

## Challenger Howard Wholesale Mortgage Fund (ARSN 093 720 159)

### Amended withdrawal process

#### Background

Challenger Managed Investments Limited (**Challenger**), as responsible entity of the Challenger Howard Wholesale Mortgage Fund (**Fund**), decided on 21 October 2008 that it was appropriate for the withdrawal process for the Fund to be amended. As a result, withdrawals from the Fund can only be made after Challenger makes an offer of withdrawal.

While there is no obligation for Challenger to make a withdrawal offer, we expect that we will be able to offer withdrawals from the Fund each quarter. We will determine the amount available for withdrawals based on our estimate of the available liquidity in the Fund and market conditions that prevail at the time.

At the time of making such an offer, we will write to investors/custodians to explain the process for submitting a withdrawal request and to inform them of the total amount available for withdrawals. If withdrawal requests submitted exceed the amount available for a particular offer, then requests will be satisfied proportionally in accordance with the Corporations Act. That is, withdrawal payments will be scaled back by taking the individual's withdrawal request (which may be up to 100% of a unitholder's account balance) divided by the total amount requested by all unitholders, multiplied by the total sum made available for withdrawal for the period (please see example below).

We will notify investors as soon as our generally applicable withdrawal process recommences.

#### Amended withdrawal process information

The amended process for withdrawal offers in the Fund is governed by the Corporations Act and requires amongst other things:

- That any offer is made to all investors.
- That the withdrawal offer is open for at least 21 days after the offer is made.
- That the offer specifies the amount of money that will be available.
- That the offer specifies the method for dealing with withdrawal requests where the total requested withdrawals exceed the amount made available by the Fund.

The method for dealing with oversubscribed withdrawal requests is required under the Corporations Act to be determined as follows:

$$\text{Amount of money available} \times \frac{\text{Amount requested by unitholder}}{\text{Total of all amounts unitholders request to withdraw}}$$

#### Example of how withdrawal amounts are calculated. Assume:

- The Fund makes a withdrawal offer of \$10 million in total to investors.
- A single investor requests a withdrawal of \$100,000.
- The total of all requested withdrawals is \$50 million.

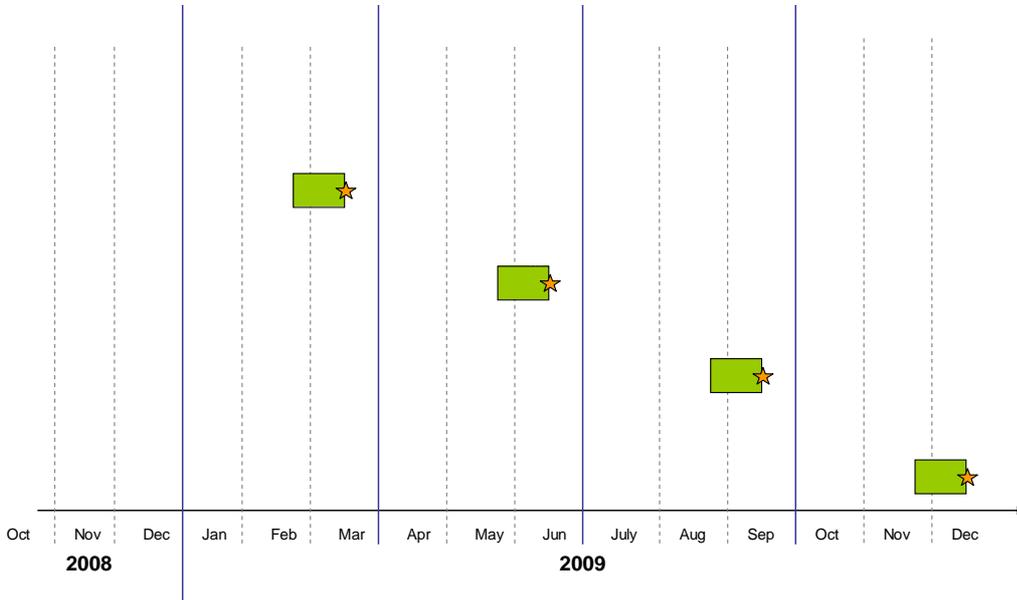
In this example the investor who has requested the \$100,000 withdrawal would receive:

$$\text{\$10 million} \times \frac{\text{\$100,000}}{\text{\$50 million}} = \text{\$20,000}$$

Note: This purely illustrative example is not indicative of, and is not a forecast or guarantee of, the amount of any withdrawal offer or the amount received on acceptance of any withdrawal offer (if made). The actual amount an investor will receive from any withdrawal offer made will depend on the amount made available by us and the total amount sought to be withdrawn by all investors.

