

DB RREEF Trust

Managed in partnership with Deutsche Bank 

27 April 2005

The Manager
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

DB RREEF Funds Management Limited
ABN 24 060 920 783
Australian Financial Services Licence
Holder

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Dear Sir / Madam

DB RREEF Trust (ASX: DRT) – Half Year Report 31 December 2004

DB RREEF Funds Management Limited, as responsible entity for DB RREEF Trust (DRT), is pleased to attach a copy of the Half Year Report for the period ending 31 December 2004 which will be sent to security holders.

For further information, please contact Karol O'Reilly on (03) 9270 4419 or for media inquiries Sandra Hilmer on (02) 9249 9904.

Yours faithfully,



Ian Thompson
Company Secretary

Att.

DB RREEF Trust

half year report 2004



DB RREEF

Managed in partnership with Deutsche Bank 

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Pictured front cover and right: Governor Phillip Tower, Sydney

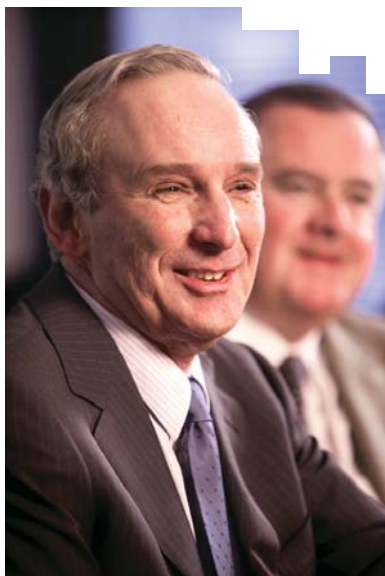
DB RREEF Trust ("DRT") comprising DB RREEF Diversified Trust ARSN 089 324 541 ("DDF"), DB RREEF Industrial Trust ARSN 090 879 137 ("DIT"), DB RREEF Office Trust ARSN 090 768 531 ("DOT") and DB RREEF Operations Trust ARSN 110 521 223 ("DRO"). Also referred to in this half year report as "DRT", "the Trusts" or the "group of Trusts".

DRT is listed on the Australian Stock Exchange. The Responsible of each trust is DB RREEF Funds Management Limited ABN 24 060 920 783.

DAL means Deutsche Australia Limited.



letter from the chair



Christopher Beare
Chair

Dear Investor

I am pleased to present the December 2004 half year report for DB RREEF Trust.

This is the first half year report since unitholders met to consider and approve the stapling of DB RREEF Diversified Trust, DB RREEF Industrial Trust, DB RREEF Office Trust and DB RREEF Operations Trust. I am pleased to confirm that the stapling was completed as proposed and we have been operating as a stapled group of trusts since 30 September 2004.

Our results for the first half year to 31 December 2004 are as forecast. The distribution for the half year was 5.2 cents per stapled security and we are pleased to confirm that subject to unforeseen circumstances we will maintain our forecast distribution of 10.5 cents per security for the full year to 30 June 2005.

During the half year, we concluded the acquisition of the US industrial portfolio; leased more than 216,000 square metres across the domestic commercial and industrial portfolios; completed the acquisition of a 50% interest in the North Lakes and Mount Druitt shopping centres and the disposal of a 50% interest in the Plenty Valley and Whitford City shopping centres; restructured the group's debt facilities and extended the hedging arrangements for DRT's interest rate and foreign exchange exposures.

As part of the restructure, DB RREEF Funds Management Limited became the responsible entity for each of the stapled trusts. Since 30 September 2004, the board has appointed two additional independent directors Elizabeth Alexander AM and Barry Brownjohn, join Deutsche Australia Limited's nominated directors: Victor Hoog Antink, Chief Executive Officer of DB RREEF Funds Management; Charles Leitner, Global Head of RREEF/DB Real Estate; and Brian Scullin.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Chris Beare', with a horizontal line underneath.

Chair

DB RREEF Funds Management Limited
28 February 2005

key financial data and highlights

EARNINGS PER SECURITY/DISTRIBUTION PER SECURITY ON TARGET WITH FORECASTS

the following financial data applies to DB RREEF Trust

	31 December 2004
Security price between 6 October and 31 December 2004	
High	\$1.33
Low	\$1.30
Closing price	\$1.32
Number of securities on issue	2,625,363,849
Number of security holders	26,788
Net tangible assets per security	\$1.22
Total assets	\$6,510 million
Market capitalisation	\$3,466 million
December distribution (cents per security)	5.2 cents
Estimated tax-deferred component	40%
Borrowings	\$2,924 million
Borrowings as % of total assets (net of cash)	44%

earnings per security/distribution per security on target with forecasts:

- net income before capital items attributed to security holders \$98.1 million
- distribution to security holders \$136.5 million
- earnings per security 4.51 cents
- distribution per security 5.20 cents
- forecast distribution to June 2005 remains at 10.50 cents per stapled security

All figures are in Australian dollars unless otherwise stated.

DB RREEF Trust

profile

DB RREEF Trust is a major diversified property group with investments in Australia, New Zealand and the United States. DRT is currently the eighth largest listed property trust on Australian Stock Exchange (ASX). DRT is a top 60 listed corporate on the ASX with a market capitalisation of approximately \$3.5 billion (bn) as at 31 December 2004.

DRT is an integrated real estate management group with two core operating activities:

- A direct property portfolio in excess of \$6.5bn as at 31 December 2004; and
- A 50% share in DB RREEF Funds Management Limited, a property funds management business. The other 50% is owned by Deutsche Bank AG.

DB RREEF Funds Management Limited (DRFM) is responsible for managing DB RREEF Trust's entire direct property portfolio, as well as approximately \$3.9bn of funds under management through a wholesale property fund, two direct property mandates and three property syndicates.

These combine to give DRFM total funds under management of approximately \$10.4bn, making it one of Australia's largest property fund managers.

In addition, the strategic relationship with Deutsche Bank AG provides DRFM access to Deutsche Bank's global real estate investment division, DB Real Estate, which includes RREEF one of the largest real estate investment managers in the US.¹ DB Real Estate globally manages over US\$56bn of assets under management and of this the US alone RREEF manages over 600 properties in excess of 16 million sqm with a total value of more than US\$21bn.²

1 Source: Pensions and Investments 18 October 2004

2 Source: DB Real Estate and RREEF



Woodside Plaza, Perth

DB RREEF Trust

business platform

strategic objectives

The primary objective of DB RREEF Trust is to maximise total returns to investors through active management, within appropriate risk parameters, to provide a combination of income and capital growth over the medium to long term.

DB RREEF Trust's business platform is structured to deliver the following key strategic objectives:

- to expand the group's direct property portfolio and grow income streams from funds and property management activities of directly owned and third party owned assets;
- to reduce operating and funding costs;
- to extract synergies through integration of property investment, development and management functions; and
- to acquire and develop new real estate related businesses.

The group will seek to capitalise on the global strengths of Deutsche Bank's DB Real Estate division, including RREEF, in sourcing real estate investment opportunities and expertise, by accessing its platform and integrated business model. DB Real Estate's business platform focuses on the office and industrial markets globally, and retail assets where strong partnerships present the opportunity to add value.

operating strategy

DRFM's strategy is to enhance value by:

- acquiring new property related assets in Australia and globally, with international assets comprising between 35% and 50% of the group's total direct property portfolio over the long term;
- redeveloping properties or undertaking new developments where value adding opportunities exist;
- optimising tenancy terms and reducing vacancies by maintaining and developing relationships with tenants to meet their current and future needs;
- improving the profitability of its funds management business through growing its funds under management whilst actively managing its cost structure;
- retaining financial flexibility and capacity for active capital management;
- exploring opportunities to undertake other value adding property related businesses; and
- selling selected non-core assets.

DRFM achieves its operating strategy by, among other things, evaluating its existing portfolio on a continuing basis. Whilst at the same time international and domestic investment opportunities are regularly being considered and pursued where appropriate.

capital management

DRFM employs an active and prudent capital management strategy aimed at achieving:

- a long term gearing target of between 40–45%;
- funding diversity across a broad range of markets and investor bases;
- a maturity profile that is broadly stepped across time to reduce liquidity and re-pricing risk;
- an optimal return for all stakeholders whilst maintaining financial flexibility for future business opportunities; and
- prudent management of interest rate and foreign exchange risks through hedging and matching of assets and liabilities.

direct property portfolio

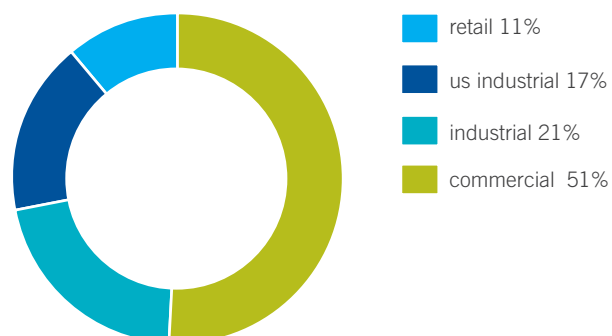
as at 31 december 2004

Property type	\$ billion	Occupancy (%) ²	Average lease term (years)
Commercial	3.1	92.3	5.9
Industrial	1.3	98.1	4.1
US Industrial	1.1	87.4	3.4
Retail	0.6	99.5	6.0
Total	6.1		

DRT's property portfolio

overview

As at 31 December 2004, Australian and New Zealand assets accounted for approximately 83% of the value of DRT's property portfolio, with the remaining 17% accounted for by US assets. DRT's direct property investments are undertaken on both a wholly owned basis and through joint ventures with co-owners. DRT's overall portfolio leases have an average of 5.2 years (by income) to maturity with an average occupancy of 92% (by area).



1 Represents \$6.1bn in property value and excludes 20% minority interest in US Industrial portfolio and cash holdings.

2 Measured by area.

3 Measured by income.

DB RREEF Trust

property portfolio value by sector as at 31 December 2004

Sector	Geographic location	No. of property assets	Book value adjusted for ownership (\$ million)	Net income 6 months to 31 December 2004 (\$ million)	Occupancy by area (%)
Office	NSW	18	2,135.5	70.0	89
	VIC	3	418.5	18.4	97
	WA	1	257.5	8.9	98
	ACT	2	82.1	3.5	100
	QLD ¹	–	–	1.2	–
	New Zealand	–	–	0.2	100
	Sub-total	24	2,893.6	102.2	92
Industrial	NSW ²	28	882.2	36.3	97
	VIC	9	324.5	12.4	99
	WA ²	1	8.4	0.6	100
	QLD	3	48.3	2.3	99
	SA	1	19.8	0.9	100
	Sub-total	42	1,283.2	52.5	98
US Industrial	United States	93	1,056.9	27.1	87
Car Parks	NSW	1	39.4	2.2	n/a
	VIC	3	111.4	4.8	n/a
	QLD	1	32.0	1.5	n/a
	Sub-total	5	182.8	8.4	n/a
Retail	NSW	1	140.4	3.6	100
	VIC	1	19.6	0.6	100
	WA	2	193.1	8.4	99
	QLD	1	63.7	1.4	100
	SA	1	230.2	6.6	100
	Sub-total	6	646.9	20.6	100
	Total	170	6,063.5	210.8	92

¹ 144 Edward Street, which has been sold during 2005.

² Net income includes sold properties.

direct property portfolio
as at 31 December 2004



¹ New Zealand is not shown, however will represent approximately \$100 million upon completion of the Lumley Tower, Auckland in the third quarter of 2005.

third party funds under management

As at 31 December 2004, DRFM managed \$3.9bn of third party funds and other assets in addition to DRTs \$6.5bn of assets.

Deutsche Wholesale Property Fund (DWPF)

DWPF is an unlisted, open-ended property fund with total assets of approximately \$1.4bn as at 31 December 2004, following completion of announced asset acquisitions. DWPF is managed by DRFM under delegated authority. DWPF investors will consider the proposed transfer of DWPF's responsible entity to DRFM, at its next annual general meeting scheduled for the third quarter of 2005.

direct mandates

DRFM's direct mandates totalled \$2.0bn as at 31 December 2004, and comprised the SAS Trustee Corporation (STC) and The National Mutual Life Association of Australasia Limited (AXA).

