

Challenger Infrastructure Fund

2007 full year results presentation

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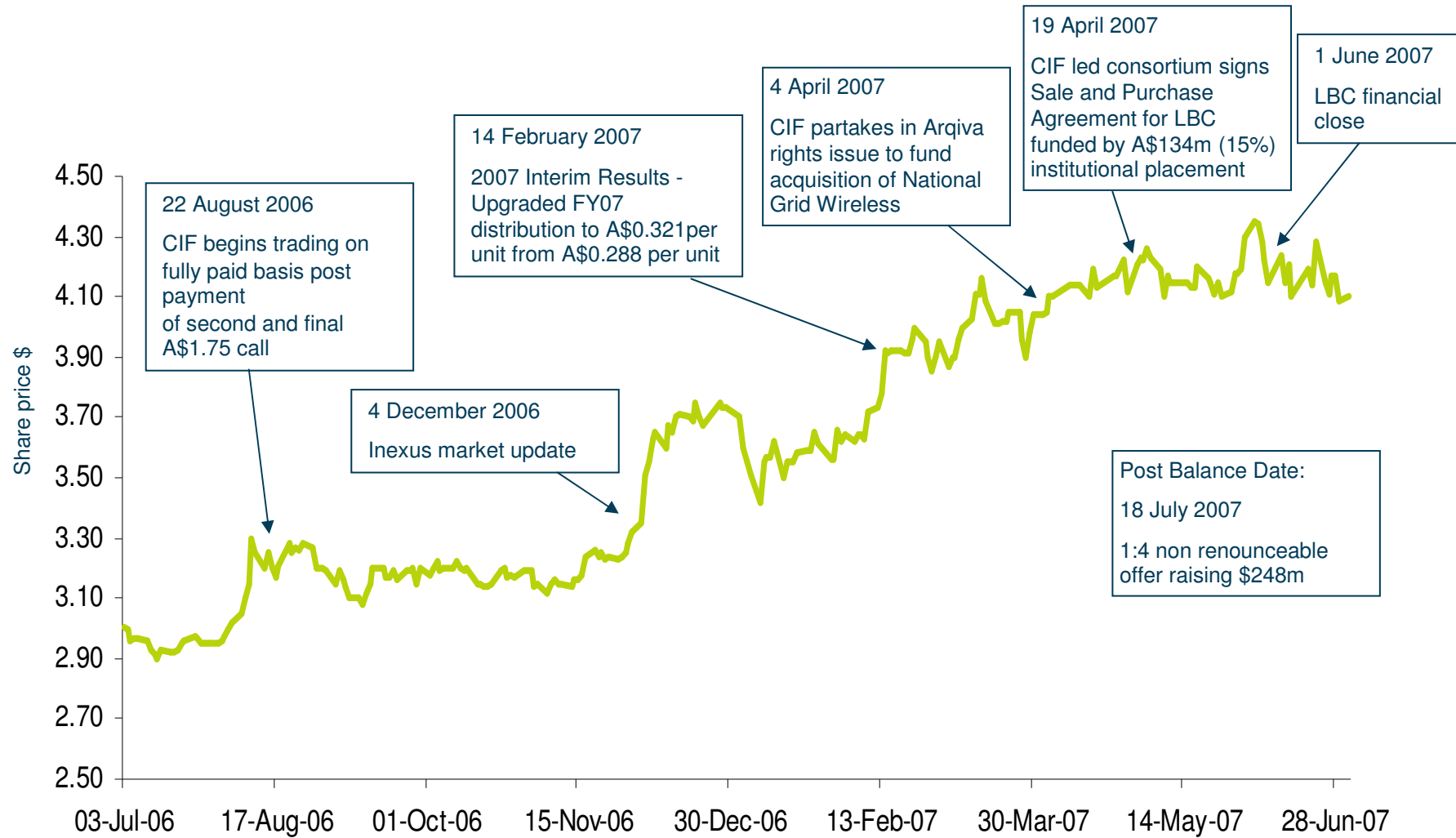
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FY07 Highlights

- 82% increase in assets under management since 30 June 2006
 - Acquired controlling stake in LBC Group
 - Increased investment in Arqiva
- FY07 distribution 32.1cpu, 86% tax deferred
- Inexus continues to outperform acquisition expectations
- On track to meet FY08 distribution guidance of 34cpu (6% pcp growth), expected to be 65% tax deferred
- Medium term guidance of 5% distribution growth maintained

FY07 in review



Strategic Objectives

- **CIF is** a diversified global portfolio of high quality infrastructure and utility assets
- **CIF's investment criteria** is set to identify high quality assets that have long-term, predictable cash-flows with the potential for capital growth
- **CIF's investment goal** is to deliver a combination of attractive and growing distributions alongside increasing asset values
- **CIF's disciplined approach** to acquisitions combined with its investment criteria supports the maximisation of long term value for security holders
- **CIF has a core focus** on maximising the value of security holder returns through optimal capital management

LBC Group

- Description
 - Second largest independent bulk chemical storage terminals company globally
 - 2.2 million m³ of capacity
 - 12 terminals in USA and Western Europe
- Acquired 66% stake for \$336m
 - Enterprise value A\$1.1bn
 - Paid 9.2x EBITDA (incl. transaction costs)
 - Identified and originated by Challenger Asset Management
 - Financial close 1 June 2007
- Revenue
 - Rental fee for capacity made available, contracted on take or pay basis
 - 80% of revenues
 - Throughput charge for moving product
 - Value added services
 - 20% of revenues



