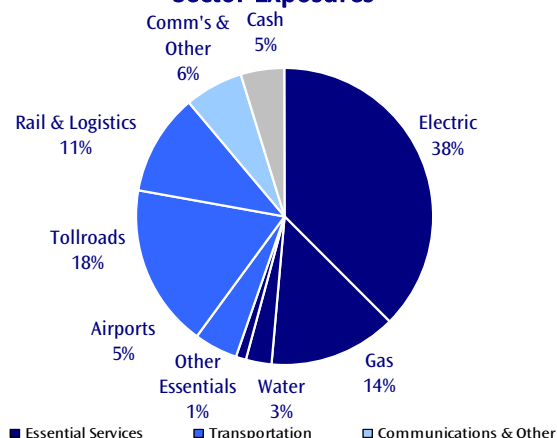
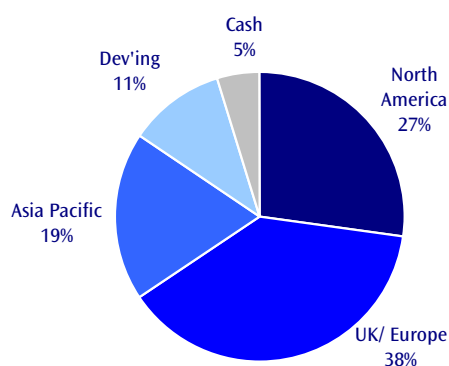
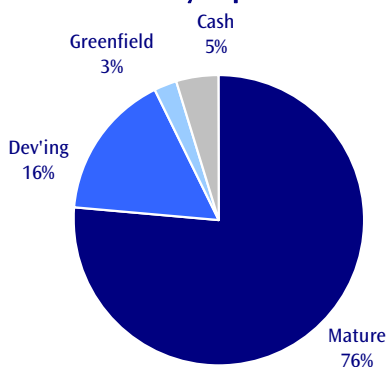


Performance Summary (total returns in AUD after fees)

	This Month	Three Months	One Year	Three Year	Inception ¹
RARE Infrastructure Value Fund	6.1%	7.9%	19.1%	0.5%	1.7%
Benchmark ²	0.4%	1.4%	4.5%	7.3%	7.2%
UBS Global Infra & Utility 50/50 ²	5.6%	6.1%	17.4%	-2.7%	-1.2%

Overview of Fund Exposures and Portfolio Statistics
Sector Exposures³

Regional Exposures - by Listing

Maturity Exposures³

Portfolio Statistics

Current statistics of the RARE Infrastructure Value Fund are as follows⁴:

Dividend Yield	5.0%
EV ⁵ / EBITDA ⁶	8.7x
Interest Cover	4.7x
Gearing (Net Debt/ EV)	41.4%

Fund Details

Fund Size	\$268m
Number of Holdings	41
Minimum Investment	\$500,000 ⁷
Application Price	0.9266
Redemption Price	0.9243
Distribution Frequency	Quarterly
Distribution for Dec 09 (cpu)	1.2500
APIR Code	TGP0008AU
Morningstar Ticker	14651
Management Fee	1.025% per annum
Transaction Costs	0.25%
Performance Fee	10.25% of investment returns made in excess of the Benchmark
Benchmark	An accumulation index comprising the OECD G7 Inflation Index plus 5.5% per annum

¹ Fund inception date 1 August 2006; Performance inception date 13 November 2006. Results Annualised

² Benchmark is OECD G7 Inflation Index plus 5.5% pa, the comparative index is UBS Global Infrastructure & Utilities 50-50 Index (TR, AUD Hedged)

³ Based on the exposures of the underlying assets of the stocks in the Fund, as assessed by RARE Infrastructure

⁴ Based on weighted averages

⁵ EV means Enterprise Value (market capitalisation + preferred equity, if any + net debt)

⁶ EBITDA means earnings before interest, tax, depreciation & amortisation

⁷ If you invest through an IDPS operator such as a Master Trust or Wrap Account platform, this minimum may not apply to you

Market Commentary for the Month

December saw strong performance from global markets with Japan (+12.9) the stand out and the US (+1.9) & HK (+0.3) the laggards. Both developed & emerging markets continued to advance in parallel and extend their +3.2 November gains.

Top news stories in a global context included the Copenhagen summit, Abu Dhabi's bail out of Dubai, the Tiger Woods saga, UK tax increases, Citigroup capital raising to repay TARP monies, banker bonuses – size and how they're to be paid/taxed, Harvard's toxic interest rate swaps and Greece's credit downgrade.

Infra Regulation. Fraport (airport) announced an agreement with airlines for a 12.5% price increase over two years. Aeroports de Paris (AdP) proposed a tariff freeze for 2010 in return for lucrative changes to its regulatory model. Ofgem released its final UK electric distribution networks determination with a 4% (post tax real return on assets) and forecast that companies could earn up to 11% return on (regulated) equity. FERC (US energy regulator) launched an investigation into a number of gas transmission pipelines that appear to be over-recovering costs to the detriment of customers. A draft version of the US rail re-regulation was circulated and appears more industry friendly than first thought.