The STC mandate includes a portfolio of direct property comprising 13 properties with a market value of approximately \$1.3bn.

DRFM manages a portfolio of direct property through AXA's Australian and New Zealand Statutory Funds and the AXA Wholesale Australian Property Fund. The AXA mandates include 19 properties with a market value of approximately \$0.5bn as at 31 December 2004.

syndicates

DRFM's syndicate business consists of three unlisted property trusts, representing assets valued at approximately \$0.2bn as at 31 December 2004.

responsible entity report

results overview

The distribution for DRT for the six month period to 31 December 2004 is \$136.5million (m). This represents 5.20 cents per stapled security, approximately 40% tax advantaged. Barring unforeseen circumstances, DRT remains on target to achieve a full year distribution of 10.50 cents per security, as outlined in the Explanatory Memorandum and Product Disclosure Statement dated 30 August 2004 (EM).

At the earnings per stapled security level, the actual results for the initial period are ahead of the EM forecasts, demonstrating the strong underlying performance across the combined \$6.3bn domestic and US property portfolios.

Earnings on a 'grouped' accounting basis for the four listed entities, consistent with the EM disclosure, are \$137.2m before capital items. Earnings, as reported in the statutory accounts for the group, which adopts DB RREEF Diversified Trust as the parent entity from 1 October 2004, are \$98.1m before capital items. Consolidated pre acquisition earnings before capital items of \$39.1m also form part of the group distributions for the interim reporting period as security holders are entitled to the earnings of the group from 1 July 2004.

The key financial results for DRT are summarised in the table below:

Statutory Accounts 31 Dec 2004		EM Forecasts ¹	Actual Grouped 31 Dec 2004 ¹
98.1	Net profit before capital items (\$m) ²	134.2	137.2
5.94	Earnings per security before capital items (cps)	5.16	5.23
5.20	Distribution per security (cps)	5.20	5.20
74.4	Net profit attributable to security holders (\$m) ³	115.4	117.3
4.51	Earnings per security (cps)	4.44	4.48

¹ The "Actual Grouped" figures reflect the aggregation of the four trusts for the period to 31 December 2004. This accounting treatment is consistent with the disclosures outlined in the EM and represent the summation of the results for the four trusts comprising the stapled entity. It should be noted that investors in DRT have been entitled to the returns of the underlying trusts from 1 July 2004.

For statutory reporting purposes, DB RREEF Diversified Trust (DDF) was deemed to be the acquiring entity. Accordingly, the other three entities, being DB RREEF Office Trust (DOT), DB RREEF Industrial Trust (DIT) and DB RREEF Operations Trust (DRO), are consolidated as subsidiary entities for accounting purposes. These financial statements reflect six months of DDF results and three months of DOT, DIT and DRO results. The earnings per stapled security reported in the 31 December 2004 accounts are 4.51 cents (based on the weighted number of units on issue for DDF from 1.7.04 to 31.12.04). This is calculated based on the reported net profit after capital items.

² Capital items comprise net profit from asset sales and costs associated with the restructure and revaluation increments taken through the statement of financial performance.

³ Net profit attributable to security holders includes the write-off of transaction costs and capital profits.

Total assets of DB REEF Trust as at 31 December 2004 are \$6.5bn, with security holders equity of \$3.2bn. The resultant net tangible assets (NTA) per security is \$1.22, which is two cents above the EM forecast. Gearing at 31 December 2004 was 44%.

During the half year the portfolio performed ahead of the EM forecast, including the following key achievements:

- the US industrial portfolio was settled on 30 September 2004;
- the acquisition of a 50% interest in the North Lakes and Mount Druitt shopping centres and the disposal of a 50% interest in the Plenty Valley and Whitford City shopping centres was completed. We are on schedule to complete the sale of 50% of West Lakes shopping centre and the acquisition of 50% of Hurstville shopping centre;
- stage two of the re-development of the West Lakes shopping centre was completed in March 2005 and the final stage is scheduled to be completed in May 2005;
- significant leasing success has been achieved in the commercial portfolio with approximately 70,000 sqm and industrial portfolio with approximately 63,000 sqm of new and renewed leases being agreed over the six month period to 31 December 2004.

These financial and portfolio outcomes are the result of the restructure initiatives undertaken during the second half of 2004 and complete the first steps in delivering on the broader strategies outlined in the EM for DRT.

The six months to December 2004 includes the first three months of operations of the DB RREEF Trust (DRT), following the successful restructure to reposition and expand the listed property platform. This restructure included:

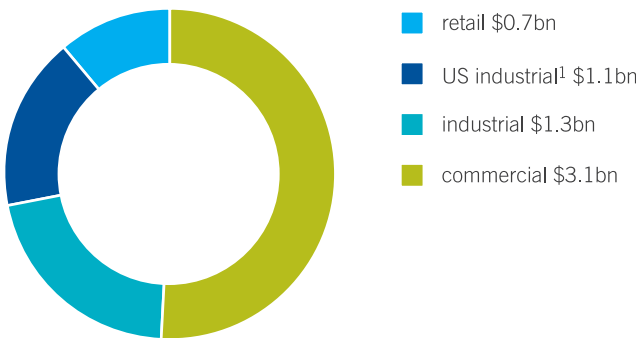
- the stapling of the listed property trusts DDF, DIT and DOT;
- the partial internalisation of the management platform, through the acquisition of a 50% stake in DRFM from Deutsche Australia Limited; and
- the delivery of a platform to access global real estate opportunities, expertise and partners, as demonstrated through the acquisition of an 80% interest in a \$US1bn industrial portfolio, located across 18 major US markets.

responsible entity report

portfolio overview

DB RREEF Trust comprises a diverse portfolio in terms of both geographic diversity and real estate sector exposure. The portfolio consists of more than 170 assets, of which DRT's share equates to more than \$6.2bn. The portfolio enjoys diverse tenancy exposure with the Australian portfolio (83% by value) leased to almost 2,000 individual tenants. The largest Australian tenant is the NSW Government, while the largest US tenant is the US Postal Service.

asset diversification as at 31 December 2004



¹ represents 80% ownership of US industrail portfolio

commercial portfolio

In the six months to December 2004, net income from the commercial portfolio increased by 12% from \$99.0m to \$110.6m over the corresponding six month period to December 2003.

New leases, lease renewals and heads of agreement, accounting for approximately 70,000 sqm (13% of portfolio area), were secured.

As a result, including current heads of agreement, occupancy will increase to 92.3% up from 91.0%. The leasing activity has helped extend the portfolio's average lease term to expiry to 5.9 years from 5.6 years (by income) at June 2004.

Construction of the Lumley Centre, a fully leased office project in Auckland, New Zealand, is continuing with completion expected in June 2005.

industrial portfolio

The industrial portfolio contributed \$52.4m in net income, an increase of 5% over the corresponding six month period to December 2003.

In the six months to December 2004, new leases, lease renewals and heads of agreement, accounting for more than 82,000 sqm (8% of portfolio area), were secured.

As a result, portfolio occupancy has increased to 98.1% (compared to 95.0%), and average lease term to expiry (by income) is 4.1 years.

During the period, over 63,000 sqm of development projects were completed, with an additional 30,000 sqm currently under construction.

retail portfolio

The retail portfolio contributed \$20.6m in net income, an increase of 18% over the corresponding six month period to December 2003.

The retail sector continues to benefit from solid growth in retail spending and high levels of consumer confidence. The retail transactions announced in the EM are continuing, with the acquisition of 50% of Hurstville Shopping Centre, and the sale of 50% of West Lakes Shopping Centre expected to be completed by April 2005.

The \$64m West Lakes development is substantially complete with the final stage to be completed by May 2005. The \$60m development at Mount Druitt is progressing well and due for completion by March 2006.

US industrial portfolio

The broad based recovery in the USA industrial markets is taking hold, and the US portfolio is benefiting from this improvement. In the six months to December 2004, new leases and lease renewals accounting for more than 880,000 square feet (4% of portfolio area) were secured, increasing the portfolio occupancy to 87.4%. The average term to expiry of the portfolio is currently 3.4 years by income.

sales and acquisitions

A number of sales and acquisitions by DRT are underway and currently tracking in-line with expectations. Sales totalling approximately \$282.5m have been completed during the period, including Axxess Corporate Park, Seven Hills; McDowell Street, Welshpool; Edward Street, Brisbane; Redwood Gardens, Dingley; 50% of Whitford City; and 50% of Plenty Valley. Acquisitions totalling approximately \$193.3m have been completed during the period including 50% each of Westfield North Lakes and Westfield Mount Druitt Shopping Centres.

Since 31 December 2004, DRT has acquired 16–20 Barrack Street, Sydney for a consideration of \$44.5m (plus pre-acquisition costs of \$2.4m). The property is expected to provide DRT with an opportunity to reposition and recycle a Sydney central business district commercial property.

treasury, capital management and hedging

DRT's gearing as at 31 December 2004 is 44%, as measured by interest bearing debt (net of cash) compared to total assets (net of cash), and comprises total net debt of \$2.9bn.

debt facilities

The underwritten \$900m syndicated bank debt and bridging facilities referred to in the EM have been established and the proceeds used to re-finance existing unsecured debt and to fund the acquisition of new assets.

During the period, DRT made a private placement of notes totalling US\$200m to US debt investors. US\$160m of the notes settled on 21 December 2004, with the balance of US\$40m to settle by the end of March 2005.

duration and interest rate hedging

As a result of these initiatives, the weighted average duration of DRT's debt facilities increased from 2.5 years to 3.5 years. Approximately 80% of US dollar debt is hedged at a blended cost of debt, inclusive of fees and margins, of 4.12%. Approximately 83% of Australian dollar debt is hedged at a blended cost of debt, inclusive of fees and margins, of 6.18%.

foreign income hedging

Approximately 88% of US dollar earnings have been hedged at a weighted average rate of A\$/US\$ 0.7106.

responsible entity report

distribution reinvestment plan

The reinvestment of the December 2004 distribution of \$136.5m has been fully underwritten and securities were issued at \$1.2791 each.

funds management business

At 31 December 2004, DB RREEF Funds Management managed over \$10.4bn of assets, of which \$6.5bn are owned by DRT. Revenue from the funds management business for the three months to 31 December 2004 was \$12.6m at the DB RREEF Holdings Pty Limited level (50% owned by DRO), which generated a contribution before tax to DRT of \$1.9m.

board appointments and management

The composition of the board is outlined in the following table. Biographies of directors are contained in Section 4 – board of directors.

Independent/ non-executive directors	Deutsche Bank nominated directors
Chris T Beare (Chair)	Victor P Hoog Antink (CEO)
Elizabeth A Alexander AM	Charles B Leitner III ¹ (alternate Shaun A Mays)
Barry R Brownjohn	Brian E Scullin
Stewart F Ewen	

¹ Appointed 10 March 2005.

senior management platform

The management platform has been restructured to better reflect a client-orientated approach to the total funds management business, comprising responsibility for both listed and unlisted funds.

The platform adopts a client account-management approach whereby a range of service provider functions, including property, capital management, financial, legal and operational services are provided to each of the dedicated funds.

A number of internal appointments have been made to support this revised management structure, with incremental appointments continuing to be made.

future direction and strategy

The restructure, which was largely completed by December 2004, has enabled DRFM to stabilise and reposition the total real estate funds management platform to better facilitate future growth and enhance returns for all funds under management.

DRFM's short term focus for 2005 comprises the following key initiatives:

- portfolio performance – continued leasing initiatives across the portfolio to provide a stable income stream;
- Management platform – ongoing strengthening of the DRFM management team, including the appointment of additional resources as required;
- Lever the global platform – continue to leverage the relationship with Deutsche Bank, including the global RREEF/DB Real Estate businesses; and
- Enhanced EPU growth – value add initiatives which seek to:
 - extract enhanced returns from the existing assets under management; and
 - develop and implement longer term strategies across a range of new investment opportunities.



board of directors

chair

Christopher T Beare – BSc, BE (Hons), MBA, PhD, FAICD

Chris Beare possesses a wealth of experience in technology, finance and investment. He joined investment bank Hambros Australia in 1991, becoming head of corporate finance in 1994 and joint chief executive in 1995, serving until Hambros was acquired by Societe Generale in 1998. During that period Hambros was active in infrastructure, telecoms, media and in China. Chris remained a director of SG Australia until 2002. From 1998, he helped form Radiata (a technology start-up spanning Sydney and Silicon Valley). As chair and chief executive officer, he then steered it to a successful sale to Cisco Systems in 2001. For four years prior to joining Hambros, Chris was executive director of the Melbourne-based Advent Management venture capital firm. Chris has been a director of a number of companies in the finance, infrastructure and technology sectors.

