

Challenger Infrastructure Fund

Acquisition of LBC Terminals

Steve Bickerton, Fund Manager

19 April 2007



Important notice

Information contained in this publication is current as at 19 April 2007 unless otherwise specified and is provided by Challenger Listed Investments Limited (ABN 94 055 293 644) (AFSL 236887) (“Challenger”), as Responsible Entity of CIF Investment Trust 1 (ARSN 114 139 703) and CIF Investment Trust 2 (ARSN 114 139 632) (the “Fund”). This document has been prepared for general information purposes only and not with regard to any particular recipient’s financial situation, objectives or needs nor to solicit offers or invitations for the Fund’s securities. Nothing contained in this document constitutes investment, legal, tax or other advice. Accordingly, recipients should, before acting on any information in this document, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision.

Challenger makes no representation, gives no warranty and does not accept any responsibility for the accuracy or completeness of any recommendation, information or advice contained herein. To the maximum extent permitted by law, the recipient releases Challenger, each member of the Challenger Financial Services Group, their directors, officers, employees, representatives and advisors from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising in relation to any recipient relying on anything contained in or omitted from this document.

Past performance is no guarantee or assurance as to the future performance, profitability or capital value of the Fund or its securities. Any forward looking statements included in this document are by nature subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Challenger, so that actual results or events may vary from those forward looking statements.

Challenger, or persons associated with it, may have an interest in the securities or financial products mentioned in this document and may earn fees as a result of transactions in any such securities or financial products.

Agenda

1. Summary
2. LBC – Business highlights
3. CIF – Fund Impact
4. Funding
5. Questions

Transaction Summary

- A CIF led consortium has entered into an agreement to acquire 100% of LBC Group (“LBC”) for an enterprise value of €565m
 - CIF estimates 2008 EBITDA €73 million, representing an EBITDA multiple of 8.2 times*
 - CIF will invest €203 million (A\$331m) representing 66% of LBC
- CIF will fund its investment via:
 - Immediate equity placement to raise A\$131-138m
 - 3 year acquisition facility of up to A\$203m, primarily repaid from the subsequent entitlement offer
- LBC is one of world’s leading independent bulk liquid storage companies
 - 2nd largest independent operator of storage terminals for liquid bulk chemicals globally
 - 2.2 million m³ of liquid storage capacity spread over 12 terminals in Europe and the United States
 - Over 10.5 millions tons of product throughput annually
 - Strong growth prospects

***EBITDA multiple calculation includes an estimated €30m of capital expenditure that will be funded prior to financial close**

Transaction Summary (con't)

- LBC was secured via negotiation
 - Identified and originated by Challenger Asset Management
 - 8 weeks of due diligence completed
 - CIF to have control through a majority Board representation
- Post the transaction and capital raisings, CIF is expected to:
 - Deliver June 2007 distribution of 32.1cpu in line with previous guidance
 - Deliver June 2008 distribution of 34.0cpu
 - Medium term distribution guidance upgraded to 5% p.a. growth
 - Forecast June 2007 tax deferred guidance of at least 80%
- Portfolio benefits for CIF
 - Total asset portfolio will grow to over \$1.3bn
 - 63% of the asset value now represented by majority owned assets
 - Enhances growth profile
 - LBC adds to Fund's growth bias
 - Increases geographic diversification
 - 73% in UK, 17% in US, 10% in Europe (previously 100% in UK)

Strategic rationale for bulk liquid storage exposure

Bulk liquid storage terminals are high quality infrastructure

- **Significant barriers to entry**
 - Proximity to producers/customers and transportation creates natural barriers
 - Capital intensive industry
 - Barriers enhanced by complexity of safety and environmental permits required to operate
- **Strategic assets, difficult to replicate**
 - Limited availability of alternate and viable sites
 - Significant construction costs (CIF estimates LBC replacement cost estimated at €900m)
 - Maintenance capex costs low as a share of revenue
- **Integral part of the supply chain**
- **Relatively inelastic demand**
 - Chemical demand grows with underlying GDP per annum growth
 - Storage costs are 2-5% of total production costs limiting customer churn
- **Stable and sustainable revenues**
 - Majority of revenues under take-or-pay contracts, indexed to inflation with credit worthy counterparties

