

DB RREEF RENTS Trust

annual report 2005



DB RREEF

Managed in partnership with Deutsche Bank 

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DB RREEF RENTS Trust
ARSN 112 705 852

Responsible Entity DB RREEF Funds Management Limited ABN 24 060 920 783 AFSL No. 238163

dear investor



I am pleased to present the first annual report for DB RREEF RENTS Trust ("Trust") for the period ending 30 June 2005.

I am pleased to report that during the year the Trust successfully issued Real-estate perpetual Exchangeable Step-up Securities, known as RENTS, raising \$204 million, and these securities are now trading on the Australian Stock Exchange.

The Trust distributes income to RENTS holders at the end of each quarter with the first distribution period ending 30 September 2005. The distribution rate for the first distribution period is 6.98 percent per annum or \$2.07 per RENTS security. The first RENTS distribution payment will be sent to investors on 17 October 2005.

While the Trust has only been operational for a short time under the *Corporations Act 2001* and the ASX Listing Rules, we are required to prepare an Annual Report as at 30 June 2005 and forward you a copy.

On behalf of the Board, I wish to thank you for your investment in RENTS and look forward to your support during 2006 and the years ahead.

Yours faithfully

A handwritten signature in black ink that reads "Chris Beare". The signature is written in a cursive style and is positioned above a short horizontal line.

Christopher T Beare
Chair of DB RREEF Funds Management Limited

13 September 2005

RENTS

RENTS DISTRIBUTION AMOUNTS ARE EXPECTED TO BE 90 PERCENT TAX DEFERRED OVER THE PERIOD TO THE STEP-UP DATE, BEING 1 JULY 2012.

Real-estate perpetual Exchangeable Step-up Securities, known as RENTS, are fully paid preference units in DB RREEF RENTS Trust. RENTS are issued by DB RREEF Funds Management Limited as Responsible Entity of the Trust.

The monies raised through the issue of RENTS have been used to subscribe for preference units in DOT Commercial Trust, a sub trust of DB RREEF Office Trust which is part of the DB RREEF Trust stapled security. The proceeds of the subscription have been used within DB RREEF Trust to reduce senior debt.

RENTS distributions

Until 1 July 2012, the RENTS distribution rate will be the sum of the market rate, being the 90 day bank bill rate determined at the start of each distribution period, plus a margin of 1.3 percent per annum.

Distributions are payable (except for the first distribution period ending 30 September 2005) quarterly in arrears, directly into a unitholder's nominated Australian bank account.

RENTS distribution amounts are expected to be 90 percent tax deferred over the period to the step-up date, being 1 July 2012. If any distribution amount is not 90 percent tax deferred prior to the step-up date, the margin for that distribution period will be increased by a top up element.

holder protection

Holders have the benefit of a subordinated guarantee from DB RREEF Funds Management Limited as the Responsible Entity of DB RREEF Diversified Trust, DB RREEF Industrial Trust, DB RREEF Office Trust and DB RREEF Operations Trust, the four trusts that comprise DB RREEF Trust (each a Guarantor).

The Guarantors guarantee, on a subordinated basis, the obligations of the issuer and transferee (upon the exchange of any RENTS) to pay money which becomes due and payable to unitholders.

If a distribution amount is not paid in full, while it is not cumulative, a "distribution stopper" will prevent DB RREEF Funds Management Limited as the Responsible Entity of DB RREEF Trust from paying any distribution or making any return of capital to holders of securities in DB RREEF Trust.

other key features of RENTS

- RENTS are perpetual and have no maturity date;
- Subject to the direction of DB RREEF Funds Management Limited as the Responsible Entity of DB RREEF Office Trust, DB RREEF Funds Management Limited as issuer of RENTS, may initiate exchange of RENTS into DB RREEF Trust stapled securities or repurchase RENTS for cash on or after the step-up date, being 1 July 2012, or earlier in certain circumstances;
- If RENTS are not exchanged or repurchased, the RENTS distribution margin will increase by a once off step-up of two percent per annum (ie. become 3.3 percent per annum) from the step-up date being 1 July 2012; and
- RENTS are listed on the Australian Stock Exchange with an ASX ticker code of DRRPA.

