Challenger Infrastructure Fund

Full Year Results Presentation – August 2010

Chief Executive – Emil Pahljina

19 August 2010

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CIF - FY10 Operating summary

Resilient operating performance

- Solid EBITDA performance from both LBC and Inexus
- Proven earnings resilience in difficult markets
- Confirmation of final year distribution of 7cpu to be paid 30 August 2010, bringing FY10 distribution to 14cpu
- Guidance for 1H11 of 7cpu

Significant growth opportunities

- Inexus to focus sales activity on bundled offerings to strategic projects to capitalise on regulatory and consumer trends
- Build out of existing LBC land bank in key strategic hubs to meet strong demand for storage of petroleum products and base oils

Financial flexibility

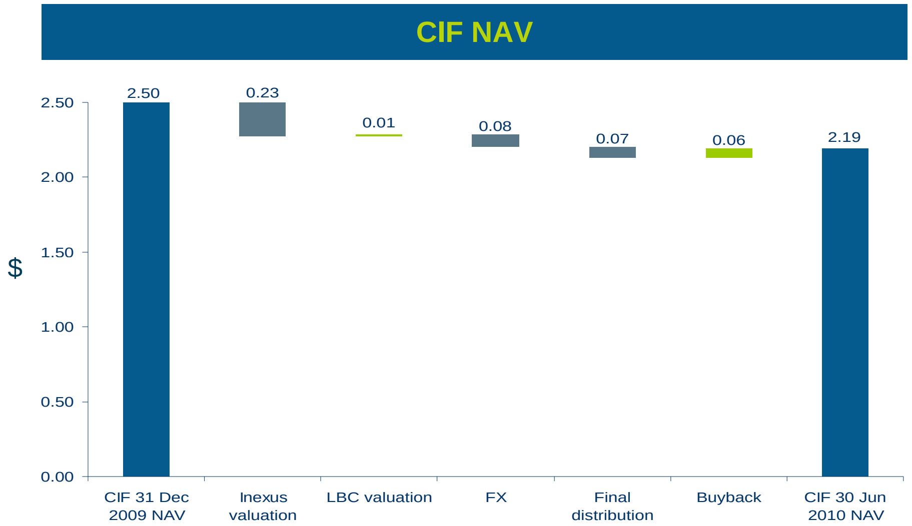
- Significant fund level deleveraging via sale of Southern Water and repayment of RPS
- Available cash resources to support identified significant growth opportunities

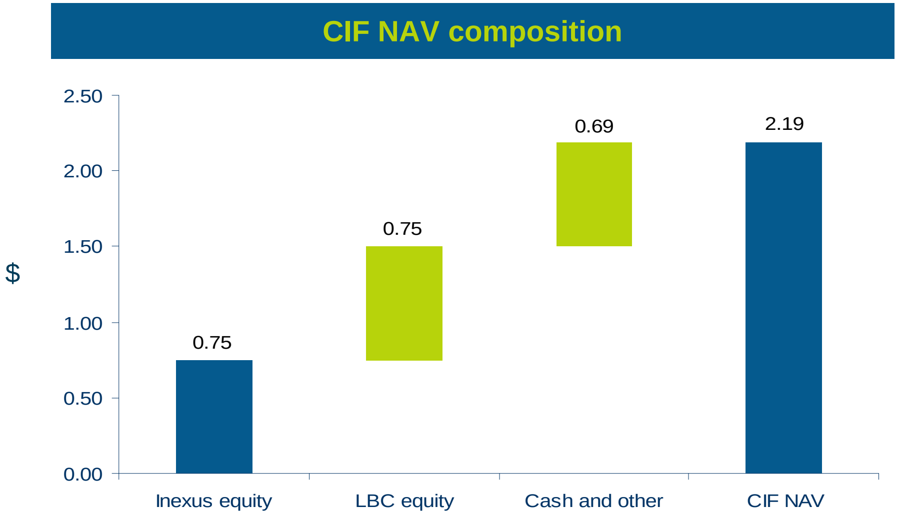
CIF - Financial performance

$A millions – Continuing Business[1] Statutory Results	FY10	FY09	% Mvt
Proportionate EBITDA[2]	$156.5	$149.9	4%
Inexus EBITDA[3] (100%)	$78.7	$71.4	10%
LBC EBITDA (100%)	$138.3	$139.7	(1)%
NPAT attributable to security holders	($210.7)	($139.8)	(51)%
Operating cash flow	$89.2	$69.5	28%
$A millions – Key metrics			
Proportionate Net debt	$860.1	$1,218.6	(29)%
Proportionate Net debt/EBITDA[2]	5.5x	8.1x	
CIF Fund level cash balance	$219.2	$73.8	Large
Fund NAV (cpu)	$2.19	$2.89	(24)%

