

MARKET RELEASE

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CHALLENGER INFRASTRUCTURE FUND HALF YEAR RESULTS TO 31 DECEMBER 2005

24 February 2006, Sydney - Challenger Infrastructure Fund (CIF - ASX:CIFCA) today announced earnings before interest, tax, depreciation and amortisation and unrealised losses on hedging contracts (EBITDA) of \$26.9 million for the period from 19 August to 31 December 2005. A solid result underpinned by strong operating cash flows of \$20.8 million.

The accounting treatment of hedges under AIFRS resulted in a net loss after tax of \$15.4m for the period.

CIF announced an interim distribution of 6.05 cents per security for the period to 31 December 2005 and maintains a forecast distribution of 14.2 cents per security for the year to 30 June 2006. The Dividend Reinvestment Plan is due to be operable for the June distribution.

Following CIF's launch on 19 August 2005 and subsequent entitlement offer, the Fund has raised \$840 million, payable in two instalments.

CIF Chief Executive, Steve Bickerton said: "In less than six months CIF has invested approximately \$710 million in quality infrastructure assets. We are currently assessing a number of opportunities with a view to finding suitable investments for the remaining funds.

"Importantly, as the Fund will have minimal gearing following receipt of the second instalment, it has significant flexibility around future acquisitions."

The overall asset portfolio performed in-line with the Product Disclosure Statement during the period and CIF remains on target to meet its full year forecast. A highlight for the period was the acquisition of Inexus, the largest independent gas transporter in the United Kingdom and a cornerstone asset of the Fund.

Mr Bickerton said: "We are extremely excited about the growth opportunities presented by Inexus which has approximately 500,000 existing and contracted gas and electricity connections.



“A particular attraction for investors in CIF’s portfolio of assets is that the majority of the revenue streams are directly indexed to inflation. This provides investors with a natural hedge against the impact of changes in inflation,” he said.

Outlook

CIF’s primary focus is on OECD countries and it continues to attract significant deal flow. The fund maintains its strict investment criteria with a strong focus on quality and value.

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