Chris is both chair and an independent, non-executive director of DB RREEF Funds Management Limited.

directors

Elizabeth A Alexander AM – BCom, FCA, FAICD, CPA

Elizabeth Alexander was formerly a partner with PricewaterhouseCoopers and is currently a director of Amcor Limited, Boral Limited and CSL Limited, deputy chair of the Financial Reporting Council, and a member of the Takeovers Panel. Elizabeth's previous appointments include national chair of the Australian Institute of Company Directors, National President of the Australian Society of Certified Practising Accountants and a member of both the Australian Accounting Standards Board and the Australian Securities Commission. Elizabeth is also chair of a number of board audit committees.

Elizabeth is an independent, non-executive director of DB RREEF Funds Management Limited and chair of the audit committee.

Barry R Brownjohn – BCom

Barry Brownjohn was formerly the Australian managing director for the Bank of America. While with Bank of America he also held a range of senior management roles in various overseas locations. He is currently a director of South Australia Financing Authority and Bakers' Delight Holdings Limited. Barry's previous appointments include chair of the International Banks and Securities Association and the Asia Pacific Managed Futures Association.

Barry is an independent, non-executive director of DB RREEF Funds Management Limited and is a member of the audit committee.

Stewart F Ewen – F.I.L.E.

Stewart Ewen has extensive property experience, commencing with the Hooker Corporation in 1966 where he worked throughout Australia and South East Asia. In 1983 he established Byvan Limited which, by 2000, managed \$8bn in shopping centre assets in Australia, Asia and North America. In 1999, he sold his interest in Byvan to the Savills Group in London, remaining as chair until 2001. As the major partner of NavyB Pty Ltd he has completed numerous residential and commercial property projects. He has also held the position of managing director of Enacon Ltd, and was instrumental in the establishment of Converting Technology Pty Ltd. Stewart has also served as president of the Property Council of NSW and is chair of the Cure Cancer Australia Foundation. Stewart is a director of CapitaCommercial Trust Management Limited, Singapore.

Stewart is an independent, non-executive director of DB RREEF Funds Management Limited and a member of the Board Audit Committee.

Victor P Hoog Antink – BComm, MBA, FCA, FAPI, MAICD

Victor Hoog Antink joined Deutsche Bank after nine years at Westfield Holdings where he was the director of funds management, responsible for both the Westfield Trust and the Westfield America Trust, the two largest listed property trusts in Australia with a combined market capitalisation in excess of A\$15bn and over 60,000 investors. Victor has a commerce degree from the University of Queensland, an MBA from the Harvard Business School, is a director of the Property Council of Australia, a fellow of the Australian Property Institute, a fellow of the Institute of Chartered Accountants in Australia, a member of the Institute of Company Directors and has over 20 years experience in property and finance.

Victor is CEO and an executive director of DB RREEF Funds Management Limited. He is a Deutsche Bank nominated director.

Charles B Leitner III – BA

Charles Leitner is the Global Head of RREEF/DB Real Estate, a real estate investment platform with over US\$56bn under management worldwide. With 23 years experience in real estate investment, he joined RREEF in 1988 and became a partner in the firm in 1996. In 2001 he assumed overall responsibility for RREEF's US property acquisition business. RREEF was acquired by Deutsche Bank in 2002 and Charles was appointed Global Head of DB Real Estate in 2004. DB Real Estate is the real estate investment management arm of Deutsche Asset Management. Based in New York, Charles graduated from the University of Pennsylvania with a BA in Urban Studies/Regional Science. He is a member of The Urban Land Institute, The Real Estate Roundtable and The National Association of Office and Industrial Parks.

Charles is an executive director of DB RREEF Funds Management Limited. He is a Deutsche Bank nominated director.

Shaun A Mays – BSc (Hons), MSc, MBA

Alternate to Charles Leitner

Shaun Mays was appointed the Australian chief executive officer of Deutsche Asset Management (Australia) Limited on 13 May 2004. Prior to this he was managing director of Westpac Financial Services. Previously, he was chief investment officer of Commonwealth Financial Services and managing director and chief investment officer of Mercury Asset Management. He has more than 16 years experience in the funds management industry, in both executive management and investment positions, gained in Australia and the United Kingdom. In addition to his traditional asset management expertise, Shaun has experience in the property and private equity sectors. Shaun is a member of the National Environment Education Council and the Australian Stock Exchange Listings Approval Committee. He is also a non-executive director of Deutsche Asset Management (Japan) Limited.

Shaun is an executive director of DB RREEF Funds Management Limited. He is a Deutsche Bank nominated director.

Brian E Scullin – BEc

Following a career in government and politics in Canberra, Brian Scullin was appointed the inaugural executive director of the Association of Superannuation Funds of Australia (ASFA) in 1987. He joined Bankers Trust in Australia in 1993 and held a number of senior positions, becoming president of Japan Bankers Trust in 1997. In 1999 he was appointed chief executive officer – Asia/Pacific for Deutsche Asset Management and retired from this position in 2002. Brian is a part-time member of the Federal Government's Financial Reporting Council, a panel member of Financial Industry Complaints Service Limited and director of State Super Financial Services Limited.

Brian is a non-executive director of DB RREEF Funds Management Limited and chair of the Compliance Committee. He is a Deutsche Bank nominated director.

corporate governance statement

the board and management

role of the board of directors

DB RREEF Funds Management Limited (DRFM) is the responsible entity of DB RREEF Diversified Trust, DB RREEF Industrial Trust, DB RREEF Office Trust and DB RREEF Operations Trust (the trusts). The board of directors of DRFM is responsible for the corporate governance of each of the trusts.

The board conducts its role pursuant to a formal charter detailing its responsibilities and governance processes. The board's main functions are to:

- ensure that fiduciary obligations to security holders are met and that those obligations have priority over all other duties;
- review, approve and monitor DRT's overall, and each trusts' specific, investment strategy;
- ensure that each trusts' financial statements are true and fair and otherwise conform with the law;
- monitor management's investment and operational goals and processes; and
- ensure that management's compliance and risk management policies are appropriate for DRT as a whole and each trust specifically, and that they are regularly monitored and appropriately acted upon.

DB RREEF Funds Management

DRFM is a wholly owned subsidiary of DB RREEF Holdings Pty Limited (DRH). DRH is 50% owned by DB RREEF Operations Trust and 50% owned by First Australian Property Group Holdings Pty Limited (FAP), a subsidiary of the Deutsche Bank Group (collectively, the Shareholders). DRH and DRFM have the same board of directors.

role of the DRT management team

The management team has responsibility for the day to day management of each of the trusts.

The main functions of the management team are to:

- develop and implement investment strategies;
- maintain the processes required to ensure that fiduciary obligations to stapled security holders are met and that these obligations have priority over all other duties;
- maintain records and prepare financial statements for all funds; and
- develop, implement, review and monitor risk management and compliance policies.

the board

a) board of directors

As at 31 December 2004, the board consisted of four directors and on 1 January 2005 increased to seven directors, the majority of which are independent.

The appointment of independent directors will be subject to approval by stapled security holders, at least once every three years, by rotation. A casual vacancy in the office of an independent director must be filled by a person nominated by the other independent directors subject to approval at the next general meeting of stapled security holders. A stapled security holder may, by written notice, nominate a person, including themselves or another stapled security holder, to be appointed to the board of DRFM. Alternatively stapled security holders, by resolution at a general meeting, may nominate any person to be an independent director. DRFM must then appoint that person as a director provided that DRFM is satisfied that it is in the best interests of stapled security holders to do so.

corporate governance statement

Director's profiles can be found in the board of directors section of this half year report.

The name of the directors of DRFM as at 31 December 2004 are outlined in the table below.

On 22 December 2004, DRFM announced the appointment of the following new directors, effective 1 January 2005:

- Elizabeth A Alexander AM, independent director;
- Barry R Brownjohn, independent director; and
- Brian E Scullin, non-executive director.

On 10 March 2005, DRFM appointed Charles Leitner as a director and the appointment of Shaun Mays as his alternate.

b) director and committee member remuneration

The directors of the board and members of the board's committees are remunerated by DRH as recommended by the Nomination and Remuneration Committee and approved by the Shareholders.

Directors and officers insurance, as recommended by the Nomination and Remuneration Committee and approved by the Shareholders, is contracted annually. Premiums associated with this insurance may be recovered from the trusts.

The names of the directors of DRFM as at 31 December 2004 are:

Name	Status	Appointed as director
Christopher T Beare	chair, independent director	4 August 2004
Stewart F Ewen	independent director	4 August 2004
Shaun A Mays	executive director	13 May 2004
Victor P Hoog Antink	executive director and ceo	1 October 2004

c) committees

The board has established the following board committees:

- audit committee;
- compliance committee; and
- nomination and remuneration committee.

The board will from time to time establish other committees as it considers appropriate.

Specific details of the compliance and audit committees are outlined later in this corporate governance statement.

In addition to these board committees, a number of management committees have been established to oversee the operations of the trust. These committees include the Executive Committee, the Portfolio Review Committee, the Compliance and Internal Audit Committee and the Risk Management Committee.

corporate governance statement

ethical and responsible decision making

a) compliance procedures

Under the shareholders deed, DRFM is required to establish governance and control policies and procedures at least equivalent to those of the Deutsche Bank Group. These include:

- management of conflicts of interest arising in the course of the conduct of business;
- management of conflicts of interest arising from personal interests of employees, including adoption of a code of conduct, staff trading policies and policies relating to receipt of gifts and benefits;
- handling of breaches, errors and complaints; and
- anti-money laundering, identification and reporting of suspicious transactions and new client screening processes.

b) related party transactions

DRT may invest in funds or assets of which DRFM or its associates are the responsible entity, manager, trustee or promoter. DRFM may also delegate the management of certain assets (eg US assets) of the trusts to a related body corporate. DRFM related bodies corporate may receive fees from these arrangements on commercial arm's length terms.

Any such transactions or arrangements would be the subject of strict legal and compliance guidelines, including the requirement that they be on arm's length terms and in the ordinary course of business.

c) code of conduct

DRFM is committed to ensuring that high standards of personal and corporate honesty and integrity are maintained at all times. DRFM's policy on staff conduct is contained in a code of conduct policy statement and applies to all staff.

d) staff trading policies

DRFM has developed a staff trading policy with the objective of preventing insider trading of the trust's stapled securities and ensuring that the interests of investors take priority over that of DRFM and its staff. This trading policy applies to all staff.

e) confidential and insider information

DRFM has established policies and procedures surrounding the security, use, protection and disclosure of confidential information. These policies and procedures are designed to ensure the interests of investors are treated as paramount by all staff.

safeguarding the integrity of financial reporting

a) audit committee

The board of DRFM has established an independent audit committee to assist in the discharge of its responsibilities in relation to the trusts and its:

- reporting of financial information to users of financial reports;
- application of accounting policies;
- internal control systems;
- compliance with applicable laws and regulations;
- monitoring and controlling business risk; and
- selection and ongoing monitoring of the external auditor.

corporate governance statement

The board has established a formal charter within which the audit committee operates. The audit committee meets half yearly and at other times as required.

The committee comprises:

Member	Status
Elizabeth A Alexander AM	chair and independent director
Barry R Brownjohn	independent director
Stewart F Ewen	independent director

In addition, the following stakeholders are represented at committee meetings:

- External Auditor, PricewaterhouseCoopers;
- Internal Audit; and
- Management.

recognition of interests of stapled security holders

a) managed investments regime

The trusts are registered with the Australian Securities and Investments Commission (ASIC) as managed investment schemes. As part of its obligations under the managed investments regime, DRFM has developed a compliance plan which sets out the measures that DRFM will apply in operating the trusts to ensure compliance with the Corporations Act 2001 and their Constitutions.

b) compliance committee

DRFM established an independent Compliance Committee under the provisions of the Corporations Act 2001. The functions of the compliance committee are:

- to monitor adherence to the trusts' compliance plans and to report its findings to the board;
- to report to the board any breach of the Corporations Act 2001 or the trusts' constitutions;
- to report to ASIC if DRFM as responsible entity fails to take appropriate action following certain breaches; and
- to assess at regular intervals whether the compliance plan is adequate.

