

## MARKET RELEASE

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### **CIF ACQUIRES LBC STORAGE TERMINALS, ANNOUNCES IMMEDIATE 15% PLACEMENT AND UPGRADES MEDIUM TERM GUIDANCE**

19 April 2007, Sydney – Challenger Infrastructure Fund (ASX: CIF) today announced that it had signed a binding sale and purchase agreement to acquire 100% of LBC Group (LBC) from One Equity Partners LLC, the private equity arm of JP Morgan Chase & Company, Inc., for €565 million, subject to adjustments under the sale and purchase agreement.

LBC is the second largest independent operator of storage terminals for bulk liquid chemicals globally. LBC has 2.2 million cubic metres of storage capacity spread across 12 terminals in key locations in Europe and North America. LBC provides integral infrastructure to the global bulk chemicals supply chain, facilitating the timely and cost effective flow of chemicals from producers to their customers.

CIF's Fund Manager, Steve Bickerton said: "LBC meets CIF's investment criteria. Storage terminals, with their infrastructure characteristics deliver long term predictable cash flows and growth opportunities. It is consistent with the quality of CIF's existing assets and will represent 26 per cent of the portfolio on completion. Importantly, this acquisition extends the Fund's geographic diversification into the US and Europe and enhances CIF's growth focus.

Storage terminals are critical to the supply of chemicals to manufacturers of every day products. LBC's customers are leading global chemical companies who contract for storage capacity under 'rental like' take or pay contracts. LBC has an experienced management team who have been retained and will continue to run the business."

Challenger's Asset Management business identified and originated LBC as an attractive infrastructure asset for CIF. Greg Martin, Chief Executive Infrastructure said; "This is a very attractive class of infrastructure characterised by significant barriers to entry, a high fixed cost base, underlying inelastic demand for the storage of chemicals and numerous growth opportunities for new capacity in the core North American and European markets serviced by LBC's terminals."

CIF will contribute €203 million (approximately A\$331 million) in equity, representing 66% ownership of LBC, and has binding commitments from other investors for the balance. CIF is



undertaking an immediate equity placement of up to 34.4 million units, with the balance being bridged using CIF's 3 year acquisition facility.

The sale and purchase agreement is conditional on satisfaction of certain conditions precedent including anti-trust approvals.

### **Distribution Guidance**

The Fund is on track to deliver 32.1 cents per unit for June 2007. New Management guidance for the June 2008 distribution is 34.0 cents per unit. CIF's medium term forecast distribution guidance has been upgraded to 5 per cent growth per annum.

### **LBC Key Highlights**

- 2nd largest independent operator of storage terminals for liquid bulk chemicals globally
- 2.2 million cubic metres of liquid storage capacity, 90% of capacity dedicated to chemicals
  - Over 10.5 millions tons of product throughput annually
- 12 terminals in key European and North American locations. Largest three terminals by 2006 sales;
  1. Houston, Texas; largest petrochemical production zone in the world
  2. Rotterdam, Netherlands; Europe's largest petrochemical port
  3. Antwerp, Belgium; Europe's second busiest petrochemical port by traffic volume
- There are significant interdependencies between LBC and its customers in providing the consistent and smooth delivery of chemicals to manufacturers
  - LBC customers are leading global chemical companies
  - Many of the terminals are connected to its customers by pipeline, products are also transported by trucks, barges and rail
- Experienced Management retained
  - Proven track record of operating specialised terminal storage

*ENDS*