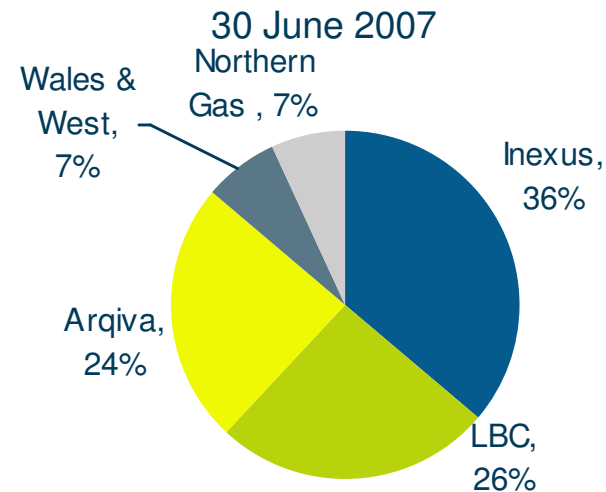
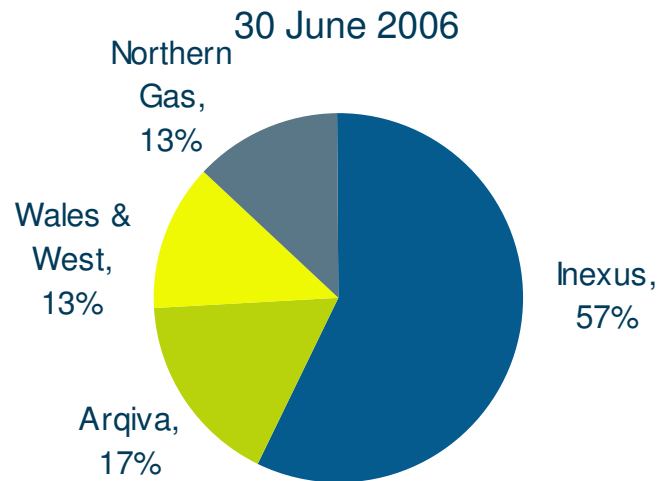
LBC Houston, Texas USA



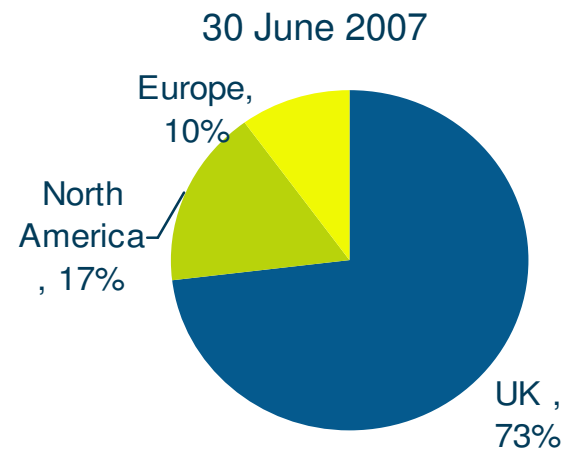
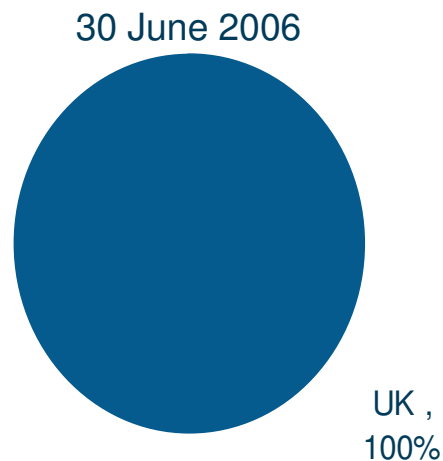
LBC, Sogestran, France

Improved diversification

Increased asset diversification by asset value



Increased geographic diversification by asset value



LBC highlights CIF's investment criteria

CIF investment criteria	LBC	Commentary
Regulated industry or near monopoly market position	✓	<ul style="list-style-type: none"> Facilities either integrated or proximate to customers operations or located in strategic locations
High barriers to entry	✓	<ul style="list-style-type: none"> Limited number of viable sites with operating permits Existing sites have fixed cost leverage advantage due to significant start up capex to develop a site
Strong cash generation and attractive cash returns	✓	<ul style="list-style-type: none"> Highly cash generative with minimal maintenance costs once built
Long-term predictable cashflows	✓	<ul style="list-style-type: none"> Approximately 80% of revenues contracted on a take-or-pay basis 2-5% of customer production costs reducing price driven churn Typical customer relationships greater than 10 years
Growth potential	✓	<ul style="list-style-type: none"> Land bank could increase portfolio capacity by approx 50% Increasing global chemical trade flows driving demand for storage
First class management teams	✓	<ul style="list-style-type: none"> Senior management has average of 20 years industry experience
Ownership level	✓	<ul style="list-style-type: none"> Majority ownership and board control

LBC has organic growth potential

- Growth outlook is attractive
 - Existing customers requiring additional capacity
 - Global chemical producers looking for global storage solutions
 - Ongoing increase for storage to facilitate the import/export of chemicals
 - Increase in demand for bio fuel storage
- On track for identified projects in 2007
 - €93.7m in expansionary capex
- Increase in identified projects in 2008
 - €98.4m* in expansionary capex
- Medium term expansionary capex forecast €40-60m pa
- Average revenue pay back period is approximately 5 years