[1] Table excludes Southern Water (other than NPAT attributable to security holders)
[2] Proportionate EBITDA excludes fund level EBITDA
[3] From July 1 2009 Inexus EBITDA stated in accordance with IFRIC 18

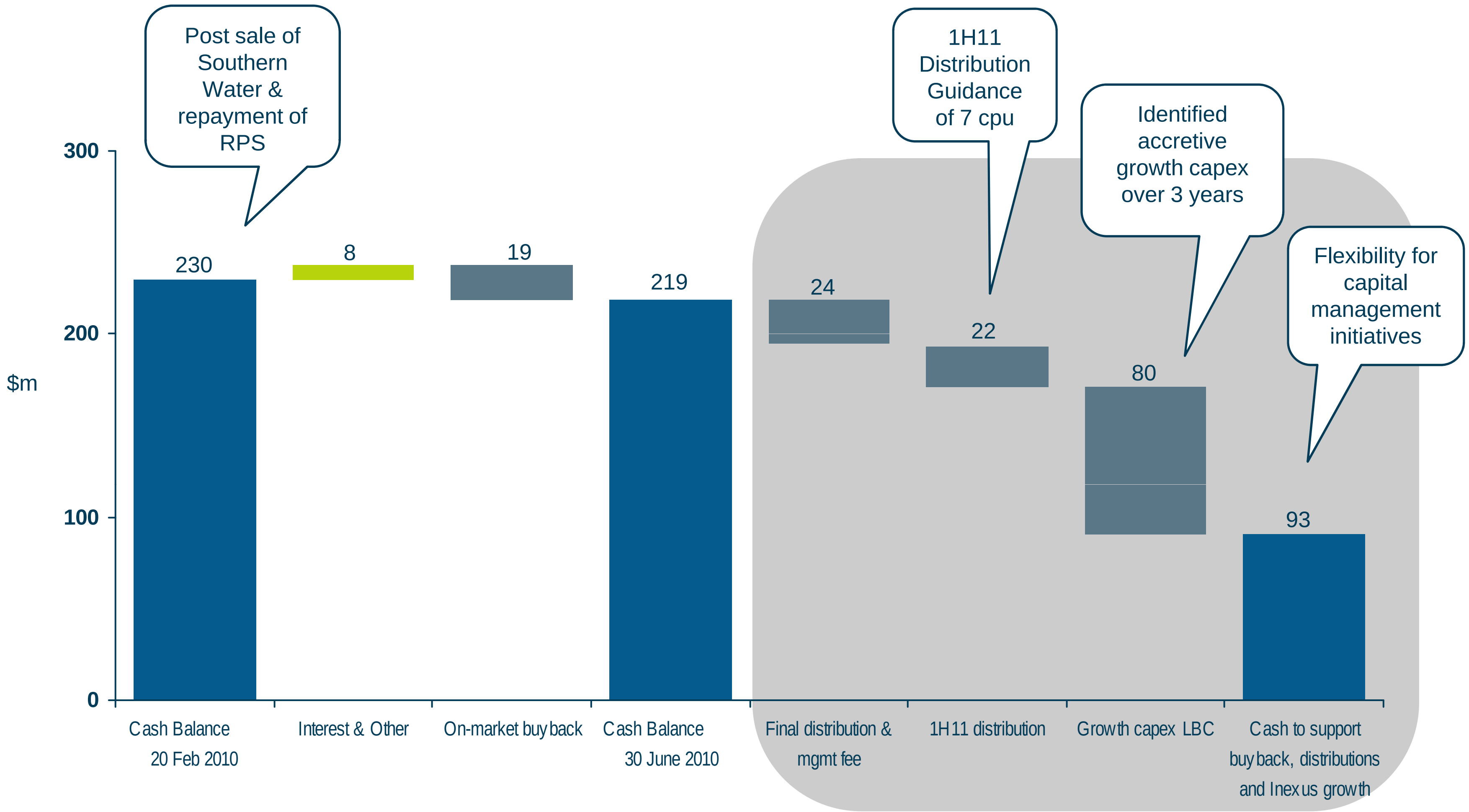
CIF - Net Asset Value of $2.19 per unit





- CIF NAV per unit adversely impacted by Inexus valuation (23 cents) and foreign exchange (8 cents)
- Inexus equity valuation reduced by 23.8% reflecting:
    - More conservative view on the UK housing recovery
    - Expected reduction in gas only and electricity only sales
    - Future sales focus on significant large scale strategic projects

