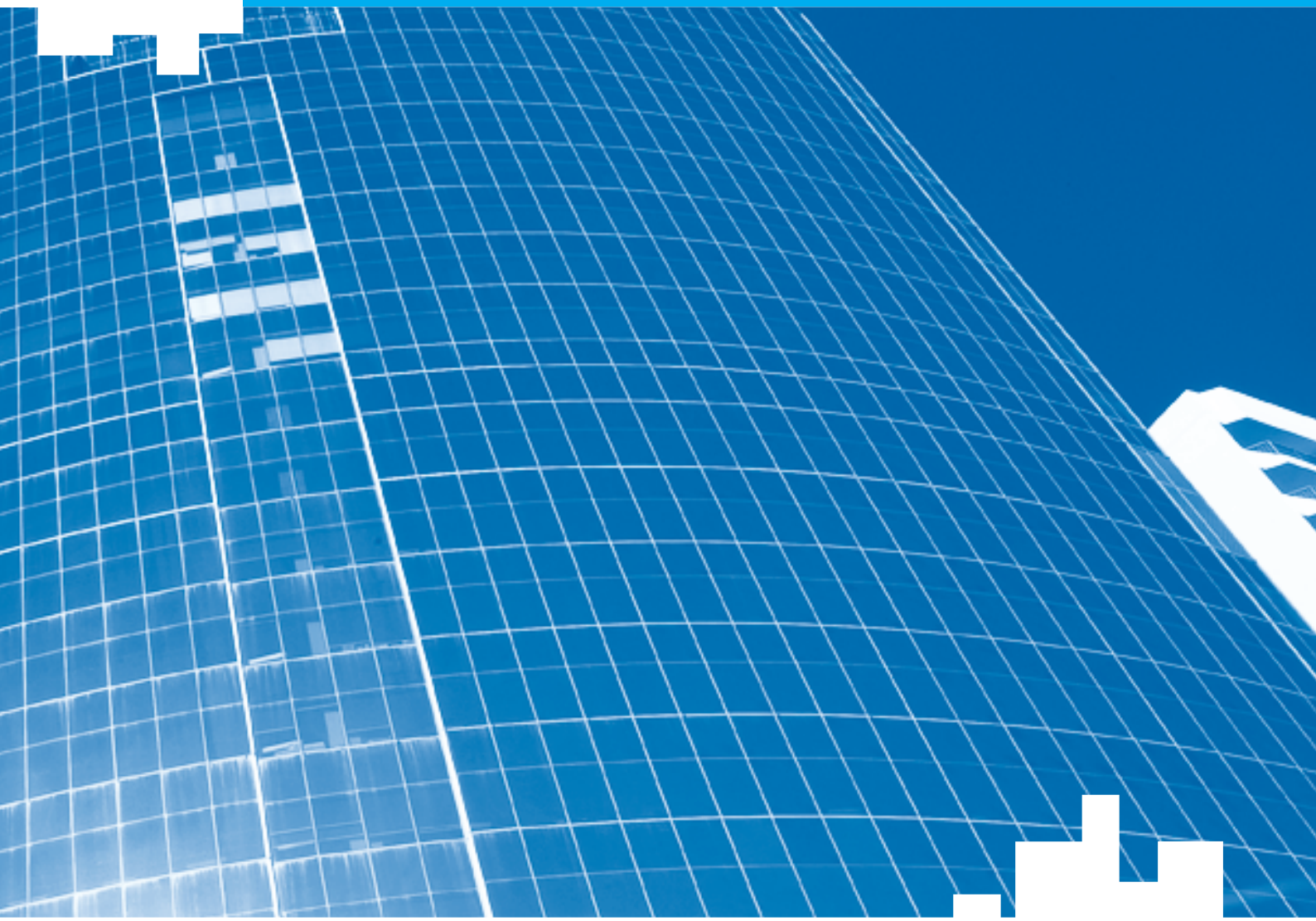
# DB RREEF Trust

## combined financial statements 2007



DB RREEF

Managed in partnership with Deutsche Bank

# financial reports

DB RREEF INDUSTRIAL TRUST (ARSN 090 879 137)
DB RREEF OFFICE TRUST (ARSN 090 768 531)
DB RREEF OPERATIONS TRUST (ARSN 110 521 223)

ANNUAL FINANCIAL REPORT 30 JUNE 2007



FRONT COVER: 309-321 Kent Street, Sydney NSW ABOVE: Pound Road West, Dandenong VIC

DB RREEF Trust (DRT) (ASX Code: DRT), consists of DB RREEF Diversified Trust (DDF), DB RREEF Industrial Trust (DIT), DB RREEF Office Trust (DOT) and DB RREEF Operations Trust (DRO), (the Trusts).

Under Australian equivalents to International Financial Reporting Standards (AIFRS), DDF has been deemed the parent entity for accounting purposes. Therefore the DDF consolidated Financial Statements include all entities forming part of DRT. The DDF consolidated Financial Statements are presented in a separate financial report.

All press releases, financial reports and other information are available on our website: www.dbrreef.com

The Directors of DB RREEF Funds Management Limited (DRFM) as Responsible Entity of DB RREEF Industrial Trust and its consolidated entities (DIT or the Trust) present their Directors' Report together with the consolidated Financial Statements for the year ended 30 June 2007.

The Trust together with DB RREEF Diversified Trust, DB RREEF Office Trust and DB RREEF Operations Trust form the DB RREEF Trust stapled security (DRT).

## 1. directors and secretaries

### 1.1 directors

The following persons were Directors or Alternate Directors of DRFM at all times during the year, and to the date of this Directors' Report:

| Directors | Appointed |
|---|---|
| Christopher T Beare | 4 August 2004 |
| Elizabeth A Alexander AM | 1 January 2005 |
| Barry R Brownjohn | 1 January 2005 |
| Stewart F Ewen OAM | 4 August 2004 |
| Victor P Hoog Antink | 1 October 2004 |
| Charles B Leitner III | 10 March 2005 |
| Brian E Scullin | 1 January 2005 |
| **Alternate Director** | |
| Andrew J Fay for Charles B Leitner III | 30 January 2006 |

Particulars of the qualifications, experience and special responsibilities of current Directors and Alternate Directors at the date of this Directors' Report are set out in the Directors section of the DB RREEF Trust Annual Report and form part of this Directors' Report.

### 1.2 company secretaries

The names and details of the Company Secretaries of DRFM as at 30 June 2007 are as follows:

**Tanya L Cox** MBA MAICD (Company Secretary)

Appointed: 1 October 2004

Tanya Cox joined DB Real Estate in July 2003 as Chief Operating Officer, responsible for the overall operational efficiency of the real estate business in Australia. Tanya has held various general management positions over the past 15 years, including Director and Chief Operating Officer of NM Rothschild & Sons (Australia) Ltd and General Manager – Finance, Operations and IT of Bank of New Zealand (Australia).

Tanya is Chief Operating Officer and Company Secretary of DRFM, DB RREEF Holdings Pty Limited and DB RREEF Wholesale Property Limited and is a member of the Board Risk and Compliance Committee.

**John C Easy** B Comm LLB ACIS (Company Secretary)

Appointed: 1 July 2005

John Easy joined Deutsche Asset Management as a senior lawyer in 1997 and has been involved in the listing of Deutsche Office Trust and a number of major acquisition, disposal and leasing transactions for the Group. John has responsibility for legal issues affecting the property portfolio. John was formerly a senior associate with law firms Allens Arthur Robinson and Gilbert & Tobin. John is General Counsel and Company Secretary for DRFM, DB RREEF Holdings Pty Limited and DB RREEF Wholesale Property Limited and is a member of the Board Risk and Compliance Committee.

## 2. attendance of directors at board meetings and board committee meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

The Directors met 17 times during the year. Eight Board meetings were main meetings, seven meetings were held to consider specific business. In April 2007, several Directors went as a group to Japan and China to gain an insight into these markets. While the Board continuously considers strategy, in March 2007 they met with senior management to consider business plans and strategy.

| Board meetings | Main meetings held[1] | Main meetings attended[1] | Special meetings held[1] | Special meetings attended[1] |
|---|---|---|---|---|
| **Directors** | | | | |
| Christopher T Beare | 8 | 8 | 7 | 7 |
| Elizabeth A Alexander AM | 8 | 8 | 7 | 6 |
| Barry R Brownjohn | 8 | 8 | 7 | 6 |
| Stewart F Ewen OAM | 8 | 8 | 7 | 5 |
| Victor P Hoog Antink | 8 | 8 | 7 | 7 |
| Charles B Leitner III[2] | 8 | 8 | 7 | 6 |
| Brian E Scullin | 8 | 7 | 7 | 7 |

1 Indicates where a Director attended either personally or their Alternate was in attendance.
2 Based in New York, USA.

Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

The number of Board Committee meetings held during the year and each Director's attendance at those meetings is set out in the table below.

| | Board Audit Committee | | Board Risk and Compliance Committee | | Board Nomination and Remuneration Committee | | Board Treasury Policy Committee | |
|---|---|---|---|---|---|---|---|---|
| | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended |
| **Directors** | | | | | | | | |
| Christopher T Beare | – | – | – | – | 5 | 5 | 2 | 2 |
| Elizabeth A Alexander AM[1] | 6 | 6 | – | – | – | – | – | – |
| Barry R Brownjohn | 6 | 6 | – | – | – | – | 2 | 2 |
| Stewart F Ewen OAM | – | – | – | – | 5 | 5 | – | – |
| Andrew J Fay[2] | – | – | – | – | 1 | 1 | – | – |
| Victor P Hoog Antink | – | – | – | – | – | – | 2 | 2 |
| Charles B Leitner III | – | – | – | – | – | – | – | – |
| Brian E Scullin | 6 | 6 | 4 | 4 | 5 | 5 | – | – |

1 Appointed to the Board Risk and Compliance Committee on 31 May 2007.
2 Appointed to the Board Nomination and Remuneration Committee on 23 May 2007.

## 3. directors' interests

Details of the Board's policy on insider trading and trading in DB RREEF Trust securities or securities in any of the funds managed by DB RREEF by Director and employee are set out in section 3.2 of the Corporate Governance Statements in the DB RREEF Trust Annual Report.

While the trading policy described in the Corporate Governance Statement applies to Directors and Senior Executives, the Board has determined that Directors will not trade in any security managed by DB RREEF.

Directors have made this decision because the Boards of DB RREEF have responsibility for DB RREEF Trust as well as the third party businesses. Directors are obliged to act in the best interest of each group of investors independently of each other. Therefore, to minimise the appearance of conflict that may arise by being a director of multiple funds, the Directors have determined that they will not invest in any fund managed by DB RREEF including DRT. While this decision may fail to achieve the desired alignment of interests between investors and the Board, the Directors consider it to be of greater importance to demonstrate that they are not motivated to act in the interests of any one fund over another. This position is periodically reviewed by the Board.

As a direct result of DB RREEF's policy regarding Directors holding DRT securities, or securities in any of the funds managed by DB RREEF, as at the date of this Directors' Report no Director or Alternate Director directly or indirectly held:

- securities in DB RREEF Trust; or
- options over, or any other contractual interest in, securities in DB RREEF Trust; or
- an interest in any other fund managed by DRFM or any other entity that forms part of DB RREEF Trust.

## 4. directors' directorships in other listed entities

The following table sets out directorships of other listed entities, not including DRFM, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held:

| Director | Company | Date appointed | Date resigned or ceased being a Director of a listed security |
|---|---|---|---|
| Elizabeth A Alexander AM | CSL Limited | July 1991 | |
| | Boral Limited | September 1994 | |
| | AMCOR Limited | April 1994 | October 2005 |
| Brian E Scullin | Deutsche Asset Management (Australia) Limited[1] | 20 December 1999 | 17 October 2006 |
| | IYS Instalment Receipt Limited[1] | 24 October 2005 | 17 October 2006 |
| | SPARK Infrastructure RE Limited[2] | 1 January 2006 | |
| **Alternate Director** | | | |
| Andrew J Fay (Alternate to Charles B Leitner III) | Deutsche Asset Management (Australia) Limited[1] | 4 May 2005 | 17 October 2006 |
| | IYS Instalment Receipt Limited[1] | 4 May 2005 | 17 October 2006 |
| | SPARK Infrastructure RE Limited[2] | 1 January 2006 | |

1 IYS Instalment Receipt Limited had until 29 November 2006 issued ASX listed instalment receipts over units in the Deutsche Retail Infrastructure Trust, a managed investment scheme that was until 17 October 2006 listed but not quoted on the ASX and whose Responsible Entity was Deutsche Asset Management (Australia) Limited.

2 SPARK Infrastructure RE Limited has issued ASX listed stapled securities trading as SPARK Infrastructure Group (ASX: SKI).

## 5. principal activities

During the year the principal activity of the Trust was investment in real estate assets. There were no significant changes in the nature of the Trust's activities during the year.

## 6. total value of trust assets

The total value of the assets of the Trust as at 30 June 2007 was $2,104.2 million (2006: $1,580.1 million). Details of the basis of this valuation are outlined in note 1 of the Notes to the financial statements and form part of this Directors' Report.

## 7. review and results of operations

A review of the results, financial position, operations including business strategies and the expected results of operations of the Trust, is set out in the Chief Executive Officer's Report in the DB RREEF Trust Annual Report and forms part of this Directors' Report.

## 8. likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and the future developments or results of the Trust, other than the information already outlined in this Directors' Report or the Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Trust.

## 9. significant changes in the state of affairs

The Directors of DRFM are not aware of any matter or circumstance, not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

## 10. matters subsequent to the end of the financial year

Since the end of the year the Directors of DRFM are not aware of any matter or circumstance not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

## 11. distributions

Distributions paid or payable by the Trust for the year ended 30 June 2007 are outlined in note 31 of the Notes to the financial statements and form part of this Directors' Report.

## 12. DRFM's fees and associate interests

Details of fees paid or payable by the Trust to DRFM for the year ended 30 June 2007 are outlined in note 35 of the Notes to the financial statements and form part of this Directors' Report.

The number of interests in the Trust held by DRFM or its associates as at the end of the financial year are nil (2006: nil).

## 13. interests in DB RREEF Trust

The movement in securities on issue in the Trust during the year and the number of securities on issue as at 30 June 2007 are detailed in note 28 of the Notes to the financial statements and form part of this Directors' Report.

The Trust did not have any options on issue as at 30 June 2007 (2006: nil).

## 14. environmental regulation

The Directors of DRFM are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Directors are not aware of any breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

## 15. indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by DB RREEF Holdings Pty Limited. The auditors are in no way indemnified out of the assets of the Trust.

## 16. audit

### 16.1 auditor

PricewaterhouseCoopers (PwC or the Auditor) continues in office in accordance with section 327 of the *Corporations Act 2001*.

### 16.2 non-audit services

Details of the amounts paid to the Auditor, which include amounts paid for non-audit services are set out in note 8 of the Notes to the financial statements.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The reasons for the Directors being satisfied are:

- Board Audit Committee has determined that the external auditor will not provide services that have the potential to impair the independence of its audit role, including:
  - participating in activities that are normally undertaken by management; and
  - being remunerated on a "success fee" basis.
- Board Audit Committee has determined that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
  - the preparation of accounting records;
  - the design and implementation of information technology systems;
  - conducting valuation, actuarial or legal services;
  - promoting, dealing in or underwriting securities; or
  - providing internal audit services.
- Board Audit Committee regularly reviews the performance and independence of the Auditor and whether the independence of this function has been maintained having regard to the provision of non-audit services. The Auditor has provided a written declaration to the Board regarding its independence at each reporting period and Board Audit Committee approval is required before the engagement of the Auditor to perform any non-audit service for a fee in excess of $100,000.

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

### 16.3 audit independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out in the Financial Statements and forms part of this Directors' Report.

## 17. corporate governance

DRFM's Corporate Governance Statement is set out in the DB RREEF Trust Annual Report.

## 18. combined financial statements

The Trust has applied Class Order 06/441 issued by the Australian Securities & Investments Commission which allows the financial statements of different registered schemes with a common Responsible Entity to be presented in adjacent columns in a single financial report.

## 19. rounding of amounts and currency

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial Statements. Amounts in this Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Financial Statements, except where otherwise stated, are expressed in Australian dollars.

## 20. management representation

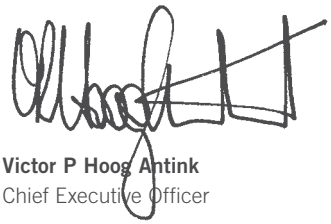
The Chief Executive Officer and Chief Operating Officer, the person who effectively holds the role of Chief Financial Officer, have reviewed the Trust's financial reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures. Following that review it is their opinion that the Trust's financial records for the financial year have been properly maintained in accordance with the *Corporations Act 2001* and the Financial Statements and their notes comply with the accounting standards and give a true and fair view.

## 21. directors' authorisation

This Directors' Report is made in accordance with a resolution of the Directors.

**Christopher T Beare**
Chair

27 August 2007



**Victor P Hoog Antink**
Chief Executive Officer

27 August 2007

The Directors of DB RREEF Funds Management Limited (DRFM) as Responsible Entity of DB RREEF Office Trust and its consolidated entities (DOT or the Trust) present their Directors' Report together with the consolidated Financial Statements for the year ended 30 June 2007.

The Trust together with DB RREEF Diversified Trust, DB RREEF Industrial Trust and DB RREEF Operations Trust form the DB RREEF Trust stapled security (DRT).

## 1. directors and secretaries

### 1.1 directors

The following persons were Directors or Alternate Directors of DRFM at all times during the year, and to the date of this Directors' Report:

| Directors | Appointed |
|---|---|
| Christopher T Beare | 4 August 2004 |
| Elizabeth A Alexander AM | 1 January 2005 |
| Barry R Brownjohn | 1 January 2005 |
| Stewart F Ewen OAM | 4 August 2004 |
| Victor P Hoog Antink | 1 October 2004 |
| Charles B Leitner III | 10 March 2005 |
| Brian E Scullin | 1 January 2005 |
| **Alternate Director** | |
| Andrew J Fay for Charles B Leitner III | 30 January 2006 |

Particulars of the qualifications, experience and special responsibilities of current Directors and Alternate Directors at the date of this Directors' Report are set out in the Directors section of the DB RREEF Trust Annual Report and form part of this Directors' Report.

### 1.2 company secretaries

The names and details of the Company Secretaries of DRFM as at 30 June 2007 are as follows:

**Tanya L Cox** MBA MAICD (Company Secretary)

Appointed: 1 October 2004

Tanya Cox joined DB Real Estate in July 2003 as Chief Operating Officer, responsible for the overall operational efficiency of the real estate business in Australia. Tanya has held various general management positions over the past 15 years, including Director and Chief Operating Officer of NM Rothschild & Sons (Australia) Ltd and General Manager – Finance, Operations and IT of Bank of New Zealand (Australia).

Tanya is Chief Operating Officer and Company Secretary of DRFM, DB RREEF Holdings Pty Limited and DB RREEF Wholesale Property Limited and is a member of the Board Risk and Compliance Committee.

**John C Easy** B Comm LLB ACIS (Company Secretary)

Appointed: 1 July 2005

John Easy joined Deutsche Asset Management as a senior lawyer in 1997 and has been involved in the listing of Deutsche Office Trust and a number of major acquisition, disposal and leasing transactions for the Group. John has responsibility for legal issues affecting the property portfolio. John was formerly a senior associate with law firms Allens Arthur Robinson and Gilbert & Tobin. John is General Counsel and Company Secretary for DRFM, DB RREEF Holdings Pty Limited and DB RREEF Wholesale Property Limited and is a member of the Board Risk and Compliance Committee.

## 2. attendance of directors at board meetings and board committee meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

The Directors met 17 times during the year. Eight Board meetings were main meetings, seven meetings were held to consider specific business. In April 2007, several Directors went as a group to Japan and China to gain an insight into these markets. While the Board continuously considers strategy, in March 2007 they met with senior management to consider business plans and strategy.

| Board meetings | Main meetings held[1] | Main meetings attended[1] | Special meetings held[1] | Special meetings attended[1] |
|---|---|---|---|---|
| **Directors** | | | | |
| Christopher T Beare | 8 | 8 | 7 | 7 |
| Elizabeth A Alexander AM | 8 | 8 | 7 | 6 |
| Barry R Brownjohn | 8 | 8 | 7 | 6 |
| Stewart F Ewen OAM | 8 | 8 | 7 | 5 |
| Victor P Hoog Antink | 8 | 8 | 7 | 7 |
| Charles B Leitner III[2] | 8 | 8 | 7 | 6 |
| Brian E Scullin | 8 | 7 | 7 | 7 |

1 Indicates where a Director attended either personally or their Alternate was in attendance.
2 Based in New York, USA.

Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

The number of Board Committee meetings held during the year and each Director's attendance at those meetings is set out in the table below.

| | Board Audit Committee | | Board Risk and Compliance Committee | | Board Nomination and Remuneration Committee | | Board Treasury Policy Committee | |
|---|---|---|---|---|---|---|---|---|
| | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended |
| **Directors** | | | | | | | | |
| Christopher T Beare | – | – | – | – | 5 | 5 | 2 | 2 |
| Elizabeth A Alexander AM[1] | 6 | 6 | – | – | – | – | – | – |
| Barry R Brownjohn | 6 | 6 | – | – | – | – | 2 | 2 |
| Stewart F Ewen OAM | – | – | – | – | 5 | 5 | – | – |
| Andrew J Fay[2] | – | – | – | – | 1 | 1 | – | – |
| Victor P Hoog Antink | – | – | – | – | – | – | 2 | 2 |
| Charles B Leitner III | – | – | – | – | – | – | – | – |
| Brian E Scullin | 6 | 6 | 4 | 4 | 5 | 5 | – | – |

1 Appointed to the Board Risk and Compliance Committee on 31 May 2007.
2 Appointed to the Board Nomination and Remuneration Committee on 23 May 2007.

## 3. directors' interests

Details of the Board's policy on insider trading and trading in DB RREEF Trust securities or securities in any of the funds managed by DB RREEF by Directors and employees are set out in section 3.2 of the Corporate Governance Statements in the DB RREEF Trust Annual Report.

While the trading policy described in the Corporate Governance Statement applies to Directors and Senior Executives, the Board has determined that Directors will not trade in any security managed by DB RREEF.

Directors have made this decision because the Boards of DB RREEF have responsibility for DB RREEF Trust as well as the third party businesses. Directors are obliged to act in the best interest of each group of investors independently of each other. Therefore, to minimise the appearance of conflict that may arise by being a director of multiple funds, the Directors have determined that they will not invest in any fund managed by DB RREEF including DRT. While this decision may fail to achieve the desired alignment of interests between investors and the Board, the Directors consider it to be of greater importance to demonstrate that they are not motivated to act in the interests of any one fund over another. This position is periodically reviewed by the Board.

As a direct result of DB RREEF's policy regarding Directors holding DRT securities, or securities in any of the funds managed by DB RREEF, as at the date of this Directors' Report no Director or Alternate Director directly or indirectly held:

- securities in DB RREEF Trust; or
- options over, or any other contractual interest in, securities in DB RREEF Trust; or
- an interest in any other fund managed by DRFM or any other entity that forms part of DB RREEF Trust.

## 4. directors' directorships in other listed entities

The following table sets out directorships of other listed entities, not including DRFM, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held:

| Director | Company | Date appointed | Date resigned or ceased being a Director of a listed security |
|---|---|---|---|
| Elizabeth A Alexander AM | CSL Limited | July 1991 | |
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| Brian E Scullin | Deutsche Asset Management (Australia) Limited[1] | 20 December 1999 | 17 October 2006 |
| | IYS Instalment Receipt Limited[1] | 24 October 2005 | 17 October 2006 |
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| **Alternate Director** | | | |
| Andrew J Fay (Alternate to Charles B Leitner III) | Deutsche Asset Management (Australia) Limited[1] | 4 May 2005 | 17 October 2006 |
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2 SPARK Infrastructure RE Limited has issued ASX listed stapled securities trading as SPARK Infrastructure Group (ASX: SKI).

## 5. principal activities

During the year the principal activity of the Trust was investment in real estate assets. There were no significant changes in the nature of the Trust's activities during the year.

## 6. total value of trust assets

The total value of the assets of the Trust as at 30 June 2007 was $3,356.4 million (2006: $3,110.2 million). Details of the basis of this valuation are outlined in note 1 of the Notes to the financial statements and form part of this Directors' Report.

## 7. review and results of operations

A review of the results, financial position, operations including business strategies and the expected results of operations of the Trust, is set out in the Chief Executive Officer's Report in the DB RREEF Trust Annual Report and forms part of this Directors' Report.

## 8. likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and the future developments or results of the Trust, other than the information already outlined in this Directors' Report or the Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Trust.

## 9. significant changes in the state of affairs

The Directors of DRFM are not aware of any matter or circumstance, not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

## 10. matters subsequent to the end of the financial year

Since the end of the year the Directors of DRFM are not aware of any matter or circumstance not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

## 11. distributions

Distributions paid or payable by the Trust for the year ended 30 June 2007 are outlined in note 31 of the Notes to the financial statements and form part of this Directors' Report.

## 12. DRFM's fees and associate interests

Details of fees paid or payable by the Trust to DRFM for the year ended 30 June 2007 are outlined in note 35 of the Notes to the financial statements and form part of this Directors' Report.

The number of interests in the Trust held by DRFM or its associates as at the end of the financial year are nil (2006: nil).

## 13. interests in DB RREEF Trust

The movement in securities on issue in the Trust during the year and the number of securities on issue as at 30 June 2007 are detailed in note 28 of the Notes to the financial statements and form part of this Directors' Report.

The Trust did not have any options on issue as at 30 June 2007 (2006: nil).

## 14. environmental regulation

The Directors of DRFM are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Directors are not aware of any breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

## 15. indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by DB RREEF Holdings Pty Limited. The auditors are in no way indemnified out of the assets of the Trust.

## 16. audit

### 16.1 auditor

PricewaterhouseCoopers (PwC or the Auditor) continues in office in accordance with section 327 of the *Corporations Act 2001*.

### 16.2 non-audit services

Details of the amounts paid to the Auditor, which include amounts paid for non-audit services are set out in note 8 of the Notes to the financial statements.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The reasons for the Directors being satisfied are:

- Board Audit Committee has determined that the external auditor will not provide services that have the potential to impair the independence of its audit role, including:
  - participating in activities that are normally undertaken by management; and
  - being remunerated on a "success fee" basis.
- Board Audit Committee has determined that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
  - the preparation of accounting records;
  - the design and implementation of information technology systems;
  - conducting valuation, actuarial or legal services;
  - promoting, dealing in or underwriting securities; or
  - providing internal audit services.
- Board Audit Committee regularly reviews the performance and independence of the Auditor and whether the independence of this function has been maintained having regard to the provision of non-audit services. The Auditor has provided a written declaration to the Board regarding its independence at each reporting period and Board Audit Committee approval is required before the engagement of the Auditor to perform any non-audit service for a fee in excess of $100,000.