LBC – Essential Infrastructure

Meets all of 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 placing assets in strategic position
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 low incremental opex 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"> 340,915 m³ of contracted growth over next 3 years (15% increased capacity) 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

Agenda

1. Summary
2. LBC – Business highlights
3. CIF – Fund Impact
4. Funding
5. Questions

LBC – Independent chemical storage

Chemical storage is an integral part of chemical production infrastructure

- 3 types of bulk liquid storage:
 - Liquid chemicals (LBC focus)
 - Petroleum products
 - Edible oils
- Bulk liquid storage facilities are integral to bulk chemicals supply chain
 - Products require storage between production, shipping and delivery
 - Forward supply avoids disruption to production
 - Terminal operator does not take title to products being handled
- Increasing demand for independent storage driven by:
 - Chemical companies increasing focus on core competencies and cost efficiencies
 - Storage operators have specialised expertise to meet compliance requirements

Chemical Storage – Integral to supply chain

Storage enables timely and consistent supply of chemicals to manufacturers

Eg of Chemicals stored

- Bitumen
- Caustic soda
- Palm oil
- Sulphuric acid
- Soya bean oil
- Marine oil

Industry Customers



Products made

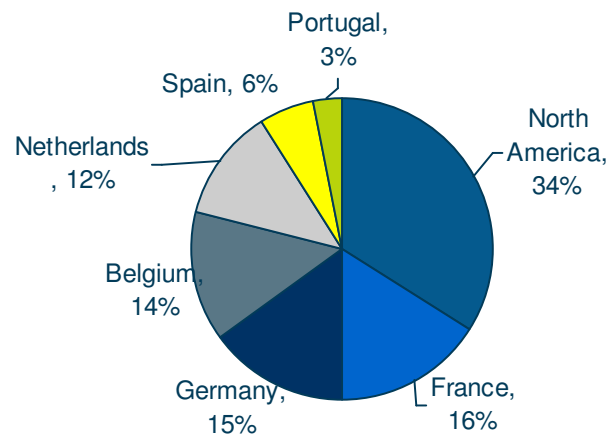


LBC – Market leader

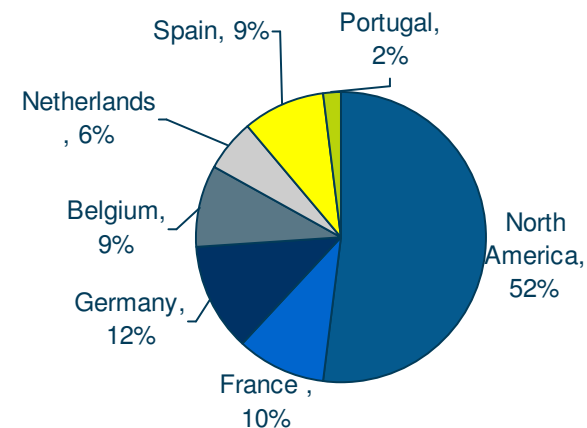
LBC is a market leader in stable, growing, global market

- LBC #2 independent storage terminals company globally
 - 2.2m cubic metres of capacity
- LBC is most chemical focused independent storage terminals company
 - 90% of capacity dedicated to chemicals
- Revenue diversified across 12 terminals, 180 products, 1,000 tanks and 400 contracts
 - No one customer contributes more than 10% of revenue
- Identified near-term, expansion opportunities underpinned by long term contracts

LBC 2006 revenue by terminal



LBC 2006 EBITDA by terminal



LBC – Terminals in key locations

LBC's terminals strategically located in worlds highest petrochemical activity regions

Houston:

- #1 petrochemical region globally
- c.40% of the US chemical production capacity
- US is 22.1% of total global sales volume¹
- US sites owned by LBC

The A-R-A region (Antwerp-Rotterdam-Amsterdam):

