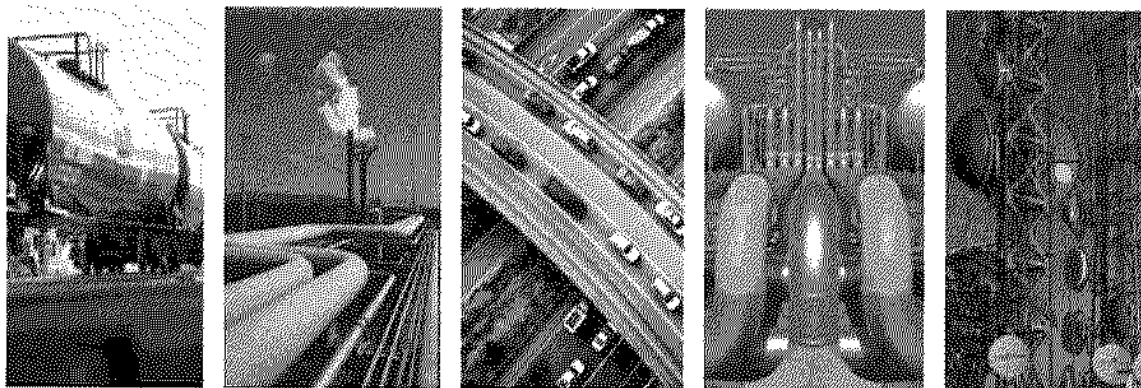


Challenger Infrastructure Fund

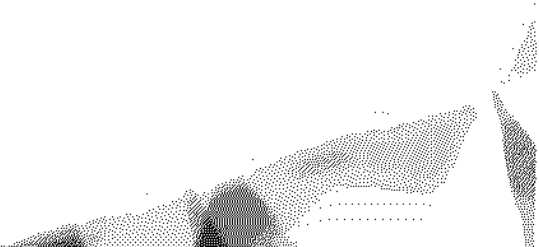


Acquisition of Inexus
1 September 2005

Agenda

1. Summary
2. Inexus highlights
3. Funding and impact on CIF
4. Additional information

1. Summary



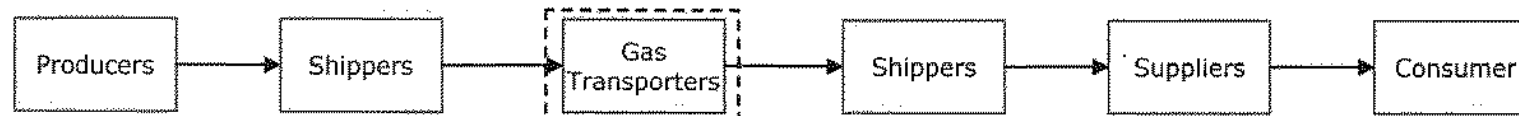
Summary

- A CIF-led consortium has entered into an agreement for the purchase of 100% of Inexus Group (Holdings) Limited for an enterprise value of £465mm
- Consortium includes CIF (80%), Colonial First State (13%) and existing Inexus management (7%)
- Acquisition to be funded via a combination of debt and equity
- CIF will undertake a fully underwritten rights offering of approx. 60 million Class A Securities at a price of at least \$3.50 fully-paid. PDS to be lodged as soon as complete
- The transaction, including capital raising, is expected to be yield accretive with preliminary management guidance of:
 - June 2006 distribution increased to 14.2 cents from 14 cents
 - June 2007 expected annualised return from seed assets and Inexus increased to 9.5% from 9.25%
 - June 2007 tax deferred component increased to 80% from 70%
- Following completion, CIF will have A\$135 million of uncommitted proceeds from its second instalment due in August 2006 and we remain confident in our robust pipeline

Key facts

Inexus is the largest Independent Gas Transporter ("IGT") in the UK with 453,000 connections built and contracted

- Designs, owns, operates, acquires and maintains gas and electricity networks
- IGTs operate the last mile of distribution networks and focus on new-build connections



