

MARKET RELEASE

CIF RECEIVES PROCEEDS FROM SALE OF SOUTHERN WATER

13 January 2010, Sydney - Challenger Infrastructure Fund (CIF) today announced that it has received the proceeds of £168 million (approximately \$304 million) from the sale of Southern Water which was announced in November 2009.

As previously announced, it is expected that the proceeds from the sale will be utilised to progress a number of fund and asset level capital management initiatives over the next 12-24 months, including:

- repayment of CIF's A\$122.1¹ million redeemable preference securities (RPS), improving CIF's capital structure and deleveraging the Fund;
- on-market buy-back of up to 10% of its ordinary securities²;
- ensuring LBC and Inexus have appropriate long term capital structures;
- fund future growth opportunities at LBC and Inexus; and
- facilitate further capital management initiatives.

ENDS

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 2 key assets: Inexus 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.

¹ As at 31 December 2009.

² This is the continuation of the Challenger Listed Investments Limited (CLIL) Board approved buy-back currently in place where 16,145,223 securities have been acquired at an average price of 1.49.