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

### 16.3 audit independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out in the Financial Statements and forms part of this Directors' Report.

## 17. corporate governance

DRFM's Corporate Governance Statement is set out in the DB RREEF Trust Annual Report.

## 18. combined financial statements

The Trust has applied Class Order 06/441 issued by the Australian Securities & Investments Commission which allows the financial statements of different registered schemes with a common Responsible Entity to be presented in adjacent columns in a single financial report.

## 19. rounding of amounts and currency

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial statements. Amounts in this Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Financial Statements, except where otherwise stated, are expressed in Australian dollars.

## 20. management representation

The Chief Executive Officer and Chief Operating Officer, the person who effectively holds the role of Chief Financial Officer, have reviewed the Trust's financial reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures. Following that review it is their opinion that the Trust's financial records for the financial year have been properly maintained in accordance with the *Corporations Act 2001* and the Financial Statements and their notes comply with the accounting standards and give a true and fair view.

## 21. directors' authorisation

This Directors' Report is made in accordance with a resolution of the Directors.

**Christopher T Beare**
Chair

27 August 2007

**Victor P Hoog Antink**
Chief Executive Officer

27 August 2007

The Directors of DB RREEF Funds Management Limited (DRFM) as Responsible Entity of DB RREEF Operations Trust and its consolidated entities (DRO or the Trust) present their Directors' Report together with the consolidated Financial Statements for the year ended 30 June 2007.

The Trust together with DB RREEF Diversified Trust, DB RREEF Industrial Trust and DB RREEF Office Trust form the DB RREEF Trust stapled security (DRT).

## 1. directors and secretaries

### 1.1 directors

The following persons were Directors or Alternate Directors of DRFM at all times during the year, and to the date of this Directors' Report:

| Directors | Appointed |
|---|---|
| Christopher T Beare | 4 August 2004 |
| Elizabeth A Alexander AM | 1 January 2005 |
| Barry R Brownjohn | 1 January 2005 |
| Stewart F Ewen OAM | 4 August 2004 |
| Victor P Hoog Antink | 1 October 2004 |
| Charles B Leitner III | 10 March 2005 |
| Brian E Scullin | 1 January 2005 |
| **Alternate Director** | |
| Andrew J Fay for Charles B Leitner III | 30 January 2006 |

Particulars of the qualifications, experience and special responsibilities of current Directors and Alternate Directors at the date of this Directors' Report are set out in the Directors section of the DB RREEF Trust Annual Report and form part of this Directors' Report.

### 1.2 company secretaries

The names and details of the Company Secretaries of DRFM as at 30 June 2007 are as follows:

**Tanya L Cox** MBA MAICD (Company Secretary)

Appointed: 1 October 2004

Tanya Cox joined DB Real Estate in July 2003 as Chief Operating Officer, responsible for the overall operational efficiency of the real estate business in Australia. Tanya has held various general management positions over the past 15 years, including Director and Chief Operating Officer of NM Rothschild & Sons (Australia) Ltd and General Manager – Finance, Operations and IT of Bank of New Zealand (Australia).

Tanya is Chief Operating Officer and Company Secretary of DRFM, DB RREEF Holdings Pty Limited and DB RREEF Wholesale Property Limited and is a member of the Board Risk and Compliance Committee.

**John C Easy** B Comm LLB ACIS (Company Secretary)

Appointed: 1 July 2005

John Easy joined Deutsche Asset Management as a senior lawyer in 1997 and has been involved in the listing of Deutsche Office Trust and a number of major acquisition, disposal and leasing transactions for the Group. John has responsibility for legal issues affecting the property portfolio. John was formerly a senior associate with law firms Allens Arthur Robinson and Gilbert & Tobin. John is General Counsel and Company Secretary for DRFM, DB RREEF Holdings Pty Limited and DB RREEF Wholesale Property Limited and is a member of the Board Risk and Compliance Committee.

## 2. attendance of directors at board meetings and board committee meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

The Directors met 17 times during the year. Eight Board meetings were main meetings, seven meetings were held to consider specific business. In April 2007, several Directors went as a group to Japan and China to gain an insight into these markets. While the Board continuously considers strategy, in March 2007 they met with senior management to consider business plans and strategy.

| Board meetings | Main meetings held[1] | Main meetings attended[1] | Special meetings held[1] | Special meetings attended[1] |
|---|---|---|---|---|
| **Directors** | | | | |
| Christopher T Beare | 8 | 8 | 7 | 7 |
| Elizabeth A Alexander AM | 8 | 8 | 7 | 6 |
| Barry R Brownjohn | 8 | 8 | 7 | 6 |
| Stewart F Ewen OAM | 8 | 8 | 7 | 5 |
| Victor P Hoog Antink | 8 | 8 | 7 | 7 |
| Charles B Leitner III[2] | 8 | 8 | 7 | 6 |
| Brian E Scullin | 8 | 7 | 7 | 7 |

1 Indicates where a Director attended either personally or their Alternate was in attendance.
2 Based in New York, USA.

Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

The number of Board Committee meetings held during the year and each Director's attendance at those meetings is set out in the table below.

| | Board Audit Committee | | Board Risk and Compliance Committee | | Board Nomination and Remuneration Committee | | Board Treasury Policy Committee | |
|---|---|---|---|---|---|---|---|---|
| | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended |
| **Directors** | | | | | | | | |
| Christopher T Beare | – | – | – | – | 5 | 5 | 2 | 2 |
| Elizabeth A Alexander AM[1] | 6 | 6 | – | – | – | – | – | – |
| Barry R Brownjohn | 6 | 6 | – | – | – | – | 2 | 2 |
| Stewart F Ewen OAM | – | – | – | – | 5 | 5 | – | – |
| Andrew J Fay[2] | – | – | – | – | 1 | 1 | – | – |
| Victor P Hoog Antink | – | – | – | – | – | – | 2 | 2 |
| Charles B Leitner III | – | – | – | – | – | – | – | – |
| Brian E Scullin | 6 | 6 | 4 | 4 | 5 | 5 | – | – |

1 Appointed to the Board Risk and Compliance Committee on 31 May 2007.
2 Appointed to the Board Nomination and Remuneration Committee on 23 May 2007.

## 3. directors' interests

Details of the Board's policy on insider trading and trading in DB RREEF Trust securities or securities in any of the funds managed by DB RREEF by Directors and employees are set out in section 3.2 of the Corporate Governance Statements in the DB RREEF Trust Annual Report.

While the trading policy described in the Corporate Governance Statement applies to Directors and Senior Executives, the Board has determined that Directors will not trade in any security managed by DB RREEF.

Directors have made this decision because the Boards of DB RREEF have responsibility for DB RREEF Trust as well as the third party businesses. Directors are obliged to act in the best interest of each group of investors independently of each other. Therefore, to minimise the appearance of conflict that may arise by being a director of multiple funds, the Directors have determined that they will not invest in any fund managed by DB RREEF including DRT. While this decision may fail to achieve the desired alignment of interests between investors and the Board, the Directors consider it to be of greater importance to demonstrate that they are not motivated to act in the interests of any one fund over another. This position is periodically reviewed by the Board.

As a direct result of DB RREEF's policy regarding Directors holding DRT securities, or securities in any of the funds managed by DB RREEF, as at the date of this Directors' Report no Director or Alternate Director directly or indirectly held:

- securities in DB RREEF Trust; or
- options over, or any other contractual interest in, securities in DB RREEF Trust; or
- an interest in any other fund managed by DRFM or any other entity that forms part of DB RREEF Trust.

## 4. directors' directorships in other listed entities

The following table sets out directorships of other listed entities, not including DRFM, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held:

| Director | Company | Date appointed | Date resigned or ceased being a Director of a listed security |
|---|---|---|---|
| Elizabeth A Alexander AM | CSL Limited | July 1991 | |
| | Boral Limited | September 1994 | |
| | AMCOR Limited | April 1994 | October 2005 |
| Brian E Scullin | Deutsche Asset Management (Australia) Limited[1] | 20 December 1999 | 17 October 2006 |
| | IYS Instalment Receipt Limited[1] | 24 October 2005 | 17 October 2006 |
| | SPARK Infrastructure RE Limited[2] | 1 January 2006 | |
| **Alternate Director** | | | |
| Andrew J Fay (Alternate to Charles B Leitner III) | Deutsche Asset Management (Australia) Limited[1] | 4 May 2005 | 17 October 2006 |
| | IYS Instalment Receipt Limited[1] | 4 May 2005 | 17 October 2006 |
| | SPARK Infrastructure RE Limited[2] | 1 January 2006 | |

1 IYS Instalment Receipt Limited had until 29 November 2006 issued ASX listed instalment receipts over units in the Deutsche Retail Infrastructure Trust, a managed investment scheme that was until 17 October 2006 listed but not quoted on the ASX and whose Responsible Entity was Deutsche Asset Management (Australia) Limited.

2 SPARK Infrastructure RE Limited has issued ASX listed stapled securities trading as SPARK Infrastructure Group (ASX: SKI).

## 5. principal activities

During the year the principal activity of the Trust was to be a trading trust. There were no significant changes in the nature of the Trust's activities during the year.

## 6. total value of trust assets

The total value of the assets of the Trust as at 30 June 2007 was $1,845.0 million (2006: $1,575.7 million). Details of the basis of this valuation are outlined in note 1 of the Notes to the financial statements and form part of this Directors' Report.

## 7. review and results of operations

A review of the results, financial position, operations including business strategies and the expected results of operations of the Trust, is set out in the Chief Executive Officer's Report in the DB RREEF Trust Annual Report and forms part of this Directors' Report.

## 8. likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and the future developments or results of the Trust, other than the information already outlined in this Directors' Report or the Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Trust.

## 9. significant changes in the state of affairs

The Directors of DRFM are not aware of any matter or circumstance, not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

## 10. matters subsequent to the end of the financial year

Since the end of the year the Directors of DRFM are not aware of any matter or circumstance not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or the state of the Trust's affairs in future financial years.

## 11. distributions

Distributions paid or payable by the Trust for the year ended 30 June 2007 are outlined in note 31 of the Notes to the financial statements and form part of this Directors' Report.

## 12. DRFM's fees and associate interests

Details of fees paid or payable by the Trust to DRFM for the year ended 30 June 2007 are outlined in note 35 of the Notes to the financial statements and form part of this Directors' Report.

The number of interests in the Trust held by DRFM or its associates as at the end of the financial year are nil (2006: nil).

## 13. interests in DB RREEF Trust

The movement in securities on issue in the Trust during the year and the number of securities on issue as at 30 June 2007 are detailed in note 28 of the Notes to the financial statements and form part of this Directors' Report.

The Trust did not have any options on issue as at 30 June 2007 (2006: nil).

## 14. environmental regulation

The Directors of DRFM are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Directors are not aware of any breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

## 15. indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by DB RREEF Holdings Pty Limited. The auditors are in no way indemnified out of the assets of the Trust.

## 16. audit

### 16.1 auditor

PricewaterhouseCoopers (PwC or the Auditor) continues in office in accordance with section 327 of the *Corporations Act 2001*.

### 16.2 non-audit services

Details of the amounts paid to the Auditor, which include amounts paid for non-audit services are set out in note 8 of the Notes to the financial statements.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The reasons for the Directors being satisfied are:

- Board Audit Committee has determined that the external auditor will not provide services that have the potential to impair the independence of its audit role, including:
  - participating in activities that are normally undertaken by management; and
  - being remunerated on a "success fee" basis.
- Board Audit Committee has determined that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
  - the preparation of accounting records;
  - the design and implementation of information technology systems;
  - conducting valuation, actuarial or legal services;
  - promoting, dealing in or underwriting securities; or
  - providing internal audit services.
- Board Audit Committee regularly reviews the performance and independence of the Auditor and whether the independence of this function has been maintained having regard to the provision of non-audit services. The Auditor has provided a written declaration to the Board regarding its independence at each reporting period and Board Audit Committee approval is required before the engagement of the Auditor to perform any non-audit service for a fee in excess of $100,000.

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

### 16.3 audit independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out in the Financial Statements and forms part of this Directors' Report.

## 17. corporate governance

DRFM's Corporate Governance Statement is set out in the DB RREEF Trust Annual Report.

## 18. combined financial statements

The Trust has applied Class Order 06/441 issued by the Australian Securities & Investments Commission which allows the financial statements of different registered schemes with a common Responsible Entity to be presented in adjacent columns in a single financial report.

## 19. rounding of amounts and currency

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial Statements. Amounts in this Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Financial statements, except where otherwise stated, are expressed in Australian dollars.

## 20. management representation

The Chief Executive Officer and Chief Operating Officer, the person who effectively holds the role of Chief Financial Officer, have reviewed the Trust's financial reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures. Following that review it is their opinion that the Trust's financial records for the financial year have been properly maintained in accordance with the *Corporations Act 2001* and the Financial Statements and their notes comply with the accounting standards and give a true and fair view.

## 21. directors' authorisation

This Directors' Report is made in accordance with a resolution of the Directors.

**Christopher T Beare**
Chair

27 August 2007

**Victor P Hoog Antink**
Chief Executive Officer

27 August 2007

PRICEWATERHOUSECOOPERS

**PricewaterhouseCoopers**
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Facsimile +61 2 8266 9999

## Auditor's Independence Declaration

As lead auditor for the audit of DB RREEF Industrial Trust for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DB RREEF Industrial Trust and the entities it controlled during the period.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
27 August 2007

PRICEWATERHOUSECOOPERS

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## Auditor's Independence Declaration

As lead auditor for the audit of DB RREEF Office Trust for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DB RREEF Office Trust and the entities it controlled during the period.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
27 August 2007

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## Auditor's Independence Declaration

As lead auditor for the audit of DB RREEF Operations Trust for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DB RREEF Operations Trust and the entities it controlled during the period.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
27 August 2007

# income statements

## FOR THE YEAR ENDED 30 JUNE 2007

| | | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|---|
| | Note(s) | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Revenue from ordinary activities** | | | | | |
| Property revenue | 2 | 116,156 | 99,152 | 69,740 | 66,973 |
| Dividend revenue | | – | – | 22,464 | 29,720 |
| Interest revenue | 3 | 673 | 273 | 195 | 187 |
| Interest revenue from the Trusts | | – | – | – | – |
| Recoverables from the Trusts | | – | – | – | – |
| **Total revenue from ordinary activities** | | **116,829** | **99,425** | **92,399** | **96,880** |
| Share of net profits of associates accounted for using the equity method | 19 | 53,186 | 83,566 | – | – |
| Net gain on sale of investment properties | | 3,446 | 1,378 | 1,002 | 1,004 |
| Net fair value gain of investment properties | | 62,320 | 82,069 | 52,003 | 47,751 |
| Net fair value gain of investments | | – | – | 36,841 | 121,305 |
| Net fair value gain of derivatives | | 22,867 | 11,990 | 22,867 | 11,990 |
| Net foreign exchange gain | | 789 | 1,393 | 36,165 | – |
| Other income | | – | – | – | – |
| **Total income** | | **259,437** | **279,821** | **241,277** | **278,930** |
| **Expenses** | | | | | |
| Property expenses | | (22,121) | (18,195) | (13,010) | (12,026) |
| Responsible Entity fees | 35 | (8,043) | (6,258) | (7,391) | (6,258) |
| Finance costs | 4 | (35,825) | (26,307) | (27,828) | (26,221) |
| Net loss on sale of investment properties | | – | – | – | – |
| Net fair value loss on derivatives | | – | – | – | – |
| Net foreign exchange loss | | – | – | – | (3,128) |
| Depreciation | | – | – | – | – |
| Costs associated with the Transaction | 5 | – | (160) | – | (160) |
| Other expenses | 7 | (1,242) | (1,393) | (959) | (1,316) |
| **Total expenses** | | **(67,231)** | **(52,313)** | **(49,188)** | **(49,109)** |
| **Profit before tax** | | **192,206** | **227,508** | **192,089** | **229,821** |
| **Tax expense** | | | | | |
| Income tax (expense)/benefit | 6 | (574) | – | – | – |
| **Total tax expense** | | **(574)** | **–** | **–** | **–** |
| Profit after tax | | 191,632 | 227,508 | 192,089 | 229,821 |
| Net profit attributable to other minority interests | | – | – | – | – |
| **Net profit** | | **191,632** | **227,508** | **192,089** | **229,821** |

| **Earnings per unit** | | **Cents** | **Cents** |
|---|---|---|---|
| Basic earnings per unit on profit attributable to equity holders of the parent entity | 40 | 6.71 | 8.21 |
| Diluted earnings per unit on profit attributable to equity holders of the parent entity | 40 | 6.71 | 8.21 |

The above Income Statements should be read in conjunction with the accompanying notes.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 246,840 | 236,985 | 151,355 | 149,484 | 4,641 | 3,240 | – | – |
| – | – | – | – | – | – | 6,500 | 6,250 |
| 5,926 | 13,287 | 12,479 | 17,277 | 5,766 | 5,170 | 5,484 | 4,980 |
| – | – | – | – | 86,945 | 54,639 | 4,098 | 3,177 |
| – | – | – | – | 1,625 | 1,376 | 124 | 132 |
| **252,766** | **250,272** | **163,834** | **166,761** | **98,977** | **64,425** | **16,206** | **14,539** |
| 5,717 | 2,433 | – | – | 6,343 | 4,845 | – | – |
| – | – | – | – | – | – | – | – |
| 381,106 | 236,728 | 292,116 | 163,695 | – | – | – | – |
| – | – | 136,131 | 107,160 | – | – | – | – |
| 25,268 | 27,145 | 25,268 | 27,145 | – | 616 | 257 | 616 |
| – | 117 | – | 2,262 | – | – | – | – |
| 1,508 | 329 | 1,506 | 315 | 76 | – | 76 | – |
| **666,365** | **517,024** | **618,855** | **467,338** | **105,396** | **69,886** | **16,539** | **15,155** |
| (59,897) | (58,343) | (35,002) | (34,566) | (1,407) | (1,121) | – | – |
| (13,646) | (11,903) | (9,439) | (8,195) | – | – | – | – |
| (60,339) | (64,754) | (59,472) | (62,206) | (92,949) | (58,884) | (4,508) | (4,105) |
| (106) | – | (106) | – | – | – | – | – |
| – | – | – | – | (7,012) | – | – | – |
| (166) | – | (1,673) | – | – | – | – | – |
| – | – | – | – | (2,488) | (1,023) | (1) | – |
| – | (160) | – | (160) | – | – | – | – |
| (2,329) | (729) | (2,153) | (477) | (147) | (406) | (94) | (369) |
| **(136,483)** | **(135,889)** | **(107,845)** | **(105,604)** | **(104,003)** | **(61,434)** | **(4,603)** | **(4,474)** |
| **529,882** | **381,135** | **511,010** | **361,734** | **1,393** | **8,452** | **11,936** | **10,681** |
| – | – | – | – | 1,684 | (1,169) | (1,632) | (1,330) |
| **–** | **–** | **–** | **–** | **1,684** | **(1,169)** | **(1,632)** | **(1,330)** |
| 529,882 | 381,135 | 511,010 | 361,734 | 3,077 | 7,283 | 10,304 | 9,351 |
| (3,190) | (4,511) | – | – | – | – | – | – |
| **526,692** | **376,624** | **511,010** | **361,734** | **3,077** | **7,283** | **10,304** | **9,351** |

| Cents | Cents | Cents | Cents |
|---|---|---|---|
| 18.43 | 13.58 | 0.11 | 0.26 |
| 18.43 | 13.58 | 0.11 | 0.26 |

# balance sheets

## AS AT 30 JUNE 2007

| | Note(s) | DIT Consolidated 2007 $'000 | DIT Consolidated 2006 $'000 | DIT Parent Entity 2007 $'000 | DIT Parent Entity 2006 $'000 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and cash equivalents | 9 | 13,105 | 31,980 | 2,672 | 31,294 |
| Receivables | 10 | 8,357 | 3,532 | 35,772 | 42,437 |
| Held for sale investment properties | | – | 24,000 | – | – |
| Loans with related parties | 11 | 138,948 | 138,948 | 138,948 | 138,948 |
| Derivative financial instruments | 12 | 46,031 | 23,381 | 46,031 | 23,381 |
| Other financial assets | 13 | – | – | – | – |
| Current tax assets | | 74 | – | – | – |
| Other | 14 | 4,138 | 1,879 | 1,321 | 1,212 |
| **Total current assets** | | **210,653** | **223,720** | **224,744** | **237,272** |
| **Non-current assets** | | | | | |
| Investment properties | 15 | 1,431,220 | 1,002,754 | 728,568 | 679,795 |
| Property plant and equipment | 16 | 191,397 | 80,350 | 191,397 | 80,350 |
| Other financial assets at fair value through profit and loss | 17 | – | – | 393,088 | 307,072 |
| Other financial assets | 18 | – | – | – | – |
| Investments accounted for using the equity method | 19 | 270,193 | 272,400 | – | – |
| Investments in associates | 19 | – | – | 270,193 | 272,400 |
| Deferred tax assets | 20 | 314 | – | – | – |
| Loans with related parties | 11 | – | – | 287,737 | – |
| Other | 21 | 435 | 842 | 435 | 699 |
| **Total non-current assets** | | **1,893,559** | **1,356,346** | **1,871,418** | **1,340,316** |
| **Total assets** | | **2,104,212** | **1,580,066** | **2,096,162** | **1,577,588** |
| **Current liabilities** | | | | | |
| Payables | 22 | 23,638 | 10,509 | 32,548 | 8,173 |
| Interest bearing liabilities | 23 | – | – | – | – |
| Loans with related parties | 11 | – | – | – | – |
| Current tax liabilities | | 328 | – | – | – |
| Provisions | 24 | 27,000 | 31,113 | 27,000 | 31,113 |
| Derivative financial instruments | 12 | 7,958 | 9,116 | 7,958 | 9,116 |
| Other | 25 | – | – | – | – |
| **Total current liabilities** | | **58,924** | **50,738** | **67,506** | **48,402** |
| **Non-current liabilities** | | | | | |
| Interest bearing liabilities | 23 | 939,481 | 583,795 | 921,794 | 583,795 |
| Deferred tax liabilities | 26 | 422 | – | – | – |
| Other | 27 | 880 | 717 | 181 | 575 |
| **Total non-current liabilities** | | **940,783** | **584,512** | **921,975** | **584,370** |
| **Total liabilities** | | **999,707** | **635,250** | **989,481** | **632,772** |
| **Net assets** | | **1,104,505** | **944,816** | **1,106,681** | **944,816** |
| **Equity** | | | | | |
| Contributed equity | 28 | 722,005 | 689,280 | 722,005 | 689,280 |
| Reserves | 29 | (954) | 765 | – | – |
| Undistributed income | 29 | 383,454 | 254,771 | 384,676 | 255,536 |
| | | **1,104,505** | **944,816** | **1,106,681** | **944,816** |
| **Minority interest** | **30** | **–** | **–** | **–** | **–** |
| **Total equity** | | **1,104,505** | **944,816** | **1,106,681** | **944,816** |

The above Balance Sheets should be read in conjunction with the accompanying notes.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 13,113 | 17,127 | 3,418 | 8,887 | 1,029 | 5,814 | 148 | 108 |
| 4,299 | 3,089 | 227,057 | 181,821 | 11,900 | 7,610 | 6,502 | 4,754 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| 48,777 | 25,754 | 48,777 | 25,754 | 74,655 | 62,173 | – | – |
| – | – | – | – | 51,936 | 45,092 | 51,936 | 45,092 |
| – | – | – | – | 38 | 289 | 29 | – |
| 1,872 | 2,101 | 1,234 | 1,256 | 55 | 146 | – | – |
| **68,061** | **48,071** | **280,486** | **217,718** | **139,613** | **121,124** | **58,615** | **49,954** |
| 3,129,783 | 2,842,573 | 2,079,811 | 1,897,000 | – | – | – | – |
| 27,530 | – | – | – | 56,906 | 56,472 | – | 63 |
| – | – | 682,945 | 600,077 | – | – | – | – |
| – | – | – | – | – | – | 100 | 100 |
| 40,750 | 36,800 | – | – | 17,886 | 15,761 | – | – |
| – | – | – | – | – | – | 16,877 | 14,595 |
| – | – | – | – | 3,607 | 116 | – | 108 |
| 87,281 | 181,840 | 87,281 | 181,840 | 1,625,754 | 1,382,250 | 61,505 | 59,534 |
| 2,950 | 941 | 2,841 | 835 | 1,283 | – | 1,282 | – |
| **3,288,294** | **3,062,154** | **2,852,878** | **2,679,752** | **1,705,436** | **1,454,599** | **79,764** | **74,400** |
| **3,356,355** | **3,110,225** | **3,133,364** | **2,897,470** | **1,845,049** | **1,575,723** | **138,379** | **124,354** |
| 26,754 | 29,024 | 20,549 | 22,213 | 18,031 | 7,821 | 186 | 258 |
| – | – | – | – | 7,022 | 216,704 | – | – |
| 55,684 | 55,684 | 55,684 | 55,684 | 48,932 | 48,932 | 48,932 | 48,932 |
| – | – | – | – | 1,602 | 1,225 | 1,554 | 1,225 |
| 63,946 | 70,232 | 63,946 | 70,232 | 5,576 | – | 5,576 | – |
| 3,257 | 374 | 3,257 | 374 | 74,443 | 62,327 | – | 154 |
| – | – | – | – | 13 | 20 | – | – |
| **149,641** | **155,314** | **143,436** | **148,503** | **155,619** | **337,029** | **56,248** | **50,569** |
| 843,727 | 1,042,484 | 843,727 | 1,042,484 | 1,676,409 | 1,223,023 | 62,613 | 58,891 |
| – | – | – | – | 27 | 74 | 1 | 1 |
| 448 | 374 | 317 | 2,325 | – | – | – | – |
| **844,175** | **1,042,858** | **844,044** | **1,044,809** | **1,676,436** | **1,223,097** | **62,614** | **58,892** |
| **993,816** | **1,198,172** | **987,480** | **1,193,312** | **1,832,055** | **1,560,126** | **118,862** | **109,461** |
| **2,362,539** | **1,912,053** | **2,145,884** | **1,704,158** | **12,994** | **15,597** | **19,517** | **14,893** |
| 1,453,980 | 1,399,806 | 1,453,980 | 1,399,806 | 6,848 | 5,801 | 6,848 | 5,801 |
| 4,008 | (1,326) | – | – | – | – | – | – |
| 700,392 | 309,510 | 691,904 | 304,352 | 6,146 | 9,796 | 12,669 | 9,092 |
| **2,158,380** | **1,707,990** | **2,145,884** | **1,704,158** | **12,994** | **15,597** | **19,517** | **14,893** |
| **204,159** | **204,063** | **–** | **–** | **–** | **–** | **–** | **–** |
| **2,362,539** | **1,912,053** | **2,145,884** | **1,704,158** | **12,994** | **15,597** | **19,517** | **14,893** |