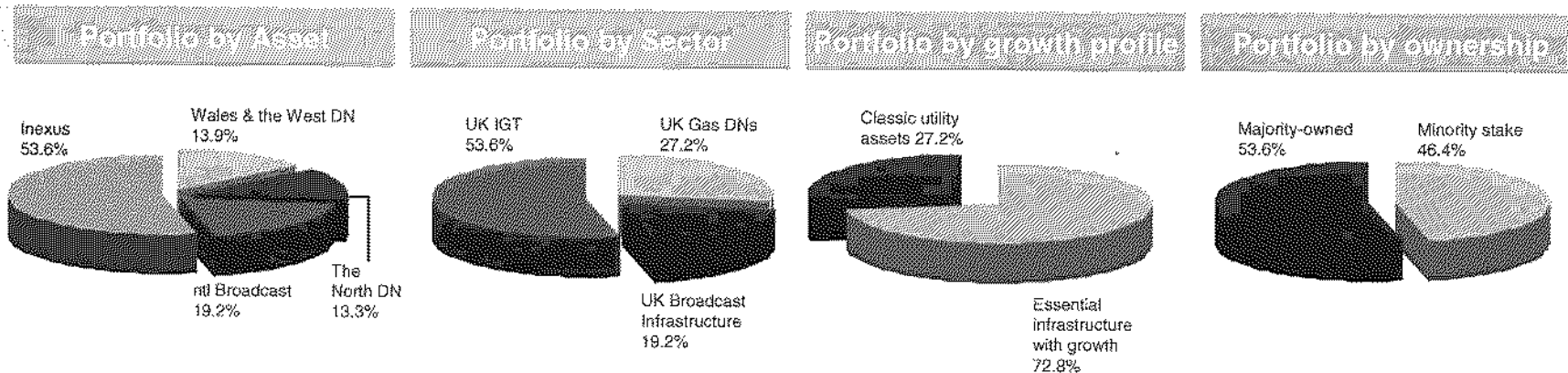
- First entrant to market in 1993
- Clear market leader with approximately 47% share of total existing IGT connections
- Strong growth
 - 22% annual growth in built connections in last 5 years
 - Growing forward order book
 - 22% EBITDA CAGR in last 3 years
- >50 yr life polyethylene pipes with minimal maintenance requirement
- Recently became licensed as the first independent electricity distribution operator – provides platform for expansion into the electricity connection market
- Good growth opportunities from the roll out of a dual-fuel strategy

Inexus meets all of CIF's investment criteria

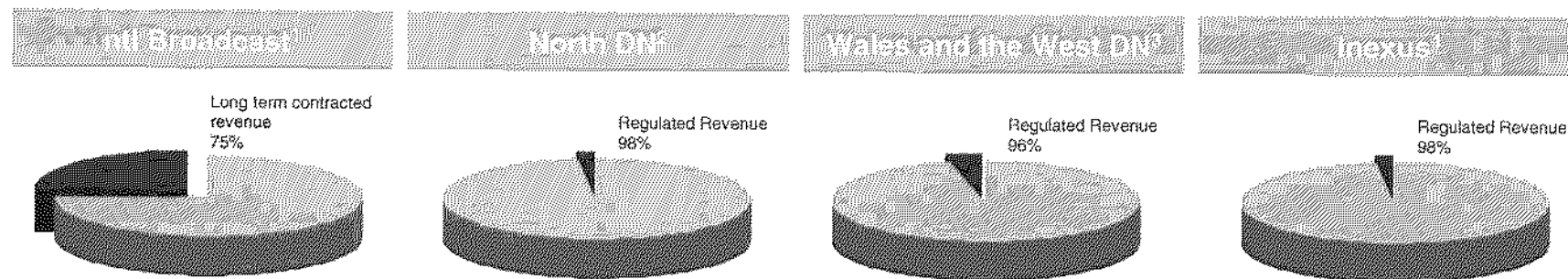
CIF Investment Criteria	Met	Commentary
Regulated industry or near monopoly market position	☒	- Revenue certainty until 2018 for 98% of revenue from current connections - New connections benefit from a high degree of regulatory certainty until 2014 - Market leader with 47% of existing connections
Strong cash generation and attractive targeted cash returns	☒	- Yield accretive - Highly cash generative and minimal capex once built
Long-term predictable cashflows	☒	High level of regulatory certainty combined with asset lives in excess of 50 years
High barriers to entry	☒	- Monopoly once built - Significant scale-based cost advantages exist
Capital growth	☒	- Track record of strong EBITDA growth - Size of order book - First and only to market with dual-fuel offering
First class management teams	☒	- Highly experienced team with significant equity stake - Management highly incentivised through employee equity plan
Potential for board representation	☒	Majority ownership with board control

