will occur before March 2006, it is considered that an undiluted estimate would overstate the Trust's actual NTA per Unit.

For further details as to the rights attaching to the PICE Units, refer to Note 14 of Section 5.

Investment Structure



All the Trust's assets are held on behalf of the Responsible Entity by its Custodian, Tower Trust (SA) Ltd.

Major Shareholder Support – Challenger Financial Services Group (ASX Code: CFG)

Challenger Life No.2 Limited, a subsidiary of Challenger Financial Services Group (Challenger), is the largest shareholder of the Trust, with 15.12% of all ordinary units and 39.74% of all PICE Units as at the date of this Prospectus. In addition, Challenger owns Challenger Beston Limited (the Responsible Entity).

The board of the Responsible Entity operates independently of Challenger.

The relationship with Challenger benefits the Trust via support for capital raisings and organisational expertise and capacity.

The Beston Wine Industry Trust

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2. The Beston Wine Industry Trust

Investment Strategy

The Trust was established in February 1998 and listed on the Australian Stock Exchange on 2 July 1999.

The Trust has since grown to hold a portfolio of quality vineyards and wine infrastructure assets that have a book value in excess of $126 million.

Challenger Beston has and will continue to diversify the portfolio by acquiring vineyards and infrastructure assets in a number of different regions in Australia and New Zealand.

Challenger Beston is now seeking by way of the Offer to raise up to $45 million (with an allowance for oversubscriptions representing a further $10 million). Together with new debt, and existing financing capacity, these funds will enable the Trust to purchase and develop further quality vineyards, processing and storage assets, and to meet expenses associated with the development and upgrade of existing Trust assets. On the Trust's normal debt ratio this will provide the Trust with funds between $90 million and $110 million (assuming the Offer is fully oversubscribed) before issue costs.

To provide greater stability of earnings, the Trust's debt is drawn at a fixed interest rate and for a fixed term matching the duration of part or all of the initial corresponding lease term. As the Trust's lease revenues are indexed annually to CPI (or an agreed indexation amount), Challenger Beston believes that revenues obtained from the Trust's investment portfolio will increase annually to the extent of this indexation impact.

Challenger Beston has identified a number of investment opportunities for the near future including: the Qualco East vineyard in the Riverland, South Australia; the Lawson's and Richmond Grove vineyards in Padthaway, South Australia; and the Balranald vineyard in New South Wales that are outlined in Section 3. Challenger Beston is also examining vineyard and winery acquisition opportunities in Australia and New Zealand.

Through these investments Challenger Beston aims to provide Unitholders with consistent and strong income yields underpinned by secure long-term leases.

The wine industry is capital intensive by nature. Accordingly, industry participants are required to commit large amounts of capital to land and infrastructure rather than using this capital to fund growth in other areas of their operations.

By investing directly in these assets and leasing them back to the wine company or grower, the Trust enables the wine company or grower to access capital in order to upgrade and enhance their marketing and sales operations.

The further expansion of the Trust will include the provision of capital to the wine industry for processing, storage and the sale and leaseback of their vineyards. These investments will complement the Trust's existing vineyard and winery portfolio, and provide increased portfolio diversification.

Investment Portfolio

The Trust currently has a portfolio of 25 vineyards and 3 wineries in South Australia, New South Wales, Western Australia, Victoria and New Zealand. The vineyards acquired by the Trust have been leased to quality tenants for an initial term of generally at least ten years, and are planted to produce premium grape varieties.

The quality of the tenant is of paramount importance to the Trust, as is the quality of the property. The Trust only enters leases with tenants who will use the grapes in their own wine label or who have long-term grape supply contracts on the property with major wine companies.

At the end of the lease term, the tenant has the right to acquire the vineyard (at the greater of market value or the original purchase price), extend the lease (in which case the rental payable will be adjusted to market value) or allow the lease to lapse. If the lease lapses the Trust can either sell the property or lease it to another wine industry participant.

The vineyards and wine infrastructure assets owned by the Trust as at 30 June 2003 are set out in the following table:

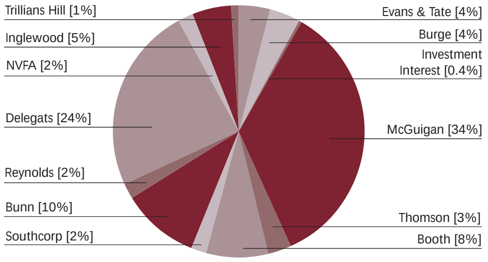
Property & Investment Interest	Lessee	Region	Percentage of Total Portfolio	Amount ($)(1)	Area Under Vine (Ha)
Summers Hill Vineyard	Grant Burge Wines Pty Ltd	Eden Valley, SA	1.22%	1,533,600	18.1
Corryton Park Vineyard	Grant Burge Wines Pty Ltd	Eden Valley, SA	2.47%	3,109,850	38.8
Cowra Station Vineyard	Vineyards of NSW Pty Ltd(2)	Cowra, NSW	2.93%	3,686,759	58.5
Sandy Hollow Vineyard	McGuigan Simeon Wines Ltd	Hunter Valley, NSW	3.87%	4,876,268	105.3
Bethany Creek & Vine Vale Vineyards	McGuigan Simeon Wines Ltd	Barossa Valley, SA	1.36%	1,711,650	18.6
Waikerie Vineyard	McGuigan Simeon Wines Ltd	Riverland, SA	1.73%	2,185,020	40.0
Schubert's Vineyard	McGuigan Simeon Wines Ltd	Lobethal, SA	3.42%	4,307,612	76.9
Hunter Valley Winery	McGuigan Simeon Wines Ltd	Hunter Valley, NSW	3.68%	4,636,401	N/A
Inglewood Vineyard	Inglewood Vineyards Pty Ltd	Hunter Valley, NSW	1.12%	1,412,745	20.1
Dalswinton Vineyard	Inglewood Vineyards Pty Ltd	Hunter Valley, NSW	3.94%	4,969,565	75.5
Thomson Vineyard	Thomson Fruitgrowers Pty Ltd	Riverland, SA	3.25%	4,100,542	103.4
Boh River Vineyard	BH & SE Booth and Auction Services Pty Ltd	Waikerie, SA	7.96%	10,036,382	192.7
Gundagai Vineyard	P Bunn	Gundagai, NSW	9.96%	12,552,035	200.3
Gimblett Rd Vineyard(3)	Delegat's Wine Estate Ltd	Hawkes Bay, NZ	2.04%	2,572,330	20.9
Highway 50 Vineyard(3)	Delegat's Wine Estate Ltd	Hawkes Bay, NZ	2.00%	2,520,248	18.9
Crownthorpe Vineyard Development(3)	Delegat's Wine Estate Ltd	Hawkes Bay, NZ	10.74%	13,534,886	216.0
Dashwood Vineyard Development(3)	Delegat's Wine Estate Ltd	Marlborough, NZ	9.88%	12,456,403	167.0
Yarraman Vineyard & Winery(4)	Reynolds Wines Ltd	Hunter Valley, NSW	1.63%	2,049,002	18.9
Sirens Vineyard(5)	Southcorp Ltd	Margaret River, WA	1.57%	1,979,089	27.3
Chapel Vineyard	NVFA	Coonawarra, SA	2.28%	2,878,424	30.4
Trillian's Hill Vineyard	Trillian's Hill Vineyard Pty Ltd	Clare, SA	0.72%	912,198	19.5
Woods Vineyard	Evans & Tate Ltd	Griffith, NSW	0.99%	1,252,552	36.4
Gnangara Vineyard Development	Evans & Tate Ltd	Manjimup,WA	1.50%	1,895,296	0.0
Oakridge Estate Vineyard & Winery	Evans & Tate Ltd	Yarra Valley,Vic	1.89%	2,380,710	11.2
Two Rivers Vineyard Development(6)	McGuigan Simeon Wines Ltd	Swan Hill, Vic	17.48%	22,037,263	237.7
Investment Interest in Langhorne Creek Winery(7)		Langhorne Creek, SA	0.36%	448,985	N/A
Total portfolio			100.00%	$126,035,815	1,752.3

1) At original purchase cost plus transaction fees and upgrade expenditure.
2) Affiliate of McGuigan Simeon Wines Limited.
3) These properties are owned through the Beston Delegat's Wine Trust, a unit trust wholly owned by the Trust. The acquisition costs of these assets were converted to Australian dollars at a rate of AUD$1.1463 per $NZ (as at 30 June 2003).
4) Reynolds Wines Ltd is in receivership and in default under its lease of the Yarraman vineyard and winery. The Receivers and Managers of the company have recently disclaimed liability for the lease. The Directors are currently considering a range of options to mitigate the potential effect of these developments. Future developments regarding the property are uncertain and may become clearer by December 2003. The lease income represents approximately 0.136 cents per annual distribution per Unit (which is not considered material by the Responsible Entity) during the Forecast Period and has been taken into account when forecasting distributions and the yield on New Units for 2004.
5) This property is owned through the Beston Southcorp Vineyard Trust, a unit trust wholly owned by the Trust.
6) This property is owned through the McGuigan Simeon Wines Wholesale Trust, a unit trust wholly owned by the Trust.
7) Of this amount, $401,864 is a Loan Receivable.

This information contained in the table above is based upon the investment and property position as at 30 June 2003. The financial information in Section 5 represents the property held at 30 June 2003 with any material movements included as if they occurred at that date.

Lessee Profile

The proportion of the Trust's income derived from each of its lessees as at 30 June 2003 is depicted in the following table:



The Trust's lessees include:

Grant Burge Wines Pty Ltd: a private company that leases 57 hectares of Trust vineyards in the Barossa Valley, South Australia. The Company uses all grapes grown on the properties for its own wine making.

McGuigan Simeon Wines Ltd: is the third largest ASX listed wine company in Australia, with a market capitalisation approaching $500 million. The company leases 537 hectares of vineyards and one winery from the Trust and uses all grapes grown on the properties for its own winemaking. See also Section 3.

Inglewood Vineyards Pty Ltd: a private company established in 1988 that produces wines under the Two Rivers, Inglewood Reserve and Tulloch labels. The company leases 96 hectares of vineyards from the Trust. All grapes produced on the vineyard are supplied to a major wine company under a grape supply contract.

Thomson Fruitgrowers Pty Ltd: a private company that is a major grower and exporter to the UK of wine under the Thomson and Woolpunda labels. The company leases over 100 hectares of Trust vineyards and uses the grapes in its wine making.

BH & SE Booth and Auction Services Pty Ltd: a private company that leases 193 hectares of Trust vineyards. All grapes from the vineyards are contracted to an ASX listed wine company.

Peter Bunn Group: leases a 200 hectare vineyard development property from the Trust. All grapes grown on the property are contracted to an ASX listed wine company.

Delegat's Wine Estate Ltd: established in 1947, Delegat's is the third largest wine company in New Zealand and is a renowned producer of super premium, award-winning wines. Delegat's holds a significant shareholding in Oyster Bay Marlborough Vineyards Limited. When fully planted the four vineyards leased from the Trust will total 770 planted hectares, with the grapes to be used in Delegat's and Oyster Bay branded wines.

National Viticultural Fund of Australia (NVFA): is managed by one of Australia's largest independent developers and managers of vineyards, other than the wine companies themselves, and leases a vineyard from the Trust on the world-renowned terra rossa soils of Coonawarra. The grapes from this 30 hectare vineyard are contracted to a major wine company for use in super premium wines.

Trillian's Hill Vineyard Pty Ltd: leases 20 hectares of Trust vineyards in the Clare Valley, South Australia, with all grapes contracted to well established wine companies.

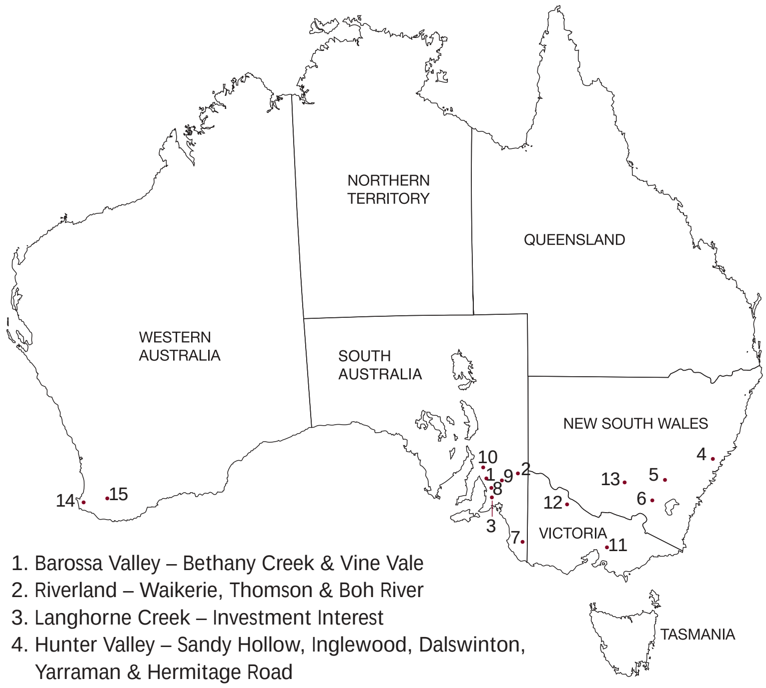
Southcorp Ltd: is Australia's largest premium wine company. It leases 27 hectares of Trust vineyard in the internationally renowned Margaret River region of Western Australia.

Evans & Tate Ltd: is the fourth largest ASX listed pure-wine group with a market capitalisation of approximately $91 million as at 8 September 2003. The company leases three vineyards and a winery from the Trust with plantings of 48 hectares, which will increase to over 140 hectares upon completion of the Gnangara vineyard development.