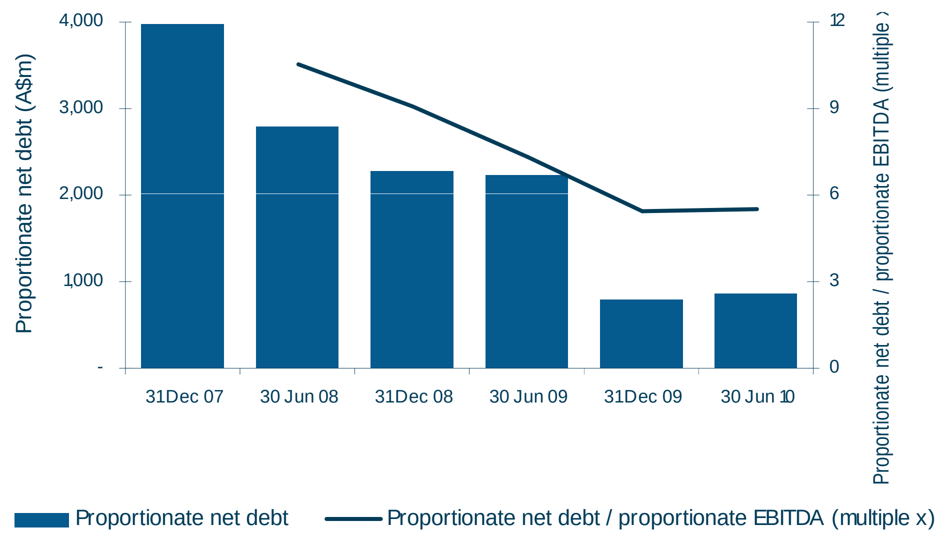
CIF - Financial flexibility



CIF - De-leveraging and de-risking

- CIF has significantly reduced leverage through selective asset sales at or above Net Asset Value
- Proportionate net debt to EBITDA was 10.5x (June 2008) and is now 5.5x
- Sale of Southern Water and the repayment of the RPS has reduced proportionate net debt by more than $1.3 billion
- Consequently CIF has adequate financial resources to support the identified accretive growth capex.

Debt Reduction



Inexus

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Inexus – Financial performance

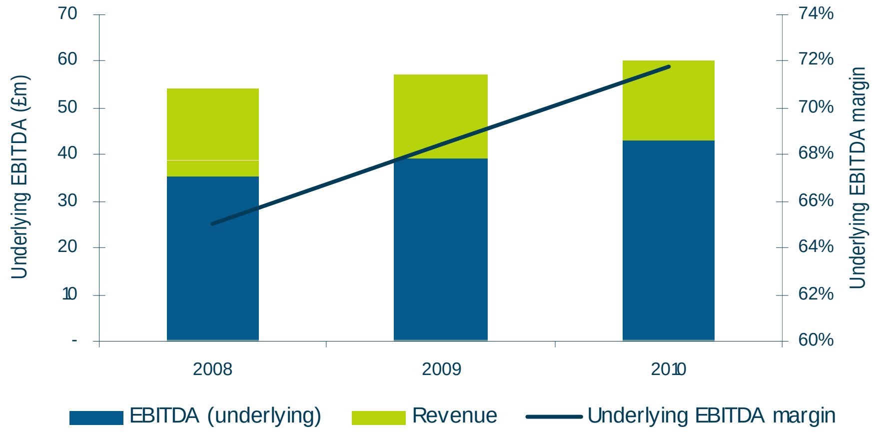
Significant improvement in EBITDA margin driven by continued rollout of existing order book

£ millions	FY10	FY09	% Mvt	Trend
Revenue	£60.3	£57.1	6%	↑
Underlying EBITDA	£43.3	£39.1	11%	↑
Less:				
Restructuring costs	£0.5	£2.7	(81)%	↓
Start-up business costs	-	£2.2	-	↓
EBITDA	£42.9	£34.2	25%	↑
Underlying EBITDA Margin	72%	68%	6%	↑

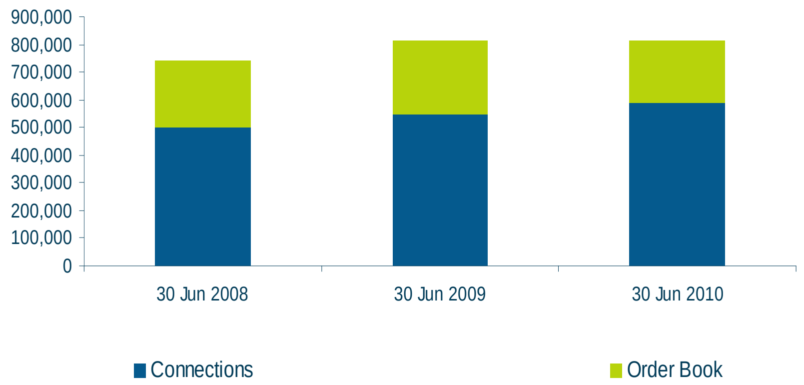
Notes: Reference page 11 of the data pack for full break down of underlying EBITDA

