

DB RREEF Trust

half year report 2006



DB RREEF

Managed in partnership with Deutsche Bank 

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	31 Dec 2006	30 Jun 2006
closing price	\$1.78	\$1.46
net tangible assets per security	\$1.65	\$1.53
number of securities on issue	2.85bn	2.80bn
number of security holders	25,752	25,925
	\$'m	\$'m
market capitalisation	5,060	4,091
total assets	9,030	8,288
borrowings	3,514	3,195
gearing (percentage of total assets net of cash)	38.9%	38.3%
net asset value	4,704	4,288
third party funds under management	4,318	3,949
total funds under management	13,062	11,797
number of property investments	197	178
portfolio occupancy	95.7%	96.1%
portfolio average lease duration	5.3 years	5.3 years
	31 Dec 2006	31 Dec 2005
	\$'m	\$'m
total income	728	532
earnings before interest and tax	614	430
net profit to stapled security holders	510	336
distributions (cents per security)	5.60	5.45

DB RREEF Trust (ASX: 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). All amounts are in Australian dollars unless otherwise stated.

FRONT COVER: Woodside Plaza, 240 St George's Terrace, Perth, WA
 ABOVE: View from Governor Phillip Tower and Governor Macquarie Tower Office Complex, 1 Farrer Place, Sydney, NSW, of Australia Square (Photo provided by Hamilton Lund of Visual Eyes International)

chief executive officer's report

I AM PLEASED TO PRESENT THE HALF YEAR REPORT TO SECURITY HOLDERS OF DB RREEF TRUST FOR THE SIX MONTHS TO 31 DECEMBER 2006.

In this period, we continued to deliver on our objective to enhance security holder value with a strong performance across the business.

portfolio performance

delivering growth

Total income was \$728 million, with profit attributable to security holders of \$510 million. DB RREEF Trust will pay distributions for the half year of \$159.6 million. This represents 5.60 cents per security compared to 5.45 cents for the same period last year – an increase of 2.8 percent.

At 31 December 2006, total assets were \$9 billion. Net tangible assets increased during the half year by 9.7 percent to \$4.7 billion, representing \$1.65 per stapled security.

DB RREEF Funds Management Limited manages approximately \$13.0 billion of assets, including \$4.3 billion managed on behalf of third party clients.

strong fundamentals

Our continued focus has been to enhance and maintain our high quality portfolio in Australia and overseas, undertake quality building refurbishments and concentrate on development opportunities, thereby attracting and retaining quality tenants. Key fundamentals of the portfolio have remained strong throughout the half year.

During the period, DB RREEF Trust leased approximately 220,000 square metres of space across the portfolio, which resulted in an overall occupancy rate of 95.7 percent and an average lease duration of 5.3 years. The portfolio value increased by \$770 million, driven primarily by strong acquisition activity in the period of over \$400 million and revaluations contributing a further \$359 million.

domestic and international expansion

Acquisitions in the half year included land in Australia for development opportunities and industrial properties in the US, France and Germany. In addition, we have secured approximately \$627 million of future commitments in the USA, Canada and Europe which includes the Whirlpool international investment program, announced in August 2006.

ACQUISITIONS IN THE HALF YEAR PERIOD INCLUDED LAND IN AUSTRALIA FOR DEVELOPMENT OPPORTUNITIES AND INDUSTRIAL PROPERTIES IN THE US, FRANCE AND GERMANY.

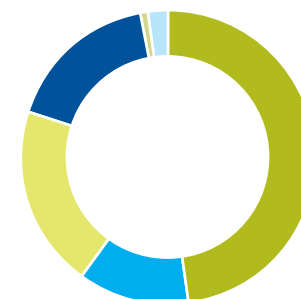
Together these acquisitions build on DB RREEF Trust's strategy for international expansion, and provide investors with exposure to quality international assets diversified across geographic regions. These acquisitions progress us further towards our target international asset mix of 35 to 50 percent, and demonstrate the effectiveness of our strategic relationship with RREEF in our international expansion plans.