Improved portfolio diversification towards growth assets

CIF's asset mix



Reliable cashflow



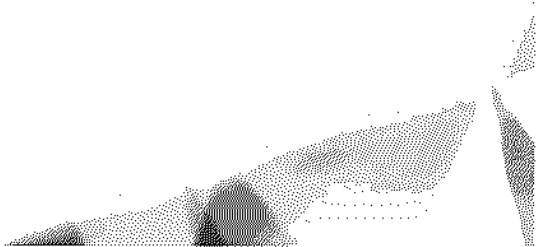
1. 18 months to 30 June 2006 (forecast)

2. 12 months to 31 March 2006 (forecast)

3. 12 months to 31 March 2006 (forecast)

4. Forecast revenue for year ended 31 December 2005

2. Inexus highlights



Quality essential infrastructure asset with growth

Market leadership

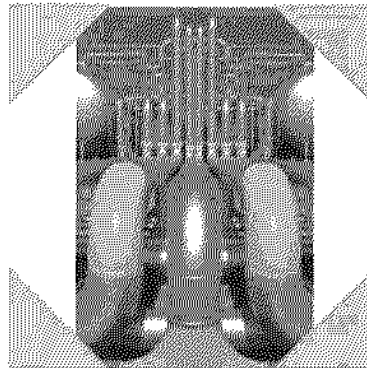
- Twice the connections of nearest competitor
- 47% IGT market share and complete national coverage

Aligned & highly experienced management team

- CIF has retained and incentivised existing management team
- Management will invest £12.6mm in the business

Highly cash generative

- Capex only committed after order book contracts have been secured and once built, EBTIDA margin approx. 70% with low opex spend
- Largely fixed and scalable cost base
- Minimal counter-party credit risk



Robust growth opportunities

- Strong order book visibility with 144,000 contracted
- Large and growing target market estimated at 110,000 p.a.
- First mover advantage in electricity and dual-fuel market

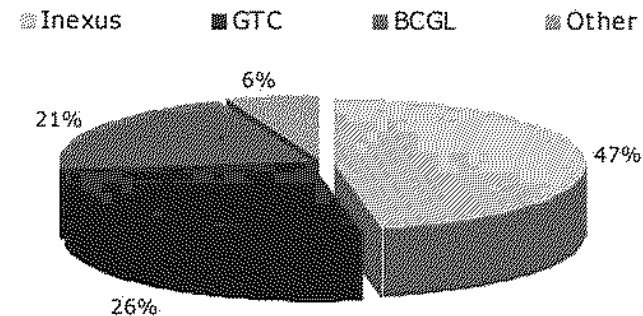
Highly favourable regulatory regime

- Well developed and transparent regime providing revenue certainty until 2018 for legacy connections
- New connections enjoy a floor/ceiling around initial tariff for a minimum of ten years but potentially to 2023

Inexus is the clear market leader in the UK IGT market

- 47% market share, nearly two fold its nearest competitor
- 453,000 connections built and contracted
 - 309,000 existing
 - 144,000 contracted
- Nationwide coverage
- Highly diversified geographically with approx. 6,300 individual gas networks across England, Wales & Scotland
- 173 full-time equivalent employees at May 2005