Inexus – Operating performance FY10

EBITDA



Connections + Order Book



Summary

- Solid performance underpinned by security of existing connections with revenue streams independent of the economic cycle
- Revenues increased £3.2m on pcp from roll out of existing order book
- Opex savings of £1 million on pcp due to reduced head count and expense control
- 40,481 connections during FY10, taking total connections to 590,015 as at 30 June 2010
- Order book declined in the period FY10, principally due to connections being greater than sales

Inexus - Ongoing capital management

- Inexus completed an extension of its loan facilities in December 2009
- No near term refinancing requirement
- Management are currently assessing capital structure options ahead of August 2012 maturity date
- Preferred option will depend on the respective appetite and terms available from either the bank or debt capital markets

Inexus – UK housing market

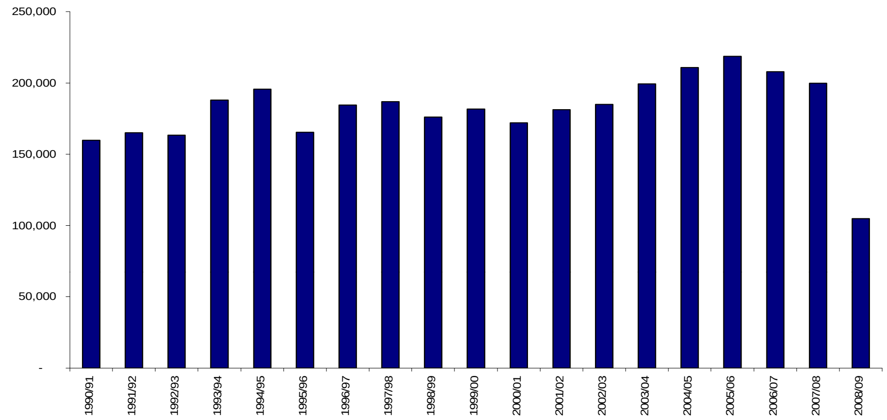
Market Environment

- For the 12 months to 31 March 2009 new housing starts in the UK reduced 47.5% on pcp
- Provisional data for housing starts suggests modest improvement for 2010
- Award of contracts decreased by ~70% as developers focus on reducing stock from existing projects
- Inexus sales in 2010 are down 54% (Utility Asset Equivalent basis) on pcp

Growth from order book build out

- Sales activity over a 12 month timeframe has little direct impact on near term earnings
- Transportation revenue is only earned once a connection is completed, this conversion can take several years

Housing Starts (UK excl. Northern Ireland)



Inexus – Sales

Utility Asset Equivalents (UAE)

- Inexus has adopted the concept of UAE to compare the different types of sales
- The UAE describes the average expected income potential of each utility as a multiple of a traditional gas connection
- Multi-utility connections generally have higher revenues than standard gas connections

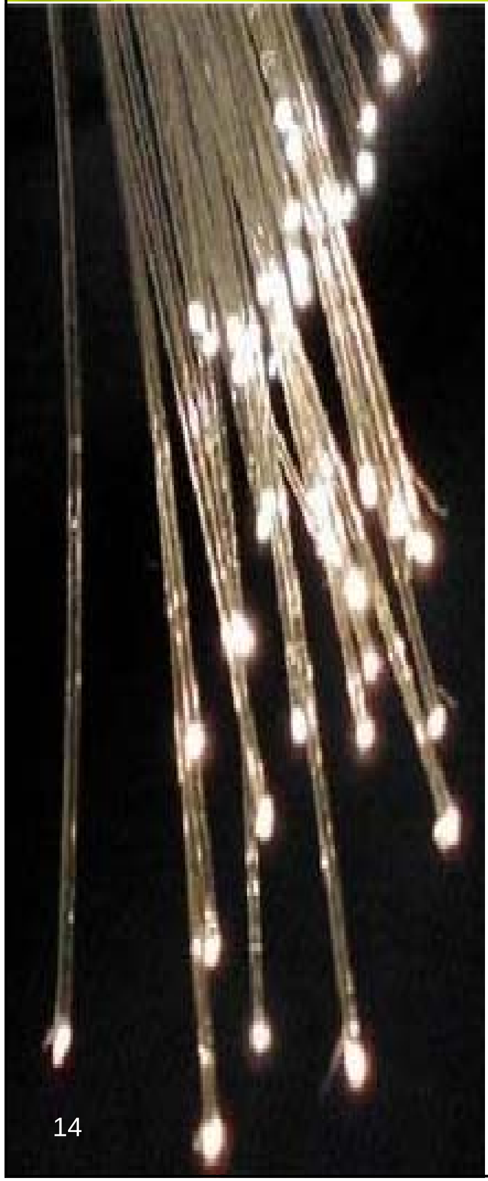
Conversion of FY2010 Sales to UAEs	
Utility	**FY10 Sales**
Gas	5,146
Electricity	5,336
Water	2,500
Fibre	8,131
District Heating	2,500
Total	23,613
UAE conversion	63,006