# statements of changes in equity

## FOR THE YEAR ENDED 30 JUNE 2007

| | | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|---|
| | Note(s) | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Total equity at the beginning of the year** | | **944,816** | **756,158** | **944,816** | **756,158** |
| Adjustment on adoption of AASB 132 and AASB 139, net of tax: | | | | | |
| Undistributed income | 29 | – | 719 | – | (180) |
| Exchange differences on translation of foreign operations | 29 | (1,719) | 1,414 | – | – |
| **Net income recognised directly in equity** | | **(1,719)** | **2,133** | **–** | **(180)** |
| **Net profit** | | **191,632** | **227,508** | **192,089** | **229,821** |
| **Total recognised income and expense for the year** | | **189,913** | **229,641** | **192,089** | **229,641** |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Contributions of equity, net of transaction costs | 28 | 32,725 | 20,285 | 32,725 | 20,285 |
| Distributions provided for or paid | 31 | (62,949) | (61,268) | (62,949) | (61,268) |
| Transactions with minority interest: | | | | | |
| Contributions of equity, net of transaction costs | | – | – | – | – |
| Distributions provided for or paid | 31 | – | – | – | – |
| **Total transactions with equity holders** | | **(30,224)** | **(40,983)** | **(30,224)** | **(40,983)** |
| **Total equity at the end of the year** | | **1,104,505** | **944,816** | **1,106,681** | **944,816** |
| **Total recognised income and expense for the year is attributable to:** | | | | | |
| Security holders of the parent | | 189,913 | 229,641 | 192,089 | 229,641 |
| Minority interest | | – | – | – | – |
| **Total recognised income and expense for the year** | | **189,913** | **229,641** | **192,089** | **229,641** |

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **1,912,053** | **1,647,727** | **1,704,158** | **1,442,902** | **15,597** | **8,508** | **14,893** | **5,736** |
| – | (2,128) | – | (2,128) | – | (455) | – | (455) |
| 5,334 | (1,364) | – | – | – | – | – | – |
| **5,334** | **(3,492)** | **–** | **(2,128)** | **–** | **(455)** | **–** | **(455)** |
| **529,882** | **381,135** | **511,010** | **361,734** | **3,077** | **7,283** | **10,304** | **9,351** |
| **535,216** | **377,643** | **511,010** | **359,606** | **3,077** | **6,828** | **10,304** | **8,896** |
| 54,174 | 39,952 | 54,174 | 39,952 | 1,047 | 261 | 1,047 | 261 |
| (123,458) | (138,302) | (123,458) | (138,302) | (6,726) | – | (6,727) | – |
| – | (181) | – | – | – | – | – | – |
| (15,446) | (14,786) | – | – | – | – | – | – |
| **(84,730)** | **(113,317)** | **(69,284)** | **(98,350)** | **(5,680)** | **261** | **(5,680)** | **261** |
| **2,362,539** | **1,912,053** | **2,145,884** | **1,704,158** | **12,994** | **15,597** | **19,517** | **14,893** |
| 532,026 | 373,132 | 511,010 | 359,606 | 3,077 | 6,828 | 10,304 | 8,896 |
| 3,190 | 4,511 | – | – | – | – | – | – |
| **535,216** | **377,643** | **511,010** | **359,606** | **3,077** | **6,828** | **10,304** | **8,896** |

# cash flow statements

## FOR THE YEAR ENDED 30 JUNE 2007

| | | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|---|
| | Note(s) | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Cash flows from operating activities** | | | | | |
| Receipts in the course of operations (inclusive of GST) | | 122,966 | 94,562 | 71,103 | 59,741 |
| Payments in the course of operations (inclusive of GST) | | (44,376) | (35,961) | (29,812) | (27,269) |
| Interest received | | 673 | 273 | 195 | 187 |
| Finance costs paid to financial institutions | | (20,865) | (19,682) | (15,540) | (19,654) |
| Distributions received | | 22,464 | 18,951 | 22,464 | 18,951 |
| Dividends received | | – | – | – | – |
| Income and withholding taxes paid | | (200) | – | – | – |
| **Net cash inflow from operating activities** | 38 | **80,662** | **58,143** | **48,410** | **31,956** |
| **Cash flows from investing activities** | | | | | |
| Proceeds from sale of investment properties | | 67,910 | 11,112 | 27,918 | 939 |
| Payments for capital expenditure on investment properties | | (20,223) | (11,304) | (14,337) | (9,419) |
| Payments for investment properties | | (392,407) | – | – | – |
| Payments for investments in unit trusts | | – | – | (75,125) | – |
| Payments for investments accounted for using the equity method | | (1,360) | (34,060) | – | – |
| Payments for property plant and equipment | | (33,817) | – | (33,817) | – |
| Payments for capital expenditure on property plant and equipment | | (76,597) | (55,428) | (76,597) | (55,428) |
| Loan to/from controlled entities | | – | – | 62,298 | 35,320 |
| Proceeds from repayment of third party loan | | – | – | – | – |
| Payments for other financial assets at fair value through profit or loss | | – | – | (1,360) | (34,060) |
| **Net cash (outflow)/inflow from investing activities** | | **(456,494)** | **(89,680)** | **(111,020)** | **(62,648)** |
| **Cash flows from financing activities** | | | | | |
| Borrowings provided to the Trusts | | (177,024) | (75,850) | (177,024) | (75,850) |
| Borrowings provided by the Trusts | | 101,313 | 463,428 | 101,313 | 463,428 |
| Establishment expenses and unit issue costs | | – | (4) | – | (4) |
| Proceeds from borrowings | | 677,307 | 77,509 | 655,778 | 77,509 |
| Repayment of borrowings | | (210,905) | (357,680) | (210,454) | (357,680) |
| Borrowings provided to related parties | | – | – | (301,288) | – |
| Dividends paid to shareholders | | – | – | – | – |
| Distributions paid to unitholders | | (34,337) | (49,482) | (34,337) | (49,482) |
| Distributions paid to minority interests | | – | – | – | – |
| **Net cash inflow/(outflow) from financing activities** | | **356,354** | **57,921** | **33,988** | **57,921** |
| **Net (outflow)/inflow in cash and cash equivalents** | | **(19,478)** | **26,384** | **(28,622)** | **27,229** |
| Cash and cash equivalents at the beginning of the year | | 31,980 | 5,577 | 31,294 | 4,039 |
| Effects of exchange rate changes on cash and cash equivalents | | 603 | 19 | – | 26 |
| **Cash and cash equivalents at the end of the year** | 9 | **13,105** | **31,980** | **2,672** | **31,294** |

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 271,701 | 259,333 | 208,912 | 190,501 | 139,982 | 49,397 | – | – |
| (93,943) | (91,334) | (65,444) | (61,126) | (2,782) | (6,492) | (123) | (184) |
| 1,158 | 836 | 5,523 | 614 | 5,659 | 6,416 | 5,520 | 6,229 |
| (58,181) | (63,437) | (50,937) | (58,438) | (50,115) | (34,526) | (131) | (703) |
| 1,767 | 2,242 | – | – | – | – | – | – |
| – | – | – | – | 4,750 | 1,500 | 4,750 | 1,500 |
| – | – | – | – | (1,225) | (1,069) | (1,225) | (921) |
| **122,502** | **107,640** | **98,054** | **71,551** | **96,269** | **15,226** | **8,791** | **5,921** |
| 126,250 | – | 126,250 | – | – | – | – | – |
| (32,480) | (66,577) | (24,330) | (49,612) | – | – | – | – |
| – | (102,599) | – | – | (1,220) | – | (1,220) | – |
| – | – | – | (20,648) | – | – | – | – |
| – | – | – | – | (9,126) | – | (9,126) | – |
| (27,530) | – | – | – | (2,459) | (63) | – | (63) |
| – | – | – | – | (508) | (8,644) | – | – |
| – | – | – | (75,657) | – | – | – | – |
| – | 5,049 | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| **66,240** | **(164,127)** | **101,920** | **(145,917)** | **(13,313)** | **(8,707)** | **(10,346)** | **(63)** |
| (106,275) | (57,650) | (106,275) | (57,650) | (630,194) | (648,014) | – | (7,000) |
| 208,979 | 95,627 | 208,979 | 95,627 | 541,557 | 181,840 | – | – |
| – | (263) | – | – | – | – | – | – |
| – | 100,945 | – | 100,945 | 1,205,000 | 671,000 | 12,549 | 1,100 |
| (204,989) | – | (204,989) | – | (1,204,000) | (205,000) | (10,850) | – |
| – | – | (27,588) | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| (75,570) | (63,627) | (75,570) | (63,627) | (104) | (1,809) | (104) | – |
| (14,978) | (11,268) | – | – | – | – | – | – |
| **(192,833)** | **63,764** | **(205,443)** | **75,295** | **(87,741)** | **(1,983)** | **1,595** | **(5,900)** |
| **(4,091)** | **7,277** | **(5,469)** | **929** | **(4,785)** | **4,536** | **40** | **(42)** |
| 17,127 | 9,850 | 8,887 | 7,958 | 5,814 | 1,278 | 108 | 150 |
| 77 | – | – | – | – | – | – | – |
| **13,113** | **17,127** | **3,418** | **8,887** | **1,029** | **5,814** | **148** | **108** |

## note 1. summary of significant accounting policies

### (a) basis of preparation

DB RREEF Trust stapled securities are quoted on the Australian Stock Exchange under the code "DRT" and comprise one unit in each of DDF, DIT, DOT and DRO. Each entity forming part of DRT continues as a separate legal entity in its own right under the *Corporations Act 2001* and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards.

DB RREEF Funds Management Limited as Responsible Entity for each of the Trusts may only unstaple the Trusts if approval is obtained by special resolution of the stapled security holders.

This general purpose financial report for the year ended 30 June 2007 has been prepared in accordance with the requirements of the Trusts' Constitutions, the *Corporations Act 2001* and Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated Financial Statements and notes comply with International Financial Reporting Standards (IFRS). The Trusts changed their accounting policies on 1 July 2005 to comply with AIFRS.

This financial report is prepared on the going concern basis and in accordance with historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain non-current assets and financial instruments (refer notes 1(g), 1(o), 1(q) and 1(s)).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### Critical accounting estimates

The preparation of Financial Statements in conformity with AIFRS may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trusts' accounting policies. Other than the estimation of fair values described in notes 1(g) and 1(q), no key assumptions concerning the future or other estimation of uncertainty at the reporting date have a significant risk of causing material adjustments to the Financial Statements in the next annual reporting period.

### (b) principles of consolidation

#### Controlled entities

The Financial Statements incorporate an elimination of inter-entity transactions and balances to present the Financial Statements on a consolidated basis.

Net profit and equity in controlled entities, which is attributable to the unitholdings of minority interests, are shown separately in the Income Statements and Balance Sheets respectively.

Where control of an entity is obtained during a financial year, its results are included in the Income Statements from the date on which control is gained.

The Financial Statements incorporate all the assets, liabilities and results of the parent and its controlled entities.

#### Partnerships and joint ventures

Where assets are held in a partnership or joint venture with another entity directly, the Trusts' share of the results and assets of this partnership or joint venture are consolidated into the Income Statements and Balance Sheets of the Trusts. Where assets are jointly controlled via ownership of units in single purpose unlisted unit trusts or shares in companies, the Trusts apply equity accounting to record the operations of these investments (refer note 1(t)).

### (c) other financial assets at fair value through profit and loss

Interests held by DIT and DOT in controlled entities and associates are measured at fair value with changes in fair value recognised immediately in the Income Statements.

### (d) other financial assets

Interests held by DRO in controlled entities are measured at cost. The carrying amount of these investments are reviewed annually to ensure they are not in excess of the recoverable amount of the investments.

### (e) revenue recognition

#### Rent

Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review clauses. In all other circumstances rental income is brought to account on an accruals basis. If not received at balance date, rental income is reflected in the Balance Sheets as a receivable. Recoverability of receivables is reviewed on an ongoing basis. Debts which are known to be not collectable are written off.

#### Interest income

Interest income is brought to account on an accruals basis using the effective interest rate method and, if not received at the balance date, is reflected in the Balance Sheets as a receivable.

#### Dividends and distribution income

Income from dividends and distributions are recognised when declared. Amounts not received at balance date are included as a receivable in the Balance Sheets.

### (f) expenses

Expenses are brought to account on an accruals basis and, if not paid at the balance date, are reflected in the Balance Sheets as a payable.

#### Property expenses

Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties and property plant and equipment where such expenses are the responsibility of the Trusts.

### Financing costs to financial institutions

Financing costs include interest expense and other costs incurred in respect of obtaining finance. Other transaction costs incurred including loan establishment fees in respect of obtaining finance are applied against the related financings with the amortisation of such costs being recognised through the effective interest rate on the financing over the term of the respective agreement.

Financing costs are expensed unless they relate to qualifying assets. Qualifying assets are assets which take a substantial period of time to prepare for their intended use or sale. Where funds are borrowed specifically for the acquisition or construction of a qualifying asset, financing costs capitalised are those incurred in relation to that financing, net of any interest earned on those financings. Where funds are borrowed generally, financing costs are capitalised using a weighted average capitalisation rate.

## (g) derivatives and other financial instruments

### (i) Derivatives

The Trusts' activities expose them to changes in interest rates and foreign exchange rates. Accordingly, the Trusts enter into various derivative financial instruments to manage their exposure to the movements in interest rates and foreign exchange rates. Policies and limits are approved by the Board of Directors of the Responsible Entity in respect of the usage of derivatives and other financial instruments to hedge those cash flows and earnings which are subject to interest rate risks and foreign currency risks respectively. In conjunction with its advisers, the Responsible Entity continually reviews the Trusts' exposures and updates their treasury policies and procedures. The Trusts do not trade in derivative instruments for speculative purposes.

Even though the derivatives entered into aim to provide an economic hedge to interest rate and foreign currency risks, the Trusts have elected not to apply hedge accounting under AASB 139: *Financial Instruments – Recognition and Measurement*. Accordingly, derivatives including interest rate swaps and foreign exchange contracts, are measured at fair value with any changes in fair value recognised immediately in the Income Statements.

### (ii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Income Statements.

### (iii) Debt and equity instruments issued by the Trusts

Financial instruments issued by the Trusts are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements. Accordingly, ordinary units issued by DIT, DOT and DRO are classified as equity.

Further securities issued by RENTS, a controlled entity, are classified as equity and are treated as minority interest.

Interest and distributions are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Transaction costs arising on the issue of equity instruments are recognised directly in equity (net of tax) as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

### (iv) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in the net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### Change in accounting policy

The policy of recognising financial guarantee contracts as financial liabilities was adopted for the first time in the current financial year. In previous reporting periods, a liability for financial guarantee contracts was only recognised if it was probable that the debtor would default and a payment would be required under the contract.

The change in policy was necessary following the change to AASB 139: *Financial Instruments – Recognition and Measurement*. The new policy has been applied retrospectively. There were no adjustments to current and prior period numbers as the fair value calculated by management was not material.

### (v) Other financial assets

Loans and other receivables are measured at amortised cost using the effective interest rate method less impairment.

## (h) goods and services tax/value added tax

Revenues, expenses and capital assets are recognised net of any amount of Australian/New Zealand goods and services tax (GST) or French and German value added tax (VAT), except where the amount of GST/VAT incurred is not recoverable. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

## note 1. summary of significant accounting policies (continued)

### (i) taxation

Under current Australian income tax legislation DIT and DOT, are not liable for income tax provided they satisfy certain legislative requirements. These Trusts may be liable for income tax in jurisdictions where foreign property is held (i.e. USA, France, Germany, New Zealand).

DRO is a trading trust and is subject to Australian income tax as follows:

- the income tax expense for the year is the tax payable on the current year's taxable income based on a tax rate of 30 percent adjusted for changes in deferred tax assets and liabilities and unused tax losses;
- deferred tax assets and liabilities are recognised for temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base of those items. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax assets or liabilities. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability (where they do not arise as a result of a business combination and did not affect either accounting profit/loss or taxable profit/loss);
- deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses;
- deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Withholding tax payable on distributions received from DB RREEF Industrial Properties Inc (US REIT) and DB RREEF Properties Inc (US REIT II) are recognised as an expense when tax is withheld.

In addition, a deferred tax liability or asset and related deferred tax expense/benefit is recognised on differences between the tax cost base of US assets and liabilities in the Trusts (held by US REIT and US REIT II) and their accounting carrying values at balance date. Any deferred tax liability or asset is calculated using a blend of the current withholding tax rate applicable to income distributions and the applicable US federal and state taxes.

Under current Australian income tax legislation, the security holders will generally be entitled to receive a foreign tax credit for US withholding tax deducted from distributions paid by the US REIT and US REIT II.

DIT France Logistique SAS (DIT France), a wholly owned sub-trust of DIT, is liable for French corporation tax on its taxable income at the rate of 34.43 percent. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the French assets and their accounting carrying value at balance date.

DB RREEF GLOG Trust, a wholly owned Australian sub-trust of DIT, is liable for German income tax on its German taxable income at the rate of 26.375 percent (note that this rate is reduced to 15 percent from 1 January 2008). In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the German real estate assets and their accounting carrying value at balance date.

DOT NZ Sub-Trust No. 1, a wholly owned Australian sub-trust of DOT, is liable for New Zealand corporate tax on its New Zealand taxable income at the rate of 33 percent. In addition, a deferred tax liability or asset and its related deferred tax expense/benefit is recognised on differences between the tax cost base of the New Zealand real estate assets and their accounting carrying value at balance date.

### (j) distributions

In accordance with the Trusts' Constitution, the Trusts distribute their distributable income to unitholders by cash or reinvestment. Distributions are provided for when they are approved by the Board of Directors and declared.

### (k) repairs and maintenance

Plant is required to be overhauled on a regular basis and is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the replaced component will be derecognised and the replacement costs capitalised in accordance with note 1(q). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

### (l) cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (m) receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, which is based on the invoiced amount less provision for doubtful debts. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectable are written off. A provision for doubtful debts is established when there is objective evidence that the Trusts will not be able to collect all amounts due according to the original terms of the receivables.

## (n) inventories

Properties undergoing or having completed construction or development for ultimate sale are classified as inventory and are measured at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and finance costs during development. When development is completed, finance costs and other holding charges are expensed as incurred.

## (o) property plant and equipment

All property plant and equipment is initially recognised at cost including transaction costs. Land and freehold buildings are accounted for using the cost method. Construction in progress is subsequently recognised at fair value in the Financial Statements.

Revaluation increments are credited directly to the asset revaluation reserve, unless they are reversing a previous decrement charged as an expense in the Income Statements, in which case they are credited directly to the Income Statements.

Revaluation decrements are recognised directly as an expense in the Income Statements, unless they are reversing a revaluation increment previously credited to, and still included in the balance of the asset revaluation reserve, in which case they are debited directly to the asset revaluation reserve.

## (p) depreciation of property plant and equipment

Land is not depreciated. Depreciation on buildings (including fit-out) is calculated on a straight-line basis so as to write off the net cost of each non-current asset over its expected useful life. Buildings (including fit-out) have estimated useful lives of between five and fifty years. Estimates for useful lives are reviewed on a regular basis.

## (q) investment properties

Investment properties consist of properties held for long-term rental yields, capital appreciation or both. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently recognised at fair value in the Financial Statements.

The basis of valuations of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Where this is not available, an appropriate valuation method is used, which may include the discounted cashflow and the capitalisation method. Discount rates and capitalisation rates are determined based on industry expertise and knowledge, and where possible a direct comparison to third party rates for similar assets in a comparable location. Rental income from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also reflected in fair value.

External valuations of the individual investments are carried out in accordance with the Trusts' Constitutions, or may be earlier where the Responsible Entity believes there is a potential for a material change in the fair value of the property.

Changes in fair values are recorded in the Income Statements. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Income Statements in the year of disposal.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property. Repairs and maintenance are accounted for in accordance with note 1(k).

### Held for sale investment properties

Investment properties intended for sale are separately disclosed on the Balance Sheets as "Held for sale investment properties". Such properties are measured using the same methodology as investment properties.

## (r) leasing fees

Leasing fees incurred are capitalised and amortised over the lease periods to which they relate.

## (s) lease incentives

Prospective lessees may be offered incentives as an inducement to enter into operating leases. These incentives may take various forms including cash payments, rent free periods, or a contribution to certain lessee costs such as fit-out costs or relocation costs.

The costs of incentives are recognised as a reduction of rental income on a straight-line basis from the earlier of the date which the tenant has effective use of the premises or the lease commencement date to the end of the lease term. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

## (t) investments accounted for using the equity method

Some property investments are held through the ownership of units in single purpose unlisted trusts or shares in unlisted companies where the Trusts exert significant influence or joint control but do not have a controlling interest. These investments are considered to be associates and the equity method of accounting is applied in the consolidated Financial Statements.

Under this method, the entity's share of the post-acquisition profits of associates is recognised as revenue in the Consolidated Income Statements. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends or distributions receivable from associates are recognised in the parent entity's Income Statements, while in the consolidated Financial Statements they reduce the carrying amount of the investment.

When the Trusts' share of losses in an associate equal or exceed its interest in the associate (including any unsecured receivables) the Trusts do not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

## note 1. summary of significant accounting policies (continued)

### (u) acquisition of assets

The purchase method of accounting is used for all acquisitions including business combinations. Cost is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values. The excess of the acquisition cost over the fair value of the assets and liabilities acquired is recorded as goodwill. If the cost is less than the fair value of the net assets acquired, the difference is recognised directly in the Income Statements.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange at the entity's incremental financing rate.

### (v) fair value estimation of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trusts is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques including dealer quotes for similar instruments and discounted cash flows. In particular, the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows and the fair value of forward exchange rate contracts is determined using forward exchange market rates at the balance sheet date.

### (w) payables

These amounts represent liabilities for amounts owing at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

### (x) interest bearing liabilities

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

### (y) earnings per unit

Basic and diluted earnings per unit are determined by dividing the net profit attributable to equity holders of the parent entity by the weighted average number of ordinary units outstanding during the year.

### (z) foreign currency

Items included in the Financial Statements of the Trusts are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Australian dollars, which is the functional and presentation currency of the Trusts.

#### (i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of financial assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

#### (ii) Foreign operations

Foreign operations are located in the United States of America, New Zealand, France and Germany. These operations have a functional currency of US Dollars, NZ Dollars and Euros respectively, which are translated into the presentation currency.

The assets and liabilities of the foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after the date of transition to AIFRS are treated as assets and liabilities of the foreign operation and translated at exchange rates prevailing at the reporting date.

### (aa) segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing services within a particular geographic environment and is subject to risks and returns that are different from those of segments operating in other geographic environments.

### (ab) combined financial statements

The Trust has applied Class Order 06/441 issued by the Australian Securities & Investments Commission which allows the Financial Statements of different registered schemes with a common Responsible Entity to be presented in adjacent columns in a single financial report.

### (ac) rounding of amounts

The Trusts are the kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

## (ad) new accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2007 reporting period. Our assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 7: *Financial Instruments Disclosure* and AASB 2005-10: *Amendments to Australian Accounting Standards* (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038).

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 requires qualitative information about exposure to risks arising from financial instruments, including specific minimum disclosures about credit risk, liquidity risk and market risk. The Trust has elected not to adopt the standard early. Application of this standard will not affect any of the amounts recognised in the Financial Statements.

(ii) AASB 8: *Operating Segments* and AASB 2007-3: *Amendments to Australian Accounting Standards arising from AASB 8* (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038), are applicable to annual reporting periods beginning on or after 1 January 2009. It requires segment information disclosure based on segments monitored by the chief operating decision maker in allocating resources and in assessing their performance rather than on a business/geographical basis. This will require more qualitative disclosure for single segment entities. Application of this standard will not affect the amounts recognised in the Financial Statements.

## note 2. property revenue

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Rent and recoverable outgoings | 116,104 | 98,032 | 68,754 | 65,171 |
| Incentive amortisation | (3,007) | (1,887) | (1,817) | (1,012) |
| Other revenue | 3,059 | 3,007 | 2,803 | 2,814 |
| **Total property revenue** | **116,156** | **99,152** | **69,740** | **66,973** |

## note 3. interest revenue

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Interest income from financial institutions | 673 | 273 | 195 | 187 |
| Interest income from related parties | – | – | – | – |
| **Total interest revenue** | **673** | **273** | **195** | **187** |

## note 4. finance costs

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Interest paid/payable | 44,119 | 29,457 | 36,122 | 29,371 |
| Amount capitalised | (8,294) | (3,150) | (8,294) | (3,150) |
| Other finance costs | – | – | – | – |
| **Total finance costs** | **35,825** | **26,307** | **27,828** | **26,221** |

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 6.66 percent (2006: 6.56 percent) for DB RREEF Industrial Trust.

There were no borrowing costs eligible for capitalisation in DB RREEF Office Trust for 2007 and 2006.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 7.14 percent (2006: 6.55 percent) for DB RREEF Operations Trust.

## note 5. costs associated with the transaction

The costs incurred in the prior year relates to the fees and expenses arising from the stapling of the DDF, DIT, DOT and DRO, the acquisition of the US REIT, and the associated debt arranging and interest rate hedging (together referred to as the Transaction).

