

Challenger Listed Investments Limited

ABN 94 055 293 644

AFSL 236 887

as responsible entity for

Challenger Infrastructure Fund

CIF Investment Trust 1

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Dear Securityholder,

I am writing to you regarding the unsolicited, non-binding and conditional proposal Challenger Infrastructure Fund (CIF) received on 11 March 2008 from Arkmile Limited (Arkmile), a subsidiary of the UK based Consensus Business Group (an 18.57% securityholder of CIF), to acquire CIF's Class A and unlisted Class B securities for a consideration of \$3.50 per security.

Whilst Challenger Listed Investments Limited (CLIL) has been in extensive discussions and correspondence with Arkmile and its advisers since mid March we have not received a formal proposal in a form capable of being put to you, our securityholders. As the CLIL Board does not anticipate receiving such a proposal in the near term, it has decided not to continue discussions with Arkmile in relation to its approach.

Notwithstanding this decision, Consensus Business Group has indicated that it will continue to assess its options and remain a supporter of the Fund and a committed investor in CIF.

The Board continues to look at ways to maximise the value of CIF for the benefit of all securityholders. This has included CIF recently realising value in the portfolio through the divestment of three minority interests:

- Northern Gas Networks, (5.8% interest),
- Wales & West Utilities, (8.6% interest), and
- Arqiva¹, (6.5% interest).

These interests, collectively have been sold at a combined premium to the 31st December 2007 Director's valuations. In disposing of these minority interests, CIF has emerged as a fund with a portfolio of three high quality, growth infrastructure assets that provide attractive and predictable cash yields.

The financial position of the Fund is also much improved since my last letter in February this year. Proceeds from the asset sales have been utilised to reduce the level of gearing² from 23.4% in December 2007 to nil in September 2008 (based on assets under management). CIF's gearing on a proportionally consolidated basis will be 63%³. Post repayment of outstanding Fund level senior debt, CIF will be well positioned for further growth from its existing portfolio with a strengthened balance sheet and an undrawn senior debt facility available until March 2010.

¹ Pursuant to the Shareholders Agreement.

² Excludes Redeemable Preference Securities.

³ Proportional consolidated gearing has been calculated using 31 March 2008 asset gearing levels.

The implementation of CIF's strategy has also delivered a number of important and pleasing changes to the quality of CIF's distribution profile:

- Distribution guidance of 34 cents per stapled security for the 2008 full year, (with tax deferral status of 25% for this distribution), is confirmed.
- Distribution guidance for the 2009 full year is 35.7 cents per stapled security⁴. This distribution will no longer be partially debt funded. More than 90% of the distribution will be funded from operating cashflow, with the balance funded from retained cash balances held by the Fund and its assets.

We believe that this distribution guidance is a clear reflection of the strong underlying cash generation of the existing asset portfolio. This also enables us to re-confirm CIF's target distribution growth of 5% p.a. until at least the 2010 full year.

On behalf of the CLIL Board I would like to thank you for your continuing support of CIF.

Regards



Brenda Shanahan
Chairperson
Challenger Listed Investments Limited

⁴ Subject to no material change in forecast assumptions.