LBC Tanquipour, Portugal – Capacity expansion



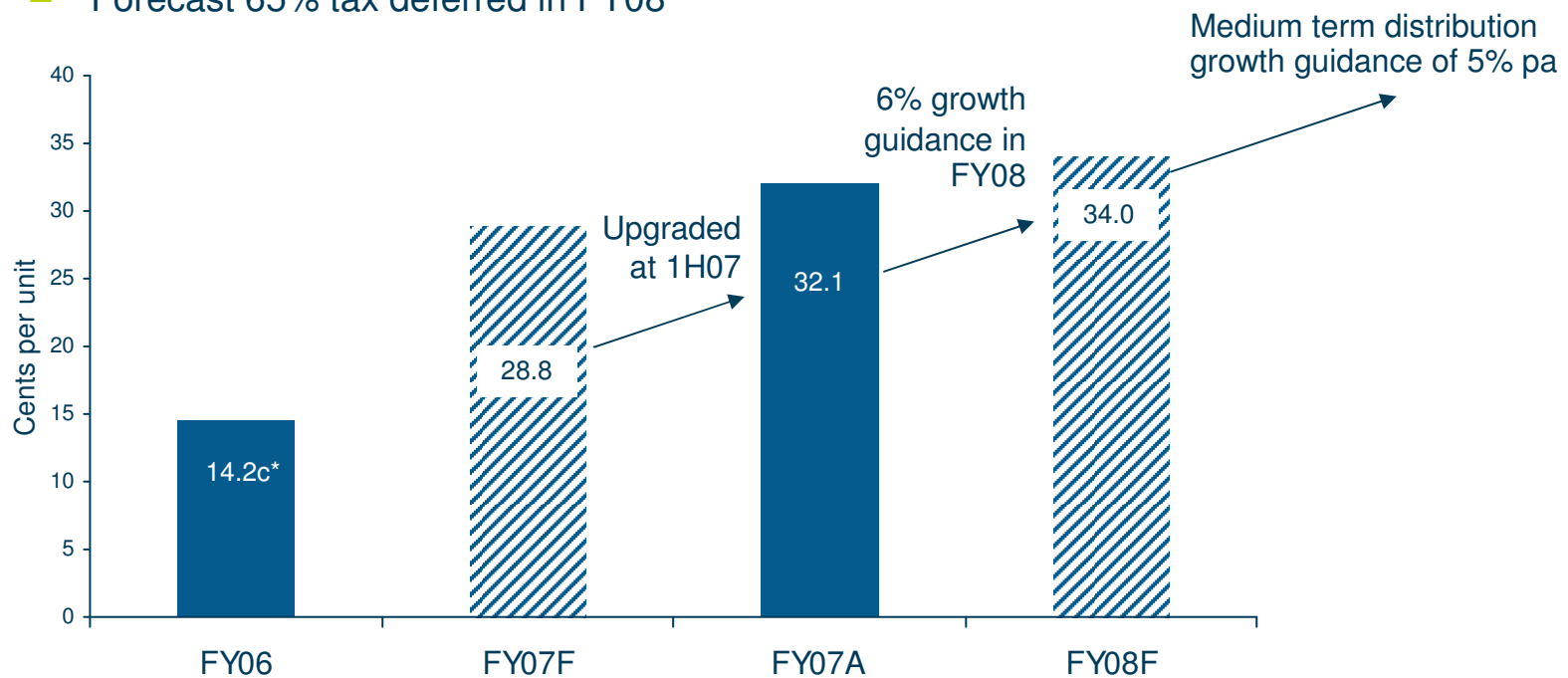
LBC Tanquipour, Portugal – Capacity expansion

LBC complements CIF's existing assets

- **Inexus**
 - Growing market share in electricity connections market
 - Launch of water connections business once licence granted
 - Bundling of gas, electricity and water connections will underpin market leadership
 - Other potential “last mile” services being considered
- **Arqiva**
 - Integration of National Grid Wireless (NGW) complimentary assets
 - Transition to digital technology
 - New acquisitions and product development
- **Wales & West Utilities and Northern Gas Networks**
 - Ongoing upgrade and expansion of their regional gas networks

