

# DB RREEF Trust

half-year report 2005



## DB RREEF

Managed in partnership with Deutsche Bank 

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PICTURED FRONT COVER: One Margaret Street, Sydney NSW; ABOVE: Lumley Centre, 88 Shortland Street, Auckland NZ

The 2005 Half-year Report is a summary report. The 2005 Annual Report together with the 2005 Property Synopsis, both prepared as at 30 June 2005, provide more detail on DRT's property portfolio, corporate governance and Board of Directors. A copy of the half-year accounts for DRT can also be obtained from the website at [www.dbrreef.com](http://www.dbrreef.com).

DB RREEF Trust (ASX ticker code: DRT) comprising DB RREEF Diversified Trust ARSN 089 324 541 ("DDF"), DB RREEF Industrial Trust ARSN 090 879 137 ("DIT"), DB RREEF Office Trust ARSN 090 768 531 ("DOT") and DB RREEF Operations Trust ARSN 110 521 223 ("DRO"), is also referred to in this report as "DRT" or "the Trusts". The Responsible Entity of each trust is DB RREEF Funds Management Limited ABN 24 060 920 783 ("DRFM").

All amounts are in Australian dollars unless otherwise stated.

# key financial data

	31 December 2005	30 June 2005
Security price		
High	\$1.43	\$1.46
Low	\$1.31	\$1.23
Closing price	\$1.39	\$1.37
Number of securities on issue	2,766 million	2,732 million
Number of security holders	26,140	26,230
Net tangible assets per security ("NTA")	\$1.35	\$1.29
Total assets	\$7.5 billion	\$7.0 billion
Market capitalisation	\$3.8 billion	\$3.7 billion
Borrowings	\$3.1 billion	\$2.8 billion
Gearing as percentage of total assets (net of cash)	40 percent	39 percent
Number of property investments	175	169
Portfolio occupancy rate	95 percent	93 percent
Portfolio average lease duration	5.4 years	5.3 years
Third party funds under management	\$3.9 billion	\$3.5 billion
Distributions (6 month period)	\$150.7 million	\$144.8 million
<b>Distributions per security</b>	<b>Year ending 30 June 2006</b>	<b>Year ending 30 June 2005</b>
December	5.45 cents (actual)	5.20 cents (actual)
June	5.55 cents (forecast)	5.30 cents (actual)
<b>Total</b>	<b>11.00 cents (forecast)</b>	<b>10.50 cents (actual)</b>

# chief executive officer's report

DB RREEF Funds Management Limited as responsible entity of DB RREEF Trust is pleased to outline the results of the group for the six months to 31 December 2005.

## financial results

Total income for the period was \$531.7 million, with profit attributable to security holders of \$335.6 million.

Distributions for the period ending 31 December 2005 were \$150.7 million, representing 5.45 cents per stapled security, and were paid on 28 February 2006. DRT's results are in line with the Explanatory Memorandum ("EM") dated 30 August 2004 in relation to the creation of DRT.

Total assets as at 31 December 2005 were \$7,549.5 million. The group's interest bearing liabilities were \$3,085.8 million representing gearing of 40 percent. Net tangible assets increased during the period by five percent to \$3,725.5 million representing \$1.35 per stapled security.

## DB RREEF Trust portfolio results – strong property performance

Overall, each of DRT's asset classes performed well during the half-year, as shown in the table below:

As at 31 December 2005	\$ billion	Percent	Occupancy percent <sup>2</sup>	Average lease term <sup>3</sup>
Commercial	3.4	49	97.5	6.6
Industrial	1.4	20	98.5	4.9
US Industrial <sup>1</sup>	1.3	18	91.2	3.3
Retail	0.9	13	99.4	5.6
<b>Total</b>	<b>7.0</b>	<b>100</b>	<b>95.1</b>	<b>5.4</b>

1 Represents 80 percent ownership of US industrial portfolio

2 By area

3 By income

Other achievements across the portfolio include:

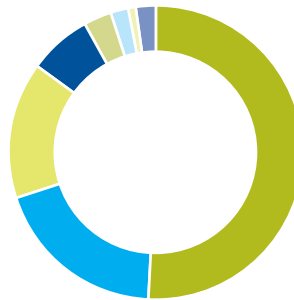
- Leasing – over 350,000 square metres were leased bringing DRT’s portfolio occupancy to 95.1 percent
- Development – approximately 59,000 square metres completed
- Acquisitions – New Zealand (NZ\$110 million) and United States (US\$28 million)

direct property portfolio by sector as at 31 December 2005



■ Commercial (including car parks)	49%
■ Industrial – Australia	20%
■ Industrial – US	18%
■ Retail	13%

direct property portfolio by geography as at 31 December 2005



■ NSW	51%
■ US	19%
■ VIC	15%
■ WA	7%
■ QLD	3%
■ SA	2%
■ ACT	1%
■ NZ	2%

# chief executive officer's report

## (continued)

### sector performance

#### commercial portfolio

In the six months to December 2005, net property income from the commercial portfolio was \$119.3 million.