- #2 petrochemical region globally
- c.50% of Europe's petrochemical activity
- Western Europe accounts for 27% of total global chemical consumption (based on sales)¹
- European sites subject to long term leases over the land

Baton Rouge
Houston

Rotterdam
Antwerp
Le Harve
Bayonne
Nantes
Santander
Lisbon
Marseille
Cartagena

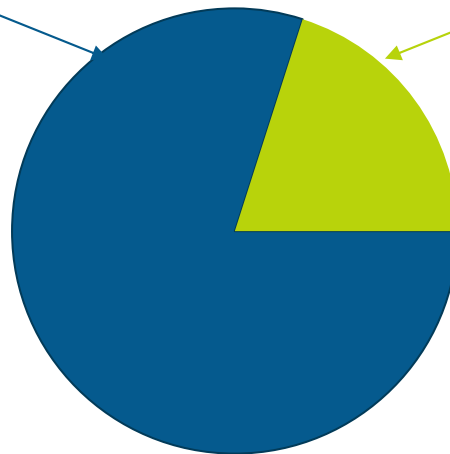
¹ Sources: ABIQUIM, ADB, ANIQ, CEFIC, Statistics Canada, United Nations, American Chemistry Council estimates

Once built, terminals are highly cash generative

Revenue generated from 'rental' fee for capacity on take or pay basis

Storage – approx 80% of revenues

- **Rental fee** for tank space made available charged on take or pay basis;
plus
- **Throughput charge** for volume of product moving through



Value added services – approx 20% of revenues

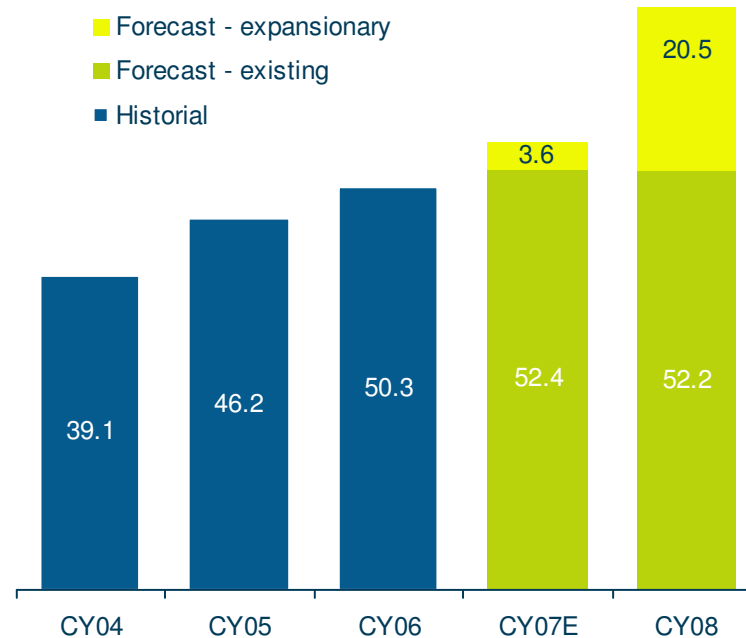
Range of services include

- Product improvement services (e.g. blending of antifreeze, drumming)
- Handling of hazardous chemicals (e.g. vapour recovery and destruction, waste and waste water treatment)

LBC – Attractive returns

- EBITDA margins between 34-40% reflects strong cash flows
- Stable utilisation rate of greater than 90%
- Low maintenance capex requirements – estimated between €10 – 15 million
- Strong forecast EBITDA growth driven by identified expansion projects

LBC EBITDA (€m) – historical and forecast



Source: CIF estimates

LBC - Strong customer relationships

Top 9 contracts based on relationships of greater than 10 years

- Customers and LBC's operations are mutually interdependent
- Long term relationships built on proven track record
- Approximately 40% of 2006 revenue from nine customers and across a range of terminals
 - All nine have relationship with LBC over 10 years
 - Some of the larger relationships are greater than 25 years
- Complexity of switching hinders customer churn
 - Churn hindered by complexity of IT, transport changes and length of time to do so (typically 3-6 months)
 - Storage typically 2-5% of total production costs reducing pricing as a determinant of provision of logistics