We have delivered on our strategy to enhance our development pipeline with eight development projects underway in the industrial, office and retail portfolios, with an estimated cost of \$459 million. Total developments including future pipeline has an estimated value on completion of more than \$2.2 billion.

diversification

Our portfolio is diversified across office, industrial and retail sectors in Australia and internationally, as shown in the graph.

portfolio diversification as at 31 december 2006



■ Australia & NZ office	48%
■ Australian retail	12%
■ Australian industrial	20%
■ US industrial	17%
■ French industrial	1%
■ German industrial	2%

- 1 Germany excludes the property located in Düsseldorf which is contracted to be purchased in May 2007.
- 2 US excludes the Whirlpool International Investment Program, Summit Oaks and 20 percent minority interest in joint venture assets.
- 3 Office includes car parks.

chief executive officer's report (continued)

sector performance

OFFICE – ENHANCING OUR QUALITY PORTFOLIO

Australia/New Zealand

The Australia/New Zealand office portfolio consists of 24 office buildings and five car parks of which 86 percent are premium and A-grade. The portfolio contributes \$124.9 million of net property income to the DB RREEF Trust or approximately 46.6 percent of total property income for the half year.

As a result of strong leasing activity throughout the half year, our office sector occupancy rate remains high at 97.3 percent (compared to the average market occupancy rate of 93.6 percent¹) and the average lease duration increased to 6.4 years, compared to 6.3 years at 30 June 2006.

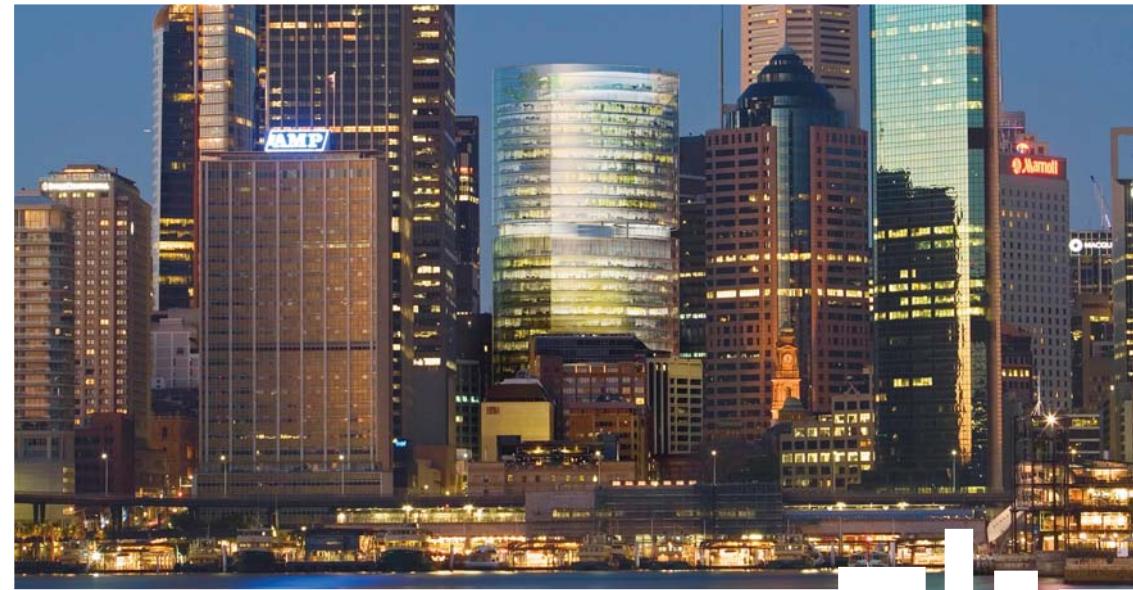
The Australia/New Zealand office portfolio is valued at \$3.9 billion, following revaluations of \$286 million.

We continue to actively manage our portfolio and since year end we have sold a 50 percent interest in The Zenith, Chatswood, NSW, for \$126.25 million, with proceeds being used to fund future opportunities.

DB RREEF Trust is currently progressing four development opportunities with an estimated value on completion of \$900 million.