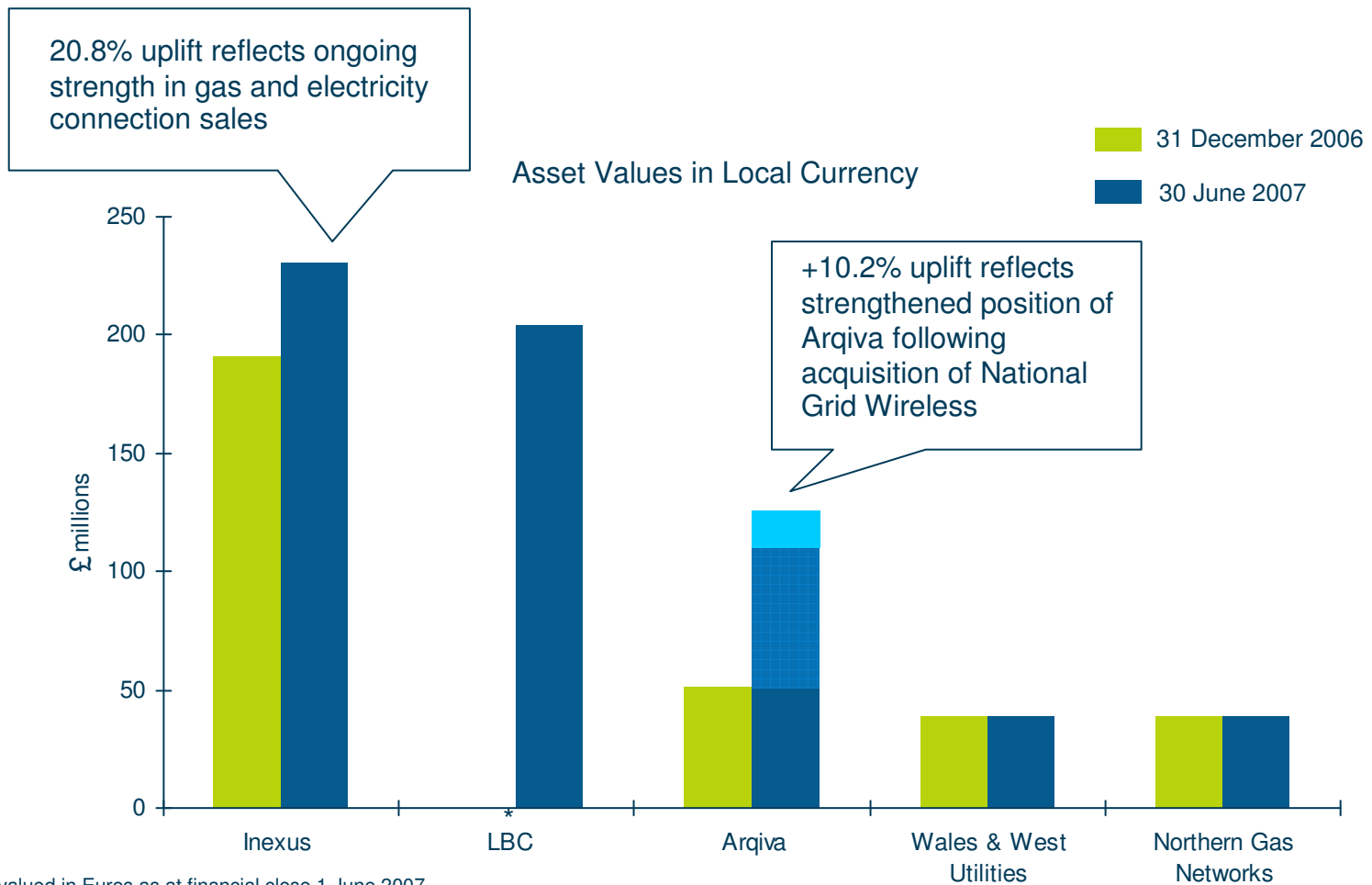
Growing distributions

- FY07 full year distribution upgraded to 32.1cpu from 28.8cpu at interim results
- 6% forecast distribution growth in FY08
- Medium term distribution growth guidance of 5% pa
- Tax effective distributions,
 - 86% tax deferred in FY07
 - Forecast 65% tax deferred in FY08



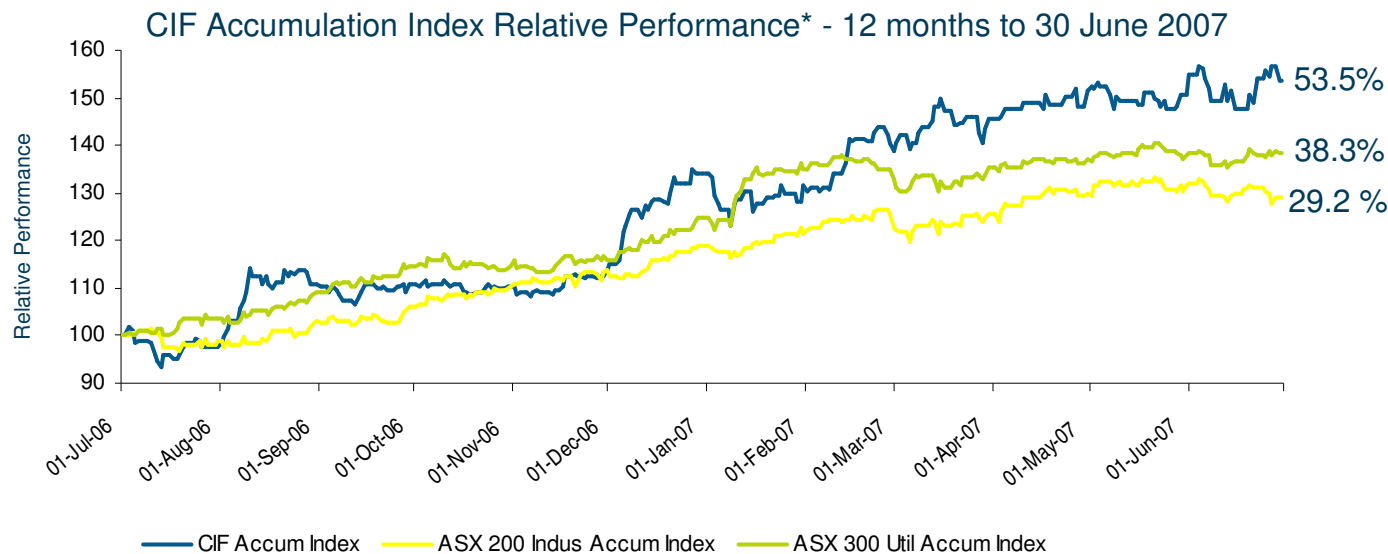
Growth in asset values

- NAV increased 5% to \$4.10 from \$3.90 as at 31 December 2006



Strategy is delivering

- For 12 months ended 30 June 2007 , CIF delivered
 - 37.2% price return
 - 53.5% total return
- Market Capitalisation¹ \$1.4bn² increased from \$298m³ at beginning of period
- CIF included in the S&P/ASX 300 from March 2007