Sales strategy

- Whilst income potential is more attractive, tendering timeframes are longer and less predictable
- Inexus is currently working on a strong pipeline of projects representing over 1 million UAE's

Sales Pipeline		
Prospects	**Projects**	**UAEs**
Enquiries received	56	1,240,000
Bid submitted	23	323,000
Preferred Bidder	3	36,000

Inexus- Strategic drivers



1. Anticipated reduced demand for single gas and electricity sales:
   - Reduced activity in UK housing
   - District Heating is expected to replace gas in new larger housing developments in the medium term
2. Emissions targets for new developments:
   - Building regulations require new homes to meet increasingly stringent emissions targets
   - Developers of larger projects are embracing new regulations, in particular the need to accommodate alternate heating solutions
3. Demand for high speed broadband:
   - UK government continue to incentivise and encourage deployment of Next Generation (fibre) network
   - Increasing use of video content over the internet is resulting in increased demand for high speed broadband amongst new home buyers and therefore greenfield developers

Inexus – Strategic outlook

1. Maximise shareholder value from existing connections and the rollout of the order book:
   - Expense management
   - Ongoing review of order book
2. Materially improve value proposition to developers:
   - Investment in broadening product offering to incorporate fibre, water and district heating through 2008 and 2009
   - Leveraging expertise and full product suite to provide developers with lower cost and lower delivery risk strategies to meet new regulations
3. Focus sales activity on multi-utility connections to larger developments:
   - Responding to district heating and fibre demand
   - Maximise value of first mover advantage

LBC

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LBC – Financial performance

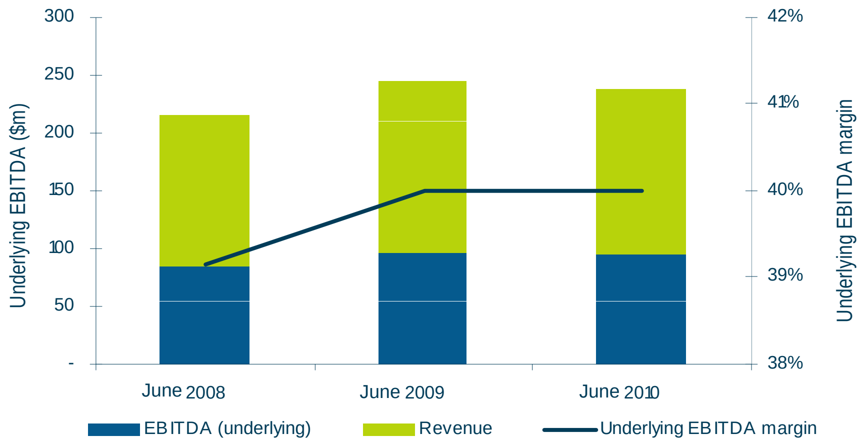
Underlying EBITDA was down 2% representing a solid performance, in a challenging macro economic environment

$US millions	FY10	FY09	% Mvt	Trend
Revenue	$237.7	$244.1	(3%)	↓
Underlying EBITDA	$94.3	$96.4	(2%)	↓
Add back:				
Provisions release and other costs	$22.6	$4.8	Large	↑
EBITDA	$117.0	$101.2	16%	↑
Underlying EBITDA margin	40%	40%	-	↔

Notes: Reference page 6 of the data pack for full break down of underlying EBITDA