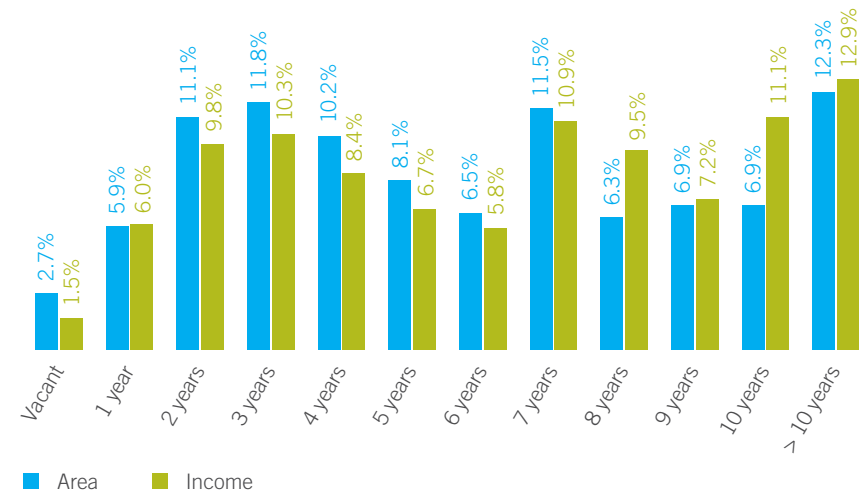
These include:

- an office tower at Bent Street, Sydney, NSW, for which we are seeking tenant pre-commitments. A Stage 2 Development Application is due to be lodged in the second quarter 2007
- a 20,400 square metre office tower at 105 Phillip Street, Parramatta, NSW
- an office tower on the existing car park site at Charlotte Street, Brisbane, QLD, for 42,000 square metres
- an extension to the existing lower five levels of Victoria Cross, North Sydney, NSW, creating an additional 5,000 square metres



Artist's impression of the proposed office tower at Bent Street, Sydney, NSW

australian/new zealand office lease expiry profile as at 31 december 2006



¹ Source: Jones Lang LaSalle, June 2006

chief executive officer's report (continued)

sector performance (continued)

RETAIL – SECURE INCOME STREAMS

Australia

The Australian retail portfolio consists of a 50 percent interest in six shopping centres providing net property income of approximately \$27.9 million to DB RREEF Trust or approximately 10.4 percent of total property income for the half year to 31 December 2006.

Moving annual turnover for the 12 months to 31 December 2006 is up eight percent to \$1.58 billion over the same period last year.

The portfolio's occupancy remains stable at 99.7 percent and the average lease duration is 5.3 years.

In the retail sector, we continue to maximise value by working in partnership with Westfield to create an optimum shopping environment for our tenants and, most importantly, our customers.

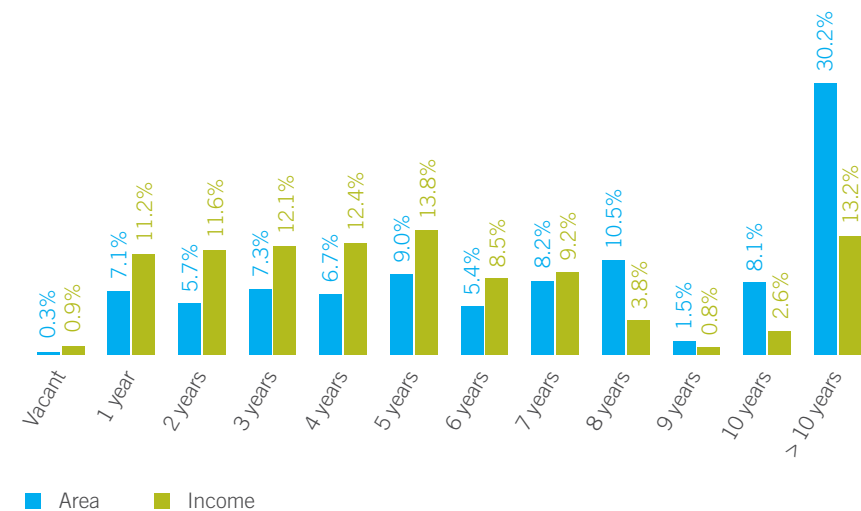
Throughout the half year, revaluations were completed on the retail portfolio which provided an increase in value of \$64 million (seven percent).

Works have commenced on two development projects – North Lakes Shopping Centre, QLD, and Plenty Valley Shopping Centre, VIC. Combined the cost of our interest in these developments is approximately \$190 million and will add a total 66,600 square metres of net lettable area to the portfolio.