## note 6. income tax

### (a) income tax expense

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Current tax | 387 | – | – | – |
| Deferred tax | 187 | – | – | – |
| **Income tax expense/(benefit)** | **574** | **–** | **–** | **–** |
| Deferred income tax (revenue)/expense included in income tax expense comprises: | | | | |
| (Increase)/decrease in deferred tax assets | (238) | – | – | – |
| (Decrease)/increase in deferred tax liabilities | 425 | – | – | – |
| | **187** | **–** | **–** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 253,800 | 245,652 | 159,658 | 158,152 | 4,580 | 3,234 | – | – |
| (21,631) | (15,857) | (16,146) | (12,268) | – | – | – | – |
| 14,671 | 7,190 | 7,843 | 3,600 | 61 | 6 | – | – |
| **246,840** | **236,985** | **151,355** | **149,484** | **4,641** | **3,240** | **–** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 1,158 | 835 | 789 | 614 | 305 | 210 | 23 | 20 |
| 4,768 | 12,452 | 11,690 | 16,663 | 5,461 | 4,960 | 5,461 | 4,960 |
| **5,926** | **13,287** | **12,479** | **17,277** | **5,766** | **5,170** | **5,484** | **4,980** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 60,339 | 64,754 | 59,472 | 62,206 | 90,960 | 60,135 | 4,273 | 4,105 |
| – | – | – | – | 26 | (1,251) | – | – |
| – | – | – | – | 1,963 | – | 235 | – |
| **60,339** | **64,754** | **59,472** | **62,206** | **92,949** | **58,884** | **4,508** | **4,105** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 1,854 | 936 | 1,524 | 1,225 |
| – | – | – | – | (3,538) | 233 | 108 | 105 |
| **–** | **–** | **–** | **–** | **(1,684)** | **1,169** | **1,632** | **1,330** |
| – | – | – | – | (3,491) | 207 | 108 | 104 |
| – | – | – | – | (47) | 26 | – | 1 |
| **–** | **–** | **–** | **–** | **(3,538)** | **233** | **108** | **105** |

## note 6. income tax (continued)

### (b) reconciliation of income tax expense to net profit

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Profit before tax | 192,206 | 227,508 | 192,089 | 229,821 |
| Profit not subject to income tax (note 1(i)) | (191,743) | (227,508) | (192,089) | (229,821) |
| | **463** | – | – | – |
| Prima facie tax at the Australian tax rate of 30 percent (2006: 30 percent) | 139 | – | – | – |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | | | |
| Revaluation of investment properties | 1,628 | – | – | – |
| Depreciation | (605) | – | – | – |
| Difference in overseas tax rates | (194) | – | – | – |
| Previously unrecognised tax losses now recognised | (390) | – | – | – |
| Share of net profits of associates | – | – | – | – |
| Tax offset for franked dividends | – | – | – | – |
| Sundry items | (4) | – | – | – |
| | **435** | – | – | – |
| Over provision in prior year | – | – | – | – |
| **Income tax expense/(benefit)** | **574** | – | – | – |

### (c) amounts recognised directly in equity

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity: | | | | |
| Net deferred tax – credited directly to equity | – | – | – | – |
| | – | – | – | – |

## note 7. other expenses

| | | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|---|
| | Note(s) | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Audit and other fees | 8 | 637 | 312 | 405 | 282 |
| Custodian fees | | 103 | 102 | 88 | 87 |
| Legal and other professional fees | | 42 | 211 | 21 | 198 |
| Bad and doubtful debts | | – | 36 | – | 32 |
| Registry costs and listing fees | | 100 | 130 | 90 | 120 |
| Other expenses | | 360 | 602 | 355 | 597 |
| **Total other expenses** | | **1,242** | **1,393** | **959** | **1,316** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 529,882 | 381,135 | 511,010 | 361,734 | 1,393 | 8,452 | 11,936 | 10,681 |
| (529,882) | (381,135) | (511,010) | (361,734) | – | – | – | – |
| **–** | **–** | **–** | **–** | **1,393** | **8,452** | **11,936** | **10,681** |
| – | – | – | – | 418 | 2,535 | 3,581 | 3,204 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | 175 | 88 | – | – |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| – | – | – | – | 47 | (1,454) | – | – |
| – | – | – | – | (1,950) | – | (1,950) | (1,875) |
| – | – | – | – | 1 | – | 1 | 1 |
| **–** | **–** | **–** | **–** | **(1,727)** | **(1,366)** | **(1,949)** | **(1,874)** |
| – | – | – | – | (375) | – | – | – |
| **–** | **–** | **–** | **–** | **(1,684)** | **1,169** | **1,632** | **1,330** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | – | (196) | – | (196) |
| **–** | **–** | **–** | **–** | **–** | **(196)** | **–** | **(196)** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 504 | 558 | 447 | 446 | 105 | 303 | 74 | 229 |
| 231 | 240 | 216 | 218 | 9 | 11 | 9 | 11 |
| 24 | 56 | 17 | 56 | – | 1 | – | 38 |
| – | – | – | – | 19 | – | – | – |
| 195 | 196 | 136 | 142 | 6 | 4 | 6 | 4 |
| 1,375 | (321) | 1,337 | (385) | 8 | 87 | 5 | 87 |
| **2,329** | **729** | **2,153** | **477** | **147** | **406** | **94** | **369** |

## note 8. audit and other fees

During the year the auditor of the parent entity and its related practices and non-related audit firms earned the following remuneration:

### (a) assurance services

Audit services

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| PwC audit and review of financial reports and other audit work under the *Corporations Act 2001* | 349,300 | 254,467 | 340,065 | 252,467 |
| PwC fees paid in relation to outgoings audit | – | – | – | – |
| Fees paid to non-PwC audit firms | 116,664 | – | – | – |
| **Total remuneration for assurance services** | **465,964** | **254,467** | **340,065** | **252,467** |

### (b) taxation services

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Fees paid to PwC Australia | 91,869 | 54,197 | 64,778 | 26,207 |
| Fees paid to PwC US | 52,460 | – | – | – |
| Fees paid to non-PwC audit firms | 26,931 | – | – | – |
| **Total remuneration for taxation services [1]** | **171,260** | **54,197** | **64,778** | **26,207** |

1 These services include general compliance work, one off project work and advice with respect to the management of day to day tax affairs of the Trusts.

### (c) advisory services

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Fees paid to PwC Australia in relation to IFRS project | – | 2,975 | – | 2,975 |
| **Total remuneration for advisory services** | **–** | **2,975** | **–** | **2,975** |
| **Total remuneration for assurance, taxation and advisory services** | **637,224** | **311,639** | **404,843** | **281,649** |

## note 9. current assets – cash and cash equivalents

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Cash at bank [1] | 13,105 | 31,980 | 2,672 | 31,294 |
| **Total current assets – cash and cash equivalents** | **13,105** | **31,980** | **2,672** | **31,294** |

1 DIT cash at bank at 30 June 2006 included $28,933,000 held for the purchase of DIT France Logistique.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 237,360 | 352,110 | 237,360 | 372,910 | 98,787 | 237,888 | 61,010 | 223,088 |
| 156,377 | 72,155 | 97,445 | 44,946 | – | – | – | – |
| – | – | – | – | – | – | – | – |
| **393,737** | **424,265** | **334,805** | **417,856** | **98,787** | **237,888** | **61,010** | **223,088** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 109,988 | 125,272 | 112,396 | 23,690 | 4,679 | 65,221 | 11,452 | 5,891 |
| – | – | – | – | – | – | – | – |
| – | 5,700 | – | 1,725 | 1,257 | – | 1,257 | – |
| **109,988** | **130,972** | **112,396** | **25,415** | **5,936** | **65,221** | **12,709** | **5,891** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | 2,975 | – | 2,975 | – | – | – | – |
| **–** | **2,975** | **–** | **2,975** | **–** | **–** | **–** | **–** |
| **503,725** | **558,212** | **447,201** | **446,246** | **104,723** | **303,109** | **73,719** | **228,979** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 13,113 | 17,127 | 3,418 | 8,887 | 1,029 | 5,814 | 148 | 108 |
| **13,113** | **17,127** | **3,418** | **8,887** | **1,029** | **5,814** | **148** | **108** |

## note 10. current assets – receivables

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Rent receivable | 5,325 | 1,328 | 2,361 | 772 |
| Less: Provision for doubtful debts | (19) | (19) | (19) | (19) |
| **Total rental receivables** | **5,306** | **1,309** | **2,342** | **753** |
| Distribution receivable from controlled entities | – | – | 29,518 | 27,184 |
| Dividend receivable | – | – | – | – |
| Interest bearing loans from controlled entities | – | – | – | – |
| Other receivables from controlled entities [1] | – | – | – | 12,777 |
| GST receivable | – | 315 | 35 | 716 |
| VAT receivable | 477 | – | – | – |
| Interest receivable | – | – | 2,363 | – |
| Receivables from related entities | – | – | – | – |
| Other receivables | 2,574 | 1,908 | 1,514 | 1,007 |
| **Total other receivables** | **3,051** | **2,223** | **33,430** | **41,684** |
| **Total current assets – receivables** | **8,357** | **3,532** | **35,772** | **42,437** |

1 Other receivables from controlled entities is an inter-entity loan, which is a non-interest bearing loan between the Trusts and their controlled entities.

## note 11. loans with related parties

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Current assets – loans with related parties** | | | | |
| Non-interest bearing loans with the Trusts [1] | 138,948 | 138,948 | 138,948 | 138,948 |
| **Total current assets – loans with related parties** | **138,948** | **138,948** | **138,948** | **138,948** |
| **Non-current assets – loans with related parties** | | | | |
| Intercompany loan [2] | – | – | 287,737 | – |
| **Total non-current assets – loans with related parties** | **–** | **–** | **287,737** | **–** |
| **Current liabilities – loans with related parties** | | | | |
| Non-interest bearing loans with the Trusts [1] | – | – | – | – |
| **Total current liabilities – loans with related parties** | **–** | **–** | **–** | **–** |

1 Non-interest bearing loans with the Trusts were created to effect the stapling of DDF, DIT, DOT and DRO.

2 The intercompany loan represents a loan with DB RREEF Finance Pty Limited. These loans are callable on demand with a final maturity date of 28 June 2015. The average interest rate for the year is 6.78 percent (2006: 5.93 percent).

## note 12. derivative financial instruments

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Current assets** | | | | |
| Interest rate swap contracts | 40,958 | 21,825 | 40,958 | 21,825 |
| Forward foreign exchange contracts | 5,073 | 1,556 | 5,073 | 1,556 |
| **Total current assets – derivative financial instruments** | **46,031** | **23,381** | **46,031** | **23,381** |
| **Current liabilities** | | | | |
| Interest rate swap contracts | 7,958 | 8,800 | 7,958 | 8,800 |
| Forward foreign exchange contracts | – | 316 | – | 316 |
| **Total current liabilities – derivative financial instruments** | **7,958** | **9,116** | **7,958** | **9,116** |
| **Net current derivative financial instruments** | **38,073** | **14,265** | **38,073** | **14,265** |

Refer note 32 for further discussion regarding derivative financial instruments.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 2,403 | 2,300 | 1,874 | 1,146 | 200 | 112 | – | – |
| (5) | (167) | (5) | (167) | (19) | – | – | – |
| **2,398** | **2,133** | **1,869** | **979** | **181** | **112** | **–** | **–** |
| – | – | 53,263 | 45,819 | – | – | – | – |
| – | – | – | – | 6,500 | 4,750 | 6,500 | 4,750 |
| – | – | 100,416 | 68,776 | – | – | – | – |
| – | – | 70,660 | 65,711 | – | – | – | – |
| – | – | – | – | – | – | – | 2 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | 6 | 8 | 2 | 2 |
| – | – | – | – | 5,108 | 2,740 | – | – |
| 1,901 | 956 | 849 | 536 | 105 | – | – | – |
| **1,901** | **956** | **225,188** | **180,842** | **11,719** | **7,498** | **6,502** | **4,754** |
| **4,299** | **3,089** | **227,057** | **181,821** | **11,900** | **7,610** | **6,502** | **4,754** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | – | – | – | – |
| **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 87,281 | 181,840 | 87,281 | 181,840 | 1,625,754 | 1,382,250 | 61,505 | 59,534 |
| **87,281** | **181,840** | **87,281** | **181,840** | **1,625,754** | **1,382,250** | **61,505** | **59,534** |
| 55,684 | 55,684 | 55,684 | 55,684 | 48,932 | 48,932 | 48,932 | 48,932 |
| **55,684** | **55,684** | **55,684** | **55,684** | **48,932** | **48,932** | **48,932** | **48,932** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 48,777 | 25,754 | 48,777 | 25,754 | 69,626 | 58,968 | – | – |
| – | – | – | – | 5,029 | 3,205 | – | – |
| **48,777** | **25,754** | **48,777** | **25,754** | **74,655** | **62,173** | **–** | **–** |
| 3,150 | 374 | 3,150 | 374 | 69,414 | 59,122 | – | 154 |
| 107 | – | 107 | – | 5,029 | 3,205 | – | – |
| **3,257** | **374** | **3,257** | **374** | **74,443** | **62,327** | **–** | **154** |
| **45,520** | **25,380** | **45,520** | **25,380** | **212** | **(154)** | **–** | **(154)** |

## note 13. current assets – other financial assets

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Loan notes receivable from DB RREEF Holdings Pty Limited | – | – | – | – |
| **Total current assets – other financial assets** | **–** | **–** | **–** | **–** |

On 27 September 2004, DB RREEF Holdings Pty Limited (DRH) issued an equal amount of loan notes to its two owners – First Australian Property Group Holdings Pty Limited (FAP) and DRO, in order to fund its 100 percent acquisition of DB RREEF Funds Management Limited (the Responsible Entity of DRO). On 31 October 2006, DRH issued further loan notes of equal amounts to its two owners to fund the acquisition of DB RREEF Wholesale Property Ltd (the Responsible Entity of DB RREEF Wholesale Property Fund). These loan notes pay a coupon of 11 percent per annum, mature on 1 October 2024 and may be redeemed at any time prior to maturity. It currently is not the intention of either the issuer or the holder to redeem the notes.

## note 14. current assets – other

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Prepayments | 4,138 | 1,879 | 1,321 | 1,212 |
| Tenant bonds | – | – | – | – |
| **Total current assets – other** | **4,138** | **1,879** | **1,321** | **1,212** |

## note 15. non-current assets – investment properties

### reconciliation

| | DIT Consolidated | |
|---|---|---|
| | 30 June 2007 $'000 | 30 June 2006 $'000 |
| Carrying amount at 1 July 2006 | 1,002,754 | 936,284 |
| Additions | 16,304 | 10,736 |
| Acquisitions | 396,178 | – |
| Transfer from property plant and equipment | 6,089 | – |
| Transfer to held for sale investment properties | – | (24,000) |
| Lease incentives | 6,434 | 3,805 |
| Amortisation of lease incentives | (3,007) | (1,863) |
| Rent straight-lining | – | – |
| Disposals | (39,916) | (8,277) |
| Net gain from fair value adjustments | 62,320 | 86,069 |
| Foreign exchange difference on foreign currency translation | (15,936) | – |
| **Carrying amount as at 30 June 2007** | **1,431,220** | **1,002,754** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 51,936 | 45,092 | 51,936 | 45,092 |
| **–** | **–** | **–** | **–** | **51,936** | **45,092** | **51,936** | **45,092** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 1,872 | 2,101 | 1,234 | 1,256 | 42 | 126 | – | – |
| – | – | – | – | 13 | 20 | – | – |
| **1,872** | **2,101** | **1,234** | **1,256** | **55** | **146** | **–** | **–** |

| DIT Parent Entity | | DOT Consolidated | | DOT Parent Entity | |
|---|---|---|---|---|---|
| 30 June 2007 $'000 | 30 June 2006 $'000 | 30 June 2007 $'000 | 30 June 2006 $'000 | 30 June 2007 $'000 | 30 June 2006 $'000 |
| 679,795 | 621,252 | 2,842,573 | 2,449,051 | 1,897,000 | 1,685,138 |
| 14,002 | 9,216 | 9,953 | 19,656 | 5,947 | 12,203 |
| – | – | – | 102,599 | – | – |
| 6,089 | – | – | – | – | – |
| – | – | – | – | – | – |
| 5,050 | 2,587 | 26,202 | 51,968 | 20,870 | 40,554 |
| (1,817) | (1,011) | (21,630) | (15,857) | (16,146) | (12,268) |
| – | – | 6,800 | 9,077 | 6,026 | 7,678 |
| (26,554) | – | (126,002) | – | (126,002) | – |
| 52,003 | 47,751 | 381,106 | 236,665 | 292,116 | 163,695 |
| – | – | 10,781 | (10,586) | – | – |
| **728,568** | **679,795** | **3,129,783** | **2,842,573** | **2,079,811** | **1,897,000** |

## note 16. non-current assets – property plant and equipment

### (a) property plant and equipment

2007

| | DIT Consolidated | | | DIT Parent Entity | | |
|---|---|---|---|---|---|---|
| | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 |
| Opening balance as at 1 July 2006 | 67,544 | 12,806 | 80,350 | 67,544 | 12,806 | 80,350 |
| Additions | 83,319 | 33,817 | 117,136 | 83,319 | 33,817 | 117,136 |
| Transfer from property plant and equipment | (6,089) | – | (6,089) | (6,089) | – | (6,089) |
| **Closing balance as at 30 June 2007** | **144,774** | **46,623** | **191,397** | **144,774** | **46,623** | **191,397** |
| Cost | 144,774 | 46,623 | 191,397 | 144,774 | 46,623 | 191,397 |
| **Net book value as at 30 June 2007** | **144,774** | **46,623** | **191,397** | **144,774** | **46,623** | **191,397** |

2006

| | DIT Consolidated | | | DIT Parent Entity | | |
|---|---|---|---|---|---|---|
| | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 |
| Opening balance as at 1 July 2005 | 15,107 | 12,806 | 27,913 | 15,107 | 12,806 | 27,913 |
| Additions | 52,437 | – | 52,437 | 52,437 | – | 52,437 |
| **Closing balance as at 30 June 2006** | **67,544** | **12,806** | **80,350** | **67,544** | **12,806** | **80,350** |
| Cost | 67,544 | 12,806 | 80,350 | 67,544 | 12,806 | 80,350 |
| **Net book value as at 30 June 2006** | **67,544** | **12,806** | **80,350** | **67,544** | **12,806** | **80,350** |

2007

| | DOT Consolidated | | | DOT Parent Entity | | |
|---|---|---|---|---|---|---|
| | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 |
| Opening balance as at 1 July 2006 | – | – | – | – | – | – |
| Additions | – | 27,530 | 27,530 | – | – | – |
| **Closing balance as at 30 June 2007** | **–** | **27,530** | **27,530** | **–** | **–** | **–** |
| Cost | – | 27,530 | 27,530 | – | – | – |
| **Net book value as at 30 June 2007** | **–** | **27,530** | **27,530** | **–** | **–** | **–** |

2006

| | DOT Consolidated | | | DOT Parent Entity | | |
|---|---|---|---|---|---|---|
| | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 |
| Opening balance as at 1 July 2005 | – | – | – | – | – | – |
| Additions | – | – | – | – | – | – |
| **Closing balance as at 30 June 2006** | **–** | **–** | **–** | **–** | **–** | **–** |
| Cost | – | – | – | – | – | – |
| **Net book value as at 30 June 2006** | **–** | **–** | **–** | **–** | **–** | **–** |

## 2007

| | DRO Consolidated | | | DRO Parent Entity | | |
|---|---|---|---|---|---|---|
| | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 |
| Opening balance as at 1 July 2006 | – | 56,472 | 56,472 | 63 | – | 63 |
| Additions | – | 2,922 | 2,922 | – | – | – |
| Depreciation charge | – | (2,488) | (2,488) | – | – | – |
| Transfer from property plant and equipment | – | – | – | (63) | – | (63) |
| **Closing balance as at 30 June 2007** | **–** | **56,906** | **56,906** | **–** | **–** | **–** |
| Cost | – | 60,417 | 60,417 | – | – | – |
| Accumulated depreciation | – | (3,511) | (3,511) | – | – | – |
| **Net book value as at 30 June 2007** | **–** | **56,906** | **56,906** | **–** | **–** | **–** |

## 2006

| | DRO Consolidated | | | DRO Parent Entity | | |
|---|---|---|---|---|---|---|
| | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 | Construction in progress $'000 | Freehold land and buildings $'000 | Total $'000 |
| Opening balance as at 1 July 2005 | – | – | – | – | – | – |
| Additions | – | 57,495 | 57,495 | 63 | – | 63 |
| Depreciation charge | – | (1,023) | (1,023) | – | – | – |
| **Closing balance as at 30 June 2006** | **–** | **56,472** | **56,472** | **63** | **–** | **63** |
| Cost | – | 57,495 | 57,495 | 63 | – | 63 |
| Accumulated depreciation | – | (1,023) | (1,023) | – | – | – |
| **Net book value as at 30 June 2006** | **–** | **56,472** | **56,472** | **63** | **–** | **63** |

### (b) basis of valuation

Freehold land and buildings are accounted for using the cost method (refer note 1(o)). Construction in progress is recognised at fair value. As at 30 June 2007, the fair value of construction in progress is equal to cost.

### (c) non-current assets pledged as security

Refer to note 23 for information on non-current assets pledged as security by the parent entity and its controlled entities.

### (d) acquisitions and developments

Acquisitions

144 Wicks Road, North Ryde NSW

On 20 November 2006, DOT (through its sub-trust Wicks Road Trust), acquired a 50 percent ownership interest in the former Peter Board High School site, 144 Wicks Road, North Ryde NSW for a consideration of $25.9 million.

440 Dohertys Road, North Laverton VIC

In November 2006, DIT purchased 440 Dohertys Road, North Laverton VIC, a land parcel adjacent to DB RREEF Industrial Estate, North Laverton for $32.0 million.

Developments

Boundary Road, North Laverton VIC

In June 2005, DIT entered into agreements to lease and build a major distribution centre for Coles Myer Limited. Practical completion was achieved on 15 February 2007. In August 2006, DIT entered into agreement to lease and build a distribution centre (including external canopy areas) for Fosters Limited. Construction of this building has commenced and completion is expected in July 2007.

## note 17. non-current assets – other financial assets at fair value through profit and loss

Investments are adjusted to their fair value through the Income Statements.

| Name of entity | Principal activity | Ownership interest 2007 (%} | Ownership interest 2006 (%) |
|---|---|---|---|
| **Controlled entities** | | | |
| Foundation Macquarie Park Trust | Industrial property investment | 100 | 100 |
| Paladin Industrial Trust | Industrial property investment | 100 | 100 |
| DIT Luxemburg 1 SARL | Investment trust | 100 | 100 |
| DB RREEF GLOG Trust | Investment trust | 100 | – |
| DRT US Whirlpool Trust | Investment trust | 100 | – |
| DOT Commercial Trust | Commercial property investment | 100 | 100 |
| DOT NZ Sub-trust No. 1 | Commercial property investment | 100 | 100 |
| DOT NZ Sub-trust No. 2 | Commercial property investment | 100 | 100 |
| DB RREEF RENTS Trust | Investment trust | – | – |
| **Total non-current assets – other financial assets at fair value through profit and loss** | | | |

### reconciliation

| | |
|---|---|
| Opening balance as at 1 July 2006 | |
| Additions | |
| Distributions | |
| Fair value gain | |
| **Closing balance as at 30 June 2007** | |

All controlled entities are wholly owned subsidiaries of the Trusts, with the exception of RENTS Trust (RENTS). All units with a beneficial interest in RENTS assets are listed on the Australian Stock Exchange. DOT owns one unit in RENTS that does not have a beneficial interest in the RENTS assets, but holds all voting rights in relation to RENTS.

Both the parent entity and the controlled entities were formed in Australia. With the exception of DIT Luxemburg 1 SARL which was formed in Luxemburg.

## note 18. non-current assets – other financial assets

| Name of entity | Principal activity | Ownership interest 2007 (%) | Ownership interest 2006 (%) |
|---|---|---|---|
| Barrack Street Trust | Commercial property investment | 100 | 100 |
| DB RREEF Finance Pty Limited | Financial services | 100 | 100 |
| **Total non-current assets – other financial assets** | | | |

### reconciliation

| | |
|---|---|
| Opening balance as at 1 July 2006 | |
| **Closing balance as at 30 June 2007** | |

Both the parent entity and the controlled entities were formed in Australia.

| DIT Parent Entity | | DOT Parent Entity | | DRO Parent Entity | |
|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 125,604 | 120,459 | – | – | – | – |
| 197,671 | 186,579 | – | – | – | – |
| – | 34 | – | – | – | – |
| 55,362 | – | – | – | – | – |
| 14,451 | – | – | – | – | – |
| – | – | 628,557 | 569,287 | – | – |
| – | – | 54,333 | 30,759 | – | – |
| – | – | 55 | 31 | – | – |
| – | – | – | – | – | – |
| **393,088** | **307,072** | **682,945** | **600,077** | **–** | **–** |

| DIT Parent Entity | | DOT Parent Entity | | DRO Parent Entity | |
|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 307,072 | 268,058 | 600,077 | 518,232 | – | – |
| 66,870 | 34 | – | 20,477 | – | – |
| (29,518) | (27,183) | (53,263) | (45,819) | – | – |
| 48,664 | 66,163 | 136,131 | 107,187 | – | – |
| **393,088** | **307,072** | **682,945** | **600,077** | **–** | **–** |

| DIT Parent Entity | | DOT Parent Entity | | DRO Parent Entity | |
|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 99 | 99 |
| – | – | – | – | 1 | 1 |
| **–** | **–** | **–** | **–** | **100** | **100** |

| DIT Parent Entity | | DOT Parent Entity | | DRO Parent Entity | |
|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 100 | 100 |
| **–** | **–** | **–** | **–** | **100** | **100** |

## note 19. non-current assets – investments accounted for using the equity method

Investments are accounted for in the consolidated Financial Statements using the equity method of accounting (refer note 1).

Information relating to these entities is set out below.

| | | Ownership interest | | DIT Consolidated | |
|---|---|---|---|---|---|
| **Name of entity** | **Principal activity** | **2007 (%)** | **2006 (%)** | **2007 $'000** | **2006 $'000** |
| **Held by parent entity** | | | | | |
| DB RREEF Industrial Properties, Inc.[1] | Asset, property and funds management | 50 | 50 | 270,193 | 272,400 |
| DB RREEF Holdings Pty Limited[2] | Asset, property and funds management | 50 | 50 | – | – |
| **Held by controlled entities** | | | | | |
| 2 O'Connell Street Trust | Commercial property investment | 50 | 50 | – | – |
| 4 O'Connell Street Trust | Commercial property investment | 50 | 50 | – | – |
| Bligh Street Trust | Commercial property investment | 50 | 50 | – | – |
| **Total** | | | | **270,193** | **272,400** |

1 The remaining 50 percent of this entity is owned by DDF. As a result, this entity is classed as controlled on a DDF consolidated basis.