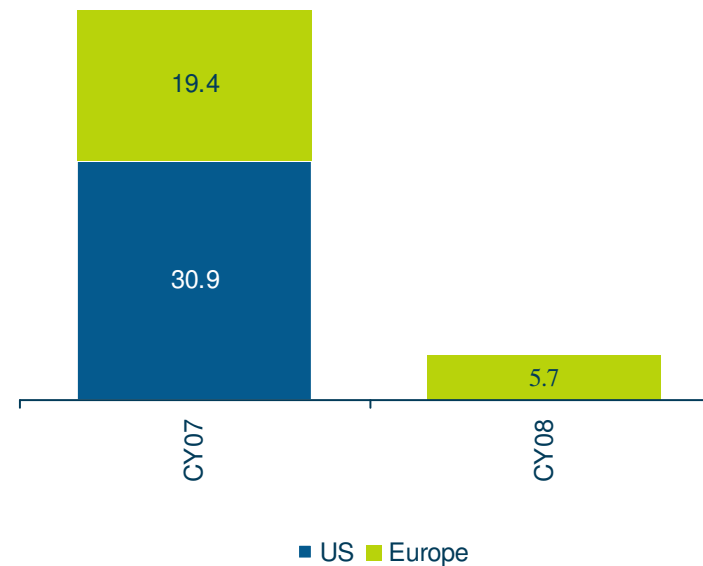


LBC - Strong growth prospects

Growth projects typically contracted prior to initiation of project

- Customers contract their future capacity needs with LBC ahead of construction
- LBC has €56 million of contracted planned expansion capex for 2007 and 2008
- Increasing chemical production from China and Middle East positive for LBC
 - Drives demand for storage capacity needed to take delivery of chemicals being imported