Westfield West Lakes Shopping Centre, SA

australian retail lease expiry profile as at 31 december 2006



Westfield Mount Druiitt, NSW



chief executive officer's report (continued)

sector performance (continued)

INDUSTRIAL – CONTINUED FOCUS ON PORTFOLIO GROWTH AND DEVELOPMENT

Australia

The Australian industrial portfolio was valued at \$1.7 billion at 31 December 2006, an increase of \$118 million or 7.5 percent from 30 June 2006.

The portfolio consists of 41 industrial properties and contributed \$56.6 million of net property income to DB RREEF Trust or approximately 21.1 percent of total net property income for the half year.

Occupancy in the portfolio is 97.2 percent down from 99.2 percent at 30 June 2006 due to a number of anticipated vacancies arising. The average lease duration remains steady at 4.8 years.

We have sold two properties – Evans Road, Salisbury, QLD, in August 2006, and 706 Mowbray Road, Lane Cove, NSW, in January 2007 – for a total of \$53.3 million.

During the last six months, DB RREEF Trust has secured two significant development sites, a 50 percent interest in 144 Wicks Road, North Ryde, NSW, and the other adjoining the DB RREEF Industrial Estate in Dohertys Road, Laverton North, VIC.

These acquisitions are consistent with the industrial portfolio's overall objective to increase value to security holders through a strong development pipeline.

A number of developments with an estimated end value on completion of \$56.7 million have been completed at four key sites:

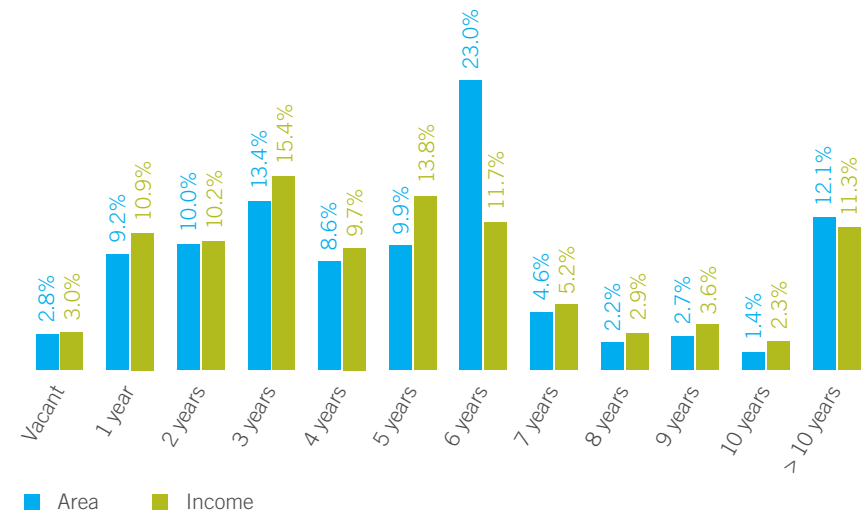
- DB RREEF Industrial Estate, Laverton North, VIC
- Pound Road, Dandenong, VIC
- Kings Park Industrial Estate, Marayong, NSW
- Axxess Corporate Park Estate, Mt Waverley, VIC

In addition, two development projects with an estimated cost of \$132 million are progressing to accommodate the tenancy requirements of the Coles Group and Fosters Australia tenancies at the DB RREEF Industrial Estate in Laverton North.



Axxess Corporate Park, Mount Waverley, VIC

australian industrial leasing expiry profile as at 31 december 2006



chief executive officer's report (continued)

sector performance (continued)

INDUSTRIAL – CONTINUED FOCUS ON PORTFOLIO GROWTH AND DEVELOPMENT

North America

The North American industrial portfolio of 102 properties is valued at approximately \$1.4 billion (based on 80 percent ownership of joint venture assets). The portfolio contributes \$54.8 million of net property income which represents 20.4 percent of the total net property income attributed to DB RREEF Trust in the half year.

Occupancy increased to 94.1 percent in the half year with the average lease duration being 3.3 years.

In December 2006, DB RREEF Trust secured a 92 percent interest in a suburban office development site in Summit Oaks, in the strong growth market of Valencia, California. Early works have commenced for the development of a 139,392 square foot, five-storey, office building with a separate car park. The estimated cost of the development will be \$57 million. This complements other developments within the portfolio and will further enhance the quality and contribution the North American portfolio will make to DB RREEF Trust.