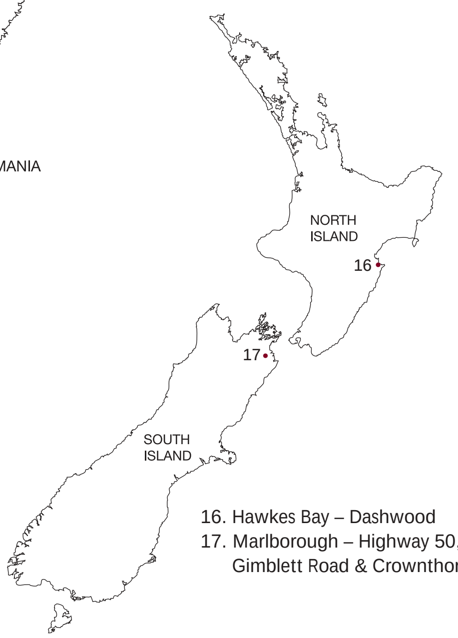
Geographical Diversification

The diversification of the Trust's assets amongst Australia and New Zealand's major wine regions is illustrated below:

Australia and New Zealand wine regions and properties

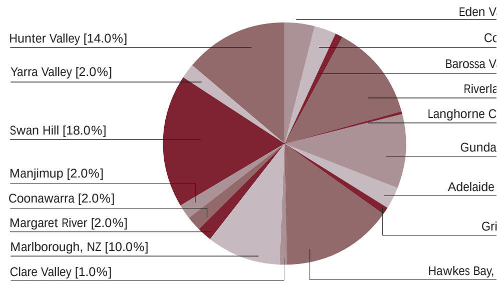


1. Barossa Valley – Bethany Creek & Vine Vale
2. Riverland – Waikerie, Thomson & Boh River
3. Langhorne Creek – Investment Interest
4. Hunter Valley – Sandy Hollow, Inglewood, Dalswinton, Yarraman & Hermitage Road
5. Cowra – Cowra
6. Gundagai – Gundagai
7. Coonawarra – Chapel
8. Adelaide Hills – Schubert's
9. Eden Valley – Summers Hill & Corryton Park
10. Clare Valley – Trillian's Hill
11. Yarra Valley – Oakridge
12. Swan Hill – Two Rivers
13. Griffith – Woods
14. Margaret River – Sirens
15. Manjimup – Gnangara



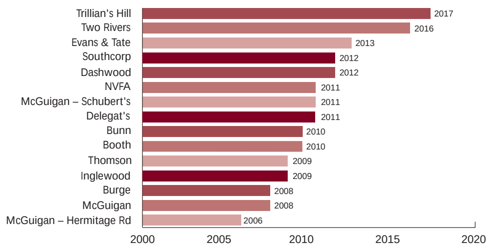
16. Hawkes Bay – Dashwood
17. Marlborough – Highway 50, Gimblett Road & Crownthorpe

Portfolio diversification by region



Lease Maturity Diversification

The maturity profile of the Trust's leases as at 30 June 2003 is depicted in the following chart (assuming the leases are not extended beyond their first renewal date):



The Responsible Entity

Challenger Beston Limited in its role as Responsible Entity manages the day-to-day operations of the Trust. It also conducts the identification, acquisition and ongoing management of vineyard and wine infrastructure assets, and undertakes all steps in the Trust's investment selection process.

The Responsible Entity addresses vineyard and infrastructure management issues, liaises with lessees, records vineyard plantings, monitors water adequacy, monitors all asset developments, and manages lease renewals, rent reviews and reporting obligations.

The Responsible Entity also attends annual inspections of the Trust's vineyard properties with an external viticultural adviser to ensure that they are being maintained in accordance with modern agricultural standards and the lease agreements.

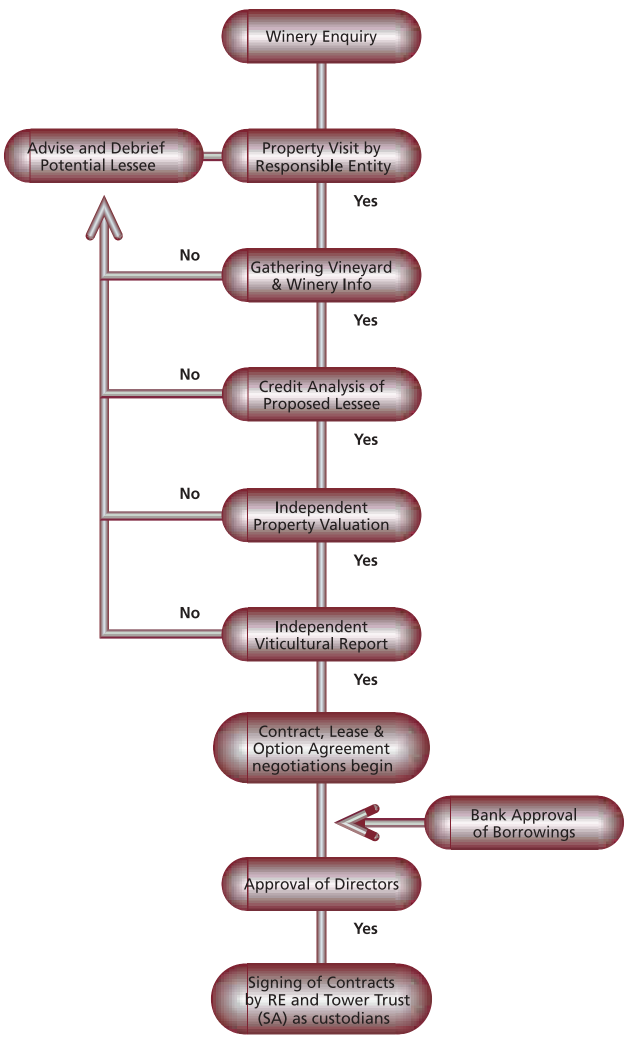
Challenger Beston is responsible for establishing and maintaining the Compliance Plan that is required under the Corporations Law. The Compliance Committee oversees the Compliance Officer and the compliance function.

The Investment Selection Process

The Responsible Entity's decision to invest (or otherwise) is made after detailed analysis and a thorough due diligence process. Within this investment selection process the Responsible Entity obtains an independent expert's valuation and viticultural report for established vineyards and developments. In addition, each proposed lessee is approved at first instance by the Transactions Committee and then by the Credit and Risk Management Committee prior to Board approval.

In summary, the investment selection process of the Trust is depicted in the following diagram:

Investment Selection Process



Directors of the Responsible Entity

Stephen Gerlach

Chairman

Chairman of the Compliance Committee; member of the Remuneration Committee

Mr Gerlach is a corporate advisor, solicitor and company director, holding positions on the Boards of several public companies including Santos Limited (Chairman); Southcorp Limited; Futuris Corporation Limited (Chairman); Riverland Water Group (Deputy Chairman); Air International Limited; Elders Rural Bank Limited; and Elders Australia Limited (Chairman).

Roger Sexton

Deputy Chairman

Member of the Credit and Risk Management Committee. Compliance Officer

Dr Sexton holds positions on the boards of several other public and private companies including IOOF Holdings Limited (Deputy Chairman) and Perennial Funds Management Limited. He has specialist qualifications and experience in investment banking, agricultural economics and the wine industry and has fifteen years experience in funds management.

Christopher Atkins

Managing Director

Member of the Transaction Committee; Credit and Risk Management Committee; and Remuneration Committee

Mr Atkins is a Chartered Accountant and a Director of Challenger Beston Limited and has been involved in advisory work for a number of wineries over the last 30 years. He has been Managing Director of the Responsible Entity since the Trust's inception.

Blair Beaton

Non-Executive Director

Mr Beaton is Head of Corporate Development for Challenger Financial Services Group Limited. He has significant experience in listed property trusts and the resources industry and has worked in the investment banking and accounting professions for 20 years.

Brian Benari

Non-Executive Director

Mr Benari is a Chartered Accountant and is General Manager, Mortgage Financing and Property, Challenger Financial Services Group Limited. He has over 11 years experience in investment banking across a broad range of both retail and institutional vanilla and structured products in markets including equities, debt, foreign exchange, commodity and alternative assets.

David Hall

Non-Executive Director

Member of the Compliance Committee

Mr Hall is a Chartered Accountant and company director, and is the Managing Director of Roche Group Pty Ltd which is the third largest Unitholder of the Trust, and is on the board of the public company Pacific Strategic Investments Limited and other companies.

Ian Martens

Non-Executive Director

Chairman of the Transactions Committee and the Credit and Risk Management Committee. Member of the Compliance Committee

Mr Martens is a Chartered Accountant and a consultant to BDO Chartered Accountants. His advisory work has included Petaluma Limited, Tim Knappstein Wines Pty Ltd and several other wine companies and vineyard owners and operators.

Tim Foster

Non-Executive Director

Mr Foster is a Chartered Accountant and is a Director and Chief Financial Officer of Challenger Financial Services Group Limited and its subsidiaries. His responsibilities include leading the Finance, Legal and Compliance Divisions within the Challenger Group. He is also a member of the Compliance Committees for two Responsible Entities of managed investment schemes.

Australian Wine Industry

The Australian wine industry is now a recognised leader of the New World producers which include the US, South Africa, Chile and New Zealand.

Estimated to have produced 1.027 billion litres of wine in 2003, Australia now has an area under vine of 151,975 hectares. Significantly, exports exceeded domestic consumption in 2001 for the first time in the industry's history, with exports now representing a dollar value of over $A2.45 billion (August 2003). Exports have been the driver of the growth in the Australian industry, with export sales value increasing 24% per annum for the past decade.

In 2003, wine available for export is expected to grow 26% to reach 526 million litres, while domestic sales are expected to still grow marginally to reach 391 million litres.

These export figures projected for 2003 by AWBC (in 2002) are actually already close to being achieved, with the August 2003 Export Approval report from AWEC indicating that export volumes were 524 million litres on a moving average total (MAT) basis.

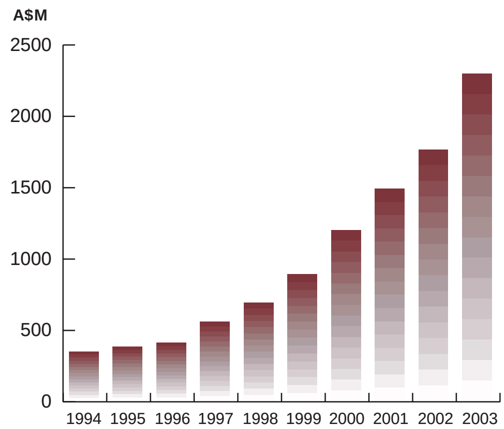
August 2003 was also the second consecutive month in which the US surpassed the UK in dollar value of annual Australian wine exports, with $A876 million for the US compared to $A861 million for the UK. The UK still remains Australia's largest overseas market, with 210 million litres shipped, however the US showed a 50% increase in volumes to reach 152 million litres in the year ended August 2003. The UK is now maturing as a market for Australian wine, while the US market is where the next stage of growth will come from.

According to industry sources, it is estimated case sales of Australian wine in the US will increase 19% per annum between the period 2002 and 2007, lifting market share from 5% to 11%.

Canada, Germany, Skandinavia, the Netherlands and Asia also present significant opportunities for the Australian wine industry.

With industry volume growth of approximately 10% per annum predicted to 2007, the challenge for the Australian industry will be to at least maintain the level of vineyard development in order for supply to keep pace with demand.

Exports of Australian Wine



Note: All figures are for the year ended 30 June.

Source of figures (not graph): Wine Export Approval Report June 2003; Australian Wine & Brandy Corporation

New Zealand Wine Industry

The New Zealand wine industry has continued its rapid growth in 2003, with the continued plantings of new vineyards and the establishment of new wineries and infrastructure. In 1995, only 6,110 planted hectares of producing vineyard area existed, as compared to 14,802 hectares in June 2003. By June 2004, the area of producing vineyards is estimated to be 15,829 hectares.

Exports are now the key focus for the industry, reaching a total of over 27 million litres and a value of NZD$281 million annually with most directed at three key markets – the United Kingdom, Australia and the United States.

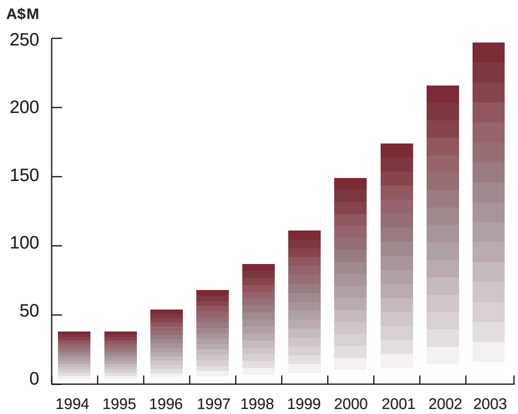
New Zealand's high quality wines compete in the higher priced sectors where for example in the US market the average retail price per litre paid is second only to France.

Sauvignon Blanc and Pinot Noir from New Zealand have been achieving significant commercial and industry acclaim, and have been largely responsible for the high prices per bottle achieved.

New Zealand viticultural land prices have risen sharply over the past few years. This largely reflects higher grape prices and investment from overseas, but also competition with alternative land usage (such as tourism and lifestyle).

Due to the increased plantings in New Zealand, growth is set to continue with the industry projecting volume export sales growth of more than 200% from the current 27 million litres to 73 million litres by 2007.

Exports of New Zealand Wine



Note: All figures are for the Year End June.

Source of figures (not graph): www.nzwine.com/statistics/exports

Outlook

The outlook for the global wine market can be summarised as follows:

- According to the latest industry figures, the world wine industry had a total turnover at retail prices of approximately $174.5 billion in 2002. Worldwide the total volume produced was 27.9 billion litres in 2001.
- Between the period 2002 and 2006, growth of 8.9% in the world wine industry turnover is estimated, taking the total turnover at retail prices in the world wine industry to approximately $190 billion. Exports will be the key driver of this growth, with export volumes expected to increase 14.9% per annum from 2001 to 2006.
- The New World wine producers are at the forefront of world wine export growth, having increased their total share of world exports from 6% in 1990 to over 20% in 2000, largely at the expense of the Old World producers such as France, Italy and Spain.
- The United States, Canada, Europe and Asia present significant export opportunities for Australian and New Zealand wine producers.

Australian and New Zealand wine producers are now well placed to benefit from the growth in the world export markets, with the Trust being a significant contributor in providing the required capital to continue this growth trend.

Investment Risks

Investors should recognise that the Trust is subject to a number of risks that may impact on its future performance. Some of these risks are outside the control of the Trust and cannot be mitigated. The New Units therefore carry no guarantee with respect to the payment of distributions or return of capital.

The principal risks associated with investment in the Trust include but are not limited to, the following:

General Share Market Risk

Movements in local and international share markets, inflation and inflationary expectations and investor sentiment could all affect the market value of the New Units. Therefore, the price at which the New Units trade on the ASX can fall below as well as rise above the Application Price.

Investment Specific Risks

There is a risk that the forecasts prepared by Challenger Beston will not be met, resulting in distributions being lower than forecast.

Vineyard Values

Future vineyard valuations impact on rent reviews and the sale of vineyard assets. The value of vineyards may be influenced by a number of factors including:

- A contraction in the Australian or world economy, which could impact on the demand for grapes;
- An appreciation of the Australian dollar, which could affect the competitiveness of exports;
- Over-planting of grapes in Australia and New Zealand, which could result in an oversupply of grapes;
- Changing consumer attitudes to Australian and New Zealand wine which will impact on the demand for grapes; and
- Competition from other wine producing countries.

Interest Rates

Movements in interest rates may impact on borrowing or other costs that are not fixed, and on the relative attractiveness of the New Units as compared to other types of investments.

The Trust mitigates this risk by entering into interest rate swap contracts on borrowing facilities matching the duration of part or all of the initial corresponding lease term, thereby fixing the interest rate of each facility. For further information see Note 13 in Section 5.

Refinancing Risk

The Trust refinances debt facilities on an individual lease upon maturity of that debt facility during a lease term, or when the Lessee elects to renew the lease at the end of the lease term. If at that point the borrowing costs have moved adversely against the Trust, there is the risk that the Trust may not be able to fully recover the increase in such borrowing costs from the rent under the existing or renewed lease term.

Foreign Exchange

Due to the investment in New Zealand some exposure to the risk of currency exchange variations are incurred. These risks are mitigated by ensuring borrowings related to the foreign investments are denominated in the respective foreign currency.

Insurance

Where commercially practicable insurance will be entered into on behalf of the Trust by the lessee. There are a number of risks to vines such as agricultural disease and fire, for which the cost of insurance premiums is either prohibitive or commercially unrealistic.