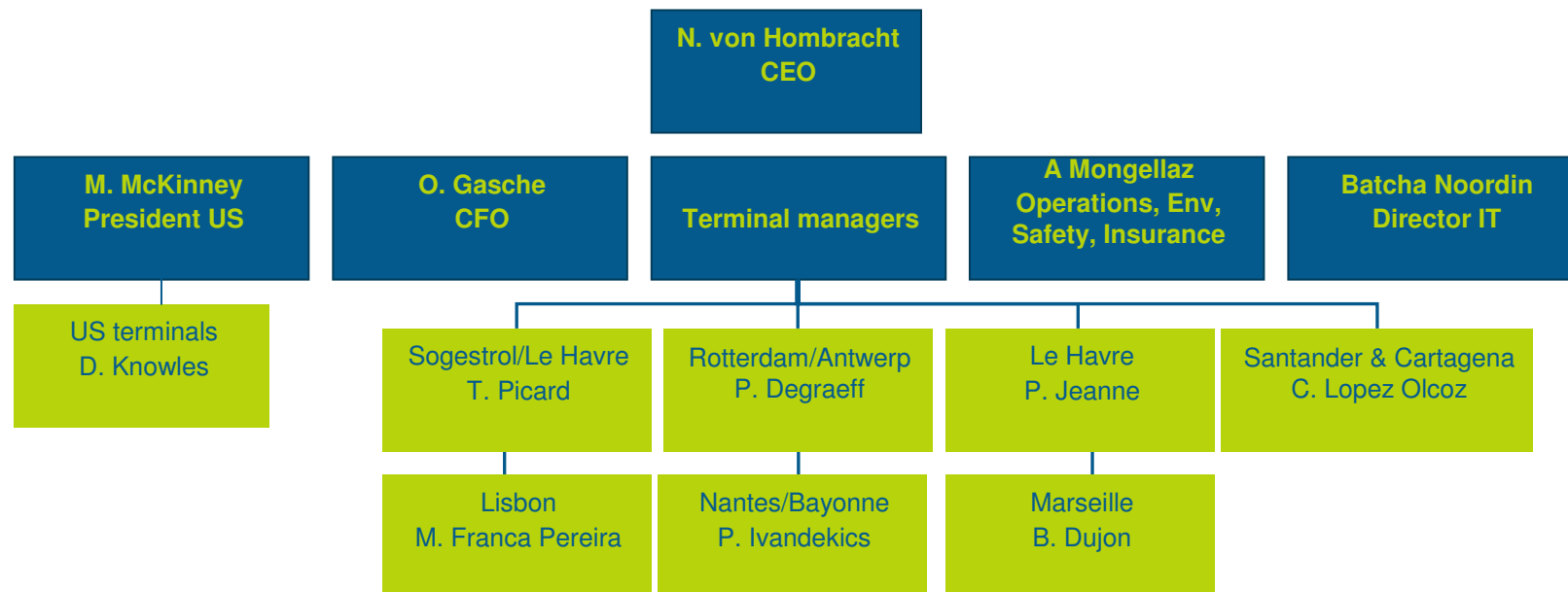
Contracted capex – by region



LBC - Management aligned and experienced

Incentivised and experienced Management with strong industry relationships

- Management team has strong relationships with customers, regulators and authorities
- LBC's senior management has an average of 20yrs experience in industry
- Key management to be included in a new long term incentive plan

