

MARKET RELEASE

CHALLENGER INFRASTRUCTURE FUND LAUNCHES 1 FOR 3 ENTITLEMENT OFFER

19 October 2005, Sydney - Challenger Infrastructure Fund (CIF - ASX:CIFCA) today lodged a Product Disclosure Statement (PDS) for a 1 for 3 non-renounceable entitlement offer of Class A Securities.

CIF intends to raise approximately A\$210 million through a fully underwritten offer of approximately 60 million new Class A Securities, payable in two equal instalments.

Under the offer, existing CIF holders will be able to subscribe for one new Class A Security for every three existing securities held at the record date (24 October 2005) at a price of A\$3.50 per new Class A Security, partly-paid to A\$1.75 on application. The second instalment of A\$1.75 is due on 21 August 2006. The market capitalisation of CIF on a fully paid basis will increase to around A\$840 million, based on the entitlement offer price, following the capital raising.

Proceeds from the offer will be primarily used to repay a portion of the debt used to fund CIF's investment in Inexus Group Holdings Limited (Inexus).

CIF Chief Executive, Steve Bickerton said: "A particularly attractive aspect of the offer is that the newly issued securities will be eligible for all future CIF distributions in full. This reflects a forecast annualised return of 13.6 per cent on these securities for the period from final allotment date to 30 June 2006."

Based on the entitlement offer price, CIF's distributions from the seed assets and Inexus will be:

- Forecast total distributions for the period ending 30 June 2006 increased from 14 cents per security to 14.2 cents per security.
- Forecast annualised distribution for the 12 months to 30 June 2007 increased from 9.25 per cent to 9.5 per cent.
- Forecast tax deferred component of distributions on the Class A Securities for the period ending 30 June 2006 and 30 June 2007 increasing from 70 per cent to approximately 85 per cent.

JPMorgan will act as lead manager and underwriter to CIF for the entitlement offer.



CIF has requested that a trading halt be placed on its securities. CIF management will host a conference call today (19 October) to address any investor questions.

Conference call dial-in details are as follows:

Time: 11.00am (Sydney time)

Toll Free Australia: 1800 009 696

Toll Free New Zealand: 0800 449 118

ENDS

Note to editors:

Inexus is the largest Independent Gas Transporter (IGT) in the UK with over 470,000 connections built and contracted and 6,600 gas networks throughout the UK. It has approximately 47 per cent share of the IGT market and is almost twice the size of its nearest competitor.