



## ASX RELEASE

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### CHALLENGER INFRASTRUCTURE FUND ANNOUNCES 2007 FULL YEAR RESULTS

16 August 2007, Sydney – Challenger Infrastructure Fund (ASX: CIF) today announced its financial results for the year ended 30 June 2007, reaffirmed its distribution guidance of 34 cents per security for the 2008 financial year and has maintained its medium term forecast distribution guidance of five per cent growth per annum.

CIF delivered a solid result for the 12 months ended 30 June 2007. As expected the full year distribution of 32.1 cents per security was in line with the PDS forecast. This was 11.5% ahead of the original 2007 full year distribution guidance of 28.8 cents per security. The tax deferred component of 86% is slightly ahead of the 80% forecast in the PDS.

Key highlights from the 2007 financial year include;

- Increased assets under management by 82%: CIF acquired 66% of LBC Group (LBC) for \$336 million and increased its investment in Arqiva by \$154 million via participation in the rights issue undertaken to fund the acquisition of National Grid Wireless (NGW).
- Successfully raised equity: Over the past 12 months, CIF raised \$802 million<sup>1</sup> in equity comprising \$420 million from the payment of the second instalment and \$134 million from an overnight institutional placement to partially fund LBC. In July 2007, CIF completed a 1:4 Entitlement Offer raising \$248 million to pay down the debt drawn to fund LBC and strengthen CIF's balance sheet. CIFs market capitalisation has increased to over \$1.4 billion<sup>2</sup> from \$298 million<sup>3</sup> as at the beginning of the period.
- Improved geographic diversification: Following the acquisition of LBC, CIF now has assets in the UK, North America and Western Europe.
- Strong organic growth: Fund and asset management focused on identifying and delivering organic growth opportunities including:
  - Inexus' gas and electricity business continues to exceed performance targets whilst awaiting a water licence to be granted from the regulator.
  - LBC continues to build capacity in order to meet customer demand.
  - Arqiva secured all four multiplex contracts put out to tender for the provision of digital transmission and services following digital switchover.

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<sup>1</sup> Net of transaction costs

<sup>2</sup> Based on CIFs \$4.00 closing price 13 August 2007 based on 346,757,896 securities on issue

<sup>3</sup> Based on CIF \$1.23 closing price 1 July 2006 based on 239,977,146 securities on issue

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- Wales & West Utilities and Northern Gas Networks continue to upgrade and expand their networks

CIF's Chief Executive, Steve Bickerton said: "It has been a very positive twelve months for CIF. We are particularly pleased by the enhanced growth profile of the Fund which has resulted from the acquisition of LBC and the increased investment in Arqiva following its acquisition of NGW. "

### Performance in brief

	Year ended 30 June 2007 <sup>4</sup> (\$'000)	Period ended 30 June 2006 <sup>5</sup> (\$'000)
Consolidated Revenue	134,003	82,569
Consolidated EBITDA <sup>6</sup> pre unrealised gains	78,977	56,655
Distribution payable to security holders	83,585	34,077 <sup>7</sup>

### Distributions

CIF remains on track to deliver its PDS distribution forecast for the 2008 financial year of 34 cents per security, of which 65% is expected to be tax deferred. Medium term distribution guidance of five per cent growth per annum has been reaffirmed.

Mr Bickerton said; "CIF's board and management are committed to delivering attractive and growing distributions to securityholders with 6% distribution growth targeted for the 2008 financial year. The identified organic growth opportunities in each of the Fund's assets continue to gain momentum thus enabling CIF to generate a combination of growing distributions and capital growth."

### Outlook

Summarising the outlook for the Fund, Mr Bickerton said, "The board and management of CIF believe the outlook for the 2008 financial year is very positive with the Fund well placed to deliver security holders an attractive distribution and organic growth. As part of CIF's focus to maximize securityholder value, CIF will continue to grow its assets under management through disciplined acquisitions that meet CIFs investment criteria and thus maintain the quality of the portfolio."

*ENDS*

<sup>4</sup> Includes one month of LBC Group

<sup>5</sup> Represents 11 months for Arqiva, Wales & West Utilities and Northern Gas Networks from allotment in August 2005 and 10 months for Inexus from acquisition in October 2005

<sup>6</sup> Earnings before interest, tax, depreciation and amortisation

<sup>7</sup> During FY06 CIF was partly paid at \$1.75