Share of total IGT domestic new build connections



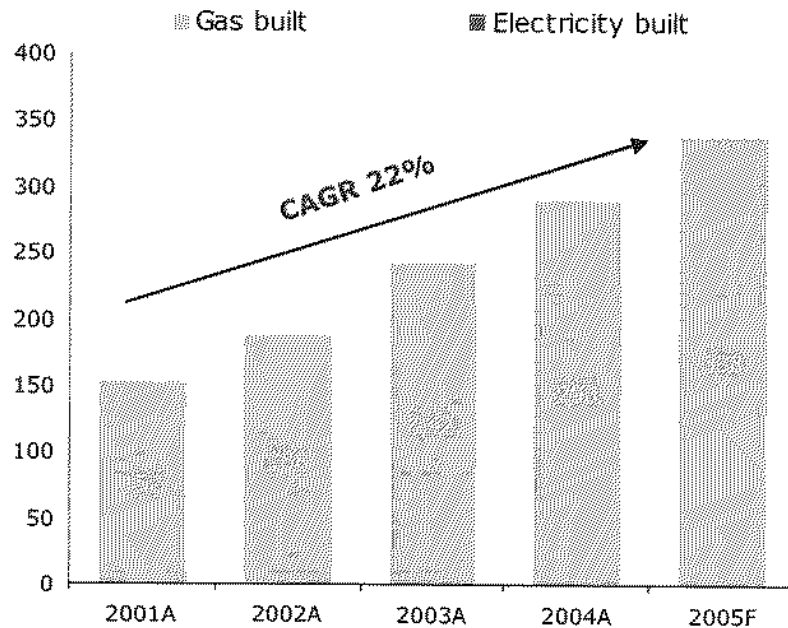
Diversified, nationwide coverage



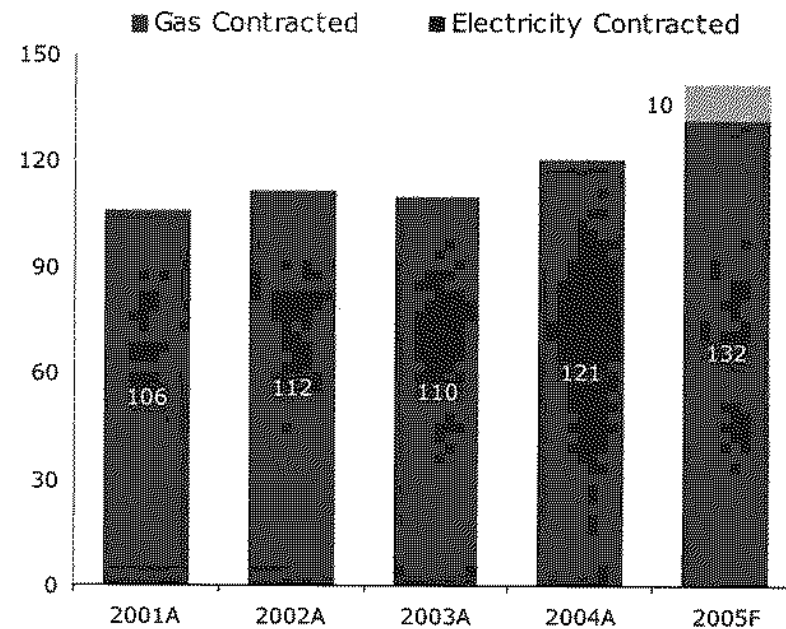
Inexus' growth prospects are robust

- 22% historic compound growth in connections
- Stable forward order book, with 75% expected to be built in next three years