2 DRH acquired DB RREEF Wholesale Property Limited (the Responsible Entity of DB RREEF Wholesale Property Fund).

These entities were formed in Australia with the exception of DB RREEF Industrial Properties, Inc. and DB RREEF US Properties, Inc. which were formed in the United States.

| | DIT Consolidated | |
|---|---|---|
| | **2007 $'000** | **2006 $'000** |
| **Movements in carrying amounts of investments accounted for using the equity method** | | |
| Opening balance as at 1 July 2006 | 272,400 | 177,759 |
| Interest acquired during the year | 1,360 | 34,060 |
| Share of net profits after tax | 53,186 | 83,566 |
| Distributions/Dividends received | (22,464) | (29,041) |
| Foreign exchange difference on foreign currency translation | (34,289) | 5,157 |
| Adjustment on application of AASB 132 and AASB 139 | – | 899 |
| **Closing balance as at 30 June 2007** | **270,193** | **272,400** |
| **Results attributable to associates** | | |
| Operating profits before income tax | 54,388 | 85,179 |
| Income tax expense | – | – |
| Withholding tax expense | (1,202) | (1,613) |
| **Operating profits after income tax** | **53,186** | **83,566** |
| Less: Distributions/Dividends received | (22,464) | (29,041) |
| | **30,722** | **54,525** |
| Undistributed income attributable to associates as at 1 July 2006 | 104,331 | 49,806 |
| Undistributed income attributable to associates as at 30 June 2007 | 135,053 | 104,331 |
| **Summary of the performance and financial position of investments accounted for using the equity method** | | |
| The Trusts' share of aggregate profits, assets and liabilities of investments accounted for using the equity method are: | | |
| Profits from ordinary activities after income tax expense | 53,186 | 83,566 |
| Assets | 735,374 | 759,256 |
| Liabilities | 425,614 | 448,286 |
| **Share of associates' expenditure commitments** | | |
| Capital commitments | 4,270 | 1,271 |

### contingent event of investments accounted for using the equity method

Upon satisfaction of certain conditions, the Trusts may elect to exercise a call option granted to it in relation to the purchase of the remaining 50 percent interest in DRH.

Upon satisfaction of certain conditions, FAP may elect to exercise a put option granted to it in relation to the sale of its 50 percent investment in DRH.

| DIT Parent Entity | | DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 270,193 | 272,400 | – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | 17,886 | 15,761 | 16,877 | 14,595 |
| – | – | 8,563 | 9,701 | – | – | – | – | – | – |
| – | – | 16,054 | 15,197 | – | – | – | – | – | – |
| – | – | 16,133 | 11,902 | – | – | – | – | – | – |
| **270,193** | **272,400** | **40,750** | **36,800** | **–** | **–** | **17,886** | **15,761** | **16,877** | **14,595** |

| DOT Consolidated | | DRO Consolidated | |
|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 36,800 | 36,609 | 15,761 | 17,166 |
| – | – | 2,282 | – |
| 5,717 | 2,433 | 6,343 | 4,845 |
| (1,767) | (2,242) | (6,500) | (6,250) |
| – | – | – | – |
| – | – | – | – |
| **40,750** | **36,800** | **17,886** | **15,761** |
| 5,717 | 2,433 | 9,178 | 7,121 |
| – | – | (2,835) | (2,276) |
| – | – | – | – |
| **5,717** | **2,433** | **6,343** | **4,845** |
| (1,767) | (2,242) | (6,500) | (6,250) |
| **3,950** | **191** | **(157)** | **(1,405)** |
| (821) | (1,012) | 1,166 | 2,571 |
| 3,129 | (821) | 1,009 | 1,166 |
| 5,717 | 2,433 | 6,434 | 4,845 |
| 38,122 | 38,248 | 85,986 | 74,703 |
| 182 | 200 | 68,639 | 58,942 |
| – | – | – | – |

## note 20. non-current assets – deferred tax assets

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **The balance comprises temporary differences attributable to:** | | | | |
| **Amounts recognised in profit or loss** | | | | |
| Derivative financial instruments | – | – | – | – |
| Tax losses [1] | – | – | – | – |
| Other | 314 | – | – | – |
| **Net deferred tax assets** | **314** | **–** | **–** | **–** |
| **Movements** | | | | |
| Opening balance at 1 July 2006 | – | – | – | – |
| Change on adoption of AASB 132 and AASB 139 | – | – | – | – |
| Credited/(charged) to the Income Statements | 314 | – | – | – |
| **Closing balance at 30 June 2007** | **314** | **–** | **–** | **–** |

1 The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

## note 21. non-current assets – other

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Tenant and other bonds | 181 | 717 | 181 | 575 |
| Other | 254 | 125 | 254 | 124 |
| **Total non-current assets – other** | **435** | **842** | **435** | **699** |

## note 22. current liabilities – payables

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Trade creditors | 5,745 | 4,407 | 1,170 | 2,606 |
| Accruals | 5,956 | 1,586 | 718 | 1,416 |
| Amount payable to other minority interest | – | – | – | – |
| Accrued capital expenditure | 3,810 | – | 2,816 | – |
| Prepaid income | 2,790 | 2,645 | 2,101 | 2,280 |
| Responsible Entity fee payable | 866 | 580 | 866 | 580 |
| GST payable | 1,836 | – | – | – |
| Accrued interest | 2,635 | 1,257 | 2,540 | 1,257 |
| Other payables to controlled entities [1] | – | – | 22,337 | – |
| Other | – | 34 | – | 34 |
| **Total current liabilities – payables** | **23,638** | **10,509** | **32,548** | **8,173** |

1 Other payables to controlled entities is an inter-entity loan, which is a non-interest bearing loan between the Trusts and their controlled entities.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 2,140 | 46 | – | 46 |
| – | – | – | – | 1,497 | – | – | – |
| – | – | – | – | (30) | 70 | – | 62 |
| **–** | **–** | **–** | **–** | **3,607** | **116** | **–** | **108** |
| – | – | – | – | 116 | 127 | 108 | 16 |
| – | – | – | – | – | 196 | – | 196 |
| – | – | – | – | 3,491 | (207) | (108) | (104) |
| **–** | **–** | **–** | **–** | **3,607** | **116** | **–** | **108** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 427 | 352 | 318 | 247 | 1,220 | – | 1,220 | – |
| 2,523 | 589 | 2,523 | 588 | 63 | – | 62 | – |
| **2,950** | **941** | **2,841** | **835** | **1,283** | **–** | **1,282** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 9,179 | 8,141 | 5,841 | 5,087 | 351 | 33 | 91 | – |
| 1,097 | 2,223 | 990 | 2,095 | 589 | 844 | 95 | 197 |
| 3,978 | 3,509 | – | – | – | – | – | – |
| 452 | – | – | – | 44 | 49 | – | – |
| 630 | 3,330 | 3,039 | 4,490 | 22 | 101 | – | – |
| 1,167 | 1,019 | 800 | 704 | – | – | – | – |
| 945 | 1,105 | 573 | 140 | 16 | 245 | – | – |
| 9,306 | 9,697 | 9,306 | 9,697 | 17,009 | 6,549 | – | 61 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| **26,754** | **29,024** | **20,549** | **22,213** | **18,031** | **7,821** | **186** | **258** |

## note 23. interest bearing liabilities

### current

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Unsecured** | | | | |
| Bank loans | – | – | – | – |
| **Total unsecured** | **–** | **–** | **–** | **–** |
| Deferred borrowing costs | – | – | – | – |
| **Total current liabilities – interest bearing liabilities** | **–** | **–** | **–** | **–** |

### non-current

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Secured** | | | | |
| Commercial paper | – | – | – | – |
| Commercial mortgage backed securities | – | – | – | – |
| **Total secured** | **–** | **–** | **–** | **–** |
| **Unsecured** | | | | |
| Commercial notes | 17,687 | – | – | – |
| Bank loans | – | – | – | – |
| Medium term notes | – | – | – | – |
| Intercompany loan [1] | 922,312 | 583,838 | 922,312 | 583,838 |
| **Total unsecured** | **939,999** | **583,838** | **922,312** | **583,838** |
| Deferred borrowing costs | (518) | (43) | (518) | (43) |
| **Total non-current liabilities – interest bearing liabilities** | **939,481** | **583,795** | **921,794** | **583,795** |

1 The intercompany loan represents a loan from DB RREEF Finance Pty Limited to DIT, DOT and DRO.

### financing arrangements

The Trusts have access to the following lines of credit:

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Borrowing facilities** | | | | |
| Commercial paper | – | – | – | – |
| Commercial mortgage backed securities | – | – | – | – |
| Commercial notes | – | – | – | – |
| Bank loans | – | – | – | – |
| Medium term notes | – | – | – | – |
| | **–** | **–** | **–** | **–** |
| Bank guarantee facility utilised at balance date | – | – | – | – |
| Used at balance date by DB RREEF Industrial Properties, Inc. | – | – | – | – |
| Used at balance date | – | – | – | – |
| **Unused at balance date** | **–** | **–** | **–** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 7,070 | 217,000 | – | – |
| **–** | **–** | **–** | **–** | **7,070** | **217,000** | **–** | **–** |
| – | – | – | – | (48) | (296) | – | – |
| **–** | **–** | **–** | **–** | **7,022** | **216,704** | **–** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 344,500 | 452,449 | 344,500 | 452,449 | – | – | – | – |
| 500,000 | 500,000 | 500,000 | 500,000 | – | – | – | – |
| **844,500** | **952,449** | **844,500** | **952,449** | **–** | **–** | **–** | **–** |
| – | – | – | – | 235,654 | 269,070 | – | – |
| – | – | – | – | 905,595 | 772,980 | – | – |
| – | – | – | – | 450,000 | – | – | – |
| – | 91,372 | – | 91,372 | 87,281 | 181,840 | 62,613 | 58,891 |
| **–** | **91,372** | **–** | **91,372** | **1,678,530** | **1,223,890** | **62,613** | **58,891** |
| (773) | (1,337) | (773) | (1,337) | (2,121) | (867) | – | – |
| **843,727** | **1,042,484** | **843,727** | **1,042,484** | **1,676,409** | **1,223,023** | **62,613** | **58,891** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 346,000 | 453,300 | 346,000 | 453,300 | – | – | – | – |
| 500,000 | 500,000 | 500,000 | 500,000 | – | – | – | – |
| – | – | – | – | 235,654 | 269,070 | – | – |
| – | – | – | – | 1,448,830 | 1,342,524 | – | – |
| – | – | – | – | 450,000 | – | – | – |
| **846,000** | **953,300** | **846,000** | **953,300** | **2,134,484** | **1,611,594** | **–** | **–** |
| – | – | – | – | (3,306) | (5,000) | – | – |
| – | – | – | – | (121,362) | (52,469) | – | – |
| (844,500) | (952,449) | (844,500) | (952,449) | (1,598,319) | (1,259,050) | – | – |
| **1,500** | **851** | **1,500** | **851** | **411,497** | **295,075** | **–** | **–** |

## note 23. interest bearing liabilities (continued)

### fair value

| | DIT Consolidated | | DIT Consolidated | |
|---|---|---|---|---|
| | 2007 Carrying amount $'000 | 2007 Fair value $'000 | 2006 Carrying amount $'000 | 2006 Fair value $'000 |
| **The carrying amounts and fair values of borrowings at balance date are:** | | | | |
| Commercial paper | – | – | – | – |
| Commercial mortgage backed securities | – | – | – | – |
| Commercial notes | 17,687 | 17,687 | – | – |
| Bank loans | – | – | – | – |
| Medium term notes | – | – | – | – |
| | **17,687** | **17,687** | **–** | **–** |

None of the classes of borrowings are readily traded on organised market in standardised form. The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

### bank loans

DB RREEF Finance Pty Limited, a wholly-owned subsidiary of DRO, has syndicated bank debt facilities which comprises a $300.0 million, multi-currency revolving credit facility maturing in September 2008, a $300.0 million multi-currency revolving credit facility maturing in March 2010 and a US$210.0 million ($247.437 million) multi-currency revolving credit facility maturing in September 2010. In addition, DB RREEF Finance Pty Limited has bilateral bank debt facilities comprising multi-currency revolving credit facilities of $360.0 million, US$120.0 million ($141.393 million) and $100.0 million maturing in December 2010, December 2013 and December 2007 respectively. Of the $100.0 million facility, $1.496 million and US$1.536 million ($1.810 million) is utilised as bank guarantees for developments (refer note 33). These bank debt facilities are supported by the Trusts guarantee arrangements. These facilities have negative pledge provisions which limit the amount and type of encumbrances that the Trusts can have over their assets and ensures that all senior unsecured debt ranks pari passu. DB RREEF Industrial Properties, Inc may borrow under the US$210.0 million, $360.0 million, $100.0 million and US$120.0 million multi-currency revolving credit facilities.

The current debt facilities will be refinanced as at/or prior to their maturity.

### commercial notes – USA private placement

DB RREEF Finance Pty Limited has on issue US$200.0 million ($235.655 million) of notes which were privately placed with investors on terms to maturity ranging from December 2011 to March 2017.

These notes are supported by the Trusts' guarantee arrangements. These notes have negative pledge provisions which limit the amount and type of encumbrances that the Trusts can have over their assets and that ensure that all senior unsecured debt ranks pari passu.

### commercial notes – promissory note

DB RREEF US Properties Inc. (a wholly owned company of DIT) issued a US$15.01 million ($17.687 million) fixed interest Promissory Note to DB RREEF Industrial Properties Inc. in June 2007 to finance the Orlando Florida, USA property acquisition.

### commercial paper and commercial mortgage backed securities

DOT has liabilities resulting from the issuance of $344.5 million (facility limit of $346.0 million) asset backed commercial paper (CP) and $500.0 million commercial mortgage backed securities (CMBS). The CMBS has an anticipated maturity date of April 2009. The CP and CMBS are both secured by mortgages over eight investment properties of DOT with a total value of $2,291.3 million as at 30 June 2007.

### medium term notes

On 4 August 2006, DB RREEF Finance Pty Limited issued $250.0 million of unsecured medium term notes, maturing in February 2010. On 8 February 2007, DB RREEF Finance Pty Limited issued a further $200.0 million of unsecured medium term notes, maturing in February 2011. These notes are supported by the Trusts' guarantee arrangements. These notes have negative pledge provisions which limit the amount and type of encumbrances that the Trusts can have over their assets and ensures that all senior unsecured debt ranks pari passu.

| DOT Consolidated | | DOT Consolidated | | DRO Consolidated | | DRO Consolidated | |
|---|---|---|---|---|---|---|---|
| 2007 Carrying amount $'000 | 2007 Fair value $'000 | 2006 Carrying amount $'000 | 2006 Fair value $'000 | 2007 Carrying amount $'000 | 2007 Fair value $'000 | 2006 Carrying amount $'000 | 2006 Fair value $'000 |
| 344,500 | 344,500 | 452,449 | 452,449 | – | – | – | – |
| 500,000 | 498,741 | 500,000 | 500,668 | – | – | – | – |
| – | – | – | – | 235,655 | 228,644 | 269,070 | 255,739 |
| – | – | – | – | 912,664 | 912,664 | 989,980 | 989,980 |
| – | – | – | – | 450,000 | 444,595 | – | – |
| **844,500** | **843,241** | **952,449** | **953,117** | **1,598,319** | **1,585,903** | **1,259,050** | **1,245,719** |

## note 24. current liabilities – provisions

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Provision for distribution** | | | | |
| Opening balance as at 1 July 2006 | 31,113 | 39,615 | 31,113 | 39,615 |
| Additional provisions | 62,949 | 61,268 | 62,949 | 61,268 |
| Payments and reinvestment of distributions | (67,062) | (69,770) | (67,062) | (69,770) |
| **Closing balance as at 30 June 2007** | **27,000** | **31,113** | **27,000** | **31,113** |

Provision is made for distributions to be paid for the period ending 30 June 2007 payable on 29 August 2007.

## note 25. current liabilities – other

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Tenant bonds | – | – | – | – |
| **Total current liabilities – other** | **–** | **–** | **–** | **–** |

## note 26. non-current liabilities – deferred tax liabilities

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **The balance comprises temporary differences attributable to:** | | | | |
| **Amounts recognised in profit or loss** | | | | |
| Other | 422 | – | – | – |
| **Total non-current liabilities – deferred tax liabilities** | **422** | **–** | **–** | **–** |
| **Movements** | | | | |
| Opening balance as at 1 July 2006 | – | – | – | – |
| Credited/(charged) to the Income Statements | 422 | – | – | – |
| **Closing balance as at 30 June 2007** | **422** | **–** | **–** | **–** |

## note 27. non-current liabilities – other

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Tenant bonds | 880 | 717 | 181 | 575 |
| Other | – | – | – | – |
| **Total non-current liabilities – other** | **880** | **717** | **181** | **575** |

## note 28. contributed equity

### (a) contributed equity of equity holders of the parent entity

| | DIT Consolidated | |
|---|---|---|
| | 2007 $'000 | 2006 $'000 |
| Opening balance as at 1 July 2006 | 689,280 | 668,995 |
| Distributions reinvested | 32,725 | 20,289 |
| Cost of distributions reinvested | – | (4) |
| **Closing balance as at 30 June 2007** | **722,005** | **689,280** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 70,232 | 35,517 | 70,232 | 35,517 | – | 1,912 | – | 1,912 |
| 123,458 | 138,302 | 123,458 | 138,302 | 6,727 | – | 6,727 | – |
| (129,744) | (103,587) | (129,744) | (103,587) | (1,151) | (1,912) | (1,151) | (1,912) |
| **63,946** | **70,232** | **63,946** | **70,232** | **5,576** | **–** | **5,576** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 13 | 20 | – | – |
| **–** | **–** | **–** | **–** | **13** | **20** | **–** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 27 | 74 | 1 | 1 |
| **–** | **–** | **–** | **–** | **27** | **74** | **1** | **1** |
| – | – | – | – | 74 | 48 | 1 | – |
| – | – | – | – | (47) | 26 | – | 1 |
| **–** | **–** | **–** | **–** | **27** | **74** | **1** | **1** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 426 | 352 | 317 | 247 | – | – | – | – |
| 22 | 22 | – | 2,078 | – | – | – | – |
| **448** | **374** | **317** | **2,325** | **–** | **–** | **–** | **–** |

| DOT Consolidated | | DRO Consolidated | |
|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 1,399,806 | 1,359,854 | 5,801 | 5,540 |
| 54,174 | 39,959 | 1,047 | 261 |
| – | (7) | – | – |
| **1,453,980** | **1,399,806** | **6,848** | **5,801** |

## note 28. contributed equity (continued)

### (b) number of securities on issue

| | DIT Consolidated | |
|---|---|---|
| | 2007 Number of units | 2006 Number of units |
| Opening balance as at 1 July 2006 | 2,802,209,393 | 2,732,082,389 |
| Distributions reinvested | 92,390,613 | 70,127,004 |
| **Closing balance as at 30 June 2007** | **2,894,600,006** | **2,802,209,393** |

### terms and conditions

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Trust. Each stapled security entitles the holder to one vote, either in person or by proxy, at a meeting of each of the Trusts.

### distribution reinvestment plan

Under the distribution reinvestment plan (DRP), stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities, rather than being paid in cash.

### DIT

On 29 August 2006, 48,611,675 units were issued at a unit price of $0.3321 in relation to the June 2006 distribution period.
On 28 February 2007, 43,778,938 units were issued at a unit price of $0.3788 in relation to the December 2006 distribution period.

### DOT

On 29 August 2006, 48,611,675 units were issued at a unit price of $0.5497 in relation to the June 2006 distribution period.
On 28 February 2007, 43,778,938 units were issued at a unit price of $0.6271 in relation to the December 2006 distribution period.

### DRO

On 29 August 2006, 48,611,675 units were issued at a unit price of $0.0106 in relation to the June 2006 distribution period.
On 28 February 2007, 43,778,938 units were issued at a unit price of $0.0121 in relation to the December 2006 distribution period.

## note 29. reserves and undistributed income

### (a) reserves

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Foreign currency translation reserve | (954) | 765 | – | – |
| **Total reserves** | **(954)** | **765** | **–** | **–** |
| **Movements:** | | | | |
| **Foreign currency translation reserve** | | | | |
| Opening balance as at 1 July 2006 | 765 | (649) | – | – |
| Exchange difference arising from the translation of the financial statements of foreign operations | (1,719) | 1,414 | – | – |
| **Total movement in foreign currency translation reserve** | **(1,719)** | **1,414** | **–** | **–** |
| **Closing balance as at 30 June 2007** | **(954)** | **765** | **–** | **–** |

### (b) nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

| | DOT Consolidated | | DRO Consolidated | |
|---|---|---|---|---|
| | 2007<br>Number of units | 2006<br>Number of units | 2007<br>Number of units | 2006<br>Number of units |
| | 2,802,209,393 | 2,732,082,389 | 2,802,209,393 | 2,732,082,389 |
| | 92,390,613 | 70,127,004 | 92,390,613 | 70,127,004 |
| | **2,894,600,006** | **2,802,209,393** | **2,894,600,006** | **2,802,209,393** |

| | DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|---|
| | 2007<br>$'000 | 2006<br>$'000 | 2007<br>$'000 | 2006<br>$'000 | 2007<br>$'000 | 2006<br>$'000 | 2007<br>$'000 | 2006<br>$'000 |
| | 4,008 | (1,326) | – | – | – | – | – | – |
| | **4,008** | **(1,326)** | **–** | **–** | **–** | **–** | **–** | **–** |
| | (1,326) | 38 | – | – | – | – | – | – |
| | 5,334 | (1,364) | – | – | – | – | – | – |
| | **5,334** | **(1,364)** | **–** | **–** | **–** | **–** | **–** | **–** |
| | **4,008** | **(1,326)** | **–** | **–** | **–** | **–** | **–** | **–** |

## note 29. reserves and undistributed income (continued)

### (c) undistributed income

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Undistributed income as at 1 July 2006 | 254,771 | 87,812 | 255,536 | 87,163 |
| Net profit attributable to unitholders | 191,632 | 227,508 | 192,089 | 229,821 |
| Transfer of capital reserve of minority interest | – | – | – | – |
| Distributions provided for or paid | (62,949) | (61,268) | (62,949) | (61,268) |
| Adjustment on adoption of AASB 132 and 139 | – | 719 | – | (180) |
| **Undistributed income as at 30 June 2007** | **383,454** | **254,771** | **384,676** | **255,536** |

## note 30. minority interests

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Interest in** | | | | |
| Contributed equity | – | – | – | – |
| Reserves | – | – | – | – |
| Undistributed income | – | – | – | – |
| **Total minority interests** | **–** | **–** | **–** | **–** |

## note 31. distributions paid and payable

### (a) distribution to security holders

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 31 December (paid 28 February 2007) | 35,949 | 30,155 | 35,949 | 30,155 |
| 30 June (payable 29 August 2007) | 27,000 | 31,113 | 27,000 | 31,113 |
| **Total distributions** | **62,949** | **61,268** | **62,949** | **61,268** |

### (b) distribution to minority interests

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| DB RREEF RENTS Trust (paid 17 October 2006) | – | – | – | – |
| DB RREEF RENTS Trust (paid 17 January 2007) | – | – | – | – |
| DB RREEF RENTS Trust (paid 18 April 2007) | – | – | – | – |
| DB RREEF RENTS Trust (payable 16 July 2007) | – | – | – | – |
| | **–** | **–** | **–** | **–** |
| **Total distributions** | **62,949** | **61,268** | **62,949** | **61,268** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 309,510 | 89,330 | 304,352 | 83,048 | 9,796 | 2,968 | 9,092 | 196 |
| 526,692 | 376,624 | 511,010 | 361,734 | 3,077 | 7,283 | 10,304 | 9,351 |
| (12,352) | (16,014) | – | – | – | – | – | – |
| (123,458) | (138,302) | (123,458) | (138,302) | (6,727) | – | (6,727) | – |
| – | (2,128) | – | (2,128) | – | (455) | – | (455) |
| **700,392** | **309,510** | **691,904** | **304,352** | **6,146** | **9,796** | **12,669** | **9,092** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 197,705 | 197,705 | – | – | – | – | – | – |
| 28,366 | 16,014 | – | – | – | – | – | – |
| (21,912) | (9,656) | – | – | – | – | – | – |
| **204,159** | **204,063** | **–** | **–** | **–** | **–** | **–** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 59,512 | 68,070 | 59,512 | 68,070 | 1,151 | – | 1,151 | – |
| 63,946 | 70,232 | 63,946 | 70,232 | 5,576 | – | 5,576 | – |
| **123,458** | **138,302** | **123,458** | **138,302** | **6,727** | **–** | **6,727** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 3,737 | 4,223 | – | – | – | – | – | – |
| 3,856 | 3,566 | – | – | – | – | – | – |
| 3,876 | 3,488 | – | – | – | – | – | – |
| 3,977 | 3,509 | – | – | – | – | – | – |
| **15,446** | **14,786** | **–** | **–** | **–** | **–** | **–** | **–** |
| **138,904** | **153,088** | **123,458** | **138,302** | **6,727** | **–** | **6,727** | **–** |

## note 31. distributions paid and payable (continued)

### (c) distribution rate

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 Cents per security | 2006 Cents per security | 2007 Cents per security | 2006 Cents per security |
| 31 December (paid 28 February 2007) | 1.26 | 1.09 | 1.26 | 1.09 |
| 30 June (payable 29 August 2007) | 0.93 | 1.11 | 0.93 | 1.11 |
| **Total distributions** | **2.19** | **2.20** | **2.19** | **2.20** |
| **Distribution to minority interests** | | | | |
| DB RREEF RENTS Trust (paid 17 October 2006) | – | – | – | – |
| DB RREEF RENTS Trust (paid 17 January 2007) | – | – | – | – |
| DB RREEF RENTS Trust (paid 18 April 2007) | – | – | – | – |
| DB RREEF RENTS Trust (payable 16 July 2007) | – | – | – | – |
| **Total distributions** | **–** | **–** | **–** | **–** |

### (d) franked dividends

The franked portions of the final dividends recommended after 30 June 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2007.

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Franking credits** | | | | |
| Opening balance as at 1 July 2006 | – | – | – | – |
| Franking credits arising during the year on payment of tax at 30 percent | – | – | – | – |
| Franking debits arising from payment of interim dividend | – | – | – | – |
| **Closing balance as at 30 June 2007** | **–** | **–** | **–** | **–** |

| | DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|---|
| | 2007 Cents per security | 2006 Cents per security | 2007 Cents per security | 2006 Cents per security | 2007 Cents per security | 2006 Cents per security | 2007 Cents per security | 2006 Cents per security |
| | 2.09 | 2.46 | 2.09 | 2.46 | 0.04 | – | 0.04 | – |
| | 2.21 | 2.51 | 2.21 | 2.51 | 0.19 | – | 0.19 | – |
| | **4.30** | **4.97** | **4.30** | **4.97** | **0.23** | **–** | **0.23** | **–** |
| | 183 | 207 | – | – | – | – | – | – |
| | 189 | 175 | – | – | – | – | – | – |
| | 190 | 171 | – | – | – | – | – | – |
| | 195 | 172 | – | – | – | – | – | – |
| | **757** | **725** | **–** | **–** | **–** | **–** | **–** | **–** |

| | DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| | – | – | – | – | 744 | – | 744 | – |
| | – | – | – | – | 3,261 | 1,564 | 3,261 | 1,564 |
| | – | – | – | – | (493) | (820) | (493) | (820) |
| | **–** | **–** | **–** | **–** | **3,512** | **744** | **3,512** | **744** |

## note 32. financial risk management

### DB RREEF Industrial Trust

The Trust's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust.

