

MARKET RELEASE

CKI AND LI KA SHING FOUNDATION ACQUIRE 9.76% EQUITY INTEREST IN SOUTHERN WATER CONSORTIUM

13 December 2007, Sydney – Challenger Infrastructure Fund (ASX: CIF) has today advised that Cheung Kong Infrastructure Holdings Limited (CKI) (through a wholly owned subsidiary) and Li Ka Shing Foundation (Canada) Limited and Li Ka Shing Foundation (together LKS) (through a wholly owned subsidiary) have each agreed to acquire a 4.88% (combined 9.76%) equity interest in the consortium which owns Southern Water Capital Limited for £62.6 million (combined £125.2 million).

At the time of the initial acquisition in October 2007 by the Southern Water consortium, £155.6 million of subordinated debt was put in place with the intention to refinance this with equity post acquisition. CKI and LKS's acquisition represents a partial refinancing of this £155.6 million subordinated debt facility with equity finance.

Following this equity issue, each consortium member's equity interest will be proportionately reduced, with CIF's equity interest in Southern Water being 24.04%. The remaining £33.85 million is expected to be syndicated by the consortium in the near term, at which time CIF's equity interest in Southern Water will be reduced to approximately 23.5%.

ENDS