The compliance committee reports to the board following each committee meeting.

The members of the compliance committee are:

Member	Status
Brian Scullin	chair and independent member
Andy Esteban	independent member
Peter Carrigy-Ryan	independent member
Tanya Cox	executive member

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for the half year ended 31 December 2004

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Independent audit report to the stapled
security holders of DB RREEF Diversified
Trust (formerly Deutsche Diversified Trust)

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directors' report

The directors of DB RREEF Funds Management Limited (formerly Paladin Australia Limited) (DB RREEF Funds Management) as Responsible Entity of DB RREEF Diversified Trust (formerly Deutsche Diversified Trust) (the Trust) present their report together with the consolidated financial report of the trust and its subsidiaries (the group) for the half year ended 31 December 2004.

directors

On 1 October 2004, DB RREEF Funds Management replaced DB Real Estate Australia Limited as Responsible Entity of the trust.

The following persons were directors of DB Real Estate Australia Limited up to 30 September 2004.

C T Beare BSc, BE (Hons), MBA, PhD, FAICD ¹

S F Ewen F.I.L.E. ^{1, 2}

S A Mays BSc (Hons), MSc, MBA

W B Robinson ABIA, AASA ^{1, 2, 3}

B E Scullin BEc ²

D C Shields BE (Hons), MBA

From 1 October 2004 and up to the date of this report, the following persons were directors of DB RREEF Funds Management, unless otherwise stated:

C T Beare BSc, BE (Hons), MBA, PhD, FAICD ¹

E A Alexander AM, BComm, FCA, FAICD, CPA ^{1, 2} Appointed 1 January 2005

B R Brownjohn BComm ^{1, 2} Appointed 1 January 2005

S F Ewen F.I.L.E. ^{1, 2}

V P Hoog Antink BCom, MBA, FCA, FAPI, MAICD Appointed 1 October 2004

S A Mays BSc (Hons), MSc, MBA

B E Scullin BEc ³ Appointed 1 January 2005

D S Weaver B.Arch, MBA, AFIRE Appointed 1 October 2004; Resigned 17 December 2004

1 independent director

2 audit committee member

3 compliance committee member

No directors held an interest in the group as at 31 December 2004, or at the date of this report.

review of operations

On 27 September 2004, unitholders of the trust, DB RREEF Office Trust (formerly Deutsche Office Trust) (DOT) and DB RREEF Industrial Trust (formerly Deutsche Industrial Trust) (DIT) voted to replace their respective constitutions and replace their respective Responsible Entities. The unitholders also voted to approve the stapling proposal as outlined in the EM and PDS dated 30 August 2004 to staple together the trust, DIT, DOT and the newly formed trading trust DB RREEF Operations Trust (DRO) to create a stapled Entity known as DB RREEF Trust (DRT). The result of these resolutions became effective on 30 September 2004. The stapled entity trades on the Australian Stock Exchange under the code DRT.

For the purposes of statutory reporting, the stapled entity must be accounted for as a consolidated group. The parent entity and deemed acquirer of DOT, DIT and DRO is DDF.

DB RREEF Funds Management is a wholly owned subsidiary of DB RREEF Holdings Pty Limited (DRH). DRH is 50% owned by DB RREEF Funds Management as Responsible Entity for the DRO and 50% owned by First Australia Property Group Holdings Pty Ltd (FAP), a subsidiary of the Deutsche Bank Group.

As part of the stapling process, DDF, DIT and DOT each paid a special distribution by way of a capital return that was applied on behalf of each unitholder to subscribe for new issued units in each of the other trusts, including DRO. The number of units issued by each trust changed so that each trust had the same number of issued units. The number of units owned by an investor in DDF equals the same number of units in DIT, DOT and DRO.

Net profit attributable to stapled security holders for the half year ended 31 December 2004 was \$74.4m. Net profit attributable to stapled security holders before costs associated with the transaction, as described in note 4, for the half year ended 31 December 2004 was \$117.7m.

A review of the results, operations and likely developments of the group are contained in the Responsible Entity's report on pages 10 to 14 of this half year report.

significant changes in the state of affairs

The directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or 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.

rounding of amounts

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 the directors' report and financial report. Amounts in the directors report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 26.

This report is made in accordance with a resolution of the directors.



Chair

Sydney

28 February 2005

auditor's independence declaration



Auditors' Independence Declaration

PricewaterhouseCoopers
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As lead auditor for the audit of the DB RREEF Trust for the half year ended 31 December 2004, 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 the DB RREEF Trust during the period.

A handwritten signature in black ink, appearing to read 'D. Prothero'.

David A. Prothero
Partner
PricewaterhouseCoopers

Sydney
28 February 2005

statements of financial performance

for the half year ended 31 December 2004

		Consolidated		Parent Entity	
	Notes	31 Dec 2004 \$'000	31 Dec 2003 \$'000	31 Dec 2004 \$'000	31 Dec 2003 \$'000
REVENUE FROM ORDINARY ACTIVITIES					
Property income		194,937	78,564	81,648	78,564
Interest income		1,519	230	394	230
Other revenues from ordinary activities		398	–	–	–
Proceeds from sale of investment properties		282,492	29,760	278,291	29,760
Share of net profits of associates accounted for using the equity method		1,331	–	8,529	–
Total revenue from ordinary activities		480,677	108,554	368,862	108,554
EXPENSES FROM ORDINARY ACTIVITIES					
Property expenses		(48,525)	(21,200)	(21,225)	(21,200)
Responsible entity fees		(5,197)	(4,927)	(4,247)	(4,927)
Borrowing costs expense		(40,975)	(10,008)	(9,382)	(10,008)
Other expenses from ordinary activities	3	(2,304)	(601)	(561)	(601)
Book value of property investments sold		(262,922)	(30,837)	(258,535)	(30,837)
Costs associated with the transaction	4	(43,296)	–	(15,100)	–
Total expenses from ordinary activities		(403,219)	(67,573)	(309,050)	(67,573)
Profit from ordinary activities before tax		77,458	40,981	59,812	40,981
Tax expense		(788)	–	–	–
Profit from ordinary activities after tax		76,670	40,981	59,812	40,981
Net profit attributable to outside equity interests		(2,313)	–	–	–
Net profit attributable to security holders	9	74,357	40,981	59,812	40,981
Net increase in asset revaluation reserve	9	13,299	7,995	13,299	7,995
Net (decrease) in foreign currency translation reserve	9	(623)	–	(343)	–
Total revenues, expenses and valuation adjustments attributable to security/unit holders of the group/trust recognised directly in equity		12,676	7,995	12,956	7,995
Total changes in equity other than those resulting from transactions with security/unit holders as owners		87,033	48,976	72,768	48,976

statements of financial performance

for the half year ended 31 December 2004

	Notes	Consolidated		Parent Entity	
		31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
		Cents	Cents	Cents	Cents
Basic earnings – cents per stapled security	14	4.51	4.29	3.62	4.29
Diluted earnings – cents per stapled security	14	4.51	4.29	3.62	4.29
Basic earnings before the transaction – cents per stapled security	14	7.13	4.29	7.48	4.29

The above statements of financial performance should be read in conjunction with the accompanying notes.

		31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
		\$'000	\$'000	\$'000	\$'000
DISTRIBUTION					
Net profit attributable to security holders		74,357	40,981	59,812	40,981
Movement in undistributed income		44,774	2,464	(440)	2,464
Transfer from asset revaluation reserve		17,388	1,077	–	1,077
Distribution paid and payable	9, 10	136,519	44,522	59,372	44,522

DISTRIBUTION PAID/PAYABLE – CENTS PER STAPLED SECURITY

		Cents	Cents	Cents	Cents
Ordinary securities	10	5.20	4.65	2.26	4.65

statements of financial position

as at 31 December 2004

		Consolidated		Parent Entity	
	Notes	31 Dec 2004 \$'000	30 Jun 2004 \$'000	31 Dec 2004 \$'000	30 Jun 2004 \$'000
CURRENT ASSETS					
Cash assets		56,250	2,487	11,566	2,487
Receivables		32,504	63,112	12,542	63,112
Investment properties	5	221,467	–	202,317	–
Other		13,611	4,394	3,027	4,394
Total current assets		323,832	69,993	229,452	69,993
NON-CURRENT ASSETS					
Investment properties	5	5,928,995	1,635,508	1,317,047	1,635,508
Investments accounted for using the equity method	6	189,700	–	271,541	–
Other		67,700	1,524	753	1,524
Total non-current assets		6,186,395	1,637,032	1,589,341	1,637,032
Total assets		6,510,227	1,707,025	1,818,793	1,707,025
CURRENT LIABILITIES					
Payables		97,755	14,869	18,846	14,869
Provisions		136,519	23,171	59,372	23,171
Interest bearing liabilities	7	781,953	474,200	–	474,200
Other		6,565	–	–	–
Total current liabilities		1,022,792	512,240	78,218	512,240
NON-CURRENT LIABILITIES					
Interest bearing liabilities	7	2,142,275	–	525,026	–
Loan with controlled entities		–	–	25,553	–
Other		25,576	585	972	585
Total non-current liabilities		2,167,851	585	551,551	585
Total liabilities		3,190,643	512,825	629,769	512,825
Net assets		3,319,584	1,194,200	1,189,024	1,194,200
EQUITY					
Contributed equity	8	2,958,202	1,028,028	1,009,456	1,028,028
Reserves	9	234,443	153,961	166,917	153,961
Undistributed income	9	10,890	12,211	12,651	12,211
Outside equity interests in controlled entities		116,049	–	–	–
Total equity		3,319,584	1,194,200	1,189,024	1,194,200

The above statements of financial position should be read in conjunction with the accompanying notes.

statements of cash flows

for the half year ended 31 December 2004

		Consolidated		Parent Entity	
	Note	31 Dec 2004 \$'000	31 Dec 2003 \$'000	31 Dec 2004 \$'000	31 Dec 2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts in the course of operations		179,711	80,442	79,876	80,442
Payments in the course of operations		(88,187)	(22,893)	(28,435)	(22,893)
Interest received		904	230	394	230
Borrowing costs paid		(52,351)	(12,593)	(9,466)	(12,593)
Distributions from investments accounted for using the equity method		3,138	–	2,525	–
Net cash inflow from operating activities		43,215	45,186	44,894	45,186
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investment properties		334,251	–	330,051	–
Payments for capital expenditure on investment properties		(89,006)	(48,784)	(56,087)	(48,784)
Payment for purchase of controlled entity, net of cash acquired	15	(253,875)	–	–	–
Cash acquired on stapling		14,285	–	–	–
Payments for investment properties		(63,491)	–	(63,491)	–
Payments for investments accounted for using the equity method		(144,950)	–	(277,908)	–
Net cash (outflow) from investing activities		(202,786)	(48,784)	(67,435)	(48,784)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of units		–	7,013	–	7,013
Increase in minority interest		50,960	–	–	–
Proceeds from borrowings		1,231,199	48,408	905,732	48,408
Repayment of borrowings		(1,049,165)	(6,146)	(857,922)	(6,146)
Distributions paid		(16,190)	(44,619)	(16,190)	(44,619)
Distributions paid by controlled entities to outside equity interests		(26)	–	–	–
Net cash inflow from financing activities		216,778	4,656	31,620	4,656
Net increase in cash held		57,207	1,058	9,079	1,058
Cash at the beginning of the period		2,487	1,375	2,487	1,375
Effects of exchange rate changes on cash		(3,444)	–	–	–
Cash at the end of the period		56,250	2,433	11,566	2,433

The above statements of cash flows should be read in conjunction with the accompanying notes.

notes to the financial statements

for the half year ended 31 December 2004

note 1. summary of significant accounting policies

(a) basis of preparation

On 30 September 2004, DB RREEF Diversified Trust and its subsidiaries (the group) was formed by the stapling together of DDF, DIT, DOT and DRO (the trusts). For the purposes of statutory reporting, the stapled entity reflects a consolidated group. The parent entity and deemed acquirer of the trusts is DDF. The basis of this approach is consistent with current practice in relation to the financial reporting obligations of stapled entities that were formed after 1 July 2004. The consolidated results reflect the performance of the parent, DDF, from 1 July 2004 and the additions of DIT and DOT from the date of consolidation, being 1 October 2004 to 31 December 2004. Investors however are entitled to distributions and earnings of the underlying trusts from the period commencing 1 July 2004.