Accordingly, the Trust enters into various derivative financial instruments to manage its exposure to the movements in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors of the Responsible Entity in respect of the usage of derivatives and other financial instruments to hedge those cash flows and earnings which are subject to interest rate risk and foreign currency risk respectively. In conjunction with its advisers, the Responsible Entity continually reviews the Trust's exposures and updates its treasury policies and procedures. The Trust does not trade in derivative instruments for speculative purposes.

#### (a) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Concentrations of credit risk are minimised primarily by:

- ensuring tenants, together with the respective credit limits, are approved and ensuring that leases are undertaken with a large number of tenants; and
- ensuring derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Trust has policies that limit the amount of credit exposure to any one financial institution. Credit risk is further minimised by spreading transactions amongst approved counterparties.

As such, the Trust does not have a concentration of credit risk that arises from an exposure to a single tenant or financial institution. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

On-balance sheet financial instruments

The Trust's exposure to credit risk on its financial assets is the carrying amount of its financial assets, as recognised in the Balance Sheets.

#### (b) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates used to convert foreign currency revenues, expenses, assets, or liabilities to the Trust functional currency will have an adverse affect on DRT.

The Trusts operate internationally with investments in the United States, New Zealand, France and Germany and are exposed to foreign exchange risk arising from currency exposures in US dollars, NZ dollars and Euros.

Exposure to foreign exchange risk is minimised by the way the Trust manages its borrowing arrangements. The Trust matches the currency of its investment with the currency of its debt where practical. Residual foreign exchange risk is managed by the use of forward foreign exchange contracts.

(ii) Fair value interest rate risk

Fair value interest rate risk is the risk of an adverse change in the net fair (or market) value of an asset or liability due to movements in interest rates. Refer to (d) below.

(iii) Price risk

This is the risk that the value of the Trust's investment portfolio will fluctuate as a result of changes in valuations. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market risk analysis is conducted regularly on a total portfolio basis.

On-balance sheet financial instruments

The net fair value of cash and non-interest bearing monetary financial assets and liabilities is approximated by the carrying value of that asset or liability, as recognised in the Balance Sheets.

#### (c) Liquidity risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments. The risk management guidelines adopted are designed to minimise liquidity risk through maintaining sufficient cash balances and the availability of funding through an adequate amount of committed credit facilities.

#### (d) Cash flow and fair value interest rate risk

Interest rate risk for the Trust mainly arises from its borrowings. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk. Borrowings issued at fixed rates expose the Trust to fair value interest rate risk.

Generally, fair value risk on borrowings issued at fixed rates is mitigated by entering into swaps for equivalent notional amounts and maturity dates that convert the fixed interest rate obligation on the borrowing into a variable rate obligation (i.e. fair value risk is converted to cash flow risk).

Cash flow interest rate risk on borrowings is managed by the use of interest rate swaps. Under the terms of these interest rate swaps, the Trust agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Trust's interest rate swaps and the weighted average effective interest rate (for each class of financial asset and financial liability, and each maturity bracket including floating rate financial assets and liabilities) are set out in the following table.

## 30 June 2007

| Consolidated | | Fixed interest maturing in: | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note(s) | Floating interest rate $'000 | 1 year or less $'000 | Over 1 and less than 2 years $'000 | Over 2 and less than 3 years $'000 | Over 3 and less than 4 years $'000 | Over 4 and less than 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 9 | 13,105 | – | – | – | – | – | – | 13,105 |
| Other financial assets | 13 | – | – | – | – | – | – | – | – |
| **Total** | | **13,105** | **–** | **–** | **–** | **–** | **–** | **–** | **13,105** |
| Weighted average interest rate | | – | – | – | – | – | – | – | – |
| **Financial liabilities** | | | | | | | | | |
| Interest bearing liabilities | 23 | 813,322 | – | – | – | – | 32,402 | 94,275 | 939,999 |
| Interest rate swaps [1] | | (725,401) | – | 117,000 | 143,749 | 39,613 | 63,424 | 361,615 | – |
| Forward start interest rate swaps [1] | | – | – | (135,000) | (93,083) | (19,807) | – | (100,000) | (347,890) |
| Forward start interest rate swaps maturities [1] | | – | – | – | – | – | – | 347,890 | 347,890 |
| **Total** | | **87,921** | **–** | **(18,000)** | **50,666** | **19,806** | **95,826** | **703,780** | **939,999** |
| Weighted average interest rate (including swaps) | | 5.60% | – | 5.39% | 5.47% | 5.57% | 5.59% | 5.50% | |
| **Net financial (liabilities)/assets** | | **(74,816)** | **–** | **18,000** | **(50,666)** | **(19,806)** | **(95,826)** | **(703,780)** | **(926,894)** |

## 30 June 2006

| Consolidated | | Fixed interest maturing in: | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note(s) | Floating interest rate $'000 | 1 year or less $'000 | Over 1 and less than 2 years $'000 | Over 2 and less than 3 years $'000 | Over 3 and less than 4 years $'000 | Over 4 and less than 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 9 | 31,980 | – | – | – | – | – | – | 31,980 |
| Loans and receivables | 13 | – | – | – | – | – | – | – | – |
| **Total** | | **31,980** | **–** | **–** | **–** | **–** | **–** | **–** | **31,980** |
| Weighted average interest rate | | 5.75% | – | – | – | – | – | – | |
| **Financial liabilities** | | | | | | | | | |
| Interest bearing liabilities | 23 | 459,393 | – | – | – | – | – | 124,445 | 583,838 |
| Interest rate swaps [1] | | (376,688) | 200,000 | – | 67,000 | 164,133 | – | (54,445) | – |
| Forward start interest rate swaps [1] | | – | (353,083) | – | (135,000) | (106,283) | (21,400) | (100,000) | (715,766) |
| Forward start interest rate swaps maturities [1] | | – | – | – | 50,000 | – | 42,801 | 622,965 | 715,766 |
| **Total** | | **82,705** | **(153,083)** | **–** | **(18,000)** | **57,850** | **21,401** | **592,965** | **583,838** |
| Weighted average interest rate (including swaps) | | 5.69% | 5.49% | – | 5.56% | 5.74% | 5.90% | 4.56% | |
| **Net financial (liabilities)/assets** | | **(50,725)** | **153,083** | **–** | **18,000** | **(57,850)** | **(21,401)** | **(592,965)** | **(551,858)** |

1 Notional principal amounts.

## note 32. financial risk management (continued)

### DB RREEF Industrial Trust (continued)

(e) Foreign exchange rate risk exposures

When hedging its exposures, the Trust adopts a strategy using both physical and derivative financial instruments. In regard to derivative financial instruments, the Trust uses forward exchange contracts for hedging purposes.

### 30 June 2007

| Weighted average exchange rate | Contracts to sell US$ at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay US$ million | 6 | 7 | 10 |
| To receive A$ million | 9 | 10 | 14 |
| Weighted average exchange rate | 0.6957 | 0.6971 | 0.7170 |

| Weighted average exchange rate | Contracts to sell Euro at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay € million | 2 | 2 | 3 |
| To receive A$ million | 3 | 3 | 5 |
| Weighted average exchange rate | 0.5719 | 0.5560 | 0.5370 |

### 30 June 2006

| Weighted average exchange rate | Contracts to sell US$ at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay US$ million | 8 | 8 | 13 |
| To receive A$ million | 12 | 11 | 18 |
| Weighted average exchange rate | 0.7086 | 0.7015 | 0.7046 |

| Weighted average exchange rate | Contracts to sell Euro at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay € million | 18 | 1 | 2 |
| To receive A$ million | 30 | 1 | 5 |
| Weighted average exchange rate | 0.5839 | 0.5626 | 0.5402 |

## DB RREEF Office Trust

The Trust's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust.

Accordingly, the Trust enters into various derivative financial instruments to manage its exposure to the movements in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors of the Responsible Entity in respect of the usage of derivatives and other financial instruments to hedge those cash flows and earnings which are subject to interest rate risks and foreign currency risk respectively. In conjunction with its advisers, the Responsible Entity continually reviews the Trust's exposures and updates its treasury policies and procedures. The Trust does not trade in derivative instruments for speculative purposes.

### (a) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Concentrations of credit risk are minimised primarily by:

- ensuring tenants, together with the respective credit limits, are approved and ensuring that leases are undertaken with a large number of tenants; and
- ensuring derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Trust has policies that limit the amount of credit exposure to any one financial institution. Credit risk is further minimised by spreading transactions amongst approved counterparties.

As such, the Trust does not have a concentration of credit risk that arises from an exposure to a single tenant or financial institution. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

#### On-balance sheet financial instruments

The Trust's exposure to credit risk on its financial assets is the carrying amount of its financial assets, as recognised in the Balance Sheet.

### (b) Market risk

#### (i) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates used to convert foreign currency revenues, expenses, assets, or liabilities to the Trust functional currency will have an adverse affect on DRT.

The Trust operates internationally with investments in New Zealand and is exposed to foreign exchange risk arising from currency exposures in NZ dollars.

Exposure to foreign exchange risk is minimised by the way the Trust manages its borrowing arrangements. The Trust matches the currency of its investment with the currency of its debt where practical. Residual foreign exchange risk is managed by the use of forward foreign exchange contracts.

#### (ii) Fair value interest rate risk

Fair value interest rate risk is the risk of an adverse change in the net fair (or market) value of an asset or liability due to movements in interest rates. Refer to (d) below.

#### (iii) Price risk

This is the risk that the value of the Trust's investment portfolio will fluctuate as a result of changes in valuations. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market risk analysis is conducted regularly on a total portfolio basis.

#### On-balance sheet financial instruments

The net fair value of cash and non-interest bearing monetary financial assets and liabilities is approximated by the carrying value of that asset or liability, as recognised in the Balance Sheets.

### (c) Liquidity risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments. The risk management guidelines adopted are designed to minimise liquidity risk through maintaining sufficient cash balances and the availability of funding through an adequate amount of committed credit facilities.

### (d) Cash flow and fair value interest rate risk

Interest rate risk for the Trust mainly arises from its borrowings. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk. Borrowings issued at fixed rates expose the Trust to fair value interest rate risk.

Generally, fair value risk on borrowings issued at fixed rates is mitigated by entering into swaps for equivalent notional amounts and maturity dates that convert the fixed interest rate obligation on the borrowing into a variable rate obligation (i.e. fair value risk is converted to cash flow risk).

Cash flow interest rate risk on borrowings is managed by the use of interest rate swaps. Under the terms of these interest rate swaps, the Trust agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Trust's exposure to interest rate risk is hedged with interest rate swaps. The following table shows notional principal of interest rate swaps and outstanding principal of fixed rate debt including the weighted average interest rate (inclusive of fees and margins) for each financial year.

## note 32. financial risk management (continued)

### DB RREEF Office Trust (continued)

### 30 June 2007

| Consolidated | | Fixed interest maturing in: | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note(s) | Floating interest rate $'000 | 1 year or less $'000 | Over 1 and less than 2 years $'000 | Over 2 and less than 3 years $'000 | Over 3 and less than 4 years $'000 | Over 4 and less than 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 9 | 13,113 | – | – | – | – | – | – | 13,113 |
| Loans with related parties | 11 | 87,281 | – | – | – | – | – | – | 87,281 |
| **Total** | | **100,394** | **–** | **–** | **–** | **–** | **–** | **–** | **100,394** |
| Weighted average interest rate | | 7.98% | – | – | – | – | – | – | |
| **Financial liabilities** | | | | | | | | | |
| Interest bearing liabilities | 23 | 689,500 | – | 155,000 | – | – | – | – | 844,500 |
| Interest rate swaps [1] | | (929,900) | 200,000 | 171,900 | – | 118,000 | 200,000 | 240,000 | – |
| Forward start interest rate swaps [1] | | – | (130,000) | (90,000) | – | (100,000) | (100,000) | (120,000) | (540,000) |
| Forward start interest rate swaps maturities [1] | | – | – | 80,000 | – | – | – | 460,000 | 540,000 |
| **Total** | | **(240,400)** | **70,000** | **316,900** | **–** | **18,000** | **100,000** | **580,000** | **844,500** |
| Weighted average interest rate (including swaps) | | 6.80% | 6.19% | 6.15% | – | 6.31% | 6.32% | 6.34% | |
| **Net financial (liabilities)/assets** | | **340,794** | **(70,000)** | **(316,900)** | **–** | **(18,000)** | **(100,000)** | **(580,000)** | **(744,106)** |

### 30 June 2006

| Consolidated | | Fixed interest maturing in: | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note(s) | Floating interest rate $'000 | 1 year or less $'000 | Over 1 and less than 2 years $'000 | Over 2 and less than 3 years $'000 | Over 3 and less than 4 years $'000 | Over 4 and less than 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 9 | 17,127 | – | – | – | – | – | – | 17,127 |
| Loans with related parties | 11 | 181,840 | – | – | – | – | – | – | 181,840 |
| **Total** | | **198,967** | **–** | **–** | **–** | **–** | **–** | **–** | **198,967** |
| Weighted average interest rate | | 6.37% | – | – | – | – | – | – | |
| **Financial liabilities** | | | | | | | | | |
| Interest bearing liabilities | 23 | 888,821 | – | – | 155,000 | – | – | – | 1,043,821 |
| Interest rate swaps [1] | | (845,374) | 280,000 | 100,000 | 167,374 | – | 118,000 | 180,000 | – |
| Forward start interest rate swaps [1] | | – | (260,000) | (130,000) | (90,000) | – | (100,000) | (220,000) | (800,000) |
| Forward start interest rate swaps maturities [1] | | – | – | – | 80,000 | – | – | 720,000 | 800,000 |
| **Total** | | **43,447** | **20,000** | **(30,000)** | **312,374** | **–** | **18,000** | **680,000** | **1,043,821** |
| Weighted average interest rate (including swaps) | | 7.14% | 6.27% | 6.23% | 6.18% | – | 6.24% | 6.25% | |
| **Net financial (liabilities)/assets** | | **155,520** | **(20,000)** | **30,000** | **(312,374)** | **–** | **(18,000)** | **(680,000)** | **(844,854)** |

1 Notional principal amounts.

(e) foreign exchange rate risk exposures

When hedging its exposures, the Trust adopts a strategy using both physical and derivative financial instruments. In regard to derivative financial instruments, the Trust uses forward exchange contracts for hedging purposes.

### 30 June 2007

| Weighted average exchange rate | Contracts to sell NZ$ at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay NZ$ million | 7.9 | – | – |
| To receive A$ million | 6.9 | – | – |
| Weighted average exchange rate | 1.1449 | – | – |

### 30 June 2006

| Weighted average exchange rate | Contracts to sell NZ$ at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay NZ$ million | – | – | – |
| To receive A$ million | – | – | – |
| Weighted average exchange rate | – | – | – |

## DB RREEF Operations Trust

The Trust's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust.

Accordingly, the Trust enters into various derivative financial instruments to manage its exposure to the movements in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors of the Responsible Entity in respect of the usage of derivatives and other financial instruments to hedge those cash flows and earnings which are subject to interest rate risks and foreign currency risk respectively. In conjunction with its advisers, the Responsible Entity continually reviews the Trust's exposures and updates its treasury policies and procedures. The Trust does not trade in derivative instruments for speculative purposes.

(a) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Concentrations of credit risk are minimised primarily by:

- ensuring tenants, together with the respective credit limits, are approved and ensuring that leases are undertaken with a large number of tenants; and
- ensuring derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Trust has policies that limit the amount of credit exposure to any one financial institution. Credit risk is further minimised by spreading transactions amongst approved counterparties.

As such, the Trust does not have a concentration of credit risk that arises from an exposure to a single tenant or financial institution. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

On-balance sheet financial instruments

The Trust's exposure to credit risk on its financial assets is the carrying amount of its financial assets, as recognised in the Balance Sheets.

(b) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates used to convert foreign currency revenues, expenses, assets, or liabilities to the Trust functional currency will have an adverse effect on DB RREEF Trust.

The Trust is exposed to foreign exchange risk arising from currency exposures in US dollars.

Exposure to foreign exchange risk is minimised by the way the Trust manages its borrowing arrangements. The Trust matches the currency of its investment with the currency of its debt where practical. Residual foreign exchange risk is managed by the use of forward foreign exchange contracts.

(ii) Fair value interest rate risk

Fair value interest rate risk is the risk of an adverse change in the net fair (or market) value of an asset or liability due to movements in interest rates. Refer to (d) below.

(iii) Price risk

This is the risk that the value of the Trust's investment portfolio will fluctuate as a result of changes in valuations. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market risk analysis is conducted regularly on a total portfolio basis.

## note 32. financial risk management (continued)

### DB RREEF Operations Trust (continued)

On-balance sheet financial instruments

The net fair value of cash and non-interest bearing monetary financial assets and liabilities is approximated by the carrying value of that asset or liability, as recognised in the Balance Sheets.

(c) Liquidity risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments. The risk management guidelines adopted are designed to minimise liquidity risk through maintaining sufficient cash balances and the availability of funding through an adequate amount of committed credit facilities.

(d) Cash flow and fair value interest rate risk

Interest rate risk for the Trust mainly arises from its borrowings. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk. Borrowings issued at fixed rates expose the Trust to fair value interest rate risk.

Generally, fair value risk on borrowings issued at fixed rates is mitigated by entering into swaps for equivalent notional amounts and maturity dates that convert the fixed interest rate obligation on the borrowing into a variable rate obligation (i.e. fair value risk is converted to cash flow risk).

Cash flow interest rate risk on borrowings is managed by the use of interest rate swaps. Under the terms of these interest rate swaps, the Trust agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Trust's exposure to interest rate risk is hedged with interest rate swaps. The following table shows notional principal of interest rate swaps and outstanding principal of fixed rate debt including the weighted average interest rate (inclusive of fees and margins) for each financial year.

### 30 June 2007

| Consolidated | | Fixed interest maturing in: | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note(s) | Floating interest rate $'000 | 1 year or less $'000 | Over 1 and less than 2 years $'000 | Over 2 and less than 3 years $'000 | Over 3 and less than 4 years $'000 | Over 4 and less than 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 9 | 1,029 | – | – | – | – | – | – | 1,029 |
| Other financial assets | 13 | – | – | – | – | – | – | 51,936 | 51,936 |
| Loans with related parties | 11 | 957,774 | – | – | 250,000 | 200,000 | 64,805 | 153,175 | 1,625,754 |
| Interest rate swaps [1] | | (190,214) | – | – | 37,498 | (200,000) | 35,195 | 317,521 | – |
| Forward start interest rate swaps [1] | | – | (50,000) | (90,000) | (91,905) | – | – | – | (231,905) |
| Forward start interest rate swaps maturities [1] | | – | – | – | – | – | – | 231,905 | 231,905 |
| **Total** | | **768,589** | **(50,000)** | **(90,000)** | **195,593** | **–** | **100,000** | **754,537** | **1,678,719** |
| Weighted average interest rate | | 6.06% | 5.60% | 5.66% | 5.99% | 6.16% | 6.16% | 6.11% | |
| **Financial liabilities** | | | | | | | | | |
| Interest bearing liabilities | 23 | 1,017,620 | – | – | 250,000 | 200,000 | 64,805 | 153,175 | 1,685,600 |
| Interest rate swaps [1] | | (190,214) | – | – | 37,498 | (200,000) | 35,195 | 317,521 | – |
| Forward start interest rate swaps [1] | | – | (50,000) | (90,000) | (91,905) | – | – | – | (231,905) |
| Forward start interest rate swaps maturities [1] | | – | – | – | – | – | – | 231,905 | 231,905 |
| **Total** | | **827,406** | **(50,000)** | **(90,000)** | **195,593** | **–** | **100,000** | **702,601** | **1,685,600** |
| Weighted average interest rate (including swaps) | | 6.05% | 5.60% | 5.66% | 5.99% | 6.16% | 6.16% | 6.11% | |
| **Net financial (liabilities)/assets** | | **(58,817)** | **–** | **–** | **–** | **–** | **–** | **51,936** | **(6,881)** |

## 30 June 2006

| Consolidated | | | Fixed interest maturing in: | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note(s) | Floating interest rate $'000 | 1 year or less $'000 | Over 1 and less than 2 years $'000 | Over 2 and less than 3 years $'000 | Over 3 and less than 4 years $'000 | Over 4 and less than 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 9 | 5,814 | – | – | – | – | – | – | 5,814 |
| Other financial assets | 13 | – | – | – | – | – | – | 45,092 | 45,092 |
| Loans with related parties | 11 | 1,133,360 | – | – | – | – | – | 248,890 | 1,382,250 |
| Interest rate swaps [1] | | (389,375) | 180,000 | – | – | 328,265 | – | (118,890) | – |
| Forward start interest rate swaps [1] | | – | (500,721) | (50,000) | (90,000) | (104,937) | – | – | (745,658) |
| Forward start interest rate swaps maturities [1] | | – | – | – | – | – | – | 745,658 | 745,658 |
| **Total** | | **749,799** | **(320,721)** | **(50,000)** | **(90,000)** | **223,328** | **–** | **920,750** | **1,433,156** |
| Weighted average interest rate | | 6.62% | 5.39% | 5.62% | 5.67% | 5.96% | – | 6.20% | |
| **Financial liabilities** | | | | | | | | | |
| Interest bearing liabilities | 23 | 1,190,837 | – | – | – | – | – | 248,890 | 1,439,727 |
| Interest rate swaps [1] | | (389,375) | 180,000 | – | – | 328,265 | – | (118,890) | – |
| Forward start interest rate swaps [1] | | – | (500,721) | (50,000) | (90,000) | (104,937) | – | – | (745,658) |
| Forward start interest rate swaps maturities [1] | | – | – | – | – | – | – | 745,658 | 745,658 |
| **Total** | | **801,462** | **(320,721)** | **(50,000)** | **(90,000)** | **223,328** | **–** | **875,658** | **1,439,727** |
| Weighted average interest rate (including swaps) | | 6.62% | 5.39% | 5.62% | 5.67% | 5.96% | – | 5.95% | |
| **Net financial (liabilities)/assets** | | **(51,663)** | **–** | **–** | **–** | **–** | **–** | **45,092** | **(6,571)** |

1 Notional principal amounts.

(e) Foreign exchange rate risk exposures

When hedging its exposures, the Trust adopts a strategy using both physical and derivative financial instruments. In regard to derivative financial instruments, the Trust uses forward exchange contracts for hedging purposes.

## 30 June 2007

| Weighted average exchange rate | Contracts to sell US$ at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay US$ million | 8 | 10 | 5 |
| To receive A$ million | 12 | 14 | 6 |
| Weighted average exchange rate | 0.6766 | 0.6844 | 0.7162 |

## 30 June 2006

| Weighted average exchange rate | Contracts to sell US$ at an agreed exchange rate: | | |
|---|---|---|---|
| | 1 year or less | Over 1 and less than 2 years | More than 2 years |
| To pay US$ million | 10 | 11 | 12 |
| To receive A$ million | 15 | 16 | 17 |
| Weighted average exchange rate | 0.6911 | 0.6888 | 0.6906 |

## note 33. contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Bank guarantees by the Trusts in respect of variations and other financial risks associated with the development of: | | | | |
| 240 St George's Terrace, Perth WA | – | – | – | – |
| Coles Myer development at Boundary Road, Laverton VIC | 1,000 | 5,000 | 1,000 | 5,000 |
| 60 Miller Street, North Sydney NSW | – | – | – | – |
| Dulles Town Crossing, Virginia USA | – | – | – | – |
| **Total contingent liabilities** | **1,000** | **5,000** | **1,000** | **5,000** |

The Trusts are also guarantors of a A$600 million and US$210 million syndicated bank debt facility and a total of A$460 million and US$120 million of bank bilateral facilities, a total of $450 million of medium term notes and a total of US$400 million of privately placed notes, which have all been negotiated to finance the Trusts.

The guarantees have been given in support of debt outstanding and drawn against these facilities.

The guarantees are issued in respect of the Trusts and do not constitute an additional liability to those already existing in interest bearing liabilities on the Balance Sheets.

DB RREEF Finance Pty Limited currently holds bank guarantees as outlined above. Any costs incurred may be recovered from the respective Trusts.

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trusts, other than those disclosed in the Financial Statements, which should be brought to the attention of security holders as at the date of completion of this report.

## note 34. commitments

### (a) capital commitments

The following amounts represent capital expenditure on investment properties contracted at the reporting date but not recognised as liabilities payable:

| **Capital expenditure commitments in relation to development works:** | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Not longer than one year** | | | | |
| DB RREEF Industrial Estate, Boundary Road, Laverton North VIC | 3,547 | 55,820 | 3,547 | 55,820 |
| Pound Road West, Dandenong VIC | 8,539 | 1,957 | 8,539 | 1,957 |
| 114 Fairbank Road, Clayton VIC | 3,170 | – | – | – |
| 21 rue du Chemin Blanc, Champlan | 339 | – | – | – |
| 32 avenue de L'Océanie, Villejust | 157 | – | – | – |
| 1 Margaret Street, Sydney NSW | – | – | – | – |
| Zenith Centre 821–843 Pacific Highway, Chatswood NSW | – | – | – | – |
| 1 Farrer Place, Sydney NSW | – | – | – | – |
| 309–321 Kent Street, Sydney NSW | – | – | – | – |
| Australia Square, 264 George Street, Sydney NSW | – | – | – | – |
| Southgate Complex, 3 Southgate Avenue, Southgate VIC | – | – | – | – |
| 201 Elizabeth Street, Sydney NSW | – | – | – | – |
| | **15,752** | **57,777** | **12,086** | **57,777** |
| **Later than one year but not later than five years** | | | | |
| Governor Phillip Tower and Governor Macquarie Tower Office Complex | | | | |
| 1 Farrer Place, Sydney NSW | – | – | – | – |
| Australia Square, 264 George Street, Sydney NSW | – | – | – | – |
| | **–** | **–** | **–** | **–** |
| **Later than five years** | | | | |
| Australia Square, 264 George Street, Sydney NSW | – | – | – | – |
| | **–** | **–** | **–** | **–** |
| **Total capital commitments** | **15,752** | **57,777** | **12,086** | **57,777** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | 200 | – | 200 | – | – | – | – |
| – | – | – | – | 1,000 | 5,000 | – | – |
| 496 | – | 496 | – | 496 | – | – | – |
| – | – | – | – | 1,810 | – | – | – |
| **496** | **200** | **496** | **200** | **3,306** | **5,000** | **–** | **–** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |
| – | 264 | – | 264 | – | – | – | – |
| 198 | – | 198 | – | – | – | – | – |
| 2,446 | 14,534 | 2,446 | 14,534 | – | – | – | – |
| 2,323 | 5,254 | 2,323 | 5,254 | – | – | – | – |
| 3,115 | 2,248 | – | – | – | – | – | – |
| 20 | 100 | – | – | – | – | – | – |
| 215 | – | – | – | – | – | – | – |
| **8,317** | **22,400** | **4,967** | **20,052** | **–** | **–** | **–** | **–** |
| 11,037 | – | 11,037 | – | – | – | – | – |
| 176 | – | – | – | – | – | – | – |
| **11,213** | **–** | **11,037** | **–** | **–** | **–** | **–** | **–** |
| 836 | – | – | – | – | – | – | – |
| **836** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **20,366** | **22,400** | **16,004** | **20,052** | **–** | **–** | **–** | **–** |

## note 34. commitments (continued)

### (b) lease receivable commitments

| The future minimum lease payments receivable by the Trusts are: | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Within one year | 99,634 | 81,420 | 55,841 | 57,276 |
| Later than one year but not later than five years | 287,262 | 245,695 | 174,735 | 185,513 |
| Later than five years | 139,564 | 169,130 | 99,112 | 163,106 |
| **Total lease receivable commitments** | **526,460** | **496,245** | **329,688** | **405,895** |

## note 35. related parties

### responsible entity

On 29 September 2004, DB RREEF Funds Management Limited replaced Deutsche Asset Management (Australia) Limited, a wholly owned subsidiary of Deutsche Bank AG (ABN 13 064 165 162) as the Responsible Entity.