RENTS holders information

Holders of RENTS are entitled upon request to receive all notices of meetings of the DB RREEF Trust, and all other documents (including annual reports and financial statements of the DB RREEF Trust) at the same time or within a reasonable time, as DB RREEF Trust stapled security holders. Other information required to be disclosed in relation to DB RREEF RENTS Trust and DB RREEF Stapled Trusts under the continuous disclosure obligations of the ASX Listing Rules may be obtained from the DB RREEF group's website at www.dbrreef.com.



Left to right:
 Christopher T Beare
 Elizabeth A Alexander AM
 Barry R Brownjohn
 Stewart F Ewen

Christopher T Beare

BSc, BE (Hons), MBA, PhD, FAICD
 Chair and Independent Director Age 54

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 Société Générale 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 the Chair and an Independent, Non-Executive Director of DB RREEF Funds Management Limited. He is also a member of the Board Nomination and Remuneration Committee and the Board Treasury Policy Committee.

Elizabeth A Alexander AM

BComm, FCA, FAICD, CPA
 Independent Director Age 62

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 the Australian Accounting Standards Board. 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 Board Audit Committee.

Barry R Brownjohn

BComm, Independent Director Age 54

Barry Brownjohn is a senior consultant with Pacific Road Corporate Finance where he focuses on advising companies on strategic acquisitions and divestments in the financial services and related technology sectors.

He was formerly the Australian Managing Director for the Bank of America. While with the 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 the Chair of the Board Treasury Policy Committee and a member of the Board Audit Committee.

Stewart F Ewen

FILE, Independent Director Age 56

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 \$8 billion 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 a Director of the Cure Cancer Australia Foundation and Cell Bank Australia. Stewart is also a Director of CapitaCommercial Trust Management Limited, Singapore.

directors (continued)



Left to right:
Brian E Scullin
Victor P Hoog Antink
Charles B Leitner III
Shaun A Mays

Stewart is an Independent, Non-Executive Director of DB RREEF Funds Management Limited and a member of the Board Audit Committee and the Board Nomination and Remuneration Committee.

Brian E Scullin

BEC, Non-Executive Director Age 54

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 a Director of State Super Financial Services Limited.

Brian is a Non-Executive Director of DB RREEF Funds Management Limited, Chair of the Board Risk and Compliance Committee and is a member of the Board Nomination and Remuneration Committee. Brian is a Deutsche Bank nominated Director.

Victor P Hoog Antink

BComm, MBA, FCA, FAPI, MAICD
Executive Director Age 51

Victor Hoog Antink joined Deutsche Bank after almost nine years at Westfield Holdings where he was the Director

of Funds Management, responsible for both the Westfield Trust and the Westfield America Trust. Victor has a commerce degree from the University of Queensland, an MBA from the Harvard Business School, is a fellow of the Australian Property Institute, a fellow of the Institute of Chartered Accountants in Australia, and a member of the Institute of Company Directors. Victor has over 20 years experience in property and finance and is the National President of the Property Council of Australia.

Victor is CEO and an Executive Director of DB RREEF Funds Management Limited. Victor is a Deutsche Bank nominated Director.

Charles B Leitner III

BA, Executive Director Age 46

Charles Leitner is the Global Head of RREEF/DB Real Estate, Deutsche Bank's real estate investment platform with over US\$56 billion 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 and is a Deutsche Bank nominated Director.

Shaun A Mays

BSc (Hons), MSc, MBA, (Alternate Director to Charles B Leitner III) Age 49

Shaun Mays was appointed the Global Head of RREEF Infrastructure Investments in May 2005 and is based in New York. Prior to this appointment Shaun joined Deutsche Asset Management (Australia) Limited as Australian Chief Executive Officer.