Contractual Failure and Non-Renewal

Persons with whom the Trust has contractual relationships may default in the performance of their obligations. Any such default may have an adverse affect on the Trust, particularly if the Trust is unable to find, or is delayed in finding, appropriate substitute counterparties.

This risk of contractual default is the credit risk the Trust is subject to, and reflects a lessee's ability to meet ongoing lease obligations. Lessee default is not insured against by the Trust due to the non-commercial cost of doing so.

The Trust has sought to diversify and increase the number of Trust lessees in order to mitigate the credit risk. The Trust's primary focus in all investment decisions is the credit risk of prospective lessees.

Any non-renewal of the Trust's leases or leasing of assets on less favourable terms, or later, than forecast, and any abatement of rent or termination of leases due to inadequate performance or partial or full destruction of the relevant asset may also impact on the Trust's performance in a similar way to a contractual default.

Following Completion of this Issue, leases with McGuigan Simeon (MGW) will represent $116.8m (54%) of the total assets and $15.9m (50%) of the income of the Trust. In the event of a default by MGW, this would have an adverse effect on the Trust. However, this risk is lessened as a result of $42.4m of these assets being subleased for a further nine years (excluding rights of renewal) to Orlando Wyndham, a subsidiary of Pernod Ricard, one of the world's largest wine and spirit makers that has a market capitalisation of approximately $9 billion.

If Orlando Wyndham is treated as a separate lessee, then the total percentage of assets leased to MGW will be 34% and represent 33% of the Trust's income. This will be the same portion as the current position if this Offer is fully subscribed and all intended transactions completed.

Government Policy

Changes in laws and government policies in Australia and overseas may adversely affect the financial performance of the Trust and the value of the New Units.

Foreign government trade protection policies may also affect the financial performance and value of the New Units.

Weather, Pests, Diseases and Natural Disasters

Adverse climatic conditions and pests, disease, land damage and natural disasters, may diminish a lessee's ability to meet its lease obligations. Although the Trust generally passes agricultural and other operational risk to the lessee, the lessee may be able to terminate the lease in certain circumstances.

Water Quality and Quantity

The irrigation of vineyards may change over time. Access to water is also subject to legislation, and the amount of water available to be used under a water licence may be increased or decreased. In South Australia, irrigation restrictions of 35% of existing entitlements began on 2 July 2003 affecting three of the Trust's vineyards. On 4 September 2003 the restriction was reduced to 25%.

Management has reviewed the water requirements for all vineyards and is satisfied that sufficient water is available for the needs of each individual vineyard. The Trust is actively upgrading vineyards to ensure that they are efficient in their water usage. The cost of these upgrades are met by increased rentals from the lessee.

Land Clearing

The clearing of land for vineyards is subject to various government regulations and policies. Any proposal to develop or expand the Trust's vineyards may be restricted by such policies.

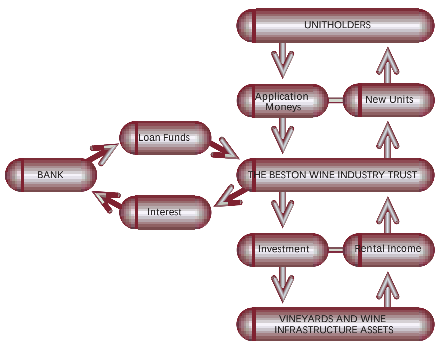
Changes in Tax Laws

Changes in taxation laws affecting trusts and/or the wine industry may adversely affect the financial performance of the Trust and the value of the New Units.

3 Application of Proceeds

3. Application of Proceeds

The intended application of the proceeds of the Offer is depicted in the following diagram:



Challenger Beston has identified a number of investment opportunities that it believes to be complementary to the Trust's growth strategy. These opportunities are outlined below:

Heads of Agreement – McGuigan Simeon Wines Ltd

Challenger Beston Limited has entered a Heads of Agreement for the sale and leaseback of vineyards from McGuigan Simeon Wines Limited (MGW), and the purchase of other vineyards for lease to MGW by the Beston Wine Industry Trust.

The purchase price for the first tranche of vineyards totals approximately $68 million and will involve Beston leasing the vineyards to McGuigan Simeon over lease terms of 9 to 12 years depending on the relevant vineyard, with three rights of renewal for a further five years each. Upgrades on two of the vineyards will commence over the next 12 months.

The vineyards total 890 hectares and are located in the grape producing regions of Padthaway and the Riverland in South Australia, and Balranald in New South Wales.

The two Padthaway vineyards, Lawson's and Richmond Grove, will be sub-leased to Orlando Wyndham, makers of Jacob's Creek.

Beston will purchase further tranches of the Balranald vineyards from third parties or MGW over the next four years for a further $9 million. When purchased, those vineyards will also be leased to MGW on similar terms to the initial vineyard purchases. Once all Balranald tranches are purchased, the total cost of properties encompassed by the Heads of Agreement including estimated upgrades will be $77 million and represent approximately 1,125 planted hectares.

Subject to satisfactory reports and investigations by the Trust, it is anticipated that the first tranche of vineyard purchases will settle in mid-December 2003.

See Section 7 for the summary of the Heads of Agreement.

The Vineyards

The vineyards to be purchased under the Heads of Agreement are as follows:

	Planted hectares	Cost $m	Cost per Ha
Balranald	472	23.95	$50,742
Qualco East	169	7.00	$41,420
Lawson's Padthaway	168	15.00	$89,286
Richmond Grove Padthaway	316	27.40	$86,709
	1,125	$73.35m*	
Estimated Cost of Upgrades		3.50	

* Excludes purchase costs and upgrades

The purchase price of each property is based upon an independent valuation report.

Lawson's Vineyard, Padthaway

Located in Padthaway in South Australia, this vineyard has 165.44 ha of vines planted in the early 1990s and 2.78 ha of Shiraz planted in 1968. Planted to predominantly red varietal grapes, there are also 32.98 ha of Chardonnay and Sauvignon Blanc grapes.

The property will be sub-leased to Orlando Wyndham Group Pty Limited (Orlando), makers of Lawson's branded wine, on a long-term lease. Orlando will operate the vineyard and take all grapes produced.

Richmond Grove, Padthaway

Also to be sub-leased to Orlando and located in Padthaway South Australia, this vineyard was planted in three stages in 1994, 1995 and 1996 to Shiraz, Cabernet Sauvignon, Merlot and Chardonnay grapes. The total area under vine is 316 ha.

Orlando, makers of Richmond Grove branded wine, will also operate this vineyard and take all grapes produced.

Balranald

Located in western New South Wales, this vineyard is eight years old and comprises 472 ha of vines divided into 13 separate ownership lots.

The Trust will initially purchase nine of the 13 lots, with the balance to be purchased over the next four years.

All 13 lots of the Balranald vineyard are currently operated and run by MGW. MGW will continue operating and taking grapes from all the properties following the purchase of the initial tranche of Balranald lots.

Qualco East

The development of this vineyard spanned the decades to the early 1990s. Some new vine plantings were completed in 2002 taking the total area under vine to 169 ha, planted predominantly to Chardonnay, Semillon and Riesling grapes. The property is located close to Waikerie in the Riverland region of South Australia.

McGuigan Simeon Wines Limited (ASX Code: MGW)

According to the 2003 Appendix 4E and Annual Results 2003 Presentation announced to the ASX by McGuigan Simeon Wines Limited (MGW):

- Since the merger of Brian McGuigan Wines Limited and Simeon Wines Limited, MGW is now the third largest listed wine company in Australia, with a market capitalisation approaching $500m.

- In 2003, MGW crushed 13% (approximately 180,000 tonnes) of the national crush in Australia, utilising (amongst others) its Buronga Hill and Loxton wineries.

- Sales Revenue up 25% to $293.1m

- Profit after Tax up 27% to $32.2m

- To secure the reliability, quality and price of grape supply, MGW has secured many lease and management arrangements over vineyards and is now the second largest grape grower in Australia with approximately 5,355 hectares – the Trust has and will continue to be a key partner to MGW in its goal of securing quality grape supply.

According to MGW's ASX announcement dated October 2003 and the Annual Results 2003 Presentation:

- MGW acquired Miranda Wines Holdings Ltd on 1 October 2003.

- Following this acquisition, MGW estimates its revenues in FY2004 will increase to over $350m and estimates its crush will increase to over 235,000 tonnes.

- MGW expects this acquisition to improve MGW's access to the cask and branded sales markets, particularly domestically. Integration of the Miranda business will take place in the 2004 financial year.

Further Opportunities

The Trust has identified a number of additional investment opportunities that it believes to be complementary to the Trust's growth strategy.

These opportunities include premium vineyards and winery assets located in both Australia and New Zealand.

Consistent with the Trust's existing investment strategy, the funds available for investment will be utilised in the acquisition of further quality vineyards, wine processing, storage and distribution infrastructure assets, and the payment of expenses associated with the development of existing Trust assets and the expenses of the Issue. Development and upgrade expenditure on the Trust's assets is expected to be $23.39 million in the Forecast Period.

The vineyards targeted for acquisition are or will be (when developed) planted to produce premium grape varieties. The Trust is conducting further viticultural investigations in relation to those vineyards.

Debt funding is utilised in all new investments in order to reduce the Trust's average cost of funds. This debt is drawn for a fixed term (that matches part or all of the initial term of each new lease) and at a fixed interest rate.

The Trust intends to adopt a funding mix of between 45% to 50% equity and 50% to 55% debt for the majority of investments funded using the proceeds of this Issue.

Leases are typically structured so as to generate gross lease returns of 3.5% to 4.5% above the relevant indicator rate, indexed annually so as to match increases in CPI or an agreed indexation amount.

The amount of proceeds available for investment from this Offer will depend on whether the Offer is fully subscribed and whether any over-subscriptions are received.

Based upon average gearing ratios, the total potential funds available for investment are summarised below:

	Assuming completion of the Offer (but no over-subscriptions)	Assuming the Offer is completed with full over-subscriptions
Offer Proceeds	$45,000,000	$55,000,000
Issue Costs	($1,954,500)	($2,347,278)
Net proceeds available for Investment	$43,045,500	$52,652,722
Potential New Borrowings	$43,045,500	$52,652,722
Total Potential Investment	$86,091,000	$105,305,444

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Financial Forecasts

4

4. Financial Forecasts

Performance/Forecast for the Period 1 January 2004 to 31 December 2004

12 months ending 31 December	2003*	2004 Forecast**
Revenue ($m)	13.607	23.949
Profit ($m)	7.029	12.487
Distribution Per Unit (cents)	9.28	9.41
Annualised Yield (%)	10.31	10.45

* The estimated distribution and yield relate only to existing Units and not New Units. The 2003 annualised yield is based upon actual distributions for the first two calendar quarters of the year and the announced estimated distribution for the third calendar quarter of 2003. The final quarter distribution for 2003 is based upon management estimates assuming no oversubscriptions. Management does not expect the Reynolds lease default will have a material adverse effect on the 2003 estimated distribution. The annualised yield is calculated for a 12 month period on the Weighted Average of Units on issue for the period, the Unit distribution and Application Price ($0.90) irrespective of the issue or market price for Units on issue during that period. The forecast distribution on New Units for the last two weeks of the December 2003 quarter is 0.27 cents per New Unit which is not considered material and has been excluded from these calculations which relate only to existing Units.

** The forecast distribution and yield relate only to New and existing Units on issue at the commencement of and throughout the Forecast Period. Assuming that only 50,000,000 New Units are issued on the expected issue date and no further units of any class are issued by the Trust during the Forecast Period including under the Distribution Re-investment Plan at the option of Unitholders, the forecast distribution is based on the Weighted Average of Units on issue for the Forecast Period. The annualised yield for the Forecast Period is calculated against the forecast distribution and Application Price irrespective of the issue or market price for Units on issue during that period.

Financial Forecast

On the basis of the following assumptions:

- if 50,000,000 New Units are issued pursuant to this Prospectus, Challenger Beston forecasts a distribution of 9.41 cents per New Unit. The forecast distribution is for the period commencing 1 January 2004 and ending 31 December 2004, i.e. a calendar year of 12 months. If the forecast distribution is annualised for a 12 month period against the Application Price the annualised yield is forecast to be 10.45% per New Unit;

- if an additional 11,111,111 New Units are issued by way of oversubscriptions the forecast distribution and annualised yield is 9.41 cents and 10.45% per New Unit respectively;

Forecast Funds for Investment

The net proceeds of the Offer, together with expected and existing debt capacity is summarised as follows:

	Fully Subscribed $m	Fully Over Subscribed $m
Net Proceeds of Issue	$43.05	$52.66
New Debt Capacity	$43.05	$52.66
Existing Financing Capacity	$29.42	$29.42
Total	$115.52	$134.74

Assumptions

Challenger Beston's forecasts for the Trust for the Forecast Period have been prepared on the basis of assumptions made by Challenger Beston as at the date of the Prospectus.

These assumptions relate to future events or management actions that are expected to take place during the Forecast Period. Challenger Beston believes that the assumptions made in preparing the forecast are appropriate and reasonable at the date of the Prospectus.

The material assumptions are outlined below:

- The expenses of the Issue are estimated to be $1.955 million (or $2.347 million if fully oversubscribed).

- 50,000,000 (or 61,111,111 if fully oversubscribed) New Units are issued at $0.90 each by 16 December 2003 pursuant to this Prospectus.

- No further units of any class are issued in the Trust in the Forecast Period.

- Weighted Average number of 115,106,513 (or 126,217,624 if fully oversubscribed) Units on issue throughout the Forecast Period.

- The Trust's Australian debt capacity is increased by up to approximately $39.50 million. Net interest on this debt is fixed at between 6.4% and 7% per annum payable in quarterly instalments in advance.

- The Trust's New Zealand debt capacity is increased by up to approximately $6.57 million. The interest on the Trust's New Zealand debt is fixed at 7% per annum payable in quarterly instalments in arrears.

- The Trust utilises available equity funds and existing debt capacity prior to drawing down new debt funding.

- Typically, leases are entered into at a margin between 3.5% to 4.5% margin over the relevant indicator rate.

- The net proceeds of the Offer and existing and expected debt capacity, are progressively invested in the following amounts, and during the following periods:

Date	Fully Subscribed $m	Fully Over Subscribed $m
1 Oct 2003 – 31 Dec 2003	$82.22	$82.22
1 Jan 2004 – 31 Mar 2004	$13.81	$36.03
1 Apr 2004 – 30 Jun 2004	$4.23	$4.23
1 Jul 2004 – 30 Sep 2004	$3.59	$3.59
1 Oct 2004 – 31 Dec 2004	$3.19	$3.19
Total Invested	$107.04	$129.26

- Of the total invested during the Forecast Period (as above) development and upgrade expenditure on existing Trust assets amounts to $23.39 million.

- The balance of net proceeds from the Issue are utilised in periods beyond 31 December 2004 for upgrade and development works of new and existing Trust properties.

- In relation to the Reynolds asset, the Trust will generate a return equivalent to that provided by the existing lease terms whether the asset is leased again or sold and the proceeds applied elsewhere in the Trust's portfolio.

- Operating funds held on deposit by the Trust attract interest at a rate of 4.7% per annum.

