

Withdrawal offer update – Challenger Mortgage Plus Trust

To participate in the withdrawal offer, your completed withdrawal form must be received by Challenger by 3.00pm (Sydney time) on Tuesday 30 November 2010. This document contains useful information about the withdrawal offer for the Challenger Mortgage Plus Trust (the Fund) and any action you may need to take. It's important to note that if you do not wish to make a withdrawal from your investment in the Fund, you do not need to take any further action.

We are opening our next withdrawal offer to unitholders in the Challenger Mortgage Plus Trust¹ and the Challenger Professional Mortgage Plus Trust¹ from **Monday 1 November 2010 until 3.00pm (Sydney time) Tuesday 30 November 2010**.

If you would like to request a withdrawal, please read the following information, complete the enclosed withdrawal offer request form and return the form to Challenger as indicated below. We must receive your withdrawal request before **3.00pm (Sydney time) on Tuesday 30 November 2010** if you wish to participate in the withdrawal offer.

¹ References to the Challenger Mortgage Plus Trust and Challenger Professional Mortgage Plus Trust are to the retail and professional unit classes (respectively) issued in the Challenger Mortgage Plus Trust (ARSN 091 029 248). Separate withdrawal offers are to be made to each unit class in the Challenger Mortgage Plus Trust.

Withdrawal offer opening and closing dates

The offer will open on Monday 1 November 2010 and will close on Tuesday 30 November 2010 (at 3.00pm Sydney time). Withdrawal requests which are incomplete or received after 3.00pm (Sydney time) on the closing date will not be accepted. We reserve the right to cancel the withdrawal offers, close the offers early or extend the period of the offers.

How the offer will work

There will be two components to the 1 November 2010 withdrawal offer.

1. Firstly, the Funds have made available on 1 November 2010 an amount, set out in the table below, of the Fund's net assets (which is **at least 32% of the total value of the Funds**) for unitholders seeking to withdraw. These amounts are estimates only and have been calculated on a proportional basis equal to the unit holding of the relevant Fund in the Challenger Howard Mortgage Fund (the fund in which the Fund invests). The actual amount available will vary depending on the actual withdrawal requests received by the Challenger Howard Mortgage Fund.

Fund	Amount available*
Challenger Mortgage Plus Trust	\$5.06 million
Challenger Professional Mortgage Plus Trust	\$4.53 million

*Estimated minimum withdrawal amount. The Fund will withdraw units in the Challenger Howard Mortgage Fund to obtain the amount available for the Fund's withdrawal offer.

2. Secondly, the Challenger Howard Mortgage Fund (the fund in which the Fund invests) has made available an additional amount on 1 November 2010 of approximately \$150 million of its net assets to provide an opportunity for its **direct and indirect unitholders who hold (or notionally indirectly hold) an account balance of \$10,000 or less, to redeem in full if requested**. As the Fund invests in the Challenger Howard Mortgage Fund it will be able to participate on behalf of direct and indirect unitholders of the Fund who hold (or notionally indirectly hold) an account balance of \$10,000 or less (Small Balance Unitholders) in this offer.

If the withdrawal offers (excluding the Small Balance Unitholder portion) are oversubscribed

We expect that the amount of the withdrawal requests from investors will exceed the withdrawal offer amounts outlined above, and therefore the offers will be oversubscribed. This is based on our expectation that some investors, particularly institutional investors, are likely to lodge a full or significant withdrawal amount in response to a withdrawal offer, in order to maximise the withdrawal amount received in the event of oversubscription. In this event, we will reduce the requested withdrawal amounts on a pro rata basis, consistent with the requirements of the Corporations Act.