¹ Includes Class B Securities which convert to ordinary securities on 1 July 2008

² Based on CIF closing price as at 13 August 2007 of \$4.00

³ Based on CIF closing price as at 1 July 2006 of \$1.23

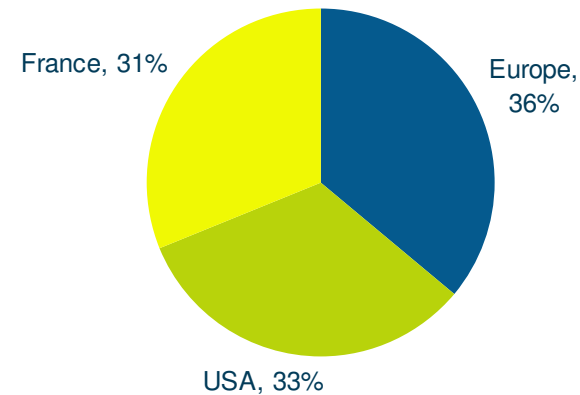
* Source: IRESS. Base: 1 July 2006 = 100

Asset Update

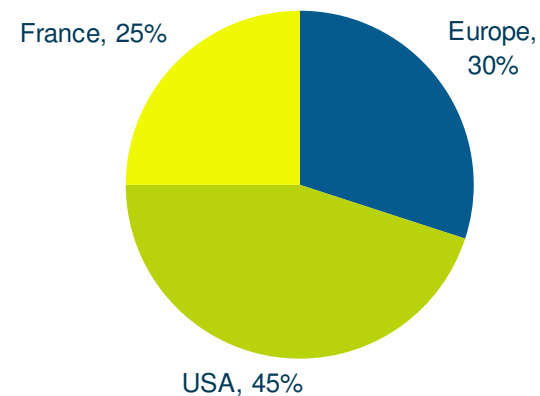
LBC

- 96% capacity utilisation for 6 months ended 30 June 2007
 - 92% utilisation in France
 - 95% utilisation across the rest of Europe
 - 99% in North America
- Maintenance capex expected to be €10-15m in FY08
- Expansionary capex on target
 - ERTISA joint venture is underway
 - Approved construction of 6 x 100,000bbl tanks for Houston in 2008
- Outlook
 - LBC on track to deliver EBITDA growth driven by identified expansion projects
 - Forecast €53.7m EBITDA in CY07
 - Forecast €70.9m EBITDA in CY08

FY07 Revenue by region



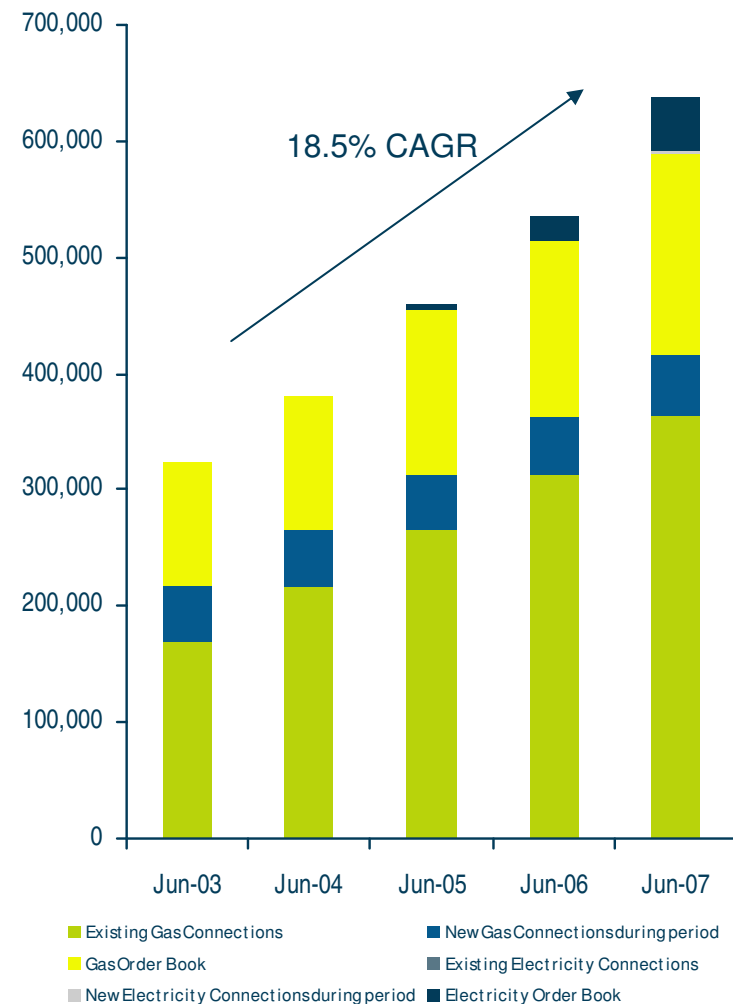
FY07 EBITDA by region



Inexus

- Gas maintaining market leading position
 - Sales exceeded budget by 21%
- Electricity exceeding expectations
 - Sales exceeded budget by 25%
- 30% growth in the order book
 - Average duration increased to 4 years reflecting larger gas and electricity contracts
- Regulatory update
 - Ofgem : Continue to work towards securing a price regime for electricity
 - Ofwat: Application made for water licence
 - Expected outcome for both matters by end 2007
- Outlook
 - Continued competitive advantage from bundling gas and electricity
 - Water business roll out once licence obtained