- Acquisition costs incurred in relation to the investment of the proceeds of the Issue are borne by the Trust and capitalised into the carrying value of the relevant asset.

- New vineyard leases granted by the Trust provide for rental to be payable to the Trust at an initial rental rate equivalent to between 9.05% and 10.41% per annum of the acquisition costs incurred in relation to that vineyard, payable in quarterly instalments and in advance. Rental rates do not decrease.

- Any necessary repair and maintenance expenses incurred in relation to the Trust's vineyards are borne by the Trust's lessees.

- All the Trust's leases are enforceable and performed in accordance with their terms.

- The Trust incurs management and custodial expenses at a rate equivalent to 1.2% per annum of the greater of the net proceeds of this Issue or the total funds invested.

- The Trust maintains accounting policies and practices consistent with those adopted in prior years and as described in Section 5.

- The Trust is not materially and adversely affected by any of the risk factors set out in Section 2.

- Currency exchange rates between Australia and New Zealand do not vary materially from those as at 5 September 2003.

- The Trust and the other trusts in its group are not assessed for income tax.

Prospects Beyond Forecast Period

Challenger Beston aims to ensure that the Trust continues its strategy of investing in high quality assets that offer strong income opportunities. In this regard, it believes that the Trust's prospects beyond the Forecast Period will be influenced by a number of factors, including:

- continued consolidation, and outsourcing, within the increasingly globalised wine industry;

- an increasing requirement for wine industry participants to restructure their balance sheets in order to improve their return on investment, and hence the returns to their stakeholders; and

- long-term appreciation in the value of vineyards producing premium grapes.

The implications of these factors for the Trust are that the number of wine industry participants seeking to utilise the transactional structures and funding offered by the Trust is expected to increase.

For this reason, Challenger Beston will:

- continue to ensure that all vineyards acquired are located within areas recognised as providing premium quality fruit, and that all non-wine company lessees achieve long-term sales contracts for the fruit produced, thereby providing Unitholders with both:
  - consistent and strong income streams; and
  - the potential for capital growth through the long-term appreciation in property values, and

- capitalise on outsourcing of capital intensive assets by investing in essential industry infrastructure - including processing, storage and distribution facilities.

Investors should note that the Trust's first two vineyard leases will not need to be renewed until February 2008. The first winery lease (typically shorter than that of a vineyard due to the nature of the asset) expires October 2006.

The Trust's lease revenues are indexed annually to CPI (or an agreed indexation amount). Accordingly, Challenger Beston believes that revenues obtained from the Trust's investment portfolio will increase annually to the extent of this indexation impact.

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Financial Information

5

5. Financial Information

Historical & Proforma Financials

This section should be read in conjunction with and is qualified in its entirety by the information contained elsewhere in the Prospectus, including the Independent Accountants' Report set out in Section 6.

Consolidated Statements of Financial Position

	Notes	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Oversubscribed 61,111,111 New Units $
Current Assets					
Cash assets	3	1,363,808	940,387	5,494,181	15,101,403
Receivables	4	497,725	255,103	497,725	497,725
Investments	6	3,185,234	355,927	3,185,234	3,185,234
Other	5	373,068	281,830	373,068	373,068
Total Current Assets		5,419,835	1,833,247	9,550,208	19,157,430
Non-Current Assets					
Receivables	4	401,864	315,000	401,864	401,864
Investments	6	47,125	46,413	47,125	47,125
Property, plant and equipment	7	125,586,831	76,341,971	213,369,220	213,369,220
Other	8	110,933	113,275	110,933	110,933
Total Non-Current Assets		126,146,753	76,816,659	213,929,142	213,929,142
Total Assets		131,566,588	78,649,906	223,479,350	233,086,572
Current Liabilities					
Payables	9	1,093,216	209,290	1,093,216	1,093,216
Provisions	10	9,507	–	9,507	9,507
Distributions payable	11	1,641,463	1,164,819	–	–
Other	12	1,244,178	784,819	1,244,178	1,244,178
Total Current Liabilities		3,988,364	2,158,928	2,346,901	2,346,901
Non-Current Liabilities					
Interest-bearing liabilities	13	60,325,598	32,586,524	107,317,493	107,317,493
Total Non-Current Liabilities		60,325,598	32,586,524	107,317,493	107,317,493
Total Liabilities		64,313,962	34,745,452	109,664,394	109,664,394
Net Assets		67,252,626	43,904,454	113,814,956	123,422,178
Unitholders Funds					
Units on Issue	14	67,116,484	43,650,424	113,678,814	123,286,036
Reserves	15	136,142	254,030	136,142	136,142
Total Unitholders Funds		67,252,626	43,904,454	113,814,956	123,422,178

The property plant and equipment balances set out in the proforma Statements of Financial Position above have been compiled on the basis described in note 1 of this section, and thus the written down balances are consistent with the total amount of the investment portfolio set out in Section 2 of this Prospectus as at 30 June 2003.

Consolidated Statements of Financial Performance

	Notes	Audited Year Ended 30/06/03 $	Audited Year Ended 30/06/02 $
Revenue and expenses from ordinary activities			
Rental revenue		10,116,023	7,275,928
Interest received		234,595	275,706
Dividends received		10,737	10,821
Revenue from ordinary activities	2	10,361,355	7,562,455
Borrowing costs expense	2	3,145,736	2,318,104
Depreciation and amortisation expense	2	305,088	64,169
Other expenses from ordinary activities	2	1,571,087	1,054,685
Expenses from ordinary activities		5,021,911	3,436,958
Profit from ordinary activities before income tax expense		5,339,444	4,125,497
Income tax expense attributable to ordinary activities		–	–
Profit from ordinary activities after income tax expense		5,339,444	4,125,497
Net exchange difference on translation of financial report of foreign controlled entity		(117,888)	516,335
Issue costs from capital raising		(970,381)	(1,062,984)
Total changes in equity other than those resulting from transactions with owners as owners		4,251,175	3,578,848
Reconciliation of distributions			
Profit from ordinary activities available for distribution		5,339,444	4,125,497
Distribution paid and payable		(5,339,444)	(4,125,497)
Balance at year end		–	–

This information is based on the audited accounts and no adjustments were required to be made to this information.

Consolidated Statement of Cash Flows

	Notes	Audited Year Ended 30/06/03 $	Audited Year Ended 30/06/02 $
Cash Flows from operating activities			
Receipts from customers		10,511,096	7,568,693
Payments to suppliers and employees		(919,301)	(1,651,567)
Borrowing costs		(3,183,869)	(2,318,104)
Interest received		234,595	275,706
Dividends received		10,737	10,821
Net cash flows from operating activities		6,653,258	3,885,549
Cash flows from investing activities			
Acquisition of property		(49,547,750)	(21,211,498)
Payments for deposits		(21,622,031)	(352,577)
Payments for purchase of securities		(712)	(4,320)
Proceeds from deposits		18,705,861	350,000
Net cash flows used in investing activities		(52,464,632)	(21,218,395)
Cash flows from financing activities			
Cash proceeds from the issue of units		24,436,441	16,085,827
Proceeds from borrowings		27,739,074	5,564,009
Payment for capital raising		(970,383)	(1,072,687)
Distribution to unitholders		(4,852,450)	(3,717,145)
Net cash flows from financing activities		46,352,682	16,860,004
Net (decrease)/increase in cash held		541,308	(472,842)
Add opening cash brought forward		940,387	896,894
Effect of exchange rate changes on cash		(117,887)	516,335
Closing cash carried forward		1,363,808	940,387

This information is based on the audited accounts and no adjustments were required to be made to this information.

Notes to and Forming Part of the Financial Statements

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by the Trust are stated to assist in the general understanding of the financial information. These policies have been consistently applied.

The Trust was constituted on 19 February 1998 and will operate for a term of 80 years from the date of its execution subject to earlier termination in accordance with the provisions of the Trust's Constitution.

- Basis of Accounting
  The financial information has been prepared in accordance with the historical cost convention.
  The financial information presented in this section has been prepared in accordance with the Trust's Constitution and the Corporations Act 2001, which includes applicable Accounting Standards. The financial information is presented in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements (Urgent Issues Group Consensus Views).
- Compilation of Proforma Statements of Financial Position
  The proforma Statements of Financial Position have been compiled for illustrative purposes to present the financial position of the Trust as at 30 June 2003 on the assumption that the Issue and any other material movements that occurred in the intervening period between 30 June 2003 and the lodgement of the Prospectus took place as at 30 June 2003.

a) Proforma Statement of Financial Position assuming full subscription (excluding over-subscriptions) of the Offer:
The Trust issues 50,000,000 Units at $0.90 each. This will raise $45,000,000.
Issue costs of $1,954,500 in respect of a full subscription of the 50,000,000 Units have been offset against the capital raised.

Issue of 50,000,000 New Units at $0.90 each	$45,000,000
Payment of costs associated with the Issue	($1,954,500)
Funds applied to cash at bank	$43,045,500

b) Proforma Statement of Financial Position assuming full subscription of Offer plus over-subscriptions:
The Trust issues 61,111,111 Units at $0.90 per Unit. This will raise $55,000,000.
Issue costs of $2,347,278 in respect of subscription for 61,111,111 Units have been offset against the capital raised.

Issue of 61,111,111 New Units at $0.90 each	$55,000,000
Payment of costs associated with the Issue	($2,347,278)
Funds applied to cash at bank	$52,652,722

c) As part of the capital raising to which this prospectus relates, the Trust has received a conditional offer from a major financial institution to borrow a further $42,562,000 to enable the acquisition of the assets as detailed in this prospectus. This transaction only takes into account the new finance facility available and does not consider future drawdowns the Trust may make from their existing facilities.

d) The Trust issued by way of private placement 3,974,605 ordinary units at $0.90 each raising a total of $3,577,145. Issue costs of $160,972 incurred in relation to the private placement have been offset against the capital raised. This occurred on 16 September 2003.

e) A distribution of $1,641,463 was declared out of profits earned prior to 30 June 2003. As a result of participation in the distribution reinvestment plan, a further 113,110 ordinary units were issued at $0.88 raising a total of $99,537 and 119 PICE units were issued at $9.41 each raising $1,120. The remaining amount of $1,540,806 was paid in cash.

f) The Trust intends using the funds raised to acquire assets from McGuigan Simeon Wines Ltd for $77,000,000.

g) The Trust purchased further wine infrastructure and vineyards, which increased the property recorded in the Statements of Financial Position by $10,782,389 and decreased cash assets by $10,782,389.

h) In order to finance property acquisitions and upgrades that have taken place since 30 June 2003, the Trust has increased its borrowings by $4,429,895.

- Property, Plant and Equipment

  Property is recognised at cost, including stamp duty and other transaction costs. The carrying amounts of non-current assets are reviewed at balance date to determine whether they are in excess of their recoverable amount. Valuations are obtained on properties every three years. However, the results of those valuations are not reflected in the book values. Valuations have recently been obtained on the Boh River and Thomson's Vineyards in South Australia, and the Inglewood and Dalswinton vineyards in NSW.

  No depreciation charge is applied to the vineyard properties in the financial statements as they are treated as investment properties. Winery assets are amortised over their expected useful life and amortisation is provided on a straight line basis. Major amortisation periods are:

	2003	2002
Winery buildings	50 yrs	50 yrs
Grape processing plant	30 yrs	30 yrs
Storage	50 yrs	50 yrs
Winery plant	20 yrs	20 yrs

- Leases

  Lease agreements entered into with vineyard operators over vineyard properties are considered to be operating leases given that leases over vineyards generally expire after 10 years of the initial term, with vineyard operators holding call options to purchase back the properties at market value after this term.

- Other Non-Current Assets

  Significant items of carry forward expenditure having a benefit or relationship to more than one period are written off over the periods to which such expenditure relates.

- Revenue Recognition
  Revenue is recognised to the extent that it is probable that economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:
  – Rentals
    On a monthly basis in line with the service provision of leased properties.
  – Interest
    Control of the right to receive the interest payment.
  – Dividends
    When the control of a right to receive consideration for the provision of, or investment in, assets has been attained.
  – Management Fees
    Challenger Beston is entitled under the Trust's Constitution to be reimbursed for certain expenses incurred in administering the Trust. The bases on which the expenses are reimbursed are defined in the Trust Constitution.
    In accordance with the Trust Constitution, Challenger Beston's fee is up to 0.75% per annum of the total asset value of the Trust, assessed at the end of each month.
    Challenger Beston is also entitled to receive up to 2% per annum of the properties' annual gross income for managing the vineyards, payable monthly. Challenger Beston may also be entitled to additional fees for providing additional services to the Trust.
    Expenses are recognised on an accruals basis as they are incurred.
- Taxation
  Under current legislation the Trust is taxed as a trust estate. Distributions to investors will be taxed as distributions of net income or corpus.
- Cash
  For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.
- Self-Generating and Regenerating Assets
  The Trust applies AASB 1037 'Self Generating and Regenerating Assets' (SGARA). The definition of SGARA in the standard applies to the grape vines (and not the underlying land and improvements) and requires that they are valued at net market value and that any changes in value are to be recognised in net profit in the current period. The underlying value of the grape vines (which is included in the value of the vineyards) is the value of the rental streams calculated on a discounted cash flow basis and includes the value of the grape vines.
  The directors have determined that, given the nature of the leases, the cost of the vines included in the cost of the vineyards represents the net market value of the vines. The ownership of the grapes remains with the wine-maker and therefore the grapes do not require revaluation, as they are not recognised in the Statement of Financial Position of the Trust.
- Principles of Consolidation
  The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the Beston Wine Industry Trust (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 'Consolidated Accounts'. A list of controlled entities appears in note 17 to

the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the entity obtains control and until such time as the Trust ceases to control the entity.

In preparing the consolidated financial statements, all inter-entity balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

- Foreign Currency
  – Transactions

  Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling at that date. Exchange differences relating to such amounts are recognised in net profit in the Statement of Financial Performance in the financial year in which the exchange rates change.

  – Translation of Controlled Foreign Entities

  The Statements of Financial Position of the controlled entities incorporated overseas (being self-sustaining foreign operations) are translated at the rates of exchange ruling at their balance dates. The Statements of Financial Performance are translated at the rate of exchange on the date of the transaction. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

- Receivables

  Trade receivables and other receivables to be settled within normal trading terms are recorded at amounts due less any provision for doubtful debts.

- Investments

  Investments in other listed and unlisted entities are carried at the lower of cost and recoverable amount. Investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the parent entity's financial statements. Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accrual basis.

- Accounts Payable

  Trade payables and other payables are recognised when the economic entity becomes obliged to make future payment resulting from the purchase of goods and services.

- Interest-Bearing Liabilities

  Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis. Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis. Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

- Goods and Services Tax

  Revenues, expenses and assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

  (a) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(b) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

- Employee benefits

During the year the Trust had the services of three employees. Provision is made for employee benefits as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave. Liabilities arising in respect of wages and salaries and annual leave are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

- Distribution to Unitholders

A provision for distribution is recognised in accordance with the requirements of the Trust Constitution.

- Distribution per Unit

Basic distributions per Unit (DPU) is calculated as net profit attributable to Unitholders adjusted to exclude costs of servicing equity (excluding distributions) preference distributions, divided by the weighted average number of ordinary Units on issue during the year adjusted for any bonus element.