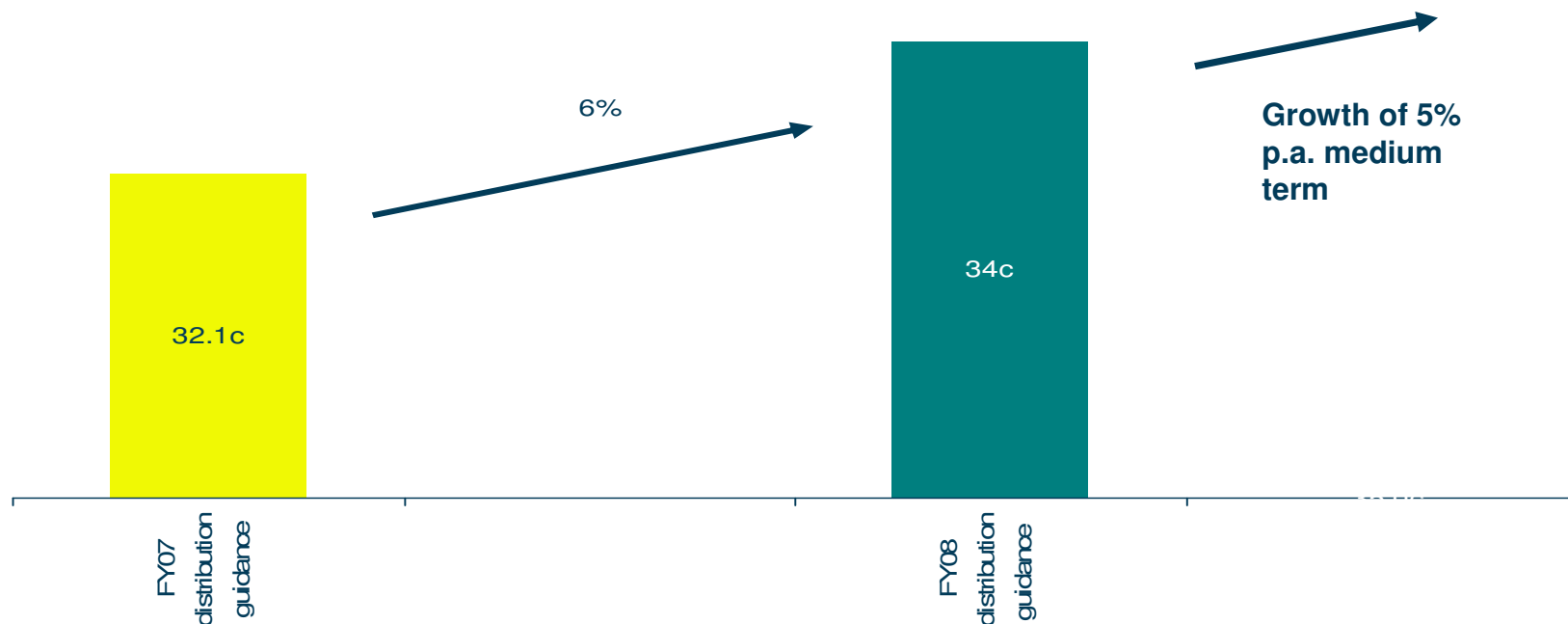


Agenda

1. Summary
2. LBC – Business highlights
3. **CIF – Fund Impact**
4. Funding
5. Questions

CIF - Distribution guidance

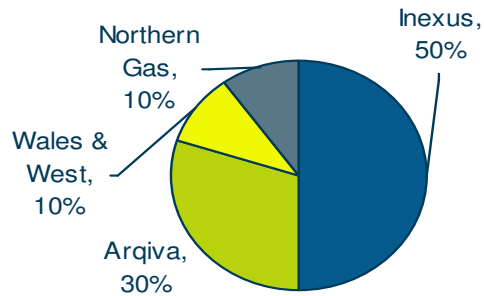
- FY07 distribution guidance re affirmed at 32.1cpu
- FY08 distribution guidance of 34cpu
- Medium term distribution guidance to upgraded to 5% growth p.a.
 - Forecast tax deferred guidance maintained at 80% for FY07
 - Increased growth outlook from ongoing strong performance of existing and acquired assets
- Distributions will be hedged on a rolling 5 year basis in line with CIF's currency hedging policy



CIF - Portfolio impact

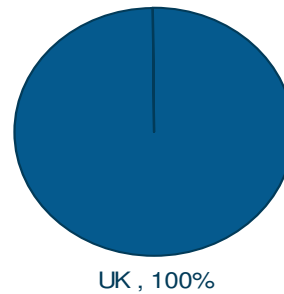
LBC provides CIF with significant sectorial and geographical diversification

By asset

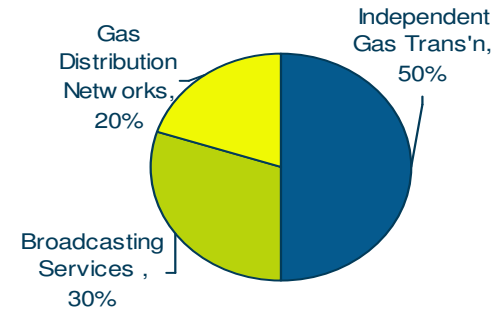


Pre-acquisition

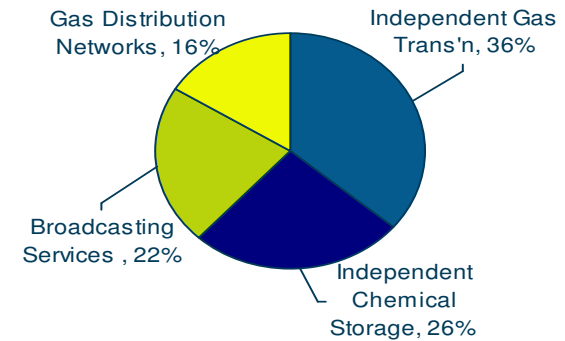
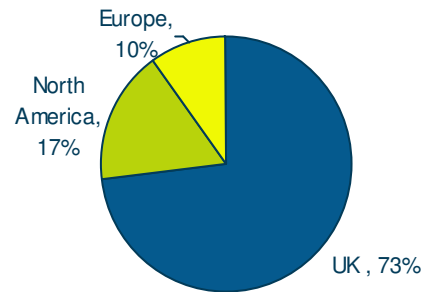
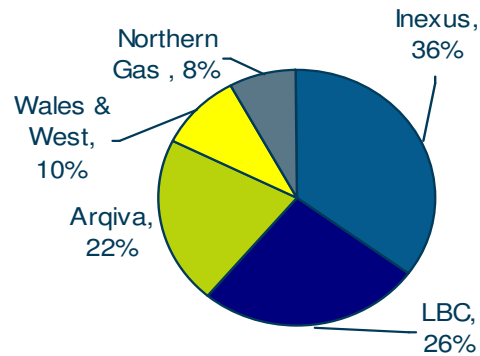
By geography