The \$24 million Turnpike Distribution Centre development in Florida, is now fully leased with practical completion taking place in January 2007. Works are continuing on the office development at Atlantic Corporate Park, Virginia, with completion due in the first half of 2008.

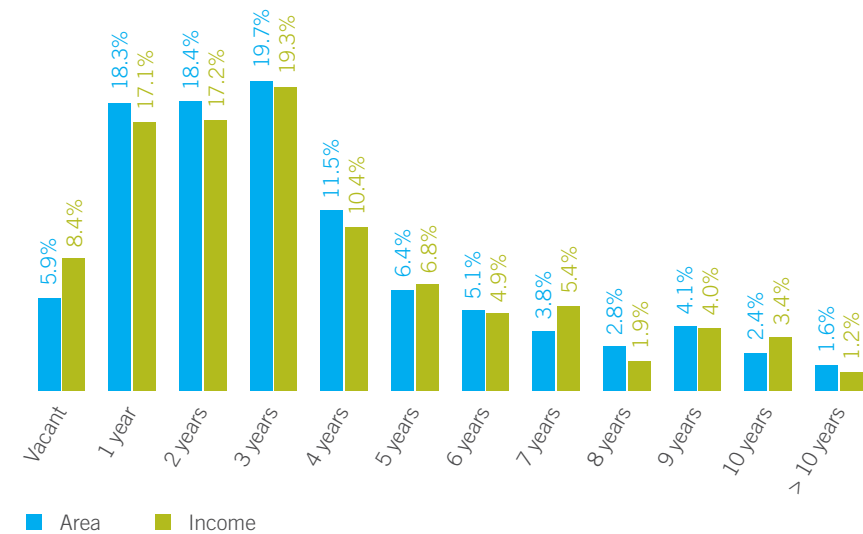
Under the Whirlpool international investment program the first distribution centre in Orlando, Florida, has been completed with an estimated value on completion of \$41 million. Whirlpool has begun its fit-out and it is anticipated that DB RREEF Trust will acquire the facility by April 2007. A further site has been secured in Toronto, Canada, with construction expected to be complete by December 2007. DB RREEF Trust expects to acquire the property in the first half of 2008. Additional sites for the Whirlpool international investment program are actively being sought.

During the half year, DB RREEF Trust sold a new core asset, Oak Park Business Centre, Minneapolis, USA, for \$4.0 million.



Town Park Drive, Atlanta, USA

north american industrial lease expiry profile as at 31 december 2006



chief executive officer's report (continued)

sector performance (continued)

INDUSTRIAL – CONTINUED FOCUS ON PORTFOLIO GROWTH AND DEVELOPMENT

Europe

In the half year to 31 December 2006, DB RREEF Trust entered the European property market and acquired two portfolios. When construction is complete, these 19 industrial properties have a combined book value of \$339 million.

In August 2006, a French portfolio was acquired for a total cost of \$119 million. The portfolio consists of six logistics properties in Paris and Lyon – major logistics warehouse markets in France. During the half year, the French portfolio contributed \$3.9 million of net property income, representing 1.5 percent of the total net property income attributed to DB RREEF Trust. The portfolio is 87.6 percent occupied and its average lease duration is 2.7 years.

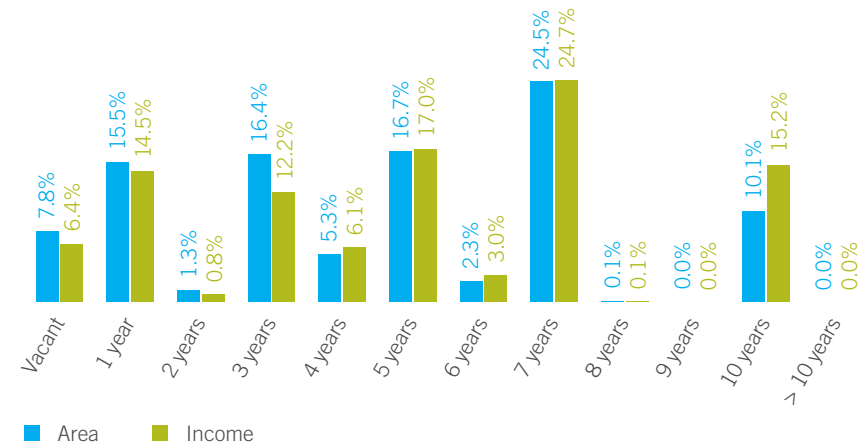
On 31 December 2006, DB RREEF Trust secured the investment of 14 logistics properties located across Germany for \$220 million, including costs. The German portfolio includes a \$27.1 million development project in Düsseldorf which will be acquired, upon completion, in May 2007. At 31 December 2006, the occupancy level for the German portfolio was 94.1 percent and the average lease duration was 6.0 years.