Diluted DPU is calculated as the net profit attributable to Unitholders adjusted for:

– Costs of servicing equity (other than distributions);
– The after tax effect of dividends and interest associated with dilutive potential ordinary Units that have been recognised as expenses; and
– Other non-discretionary changes in revenue and expenses during the period that would result from the dilution of potential ordinary Units; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

- Unitholders equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of Units are recognised directly in equity as a reduction of the Unit proceeds received.

Note 2: Profit from Ordinary Activities

Included in the profit from ordinary activities are the following items of revenue.

	Audited Year Ended 30/06/03 $	Audited Year Ended 30/06/02 $
Revenue from operating activities		
Rental revenue	10,116,023	7,275,928
	10,116,023	7,275,928
Revenue from non-operating activities		
Interest received	234,595	275,706
Dividends received	10,737	10,821
	245,332	286,527
Revenue from ordinary activities	10,361,355	7,562,455

Operating Profit has been arrived at after charging the following items:

	Audited Year Ended 30/06/03 $	Audited Year Ended 30/06/02 $
Borrowing costs – interest expense	3,145,736	2,318,104
Other expenses		
Management and custodial fees	996,441	713,079
Consultants' fees	138,071	18,689
Auditor's remuneration – Audit services	33,000	28,539
Auditor's remuneration – Other services	40,667	27,290
Other costs	362,908	267,088
	1,571,087	1,054,685
Amortisation of expenditure carried forward	38,133	29,482
Depreciation of winery assets	266,955	34,687
	305,088	64,169

Note 3: Reconciliation of Cash to Proforma

	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Oversubscribed 61,111,111 New Units $
Opening cash before proforma adjustments	1,363,808	1,363,808
Proceeds from the Issue	45,000,000	55,000,000
Issue costs incurred	(1,954,500)	(2,347,278)
Consideration for the acquisition of further vineyards and wine infrastructure	(87,782,389)	(87,782,389)
Proceeds from ordinary unit and PICE unit private placement	3,577,145	3,577,145
Issue costs incurred	(160,972)	(160,972)
Distributions paid	(1,540,806)	(1,540,806)
Borrowings to fund acquisitions made since year end	4,429,895	4,429,895
Borrowings to fund future acquisitions	42,562,000	42,562,000
	5,494,181	15,101,403

Note 4: Receivables

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Oversubscribed 61,111,111 New Units $
Current				
Accrued rental revenue	496,328	113,409	496,328	496,328
Sundry receivables	1,397	141,694	1,397	1,397
	497,725	255,103	497,725	497,725
Non-Current				
Loans – secured	401,864	315,000	401,864	401,864
	401,864	315,000	401,864	401,864

Note 5: Other Current Assets

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Oversubscribed 61,111,111 New Units $
Prepayments	373,068	281,830	373,068	373,068
	373,068	281,830	373,068	373,068

Note 6: Investments

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Oversubscribed 61,111,111 New Units $
Current				
Short term Deposits	3,185,234	355,927	3,185,234	3,185,234
	3,185,234	355,927	3,185,234	3,185,234
Non-Current				
Shares in unlisted companies – at Cost	47,125	46,413	47,125	47,125
	47,125	46,413	47,125	47,125

Note 7: Property, Plant and Equipment

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Oversubscribed 61,111,111 New Units $
Land – vineyards and winery plant at cost less provision for amortisation	125,586,831	76,341,971	213,369,220	213,369,220
	125,586,831	76,341,971	213,369,220	213,369,220
Movements in carrying amounts				
Land – Vineyards at Cost				
Balance at the beginning of the financial year	72,129,058	55,165,160	72,129,058	72,129,058
Actual acquisitions	48,235,265	16,963,898	48,235,265	48,235,265
Proforma acquisitions of properties as per this prospectus	–	–	87,782,389	87,782,389
	120,364,323	72,129,058	208,146,712	208,146,712
Winery plant and equipment – at Cost				
Balance at the beginning of the year	4,247,600	–	4,247,600	4,247,600
Acquisitions of winery plant and equipment during the year	1,276,550	4,247,600	1,276,550	1,276,550
Accumulated amortisation	(301,642)	(34,687)	(301,642)	(301,642)
	5,222,508	4,212,913	5,222,508	5,222,508
Total property, plant and equipment	125,586,831	76,341,971	213,369,220	213,369,220

Vineyards and wineries are leased to vineyard operators and/or wine companies under long-term contracts, typically for ten year terms. Rentals are based on a premium over bond rates, and cannot decline within the lease period. Leases are renewable at the lessee's option after the expiration of the initial lease term, in renewal periods of not less than five years.

The vineyard properties are subject to call options, which have been granted to the vineyard operators. These options are exercisable upon expiry of the initial lease term or each five year increment at varying dates between October 2006 and June 2032. The exercise price of the options is to be the higher of cost or market value as determined by an independent valuation if required.

As the properties are held under such contracts and as a result of the manner in which revenue is derived, the land and vines are considered one asset for disclosure purposes.

Self-generating and Regenerating Assets
The vineyards are valued as a complete Unit based on their rental streams and the values include the land, vines and other improvements. The value attributable to the vines is not identified independently from the values of the other assets included in the value of the vineyards.

Assets pledged as security
Included in the balances of freehold land and buildings are assets over which first mortgages have been granted as security over bank loans (see note 13). 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. The mortgage also requires buildings that form part of the security to be fully insured at all times.

Assets under lease are pledged as security for the associated lease liabilities.

Note 8: Other Non-Current Assets

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Over-Subscribed 61,111,111 New Units $
Borrowing costs carried forward	191,955	156,164	191,955	191,955
Provision for amortisation	(81,022)	(42,889)	(81,022)	(81,022)
	110,933	113,275	110,933	110,933

Note 9: Payables

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Over-Subscribed 61,111,111 New Units $
Trade creditors and accruals	1,093,216	209,290	1,093,216	1,093,216
	1,093,216	209,290	1,093,216	1,093,216

Note 10: Provisions

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Over-Subscribed 61,111,111 New Units $
Employee benefits	9,507	–	9,507	9,507
	9,507	–	9,507	9,507

Note 11: Distributions Payable

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Over-Subscribed 61,111,111 New Units $
Distributions payable	1,641,463	1,164,819	–	–
	1,641,463	1,164,819	–	–

Note 12: Other Current Liabilities

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Over-Subscribed 61,111,111 New Units $
Revenue received in advance	1,244,178	784,819	1,244,178	1,244,178
	1,244,178	784,819	1,244,178	1,244,178

Note 13: Interest-bearing Liabilities

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Over-Subscribed 61,111,111 New Units $
Bank bill – secured	60,325,598	32,586,524	64,755,493	64,755,493
Bank bills – committed	–	–	42,562,000	42,562,000
	60,325,598	32,586,524	107,317,493	107,317,493

As 30 June 2003, the Trust had a $30.1 million borrowing facility with National Australia Bank, a $2.3 million borrowing facility with Bank SA, an AUS$13.8 million borrowing facility with Bank of New Zealand and a $14.2 million borrowing facility with ANZ Bank. These borrowings represented 46.0% of the total tangible assets of the Trust. Swap contracts were entered into on floating rate facilities for the duration of part or all of the initial corresponding lease term. Borrowings drawn down subsequent to 30 June 2003 are included in the proforma.

The Bank bills are secured as registered mortgage debentures over the properties disclosed in Note 7.

Note 14: Unit on Issue

	Number of Units	Audited 30/06/03 $	Proforma Offer Fully Subscribed 50,000,000 New Units Number of Units	$	Proforma Offer Fully Over-Subscribed 61,111,111 New Units Number Units	$
Movements in ordinary Units on issue						
Beginning of the financial year	34,991,667	32,680,975	60,216,410	55,116,322	60,216,410	55,116,322
Issued during the year						
- distribution reinvestment plan	386,139	339,329	113,110	99,537	113,110	99,537
- public equity raising	23,804,604	21,186,098				
- private placement	1,034,000	909,920	3,974,605	3,577,145	3,974,605	3,577,145
- subject of this equity raising			50,000,000	45,000,000	50,000,000	45,000,000
- subject of this equity raising (oversubscriptions)					11,111,111	10,000,000
End of the financial year	60,216,410	55,116,322	114,304,125	103,793,004	125,415,236	113,793,004
Movements in PICE Units on issue						
Beginning of the financial year	1,500,000	15,000,000	1,700,115	17,001,094	1,700,115	17,001,094
Issued during the year						
- distribution reinvestment plan	115	1,094	119	1,120	119	1,120
- private placement	200,000	2,000,000	–	–	–	–
End of the financial year	1,700,115	17,001,094	1,700,234	17,002,214	1,700,234	17,002,214
		72,117,416		120,795,218		130,795,218
less transaction costs		(5,000,932)		(7,116,404)		(7,509,182)
Total Unitholder Equity		67,116,484		113,678,814		123,286,036

Ordinary Units issued prior to this offer have been issued at between $0.86 and $1.00 each and PICE Units issued prior to this offer have been issued between $9.41 and $10.00 each.

Terms and conditions of Units

Ordinary Units have the right to receive distributions as declared and, in the event of winding up the Trust, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the Units held.

PICE Units may be converted at any time within 60 days after the fifth anniversary of issue to 60 days after the tenth anniversary of issue. The conversion price is based on the market value of ordinary Units discounted at a rate ranging from 5% to 10% respectively. During the term of the Units, holders will be entitled to a yield at the rate of 9.0% per annum, which is indexed annually in arrears in accordance with increases in the Australian Consumer Price Index. PICE Unitholders will be entitled to income in preference to ordinary Unitholder distributions.

Note 15: Reserves

	Audited 30/06/03 $	Audited 30/06/02 $	Proforma Offer Fully Subscribed 50,000,000 New Units $	Proforma Offer Fully Over-Subscribed 61,111,111 New Units $
The foreign currency translation reserve records the exchange difference arising from the translation of the financial statements of self-sustaining operations				
Movements in reserve:				
Balance at beginning of financial year	254,030	(262,305)	254,030	254,030
Movement relating to currency fluctuations	(117,888)	516,335	(117,888)	(117,888)
	136,142	254,030	136,142	136,142

Note 16: Contingent Liabilities

There are no contingent liabilities significant enough to warrant disclosure.

Note 17: Controlled Entities

Subsidiary: Beston Delegat's Wine Trust
Country of Incorporation: New Zealand
Percentage owned: 100%

Subsidiary: Beston Southcorp Vineyard Trust
Country of incorporation: Australia
Percentage owned: 100%

Subsidary: McGuigan Simeon Wines Wholesale Trust
Country of Incorporation: Australia
Percentage owned: 100%

Note 18: Related Parties

Responsible Entity

On 8 June 2000, Challenger Beston Limited became the Responsible Entity for the Trust and appointed Beston Pacific Vineyard Management Limited (ACN 079 882 161) as its agent to manage its responsibilities as the Responsible Entity.

On 18 May 2003, Challenger Beston Limited took on the role of Manager.

Both Challenger Beston Limited and Beston Pacific Vineyard Management Limited are entities wholly owned by Challenger Financial Services Group.

Custodian

The Custodian is Tower Trust (SA) Limited.

No director has entered into a material contract with the Trust.

Related party transactions with the Trust

As disclosed in Note 2, Beston Pacific Vineyard Management Limited, and Challenger Beston Limited which are related entities received management fees during the year of $933,711 (2002 $667,853).

Custodian fees for the year of $62,730 (2002 $45,226) were payable to Tower Trust (SA) Limited.

Wholly owned group transactions

All transactions with related parties have been conducted at terms not more favourable than arms length.

Convertible notes

Beston Delegat's Wine Trust and Beston Southcorp Vineyard Trust have issued convertible notes to Beston Wine Industry Trust to the aggregate value of $11.88m as at 30 June 2003. The convertible notes are issued in consideration for funds advanced by Beston Wine Industry Trust. The convertible notes may be redeemed at 30 days' notice or converted to ordinary Units on each anniversary of the issue of the notes. Challenger Beston does not expect Unit distributions to be adversely affected if the convertible notes are converted to units in the associated trusts.

Equity instruments of related parties

Interests in equity held by directors of Challenger Beston Limited and their director related entities at balance date:

	PICE Units Fully Paid		Ordinary Units Fully Paid	
	30/06/03	30/06/02	30/06/03	30/06/02
	$	$	$	$
Challenger Life No.2 Limited	675,602	675,700	9,722,277	6,625,799
W Ireland	200	200	–	–
CJ Atkins	215	200	38,978	36,000
S Gerlach	–	–	101,600	81,600
RN Sexton	200	400	139,507	145,432
DC Hall	–	–	3,037,548	3,176,760
IM Martens	200	–	204,541	130,789
B Beaton	–	–	–	–
Total	676,417	676,500	13,244,451	10,196,380

Subsequent to the balance date, W Ireland resigned as a Director of Challenger Beston and B Benari and T Foster were appointed as Directors but do not hold any Units in the Trust.

Note 19: Segment Information

The Trust operates entirely within Australasia, investing in vineyard properties for lease to vineyard operators and wine industry infrastructure assets.

Note 20: Financial Instruments

Terms, conditions and accounting policies

The Trust's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity, both recognised and unrecognised at the balance date, are as follows;

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial Assets			
Receivables – sundry	4	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Trade receivables are on 30 day terms.
Receivables – loan	4	Other loans are carried at the principal amount. Interest is recognised in the statement of financial performance when earned.	Other loans relates to a secured loan to an unrelated party. Interest is calculated daily at 10.5% per annum.
Short-term deposits	6	Short term deposits are carried at the principal amount. Interest is recognised as income when earned.	Interest is charged at the bank's benchmark rate.
(ii) Financial Liabilities Trade creditors and accruals	9	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust.	Trade liabilities are normally settled in 30 days.
Accounts payable – related party/entity	9	Loans from related parties are carried at the principal amount. Interest (when charged by the lender) is taken up as an expense on an accrual basis.	Related party liabilities are normally settled in 30 days.
Bank bills	13	Bank bills are carried at the principal amount plus deferred interest.	Details of the terms and conditions are set out in note 13.
(iii) Equity Units on issue	14	Units on issue are recognised at the of the amount paid-up.	There are no restrictions on the number of Units that can be issued by the Trust.

Net fair values

The aggregate carrying amount of recognised financial assets and financial liabilities approximates net fair value. The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash, cash equivalent and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Trade receivables and payables: The carrying amount approximates fair value.

Other loans: The carrying amount approximates fair value.

The carrying amount approximates fair value.

Unrecognised financial instruments

Interest rate swaps: The fair value of interest rate swap contracts is determined as the difference in present value of the future interest cash flows.

Credit risk exposure

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Credit reviews of all vineyard lessees are completed prior to the acquisition of any vineyard property and there is an ongoing review process during the terms of the leases.