### responsible entity fees

Under the terms of the Trusts' Constitutions, the Responsible Entity is entitled to receive fees in relation to the management of the Trusts.

In addition, the Responsible Entity is entitled to property management fees and to be reimbursed for expenses incurred on behalf of the Trusts.

Due to DRO's ownership interest in the Responsible Entity, management fees are waived in relation to the Trust.

### related party transactions

All related party transactions are conducted on normal commercial terms and conditions unless otherwise stated.

### DB RREEF Funds Management Limited

DB RREEF Funds Management Limited is the Responsible Entity of the Trust. There were a number of transactions and balances between the Trusts and Responsible Entity and related entities as detailed below:

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Responsible Entity fees paid and payable | 7,540 | 6,258 | 7,391 | 6,258 |
| Aggregate amounts payable to the Responsible Entity at reporting date | 866 | 920 | 866 | 889 |

### trusts within DRT

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Aggregate amounts included in the determination of profit that resulted from transactions with each class of other related parties:** | | | | |
| Interest income | – | – | – | – |
| Interest expense | 45,208 | 20,294 | 45,208 | 20,294 |
| Income on recoverables | – | – | – | – |
| **Aggregate amounts brought to account in relation to other transactions with each class of other related parties:** | | | | |
| Interest bearing loans advanced to trusts within DRT | 733,459 | 554,349 | 733,459 | 554,349 |
| Interest bearing loans from trusts within DRT | 383,893 | 105,157 | 383,893 | 105,157 |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 157,539 | 164,536 | 98,525 | 104,026 | 3,762 | 2,172 | – | – |
| 527,253 | 532,724 | 355,329 | 373,260 | 8,127 | 2,414 | – | – |
| 356,061 | 420,671 | 268,424 | 343,774 | 173 | 90 | – | – |
| **1,040,853** | **1,117,931** | **722,278** | **821,060** | **12,062** | **4,676** | **–** | **–** |

## unitholdings

At 30 June 2007 Deutsche Bank AG and its related parties, schemes and portfolios managed by Deutsche Bank AG and its related parties hold 57,302,807 stapled securities (2006: 48,480,053) in DRT.

## investments

DB RREEF Funds Management Limited, the Responsible Entity, is a wholly owned subsidiary of DRH. DRH is 50 percent owned by DRO and 50 percent owned by First Australian Property Group Holdings Limited, a subsidiary of Deutsche Bank Group. The DDF is the parent entity and deemed acquirer of DRO.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 13,646 | 11,903 | 9,439 | 8,195 | – | – | – | – |
| 1,167 | 1,397 | 800 | 1,081 | – | – | – | – |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 9,840 | 12,464 | 9,840 | 12,464 | 86,945 | 54,639 | 4,098 | 3,298 |
| 3,376 | 6,083 | 3,376 | 6,086 | – | – | 4,273 | 3,538 |
| – | – | – | – | 1,625 | 1,376 | 124 | 132 |
| 213,187 | 70,114 | 213,187 | 70,114 | – | 648,014 | 11,546 | 7,000 |
| 212,355 | 187,000 | 212,355 | 187,000 | – | 181,840 | 9,950 | 1,100 |

## note 35. related parties (continued)

### DB RREEF Holdings Pty Limited

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Loan notes interest earned from DB RREEF Holdings Pty Limited | – | – | – | – |
| Loan notes receivable at reporting date | – | – | – | – |
| Property management fees paid and payable to DB RREEF Holdings Pty Limited | 5,320 | 3,120 | 4,683 | 2,693 |
| Recovery of administration expenses paid to DB RREEF Holdings Pty Limited | 3,801 | 2,686 | 3,114 | 2,115 |
| Property management fees payable at reporting date | – | – | – | – |

### RREEF

RREEF (a subsidiary of Deutsche Bank AG), as fund manager of the DB RREEF Industrial Properties, Inc. is entitled to the following fees:

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Investment management fees paid and payable | 503 | – | – | – |
| Acquisition fees paid and payable | 3,122 | – | – | – |

### Deutsche Bank AG

Dealings with the bank include, not only transactions in its capacity as part owner of the Responsible Entity, but also in the provision of financial services. There were a number of transactions and balances between the Trusts and the Responsible Entity and related entities as detailed below:

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| **Transactions with Deutsche Bank AG in its capacity as a financier:** | | | | |
| Interest paid and payable on swaps for whom the counterparty was Deutsche Bank AG | 166 | 1,057 | 166 | 1,057 |
| Interest and financing fees paid and payable on borrowings to Deutsche Bank AG | 16 | 61 | 16 | 61 |
| Borrowings from Deutsche Bank AG | – | – | – | – |
| Proceeds from borrowings from Deutsche Bank AG | – | – | – | – |
| Loan repayment to Deutsche Bank AG | – | – | – | – |
| Interest received and receivable on swaps for whom the counterparty was Deutsche Bank AG | 835 | 3 | 835 | 3 |
| **Other transactions with Deutsche Bank AG:** | | | | |
| Costs associated with the Transaction | – | 160 | – | 160 |
| Interest paid and payable to FAP | – | – | – | – |

### directors

The following persons were Directors or Alternate Directors of DRFM during the whole of the financial year and up to the date of this report, unless otherwise stated:

**Directors**

C T Beare BSc, BE (Hons), MBA, PhD, FAICD [1,4,5]
E A Alexander AM, BComm, FCA, FAICD, FCPA [1,2,3]
B R Brownjohn BComm [1,2,5]
S F Ewen OAM, FILE [1,4]
V P Hoog Antink BComm, MBA, FCA, FAPI, MAICD [5]
C B Leitner III BA
B E Scullin BEc [2,3,4]

**Alternate Director**

A J Fay BAgEc (Hons), ASIA (Alternate to C B Leitner) [4]

1 Independent Director.
2 Audit Committee Member.
3 Risk and Compliance Committee Member.
4 Nomination and Remuneration Committee Member.
5 Treasury Policy Committee Member.

No Directors held an interest in the Trust as at 30 June 2007 or at the date of this report.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 5,461 | 4,960 | – | 4,960 |
| – | – | – | – | 51,936 | 45,092 | – | 45,092 |
| 3,028 | 3,140 | 3,028 | 3,140 | 198 | – | – | – |
| 4,464 | 3,393 | 3,952 | 2,988 | 246 | 768 | 31 | 20 |
| – | – | – | – | 8 | – | – | – |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| – | – | – | – | 14,660 | 12,744 | – | – |
| – | – | – | – | 585 | 524 | – | – |
| – | – | – | – | 13,034 | 10,103 | – | – |
| – | – | – | – | 14,688 | 10,467 | – | – |
| – | – | – | – | 11,757 | 5,251 | – | – |
| 1,074 | 1,278 | 1,074 | 1,278 | 14,981 | 14,116 | – | – |
| – | 160 | – | 160 | – | – | – | – |
| – | – | – | – | 234 | 566 | 234 | 566 |

## note 35. related parties (continued)

### other key management personnel

In addition to the Directors listed above the following persons were deemed by the Board Nomination and Remuneration Committee to be key management personnel during all or part of the financial year and up to the date of this report:

| Name | Position | Qualification date of other key management personnel during the 12 months ended 30 June 2007 |
|---|---|---|
| Tanya L Cox | Chief Operating Officer | |
| John C Easy | General Counsel | |
| Ben J Lehmann | Fund Manager, DB RREEF Trust | |
| Peter C Roberts | Chief Financial Officer | Qualified until 8 June 2007 |
| Paul G Say | Head of Corporate Development | Qualified from 19 March 2007 |
| Mark F Turner | Head of Unlisted Funds | |

No key management personnel or their related parties held an interest in the Trust for the years ended 30 June 2006 and 30 June 2007 or at the date of this report.

There were no loans or other transactions with key management personnel or their related parties during the years ended 30 June 2006 and 30 June 2007 or at the date of this report.

| | 2007 ($) | 2006 ($) |
|---|---|---|
| **Compensation** | | |
| Short-term employee benefits | 4,753,130 | 4,434,850 |
| Post-employment benefits | 998,514 | 418,594 |
| Other long-term benefits | 1,265,000 | 650,000 |
| | **7,016,644** | **5,503,444** |

### directors' and executive remuneration

The Directors of DRFM as Responsible Entity of the Trusts and their consolidated entities and DB RREEF Holdings Pty Limited (DRH) present the Remuneration Report. This Remuneration Report for the year ended 30 June 2007 has been prepared by the Board Nomination and Remuneration Committee and adopted by the Board in accordance with AASB 124: *Related Party Disclosures* which has been audited.

Please note that a reference to remuneration in this report has the same meaning as compensation for the purposes of AASB 124.

#### 1 Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee oversees the remuneration of Directors and Senior Executives. The role and membership of the Board Nomination and Remuneration Committee is set out in the Corporate Governance Statement in this Annual Report. The terms of reference of the Board Nomination and Remuneration Committee can be found on the web page www.dbrreef.com/governance

#### 2 Non-Executive Director remuneration

The disclosures in this section of the report relate to the Non-Executive Directors of DRFM who held office during the year ended 30 June 2007.

#### 2.1 Non-Executive Directors' remuneration framework

The objective of the Non-Executive Directors' remuneration framework is to ensure Non-Executive Directors' fees reflect the responsibilities of Directors and the demands which are made of them, as well as ensuring they are in line with market.

Non-Executive Directors' fees are reviewed annually by the Board Nomination and Remuneration Committee. The Committee also obtains advice from independent remuneration consultants from time to time. Non-Executive Directors, other than the Chair, receive a base fee plus an additional fee for membership of a Board Committee. The Chair receives no Board Committee fees. Taking into account the greater time commitment required, the Chair receives a higher fee than other Directors, which is benchmarked to market. The Chair is not present during any discussion relating to the determination of his own fees.

Fees paid to Non-Executive Directors are paid from a remuneration pool of $1,250,000 per annum, which was approved by DB RREEF Trust investors at the Annual General Meeting held on 25 November 2005.

Board and Committee fees paid to Non-Executive Directors for the years ended 30 June 2006 and 30 June 2007 are set out in the table below:

| | Directors' fees | | Committee fees | | | | Cash salary and fees total |
|---|---|---|---|---|---|---|---|
| | Board ($) | Chair DWPL ($) | Board Audit Committee ($) | Board Risk and Compliance Committee ($) | Board Nomination and Remuneration ($) | Board Treasury Policy Committee ($) | ($) |
| Christopher T Beare | | | | | | | |
| 2007 | 272,500 | | | | | | 272,500 |
| 2006 | 250,000 | | | | 10,625 | 7,500 | 268,125 |
| Elizabeth A Alexander AM[1] | | | | | | | |
| 2007 | 110,000 | | 20,000 | 833 | | | 130,833 |
| 2006 | 110,000 | | 20,000 | | | | 130,000 |
| Barry R Brownjohn | | | | | | | |
| 2007 | 110,000 | | 10,000 | | | 15,000 | 135,000 |
| 2006 | 110,000 | | 10,000 | | | 15,000 | 135,000 |
| Stewart F Ewen OAM | | | | | | | |
| 2007 | 110,000 | | | | 7,500 | | 117,500 |
| 2006 | 110,000 | | 2,500 | | 7,500 | | 120,000 |
| Brian E Scullin[2] | | | | | | | |
| 2007 | 110,000 | 15,000 | 10,000 | 20,000 | 7,500 | | 162,500 |
| 2006 | 110,000 | | 7,500 | 20,000 | 7,500 | | 145,000 |
| **Total** | | | | | | | |
| **2007** | **712,500** | **15,000** | **40,000** | **20,833** | **15,000** | **15,000** | **818,333** |
| 2006 | 690,000 | | 40,000 | 20,000 | 25,625 | 22,500 | 798,125 |

1 Appointed to the Board Risk and Compliance Committee on 31 May 2007.
2 Appointed Chair DWPL commencing 1 Jan 2007 following its acquisition by DB RREEF Holdings Pty Limited in December 2006.

All Non-Executive Directors also receive reimbursement for reasonable travel, accommodation and other expenses incurred whilst undertaking DB RREEF Trust business.

During the year ended 30 June 2007, Charles B Leitner, Executive Director and his Alternate Director, Andrew J Fay, were employees of Deutsche Bank or a related company (including RREEF America Inc.), and were not paid fees or any other remuneration by DRFM or DRH or any of their subsidiaries.

The Chief Executive Officer, Victor P Hoog Antink does not receive fees in respect of his role as a Director, but does receive remuneration as a Senior Executive of DRFM.

### 2.2 Remuneration paid

Details of the nature and amount of each element of remuneration for each Non-Executive Director of DRFM for the years ended 30 June 2006 and 30 June 2007 are set out in the following table.

| | Short-term employee benefits ($) | Post-employment benefits[1] ($) | Other long-term benefits ($) | Total ($) |
|---|---|---|---|---|
| Christopher T Beare | | | | |
| 2007 | 259,814 | 12,686 | – | 272,500 |
| 2006 | 255,986 | 12,139 | – | 268,125 |
| Elizabeth A Alexander AM | | | | |
| 2007 | 25,720 | 105,113 | – | 130,833 |
| 2006 | 29,413 | 100,587 | – | 130,000 |
| Barry R Brownjohn | | | | |
| 2007 | 29,887 | 105,113 | – | 135,000 |
| 2006 | 34,413 | 100,587 | – | 135,000 |
| Stewart F Ewen OAM | | | | |
| 2007 | 107,798 | 9,702 | – | 117,500 |
| 2006 | 110,092 | 9,908 | – | 120,000 |
| Brian E Scullin | | | | |
| 2007 | 119,797 | 42,703 | – | 162,500 |
| 2006 | 132,861 | 12,139 | – | 145,000 |
| **Total** | | | | |
| **2007** | **543,016** | **275,317** | **–** | **818,333** |
| 2006 | 562,765 | 235,360 | – | 798,125 |

1 Post–employment benefits represent compulsory and sacrificed superannuation contributions.

## note 35. related parties (continued)

### 3 DB RREEF remuneration framework

The objective of DRFM's remuneration framework is to ensure remuneration for performance is competitive and appropriate for the results delivered. The framework aligns each employee's remuneration with the achievement of strategic objectives and the creation of value for investors, and conforms to market best practice.

The remuneration framework is designed to attract and retain talented and motivated employees and to encourage enhanced performance.

The remuneration framework provides employees with a remuneration structure that encourages capability and performance by:

- providing clear performance objectives;
- delivering competitive remuneration for contributing to the creation of value; and
- providing recognition for contribution.

DRFM's annual performance management program incorporates the establishment of specific, measurable, financial and non-financial objectives for all employees, which are then monitored throughout the year. Each of these individual objectives contributes to the achievement of DB RREEF's overall plans and objectives. At each year end the degree of an employee's achievement against the objectives is assessed and the results reflected in their "at risk" performance incentive allocation.

Employee remuneration structure is a mix of:

- fixed salary subject to annual review; and
- variable "at risk" pay through short-term and long-term performance incentive plans.

The balance of an employee's remuneration between these components changes to reflect the employee's accountability and responsibility for results. As an employee's accountability and responsibility increases the lower will be the fixed component and the greater the "at risk" incentive component of their remuneration.

No employee receives DB RREEF Trust securities or securities in any other DB RREEF product as part of their remuneration package. This is in line with DB RREEF's trading policy as outlined in the Corporate Governance Statement. The Board has made this decision because DRFM has responsibility for DB RREEF Trust as well as a number of third party funds and mandates. To minimise any appearance of conflict that may arise by being a manager of multiple funds, the Directors have determined that they will not invest in any fund managed by DB RREEF including DRT. This action ensures that the Directors are not motivated to act in the interests of any one group of investors over another.

Recognising the need to achieve an alignment of interest with all DB RREEF's investors and the contribution DB RREEF's managed funds make to DB RREEF Trust's performance, the Board has implemented a long-term incentive scheme based on the combined performance of DB RREEF Trust and each fund managed by DB RREEF. A detailed description of the long-term incentive plan is outlined below.

#### Fixed remuneration

To ensure that the fixed component of an employee's remuneration is competitive, external remuneration consultants are retained to provide analysis and advice regarding market remuneration for comparable roles, responsibility and accountability. The fixed pay for all employees is reviewed annually. However, there are no guaranteed fixed pay increases for any employee.

#### Performance incentive pool

All short-term incentive payments and long-term incentive allocations are taken from a single performance incentive pool. The size of the performance incentive pool in any year is determined after reference to the Group's performance against certain financial and non-financial targets determined by the Board. Should these predetermined performance targets be achieved, an incentive pool, approved by the Board following the recommendation of the Board Nomination and Remuneration Committee, is made available for allocation to all employees, including Senior Executives and the Chief Executive Officer, for the financial year.

#### Short-term performance incentive

At the end of each year, performance against set targets is assessed and the results reflected in the short-term performance incentive allocation from the incentive pool to each employee. The performance assessment is weighted to non-financial measures that vary between positions but include matters such as achieving delivery of projects, operational improvements, performance enhancements, leadership and team work.

Where performance falls below minimum threshold levels, no short-term performance incentive is paid. Short-term performance incentives are payable in cash in August/September each year.

#### Long term incentive scheme

In 2005 the Board implemented a long-term incentive scheme, which has operated without change. The scheme is designed to achieve the following outcomes:

- to more closely align participants' interests with those of investors;
- to give participants an incentive to create long-term, sustainable value for investors by enabling them to benefit from the long-term success of DB RREEF activities; and
- to assist in attracting and retaining high quality executives.

At the end of each year, performance against set targets is assessed and the results reflected in the long-term performance incentive allocation from the incentive pool to each participant. The performance assessment is weighted to financial measures that vary between positions but include matters such as DRT's total return, earnings and distribution growth, net tangible asset backing and third party fund performance. No long-term performance incentive allocation is granted for less than satisfactory performance. The Nomination and Remuneration Committee recommends to the Board the employees, including executives, who will be eligible to participate in the long-term incentive scheme and the amount of long-term incentive that should be allocated to that participant.

In 2007, the Board has determined that all employees who were employed as at 30 June 2007 will have a minimum participation of $1,000 each.

The long-term incentive scheme employs the following concepts:

- the "Composite Total Return" is 50 percent of the total return of DB RREEF Trust, plus 50 percent of the combined asset weighted total return of DB RREEF's unlisted funds and mandates; and
- the "Performance Benchmark" is 50 percent of the S&P/ASX 200 Property Accumulation Index for DB RREEF Trust and 50 percent of the Mercers Unlisted Property Fund Index for the unlisted funds and mandates.

DRFM's long-term incentive scheme operates as follows:

- each year the Board, following a recommendation from the Board Nomination and Remuneration Committee, allocates participants a long-term incentive value. The long-term incentive value allocated varies depending on the role of the participant and the participant's performance against key performance indicators;
- the long-term incentive value is held by DRH until the end of the three year vesting period, and is notionally reinvested during the vesting period in DB RREEF Trust (50 percent of long-term incentive value) and DB RREEF's other unlisted funds and mandates (50 percent of long-term incentive value). This means that the "banked value" of the long-term incentive fluctuates up and down in line with changes in the Composite Total Return;
- at the end of the three year vesting period the final long-term incentive payment is determined by grossing up the final "banked value" by the Performance Multiplier;
- the relevant Performance Multiplier is determined by comparing the Composite Total Return over the three year vesting period against the Benchmark. The table below sets out the appropriate Performance Multiplier based on the comparison of Composite Total Return against the relevant Benchmark performance groups:

| Performance hurdle | Less than 95% of benchmark | Up to 100% of benchmark | Up to 115% of benchmark | Up to 130% of benchmark | Greater than 130% of benchmark |
|---|---|---|---|---|---|
| Performance Multiplier | 100% | 110% | 120% | 140% | 150% |

- and consequently, the long-term incentive payment made to each participant at the end of the vesting period reflects the overall return received by DB RREEF investors, with performance exceeding the benchmark being recognised by a greater long-term incentive payment.

In determining the construction of the Composite Total Return the DRFM Board considered the obligations participants have to investors in DB RREEF Trust and the unlisted funds and mandates. Following due consideration the Board determined that the appropriate measure for DB RREEF Trust and the unlisted funds and mandates should be the total return of each fund. The Board further determined that the Performance Benchmark should be the S&P/ASX 200 Property Accumulation Index for DRT and the Mercers Unlisted Property Fund Index for unlisted funds and mandates.

Participants in the long-term incentive scheme will only receive cash payments. In addition, if a participant terminates their employment during the vesting period their long-term incentive grant is forfeited, unless otherwise determined by the Nomination and Remuneration Committee.

Performance indicators

Key performance indicators are typically a combination of financial and non-financial indicators which reflect the employee's role, seniority, accountability and responsibility and their personal objectives, and may include one or more of the following measures:

| Performance indicators | Reason for use |
|---|---|
| **Financial performance indicators** | |
| Total return | to ensure focus on an improving security price and delivering income to investors |
| Earnings growth | to ensure focus on improving earnings |
| Distributions growth | to ensure focus on investor distributions |
| Net tangible asset growth | to ensure the value of assets is maintained and improved |
| Third party funds performance | to ensure focus on achieving each fund's objectives |
| **Property performance indicators** | |
| Net property income per property | to ensure focus on target income returns to investors |
| Percentage of vacant space per property | to ensure focus on target income returns to investors |
| Expenses against budget | to ensure focus on appropriate cost model |
| **Non-financial indicators** | |
| Project delivery | to ensure focus on achievement of non-financial drivers of performance |
| Team work | to ensure focus on achievement of non-financial drivers of performance |

## note 35. related parties (continued)

### 4 Senior Executive remuneration

The disclosures in this section of the report relate to the executives listed below, being the Chief Executive Officer and the Senior Executives with authority and responsibility for planning, directing and controlling the activities of DB RREEF Trust during the financial year.

| Name | Title | The date they qualified or ceased to qualify as a Senior Executive during the 12 months ended 30 June 2007 |
|---|---|---|
| Victor P Hoog Antink | Chief Executive Officer | |
| Tanya L Cox | Chief Operating Officer | |
| John C Easy | General Counsel | |
| Ben J Lehmann | Fund Manager, DB RREEF Trust | |
| Peter C Roberts [1] | Chief Financial Officer | Ceased to qualify 8 June 2007 |
| Paul G Say | Head of Corporate Development | Qualified 19 March 2007 |
| Mark F Turner | Head of Unlisted Funds | |

1 Resigned 8 June 2007.

### 4.1 Senior Executive remuneration framework

The Nomination and Remuneration Committee, in consultation with external remuneration consultants, has implemented a specific framework for Senior Executive remuneration (including the remuneration of the Chief Executive Officer) that is market competitive and is in line with DB RREEF's overall remuneration framework.

The framework for Senior Executive remuneration is based on the following key criteria:

- transparency, competitiveness and reasonableness;
- linked to performance;
- the ability to attract and retain high quality executives; and
- aligns executives and investor interests.

Alignment to investors' interests is achieved by a substantial proportion of Senior Executive remuneration being dependent upon performance. This ensures that remuneration for Senior Executives, including the Chief Executive Officer, is closely linked to:

- delivery of forecast returns; and
- achievement of key non-financial value drivers.

### 4.2 Components of Senior Executive remuneration

Each Senior Executive's remuneration package comprises the following components:

- fixed remuneration;
- short-term performance incentives; and
- long-term performance incentives.

Subsequent to DRFM's corporate restructure in September 2004 and following consideration of guidance from external advisors, the Board Nomination and Remuneration Committee commissioned the development of a long-term incentive scheme and revised the target remuneration mix for the Chief Executive Officer and other Senior Executives to more closely reflect the remuneration structure of DRFM's peer group.

Application of the target mix to the remuneration of the Chief Executive Officer and new Senior Executives was effected immediately. The target mix for other Senior Executives is being progressively introduced and will be fully implemented by 2008.

DRFM's target remuneration mix between fixed, short-term and long-term incentives for the Chief Executive Officer and other Senior Executives is outlined below:

| | Fixed remuneration | | At risk – short-term incentive | | At risk – long-term incentive | |
|---|---|---|---|---|---|---|
| | 2007 (%) | 2006 (%) | 2007 (%) | 2006 (%) | 2007 (%) | 2006 (%) |
| Chief Executive Officer | 45 | 50 | 25 | 25 | 30 | 25 |
| Other Senior Executives | 50 | 60 | 25 | 25 | 25 | 15 |

The Board Nomination and Remuneration Committee continues to review the target remuneration mix for all Senior Executives.