Combined, this European portfolio represents approximately four percent of DB RREEF Trust's direct property portfolio. The average occupancy rate is 92.2 percent with an average lease duration of 4.9 years.



Duisberg, Germany

European industrial lease expiry profile as at 31 December 2006



chief executive officer's report (continued)

THIRD PARTY FUNDS UNDER MANAGEMENT NOW TOTAL
\$4.3 BILLION, AN INCREASE OF \$369 MILLION SINCE JUNE 2006.

IN SUMMARY, DURING THE HALF YEAR OUR HIGH QUALITY
PORTFOLIO HAS PERFORMED WELL AND WE ARE WORKING
PROACTIVELY TO MAXIMISE ITS FUTURE POTENTIAL.

third party funds

delivering growth

Third party funds under management now total \$4.3 billion, an increase of \$369 million since June 2006.

The business, comprising wholesale funds, mandates and syndicates, has performed well against the external benchmarks and has grown through acquisition, development and revaluation. During the half year we have significantly increased our resources servicing this area particularly in respect of retail asset management where we manage 15 retail properties of which six are expected to be redeveloped over the next two years.

During the half year, following the approval of wholesale investors, we completed the last important step in the stapling proposal approved by security holders in 2004, by acquiring the Responsible Entity managing the wholesale fund from Deutsche Bank. As part of the change of ownership, the Fund has been renamed the DB RREEF Wholesale Property Fund.

active capital management

DB RREEF Trust continues to maintain and enhance its strong balance sheet, which is supported by a Standard and Poors (S&P) long term corporate credit rating of BBB+.

DB RREEF Trust's overall level of debt is \$3.5 billion, which represents gearing of 38.9 percent, as measured by interest bearing debt to total assets (both net of cash).

During the half year, DB RREEF Trust further diversified its sources of debt by successfully completing two medium term notes (MTNs) issues into the Australian debt capital market (for a combined total of \$450 million). Both issues received a strong response from investors and were increased from the original offer size.

DB RREEF Trust continues to maintain a prudent financial risk management profile. A high proportion of DB RREEF Trust's forecast interest bearing exposure is hedged with a weighted average duration of approximately six years. In addition, DB RREEF Trust's foreign exchange exposure is conservatively hedged for up to five years.

sustainability

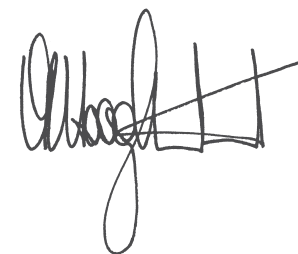
At DB RREEF we are committed to the long term integration of sustainability practices throughout our business and the period to 31 December 2006 has been no exception. The sustainability projects highlighted in the 2006 Annual Report are now underway and on track for completion in 2007.

Consistent with our commitment to sustainable and economically viable measures, we have committed to buy approximately 15 percent of the electricity used in our commercial properties in NSW, VIC, QLD and ACT from renewable sources. DB RREEF estimates this policy will cut around 15,000 tonnes of carbon dioxide a year, the equivalent of taking more than 3,750 cars off the road each year.

outlook

In summary, during the half year our high quality portfolio has performed well and we are working proactively to maximise its future potential. We are increasing our investments with \$1 billion of acquisitions and commitments made in the year so far, and have created a development pipeline which will result in another \$2.2 billion of property being available for the group in the future.

We intend to pay a full year distribution of 11.3 cents per stapled security.