Note 21. Operating Leases

	Audited Year 30/06/03 $	Audited Year Ended 30/06/02 $
Minimum lease receipts		
- Not later than one year	14,968,171	9,230,714
- Later than one year and not later than five years	72,389,118	38,434,339
- Later than five years	33,666,448	28,188,088
	121,023,737	75,853,141

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Ernst & Young's Reports

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15 October 2003

The Directors
Challenger Beston Limited
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ADELAIDE SA 5000

Dear Sirs

Independent Accountants' Report

1. Introduction

This Independent Accountants' Report (the "Report") on the historical financial information and proforma Statements of Financial Position of the Beston Wine Industry Trust (the "Trust") has been prepared at your request for inclusion in a Prospectus (the "Prospectus") relating to the issue of 50,000,000 fully paid ordinary units at a price of $0.90 each with a right to accept oversubscriptions of a further 11,111,111 fully paid ordinary units at a price of $0.90 each.

In accordance with our terms of engagement this report does not address the future prospects of the Trust or the risks associated with an investment in the Trust.

2. Background

The Trust is a publicly listed unit trust, which was constituted on 19 February 1998 and will operate for a term of 80 years from the date of its execution subject to earlier termination in accordance with the provisions of the Trust Constitution.

3. Scope of the Report

As the Trust is a managed investment scheme the Directors of the Trust's Responsible Entity are responsible for the preparation and presentation of the financial information and have determined that the basis of accounting used is appropriate.

For the purposes of the Report, we have audited the historical financial information and reviewed the proforma financial information of the Trust as set out in Section 5 of the Prospectus.

The financial information includes:

i) Historical financial information

The audited Statements of Financial Position as at 30 June 2003 and 30 June 2002, the Statements of Financial Performance and the Statement of Cash Flows for the years ended 30 June 2003 and 30 June

2002 and applicable notes contained in Section 5 have been audited by Ernst & Young in accordance with Australian Auditing Standards to provide reasonable assurance whether the historical financial information is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the historical financial information, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the historical information is presented fairly in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia to the extent in which they are relevant to the information presented, so as to present a view that is consistent with our understanding the Trust's financial position as at 30 June 2003 and 30 June 2002 and the results of its operations and its cash flows for the years ended 30 June 2003 and 30 June 2002. Ernst & Young were the auditors of the Trust for both of these years, the audit reports on these accounts were not made subject to any qualifications.

ii) Proforma financial information

The Proforma Statements of Financial Position and applicable notes showing the financial position of the Trust after including the financial effects of the proposed issue of ordinary units under the Offer, as if it took place as at 30 June 2003 and the proceeds were applied in accordance with the transactions detailed in Note 1 to the financial information.

Our review of the proforma financial information was performed in order to state whether, on the basis of the procedures described below, anything has come to our attention that would indicate that the proforma financial information is not presented fairly in accordance with the measurement requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, as if the transactions set out in Note 1 of Section 5 of the Prospectus occurred immediately following 30 June 2003. Our review also determined whether the proforma transactions formed a reasonable basis for the preparation of the proforma financial information.

Our review was principally limited to:

- enquiries of the Directors of Challenger Beston;
- enquiries of Trust personnel and the Secretary of Challenger Beston;
- review of contracts and other documents;
- analytical review procedures applied to the financial information;
- inspection of the financial records of the Trust; and
- other verification procedures as considered necessary.

Our review was carried out in accordance with auditing standard AUS 902: Review of Financial Information. These review procedures are less in scope than an audit examination conducted in accordance with Australian Auditing Standards and thus they do not provide the assurance an audit would provide. We have not performed an audit of the proforma financial information and thus we do not express an audit opinion.

iii) Compilation of Proforma Statements of Financial Position

The Proforma Statements of Financial Position, as set out in the financial statements have been compiled for illustrative purposes to present the financial position of the Trust as at 30 June 2003 on the assumption that the Issue and any other material movements that occurred in the intervening period between 30 June 2003 and the lodgement of the Prospectus took place as at 30 June 2003.

a) Proforma Statement of Financial Position assuming full subscription (excluding over-subscriptions) of the Offer:
The Trust issues 50,000,000 Units at $0.90 each. This will raise $45,000,000.

Issue costs of $1,954,500 in respect of a full subscription of the 50,000,000 Units have been offset against the capital raised.

Issue of 50,000,000 New Units at $0.90 each	$45,000,000
Payment of costs associated with the Issue	($1,954,500)
Funds applied to cash at bank	$43,045,500

b) Proforma Statement of Financial Position assuming full subscription of Offer plus over-subscriptions:

The Trust issues 61,111,111 Units at $0.90 per Unit. This will raise $55,000,000.

Issue costs of $2,347,278 in respect of subscription for 61,111,111 Units have been offset against the capital raised.

Issue of 61,111,111 New Units at $0.90 each	$55,000,000
Payment of costs associated with the Issue	($2,347,278)
Funds applied to cash at bank	$52,652,722

c) As part of the capital raising to which this prospectus relates, the Trust has received a conditional offer from a major financial institution to borrow a further $42,562,000 to enable the acquisition of the assets as detailed in this prospectus.

d) The Trust issued by way of private placement 3,974,605 ordinary units at $0.90 each raising a total of $3,577,145. Issue costs of $160,972 incurred in relation to the private placement have been offset against the capital raised. This occurred on 16 September 2003.

e) A distribution of $1,641,463 was declared out of profits earned prior to 30 June 2003. As a result of participation in the distribution reinvestment plan, a further 113,110 ordinary units were issued at $0.88 raising a total of $99,537 and 119 PICE units were issued at $9.41 each raising $1,120. The remaining amount of $1,540,806 was paid in cash.
f) The Trust intends using the funds raised to acquire assets from McGuigan Simeon Wines Ltd for $77,000,000.
g) The Trust purchased further wine infrastructure and vineyards, which increased the property recorded in the Statements of Financial Position by $10,782,389 and decreased cash assets by $10,782,389.
h) In order to finance property acquisitions and upgrades that have taken place since 30 June 2003, the Trust has increased its borrowings by $4,429,895.

4. Statements

i) Historical Financial Information

Based on our audit, in our opinion, the historical financial information of the Trust comprising the:

- consolidated Statements of Financial Performance for the years ended 30 June 2003 and 2002;
- consolidated Statements of Financial Position as at 30 June 2003 and 30 June 2002;
- consolidated Statement of Cash Flow for the years ended 30 June 2003 and 2002; and
- notes to and forming part of the consolidated financial information,

presents fairly, in accordance with the measurement requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia, the state of affairs of the Trust at 30 June 2003 and 30 June 2002 and the results of its operations and its cash flows.

ii) Proforma Financial Information

As a result of our review, nothing has come to our attention that would indicate that the proforma financial information, comprising the:

- proforma Statements of Financial Position as at 30 June 2003; and
- notes to the proforma Statements of Financial Position

does not present fairly in accordance with the measurement requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia the financial position of the Trust as at 30 June 2003 as if the material transactions described in Note 3(ii) above, had occurred as at 30 June 2003.

5. Subsequent events

Other than the transactions noted above, there have been no material events that have occurred between 30 June 2003 and the date of this prospectus that require either amendment to either the financial information or disclosure.

6. Disclosure

Ernst & Young has been requested to report on the results, assets and liabilities and the financial position of the Trust and to provide a tax opinion on the implications for investors. Ernst & Young has not been requested to consider the prospects of the Trust, nor the merits and risks associated with participation in the Offer and has not done so. The approval of Ernst & Young's consent to the inclusion of this Report in the Prospectus should not be taken as an endorsement of the Offer or a recommendation by Ernst & Young of any promotion of the Prospectus.

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter. Ernst & Young has provided tax, advisory and audit services and will receive a professional fee for the preparation of this report. The Partners of Ernst & Young do not hold nor have any interest in any Units or PICE Units of the Trust. Ernst & Young are the auditors of the Trust.

Consent to the inclusion of the Report in this Prospectus in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn.

Yours faithfully

Ernst + Young

Ernst & Young

ERNST & YOUNG

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15 October 2003

The Directors
Challenger Beston Limited
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Dear Sirs

Offer of Units – Taxation Opinion

We have been instructed to give an opinion on the broad tax implications of the Offer of New Units in the Beston Wine Industry Trust (the Trust). This opinion provides a general outline of taxation consequences for investors acquiring New Units under this Offer based on the taxation law as at the date of this letter.

This opinion discusses the tax implications for Australian resident Unitholders and the tax implications for the Trust where it makes distributions to non-resident Unitholders. This opinion does not apply to Unitholders who are not residents of Australia, or Unitholders who hold their units on revenue account (in general, Unitholders who are professional unit traders, banks or insurance companies) or who hold their units for the purposes of resale at a profit.

This opinion is not intended to be an authoritative or exhaustive statement of the law applicable to the particular circumstances of all taxpayers. The information is not advice and so should not be relied upon on that basis. This opinion is based on Australian taxation laws applicable as at the date of this letter.

The taxation implications for particular Unitholders may vary depending on individual circumstances. For this reason, it is strongly recommended that all investors seek independent tax advice before deciding to invest in the Trust. Accordingly, Ernst & Young disclaims responsibility to individual investors.

Our comments on the tax implications of the Offer of New Units in the Trust are in the areas of:

1. Taxation of the Trust

1.1 Taxation of Trust Income; and

1.2 Trust Losses.

2. Taxation of Unitholders

2.1 Taxation of Distributions;

2.2 Taxation on Disposal of the Units; and

2.3 Discount Capital Gains Treatment.

3. Other Tax Comments

3.1 Tax File Numbers

3.2 Goods and Services Tax

1. Taxation of the Trust

1.1 Taxation of Trust Income

Under existing legislation, tax is generally not payable by the Trust provided that all taxable income is distributed to Australian resident Unitholders. The Trust is currently taxed on a "flow through" basis. Unitholders are taxed on their share of the net income of the Trust to which they are presently entitled.

Certain public trusts may be taxed as companies, unless they only carry on "eligible investment business".

An eligible investment business means investing in land for the purpose of earning rental income and investing or trading in shares in companies, units in trusts, and secured or unsecured loans including deposits with banks or other financial institutions, and other similar financial instruments. This condition must be satisfied every year.

Based on our discussions with the directors of the trustee company, it is our understanding that the Trust will continue to only carry on eligible investment business and therefore will continue to be taxed on a flow through basis.

1.2 Trust Losses

Tax losses incurred by the Trust are not passed on to Unitholders, but are retained and carried forward in the Trust to offset against income in future years.

Safeguarding rules prevent the Trust from claiming deductions for carry forward losses in future years if:

- There has been abnormal trading in the Units of the Trust, and
- There has been a change in the majority underlying ownership of the Trust, and
- The Trust is not carrying on the same business it carried on before the change in majority underlying ownership.

2. Taxation of Unitholders

2.1 Taxation of Distributions

2.1.1 Resident Unitholders

Unitholders will be taxable on their share of the net taxable income of the Trust to which they are presently entitled. A Unitholder's present entitlement to trust income will generally occur in the same tax year as the Trust cash distribution. Distributions made after year end, typically in August, that are in respect of the year ended 30 June, represent amounts to which the Unitholders are presently entitled at 30 June. To the extent that the Unitholder is presently entitled to a share of the net taxable income of the Trust for that period, it will be included in the Unitholder's assessable income for the year ending 30 June, even though the cash distribution is received in the next year. The rate of tax to be applied will then depend upon their particular tax profile.

The character of each component of the Trust's net income (e.g. foreign source income, capital gains) will be retained on distribution by the Trust to Unitholders. In particular:

- **Foreign Sourced Income**

  New Zealand sourced income and gains derived by the Trust (for example, through its subsidiary trust, the "Beston Delegat's Wine Trust") will be regarded as foreign sourced income when distributed to resident Unitholders. However, resident Unitholders may be entitled to a foreign tax credit attributable to each Unitholder's proportionate share of the net income of the Trust in respect of any New Zealand tax incurred by the Trust. The foreign tax credit that may be claimed by resident Unitholders in a particular year of income is calculated as the lesser of:

  (i) Their respective share of the amount of New Zealand tax which the Trust (or its subsidiary trust) is liable to pay; and

  (ii) The Australian tax payable on foreign income of the same class derived by the resident Unitholder

  If a resident Unitholder's share of the foreign tax paid by the Trust exceeds the Australian tax payable in respect of the class of foreign income derived by that Unitholder, the excess foreign tax credit is not allowed in the current year but may be carried forward for a period of five years to offset against future Australian tax payable on foreign income of the same class.

  In circumstances where the resident Unitholder is a company that is a member of a consolidated corporate tax group for income tax purposes, in general foreign tax credits may be utilised against Australian tax payable on foreign income of the same class derived by the whole consolidated corporate group and may be carried forward for up to five years for future utilisation by the group.

  The existing legislative provisions that allow the transfer of excess foreign tax credits between companies in wholly-owned groups is not available for income years starting after 30 June 2003. Generally speaking, from 1 July 2003 excess foreign tax credits will remain with and be untransferable by a corporate Unitholder unless that Unitholder forms a new, or joins an existing consolidated group for income tax purposes.

- **Capital Gains**
  To the extent to which a capital gain is included in the net income of the Trust, Unitholders will be regarded as having derived a capital gain equal to their respective share of such net capital gain.

  In circumstances where the Trust has applied discount capital gains treatment (as discussed further below) in calculating the net capital gain at the Trust level, it will be necessary for Unitholders to gross-up the amount of the net capital gain included in their own assessable income. The effect of this gross-up is to reverse the effect of the capital gains tax (CGT) discount at the Trust level. This is to ensure that the appropriate CGT treatment may be applied at the Unitholder level in accordance with the particular tax profile of the Unitholder (for example as discussed further below, with respect to the application of prior year capital losses and discount CGT treatment).

- **Distribution Income**
  To the extent to which distribution income is included in the net income of the Trust, Unitholders will be regarded as having derived distribution income equal to their proportionate share of such distribution income. Further, where a resident Unitholder is entitled to a share of the net income of the Trust, that Unitholder may be entitled to a proportionate share of any franking (tax) rebate attached to the distribution received by the Trust.

2.1.2 Non Resident Unitholders
Where a non-resident Unitholder is presently entitled to a share of the net taxable income of the Trust, the trustee of the Trust may have obligations to pay tax in respect of, or withhold tax on behalf of, the non-resident Unitholder. The rate of tax to be paid on, or withheld from, this income depends upon the nature of the income and the country of residence of the Unitholder.

Non-residents may also be liable to pay tax on gains calculated on disposal of the Units, depending on their percentage Unitholding in the Trust.

Non-resident Unitholders are not subject to Australian tax on any foreign sourced income component of their Unitholder distribution.

2.1.3 Differences Between the Taxable Amount & the Cash Amount of Distributions
Differences may arise between the cash amount of distributions received by a Unitholder and the taxable amount to be included in their assessable income. This occurs where the net taxable income of the Trust is different to the cash distributions it makes to Unitholders. These differences may be due to, for example:

- Different depreciation expenses for tax and accounting purposes,
- CGT concessions applying to discount capital gains derived by the Trust,
- Other amounts that are deductible or assessable to the Trust in a year of income that are not included in the Trust's accounting profit in that year, or are never included in the Trust's accounting profit,

- Other amounts that are not-deductible or are non-assessable and are included in the Trust's accounting profit, or
- The trustee determines to distribute capital or corpus of the Trust.