Previously Shaun was Managing Director of Westpac Financial Services. He was also Chief Investment Officer of Commonwealth Financial Services and Managing Director and Chief Investment Officer of Mercury Asset Management. He has more than 18 years experience in the funds management industry, in both executive management and investment positions, gained in Australia, the United Kingdom and the USA. In addition to his traditional asset management expertise, Shaun has experience in the property and private equity sectors.

Shaun was Deutsche Bank's nominated Director of DB RREEF Funds Management Limited until March 2004 and is now a nominated alternate Director for Charles Leitner.

The Board of Directors of DB RREEF Funds Management Limited (“DRFM”) is responsible for the governance environment in which the Trust operates.

the governance framework

The corporate governance framework of DRFM is designed to support the strategic objectives of the Trust by defining accountability and creating control systems appropriate to mitigate the risks inherent in the day-to-day operations of the Trust.

To achieve this objective, DRFM has implemented a corporate governance framework that embraces ASX Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”). In any circumstance where DRFM has diverged from ASX principles, the Board of DRFM has considered the specific circumstance to satisfy itself that its governance objectives have not been compromised, and an explanation of the circumstance has been incorporated in this statement.

website

You can access DB RREEF’s corporate governance web page on www.dbrreef.com/governance or by following the links from the DB RREEF home page.

principle 1. a solid foundation for oversight and management

The Board of DRFM is committed to maintaining, through both executive management and the Board, a balance of skills, experience and independence appropriate to the nature and extent of its operations.

DRFM’s governance framework enables the Board to provide strategic guidance, while exercising effective oversight of management. The framework also defines the roles and responsibilities of the Board and management in order to facilitate board and management accountability and ensure

a balance of authority. DRFM’s Board, management committees and committee structure are detailed on www.dbrreef.com.

1.1 role of the board

The DRFM Board is responsible for ensuring that the fiduciary and statutory obligations of the Trust to its investors are met, and that such duties have priority over all other duties including the interests of DRFM’s shareholders.

Having regard to these responsibilities, the Board ensures that:

- compliance with its fiduciary and statutory obligations are met;
- appropriate conflict identification and management practices are in place;
- the Trust’s goals are clearly established, and that strategies are in place for their achievement;
- business plans and budgets are approved, and monitoring of performance against those plans and budgets is conducted;
- the Trust’s financial statements are true and fair and otherwise conform with law;
- appropriate risk management, internal control and regulatory compliance policies are in place; and
- management adheres to high standards of ethics and corporate governance.

In addition, the Board is responsible for appointing and removing the Chief Executive Officer (“CEO”), ratifying the appointment of the Chief Financial Officer (“CFO”), Chief Operating Officer (“COO”) and Company Secretary, and monitoring the performance of the senior management team. The Board also carries ultimate responsibility for the approval of any acquisitions or divestments within the Trust. A copy of DRFM’s Board Terms of Reference is available on www.dbrreef.com.

corporate governance statement (continued)

1.2 role of management

The day-to-day management of the Trust rests in the hands of the management team. To assist this team in the direction, implementation and monitoring of its plans and strategies a number of committees, reporting to the Executive Committee, have been established and responsibilities delegated.

Management – Executive Committee

Reporting to the Board, the Executive Committee has responsibility for ensuring that the financial and human resources of DRFM are effectively employed in the achievement of the Trust's operational and strategic objectives. The Executive Committee comprises DRFM's senior management team and its primary responsibilities are set out in its Terms of Reference.

principle 2. structuring the board to add value

2.1 structure of the board

The composition of the Board reflects the duties and responsibilities it discharges as the representative of investors, and in setting the Trust's strategy and overseeing its implementation.

The DRFM Board currently comprises seven members, four of whom are independent and three of whom are appointed by Deutsche Bank ("DB"), including the Chief Executive Officer ("CEO"). Under the Shareholders' Deed dated 1 October 2004 the Boards of DRFM and DRH may comprise up to nine members in total, five of whom would be independent and four of whom would be DB appointed Directors.