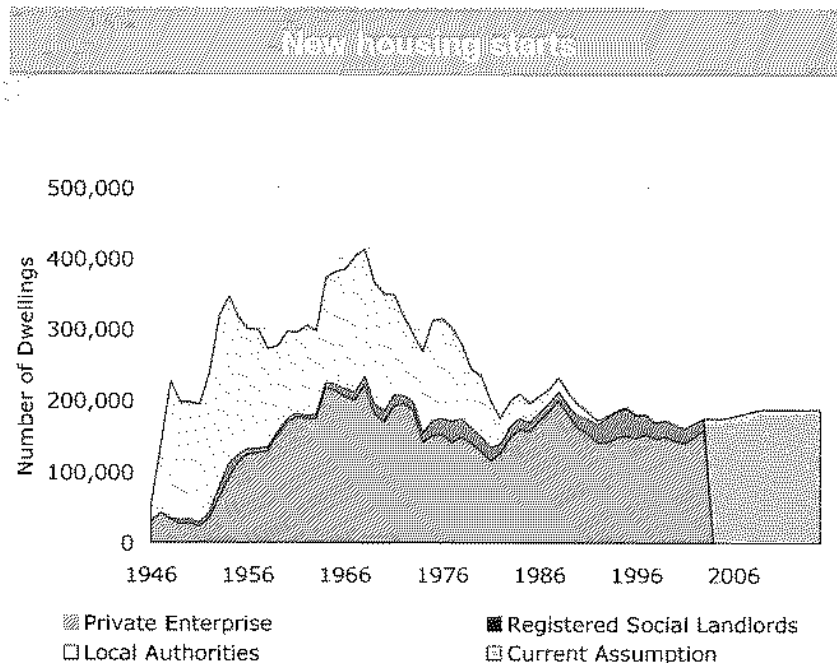
Gas & electricity built connections (000s)



Growth in annual forward order book (000s)



Inexus' growth prospects are robust (cont'd)



- Forecast UK new build housing growth from 169,000 p.a. to 180,000 p.a. by 2012
 - Meet housing shortages, particularly in the South of England
- Inexus' estimated target market is approx. 110,000 gas connections p.a
- Inexus' market share forecast to be constant over short term due to significant scale and service advantages
 - Lower construction and overhead costs per connection
 - Nationwide coverage
 - First mover advantage with dual fuel offering

Inexus' growth prospects are robust (cont'd)

- New business opportunity in electricity connections
 - Electricity sales twice that of gas business at same stage of development
 - Current market size estimated at 55,000 new connections p.a.
- Inexus is first to market with dual fuel offering
 - Inexus is the only IGT in the UK licensed to provide a one-stop solution for both gas and electricity connections for its nationwide customer base of developers and contractors
 - Low incremental cost to installing gas only and same client base of housing developers (strong customer relationships in place)
- Early signs encouraging
 - 13% of connections sold in full year ending June 2005 were electricity
 - Secured sales of 5,229 of new electricity connections for six months ending 30 June 2005 (versus budget of 3,885) and targeting 10,000 new connections for 2006
- Other growth opportunities in commercial gas and electricity connections

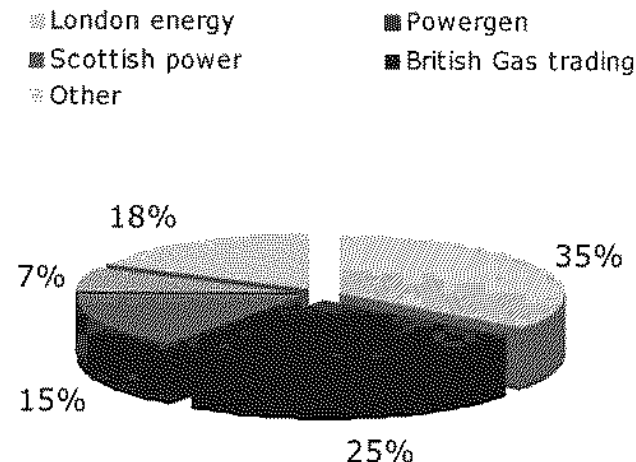
Highly favourable regulatory regime

- 98% of current gas revenues and 90% of contracted gas revenues are fixed in real terms until 31 December 2018 (contracts signed prior to 1 January 2004)
 - Thereafter, the revenues migrate to Relative Price Control ("RPC") and benefit from a known RPI-linked floor and ceiling until December 2023
- Remainder of revenues governed by RPC under which revenues broadly track Transco's charges over the asset life
 - RPC real revenues are subject to a narrow (+/-5%), RPI-linked floor and ceiling until 2023 with the first possible review in 2014
 - This regulatory regime compares favourably with the five-year RPI-X regime for UK gas distribution networks

Once built, connections are highly cash generative . . .