New leases, lease renewals and heads of agreement, accounting for approximately 45,000 square metres or six percent of the commercial portfolio's area, were secured.

As a result, including current heads of agreement, the commercial portfolio's occupancy increased to 97.5 percent, from 92.3 percent in December 2004. The leasing activity has helped extend the portfolio's average lease term to expiry by income to 6.6 years from 5.9 years at December 2004.



14 Moore Street, Canberra ACT

During the half-year the Lumley Centre, Auckland NZ was completed and its acquisition concluded. In addition, the refurbishment at 321 Kent Street, Sydney was completed and the refurbishment at 130 George Street, Parramatta is underway.

Since 31 December 2005, DRT has finalised a 10 year lease to the Commonwealth of Australia over 11,867 square metres at 130 George Street, Parramatta, increasing this property's occupancy to 98 percent.

#### industrial portfolio – australia

In the six months to December 2005, net property income from the industrial portfolio was \$54.4 million.

New leases, lease renewals and heads of agreement, accounting for almost 94,000 square metres or eight percent of the Australian industrial portfolio's area, were secured.

As a result, including current heads of agreement, the Australian industrial portfolio's occupancy was 98.5 percent compared to 98.1 percent in December 2004. The leasing activity has helped extend the portfolio's average lease term to expiry by income to 4.9 years from 4.1 years at December 2004.

DRT completed three Australian industrial developments with a total value of over \$30 million during the period. DRT has a further 67,000 square metres of development underway, with five pre-commitments being secured during the six months ending 31 December 2005. The forecast average yield for these projects is approximately 8.1 percent.

### retail portfolio

In the six months to December 2005, net property income from the retail portfolio was \$28.8 million.

New leases, lease renewals and heads of agreement, accounting for more than 31,000 square metres or 11 percent of the retail portfolio's area, were secured.

As a result, including current heads of agreement, the retail portfolio's occupancy was 99.4 percent which is in line with December 2004.

The reconfiguration of Mt Druitt continues with stages 1 and 2 complete and completion of the final stage due in March 2006. The retail portfolio's development pipeline includes significant expansions at Plenty Valley in Victoria and North Lakes in Queensland, both expected to commence late 2006.

### US industrial portfolio

In the six months to December 2005, net property income from the US industrial portfolio was \$58.9 million.

New leases, lease renewals and heads of agreement, accounting for more than two million square feet or 10 percent of the US portfolio's area, were secured.

As a result, including current heads of agreement, the US industrial portfolio's occupancy was 91.2 percent compared to 87.4 percent in December 2004. The portfolio's average lease term to expiry by income fell slightly to 3.3 years from 3.4 years at December 2004.

During the half-year DRT acquired four properties, totalling approximately 450,000 square feet, in Minneapolis, Minnesota for \$US 28.0 million. These assets were 83 percent leased with a current yield of 7.3 percent which is expected to grow to 8.5 percent. In addition, DRT commenced a \$US 17.0 million development known as the Turnpike Distribution Centre located in Medley, Florida, due for completion in the fourth quarter of 2006.

# chief executive officer's report (continued)

## operations

At 31 December 2005, DB RREEF Funds Management Limited managed approximately \$11.3 billion of assets, of which \$7.5 billion is DRT's direct property portfolio. Net profit before tax arising from DB RREEF Operations Trust activities was \$4.5 million.



## outlook

The fundamentals in all the markets in which DRT operates are improving. DRT continues to focus on adding value to the portfolio through active management.

Barring unforeseen circumstances, DRT remains on target to achieve a full year distribution of 11.00 cents per stapled security.

A handwritten signature in black ink, appearing to read 'Victor P. Hoog Antink', written over a horizontal line.

**Victor P. Hoog Antink**  
Chief Executive Officer

28 February 2006



# financial statements

The following financial statements for DB RREEF Trust are a summary of the Income Statement, Balance Sheet, Statement of Changes in Equity and Consolidated Cash Flow Statement. The full financial statements together with the notes to the financial statements and the Directors' Report can be obtained from the DB RREEF Trust website at [www.dbrreef.com](http://www.dbrreef.com) or by contacting the Infoline on 1800 819 675.

## income statement

	<b>6 months to 31 December 2005 (\$ million)</b>
Property income	326.1
Contribution from equity accounted investments	8.8
Property revaluations	184.1
New derivatives and forex gains	6.8
Other income	1.9
<b>Total income</b>	<b>527.7</b>
Total expenses	(94.4)
<b>EBIT</b>	<b>433.3</b>
Financing costs	(76.0)
Impairment of goodwill	(3.3)
<b>Profit before tax</b>	<b>354.0</b>
Income and withholding tax expense	(7.9)
Other minority interests (including RENTS)	(10.5)
<b>Net profit to stapled security holders</b>	<b>335.6</b>

# financial statements

(continued)

## balance sheet

	<b>31 December 2005</b>
	<b>(\$ million)</b>
Cash and receivables	99.8
Investment properties	7,346.4
Other (including derivative financial instruments)	103.3
<b>Total assets</b>	<b>7,549.5</b>
Payables and provisions	243.4
Interest bearing liabilities	3,085.8
Other (including derivative financial instruments)	109.0
<b>Total liabilities</b>	<b>3,438.2</b>
Less minority interest	385.8
<b>Net assets (after minority interest)</b>	<b>3,725.5</b>