Generally, where the amount of the cash distribution exceeds the taxable amount to the Unitholder, the excess is not included in the Unitholder's assessable income in the year of receipt (or present entitlement).

However this excess, referred to as the non-assessable part, will generally give rise to a reduction in the cost base of the Unitholder's Units for CGT purposes, other than where the excess distribution is attributable to a discount capital gain.

If the cumulative total of the non-assessable parts received by the Unitholder exceeds the cost base of the Unitholder's Units, the Unitholder will realise a capital gain equal to the excess.

Depending upon the tax profile of the Unitholder, such a capital gain may qualify for discount capital gains treatment, reducing the taxable amount of this capital gain (discussed further below).

2.2. Taxation on Disposal of the Units

Where a Unitholder disposes of their Units in the Trust, they may realise a capital gain or capital loss for tax purposes.

A capital gain is generally calculated as the proceeds on disposal of the Units less the CGT cost base. The cost base is typically the cost of acquisition of the Units, in this case the application price, plus any incidental costs such as stamp duty, less any cost base adjustments for non-assessable amounts, as described above.

A capital loss is generally calculated as the reduced cost base of the Units less the proceeds on disposal. The reduced cost base is typically the cost of acquisition of the Units, in this case the application price, plus any incidental costs such as stamp duty, less any cost base adjustments for non-assessable amounts, as described above.

A capital loss can only be used to offset a capital gain or it may be carried forward to offset capital gains in future years. A capital gain or loss realised by the Unitholder will be used to calculate their net capital gain or loss for the year.

If the Unitholder and the purchaser are not dealing with each other at arm's length in relation to the transaction, and the capital proceeds are greater or less than the market value of the Units at the time of disposal, the Commissioner of Taxation will treat and tax the Unitholder as if they had received capital proceeds equal to the market value of the Units. This will affect the calculation of the capital gain or capital loss realised on the disposal of the Units.

2.3 Discount Capital Gains Tax Treatment

For Unitholders that are individuals, trusts and complying superannuation entities, the capital gain to be included in their respective assessable income may be reduced under the discount capital gain concessions by 50% for both individuals and trusts, and $33^1/_3$% for complying superannuation entities, provided that the Units have been held for at least 12 months.

Where the Unitholder is a trust or partnership, the above CGT concessions may flow through to individuals, trusts and complying superannuation funds that are beneficiaries or partners in that trust or partnership.

A CGT discount is not available for corporate investors.

3. Other Tax Comments

3.1 Tax File Numbers

A Unitholder need not quote a Tax File Number ("TFN") when applying for the Units. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, tax is required to be withheld by the Trust from any income distribution entitlement at the highest marginal rate plus Medicare levy (currently 48.5%). Unitholders will be entitled to claim a credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

Under the new Pay As You Go ("PAYG") regime, investors that hold their Units as part of a business may quote their Australian Business Number instead of their TFN.

3.2.Goods and Services Tax (GST)

The transactions undertaken by Unitholders, such as trust distributions and the purchase and sale of the Units, are financial supplies and should not be subject to the GST. We note in relation to the purchase and sale of the Units, Unitholders will often incur brokerage or similar fees, most of which will have GST included in the price. Generally, it is unlikely a Unitholder will be eligible to claim this GST back as an input tax credit, meaning the cost of brokerage will directly increase as a result of the GST. However, as noted above the cost of brokerage may be included in the cost base of the Units as an incidental cost incurred in relation to either the acquisition or the disposal of the Units.

Disclaimer

The advice contained in this opinion is of a general nature only and the taxation implications associated with an investment in the Trust will depend upon the tax profile of each investor. There is no specific Australian Taxation Office private ruling, product ruling or class ruling that has been issued in respect of this transaction. Investors should obtain independent taxation advice before investing in Units in the Trust. Accordingly, Ernst & Young disclaims responsibility to individual investors.

Ernst & Young has been requested to report on the results, assets and liabilities and the financial position of the Trust and to provide a tax opinion on the implications for investors. Ernst & Young has not been requested to consider the prospects of the Trust, nor the merits and risks associated with participation in the Offer and has not done so. The approval of Ernst & Young's consent to the inclusion of this opinion in the Prospectus should not be taken as an endorsement of the Offer or a recommendation by Ernst & Young of any promotion of the Prospectus.

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter. Ernst & Young has provided tax, advisory and audit services and will receive a professional fee for the preparation of this report. The Partners of Ernst & Young do not hold nor have any interest in any Units or PICE Units of the Trust. Ernst & Young are the auditors of the Trust.

Consent to the inclusion of this tax opinion in this Prospectus in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn.

Yours faithfully

Ernst & Young

Ernst & Young

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7. Additional Information

Regular Reporting and Disclosure Obligations

As the Trust is a disclosing entity under the Corporations Law, it is subject to regular reporting and disclosure obligations.

Copies of documents lodged with ASIC in relation to the Trust may be obtained from, or inspected at, an office of ASIC.

Copies of Documents

Challenger Beston will provide a copy of each of the following documents, free of charge, to a person who asks for it prior to the Closing Date:

- the financial statements of the Trust for the year ended 30 June 2003 lodged with or deemed to be lodged with ASIC; and

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- any other financial statements, and a copy of any documents used to notify ASX of information relating to the Trust under ASX's continuous or periodic reporting rules, during the period commencing 30 June 2003 and ending before lodgement of this Prospectus with ASIC including:

30/06/2003	MGW & BWI enter $53m vineyard development lease
23/07/2003	Director Appointments
29/07/2003	Distribution Reinvestment Plan
07/08/2003	Director Resignation
15/08/2003	Distribution Details
21/08/2003	Update on progress with Reynolds Wines Limited
01/09/2003	Private Placement
04/09/2003	Preliminary Final Report/Full Year Accounts
11/09/2003	Appointment of Director
16/09/2003	App 3B: Fund the development & upgrade of the Trust's assets
18/09/2003	BWI & MGW enter $77m Heads of Agreement
18/09/2003	Amendment to earlier ann re Enters $77m Heads of Agreement
22/09/2003	First quarter distribution estimate
23/09/2003	Notice of Meeting
24/09/2003	Annual Report
01/10/2003	Capital Raising for up to $55m
13/10/2003	Unitholder approval for capital raising

The above documents are not included in, or attached to, this Prospectus.

Rights Attaching to the New Units

The Trust's Constitution was made on 19 February 1998 and has been amended by supplemental deeds or Unitholders resolutions on 18 May 1998, 30 October 1998, 1 April 1999, 7 April 2000, 14 April 2000, 22 December 2000, 30 October 2002, 18 December 2002 and 18 May 2003. It represents the primary source of the duties, obligations and rights of Challenger Beston as responsible entity.

In addition, a Unitholder resolution was passed on 30 October 2002 allowing the Trust to commence a Unitholder distribution reinvestment plan – for terms and conditions see clause 10 of the Constitution.

The following information is a summary of the Trust's Constitution in order to incorporate it by reference into this Prospectus. Unitholders have the right to acquire a copy of the Trust's Constitution from Challenger Beston upon request in writing to Challenger Beston and payment of any required fee.

Right to Transfer Units

Unitholders may transfer Units except where the Listing Rules apply so as to require that restricted securities not be transferred during an applicable escrow period.

Right to Distributions

Unitholders who are on the register at the close of business on the last business day of a Trust distribution period are entitled to a distribution of income from the Trust for that period, after taking into account Challenger Beston's remuneration, tax liabilities and other charges. Distributions are made on a pro rata per day basis. Distributions must be made within three months of the end of the distribution period, currently every three calendar months (if not reinvested). Challenger Beston has introduced a Distribution Reinvestment Plan for Unitholders. The procedure is set out in the Constitution.

In order to ensure that the Trust's income for the quarter 1 October 2003 to 31 December 2003 is distributed between Unit holders on a fair and equitable basis, Challenger Beston will declare that each of the following periods are separate Trust distribution periods:

- the period from 1 October 2003 to the day prior to the date on which the New Units are issued (the First Period);
- the period from the date on which the New Units are issued to 31 December 2003 (the Second Period).

None of the New Units will participate in the distribution for the First Period. The New Units will participate in the distributions for the Second Period and subsequent periods.

Challenger Beston's Remuneration
The Constitution sets out Challenger Beston's right to remuneration. Challenger Beston is also entitled to be reimbursed for expenses incurred in relation to the proper performance of its duties in respect of the Trust. See Section 5 for further details.

Right to Redemption
The Constitution sets out procedures for Unitholders to withdraw from the Trust. However, these withdrawal procedures do not apply while Units are officially quoted on the ASX (including a suspension for less than 60 days).

Right to Vote and to Requisition and Attend Meetings
Unitholders have a right to vote (on a one-vote per one-Unit basis) at, and requisition and attend, meetings as set out in Corporations Law and the Constitution.

Rights on Winding Up
The Constitution sets out the procedures to be followed on winding up the Trust and Unitholders' entitlements in that event.

Other Provisions
The Constitution also contains provisions in relation to the following:

- the nature of the Units;
- partly-paid Units;
- maintaining a register of Unitholders;
- what happens in the case of a Unitholder's death or legal disability;
- procedures for the issue and pricing of Units;
- when and how Trust Property is to be valued;
- how income is calculated and distributions of both income and capital;
- the way in which payments are to be made and notices are to be given to Challenger Beston and Unitholders;
- the powers and rights of Challenger Beston;
- indemnities and the scope of Challenger Beston's responsibilities and duties;
- the principal investment policy of the Trust;
- retirement or removal of Challenger Beston;
- procedures for conducting Unitholder meetings;
- auditing the Trust;
- the taxation liability of Challenger Beston;
- duration and termination of the Trust;
- how the Constitution may be amended;
- how Unitholder complaints are to be dealt with; and
- dispute resolution procedures.

Material Contracts

Heads of Agreement – McGuigan Simeon Wines

Challenger Beston as responsible entity of the Trust (Trust) and McGuigan Simeon Wines Ltd (MGW) have entered into a Heads of Agreement with each other dated 17 September 2003 (H of A).

Under the H of A the Trust agrees to purchase certain vineyards located in Padthaway and Riverland South Australia and Balranald New South Wales for approximately $68m and to lease them to MGW. Most of the vineyards will be purchased from MGW. Other vineyards will be purchased from third parties for a further $9m at possibly various times over the next four years and leased to MGW.

Most of the vineyard purchases are expected to settle in mid December 2003. The other vineyards are expected to be purchased and settled during the following four years depending on the exercise of certain put and call options over such vineyards.

MGW will lease the vineyards from the Trust for initial lease terms of between 9 and 12 years subject to up to 3 rights of renewal (of 5 years each) exercisable by MGW. The rent rate will be set at a margin above the 3 year swap rate in addition to increases for annual indexation movements and upgrade expenditure. At the expiry of each lease or renewal term, MGW will have an option to purchase the vineyard at the higher of market value (to be agreed or determined independently) or cost to the Trust.

Final transaction documentation will be negotiated and entered into by the Trust, MGW and others prior to settlement of the vineyards.

The H of A and underlying sale and lease transactions are subject to various conditions to be fulfilled prior to settlement in mid December 2003 such as satisfactory due diligence enquiries by the Trust in relation to the vineyards, availability to the Trust of satisfactory bank finance and Unitholder approval for the capital raising. As at the date of this prospectus some conditions have been fulfilled and other conditions remain to be fulfilled (or waived) after the date of this prospectus (see also Conditions of Offer below). Depending on the condition, non-fulfilment will lead to termination of the whole agreement, exclusion of certain vineyards from the transaction, or an obligation on the Trust to purchase only certain vineyards at Balranald at an agreed cost of $14.9m for lease to MGW. However if the Placement & Underwriting Agreement is terminated or the Trust cannot obtain the necessary level of bank finance to purchase the relevant Balranald vineyards, then the Trust will not purchase those vineyards.

If this Offer results in the Trust raising less than the equity portion of the purchase price payable under the H of A then the parties will negotiate with each other to agree the vineyards to be purchased and leased to MGW.

Summary of Placement & Underwriting Agreement

The Offer is jointly lead managed and partly underwritten by Ord Minnett Limited and Shaw Corporate Finance Pty Limited (each a Joint Lead Manager) pursuant to a Placement & Underwriting Agreement entered into between them and Challenger Beston (Agreement).

Under the Agreement the Joint Lead Managers undertake to use their best endeavours to place the New Units to the extent that such New Units are not the subject of earlier commitments given by third parties to the Trust or allocations to existing unitholders by way of Priority Entitlement or oversubscriptions.

The Joint Lead Managers may also agree to underwrite the offer to the extent of $7.074m. This level of underwriting will allow the Trust to meet its equity contribution to purchase certain Balranald vineyards and lease them to MGW if the Trust raises insufficient new equity from this Offer to do so (see Heads of Agreement, above).

In return, each Joint Lead Manager will be paid a $40,000 retainer, a placement management fee and arrangement fee of 1.5% and 3% respectively of New Units issued to satisfy a placement by them (against which the $40,000 retainer will be rebated if the Offer proceeds to conclusion) and reasonable out of pocket expenses incurred by them. If the Agreement terminates early (other than as a result of breach of the Agreement by the Joint Lead Managers), a fee of up to $100,000 is payable to each Joint Lead Manager by the Trust.

Under the Agreement, the Trust has given the Joint Lead Managers a number of undertakings and warranties as to the content of this Prospectus, the conduct of the Offer, information disclosure and the Trust and its operations such that any breach or non-fulfilment of same may entitle the Joint Lead Managers to terminate the Agreement.

The Joint Lead Managers may also terminate the Agreement if any one or more prescribed events occur between the date of the Agreement (October 2003) and prior to the Closing Date. Those prescribed events include – a material change in Australian government policy, civil hostilities (including terrorism) in certain countries such as Australia, UK, USA, Russia, China, Indonesia, Malaysia and North Korea, a receiver/manager is appointed over any of the Trust's assets, contravention by the Trust of a material provision of its constitution, Corporations Act or ASX Listing Rules, material adverse change in the Trust's financial or trading circumstances, a person who has consented to the inclusion of their name in this prospectus withdrawing such consent, the New Units are refused quotation on ASX or the All Ordinaries Index or All Industrials Index on ASX falling below 90% of its level on the Opening Date and remaining below that level for 3 consecutive trading days.

The Trust has also agreed to indemnify the Joint Lead Managers for any loss or damage they sustain as a result of the Trust's default or content of the Prospectus, its publication or issue. The Joint Lead Managers have agreed to indemnify the Trust for any loss or damage it sustains as a result of the provision of their services or a breach by them of the Agreement except to the extent to which such loss or damage was caused solely and directly by misleading or false information provided to them by the Trust.

Conditions of Offer

This Offer is conditional on the Heads of Agreement entered into with MGW (see above) remaining on foot and not being terminated and none of the vineyards referred to therein being excluded from the Agreement prior to settlement unless the parties agree the vineyards to be purchased if the Offer realises subscription proceeds less than the equity portion required to purchase all the vineyards under the Heads of Agreement. This Offer is also conditional on the availability of debt finance to CBL to acquire the vineyards on terms satisfactory to CBL and the Placement and Underwriting Agreement remaining in place and not being terminated. If any of those events occur the Directors reserve the right not to proceed with the Offer.