By sector



Post-acquisition



CIF - Portfolio update

Existing assets continue to deliver strong operational performance

Inexus

- New gas connections market share maintained at 60%
- New electricity connections business continues to expand presence
- Continue to develop water connections business
 - Water licence applied for

Arqiva

- Successfully acquired National Grid Wireless
- Appointed preferred supplier for SDN's new high-power digital terrestrial TV (DTT) (wholly-owned subsidiary of ITV plc)
- Acquisition of BT Satellite Services completed

Gas Distribution Networks

- Northern Gas Networks and Wales & West continue to work towards 5 year regulatory review due December 2007
 - Initial Ofgem feedback on 5 year pricing review proposals due in June

Agenda

1. Summary
2. LBC – Business highlights
3. CIF – Fund Impact
4. **Funding**
5. Questions

CIF - Sources and uses of funds

- CIF will fund its investment via a combination of debt and equity
 - Immediate equity placement of 34.4m Class A securities to raise A\$131-138m
 - 3 year acquisition facility of up to A\$203m to be repaid primarily with the proceeds primarily from an entitlement offer

Indicative Sources	A\$m	Indicative Uses	A\$m
Equity – placement	131 – 138	66% interest in LBC	331
Acquisition facility – fund level	196 - 203	Costs	3
Total	334	Total	334

CIF placement details

Offer size	<ul style="list-style-type: none">• Issue of approximately 34.4 million Class A Securities
Structure	<ul style="list-style-type: none">• Institutional placement• Trading halt – up to 2 days with bookbuild• Offer open to Australian and certain international institutional investors• Placement will not be sold to investors in the US, Canada or Japan
Ranking	<ul style="list-style-type: none">• Placement securities will rank for the June 2007 distribution• Placement securities will rank for the entitlement offer
Pricing	<ul style="list-style-type: none">• \$3.80 to \$4.00 per security – represents FY08 yield of 8.5% - 8.9%• Low end of the range represents 8.1% discount to 5 day VWAP
Timing	<ul style="list-style-type: none">• Offer opens immediately and closes 3:00pm 20 April 2007• Settlement – 26 April 2007• Allotment – 27 April 2007
Joint Lead Managers and Underwriters	<ul style="list-style-type: none">• Deutsche Bank and UBS
Participation of major investors	<ul style="list-style-type: none">• Consensus to take up pro-rata interest in placement• CGF plans to participate in the subsequent entitlement offer

Summary

- Strong distribution outlook
 - Deliver June 2007 distribution of 32.1cpu in line with previous guidance
 - Deliver June 2008 distribution of 34.0cpu
 - Medium term distribution guidance upgraded to 5% p.a. growth
 - Forecast tax deferred guidance maintained at 80% FY07
- LBC meets CIFs investment criteria
 - Delivers long term predictable income and growth potential
- CIF's assets under management increased to \$1.3bn
- CIF now geographically diversified across UK, Europe and US

Agenda

1. Summary
2. LBC – Business highlights
3. CIF – Fund Impact
4. Funding
5. Questions









Appendix

LBC - Risk factors

	Risk	Mitigant
Environmental	<ul style="list-style-type: none"> Environmental liabilities Ongoing environmental compliance 	<ul style="list-style-type: none"> Appropriate and comprehensive environmental insurance Environmental compliance costs identified and provisioned for
Industry volatility	<ul style="list-style-type: none"> Decrease in demand for chemical storage capacity 	<ul style="list-style-type: none"> Chemical production grows inline with GDP Revenue predominantly take-or-pay contracts No future/spot market for chemicals Stores 180 different essential chemicals
Customer dependency	<ul style="list-style-type: none"> 75% of LBC's revenue sourced from top 20 customers Some customer-specialised facilities 	<ul style="list-style-type: none"> Contracts diversified across customers and regions High level of interdependency between storage and customers Not one customer responsible for more than 10% of revenue
Competition	<ul style="list-style-type: none"> Increase in competition 	<ul style="list-style-type: none"> Competition unable to access viable sites and operating permits Requires niche product knowledge and experience
Lease termination	<ul style="list-style-type: none"> Existing long-term leases are not renewed or terminated early 	<ul style="list-style-type: none"> LBC owns the land in US and Marseille Essential infrastructure with negative economic consequences for chemical producers and customers if removed

