

MARKET RELEASE – CHALLENGER INFRASTRUCTURE FUND

CIF SELLS INTEREST IN WALES & WEST UTILITIES

20 March 2008, Sydney – Challenger Infrastructure Fund (ASX: CIF) today announced that it has entered into an agreement to sell its equity interest in Wales & West Utilities (WWU) to Macquarie Luxembourg Gas SÀRL, a company majority owned and controlled by Macquarie European Infrastructure Fund.¹

The £56.4 million sale price for CIF's 8.6% equity interest in WWU delivers:

- a premium of £14.9 million to the 31 December valuation of £41.5 million;²
- a ~22% IRR since acquisition;² and
- a profit of £19.1 million.²

As with the proceeds from the recently announced sale of Northern Gas Networks (NGN), CIF intends to apply the proceeds to pay-down the acquisition facility that was used to acquire its stake in Southern Water.

"The sale of CIF's equity interest in Wales & West Utilities is consistent with its primary strategy of maximising securityholder value," said Steve Bickerton, Chief Executive of CIF.

"The sale of WWU and NGN at substantial premia, reflect the continuing strong underlying demand for high quality infrastructure assets. The sales have realised a collective premium before tax and transaction costs of £23.0 million, or a 28.0% premium to the December 2007 asset valuation, further highlighting the embedded value in our high quality portfolio."

CIF's distribution guidance of 34 cents per security in FY2008 remains unchanged. The tax deferral status of CIF's FY2008 full year distribution will reduce from 65% to approximately 25% post the sale of CIF's interests in WWU and NGN. CIF's medium term distribution growth guidance of 5% p.a. remains unaltered.

ENDS

¹ The sale is pursuant to the shareholders agreement.

² Before transaction costs and tax.