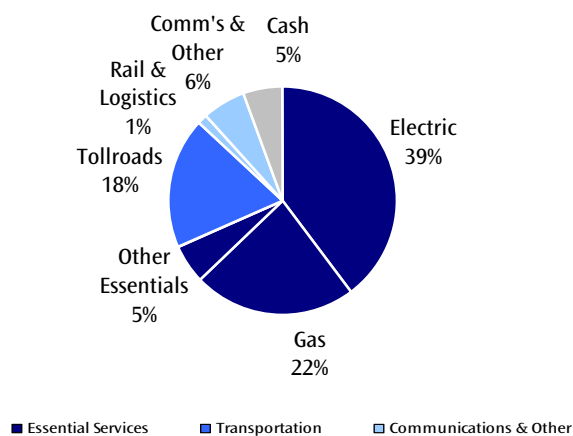
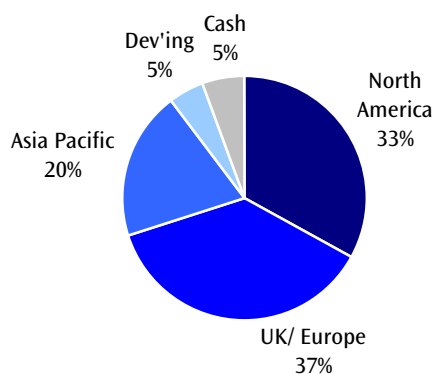
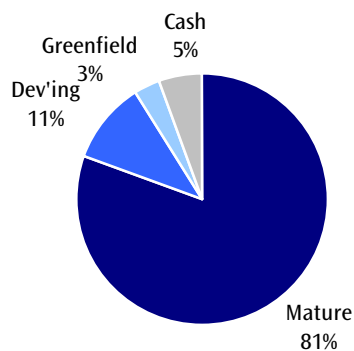


**Performance Summary (total returns in AUD after fees)**

	This Month	Three Months	Twelve Months	Inception <sup>1</sup>
RARE Infrastructure Value Fund	0.2%	-11.7%	-26.6%	-5.5%
Benchmark <sup>2</sup>	0.4%	1.5%	9.8%	8.2%
MSCI World (Local Currency)	1.4%	-20.7%	-39.2%	-13.3%

**Overview of Fund Exposures and Portfolio Statistics**
**Sector Exposures<sup>3</sup>**

**Regional Exposures - by Listing**

**Maturity Exposures<sup>3</sup>**

**Portfolio Statistics**

Current statistics of the RARE Infrastructure Value Fund are as follows<sup>4</sup>:

Dividend Yield	5.8%
EV <sup>5</sup> / EBITDA <sup>6</sup>	9.7x
Interest Cover	4.0x
Gearing (Net Debt/ EV)	39.5%
Asset Beta	0.47

**Fund Details**

Fund Size	\$121m
Number of Holdings	36
Minimum Investment	\$500,000 <sup>7</sup>
Application Price	0.8081
Redemption Price	0.8041
Distribution Frequency	Quarterly
Distribution for December 08	0.7500 cpu
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

<sup>1</sup> Inception date 13 November 2006. Results Annualised

<sup>2</sup> OECD G7 Inflation Index plus 5.5% pa

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

<sup>4</sup> Based on weighted averages

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

<sup>6</sup> EBITDA means earnings before interest, tax, depreciation & amortisation

<sup>7</sup> 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

Global markets recorded modest improvements in December on the back of a falling oil price (-18.1% for the month to USD45) and moderating inflationary concerns despite the continuing flow of negative economic and company data (profit warnings from FedEx, Weyerhaeuser, Eastman Kodak and 3m, with Polaroid filing for Chapter 11). The US market ended the month marginally ahead (DJ -0.6%; S&P500 +0.8%; NASDAQ +2.7%) as the cut in Federal interest rates to 0.25% (0.75% cut) and announced plans by the Obama administration to boost infrastructure expenditures cushioned the negative impact of falling energy and related stocks, the bailout of the automotive industry and concerns after the discovery of fraud (USD50b) relating to hedge fund manager Bernie Madoff.