Total Connections – 30 June 2007



Arqiva

- Progression towards DSO is underway and on schedule
 - Antenna systems and mast strengthening programme on schedule
 - Scottish Border region will be the first to switch to digital only in 2008/09
- Contract wins cement Arqiva leading provider of digital terrestrial services
 - Secured 4 of the 4 multiplexes that were put out to tender
 - Signed BBC (2 multiplexes) worth approximately £1.8bn, running to at least 2031
 - Signed Digital 3 & 4 worth approximately £1bn, running to 2034
 - Signed SDN worth approximately £500m, running to 2034
- Outlook
 - Ongoing opportunities from technological developments
 - Transition to digital from analogue
 - Developing integrated technology approach for shared systems (2G, 3G, WiFi etc)
 - Increased demand for tower infrastructure to meet needs of mobile consumers
 - Until regulatory approval received continue operate NGW under “Hold separate” agreement

Digital Switchover.....what's involved

- Analogue will be progressively switched off and replaced with high powered digital transmission
- 5,000 analogue and 500 digital transmitter systems replaced with 4000 digital transmitter systems at 1,154 sites
- Estimated industry cost £500m

Gas Distribution Networks

- Ongoing upgrade of networks
 - UK Health and Safety Executive has enforced nation wide iron gas mains replacement programme
 - 5 years into 30 year replacement programme
 - 100% recoverable (50% through RAV and 50% allowed revenue)
- Summer 2006 hottest in 300 years
 - Impacted volumes and revenue yet no impact on distributions
- Interim pricing review reduced risks associated with five year review
 - Gas shrinkage price risk passed through
 - Step towards removing the impact of weather on revenue
 - Applies April 2007 until March 2008
- Five year price control review to be received in December 2007
 - Initial proposal from Ofgem received, consultative process underway
 - Networks working towards an “availability” type pricing structure
 - Once received will have period of regulatory stability

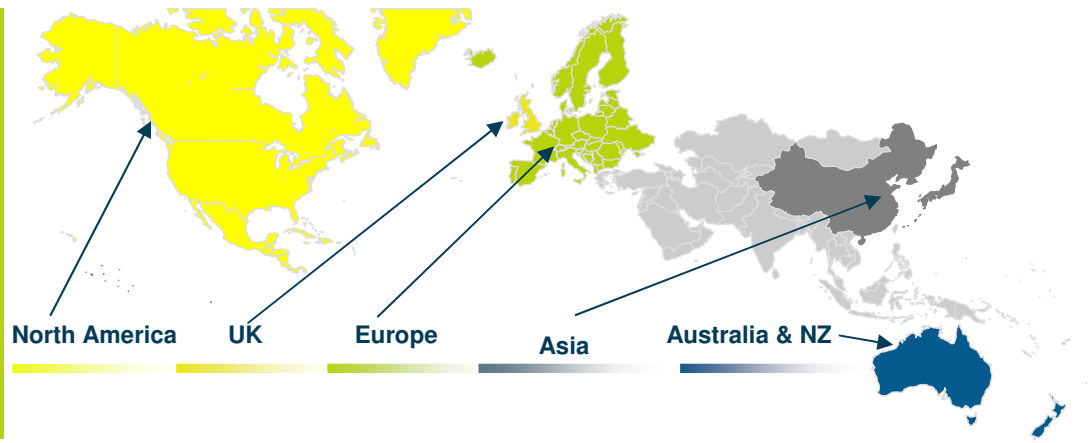
Outlook

Investment strategy

What is a CIF Opportunity ?

Growth orientated utility and infrastructure assets with:

- Long-term predictable income streams
- Potential for capital growth



Market Position

- Regulated industry or near monopoly market position
- High barriers to entry

Financial Attraction

- Strong cash generation
- Long term predictable cashflows

Growth Potential

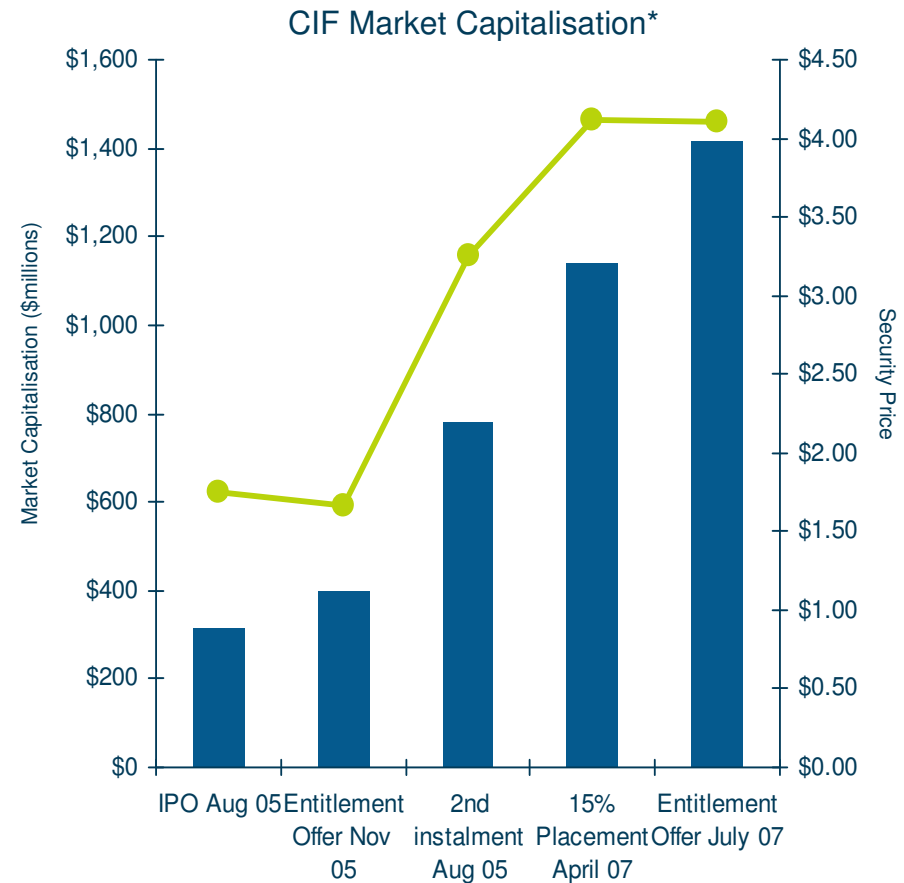
- Organic growth
- Consolidation
- Aggregation / Disaggregation

Ownership Level

- Full ownership
- Majority ownership
- Negative control
- Strategic stakes

Flexibility and capacity

- Manager is focused on delivering
 - Acquisition flexibility for the Fund
 - Optimal capital structure for the assets
- Balance sheet flexibility increased
 - \$802m of equity raised during FY07**
 - \$264m immediately funded investments
 - \$538m paid down debt drawn to fund acquisitions
 - \$245m acquisition facility put in place
- Capacity for future acquisitions
 - Debt free at the Fund level
 - Undrawn acquisition facility
 - Security holders meeting on Tuesday 9 October 2007 to refresh placement capacity



* Includes Class B securities which convert to Class A securities on 1 July 2008. Full reconciliation in Appendix 10

** Sum of \$420m from Second instalment, \$134m from 15% placement, \$248m from Entitlement Offer launched 18 June 2007, final allotment 19 July 2007

Outlook

- CIF's assets will continue to deliver predictable income streams and organic growth
 - Fund and Asset management teams focused on developing and delivering organic growth strategies
- On track to meet FY08 guidance of 34.0cpu
- Confident in medium term guidance of 5% distribution growth pa
- Maintain disciplined acquisition approach to continue to build a diversified global portfolio of high quality infrastructure and utility assets

Questions

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Appendices

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Appendix 1

Financials

	FY07*	FY06**	% change
Total revenue [^]	\$134.0m	\$82.6m	62%
EBITDA & unrealised items [^]	\$79.0m	\$56.7m	39%
Assets Under Management	\$1,352m	\$743m	82%
Distributions to security holders	\$83.6m	\$34.1m	Large
Full year distribution per security	32.1cpu	14.2cpu [']	Large

[^] CIF consolidated






* FY07 includes one month of LBC in the consolidated accounts. LBC will make a 13 month distribution in FY08 and make no contribution to distributions in FY08

** FY06 represents only 10 months of Inexus

['] CIF was partly paid at \$1.75 in FY06

Appendix 2

FY07 distribution – actual vs 2007 PDS

Source		2007 Actual (\$m)	vs PDS (\$m)	Reflecting
Inexus		48.2	47.0	Timing benefit
Arqiva		12.3	12.4	Inline
Wales & West Utilities		7.0	7.1	Inline
Northern Gas Networks		8.6	8.6	Inline
Other		5.4	4.3	Net Interest on increased cash holdings

Appendix 3 - Reconciliation of FY07 EBITDA; Consolidated to CIF Parent

	FY07 Actual A\$M
Consolidated EBITDA	79.0
Inexus EBITDA	(46.5)
LBC EBITDA	(6.0)
Distributions from Controlled Investments	47.9
Other items*	0.9
CIF Parent EBITDA	75.3

* Comprised of Inexus and LBC external interest income and other CIF fund level items not included in the CIF Parent EBITDA

Appendix 4

CIF Parent EBITDA vs Forecast

CIF Parent	FY07 Actual \$m	FY07 PDS \$m	Variance PDS \$m	Notes
Investment revenue				
Distributions - Minority Investments	28.9	29.1	(0.2)	Movements due to FX.
Distributions - Controlled Investments	47.9	46.7	1.2	Inexus distribution timing difference
Other income (*)	8.4	16.6	(7.2)	See below
Total Investment revenue	85.2	92.4	(6.2)	
Management fees	(9.6)	(9.6)	-	No difference
Operating expenses	(1.0)	(1.1)	0.1	Timing difference
CIF Parent EBITDA	75.3	81.7	(6.2)	

* Other income comprises of \$7.2m external interest income and \$1.2m of cash brought forward. The \$7.2m variance is attributable to realised P&L on settlement of FX hedge contracts on 30 June 2007.