LBC – Operating performance FY10

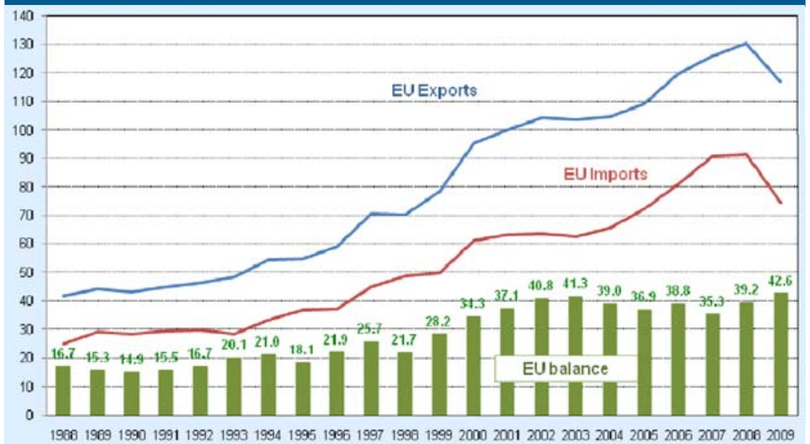
EBITDA



Summary

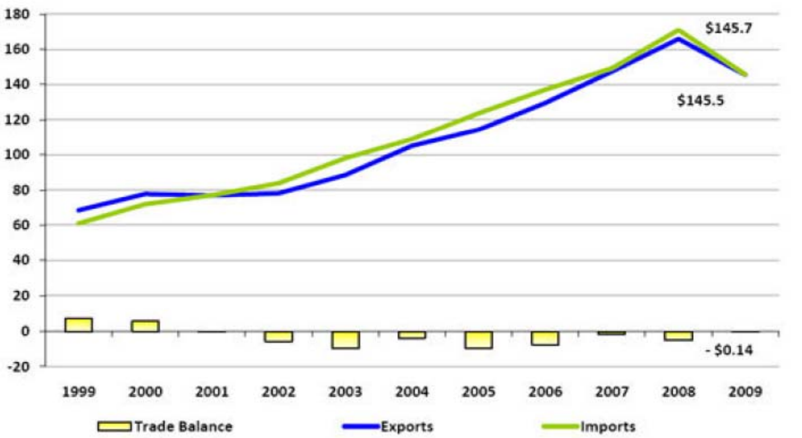
- Solid performance in light of significant reduction in chemical trade in both Europe (14%) and the US (16%) on pcp
- Revenues are down 3% due to lower service revenues and slightly lower utilisation
- Impact on EBITDA was maintained through controlled opex management over the period

European Chemical Imports & Exports (€ bn)[1]



Source – CEFIC Facts & Figures 2010

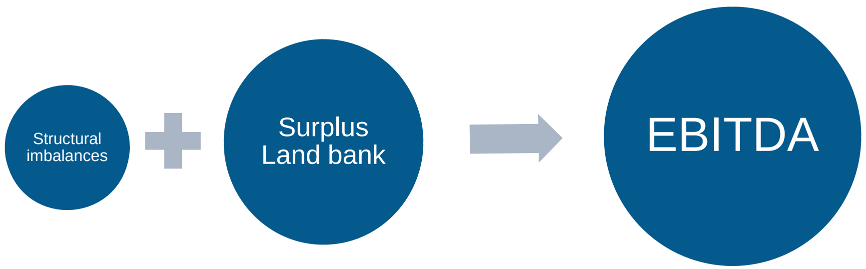
US Chemical Imports & Exports (€ bn)[1]