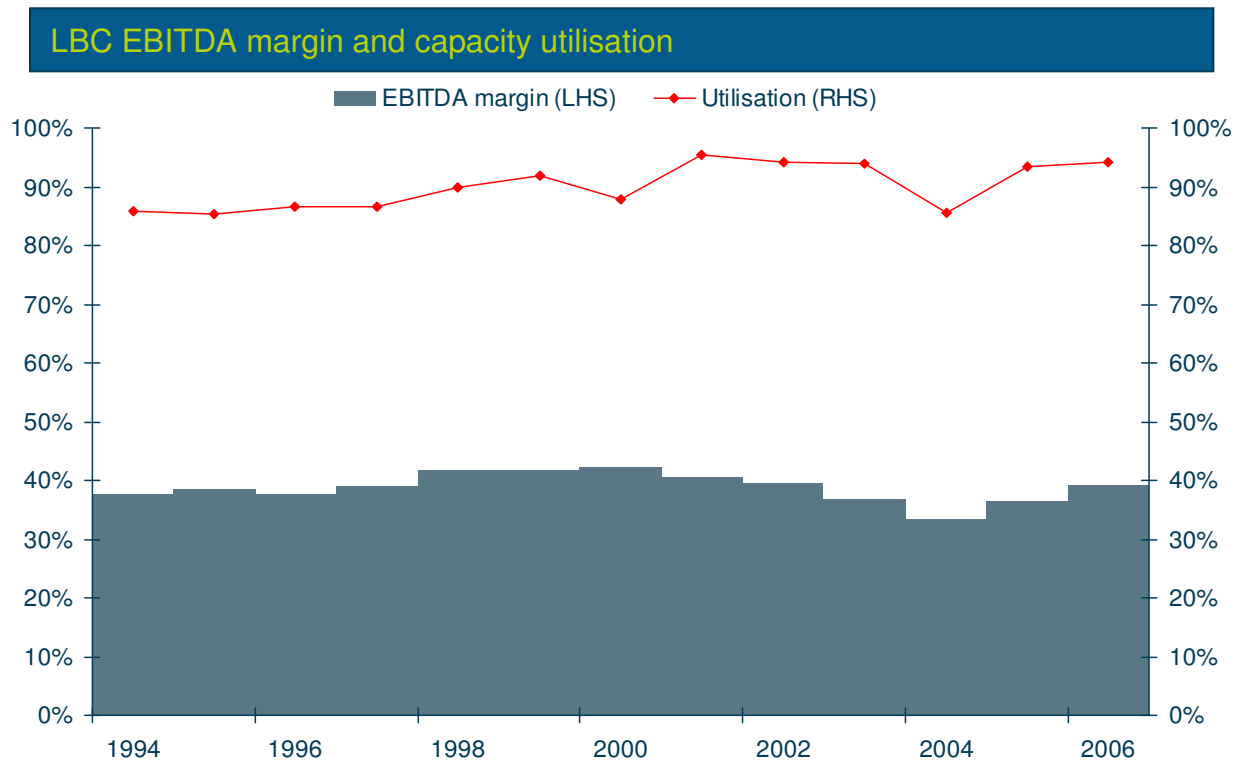
LBC - major customer contracts

Customer contracts

Customer	Length of relationship
 Celanese	28 years
	46 years
	26 years
	13 years
	26 years
	16 years
	19 years
	12 years

LBC – Strong margins and high utilisation

- EBITDA margins between 34-40% reflects strong cash flows
- Stable utilisation rate of greater than 90%



Asset Acquisition - sources and uses of funds

Indicative Sources	€m	Indicative Uses	€m
Equity		Acquisition	565
- CIF	203	Reserves	15
- Third parties	106	Capex	32
	309	Other	57
Debt			
- Senior	321		
- Mezzanine	39		
-Total	669	Total	669