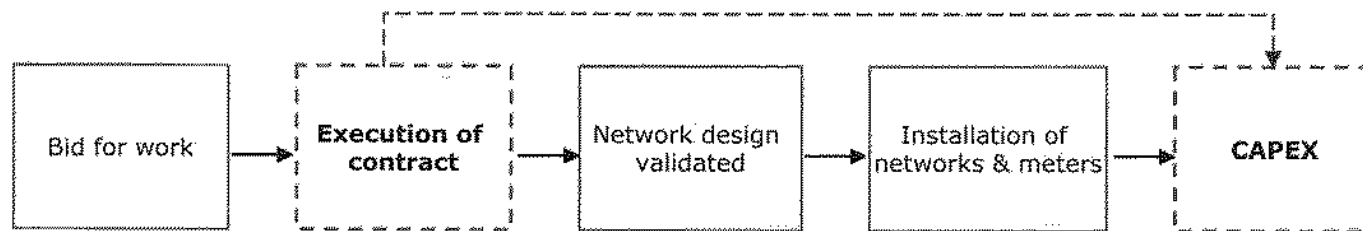
- Excellent customer profile consisting of large UK gas shippers
- Strong EBITDA margins of approx. 70% once built
- Majority of the cost base is comprised of overheads which are either fixed or semi-variable
- Opportunities to drive economies of scale and efficiencies with growing order book
- Networks have a useful life of > 50 years and most are less than 5 years old

Premium customer base (2004)



... with capex only committed after contract is secured

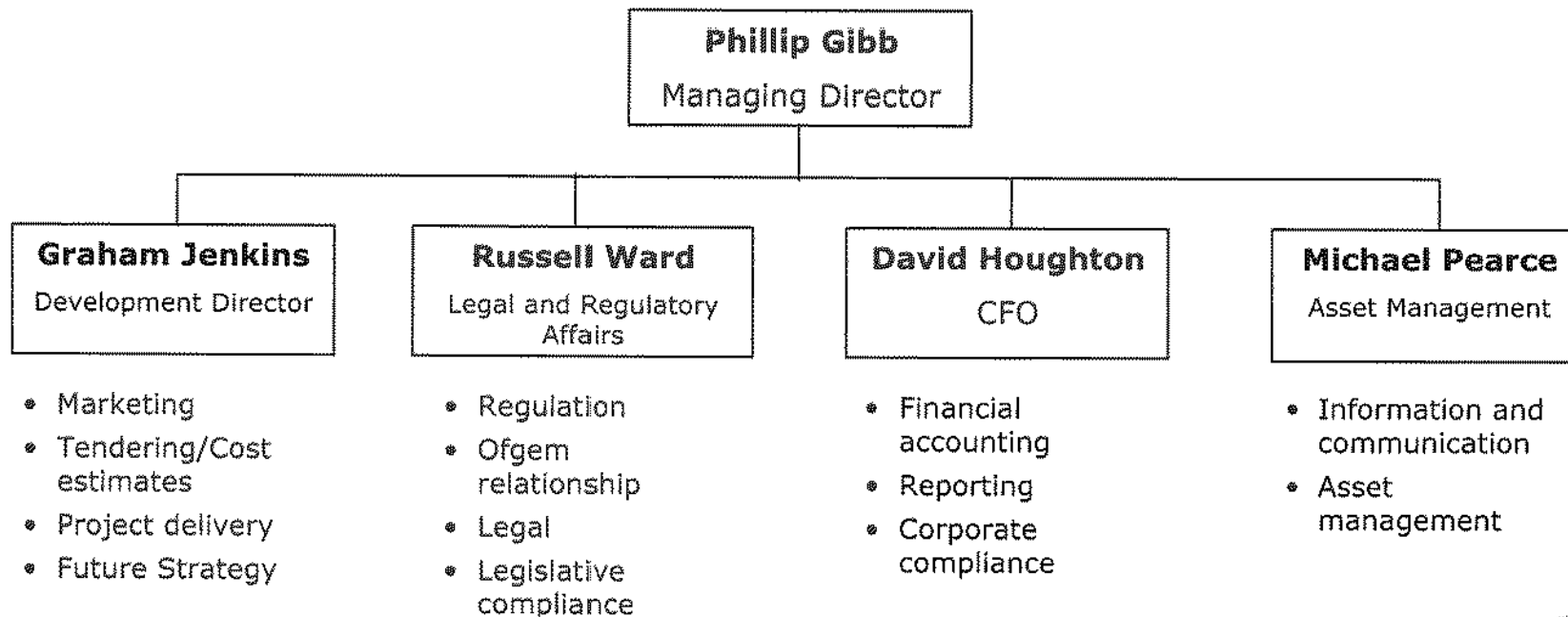
- Capex is discretionary and revenue driven
- Capex is only committed on an order once a contract is executed with the developer
- The developer is typically responsible for excavation
- Completion rate has been historically very high at 99.5%