## 5. Details of Senior Executive remuneration paid

Details of the nature and amount of each element of remuneration for the Chief Executive Officer and other Senior Executives for the years ended 30 June 2006 and 30 June 2007 are set out in the following table.

| Name | Short-term employee benefits | | | Post-employment benefits | Other long-term benefits | | Total |
|---|---|---|---|---|---|---|---|
| | Cash salary and fees ($) | Short-term incentive ($) | Other short-term benefit ($) | Pension and superannuation benefits ($) | Long-term incentive value ($) | Other long-term benefit ($) | ($) |
| Victor P Hoog Antink | | | | | | | |
| 2007 | 907,167 | 550,000 | – | 92,833 | 650,000 | – | 2,200,000 |
| 2006 | 907,714 | 500,000 | – | 92,286 | 250,000 | – | 1,750,000 |
| Tanya L Cox | | | | | | | |
| 2007 | 311,828 | 175,000 | – | 3,172 | 110,000 | – | 600,000 |
| 2006 | 237,861 | 175,000 | – | 12,139 | 60,000 | – | 485,000 |
| John C Easy | | | | | | | |
| 2007 | 286,314 | 110,000 | – | 28,686 | 75,000 | – | 500,000 |
| 2006 | 287,861 | 100,000 | – | 12,139 | 50,000 | – | 450,000 |
| Ben J Lehmann | | | | | | | |
| 2007 | 407,314 | 250,000 | – | 12,686 | 250,000 | – | 920,000 |
| 2006 | 387,861 | 230,000 | – | 12,139 | 120,000 | – | 750,000 |
| Peter C Roberts [1] | | | | | | | |
| 2007 | 292,438 | – | – | 539,206 | – | – | 831,644 |
| 2006 | 150,469 | 125,000 | 130,000 | 22,350 | 75,000 | 25,000 | 527,819 |
| Paul G Say [2] | | | | | | | |
| 2007 | 122,438 | 20,000 | 280,000 | 4,229 | – | – | 426,667 |
| 2006 | – | – | – | – | – | – | – |
| Mark F Turner | | | | | | | |
| 2007 | 297,615 | 200,000 | – | 42,385 | 180,000 | – | 720,000 |
| 2006 | 274,900 | 180,000 | – | 25,100 | 70,000 | – | 550,000 |
| **Total** | | | | | | | |
| **2007** | **2,625,114** | **1,305,000** | **280,000** | **723,197** | **1,265,000** | **–** | **6,198,311** |
| 2006 | 2,246,666 | 1,310,000 | 130,000 | 176,153 | 625,000 | 25,000 | 4,512,819 |

1 Peter Roberts resigned 8 June 2007.
2 Paul Say commenced 19 March 2007.
3 Some employees elected to salary sacrifice prior year short-term incentive which restricted their ability to contribute to superannuation in 2007.

## 6. Details of Senior Executive long-term incentive scheme

The table below sets out the movement in long-term incentive values for each Senior Executive during the year.

| Name | Opening long-term incentive value outstanding as at 30 June 2006 ($) | Less – long-term incentive value forfeited during the year ($) | Less – long-term incentive value vested during the year ($) | Plus – fluctuation due to movement in DRFM's Composite Total Return ($) | Plus – additional long-term incentive value granted during the year ($) | Closing balance of long-term incentive value outstanding as at 30 June 2007 [1] ($) |
|---|---|---|---|---|---|---|
| Victor P Hoog Antink | 476,763 | – | – | 138,261 | 650,000 | 1,265,024 |
| Tanya L Cox | 72,094 | – | – | 20,907 | 110,000 | 203,001 |
| John C Easy | 65,118 | – | – | 18,884 | 75,000 | 159,002 |
| Ben J Lehmann | 180,470 | – | – | 52,336 | 250,000 | 482,806 |
| Peter C Roberts [2] | 75,000 | 75,000 | – | – | – | – |
| Paul G Say [3] | – | – | – | – | – | – |
| Mark F Turner | 82,094 | – | – | 23,807 | 180,000 | 285,901 |
| **Total** | **951,539** | **75,000** | **–** | **254,195** | **1,265,000** | **2,395,734** |

1 No long-term incentive amounts were vested during the year.
2 Peter Roberts resigned 8 June 2007.
3 Paul Say commenced 19 March 2007.

The potential future value of an executive's long-term incentive entitlement cannot be estimated as it is based on the movement of the Composite Total Return measure which cannot be forecast.

## note 35. related parties (continued)

### 7. Equity plans and loans

DRFM does not operate a security or option participation scheme or loan scheme for any Director or Senior Executive.

### 8. Employment agreements

The table below outlines employment arrangements for the Chief Executive Officer and other Senior Executives:

| Name and title | Commencement date | Term | Termination provisions/benefits |
|---|---|---|---|
| Victor P Hoog Antink<br>Chief Executive Officer | 1 October 2005 | Unlimited in term | In the event of early termination, DRFM is required to give twelve months notice and may elect to pay out all or part of this notice period. The provision of this payment constitutes full satisfaction of DRFM's obligations in respect of notice of termination. |
| Other Senior Executives | Various | Unlimited in term | In the event of early termination, DRFM is required to give three months notice and may elect to pay out all or part of this notice period. |

All other DRH and DB RREEF Property Services Pty Limited (DRPS) employees have a standard service contract with DRH. These agreements are unlimited in term and provide for one month notice of termination by either party. However, no notice period is required if termination is for misconduct or serious or persistent breach of the agreement.

Where termination is outside the control of the executive, including Senior Executives, or the executive is made redundant, the termination payment will vary between executives. Where a termination payment is to be made it will be determined:

- in the case of Senior Executives, by the Board on the recommendation of the Board Nomination and Remuneration Committee; and
- in the case of all other executives, by the Chief Executive Officer on the recommendation of the Compensation Committee.

In both situations the payment will take into account the seniority of the executive, the length of service, the performance of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and DRH.

## note 36. events occurring after reporting date

### DIT France Logistique SAS

On 13 July 2007, DIT France Logistique SAS, a wholly owned subsidiary of DB RREEF Industrial Trust has been acceded as borrower under the syndicated bank debt facility. The existing EUR 37 million borrowing of DB RREEF Finance Pty Limited under this syndicated bank debt facility was transferred to DIT France Logistique SAS on 31 July 2007.

### Sale of Lot 3, Boundary Road, North Laverton VIC

On 23 July 2007 DB RREEF Industrial Trust exchanged contracts to sell 50 percent of Lot 3, Boundary Road, North Laverton (the Coles Group Limited chilled distribution centre) for $58 million. Settlement is conditional upon the registration of plan of subdivision.

Since 30 June 2007, other than the matters discussed above, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in their report or the financial statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs.

## note 37. segment information

### DB RREEF Industrial Trust

Business segment

The Trust operates solely within the industrial property sector.

Geographical segments

The Trust's investments are located in Australia, United States of America, France and Germany.

### 2007

| | Australia $'000 | United States of America $'000 | France $'000 | Germany $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| Property revenue | 98,352 | 23 | 9,583 | 8,198 | 116,156 |
| Interest revenue | 292 | – | 145 | 236 | 673 |
| Share of net profits of associates accounted for using the equity method | – | 53,186 | – | – | 53,186 |
| | **98,644** | **53,209** | **9,728** | **8,434** | **170,015** |
| Net gain on sale of investment properties | 3,446 | – | – | – | 3,446 |
| Net fair value gain of investment properties | 69,432 | – | (7,112) | – | 62,320 |
| Net fair value gain of derivatives | 22,867 | – | – | – | 22,867 |
| Net foreign exchange gain | 758 | – | 13 | 18 | 789 |
| **Total segment revenue/income** | **195,147** | **53,209** | **2,629** | **8,452** | **259,437** |
| **Segment result** | **142,540** | **53,140** | **(9,960)** | **5,912** | **191,632** |
| Segment assets | 1,713,339 | 32,828 | 112,441 | 245,604 | 2,104,212 |
| Segment liabilities | 366,010 | 271,606 | 122,073 | 240,018 | 999,707 |
| Investments accounted for using the equity method | – | 270,193 | – | – | 270,193 |
| Acquisition of investment properties | – | 29,867 | 118,856 | 247,455 | 396,178 |
| Additions to property plant and equipment | 117,136 | – | – | – | 117,136 |
| Amortisation expense | 3,007 | – | – | – | 3,007 |

### 2006

| | Australia $'000 | United States of America $'000 | France $'000 | Germany $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| Property revenue | 99,152 | – | – | – | 99,152 |
| Interest revenue | 273 | – | – | – | 273 |
| Share of net profits of associates accounted for using the equity method | – | 83,566 | – | – | 83,566 |
| | **99,425** | **83,566** | **–** | **–** | **182,991** |
| Net gain on sale of investment properties | 1,378 | – | – | – | 1,378 |
| Net fair value gain of investments | 82,069 | – | – | – | 82,069 |
| Net fair value gain of derivatives | 11,990 | – | – | – | 11,990 |
| Net foreign exchange gain | 1,393 | – | – | – | 1,393 |
| **Total segment revenue/income** | **196,255** | **83,566** | **–** | **–** | **279,821** |
| **Segment result** | **143,942** | **83,566** | **–** | **–** | **227,508** |
| Segment assets | 1,307,666 | 272,400 | – | – | 1,580,066 |
| Segment liabilities | 429,411 | 205,839 | – | – | 635,250 |
| Investments accounted for using the equity method | – | 272,400 | – | – | 272,400 |
| Amortisation expense | 1,887 | – | – | – | 1,887 |

## note 37. segment information (continued)

### DB RREEF Office Trust

Business segment

The Trust operates solely within the commercial property sector.

Geographical segments

The Trust's investments are located in Australia and New Zealand.

### 2007

| | Australia $'000 | New Zealand $'000 | Consolidated $'000 |
|---|---|---|---|
| Property revenue | 236,799 | 10,041 | 246,840 |
| Interest revenue | 5,782 | 144 | 5,926 |
| Share of net profits of associates accounted for using the equity method | 5,717 | – | 5,717 |
| | **248,298** | **10,185** | **258,483** |
| Net fair value gain of investments | 361,608 | 19,498 | 381,106 |
| Net fair value gain of derivatives | 25,268 | – | 25,268 |
| Other income | 1,508 | – | 1,508 |
| **Total segment revenue/income** | **636,682** | **29,683** | **666,365** |
| **Segment result** | **502,122** | **24,570** | **526,692** |
| Segment assets | 3,222,738 | 133,617 | 3,356,355 |
| Segment liabilities | 914,587 | 79,229 | 993,816 |
| Investments accounted for using the equity method | 40,750 | – | 40,750 |
| Acquisitions of property plant and equipment | 27,530 | – | 27,530 |
| Amortisation expense | 21,631 | – | 21,631 |

### 2006

| | Australia $'000 | New Zealand $'000 | Consolidated $'000 |
|---|---|---|---|
| Property revenue | 228,390 | 8,595 | 236,985 |
| Interest revenue | 13,190 | 97 | 13,287 |
| Share of net profits of associates accounted for using the equity method | 2,433 | – | 2,433 |
| | **244,013** | **8,692** | **252,705** |
| Net fair value gain of investments | 227,506 | 9,222 | 236,728 |
| Net fair value gain of derivatives | 27,145 | – | 27,145 |
| Net foreign exchange gain | 117 | – | 117 |
| Other income | 329 | – | 329 |
| **Total segment revenue/income** | **499,110** | **17,914** | **517,024** |
| **Segment result** | **360,131** | **16,493** | **376,624** |
| Segment assets | 3,008,100 | 102,125 | 3,110,225 |
| Segment liabilities | 1,197,770 | 402 | 1,198,172 |
| Investments accounted for using the equity method | 36,800 | – | 36,800 |
| Acquisitions of property plant and equipment | – | 102,599 | 102,599 |
| Amortisation expense | 15,857 | – | 15,857 |

## DB RREEF Operations Trust

### Business segments

The Trust's associate and wholly owned entities are involved in property development and provide financial services to trusts within DRT, and to other clients.

### Geographical segment

The Trust operates solely in Australia.

## 2007

| | Financial services $'000 | Property development $'000 | Investments in funds management company $'000 | Eliminations/ unallocated $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| Property revenue | – | 4,641 | – | – | 4,641 |
| Interest revenue | 230 | – | 5,462 | 74 | 5,766 |
| Interest revenue from the Trusts | 91,043 | – | – | (4,098) | 86,945 |
| Recoverables from the Trusts | 1,748 | – | – | (123) | 1,625 |
| Share of net profits of associates accounted for using the equity method | – | – | 6,343 | – | 6,343 |
| | **93,021** | **4,641** | **11,805** | **(4,147)** | **105,320** |
| Other income | – | – | – | 76 | 76 |
| **Total segment revenue/income** | **93,021** | **4,641** | **11,805** | **(4,071)** | **105,396** |
| **Segment result** | **(4,868)** | **(2,271)** | **10,002** | **214** | **3,077** |
| Segment assets | 1,705,038 | 59,095 | 76,471 | 4,445 | 1,845,049 |
| Segment liabilities | 1,775,204 | 574 | 525 | 55,752 | 1,832,055 |
| Investments accounted for using the equity method | – | – | 17,886 | – | 17,886 |
| Additions of property plant and equipment | – | 2,922 | – | – | 2,922 |
| Depreciation expense | – | 2,488 | – | – | 2,488 |

## 2006

| | Financial services $'000 | Property development $'000 | Investments in funds management company $'000 | Eliminations/ unallocated $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| Property revenue | – | 3,240 | – | – | 3,240 |
| Interest revenue | 210 | – | 4,960 | – | 5,170 |
| Interest revenue from the Trusts | 54,639 | – | – | – | 54,639 |
| Recoverables from the Trusts | 1,376 | – | – | – | 1,376 |
| Share of net profits of associates accounted for using the equity method | – | – | 4,845 | – | 4,845 |
| | **56,225** | **3,240** | **9,805** | **–** | **69,270** |
| Net fair value gain of derivatives | – | – | – | 616 | 616 |
| **Total segment revenue/income** | **56,225** | **3,240** | **9,805** | **616** | **69,886** |
| **Segment result** | **135** | **(804)** | **9,805** | **(1,853)** | **7,283** |
| Segment assets | 1,510,757 | 59,589 | 60,853 | (55,476) | 1,575,723 |
| Segment liabilities | 1,510,469 | 60,246 | 48,932 | (59,521) | 1,560,126 |
| Investments accounted for using the equity method | – | – | 15,761 | – | 15,761 |
| Additions of property plant and equipment | – | 57,495 | – | – | 57,495 |
| Depreciation expense | – | 1,023 | – | – | 1,023 |

## note 38. reconciliation of net profit/(loss) to net cash inflow from operating activities

| | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Net profit | 191,632 | 227,508 | 192,089 | 229,821 |
| Capitalised interest | (8,294) | (3,150) | (8,294) | (3,150) |
| Depreciation | – | – | – | – |
| Net increment on revaluation of investments | (62,320) | (82,069) | (59,326) | (169,056) |
| Share of net profits of associates accounted for using the equity method | (53,186) | (83,566) | – | – |
| Net increment on revaluation of derivatives | (23,691) | (14,137) | (23,691) | (14,137) |
| Net gain on sale of investment properties | (3,900) | (1,378) | (1,277) | (1,004) |
| Net foreign exchange loss/(gain) | 199 | 5,583 | (48,573) | 3,508 |
| Provision for doubtful debts | – | (43) | – | (43) |
| Change in operating assets and liabilities | | | | |
| (Increase)/decrease in receivables | (5,673) | 57 | (33,296) | (27,489) |
| Increase in prepaid expenses | (60) | (250) | (109) | (159) |
| Decrease/(increase) in other non-current assets – investments | 22,393 | 19,863 | (614) | 27,333 |
| (Increase)/decrease in other current assets | (212) | 339 | – | 339 |
| Decrease/(increase) in other non-current assets | 1,356 | (33) | 13,791 | (33) |
| Increase/(decrease) in payables | 4,007 | (1,983) | 753 | (1,568) |
| Increase in other current liabilities | – | – | – | – |
| Increase/(decrease) in other non-current liabilities | 18,411 | (8,598) | 16,957 | (12,406) |
| Decrease in deferred tax liabilities | – | – | – | – |
| **Net cash inflow from operating activities** | **80,662** | **58,143** | **48,410** | **31,956** |

## note 39. non-cash financing and investing activities

| | | DIT Consolidated | | DIT Parent Entity | |
|---|---|---|---|---|---|
| | Note(s) | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Distributions reinvested | 28 | 32,725 | 20,289 | 32,725 | 20,289 |

DB RREEF Finance Pty Limited is the legal borrower of A$491.93 million (AUD equivalent converted at year end rate), US denominated debt. However, proceeds of A$254.92 million (at actual rate), repayments of A$128.84 million (at actual rate), and finance costs of A$28.80 million (at actual rate) associated with this debt have been excluded from the Company's Cash Flow Statements. These cash flows are disclosed in DIT and DDF's Cash Flow Statements as the operators of the bank account where these cash inflows and outflows have occurred.

DB RREEF Finance Pty Limited is also the legal borrower of A$349.39 million (AUD equivalent converted at year end rate), EUR denominated debt. However, proceeds of A$519.68 million (at actual rate), repayments of A$165.62 million (at actual rate) and finance cost of A$9.75 million (at actual rate) have been excluded from the Company's Cash Flow Statements. These cash flows are disclosed in DIT's Cash Flow Statements as the operators of the bank account where these cash inflows and outflows have occurred.

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 529,882 | 381,135 | 511,010 | 361,734 | 3,077 | 7,283 | 10,304 | 9,351 |
| – | – | – | – | 26 | (1,251) | – | – |
| – | – | – | – | 2,488 | 1,023 | 1 | – |
| (381,106) | (236,728) | (428,247) | (270,855) | – | – | – | – |
| (3,950) | (191) | – | – | (6,343) | (4,845) | – | – |
| (21,327) | (27,145) | (21,326) | (27,145) | (102) | (616) | (102) | (616) |
| 106 | – | 106 | – | – | – | – | – |
| 520 | (394) | 5,668 | (1,959) | – | – | – | – |
| (163) | 161 | (162) | 161 | 19 | – | – | – |
| (595) | 244 | 36,227 | 23,739 | 2,215 | 1,172 | (5,969) | (3,517) |
| – | – | 22 | – | (10) | – | – | – |
| 8,643 | 2,413 | 5,044 | 1,873 | (50) | – | – | – |
| 230 | 1,709 | – | 1,759 | 95 | (311) | (29) | – |
| (7,029) | (12,156) | (7,027) | (12,241) | 81,212 | 10,605 | – | (3,326) |
| (3,346) | 247 | (1,816) | (1,894) | 10,170 | 3,005 | (72) | 15 |
| – | – | (1,445) | – | 351 | 2 | 329 | 426 |
| 637 | (1,655) | – | (3,621) | 4,263 | (841) | 4,221 | 3,588 |
| – | – | – | – | (1,142) | – | 108 | – |
| **122,502** | **107,640** | **98,054** | **71,551** | **96,269** | **15,226** | **8,791** | **5,921** |

| DOT Consolidated | | DOT Parent Entity | | DRO Consolidated | | DRO Parent Entity | |
|---|---|---|---|---|---|---|---|
| 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| 54,174 | 39,959 | 54,174 | 39,959 | 1,047 | 261 | 1,047 | 261 |

## note 40. earnings per unit

### (a) basic earnings per unit on profit attributable to equity holders of the parent entity

| | DIT Consolidated | | DOT Consolidated | | DRO Consolidated | |
|---|---|---|---|---|---|---|
| | 2007 Cents | 2006 Cents | 2007 Cents | 2006 Cents | 2007 Cents | 2006 Cents |
| | 6.71 | 8.21 | 18.43 | 13.58 | 0.11 | 0.26 |

### (b) diluted earnings per unit on profit attributable to equity holders of the parent entity

| | DIT Consolidated | | DOT Consolidated | | DRO Consolidated | |
|---|---|---|---|---|---|---|
| | 2007 Cents | 2006 Cents | 2007 Cents | 2006 Cents | 2007 Cents | 2006 Cents |
| | 6.71 | 8.21 | 18.43 | 13.58 | 0.11 | 0.26 |

### (c) reconciliation of earnings used in calculating earnings per unit

| | DIT Consolidated | | DOT Consolidated | | DRO Consolidated | |
|---|---|---|---|---|---|---|
| | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 | 2007 $'000 | 2006 $'000 |
| Net profit | 191,632 | 227,508 | 529,882 | 381,135 | 3,077 | 7,283 |
| Net profit attributable to minority interests | – | – | (3,190) | (4,511) | – | – |
| **Net profit attributable to the unitholders of the Trust in calculating basic and diluted earnings per unit** | **191,632** | **227,508** | **526,692** | **376,624** | **3,077** | **7,283** |

### (d) weighted average number of units used as a denominator

| | DIT Consolidated | | DOT Consolidated | | DRO Consolidated | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Weighted average number of units outstanding used in the calculation of basic and diluted earnings per unit | 2,857,716,193 | 2,772,613,360 | 2,857,716,193 | 2,772,613,360 | 2,857,716,193 | 2,772,613,360 |

# directors' declaration

## DB RREEF INDUSTRIAL TRUST

The Directors of DB RREEF Funds Management Limited as Responsible Entity of DB RREEF Industrial Trust (DIT) declare that the Financial Statements and notes set out on pages 1 to 86:

(i) comply with applicable Australian Equivalents to International Financial Reporting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the Directors' opinion:

(a) the Financial Statements and notes are in accordance with the *Corporations Act 2001*;

(b) there are reasonable grounds to believe that the Trust and its consolidated entities will be able to pay their debts as and when they become due and payable; and

(c) the Trust has operated in accordance with the provisions of the Constitution dated 1 August 1997 (as amended) during the year ended 30 June 2007.

The Directors have been given the declarations by the Chief Executive Officer and Acting Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

**Christopher T Beare**
Chair

Sydney
27 August 2007

# directors' declaration

## DB RREEF OFFICE TRUST

The Directors of DB RREEF Funds Management Limited as Responsible Entity of DB RREEF Office Trust (DOT) declare that the Financial Statements and notes set out on pages 1 to 86:

(i) comply with applicable Australian Equivalents to International Financial Reporting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the Directors' opinion:

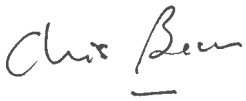
(a) the Financial Statements and notes are in accordance with the *Corporations Act 2001*;

(b) there are reasonable grounds to believe that the Trust and its consolidated entities will be able to pay their debts as and when they become due and payable; and

(c) the Trust has operated in accordance with the provisions of the Constitution dated 17 June 1998 (as amended) during the year ended 30 June 2007.

The Directors have been given the declarations by the Chief Executive Officer and Acting Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



**Christopher T Beare**
Chair

Sydney
27 August 2007

# directors' declaration

## DB RREEF OPERATIONS TRUST

The Directors of DB RREEF Funds Management Limited as Responsible Entity of DB RREEF Operations Trust (DRO) declare that the Financial Statements and notes set out on pages 1 to 86:

(i) comply with applicable Australian Equivalents to International Financial Reporting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the Directors' opinion:

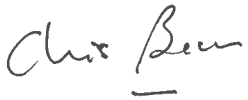
(a) the Financial Statements and notes are in accordance with the *Corporations Act 2001*;

(b) there are reasonable grounds to believe that the Trust and its consolidated entities will be able to pay their debts as and when they become due and payable; and

(c) the Trust has operated in accordance with the provisions of the Constitution dated 11 August 2004 during the year ended 30 June 2007.

The Directors have been given the declarations by the Chief Executive Officer and Acting Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



**Christopher T Beare**
Chair

Sydney
27 August 2007

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**Independent auditor's report to the unitholders of DB RREEF Industrial Trust**

**Report on the financial report**

We have audited the accompanying financial report of DB RREEF Industrial Trust (the Trust), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both DB RREEF Industrial Trust and the DB RREEF Industrial Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' responsibility for the financial report*

The directors of DB RREEF Funds Management Limited (the Responsible Entity of the Trust) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the

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entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion on the financial report*

In our opinion:

(a) the financial report of DB RREEF Industrial Trust is in accordance with the *Corporation Act 2001*, including:

(i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
27 August 2007

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## Independent auditor's report to the unitholders of DB RREEF Office Trust

### Report on the financial report

We have audited the accompanying financial report of DB RREEF Office Trust (the Trust), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both DB RREEF Office Trust and the DB RREEF Office Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' responsibility for the financial report*

The directors of DB RREEF Funds Management Limited (the Responsible Entity of the Trust) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the

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entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion on the financial report*

In our opinion:

(a) the financial report of DB RREEF Office Trust is in accordance with the *Corporation Act 2001*, including:

(i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
27 August 2007

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Facsimile +61 2 8266 9999

**Independent auditor's report to the unitholders of DB RREEF Operations Trust**

**Report on the financial report**

We have audited the accompanying financial report of DB RREEF Operations Trust (the Trust), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both DB RREEF Operations Trust and the DB RREEF Operations Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' responsibility for the financial report*

The directors of DB RREEF Funds Management Limited (the Responsible Entity of the Trust) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

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entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion on the financial report*

In our opinion:

(a) the financial report of DB RREEF Operations Trust is in accordance with the *Corporation Act 2001*, including:

  (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
27 August 2007

# directory

DB RREEF Diversified Trust
ARSN 089 324 541

DB RREEF Industrial Trust
ARSN 090 879 137

DB RREEF Office Trust
ARSN 090 768 531

DB RREEF Operations Trust
ARSN 110 521 223

## responsible entity

DB RREEF Funds Management Limited
ABN 24 060 920 783

## registered office of responsible entity

Level 9, 343 George Street
Sydney NSW 2000

PO Box R1822
Royal Exchange NSW 1225

Phone: +61 2 9017 1100
Fax: +61 2 9017 1101

## directors of the responsible entity

Christopher T Beare, Chair
Elizabeth A Alexander AM
Barry R Brownjohn
Stewart F Ewen OAM
Victor P Hoog Antink
Charles B Leitner III (Alternate: Andrew J Fay)
Brian E Scullin

## secretaries of the responsible entity

Tanya L Cox
John C Easy

## investor enquiries

Email: enquiries.drt@dbrreef.com

InfoLine: 1800 819 675

Phone: +61 2 8280 7126

Website: www.dbrreef.com

## auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

## security registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

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Sydney South NSW 2000

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InfoLine: 1800 819 675
Fax: +61 2 9261 8489
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

For inquiries regarding your holding you can either contact the Security Registry, or access your holding details via the web at www.dbrreef.com and follow the links.

Listed on the Australian Stock Exchange ASX Code: DRT.

InfoLine 1800 819 675 Monday to Friday between 8.30am and 5.30pm (Sydney time).

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ECO BLEACHING PROCESS

Consistent with DB RREEF's commitment to sustainability, this report is printed with soy inks on an Australian made paper, manufactured under the highest level of international environmental standards. The paper pulp is Elemental Chlorine Free (ECF) and is sourced from sustainable forests. The principal energy source (92 percent) of the mill is hydroelectric and wind farm and waste from the mill is recycled for compost. The mill is certified under ISO14001 environmental management systems.

www.dbrreef.com