DB RREEF Trust stapled securities are quoted on the Australian Stock Exchange under the code DRT and comprise of one unit in each of DDF, DIT, DOT and DRO. Each entity forming part of the group continues as a separate legal entity in its own right under the Corporations Act 2001 and is therefore each 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 with the approval by special resolution of the stapled security holders.

This general purpose financial report has been prepared in accordance with the requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

It is prepared on the basis of the going concern and 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 to the extent that the trust's investments have been revalued.

This report is to be read in conjunction with any public pronouncements made by DDF and the trusts during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) principles of consolidation

The financial statements have been prepared on a consolidated basis in recognition of the fact that while the securities issued by the trusts are stapled into one trading security and cannot be traded separately, the financial statements must be presented on a consolidated basis. The parent entity and deemed acquirer of the trusts is DDF.

On 30 September 2004, DDF was deemed to have acquired the other trusts and as a result, the underlying assets and liabilities of the other trusts were adjusted to fair value as at this date. Information from the financial statements of the subsidiaries has been included from 1 October 2004. The accounting policies of the subsidiary trusts are consistent with the parent where applicable.

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

Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statements of financial performance and statements of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of financial performance from the date on which control commences.

notes to the financial statements

for the half year ended 31 December 2004

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits of associates is recognised as revenue in the consolidated statements of financial performance. Its share of post-acquisition movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(c) tax expense

Under current Australian income tax legislation DDF and its controlled entities, DOT and DIT are not liable for income tax provided they satisfy the requirements of the ATO. DRO has income tax expenses arising from the activities of its funds management business. DRO's taxable income is taxed at the tax rate of 30%.

Dividends received from DB RREEF Industrial Properties, Inc. (US REIT) will be net of US withholding taxes payable in respect of those distributions. The US foreign operations themselves will generally not be subject to US Federal or State income taxes provided they satisfy the necessary requirements of a Real Estate Investment Trust (REIT).

No provision is made for additional taxes (which would become payable if certain reserves of the foreign controlled entity were to be distributed) as it is not expected that any substantial amount will be distributed from those reserves in the foreseeable future.

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

Tax effect accounting procedures were followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit allowing for permanent differences.

The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax, or the future income tax benefit accounts, at the rates which are expected to apply when those timing differences reverse.

(d) distributions

In accordance with the trust's constitution, as amended in September 2004, the trust distributes its distributable income to unitholders by cash or reinvestment. The trust's constitution now provides that the distributions are payable half yearly.

(e) foreign currency

Foreign currency investments

Investments in foreign assets are converted to Australian Dollars (A\$) at the rate of exchange on the date of the transactions or at hedged rates if applicable.

Foreign investments are held in the United States of America (US) and New Zealand (NZ).

Translation of foreign currency operations

All foreign operations are deemed self-sustaining in accordance with AASB 1012: Foreign Currency Translation, as each is financially and operationally independent of the Australian operations.

The financial reports of overseas operations are translated to Australian dollars using the current rate method, except for hedged assets and liabilities which are translated at the applicable currency hedge contract rates. Any exchange differences are taken directly to the foreign currency translation reserve.

notes to the financial statements

for the half year ended 31 December 2004

Exchange rates

The following exchange rates have been used to translate financial statements of foreign operations to Australian dollars:

31 Dec 2004		
Spot A\$/US\$	Statements of financial position	0.7815
Average A\$/US\$ ¹	Statements of financial performance	0.7182
Spot A\$/NZ\$	Statements of financial position	1.0884
Average A\$/NZ\$ ¹	Statements of financial performance	1.0790

¹ The average exchange rate includes applicable hedges.

(f) International Financial Reporting Standards (IFRS)

The adoption of Australian equivalents to IFRS (AIFRS) will be first reflected in the financial statements for the half year ended 31 December 2005 and the year ended 30 June 2006.

The Responsible Entity has established a project team to manage the transition to AIFRS, including training of staff, and systems and internal control changes necessary to gather all the required financial information. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1: First-time Adoption of Australian Equivalents to IFRS. Some of these choices are still being analysed to determine the most appropriate accounting policy.

The major changes identified to date that will be applied to existing accounting policies are as follows:

Investment properties

Changes in the fair values of investment properties will be adjusted through the statements of financial performance rather than through the asset revaluation reserve of the statements of financial position. Certain real estate investments currently classified as investment properties (such as properties under construction) may not meet the IFRS definition of investment property. Therefore, a separate class of assets may be shown on the face of the statements of financial position.

Financial instruments

All interest rate and foreign currency derivatives will be recognised at fair value in the statements of financial position, with changes in fair value during the period recognised in the statements of financial performance, or if classified as a cashflow hedge and proved to be effective, deferred in equity.

Income tax

Under the AASB 112: Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statements of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method – items are only tax-affected if they are included in the determination of pre-tax accounting profit and loss and/or taxable income or loss, and current and deferred taxes cannot be recognised directly in equity.

notes to the financial statements

for the half year ended 31 December 2004

Disclosure and presentation of equity

Accounting Standard AASB 132: Financial Instruments: disclosure and presentation, prescribes the criteria for recognising a financial instrument as either debt or equity. Whilst technical interpretation of this standard is still pending, the standard may require that units in the trusts be classified as debt rather than equity and that distributions to unitholders be classified as borrowing costs. This would not result in any substantive change in the financial position of the group, but would significantly alter the presentation of contributed equity in the consolidated financial statements.

Lease Revenue

The group may be required to recognise rental revenue on a straightline basis for leases which contain fixed increases.

These changes are the only material changes anticipated, but should not be regarded as the only changes in accounting policies that will result from the transition to IFRS as not all standards have been analysed and regulatory bodies have significant ongoing projects that could affect the interpretation of the differences between Australian Generally Accepted Accounting Principles and IFRS.

While the application of IFRS may introduce volatility into forecast financial information, this will not affect the cashflows from operations and hence the distributions paid to stapled security holders.

note 2. individually significant items

On 1 October 2004, DB RREEF Funds Management replaced DB Real Estate Australia Limited as Responsible Entity of the trust, and replaced Deutsche Asset Management (Australia) Limited as Responsible Entity of DIT and DOT.

The management fee structure was amended to reflect new fee arrangements as follows:

Australian and New Zealand assets

- Fee: 0.45% per annum of gross assets.
- Basis: annualised average gross assets calculated on a month-end basis, in accordance with the trusts' Constitutions.
- Calculated: monthly.
- Payment frequency: monthly.
- Effective date: 1 October 2004.
- No fees will be payable in relation to the DB RREEF Operations Trust.

notes to the financial statements

for the half year ended 31 December 2004

US assets

- Fee: 0.25% per annum of gross assets to DB RREEF Funds Management.
- Fee: 0.10% per annum of gross assets to RREEF America LLC (RREEF) (the US Fund Manager).
- Basis: annualised average gross assets calculated on a month-end basis, in accordance with the trusts' constitutions.
- Calculated: monthly.
- Payment frequency: monthly.
- Effective date: 1 October 2004.
- In addition, a management fee of US\$700,000 per annum (subject to annual escalation by reference to the US inflation rate) is payable by the US foreign operations to RREEF.
- Performance fees no longer apply to the trust. The last period for which performance fees were calculated for the trust was the six months ending 30 June 2004. No performance fees were earned post 30 June 2004. Similarly, performance fees carried forward from previous periods are no longer available.

note 3. other expenses from ordinary activities

	Consolidated		Parent Entity	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
	\$'000	\$'000	\$'000	\$'000
Auditor's remuneration	472	40	112	40
Custodian fees	168	90	90	90
Legal and other professional fees	67	50	28	50
Bad and doubtful debts	617	44	–	44
Registry costs and listing fees	245	134	128	134
Other expenses	735	243	203	243
Total other expenses from ordinary activities	2,304	601	561	601

note 4. costs associated with the transaction

The costs relate to the fees and expenses arising from the consolidation of the trust and 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'). The costs associated with the transaction for the group totalled \$43.30m.

notes to the financial statements

for the half year ended 31 December 2004

note 5 (a). current assets – investments

Property	Ownership	Acquisition date	Cost including all additions \$'000
held by parent entity			
INDUSTRIAL			
Redwood Gardens Industrial Estate Stages 3,5,6 & 7 and Lot 4, Dingley, Vic ¹	100%	Dec 1994	24,691
Total industrial properties			24,691
COMMERCIAL			
1 Chifley Square, Sydney, NSW	100%	Jul 2000	62,636
Total commercial properties			62,636
RETAIL			
West Lakes Shopping Centre, West Lakes, SA	50%	Nov 1998	110,281
Total retail properties			110,281
Total parent entity			197,608
held by controlled entities			
Industrial properties			11,959
Total controlled entities			11,959
Total investment properties – current			209,567

notes to the financial statements

for the half year ended 31 December 2004

Independent valuation date	Independent valuation amount \$'000	Independent valuer	Total book value 31 Dec 2004 \$'000	Total book value 30 Jun 2004 \$'000
Jun 2003	24,041	(a)	24,591	–
	24,041		24,591	–
Mar 2001	37,300	(e)	62,636	–
	37,300		62,636	–
Jun 2003	86,000	(f)	115,090	–
	86,000		115,090	–
	147,341		202,317	–
	17,800		19,150	–
	17,800		19,150	–
	165,141		221,467	–

notes to the financial statements

for the half year ended 31 December 2004

note 5 (b). non-current assets – investments

Property	Ownership	Acquisition date	Cost including all additions \$'000
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held by parent entity

INDUSTRIAL

Kings Park Industrial Estate, Bowmans Road, Marayong, NSW	100%	May 1990	69,536
Target Distribution Centre, Lot 1, Taras Avenue, Altona North, Vic	100%	Oct 1995	25,429
Axxess Corporate Park, 164–180 Forster Road, 11 & 21–45 Gilby Road, 307–355 Ferntree Gully Road, Mount Waverley, Vic	100%	Oct 1996	96,534
Knoxfield Industrial Estate, 20 Henderson Road, Knoxfield, Vic	100%	Aug 1996	30,077
12 Frederick Street, St Leonards, NSW	100%	Jul 2000	24,832
40 Talavera Road, North Ryde, NSW	100%	Oct 2002	30,415
Wallgrove, Eastern Creek, NSW	100%	Mar 2004	20,492
Redwood Gardens Industrial Estate Stages 3,5,6 & 7 and Lot 4, Dingley, Vic ¹	100%	Dec 1994	–
Axxess Corporate Park, Powers & Station Road, Seven Hills, NSW		Jul 2000	–
Total industrial properties			297,315

COMMERCIAL

44 Market Street, Sydney, NSW	100%	Sep 1987	156,736
8 Nicholson Street, Melbourne, Vic	100%	Nov 1993	67,976
Ferguson Centre, 130 George Street, Parramatta, NSW	100%	May 1997	60,001
Flinders Gate Complex, 172 Flinders Street and 189 Flinders Lane, Melbourne, Vic	100%	Mar 1999	13,583
383–395 Kent Street, Sydney, NSW	100%	Sep 1987	104,546
14 Moore Street, Canberra, ACT **	100%	May 2002	37,215
1 Chifley Square, Sydney, NSW	100%	Jul 2000	–
144 Edward Street, Brisbane, Qld		Jul 2000	–
Total commercial properties			440,057

The title to all properties is freehold, with the exception of the properties marked ** which are leasehold

¹ The valuation reflects 83% of independent valuation amount as 17% of the property was disposed.