If the Offer does not proceed, application moneys for New Units will be refunded to Applicants, free of interest.

Disclosure of Interests

The following people or entities hold interests directly or indirectly in the following Units and PICE Units (as at the date of this Prospectus), and are entitled to participate in the Offer on the same basis as other Existing Unitholders:

	Ordinary Units	PICE Units
Roger Sexton (Director of Challenger Beston)	139,507	200
Stephen Gerlach (Director of Challenger Beston)	101,600	–
Ian Martens (Director of the Challenger Beston)	204,541	200
Christopher Atkins (Director of Challenger Beston)	38,978	215
Challenger Life No.2 Ltd (a related party of Challenger Beston)	9,722,277	675,602
David Hall (Director of Challenger Beston)	3,037,548	–
Blair Beaton (Director of Challenger Beston)	–	–
Brian Benari (Director of Challenger Beston)	–	–
Tim Foster (Director of Challenger Beston)	–	–

Challenger Beston and Beston Pacific Vineyard Management (previously an agent and Investment Manager to the Trust) have received fees of $933,711 for services provided by it under the Trust's Constitution in the previous year. Some Directors of Challenger Beston are remunerated in their capacity as directors of the Responsible Entity.

Challenger Beston has also received placement fees of $110,000 for procuring acquisitions of Units and PICE Units in the previous two years.

The total expenses incurred by Challenger Beston in connection with the Issue (which include lead managing, advisory, legal, accounting, tax, listing and administrative fees, as well as printing and advertising) are estimated to be approximately $1,954,500 if not more than 50,000,000 New Units are issued (exclusive of GST) and are payable out of the income and assets of the Trust:

Joint Lead Manager fees and placement fees	$1,667,500
Finlaysons Lawyers for legal services	$80,000
Ernst & Young for professional services	$40,000
Printing and postage (est)	$52,000
Processing services	$15,000
ASX Listing Fees	$100,000
Total	$1,954,500

If the Offer is fully oversubscribed, issue expenses will increase to $2,347,278 as a result of increases in certain Offer expenses – Joint Lead Manager fees and placement fees $2,038,056, Printing, marketing and postage $52,000, processing services $15,000 and ASX Listing Fees $122,222.

Other Related Party Disclosures

Challenger Beston will be entitled to placement fees of up to $250,000 (exclusive of GST) in connection with this Issue.

Unitholder Approval and ASX Waivers

A meeting of ordinary Unitholders of the Trust held on 13 October 2003 approved this Offer and associated capital raising.

ASX granted Challenger Beston a waiver from Listing Rule 10.13 to permit the notice of the above meeting not to state the number of New Units to be issued to related parties of Challenger Beston and not to state that any New Units issued to related parties of Challenger Beston would be issued within one month of the date of the meeting. This waiver has been granted on condition that the notice states that the number of New Units to be issued to related parties of Challenger Beston is limited to the higher of five percent of the total number of New Units being offered and the number that the relevant party would be entitled under a pro-rata issue of those New Units, and that the New Units will be issued at the same time as other New Units issued under this Prospectus.

The ASX has also granted a waiver from Listing Rule 7.40 abridging the pre-offer period from 10 to 5 business days between dispatch of the offer to Unitholders and the opening date of the Offer.

Litigation

The Trust is not involved in any actual or threatened litigation or administrative action that could have a material adverse effect on the Trust.

CHESS

The Trust participates in the CHESS. CHESS is operated by the ASX's Securities Clearing House (SCH) in accordance with the Listing Rules and the SCH Business Rules. Under CHESS, Challenger Beston will not be issuing certificates to Applicants that elect to hold their New Units on the CHESS sub-register. After issue of New Units, Applicants will receive a CHESS statement.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Units allotted to each Applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHESS. Further statements will be provided to Unitholders that reflect any changes in their Unitholding in the Trust during a particular month.

Consents

Finlaysons Lawyers has given, and has not withdrawn, its written consent to be named in this Prospectus as solicitors to the Trust. Finlaysons Lawyers is not making any statements in this Prospectus and no statements in this Prospectus are based on statements made by Finlaysons Lawyers. Finlaysons Lawyers has not authorised or caused the issue of this Prospectus.

Ord Minnett Limited has given, and has not withdrawn, its written consent to be named in this Prospectus as Joint Lead Manager and Joint Underwriter (of portion) of the Offer. Ord Minnett Limited is not making any statements in this Prospectus and no statements in this Prospectus are based on statements made by Ord Minnett Limited. Ord Minnett Limited has not authorised or caused the issue of this Prospectus.

Shaw Corporate Finance Pty Limited has given, and has not withdrawn, its written consent to be named in this Prospectus as Joint Lead Manager and Joint Underwriter (of portion) of the Offer. Shaw Corporate Finance Pty Limited is not making any statements in this Prospectus and no statements in this Prospectus are based on statements made by Shaw Corporate Finance Pty Limited. Shaw Corporate Finance Pty Limited has not authorised or caused the issue of this Prospectus.

Ernst & Young has given, and has not withdrawn, its written consent to be named in this Prospectus as Auditors, Independent Accountants' and Taxation Advisers to the Trust and to the issue of this Prospectus with its Independent Accountant's Report and Taxation Report included in the form and context in which they appear. Otherwise, Ernst & Young is not making any statements in this Prospectus and no statements in this Prospectus are based on statements made by Ernst & Young. Ernst & Young has not authorised or caused the issue of this Prospectus.

Stephen Gerlach has given and has not withdrawn his written consent to be named in this Prospectus as the author of the Chairman's letter contained in this Prospectus in the form and context in which such letter appears.

Governing Law

The law applicable in South Australia governs this Prospectus and the contracts that arise on acceptance by the Trust of Application Forms. Each Applicant submits to the exclusive jurisdiction of the courts of South Australia.

Directors' Consent

Each director of Challenger Beston has consented to the lodgement of this Prospectus with the ASIC and its issue.

How to Invest

The Offer

The Offer comprises an offer of up to 50,000,000 New Units at a price of $0.90 per New Unit with a right to accept oversubscriptions for up to a further 11,111,111 New Units at a price of $0.90 per New Unit.

Existing Unitholders

Under the Offer, each Existing Unitholder who applies for New Units is entitled to be allocated one New Unit for each two Units held by them on the Record Date in priority to other Applicants. However, this Priority Entitlement expires at 5:30pm AEST on 10 November 2003. An Existing Unitholder that allows its Priority Entitlement to lapse may still apply for New Units under the Offer, but will receive no priority allocation.

If you are an Existing Unitholder, you will have been provided with a Priority Entitlement Form. This form states the number of New Units to which you have a Priority Entitlement, and includes instructions on how to exercise your Priority Entitlement. If you wish to exercise your Priority Entitlement, your Priority Entitlement Form must be received no later than 5:30pm AEST on 10 November 2003.

Other Applicants

If you are not an Existing Unitholder and you wish to participate in the Offer, you must apply for New Units by using the Public Application Form accompanying this Prospectus.

Instructions as to completion of the Application Form and Payment

Whether you are an Existing Unitholder or another form of applicant who wishes to subscribe for New Units you must complete an Application Form accompanying this Prospectus in accordance with the instructions set out on its reverse side. Your completed Application Form must be sent to the Registry and be accompanied by payment of the Application Monies.

Minimum and Maximum Subscription

Unless Directors otherwise agree, all Applications, other than an Application made by an Existing Unitholder exercising its Priority Entitlement, must be made for a minimum of 2,000 New Units ($1,800). In addition, unless Directors otherwise agree, Applications may be made for additional New Units in multiples of 1,000 New Units ($900) thereafter.

An Existing Unitholder may apply for the number of New Units to which it has a Priority Entitlement, or a lower or higher number. However, an Existing Unitholder that applies for a lower or higher number must apply for not less than 2,000 New Units and in multiples of 1,000 New Units thereafter. Further, the maximum number of New Units that an Existing Unitholder may receive is limited to the higher of 3,055,556 or the number of New Units that it would have received under a pro rata issue of the New Units.

Allocation and Issue

Challenger Beston will proceed to issue New Units as soon as possible after the Offer closes and it receives the ASX's permission for official quotation of the New Units. Challenger Beston reserves the right, in consultation with Shaw Corporate Finance and Ord Minnett, to allocate to any Applicant a lesser number of New Units than applied for, or to decline any Application, other than an Application made for a Priority Entitlement. If no allocation is made to a particular Applicant or the number of New Units allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant within 30 days of the Closing Date. No interest will be paid on refunded Application Monies.

Successful Applicants will be notified in writing of the number of New Units allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Units allocated to them prior to trading in New Units. Applicants who sell New Units before they receive notice of the number of New Units allocated to them do so at their own risk. No New Units will be allotted or issued on the basis of this Prospectus later than 15 November 2004.

Pending the allotment of the New Units, Challenger Beston will deposit all Application Monies received in a separate Trust account for so long as those Applications, or any of them, are liable to be repaid in accordance with this Prospectus and the law.

Electronic Prospectus

This Prospectus may be accessed on the Internet at www.bestonwine.com and www.ords.com.au and www.egoli.com.au. Any person may obtain a Hard Copy Prospectus on request and without charge by contacting the Trust's Information Centre on 1800 11 7777 and/or Ord Minnett on 1800 221 697 and/or Shaw Corporate Finance on 1800 636 625.

The Offer is available to persons receiving the electronic Prospectus in Australia but not to any person to whom or in any place in which it may not be lawful to make such an offer.

Applications will not be accepted by email or any other electronic means.

Investor Information

If you are unclear about any matter in relation to whether the New Units are a suitable investment for you, you should consult your financial adviser.

If you have any questions regarding this Prospectus, please contact the Trust's Information Centre on 1800 11 7777 and/or Ord Minnett on 1800 221 697 and/or Shaw Corporate Finance on 1800 636 625.

Glossary

Terms and abbreviations used in this Prospectus have the following meaning:

ABS Australian Bureau of Statistics.

AEST Australian Eastern Standard Time.

Applicant A person who submits an Application.

Application An application for New Units under this Prospectus.

Application Form A Priority Entitlement Form or a Public Application Form accompanying this Prospectus.

Application Monies The Application Price multiplied by the number of New Units for which an Application is made.

Application Price $0.90 per New Unit.

ASIC Australian Securities and Investments Commission.

ASX Australian Stock Exchange Ltd.

ASX Quotation Quotation on the official list of entities that ASX has admitted and not removed.

AWBC Australian Wine and Brandy Corporation.

AWEC Australian Wine Export Council.

Challenger Beston Challenger Beston Ltd ABN 94 055 293 644, in its capacity as responsible entity of the Trust.

CHESS Clearing House Electronic Sub-register System.

Closing Date Expected to be 2 December 2003, subject to any earlier date determined by Directors.

CPI The National Consumer Price Index as published by the ABS.

Directors The directors of Challenger Beston.

Existing Unitholders Holder(s) of Units who are registered as at the Record Date with registered addresses in Australia or New Zealand.

Forecast Period The period from 1 January 2004 to 31 December 2004.

GST Australian Goods and Services Tax – currently 10%.

Hard Copy Prospectus Paper version of this Prospectus.

Issue The issue of New Units pursuant to this Prospectus.

Joint Lead Manager Shaw Corporate Finance and Ord Minnett.

Listing Rules Official Listing Rules of the ASX.

McGuigan Simeon Wines McGuigan Simeon Wines Limited ACN 052 179 932.

Minimum Application 2,000 New Units, excluding Applications made under a Priority Entitlement.

New Unit(s) Ordinary Unit(s) in the Trust issued pursuant to this Prospectus.

Offer The Offer as contained in this Prospectus to Existing Unitholders and the public of up to 50,000,000 New Units at a price of $0.90 with a right to accept oversubscriptions for up to a further 11,111,111 New Units at a price of $0.90 each.

Online Application Form The electronic version of the Application Form that can be viewed at http://www.bestonwine.com and/or http://www.ords.com.au and/or www.egoli.com.au.

Online Prospectus The electronic version of this Prospectus that can be viewed at http://www.bestonwine.com and/or http://www.ords.com.au and/or www.egoli.com.au.

Opening Date Expected to be 30 October 2003.

Ord Minnett Ord Minnett Limited ABN 86 002 733 048.

PICE Units The fully paid preferred indexed convertible equity units of $10.00 each in the capital of the Trust.

Priority Entitlement The right of each Existing Unitholder to receive a priority allocation of one New Unit for each two Units they hold as at the Record Date. This right will expire at 5:30pm AEST on 10 November 2003.

Prospectus This prospectus dated 15 October 2003 as modified or varied by any supplementary prospectus issued by Challenger Beston and lodged with the ASIC from time to time and including any electronic copies thereof.

Record Date 5:00pm AEST on 20 October 2003.

Registry Computershare Investor Services Pty Limited ABN 48 078 279 277

Shaw Corporate Finance Shaw Corporate Finance Pty Limited ABN 25 101 193 971.

Trust The Beston Wine Industry Trust ARSN 092 960 060.

Trust Constitution The Constitution establishing the Trust dated 19 February 1998, as amended.

Unit(s) Ordinary Unit(s) in the Trust.

Unitholder The registered holder of a Unit in the Trust.

Weighted Average Used in the context of this Prospectus to determine an average number of Units on issue weighted by the relative period in which a different number of Units are on issue at various times in that period.

Directory

Responsible Entity

Challenger Beston Limited
ABN 94 055 293 644
Level 9, T & G Building
82 King William Street
Adelaide SA 5000
Telephone: 08 8211 7777
Facsimile: 08 8212 1661
Website: www.bestonwine.com

Joint Lead Manager & Underwriters

Ord Minnett Limited
ABN 86 002 733 048
Level 8, NAB House
255 George Street
Sydney NSW 2000
Telephone: 1800 221 697
Telephone: 02 8216 6300
Facsimile: 02 8216 6311
Website: www.ords.com.au

Shaw Corporate Finance Pty Limited
ABN 25 101 193 971
Level 16, 60 Castlereagh Street
Sydney NSW 2000
Telephone: 1800 636 625
Telephone: 02 9238 1238
Facsimile: 02 9221 1196
Website: www.egoli.com.au

Auditors, Independent Accountants and Taxation Advisers

Ernst & Young
Santos House
91 King William Street
Adelaide SA 5000

Legal Advisers

Finlaysons Lawyers
Level 8, 81 Flinders Street
Adelaide SA 5000

Registry

Computershare Investor Services Pty Limited ABN 48 078 279 277
Level 5, 115 Grenfell Street
Adelaide SA 5000
Telephone: 08 236 2300

To arrange change of address, or changes in registration of Units, please contact the Registry at the address or telephone number as listed above.

If you have any questions concerning the Offer please contact your stockbroker, accountant, or professional adviser, or call the Trust Information Centre on 1800 11 7777 and/or Ord Minnett on 1800 221 697 and/or Shaw Corporate Finance on 1800 636 625.

If you are an Existing Unitholder, and have any questions concerning your holding, please contact Computershare Investor Services Pty Limited on (08) 8236 2300.

Office address
Level 9, T & G Building
82 King William Street
Adelaide SA 5000
Tel: 08 8211 7777
Fax: 08 8212 1661

Investor services: 1800 11 7777
Website: www.bestonwine.com

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