

## MARKET RELEASE – CHALLENGER INFRASTRUCTURE FUND

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### CIF SELLS INTEREST IN NORTHERN GAS NETWORKS

14 March 2008, Sydney – Challenger Infrastructure Fund (ASX: CIF) has today announced that it has entered into an agreement to sell its equity interest in Northern Gas Networks (NGN)<sup>1</sup> to RREEF Alternative Investments, the global alternative investment management business of Deutsche Bank, on behalf of one of its major institutional clients.

The £48.8 million sale price for CIF's 5.8% equity interest in NGN delivers:

- a premium of £8.1 million to the 31 December valuation of £40.7 million;<sup>2</sup>
- a ~20% IRR since acquisition; and
- a profit of £12.2 million.<sup>2</sup>

The sale is consistent with CIF's stated strategy of maintaining maximum flexibility around its capital structure.

CIF intends to apply the proceeds to repay the acquisition facility that was used to acquire its stake in Southern Water.

"The sale represents a good outcome for CIF securityholders. CIF is now in a strengthened position in the current economic environment, with a reduced debt structure and a diverse portfolio of high quality infrastructure assets, with long term predictable cashflows and the potential for organic growth," said Steve Bickerton, Chief Executive of CIF.

"We are very pleased with the price achieved for NGN, which exceeds the December 2007 valuation and believe that the divestment demonstrates our focus on maximising value for securityholders."

CIF's distribution guidance of 34 cents per security in FY2008 remains unchanged. The tax deferral status of CIF's FY2008 final distribution will reduce from 65% to approximately 50% post the sale of CIF's interests in NGN. In addition, CIF's medium term distribution growth of 5% p.a. remains unaltered.

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<sup>1</sup> Completion subject to satisfaction of certain conditions.

<sup>2</sup> Before transaction costs and tax.