The amount paid to investors in each Fund would be calculated as follows:

$$\text{Money available for the relevant Fund} \times \frac{\text{Amount requested by unitholder}}{\text{Total of all monies requested}}$$

Example using the Challenger Mortgage Plus Trust

- The Fund makes a withdrawal offer of \$5.06 million
- An investor requests a withdrawal of \$20,000
- The total of all withdrawal requests is \$10.00 million
- The investor would receive:

$$\begin{array}{rcl} \$5.06 \text{ million} & \times & \frac{\$20,000}{\$10.00 \text{ million}} = \$10,120 \end{array}$$

Note: The example above is purely illustrative and not indicative of, and is not a forecast or guarantee of, the amount of any future withdrawal offer or the amount received on acceptance of any withdrawal offer. The actual amount an investor will receive from any withdrawal offer made will depend on the amount made available by us, the total amount sought to be withdrawn by all investors in the Fund, and withdrawal requests received by the Challenger Howard Mortgage Fund. Please note that if Challenger was to receive full redemptions from all investors in the Fund and the Challenger Howard Mortgage Fund, we would reduce the amount paid to approximately 32% of all withdrawal requests. The responsible entity of each Fund expects to receive greater withdrawal requests from unitholders than the withdrawal offer amount and therefore a substantial reduction of withdrawal requests is likely. The withdrawal will be calculated effective 1 December 2010.

How to make a withdrawal request for the withdrawal offer

For a withdrawal request to be valid, we must receive the enclosed form, correctly completed, by **3.00pm (Sydney time) on Tuesday 30 November 2010**.

Please return the completed form in the enclosed reply paid envelope to:

Challenger Reply Paid 3698, Sydney NSW 2001

Commonly asked questions

Do I need to make a withdrawal request for the withdrawal offer?

No, there is no obligation for you to lodge a withdrawal request. If you do not lodge a withdrawal request, no activity will occur on your account and your unit balance will remain

the same. If you are unsure about whether or not to make a withdrawal request, we recommend you seek advice from your financial planner.

What are the tax consequences of withdrawing money from the Fund?

We recommend you seek taxation advice regarding any taxation consequences of any withdrawal proceeds.

What happens if my form is late?

We cannot accept any withdrawal requests after **3.00pm (Sydney time) on Tuesday 30 November 2010**. Any requests received after this time are invalid.

How will I know if my form has been received?

We will send you a letter acknowledging our receipt of your withdrawal request. If you do not receive a letter from us, please contact us on 1300 794 935 prior to 3.00pm (Sydney time) on 30 November 2010. Once the withdrawal offer has closed, we will send you a confirmation withdrawal advice.

When will I receive the proceeds from my withdrawal?

We expect that your withdrawal payment will be paid to your nominated bank account within 10 days of the closing date of the offer.

When will the next withdrawal offer open?

We anticipate making a withdrawal offer each quarter, which would mean the next offer would open in early 2011. However our ability to make a withdrawal offer depends principally on the available liquidity within the Fund. If you require access to your money over the next few months we suggest you talk to your financial adviser about whether you should consider making a withdrawal request this time.

For more information

Before making a decision about whether or not to request a withdrawal for all or part of your investment, we recommend that you speak with your financial planner. If you have any further questions regarding the withdrawal offer, please contact our Investor Services team on 1300 794 935.

Disclaimer: The information contained in this document is current as at 1 November 2010 unless otherwise specified and is provided by Challenger Managed Investments Limited ABN 94 002 835 592, AFSL 234668 (Challenger), the issuer of the Challenger Howard Mortgage Fund (ARSN 090 464 074) and the Challenger Mortgage Plus Trust (ARSN 091 029 248). It is general information rather than advice. Any information provided or conclusions made, whether express or implied, do not take into account the investment objectives, financial situation and particular needs of an investor. Because of that, an investor should, before acting on this information, consider the appropriateness of the information, having regard to that person's objectives, financial situation and needs. Challenger is not licensed or authorised to provide tax or social security advice. The information in this document is not and should not be construed as a recommendation, solicitation or an offer to buy or sell any securities mentioned herein or otherwise. All mortgage funds carry some investment risk. They are not bank deposits. Offers of interests in the Challenger Howard Mortgage Fund are contained in the current Product Disclosure Statement (PDS) which is available on our website www.challenger.com.au and should be considered (including to determine whether or not a product is appropriate for a person) before making any decision about the relevant product, including whether to acquire, dispose or continue to hold an investment. The Challenger Mortgage Plus Trust is closed to new investors. If you acquire or hold one of our products, we will receive fees and other benefits, which are disclosed in the relevant PDS. We and our employees do not receive any specific remuneration for any advice provided to you. However, financial planners may receive fees or commissions if they provide advice to you or arrange for you to invest with us. Some or all of the Challenger Group companies and their directors may benefit from fees, commissions and other benefits received by another group company.