

MARKET RELEASE

SOUTHERN WATER RAISES £300M WITH BOND ISSUANCE

25 February 2009, Sydney - Challenger Infrastructure Fund (CIF) today announced that Southern Water Services has priced £300 million of 10-year fixed rate bonds at 265 bps over the 2019 gilt, maturing on 31 March 2019. The bond proceeds will be used to fund future capital expenditure requirements.

Southern Water CEO, Les Dawson commented “this bond issuance has further demonstrated the strong investor demand for strong UK utility companies. This financing provides additional liquidity on top of an existing healthy cash position and provides the Company with a high level of flexibility to meet our needs well into AMP5.”

CIF Chief Executive Steve Bickerton said “The bond issue was significantly over subscribed indicating the high level of financeability of Southern Water’s regulated cash flows. Southern Water’s ability to secure new senior debt facilities reflects the robustness of Southern Water’s operations and the attractive nature of highly regulated utility businesses despite of the global economic environment.”

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About Challenger Infrastructure Fund (CIF):

CIF is an Australian publicly listed global diversified infrastructure fund that invests in regulated and contracted monopoly-like assets. CIF has a portfolio of assets which are diversified by sector and also geographical location and focuses on countries with relatively stable political and regulatory environments. CIF takes a disciplined approach to the types of assets in which it invests in order to provide security holders with exposure to assets with long term predictable cash flows. CIF’s portfolio is diversified across 3 key assets: Inexus, Southern Water and LBC. For further information please visit our website: www.challenger.com.au/cif

Important notice:

Any forward looking statements included in this document are by nature subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Challenger and/or CIF, so that actual results or events may vary from those forward looking statements, and the assumptions on which they are based.

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