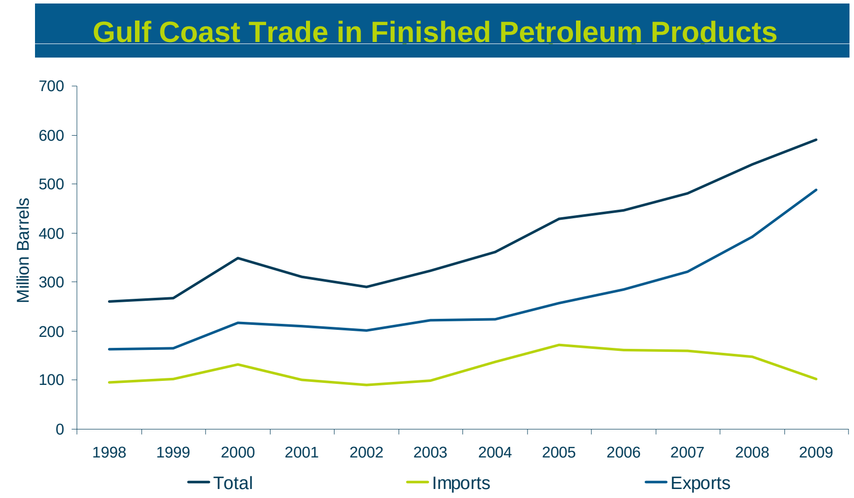


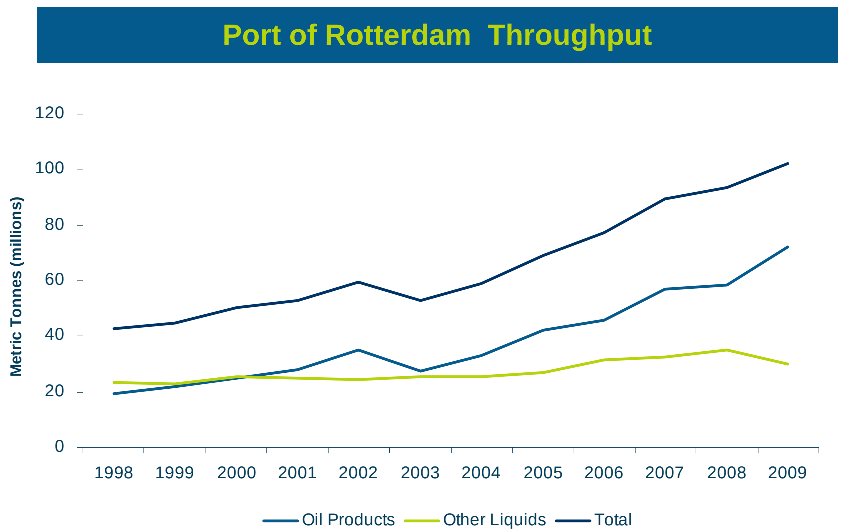
Source – US Dept of Commerce

LBC – Strategic drivers

1. Expect gradual recovery in trade for certain chemicals[1]
2. Strong demand for storage of transport fuels and base oils in recognised hubs particularly Antwerp, Rotterdam and the US Gulf Coast
3. LBC's surplus land can support an additional 2.7 million cubic metres of storage capacity, 75% of which is in key strategic hubs