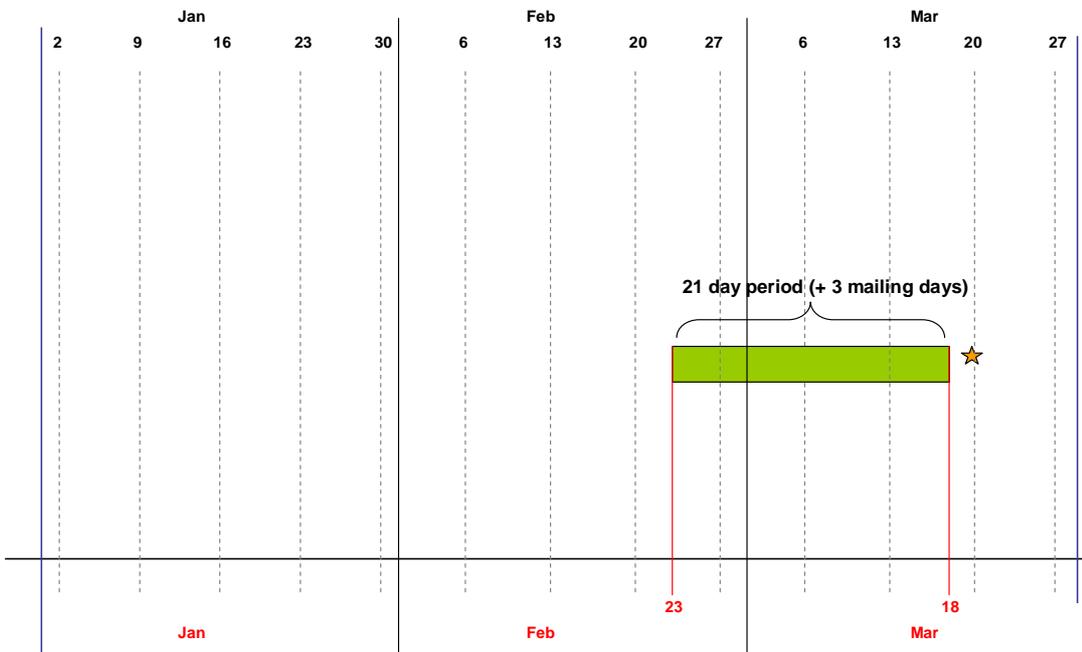
Our current intention is that any withdrawal offers will be made quarterly for the Fund – with the first expected to be offered in late **February 2009** based on prevailing market conditions (as outlined on the next page). We will determine the amount available for withdrawals based on our estimate of the available liquidity in the Fund and market conditions that prevail at the time.

### Anticipated Withdrawal Offer Calendar for 2009



21 day Challenger Howard Wholesale Mortgage Fund withdrawal offer  Payment of withdrawal proceeds

### Anticipated Initial Withdrawal Offer 2009



Challenger Howard Wholesale Mortgage Fund withdrawal offer  Payment of withdrawal proceeds

**Disclaimer:** Please note: investors in the **Challenger Mortgage Plus Trust (ARSN 091 029 248)** are expected to be provided with a withdrawal offer at the same time as the Challenger Howard Wholesale Mortgage Fund. The indicative timetable set out above is approximate only and based on our current expectations but is subject to change. We may have to alter the timing of future withdrawal offers and note that we are not obligated to provide withdrawal offers.

The information contained in this update is current as at 22 October 2008 and is provided by Challenger Managed Investments Limited ABN 94 002 835 592, AFSL 234 668 (Challenger). It should be regarded as general information only, rather than as advice. It has been prepared without taking any person's objectives, financial situation or needs into account. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation or needs. Challenger is the issuer of interests in the Fund. Offers of interests in the Challenger Howard Wholesale Mortgage Fund are contained in the current product disclosure statement (PDS) issued by Challenger. The Challenger Mortgage Plus Trust is closed to new investments. Investors should consider the PDS before making an investment decision about the Fund. The PDS is available on our website: [www.challenger.com.au](http://www.challenger.com.au) or by calling our Investor Services team on 13 35 66.

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