- Inexus receives proposal, designs network and sets cost to developer
- If developer accepts proposal, a contract is executed
- Network design validated by Inexus
- Once validated, Inexus proceeds to install the network
- Capex is only committed when revenue is contracted

Aligned and highly experienced management team

- Majority of management team has been involved in the Group since start up, including Managing Director, Development Director and Asset Management Director
- Management and staff will invest £12.6mm of their own money in Inexus
- Management has been instrumental in opening up the competitive markets for new gas and electricity connections and infrastructure and in developing the positive regulatory settlement for the Group



3. Consortium and CIF funding

Sources and uses of funds

- The Acquisition will be funded through a combination of equity and debt
- Consortium equity members include Colonial £25m and management £12.6m

Sources	£m	Uses	£m
Senior debt	269	Payment to Vendor / repayment of existing debt	465
Subordinated debt	35	Cash Reserve	10
Equity	189	Transaction costs	18
Total Sources	493	Total Uses	493

CIF funding and impact

- The acquisition will be funded via a combination of equity and debt
- CIF will contribute £152mm in equity, which it will initially fund via a bridge against its second instalment from CBA and Calyon and borrowings from Challenger
- CIF intends to undertake a 1:3 fully underwritten rights offering of approx. 60 million Class A Securities, use of proceeds will be applied against the repayment of the Challenger facility and part repayment of CBA/Calyon bridge
- The transaction, including capital raising, is expected to be yield accretive with preliminary management guidance:
 - June 2006 distribution increased to 14.2 cents from 14 cents
 - June 2007 expected annualised return from seed assets and Inexus increased to 9.5% from 9.25%
 - June 2007 tax deferred component increased to 80% from 70%
- Expected distributions from Inexus will be fully hedged into A\$ until August 2010
- Further details will be included in the PDS to be lodged with ASIC as soon as complete

CIF rights issue

Offer size

- Issue of approx. 60 million Class A Securities
- A\$210 million fully paid

Structure

- 1: 3 pro rata rights offer
- Fully underwritten by JPMorgan and sub-underwritten by Challenger Life
- Price of at least the IPO price of \$3.50, fully-paid
- Class A Securities issued under the rights offer will be entitled to the full distributions for year ending 30 June, including the expected 1H06 distribution
- Discount to market of 1.0%, based on CIF VWAP since listing

Documentation

- PDS to be lodged with ASIC as soon as complete

Timing

- Acquisition expected to be completed on 1 September 2005
- December 2005 distribution expected to be paid in February 2006

Lead Manager and Underwriter

- JPMorgan

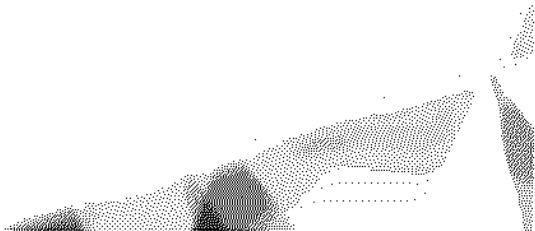
Summary historical financial information

Summary historical financial information (UK GAAP)

(£ million)	2002A	2003A	2004A	CAGR
Revenue	15.6	19.2	22.9	21%
EBITDA	9.8	13.6	16.2	29%
<i>EBITDA margin</i>	63%	71%	71%	
Operating cash flow	8.7	17.0	21.2	56%