Infra M&A. the Australian Future Fund was rumoured to have purchased 15.6% of Southern Water (UK) from Challenger Infra and has confirmed it is in talks to join the bid for Transurban (tollroad). A Brisa (tollroad) consortium won the Portuguese high speed rail (HSR) project and bidding on the French €10b HSR project closed (with the government to guarantee 80% of the project debt). Macquarie Infra Group distributed documents for their pending EGM vote on a split of the assets.

Infra Funding. Capital markets are open with debt issuance for the month including: BAA (airports) £235m, Auckland Airport NZ\$125m, Cintra (tollroads) €400m, Atlantia (tollroads) ¥20b (€149m) and Spark (utility) A\$225m. In IPO news, Hochtief pulled the IPO of its Concessions arm and QLD announced an IPO of 60-70% of Queensland Rail (set for Q1'10).

Other Infra News . RiverCity's (tollroad) Clem7 tunnel is due to open early. Spain's Public Works has confirmed its commitment to spend ~€250b on transport infrastructure in the period 2005-20. Passengers throughput at key airports improved in November (YoY%); Heathrow +1.1, Gatwick +4.5, Paris -1.3, Frankfurt -0.2, Sydney +7.8. Sydney port volumes were also strong, +7.9 in November YoY.

Markets

(MoM%, local)	
S&P500	+1.9
EuroStoxx	+6.2
Japan	+12.9
Hong Kong	+0.3
Shanghai	+2.6
Brazil	+2.3
MSCI World	+3.8
MSCI EM	+4.2
Oil (USD)	+2.7

Portfolio Commentary

RARE outperformed its benchmark in December (6.1% vs 0.4%) and also outperformed global equities (3.8%).

We slightly increased our infrastructure exposure for the month, based on opportunistic purchases. AdP on the back of its announcement (short term negative, medium term positive) and MIG given the positive structural changes and value to be released from the split.

Stronger performers for the month included (MoM% total return) ITC Holdings (utility) +17.1 and Wisconsin Energy (utility) +10.5 in the US; SES Global (satellites) +11.2 and GDF Suez (utility) +11.9 in Europe; and DP World (ports) +17.5 bouncing back following the Dubai bail out.

There were few poor performers, with only negative returns coming from Chinese Infrastructure – Beijing Capital (airports) -4.5 and Zhejiang Expressway -5.0. We continue to invest in companies where we have a high conviction in earnings and companies with sound balance sheets.

Richard Elmslie & Nick Langley
Senior Portfolio Managers

Overview of Fund Holdings

Top 10 Holdings	Weighting
ITC HOLDINGS CORPORATION	5.3%
ABERTIS INFRAESTRUCTURAS SA	4.9%
SES	4.6%
NATIONAL GRID PLC	4.5%
SHENZHEN INTERNATIONAL HOLDINGS LIM	4.4%
VINCI SA	4.3%
TRANSCANADA CORPORATION	4.2%
NORTHEAST UTILITIES	4.1%
RED ELECTRICA CORPORATION SA	4.0%
SPECTRA ENERGY CORP	3.4%

Currency Exposure

Currency	Exposure (AUD m)	Hedge (%)
US Dollar (incl. HKD)	87.6	96%
Canadian Dollar	15.2	98%
Euro	83.6	98%
British Pound	19.8	97%
Brazilian Real	24.3	90%
Singapore Dollar	7.6	80%

Important Information:

While the information contained in this report has been prepared with all reasonable care, RARE Infrastructure Limited ("RARE") accepts no responsibility or liability for any errors, omissions or misstatements however caused. This information is not personal advice. This advice has been prepared without taking account of your objectives, financial situation or needs.

Treasury Group Investment Services Limited ("TIS") is the responsible entity for the RARE Infrastructure Value Fund (the "Fund"). Applications can only be made on the form in the current product disclosure statement dated 17 January 2007 for this Fund. The product disclosure statement can be obtained by contacting the RARE Infrastructure investment team on (02) 9397 7300, by fax (02) 9397 7399, by emailing invest@RAREinfrastructure.com or at www.RAREinfrastructure.com. Potential investors should consider the product disclosure statement before deciding whether to invest, or continue to invest in the Fund. The fact that shares in a particular company may have been mentioned should not be interpreted as a recommendation to buy, sell or hold that stock.

Investors should be aware that past performance is not indicative of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. Potential investors should seek independent advice as to the suitability of the Fund to their investment needs. TIS may be contacted by writing to Level 5, 50 Margaret Street, Sydney, NSW, 2000, by telephone (02) 8243 0400 or by fax (02) 8243 0410. TIS receives an investment management fee of 1.025% per annum of the amount invested in the fund (including GST less the maximum applicable reduced input tax credits), which is the entire management fee, out of which responsible entity fees, investment management costs, ongoing administrative expenses and other fees will be paid.