Portfolio – Summary

	Equity ownership	Description of Business
Inexus	80.4%	Leading Independent Gas Transporter (IGT) and Independent Distribution Network Operator (IDNO) in the UK, providing the 'last mile' of gas and electricity connections to new dwellings.
LBC	66.0%	Second largest independent operator of storage terminals for bulk liquid chemicals globally.
Arqiva	6.3%	A leading national broadcast transmission and site leasing infrastructure provider.
Wales & West Utilities	8.6%	A regulated gas distribution business located in Wales and the south-west of England.
Northern Gas Networks	5.8%	A regulated gas distribution business located in the north of England.

Appendix 6

Portfolio – Hedging summary

	Inflation	Interest rates	Foreign exchange
Inexus	Direct regulated price adjustment	100% of borrowings hedged to 2030	Forecast distributions hedged on rolling 5 year basis
LBC	Contracts have annual inflation and cost escalation clauses	100% of current borrowings are hedged until 2012	Forecast distributions hedged on rolling 5 year basis
Arqiva	Contracted price adjustments	100% of current borrowings are hedged until 2012	Forecast distributions hedged on rolling 5 year basis
Wales & West Utilities	Regulated WACC	96% of borrowings hedged to 2008 then greater than 85% for a further 5 years	Forecast distributions hedged on rolling 5 year basis
Northern Gas Networks	Regulated WACC	94% of borrowings hedged to March 2008 with further hedging to be put in place once received 5 year regulatory review	Forecast distributions hedged on rolling 5 year basis

Appendix 7

Asset – Financials

	Revenue (£m)		EBITDA (£m)		EBITDA margin (%)	
	FY06	FY07	FY06	FY07	FY06	FY07
Inexus*	23.3	32.0	13.6	18.9	58.3	59.1
Arqiva	323.4	362.8	122.1	127.3	37.8	35.1
Wales & West Utilities	230.8	233.8	57.2	52.3	24.8	22.4
Northern Gas Networks	280.1	260.9	95.8	80.0	34.2	30.7
	6 months to 30 June 06		6 months to 30 June 06		6 months to 30 June 06	
LBC(€)**	66.7		24.5		36.7	

* 2006 numbers are for 10 months only

** CIF acquired LBC 1 June 2007

Appendix 8

Asset – Distributions

	Distributions paid to CIF (cps)		Forecast distribution to CIF (cps)
	FY06	FY07	FY08
Inexus	3.9	18.5	15.2
LBC*	n/a	n/a	8.9*
Arqiva	7.7	4.7	6.6
Wales & West Utilities	2.8	2.7	2.2
Northern Gas Networks	2.3	3.3	2.4

Appendix 9

Asset – Valuations

	31 Dec 2006 Asset Values in local currency (£ millions)	30 June 2007 Asset Values in local currency (£ millions)	Change in independent valuation 30 June 2007 in local currency	31 Dec 2006 Asset Values in Australian dollars (millions)	30 June 2007 Asset Values in Australian dollars (millions)	Change in independent valuation 30 June 2007 in Australian dollars
Inexus	190.9	230.7	20.8%	474.0	545.5	15.1%
LBC	N/A	€203.9	Unchanged	N/A	323.7	(3.7%)
Arqiva	51.2 ¹	126 ¹	10.2%	127.1 ¹	298.0	5.8%
Wales & West Utilities	38.8	38.8	Unchanged	96.3	91.8	(4.7%)
Northern Gas Networks	38.9	38.9	Unchanged	96.6	92.0	(4.8%)
Totals				794.0	1,351.0 ²	

Appendix 10

Reconciliation of securities on issue

Date	Description	Securities on Issue		Total Securities Issued
		Class A	Class B	
30-Jun-06	Opening Balance	149,985,716	89,991,430	239,977,146
09-Oct-06	Management Fees	853,622		
		150,839,338	89,991,430	240,830,768
02-Jan-07	Conversion to Class A	44,995,715	(44,995,715)	
		195,833,053	44,995,715	240,828,768
05-Feb-07	Management Fees	1,051,124		
		196,886,177	44,995,715	241,881,892
27-Apr-07	Placement	34,377,538		
		231,263,715	44,995,715	276,259,430
05-Jul-07	Institutional Entitlement	52,536,022		
		283,799,737	44,995,715	328,795,452
19-Jul-07	Retail Entitlement	16,528,310		
		300,328,047	44,995,715	345,323,762
20-Jul-07	Management Fees	1,434,134		
16-Aug-07	Closing Balance	301,762,181	44,995,715	346,757,896
1-Jul-08	Class B's convert to A's	44,995,715	(44,995,715)	
		346,757,896	-	346,757,896

Appendix 11

Inexus – Connections snapshot

	Jun-05	Jun-06	Jun-07
New gas sales	62,869	67,035	77,278
New electricity sales	5,229	15,365	28,641
Opening gas connections	265,028	314,006	364,535
New gas connections constructed	48,978	50,529	51,343
Closing gas connections	314,006	364,535	415,878
Opening electricity connections	0	55	983
New electricity connections constructed	55	928	2,589
Closing electricity connections	55	983	3,572
Total Connections	314,061	365,518	419,450
Total Order Book	145,701	168,553	218,461
Total Connections & Order Book	459,762	534,071	637,911