notes to the financial statements

for the half year ended 31 December 2004

Independent valuation date	Independent valuation amount \$'000	Independent valuer	Total book value 31 Dec 2004 \$'000	Total book value 30 Jun 2004 \$'000
Jun 2003	64,300	(f)	68,495	66,294
Sep 2003	31,900	(d)	31,907	31,907
Jun 2003	89,000	(d)	98,238	91,342
Sep 2003	31,250	(f)	31,856	31,800
Jun 2003	26,000	(f)	26,049	26,046
May 2002	22,900	(d)	30,415	29,509
n/a	–		20,492	5,399
–	–		–	29,478
–	–		–	15,730
	265,350		307,452	327,505
Jun 2003	144,000	(a)	145,580	145,078
Jun 2003	82,000	(h)	84,250	82,499
Jun 2003	43,800	(b)	47,773	44,539
Sep 2003	15,500	(h)	15,537	15,508
Sep 2003	104,000	(a)	104,868	102,649
Apr 2002	34,500	(a)	37,215	37,181
–	–		–	59,848
–	–		–	40,529
	423,800		435,223	527,831

notes to the financial statements

for the half year ended 31 December 2004

note 5 (b). non-current assets – investments (continued)

Property	Ownership	Acquisition date	Cost including all additions \$'000
held by parent entity			
RETAIL & CAR PARK			
Whitford City Shopping Centre Marmion & Whitfords Avenue, Hillarys, WA ¹	50%	Oct 1984	125,680
Whitfords Avenue Lot 6 Endeavour Road, Hillarys, WA ¹	50%	Dec 1992	5,492
West Lakes Shopping Centre, West Lakes, SA	50%	Nov 1998	110,281
Plenty Valley Town Centre, 330–464 McDonald's Road, South Morang, Vic ¹	50%	Nov 1999	16,202
North Lakes Shopping Centre, Mango Hill, Qld ¹	50%	Aug 2004	63,687
Albert & Charlotte Streets Carpark, Brisbane, Qld	100%	Oct 1984	13,778
34–60 Little Collins Street, Melbourne, Vic ^{**}	100%	Nov 1984	16,164
32–44 Flinders Street, Melbourne, Vic	100%	Jun 1998	21,239
Flinders Gate Complex, (including air development rights) 172 Flinders Street, Melbourne, Vic	100%	Mar 1999	47,043
383–395 Kent Street, Sydney, NSW	100%	Sep 1987	30,257
John Martin's Carpark & Retail Plaza Joint Venture	0.70%	Sep 1994	100
West Lakes Shopping Centre, West Lakes, SA	50%	Nov 1998	–
Total retail and car park properties			449,923
Total parent entity			1,187,295
held by controlled entities			
Industrial properties			855,846
Commercial properties			2,289,137
US properties			1,321,077
Total controlled entities			4,466,060
Total investment properties – non-current			5,653,355
Total investment properties (current and non-current)			5,862,922

The title to all properties is freehold, with the exception of the properties marked ** which are leasehold

¹ The valuation reflects 50% of independent valuation amount.

notes to the financial statements

for the half year ended 31 December 2004

Independent valuation date	Independent valuation amount \$'000	Independent valuer	Total book value 31 Dec 2004 \$'000	Total book value 30 Jun 2004 \$'000
Jun 2003	153,375	(f)	184,439	338,372
Jun 2003	7,900	(f)	8,613	15,837
Jun 2003	86,000	(f)	115,090	103,944
Jun 2003	16,000	(e)	19,616	35,152
Jun 2004	60,250	(a)	63,687	–
Sep 2003	32,000	(e)	32,035	32,032
Sep 2003	41,500	(h)	41,522	41,522
Sep 2003	24,600	(h)	24,575	24,575
Sep 2003	45,275	(h)	45,275	45,275
Sep 2003	40,000	(a)	39,420	39,420
–	–		100	100
–	–		–	103,943
	506,900		574,372	780,172
	1,196,050		1,317,047	1,635,508
	891,575		932,026	–
	2,316,350		2,358,846	–
	1,321,077		1,321,076	–
	4,529,002		4,611,948	–
	5,725,052		5,928,995	1,635,508
	5,890,193		6,150,462	1,635,508

notes to the financial statements

for the half year ended 31 December 2004

note 5 (c). current and non-current assets – investments

valuer

- (a) CB Richard Ellis
- (b) Colliers International
- (c) Fitzroys
- (d) FPD Savills
- (e) Jones Lang LaSalle
- (f) Knight Frank
- (g) Landmark White
- (h) M3 Property

valuations of investment properties

The basis of valuation 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. Properties independently valued in the last 12 months were based on independent assessments by a member of the Australian Property Institute or the Appraisal Institute in the United States of America. Properties not independently valued during the last 12 months are carried at directors' valuation at 31 December 2004, being the independent valuation plus capital expenditure incurred since the date of valuation.

DB RREEF Diversified Trust

acquisitions

Westfield North Lakes Shopping Centre, Qld

On 19 August 2004, DDF acquired a 50% interest in Westfield North Lakes Shopping Centre and its Bulky Goods Land for \$60m and \$0.76m respectively.

Investment in Mount Druitt Shopping Centre Trust

On 16 September 2004, DDF acquired a 50% interest in Mount Druitt Shopping Centre Trust for \$132.5m.

notes to the financial statements

for the half year ended 31 December 2004

disposals

144 Edward Street, Brisbane, Qld

In November 2004, DDF sold 144 Edward Street, Brisbane for a consideration of \$44.65m.

Powers Road, Seven Hills, NSW

In October 2004, the property was settled for consideration of \$29.76m with a deferred settlement fee of \$2.48m.

Station Road, Seven Hills, NSW

Between July to December 2004, all eleven subdivided lots of this property were settled for \$16.55m.

Redwood Gardens Industrial Estate Stages 3,5,6 & 7 and Lot 4, Dingley, Vic

Between July to December 2004, seven of twenty four subdivided lots of this property were sold for a consideration of \$5.59m.

Whitford City and Whitfords Avenue, Hillarys, WA

On 19 August 2004, 50% of the properties were sold for a collective consideration of \$192.5m.

Plenty Valley Town Centre, South Morang, VIC

On 19 August 2004, DDF sold 50% of the property for a consideration of \$19m.

1 Chifley Square, Sydney, NSW

In March 2004, DDF entered into put and call options over the property. The options can be exercised up to 31 March 2005. Settlement is to occur no later 31 March 2005.

developments

Axxess Corporate Park (Mount Waverley)

DDF has secured an office pre commitment, to Alinta Limited for a 10 year term. The market value "as if complete" provided by an independent valuer is \$27.4m. The capital expenditure to date is \$1.2m.

West Lakes

The \$63.8m expansion development of West Lakes is scheduled to be completed in stages. Practical completion of stage one was achieved on 6 December 2004. Stage two is due for practical completion on 25 February 2005 and the final stage is due for completion in May 2005.

Mount Druitt

The \$60m development of Mount Druitt commenced in November 2004, with completion due in stages in September 2005 and March 2006. On completion of the development the trust acquisition and development cost are estimated to be \$170.15m.

notes to the financial statements

for the half year ended 31 December 2004

DB RREEF Industrial Trust

disposals

McDowell Street, Welshpool, WA

On 3 November 2004, the trust sold 33 McDowell Street, Welshpool for \$4.2m.

Rothschild Avenue, Rosebery, NSW

In February 2005, the trust sold Rothschild Avenue, Rosebery for \$22m.

developments

Boundary Road, North Laverton, VIC

In December 2004, construction of the first building for Visy Industrial Packaging and Stage 1 infrastructure works reached practical completion.

Brookhollow Avenue, Baulkham Hills, NSW

The approved Masterplan for the estate provides for approximately 25,000 sqm of office and warehouse accommodation. Pre-commitments will be sought to initiate development of this site.

Pound Road West, Dandenong, VIC

In December 2004, construction of the building for Aluminium Specialties Group was completed at a cost of approximately \$6m.

DB RREEF Office Trust

developments

The trust entered into a contract to purchase Lumley Centre, Auckland on completion of its development for NZ\$110.4m (subject to an area survey and the leasing profile of the building). NZ\$5.5m has been lent to the developer as a contribution prior to completion. It is currently estimated that the project will reach practical completion in July 2005.

notes to the financial statements

for the half year ended 31 December 2004

DB RREEF Diversified Trust and DB RREEF Industrial Trust

acquisition

DB RREEF Industrial Properties, Inc.

On 30 September 2004, DIT and DDF each acquired a 50% interest in the US REIT. The US REIT owns an 80% interest in a joint venture with Calwest to own 93 industrial properties in the United States of America. Refer to Note 15 for further details.

Reconciliation	Note	Consolidated		Parent Entity	
		31 Dec 2004 \$'000	30 Jun 2004 \$'000	31 Dec 2004 \$'000	30 Jun 2004 \$'000
Carrying amount at 1 July 2004		1,635,508	1,575,332	1,635,508	1,575,332
Properties acquired on stapling		3,280,343	–	–	–
Additions		1,506,169	104,984	126,141	104,984
Disposals		(262,922)	(52,506)	(258,535)	(52,506)
Revaluation net increments	9	16,250	7,698	16,250	7,698
Foreign exchange difference on foreign currency translation		(24,886)	–	–	–
Carrying amount at the end of the period		6,150,462	1,635,508	1,519,364	1,635,508

DB RREEF Operations Trust

acquisition

Investment in DB RREEF Holdings Pty Limited

On 1 October 2004, DRO acquired a 50% interest in DB RREEF Holdings Pty Limited (DRH). DRH has a 100% interest in DB RREEF Funds Management Limited. The consideration paid for the 50% interest was \$5.2m in cash and \$54.47m in stapled units.

notes to the financial statements

for the half year ended 31 December 2004

note 6. investments accounted for using the equity method

Investments are accounted for in the consolidated financial statements using the equity method of accounting and are carried at directors' valuation by the parent entity.

Information relating to these entities is set out below.

Name of trust	Principal activity	Consolidated			Parent Entity	
		Ownership interest	carrying amount	carrying amount	carrying amount	carrying amount
		31 Dec 2004 (%)	31 Dec 2004 \$'000	30 Jun 2004 \$'000	31 Dec 2004 \$'000	30 Jun 2004 \$'000
held by parent entity						
Mount Druitt Shopping Centre Trust	Retail property investment	50	140,399	—	140,399	—
DB RREEF Industrial Properties, Inc. ¹	Asset and property management	50	—	—	131,142	—
			140,399	—	271,541	—
held by controlled entities						
2 O'Connell Street Trust	Commercial property investment	50	8,069	—	—	—
4 O'Connell Street Trust	Commercial property investment	50	12,272	—	—	—
Bligh Street Trust	Commercial property investment	50	16,583	—	—	—
DB RREEF Holdings Pty Limited	Asset and property management	50	12,377	—	—	—
			49,301	—	—	—
Total			189,700	—	271,541	

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

	Consolidated		Parent Entity	
	31 Dec 2004 \$'000	30 Jun 2004 \$'000	31 Dec 2004 \$'000	30 Jun 2004 \$'000
movements in carrying amounts of investments accounted for using the equity method				
Carrying amount at 1 July 2004	–	–	–	–
Interest acquired on stapling	36,363	–	–	–
Interest acquired during the period	154,751	–	278,192	–
Share of net profits after tax	1,331	–	8,319	–
Distributions received	(2,745)	–	(2,527)	–
Foreign exchange difference on foreign currency translation	–	–	(12,443)	–
Carrying amount at the end of the period	189,700	–	271,541	–

notes to the financial statements

for the half year ended 31 December 2004

note 7. current and non-current liabilities – interest bearing liabilities

	Consolidated		Parent Entity	
	31 Dec 2004	30 Jun 2004	31 Dec 2004	30 Jun 2004
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Secured				
Commercial paper	124,012	–	–	–
Commercial mortgage backed securities	236,000	–	–	–
Bank loans	5,961	–	–	–
Total secured	365,973	–	–	–
Unsecured				
Bank loans	352,000	349,200	–	349,200
Medium-term notes (MTN)	–	125,000	–	125,000
Preference shares	63,980	–	–	–
Total unsecured	415,980	474,200	–	474,200
Total current liabilities – interest bearing liabilities	781,953	474,200	–	474,200
NON CURRENT				
Secured				
Commercial paper	447,460	–	–	–
Commercial mortgage backed securities	700,575	–	–	–
Bank loans	442,090	–	–	–
Intercompany loan ¹	–	–	525,026	–
Total secured	1,590,125	–	525,026	–
Unsecured				
Commercial notes	211,415	–	–	–
Bank loans	340,735	–	–	–
Total unsecured	552,150	–	–	–
Total non current liabilities – interest bearing liabilities	2,142,275	–	525,026	–

1 The intercompany loan represents a loan from DB RREEF Finance Company Pty Limited.

notes to the financial statements

for the half year ended 31 December 2004

note 7. current and non-current liabilities – interest bearing liabilities (continued)

financing arrangements

	Consolidated		Parent Entity	
	31 Dec 2004	30 Jun 2004	31 Dec 2004	30 Jun 2004
	\$'000	\$'000	\$'000	\$'000
The stapled entity has access to the following lines of credit:				
Borrowing facilities				
Commercial paper	578,200	–	–	–
Commercial mortgage backed securities	936,575	–	–	–
Commercial notes	211,417	–	–	–
Bank loans	1,420,061	400,000	–	400,000
Medium-term notes (MTN)	–	125,000	–	125,000
Preference shares	63,980	–	–	–
	3,210,233	525,000	–	525,000
Used at balance date	2,924,229	474,200	–	474,200
Unused at balance date	286,004	50,800	–	50,800

notes to the financial statements

for the half year ended 31 December 2004

note 7. current and non-current liabilities – interest bearing liabilities (continued)

DB RREEF Finance Pty Limited, a wholly-owned subsidiary of DRO, entered into syndicated bank debt facilities on 29 September 2004. The facilities include a \$300m three year, multi-currency revolving credit facility, a \$300m 364 day revolving credit facility and a US\$210m three year revolving credit facility. These facilities are supported by group guarantee arrangements. DB RREEF Industrial Properties, Inc may only borrow under the US\$210m tranche.