## statement of changes in equity

	<b>6 months to 31 December 2005 (\$ million)</b>
Total equity at the beginning of the half-year	3,865.7
Opening AIFRS adjustments	3.4
Exchange differences on translation of foreign operations	3.8
Profit from ordinary activities after tax	335.6
Contribution of equity	45.4
Distributions provided for or paid	(150.7)
Minority interest movements during the half-year	8.1
<b>Total equity at the end of the half-year</b>	<b>4,111.3</b>

## consolidated cash flow statement

	<b>6 months to 31 December 2005 (\$ million)</b>
Net cash inflow from operating activities	185.8
Net cash outflow from investing activities	(296.0)
Net cash inflow from financing activities	105.9
<b>Net increase/(decrease) from financial activities</b>	<b>(4.3)</b>
Cash and cash equivalents at the beginning of the half-year	68.9
Effects of exchange rate changes on cash and cash equivalents	1.7
<b>Cash and cash equivalents at the end of the half-year</b>	<b>66.3</b>

# investor information

## security registry

If you have administrative inquiries such as how to change your address or change the way in which your distributions are paid, please contact Link Market Services Limited on 1800 819 675. Alternatively you can update your account details via the website at [www.dbrreef.com](http://www.dbrreef.com).

## enquiries, obtaining information or making a complaint

Our website can be accessed at [www.dbrreef.com](http://www.dbrreef.com). On the website you will be able to find information such as annual and half-year reports, distribution histories, apportionment percentages, newsletters, presentations, ASX announcements and press releases about the Trust and its property portfolios.

Additionally, if you have any questions, complaints, or wish to obtain information regarding the stapled securities, please contact our client service information line on 1800 819 675 or from outside Australia +61 2 8280 7126 or email: [enquiries.drt@dbrreef.com](mailto:enquiries.drt@dbrreef.com).

DRFM is a member of the Financial Industry Complaints Service Limited (FICS), an independent dispute resolution service which may be contacted at:

Financial Industry Complaints Service Limited  
PO Box 579  
Collins Street West  
Melbourne VIC 8007  
Phone: 1300 780 808  
Facsimile: +61 3 9621 2291

## annual tax statement

After the end of each financial year you will receive a tax statement. This statement summarises the distributions paid to you during the year and includes information required to complete your tax return.

## apportionment percentages of DRT stapled securities since stapling

For capital gains tax purposes investors need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the four Trusts that make up the stapled security. This apportionment should be done on a reasonable basis. One basis of apportionment is to use the relative net tangible assets (NTA) of each of the Trusts.

Using NTA as a basis, the table below outlines the apportionment percentages that will apply to any on or off market buying or selling of DRT stapled securities, or the issue of new DRT stapled securities between the dates specified.

Please note that the correct allocation percentage to be used depends on the relevant date of the specific transaction. Consequently, the allocation percentage relevant for the acquisition of a parcel of DRT stapled securities, (either on or off market, or through the issue of securities), may differ from their disposal percentage.

DRFM will periodically release revisions to this table and it will be published on its website. A copy of the schedule can be downloaded by visiting our website at [www.dbrreef.com](http://www.dbrreef.com) or by contacting 1800 819 675.

### apportionment percentages of DRT stapled securities since stapling

<b>Dates</b>	<b>DB RREEF Diversified Trust (%)</b>	<b>DB RREEF Industrial Trust (%)</b>	<b>DB RREEF Office Trust (%)</b>	<b>DB RREEF Operations Trust (%)</b>
6 October 2004 to 30 December 2004	38.15	20.88	40.79	0.18
31 December 2004 to 30 June 2005	37.05	21.27	41.47	0.21
1 July 2005 to 31 December 2005	36.82	21.81	41.13	0.24
1 January 2006 to the next announced NTA	37.37	22.09	40.22	0.32

### distributions

You can have your distribution paid directly into your nominated Australian bank, building society or credit union account. The timetable

below highlights anticipated key distribution dates for the June 2005 distribution period. Please note that these dates are indicative only and may change.

<b>Distribution period</b>	<b>Announcement date</b>	<b>Ex-distribution date</b>	<b>Record date</b>	<b>Anticipated payment date</b>
1 January to 30 June 2005	21 June 2006	26 June 2006	30 June 2006	29 August 2006

# 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  
Sydney 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  
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@dbreef.com](mailto:enquiries.drt@dbreef.com)  
Freecall: 1800 819 675  
Phone: +61 2 9017 1330  
Website: [www.dbreef.com](http://www.dbreef.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

Locked Bag A14  
Sydney South NSW 2000  
Phone: +61 2 8280 7126

Freecall: 1800 819 675  
Fax: +61 2 9261 8489  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://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.dbreef.com](http://www.dbreef.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).



30 The Bond, 30–34 Hickson Road, Sydney NSW