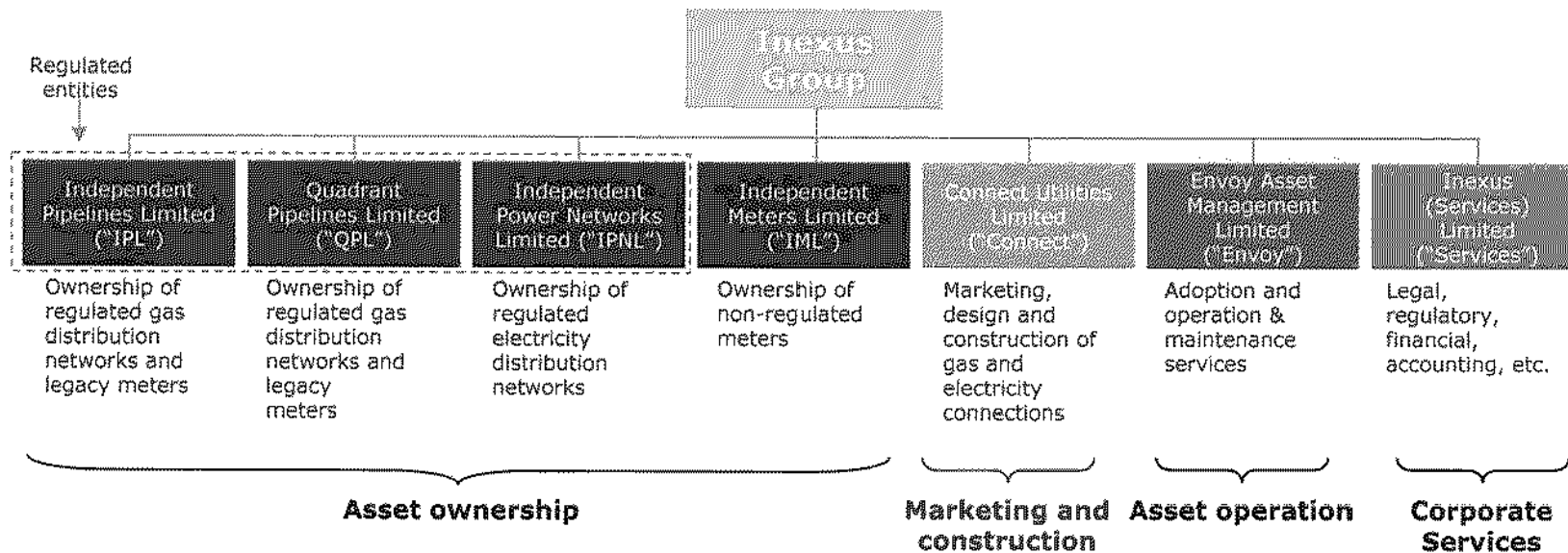
Note: The summary numbers above have been prepared by Inexus management in accordance with UK GAAP. Under AIFRS, these numbers may be subject to change.

4. Additional information



Integrated IGT business

- Inexus designs, constructs, acquires, owns, operates and maintains gas and electricity networks connecting new homes to gas and electricity systems throughout the UK



-
- The diagram illustrates the proposed corporate structure for the new company. At the top, two boxes represent 'Class A Securities' and 'Class B Securities'. Arrows from these boxes point to a central box labeled 'New Company' (indicated by a dashed border). The arrow from Class A Securities is labeled '62.5% post capital raising', and the arrow from Class B Securities is labeled '37.5% post capital raising'. To the left of the 'New Company' box is a box for 'Responsible Entity (CLIL)', with an arrow pointing to the 'New Company' box. To the right is a box for 'Manager (CMSL)', with an arrow pointing to the 'New Company' box. Below the 'New Company' box, three arrows point to three separate boxes: 'ntl Broadcast' (labeled '6.3%'), 'North of England Gas DN' (labeled '5.8%'), and 'Wales & the West UK Gas DN' (labeled '8.6%'). To the right of the 'New Company' box, an arrow labeled '80%' points to a box labeled 'Inexus'. To the right of the 'Inexus' box, two arrows point to it: one from a box labeled 'Colonial' (labeled '13%') and one from a box labeled 'Management' (labeled '7%').