DB RREEF Finance Pty Limited also entered into two bilateral arrangements on 29 September 2004. A \$170m 364 day bridge facility which is non-revolving and its balance has been repaid by asset sale proceeds and the limit reduced to \$52m as at 31 December 2004. A US\$200m 180 day bridge facility was executed to provide funds for the repayment of the US dollar denominated preference shares in December 2004 and May 2005. US\$160m of this limit was cancelled in December 2004 when US\$160mn notes issued. The balance of US\$40m notes will issue in March 2005 and the US dollar bridge will be cancelled. The US dollar denominated notes were privately placed with investors on terms to maturity ranging from December 2011 to March 2017.

DB RREEF Office Trust has liabilities resulting from the issuance of asset backed commercial paper (CP) and commercial mortgage backed securities (CMBS). The CMBS has a legal maturity date of October 2010 and an anticipated maturity date of April 2009. DB RREEF Industrial Trust has liabilities resulting from the issuance of asset backed CP and CMBS. The CMBS has a legal maturity date of June 2007 and an anticipated maturity date of December 2005.

The consolidated accounts of the group include the debt facilities of the US joint venture. The facilities include US\$125m of bank mortgages that amortise through monthly principal and interest payments with a weighted average maturity date of September 2008, a US\$157m CMBS maturing in September 2008, a US\$225m secured bank loan maturing in September 2009, US\$5m unsecured medium term notes maturing in September 2010 and US\$50m preference shares.

In respect of current liabilities, it is management's intention to:

- replace commercial paper as it matures, utilising existing commercial paper facilities;
- replace CMBS with new unsecured bank loans;
- reduce bank loans by \$52m from committed asset sales and extend remaining bank loans annually as they mature in accordance with their terms; and
- repay preference shares utilising undrawn funds arranged in 2004 as part of the US private placement, with maturities of between seven and 12 years.

notes to the financial statements

for the half year ended 31 December 2004

note 8. contributed equity

	Consolidated		Parent Entity	
	31 Dec 2004 \$'000	30 Jun 2004 \$'000	31 Dec 2004 \$'000	30 Jun 2004 \$'000
(a) value of securities on issue				
Opening balance as at 1 July 2004	1,028,028	976,048	1,028,028	976,048
Additional equity acquired on stapling	1,868,722	–	–	–
Placement of units	–	30,869	–	30,869
Issue of stapled securities	54,472	–	21,101	–
Issue of units to staple	–	–	316,263	–
Capital distribution to staple	–	–	(362,916)	–
Distributions reinvested	6,980	21,111	6,980	21,111
Closing balance	2,958,202	1,028,028	1,009,456	1,028,028
(b) number of securities on issue				
Opening balance as at 1 July 2004	996,612,986	951,443,626	996,612,986	951,443,626
Additional units created on stapling	1,587,229,406	–	–	–
Placement of units	–	26,862,822	–	26,862,822
Issue of stapled securities	41,521,457	–	41,521,457	–
Issue of units to staple	–	–	1,581,311,602	–
Distributions reinvested	–	18,306,538	5,917,804	18,306,538
Closing balance	2,625,363,849	996,612,986	2,625,363,849	996,612,986

notes to the financial statements

for the half year ended 31 December 2004

note 8. contributed equity (continued)

terms and conditions

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the trusts. 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

The trust has established a new distribution reinvestment plan (DRP) under which holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary units rather than by being paid in cash.

Units were issued to existing unitholders under the old DRP plan in relation to distributions for the June 2004 and December 2003 distribution periods. Units will be issued under the new DRP for the half-year ended December 2004.

On 26 August 2004, 5,917,804 units were issued at a unit price of \$1.1795.

stapling unit change

On 30 September 2004, the group was formed by the consolidation of the DDF, DIT, DOT and DRO. Each trust subscribed for units in accordance with the stapling ratios described in the Explanatory Memorandum and Product Disclosure Statement dated 30 August 2004.

As part of the stapling process, the trust, DIT and DOT each paid a special distribution by way of a capital return that was applied on behalf of each unitholder to subscribe for new issued units in each of the other trusts, including DRO. The number of units issued by each trust changed so that each trust had the same number of issued units. The number of stapled securities owned by an investor in DRT equals the same number of units in the trust, DIT, DOT and DRO. Each trust has 2,625,363,849 units on issue.

On 19 October 2004, 1,581,311,602 units were issued by the parent at a unit price of \$0.2000 (refer to the Explanatory Memorandum and Product Disclosure Statement dated 30 August 2004). This was the price at which the trust's units were issued to unitholders of DIT and DOT as part of the stapling process described above. This was funded from the capital distribution that was paid by DIT and DOT.

On 4 November 2004, 41,521,457 units were issued by the group at a unit price of \$1.3119. This issue of units was made in consideration for the acquisition of management rights from FAP, a subsidiary of Deutsche Australia Limited. The consideration paid was through the issue of fully paid DRT stapled securities priced at a volume weighted average price over the ten business days immediately following initial quotation of DRT securities on the Australian Stock Exchange. The parent's component of the DRT issue price was \$0.5082.

notes to the financial statements

for the half year ended 31 December 2004

note 9. reserves and undistributed income

	Consolidated		Parent Entity	
	31 Dec 2004 \$'000	30 Jun 2004 \$'000	31 Dec 2004 \$'000	30 Jun 2004 \$'000
(a) reserves				
Asset revaluation reserve	235,066	153,961	167,260	153,961
Foreign currency translation reserve	(623)	–	(343)	–
Total reserves	234,443	153,961	166,917	153,961
Movements:				
ASSET REVALUATION RESERVE				
Opening balance as at 1 July 2004	153,961	147,317	153,961	147,317
Increment on revaluation of investment properties	16,250	7,698	16,250	7,698
Asset revaluation reserve acquired on stapling	85,194	–	–	–
Fair value adjustment for capitalised lease incentives	(2,951)	–	(2,951)	–
Total movement in asset revaluation reserve	98,493	7,698	13,299	7,698
Transfer to undistributed income	(17,388)	(1,054)	–	(1,054)
Closing balance	235,066	153,961	167,260	153,961
FOREIGN CURRENCY TRANSLATION RESERVE				
Opening balance as at 1 July 2004	–	–	–	–
Foreign currency translation reserve acquired on stapling	127	–	–	–
Exchange difference arising from the translation of the financial statements of foreign operations	(750)	–	(343)	–
Total movement in foreign currency translation reserve	(623)	–	(343)	–
Closing balance	(623)	–	(343)	–

(b) nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of assets.

Foreign currency translation reserve

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

notes to the financial statements

for the half year ended 31 December 2004

note 9. reserves and undistributed income (continued)

(c) undistributed income

	Consolidated		Parent Entity	
	31 Dec 2004 \$'000	30 Jun 2004 \$'000	31 Dec 2004 \$'000	30 Jun 2004 \$'000
Undistributed income at 1 July 2004	12,211	10,726	12,211	10,726
Net profit attributable to security holders	74,357	90,834	59,812	90,834
Transfer from asset revaluation reserve	17,388	1,054	–	1,054
Undistributed income acquired on stapling	43,453	–		
Distributions provided for or paid	(136,519)	(90,403)	(59,372)	(90,403)
Undistributed income at the end of the period	10,890	12,211	12,651	12,211

note 10. distribution paid and payable

	Consolidated		Parent Entity	
	31 Dec 2004 \$'000	31 Dec 2003 \$'000	31 Dec 2004 \$'000	31 Dec 2003 \$'000
31 December (payable 28 February 2005)	136,519	44,522	59,372	44,522
Total distributions	136,519	44,522	59,372	44,522

	Consolidated		Parent Entity	
	31 Dec 2004 Cents per security	31 Dec 2003 Cents per security	31 Dec 2004 Cents per unit	31 Dec 2003 Cents per unit
31 December payable	5.20	4.65	2.26	4.65
Total distributions	5.20	4.65	2.26	4.65

The number of units has increased by 1,622,833,059 for the parent as a result of the transaction. Had the transaction not occurred and the number of units outstanding remained at 1,002,530,790, the distribution per unit by the parent for the period would have been 5.92 cents per unit.

notes to the financial statements

for the half year ended 31 December 2004

note 11. contingent liabilities

The directors of the Responsible Entity are not aware of any matters in relation to the group, 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.

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

	Consolidated		Parent Entity	
	31 Dec 2004	30 Jun 2004	31 Dec 2004	30 Jun 2004
	\$'000	\$'000	\$'000	\$'000
Bank guarantees in respect of variations and other financial risks associated with the development of 240 St Georges Terrace, Perth WA	5,412	–	–	–
Total contingent liabilities	5,412	–	–	–

note 12. events occurring after reporting date

Since the end of the period, 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 group, the results of those operations, or state of the group's affairs in future financial periods.

notes to the financial statements

for the half year ended 31 December 2004

note 13. segment information

business segments

The group operates in the following segments:

Retail & carpark – investment in the retail and car park property sectors

Commercial – investment in the commercial property sector

Industrial – investment in the industrial property sector

Financial services – provision of finance services to the trusts

31 December 2004	Retail and car park \$'000	Commercial \$'000	Industrial \$'000	Financial services \$'000	Eliminations/ unallocated \$'000	Consolidated \$'000
Rental and other property income	36,885	80,348	77,704	–	–	194,937
Share of net profits of associates accounted for using the equity method	2,978	572	–	–	(2,219)	1,331
Proceeds on sale of investments	211,501	44,650	26,341	–	–	282,492
Other revenue	–	256	643	8,664	(7,646)	1,917
Total segment revenue	251,364	125,826	104,688	8,664	(9,865)	480,677
Segment result	45,272	34,028	18,895	–	(23,838)	74,357

31 December 2003	Retail and car park \$'000	Commercial \$'000	Industrial \$'000	Financial services \$'000	Eliminations/ unallocated \$'000	Consolidated \$'000
Rental and other property income	35,763	25,117	17,684	–	–	78,564
Proceeds on sale of investments	–	–	–	–	–	–
Other revenue	–	–	29,760	–	230	29,990
Total segment revenue	35,763	25,117	47,444	–	230	108,554
Segment result	25,215	18,482	12,612	–	(15,328)	40,981

notes to the financial statements

for the half year ended 31 December 2004

note 13. segment information (continued)

geographical segments

The group's investments are located in Australia, New Zealand and the United States of America.