Victor P Hoog Antink
Chief Executive Officer

26 February 2007



financial reports

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 or by contacting the Infoline on 1800 819 675.

income statement

	31 December 2006	31 December 2005
	(\$'000)	(\$'000)
Property revenue	348,286	326,012
Interest revenue	4,865	4,056
Contribution from equity accounted investments	29,564	8,749
Property revaluations	340,904	184,085
Derivatives gains	152	5,440
Other income	4,705	3,380
Total income	728,476	531,722
Financing costs	(96,044)	(80,080)
Impairment of goodwill	–	(3,267)
Other expenses	(109,291)	(94,358)
Total expenses	(205,335)	(177,705)
Profit before tax	523,141	354,017
Income and withholding tax expense	(3,839)	(7,926)
Other minority interests (including RENTS)	(8,820)	(10,484)
Net profit to stapled security holders	510,482	335,607

balance sheet

	31 December 2006	30 June 2006
	(\$'000)	(\$'000)
Cash and receivables	108,051	141,682
Investment properties	8,737,565	7,979,058
Other (including derivative financial instruments)	184,407	166,798
Total assets	9,030,023	8,287,538
Payables and provisions	279,511	256,424
Interest bearing liabilities	3,513,663	3,195,047
Other (including derivative financial instruments)	110,283	120,554
Total liabilities	3,903,457	3,572,025
Less minority interest	422,592	427,851
Net assets (after minority interest)	4,703,974	4,287,662

statement of changes in equity

	31 December 2006	31 December 2005
	(\$'000)	(\$'000)
Total equity at the beginning of the half year	4,715,513	3,865,713
Opening AIFRS adjustments	–	3,443
Exchange differences on translation of foreign operations	(164)	3,783
Net profit	519,302	346,091
Contribution of equity	71,680	45,407
Distributions provided for or paid	(159,646)	(150,735)
Minority interest movements during the half year	(20,119)	(2,350)
Total equity at the end of the half year	5,126,566	4,111,352

consolidated cash flow

	31 December 2006	31 December 2005
	(\$'000)	(\$'000)
Net cash inflow from operating activities	144,425	149,465
Net cash outflow from investing activities	(492,709)	(296,034)
Net cash inflow from financing activities	312,426	142,230
Net increase/(decrease) in cash and cash equivalents	(35,858)	(4,339)
Cash and cash equivalents at the beginning of the period	106,428	68,959
Effects of exchange rate changes on cash and cash equivalents	121	1,700
Cash and cash equivalents at the end of the half year	70,691	66,320

DB RREEF Trust is listed on the Australian Stock Exchange (ASX). The ASX code is DRT.

Security holders wishing to trade their security holding will need to use the services of a stockbroker or online broking facility to be able to trade their DB RREEF Trust securities.

distribution payments

Distributions are paid for the six months to December and June each year. Security holders can receive their distribution by direct credit into their nominated bank account or receive additional DB RREEF Trust securities via the distribution reinvestment plan.

Security holders wishing to change their method of payment should contact the DB RREEF Infoline on 1800 819 675.

annual tax statement

After the end of each financial year security holders 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

Apportionment percentages for DB RREEF Trust stapled securities since stapling can be found on the tax information page on our website at www.dbrreef.com or by contacting the Infoline on 1800 819 675.

enquiries

For enquiries about DB RREEF Trust please call:

Infoline: 1800 819 675
Outside Australia +61 2 8280 7126
Or email: enquires.drt@dbrreef.com

website

Information relating to the DB RREEF Trust can be found at www.dbrreef.com/drt

The website contains information on DB RREEF's products, property portfolio and corporate information. The site allows security holders access to their investment details, product reports and ASX announcements.

complaints handling

Any security holder wishing to lodge a complaint should do so in writing and forward it to DB RREEF Funds Management Limited at the address shown in the directory. DB RREEF Funds Management Limited is a member of Financial Industry Complaints Service Limited (FICS), an independent dispute resolution scheme who may be contacted at:

Financial Industry Complaints Services Limited
PO Box 579
Collins Street West
Melbourne VIC 8007

Phone: 1300 780 808
Facsimile +613 9621 2291
Email: fics@fics.asn.au
Website: www.fics.asn.au

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

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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 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

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Freecall: 1800 819 675
Phone: +61 2 9017 1330
Website: www.dbreef.com

auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

security registry

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Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

Phone: +61 2 8280 7126
Freecall: 1800 819 675
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

For enquiries regarding your holding you can either contact the Security Registry, or access your holding details via the web at www.dbreef.com/drt and follow the links to the security registry page.

Listed on the Australian Stock Exchange
ASX Code: DRT.

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



Lumley Centre, Auckland, NZ