European markets were mixed (UK +3.4%; France -1.4%; Italy -2.6%; Spain +3.2%; Germany +3.0%) as the European Central Bank (ECB) lowered interest rates by a greater than expected 0.75% to 2.5%. The proposed Lloyds takeover of HBOS was beset by pension fund issues, Euro Zone Retail Trade declined by 0.8% and UK and German Industrial Production fell by 1.6% and 2.1% respectively in October. Euro Zone CPI provided one positive outcome, rising by a modest 2.1% in Nov and providing the ECB the flexibility to cut rate further.

With the exception of Australia, Asia Pacific markets advanced across the region (Japan +4.1%; Hong Kong +3.6%; Singapore +1.7%; Korea +4.5%; Australia -0.5%) during the month, driven by the expectation that the US stimulus package would moderate the decline in economic activity globally. Other positive regional news included further interest rate cuts in China and Japan (the first cut since 1993), moderating inflation data and increased M&A activity from Japanese companies on the back of an appreciating Yen (Suntory/Frucor; Asahi/Schweppes Australia; Panasonic/Sanyo).

Infrastructure related announcements include that the Schiphol Group would buy an 8% stake from the French government in Aeroports de Paris for EUR530m, Sacyr of Spain has sold its tollroad operator, Itinere, to Citi Infrastructure Investors for EUR7.9b and the Portuguese government has extended Brisa's tollroad concession by 3 years to 2035 in return for an additional EUR118m in new investments. Ferrovial, the owner of BAA, announced that it would use "all mechanisms at its disposal" to protect its interests following the Competition Commission's statement that, subject to consultation, it will require BAA to sell both Gatwick and Stansted airports as well as Edinburgh airport.

**Richard Elmslie, Nick Langley & George Raftopoulos,  
Senior Portfolio Managers**

### 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.

## Portfolio Commentary

The fund underperformed in December, finishing positive at 0.2% compared to benchmark at 0.4% and the 1.4% performance for global markets, as measured by the MSCI World Index.

On a sector and regional basis, RARE benefited from its exposure to Tollroads in Asia and LatAm and Gas Transmission utilities in AsiaPac. Performance was negatively impacted by RARE's exposure to Tollroads in Europe, Electric utilities in AsiaPac and from having no exposure to AsiaPac ports and LatAm airports.

Cintra has been selected as one of two consortia to bid for the USD2b North Tarrant Express tollroad in Texas, while Ferrovial has announced that it is conducting preliminary analysis on a potential merger with Cintra, in which it current has a 68% stake. Abertis has stated it will buy stakes in tollroad operating companies in Spain and Chile for €621m from Citigroup, following Citigroup's purchase of Itinere.

RARE continues to believe that global markets will be volatile, and continues to weight the portfolio towards stocks that exhibit more defensive investment characteristics.

The RARE Infrastructure Value Fund will distribute 0.75 cpu (net) for the December quarter.

## Overview of Fund Holdings

Top 10 Holdings	Weighting
ITC HOLDINGS CORPORATION	6.1%
ENBRIDGE INC	5.2%
NATIONAL GRID PLC	5.1%
TRANSCANADA CORPORATION	4.8%
SNAM RETE GAS	4.7%
CINTRA CONCESIONES DE INFRAE	4.7%
SINGAPORE POST LIMITED	4.5%
RED ELECTRICA CORPORATION SA	4.2%
WISCONSIN ENERGY CORPORATION	4.2%
SES	4.1%

## Currency Exposure

Currency	Exposure (AUD million)	Hedge (%)
US Dollar (incl. HKD)	36.8	99%
Canadian Dollar	12.2	110%
Euro (incl. CZK)	35.2	112%
British Pound	9.6	117%
Brazilian Real	5.9	115%
Singapore Dollar	5.5	99%