31 December 2004	Australia	New Zealand	United States of America	Consolidated
	\$'000	\$'000	\$'000	\$'000
Rental and other property income	158,666	–	36,271	194,937
Share of net profits of associates accounted for using the equity method	1,331	–	–	1,331
Proceeds on sale of investments	282,492	–	–	282,492
Other revenue	1,232	135	550	1,917
Total segment revenue	443,721	135	36,821	480,677
Segment result	63,120	135	11,102	74,357

31 December 2003	Australia	New Zealand	United States of America	Consolidated
	\$'000	\$'000	\$'000	\$'000
Rental and other property income	78,564	–	–	78,564
Proceeds on sale of investments	29,760	–	–	29,760
Other revenue	230	–	–	230
Total segment revenue	108,554	–	–	108,554
Segment result	40,981	–	–	40,981

notes to the financial statements

for the half year ended 31 December 2004

note 14. earnings per security

	Consolidated		Parent Entity	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
	Cents per security	Cents per security	Cents per unit	Cents per unit
Basic and diluted earnings	4.51	4.29	3.62	4.29
Weighted average number of securities outstanding used in the calculation of basic and diluted earnings per security	1,650,198,385	955,592,284	1,650,198,385	955,592,284
Basic earnings per security before the transaction	\$'000		\$'000	
Net profit attributable to security holders	74,357		59,812	
Add: Costs associated with the transaction	43,296		15,100	
	117,653		74,912	
Add: Book value of property investments sold	262,922		258,535	
Less: Proceeds from the sale of investment properties	(282,492)		(278,291)	
Basic earnings before the transaction and investment sales	98,083		55,156	
Number of units had the transaction not occurred			1,001,147,825	
Basic earnings per security before the transaction – cents per unit ¹	7.13		7.48²	
Basic earnings per security before the transaction and investment sales – cents per unit	5.94		5.51	

¹ Basic earnings per unit before the transaction incorporates the financial impact of the acquisition of the US REIT.

² The weighted average number of units has increased by 649,050,560 as a result of the transaction. Had the transaction not occurred, the weighted average number of units outstanding would be 1,001,147,825.

notes to the financial statements

for the half year ended 31 December 2004

note 15. acquisitions of controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding
DB RREEF Industrial Holdings LLC	United States of America	Ordinary	80%

Acquisition of controlled entity

On 30 September 2004, the group (via DDF and DIT) acquired 80% of DB RREEF Industrial Holdings, LLC. The operating results of this newly controlled entity have been included in the statements of financial performance since the date of acquisition.

Details of the acquisition are as follows:

	\$'000
Fair value of identifiable net assets of controlled entity acquired	
Investment properties	1,446,780
Other assets	12,399
Cash assets	43,210
Interest bearing liabilities	(1,062,279)
Payables	(44,636)
Provisions	(28,422)
	367,052
Less: Outside equity interests	(73,411)
	293,641
Goodwill on consolidation	3,443
Cash consideration	297,084
Outflow of cash to acquire controlled entity, net of cash acquired	
Cash consideration	297,085
Less: Balances acquired	
Cash assets	(43,210)
	(43,210)
Outflow of cash	253,875

notes to the financial statements

for the half year ended 31 December 2004

note 15. acquisitions of controlled entities (continued)

Name of entities	Country of incorporation	Class of shares	Equity holding
DB RREEF Industrial Trust (formerly Deutsche Industrial Trust)	Australia	Ordinary	0%
DB RREEF Office Trust (formerly Deutsche Office Trust)	Australia	Ordinary	0%
DB RREEF Operations Trust	Australia	Ordinary	0%

acquisition of controlled entities

On 30 September 2004, DDF was deemed to have acquired 100% of DB RREEF Industrial Trust, DB RREEF Office Trust and DB RREEF Operations Trust as a result of stapling the trusts. The operating results of these newly controlled entities has been included in the statement of financial performance since the date of acquisition.

Details of the acquisition are as follows:

	\$'000
Fair value of identifiable net assets of controlled entities acquired	
Investment properties	3,280,343
Investments accounted for using the equity method	37,106
Other assets	23,276
Cash assets	14,285
Interest bearing liabilities	(1,319,600)
Payables	(31,704)
Provisions	(13,374)
Net assets acquired on stapling	1,990,331

directors' declaration

for the half year ended 31 December 2004

The directors of DB RREEF Funds Management Limited (formerly Paladin Australia Limited) as Responsible Entity of DB RREEF Diversified Trust (formerly Deutsche Diversified Trust) ("the trust") a listed property trust declare that the financial statements and notes set out on pages 27 to 59:

- (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the trust and the consolidated entity's financial position as at 31 December 2004 and of their performance, as represented by the results of their operations and their cash flows, for the half 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 will be able to pay its debts as and when they become due and payable; and
- (c) the trust has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the half year ended 31 December 2004.

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



Christopher T Beare
Chair

Sydney
28 February 2005

independent audit report

to the stapled security holders of DB RREEF Diversified Trust (formerly Deutsche Diversified Trust)



Independent audit report to the stapled security holders of DB RREEF Diversified Trust (formerly Deutsche Diversified Trust)

PricewaterhouseCoopers
ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
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Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Audit opinion

In our opinion, the financial report of DB RREEF Diversified Trust:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of DB RREEF Diversified Trust and the DB RREEF Diversified Trust Group (defined below) as at 31 December 2004 and of their performance for the half-year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both DB RREEF Diversified Trust (the Trust) and the DB RREEF Diversified Trust Group (the consolidated entity) for the half-year ended 31 December 2004. The consolidated entity comprises both DB RREEF Diversified Trust (the registered scheme) and the entities it controlled during that half year.

The directors of DB RREEF Funds Management Limited, the responsible entity, are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order for the registered scheme to lodge the financial report with the Australian Securities and Investments Commission. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

independent audit report

to the stapled security holders of DB RREEF Diversified Trust (formerly Deutsche Diversified Trust)



audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'DA Prothero', is written over the printed name and title of the signatory.

PricewaterhouseCoopers

DA Prothero
Partner

Sydney
28 February 2005

top 20 security holders as at 28 february 2005

	Registered Name	Number of Securities	% Issued Securities
1	J P Morgan Nominees Australia Limited	622,665,170	22.79
2	Westpac Custodian Nominees Limited	340,947,621	12.48
3	National Nominees Limited	277,833,891	10.17
4	ANZ Nominees Limited	125,267,954	4.59
5	RBC Global Services Australia Nominees Pty Limited <BK Cust A/C>	124,891,921	4.57
6	Citicorp Nominees Pty Limited	110,984,999	4.06
7	Cogent Nominees Pty Limited	53,456,859	1.96
8	Citicorp Nominees Pty Limited <CFS Wsle Property Secs A/C>	42,065,866	1.54
9	First Australian Property Group Holdings Pty Limited	41,521,457	1.52
10	HSBC Custody Nominees (Australia) Limited	39,638,435	1.45
11	RBC Global Services Australia Nominees Pty Limited <Pipooled A/C>	39,298,382	1.44
12	Brispot Nominees Pty Ltd	35,273,905	1.29
13	AMP Life Limited	33,877,522	1.24
14	Cogent Nominees Pty Limited <SMP Accounts>	33,223,624	1.22
15	Victorian Workcover Authority	23,706,137	0.87
16	Westpac Financial Services Limited	22,925,524	0.84
17	Questor Financial Services Limited	22,714,198	0.83
18	Transport Accident Commission	18,377,532	0.67
19	Australian Executor Trustees Limited	16,954,901	0.62
20	Bond Street Custodians Limited	15,849,484	0.58
	Total	2,041,475,382	74.72
	Remaining registered holders	690,607,007	25.28
	Issued securities	2,732,082,389	100

spread of security holders as at 28 february 2005

Range	Investors	Number of Securities	%
1 – 1,000	1,326	587,450	0.02
1,001 – 5,000	5,332	17,453,340	0.64
5,001 – 10,000	6,797	52,583,548	1.93
10,001 – 100,000	12,882	320,552,455	11.73
100,001 and over	469	2,340,905,596	85.68
Total	26,806	2,732,082,389	100

security holder information

security registry

If you have administrative inquiries such as change of address or the way in which you wish your distributions paid, please contact ASX Perpetual Registrars Limited on 1800 819 675. Please note that broker sponsored (CHESS) holders should advise their sponsoring broker of a change in address. ASX Perpetual's website can be accessed at www.asxperpetual.com.au. The following information and services are:

- check your holding balance
- choose your preferred annual report option
- update your address details
- update your bank details
- confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- check transaction and distribution history
- download instruction forms.

This information is accessed via a security login using your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or trust name) and postcode (must be the postcode recorded on your holding record).

enquiries, obtaining information or making a complaint

DB RREEF Funds Management Limited has processes in place to deal with security holder questions and complaints. 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 to: enquiries.drt@dbreef.com.

website

Our website can be accessed at www.dbrreef.com. You will be able to find information such as annual and half year reports, distribution histories, apportionment percentages, newsletters, presentations about the trust and property portfolio details. ASX announcements and press releases are also available on the site.

stock exchange listing

The stapled security (ASX:DRT) is included in the top 200 listed entities in Australia in terms of market capitalisation and currently forms part of the following indices: All Ordinaries; All Industrials; Listed Property trusts; and the S&P/ASX200.

payment of distribution

With respect to your distributions, you can have your distribution paid directly into your nominated Australian bank, building society or credit union account.

annual tax statement

After the end of a 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.

DRT cost base information upon stapling

The determination of the applicable cost base of former DDF, DIT or DOT units, for unitholders on 12 October 2004 whose units were converted into DRT stapled securities (issued to holders on 19 October 2004) is outlined in a paper titled "Unitholders who did not participate in the cash Sale and Exchange Facilities".

security holder information

The determination of the applicable cost base of units for unitholders who participated in the exchange facility is outlined in a paper titled “Unitholders who participated in the cash Sale and Exchange Facilities”.

These papers were sent to relevant unitholders holders on the 19 October 2004. Additional copies of these papers can be obtained by either visiting our website at www.dbrreef.com or by contacting the registry.

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 or by contacting the registry.

apportionment percentages of DRT stapled securities since stapling

Dates	DB RREEF Diversified Trust	DB RREEF Industrial Trust	DB RREEF Office Trust	DB RREEF Operations Trust
6/10/2004 to 30/12/2004	38.15%	20.88%	40.79%	0.18%
31/12/2004 to the next announced NTA	37.05%	21.27%	41.47%	0.21%

security holder information

distribution histories of DDF, DIT, DOT and DRO

To assist in the determination of the CGT cost base of your DDF, DIT, DOT and DRO units the responsible entity has prepared a distribution history schedule for each of these trusts and for the distributions of DRT since stapling.

distribution timetable for the June 2005 distribution year

The timetable below highlights anticipated distribution, banking and mailing dates for the June 2005 distribution period. Security holders should note that these dates are indicative only and may change.

DRT's distribution periods will end on 30 June and 31 December each year. Distributions will be paid no later than two months following each half year.

complaints handling

DRFM is a member of the Financial Industry Complaints Service Limited (FICS). This is an independent dispute resolution service and may be contacted through:

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

distribution timetable for the June 2005 distribution year

Distribution period	Announcement date	Ex-distribution date	Record date	Anticipated payment date
1 January – 30 June 2005	21 June 2005	24 June 2005	30 June 2005	29 August 2005

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 REEF Funds Management Limited
ABN 24 060 920 783

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 (Alternate Shaun A Mays)
Brian E Scullin

compliance committee

Brian E Scullin, Chair
Peter Carrigy-Ryan
Andy Esteban
Tanya L Cox

audit committee

Elizabeth A Alexander AM, Chair
Barry R Brownjohn
Stewart F Ewen

secretaries of the responsible entity

Tanya L Cox
Ian S Thompson

registered office of responsible entity

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Phone: 61 2 9249 9595
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directory

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Freecall: 1800 819 675

Phone: 61 2 8280 7126

Website: www.dbrreef.com.au

auditors

PricewaterhouseCoopers

Chartered Accountants

201 Sussex Street

Sydney NSW 2000

security registry

ASX Perpetual Registrars Limited

580 George Street

Sydney NSW 2000

Locked Bag A14

Sydney South NSW 2000

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Freecall: 1800 819 675

Fax: 61 2 9261 8489

Email: registrars@asxperpetual.com.au

Website: www.asxperpetual.com.au

For inquiries regarding holding, change of address, etc.
please contact the Security Registry.

stock exchange listing

Listed on the Australian Stock Exchange

ASX Code: DRT

