

## MARKET RELEASE

---

### **CIF SUCCESSFULLY SYNDICATES SENIOR DEBT ACQUISITION FACILITY**

21 December 2007, Sydney – Challenger Infrastructure Fund (ASX: CIF) has today announced that it has successfully syndicated its senior debt acquisition facility.

At the time of the acquisition of Southern Water in October 2007, CIF drew down A\$494 million equivalent of its A\$540 million acquisition facility, which comprised A\$250 million in a bridge facility maturing in July 2008 and A\$290 million in a term facility maturing in March 2010.

The syndication of the acquisition facility has been oversubscribed with the new lenders ANZ, National Australia Bank, WestLB and Westpac joining the existing lenders Commonwealth Bank, BOS International and Royal Bank of Scotland as participants in the acquisition facility. The bridge facility will be repaid and cancelled with the proceeds received from the new lenders and the term facility increased by the same amount. This results in no additional borrowings, but as a result of the oversubscription the facility limit has been increased from A\$540 million to A\$580 million.

“Given the current state of the credit market, this is an extremely pleasing outcome for CIF,” commented Steve Bickerton, CIF’s Chief Executive. “The new lenders have joined the facility on terms consistent with those when the facility was established in March 2007. This demonstrates the reliability and strength of the underlying cash flows of the Fund and the quality of the Fund’s assets.”

At the Fund level, the next refinancing event will occur in 2010 when the CIF acquisition facility will mature. At the asset level, the next refinancing event will occur in March 2009 when Southern Water will refinance the £240 million senior debt bridge facility drawn to fund the acquisition. The bridge facility comprises circa 7% of Southern Water’s total debt. Overall, approximately 75% of CIF’s asset level senior debt does not mature until post 2015, reflecting the long term nature of the assets. In addition, approximately 100% of this debt is hedged for a period of 5 years.

Further to the announcement of Cheung Kong Infrastructure Holdings Limited’s and Li Ka Shing Foundation’s participation in the Southern Water consortium on 13 December 2007, CIF is also pleased to advise that Retail Employees Superannuation Pty Limited (REST) has subscribed to a 2.4% interest in Southern Water for £33.85 million. Accordingly the subordinated debt put in place to partially fund Southern Water has been fully repaid with equity.



“The consortium’s ability to repay Southern Water’s subordinated debt so soon post acquisition and at an attractive price is a validation of the quality of the asset” commented Steve Bickerton.

Following the repayment of Southern Water’s subordinated debt, CIF’s share in Southern Water is 23.5%. This has no impact on CIF’s distributions from Southern Water as the refinancing was built into the consortium’s acquisition case. CIF reconfirms its 2008 full year distribution guidance of 34 cents per security.

*ENDS*

---

**Further enquiry:** Susie McPherson, Investor Relations, Challenger Financial Services Group. 02 9994 7958  
Eugenie Perks, Media Relations, Challenger Financial Services Group. 02 9994 7509