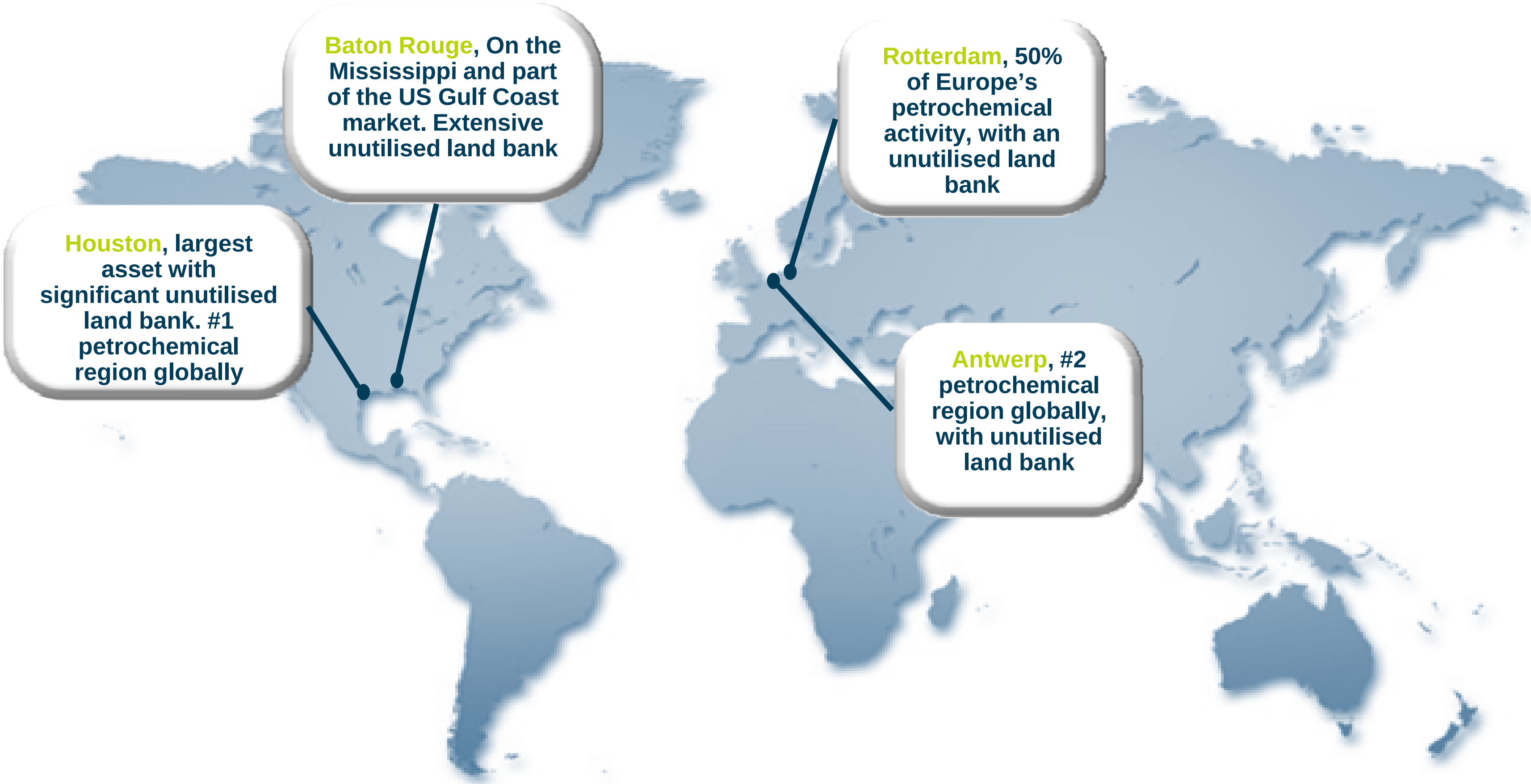






[1]Source: 2010 CEFIC Chemicals trend report

LBC - Strategic hubs



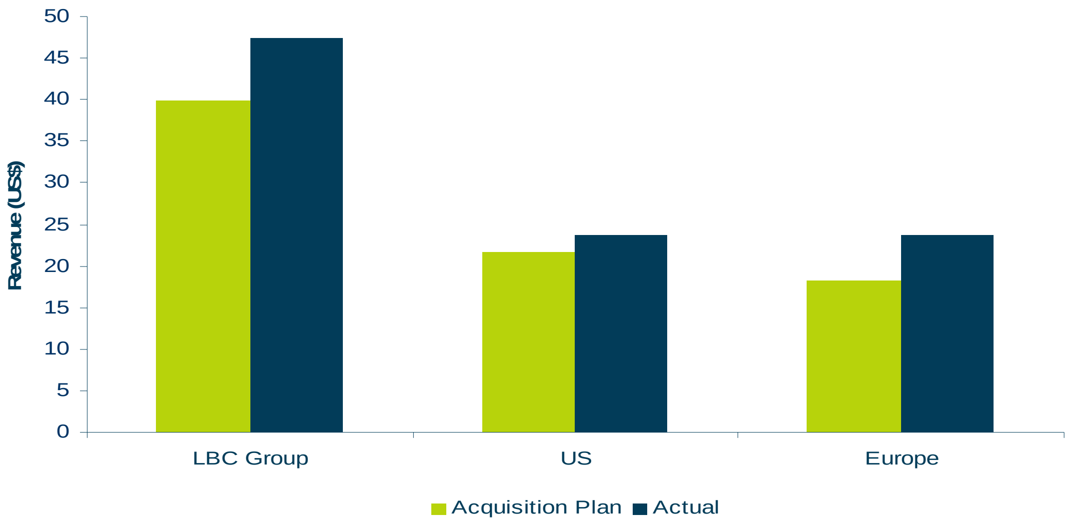
LBC management have identified a total of 26 projects and expansion opportunities and prioritised 14 of those projects

LBC - Expansion track record

Since acquisition LBC completed over 20 expansion projects at total capital cost of US $184.8m which generated incremental revenue of US $44.0m[1]

USD	Total	US	Europe
Additional capacity (m^3)	583,000	359,000	224,000
Growth CAPEX	$184.8m	$92.8m	$92.0m
Incremental Revenue	$44.0m	$20.4m	$23.6m

Revenue growth from invested capital



Source: Company data

Notes: Average USD/EUR exchange rate $1.3707

[1] For the period from acquisition to 31 Dec 2009

LBC - Strategic outlook

1. LBC will migrate to a more balanced product range of chemicals, base oils and refined petroleum products consistent with market demand
2. LBC have identified 26 expansion projects, of which 14 have been prioritised
3. LBC are seeking US$100 million of additional capital to support an initial tranche of expansion projects with a total cost of US$165 million over 3 years
4. LBC has a proven track record for incremental and accretive growth

Outlook

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CIF – Outlook

Inexus

- Continued strong performance in FY11 expected
- Maximise unit holder value from existing connections and management of the order book
- Maximise first mover advantage in multi utility strategy

LBC

- Financial performance for FY11 is expected to be in line with FY10
- Rebalance of portfolio towards high demand petroleum storage
- Build earnings growth momentum from new growth initiatives, finalise contract negotiations on identified projects and commence construction
- Build out underpinned by proven track record

CIF

- Full year distribution of 7cpu payable on 30 August 2010
- Distribution guidance of 7cpu for 1H11
- Retained financial flexibility to maximise unit holder value

Additional information

CIF Statutory results

$A millions	FY10	FY09	% Mvt
EBITDA before realised & unrealised items	203.1	254.3	(20)%
Depreciation and amortisation	(61.5)	(68.3)	10%
Financing costs	(119.8)	(145.9)	18%
Realised and unrealised gains/(losses)	(184.7)	(117.1)	(58)%
Impairment change	(60.4)	(102.5)	41%
Profit / (Loss) before tax	(223.3)	(179.5)	(25)%
Tax (expense)/benefit	(27.8)	5.0	(Large)
Net loss after tax	(251.1)	(174.5)	(44)%
Non-controlling interests	40.4	34.7	16%
Net loss attributable to CIF security holders	(210.7)	(139.8)	(51)%

Inexus - Comparative capabilities

	Gas	Water	Electricity	Fibre	District Heating
Inexus	✓	✓	✓	✓	✓
IEG	✓		✓		
Fulcrum	✓	✓			
ESP	✓		✓		
Cofely					✓
Scottish and Southern Energy	✓	✓	✓		✓
BT				✓	
Virgin Media				✓	
EON			✓		✓
DALKIA		✓	✓		✓