The members of the Board as at the date of this Annual Report are as follows:

| Members of the Board | Status |
|-----------------------------|---|
| Directors | |
| Christopher T Beare (Chair) | Independent Director |
| Elizabeth A Alexander | Independent Director |
| Barry R Brownjohn | Independent Director |
| Stewart F Ewen | Independent Director |
| Victor P Hoog Antink | Executive Director and Chief Executive Officer |
| Charles B Leitner III | Executive Director, DB appointed Director |
| Brian E Scullin | Non-Executive Director, DB appointed Director |
| Alternate Director | |
| Shaun A Mays | DB appointed Alternate Director for Charles B Leitner III |

Details of the Directors, as at the date of this Report are set out on pages 3 and 4 of this Report. Details of the Directors who have resigned during the year are set out in the Directors' Report.

2.2 director independence

Independent Directors are independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement. Independent Directors are active in areas which enable them to relate to the strategies of the company and to make a meaningful contribution to the Board's deliberations. The Board of DRFM regularly assesses the independence of its Independent Directors, in light of interests disclosed to it.

Independence is assessed according to the ASX Principle of Good Corporate Governance.

For the purpose of assessing independence, the Board has determined that affiliation with a business which accounts for greater than 2.5 percent of DB RREEF's, or the supplier's revenue would be, as a category, material.

Independent Directors hold office for three years, following their first appointment (or, if appointed by the Board between annual meetings, from the date of the Annual General Meeting immediately succeeding the appointment). It is not generally expected that an Independent Director would hold office for more than ten years, or be nominated for more than three consecutive terms, whichever is the longer. For a description of the procedure for the selection and appointment of new Directors to the Board please refer to www.dbrreef.com.

Although the Board is advised by internal Legal Counsel and the Company Secretary, Independent Directors are encouraged to take independent professional advice, at DRFM's expense, as required. Independent Directors also confer regularly, outside board meetings, without the involvement of management and Executive Directors.

2.3 role of the chair

The DRFM Chair is an Independent Director, and is responsible for the leadership of the Board, for the efficient organisation and conduct of the Board's functions, and for the briefing of Directors in relation to issues arising pertinent to the Board.

The Board has also clearly defined, and the Chair monitors, the responsibilities of the CEO.

2.4 board nomination and remuneration committee

A Board Nomination and Remuneration Committee has been established by the Board to assist in the fulfilment of its responsibilities, by overseeing all aspects of Director and Executive remuneration, performance evaluation and Board nominations. It comprises two Independent Directors and two DB appointed members, one of whom will be the Chair.

The members of the Board Nomination and Remuneration Committee are as follows:

| Committee member | Status |
|----------------------|-----------------------|
| Shaun A Mays (Chair) | Executive Member |
| Christopher T Beare | Independent Director |
| Stewart F Ewen | Independent Director |
| Brian E Scullin | DB appointed Director |

The Committee's nomination and remuneration responsibilities are set out in its Terms of Reference which is available on www.dbrreef.com.

The Board Nomination and Remuneration Committee composition of two Independent Directors and two DB appointed members, differs from ASX guidelines that the Committee be comprised of a majority of Independent Directors, one of whom is the Chair. This departure from the guidelines reflects the unique shareholding of DRFM, being 50 percent DB RREEF Trust and 50 percent Deutsche Bank, and enables DB to bring to deliberations its experience as a global financial institution, as well as recognising the materiality of its shareholding. The Board has considered this departure from ASX guidelines and has determined that the departure does not compromise the objectives of the Committee.

principle 3. promoting ethical and responsible decision-making

3.1 code of conduct

To ensure the satisfaction of DRFM's statutory and fiduciary obligations to each of its investor groups and to maintain confidence in DRFM's integrity, the Board has implemented a series of clearly articulated compliance policies and procedures by which it requires all employees to abide. Policies relating to employee conduct are summarised in the DRFM Employee Code of Conduct, and assist employees in ensuring that their conduct meets the highest ethical and professional standards.

All employees receive regular Code of Conduct training, other compulsory training, including anti-money laundering and routine refresher training.

The Employee Code of Conduct is available on www.dbrreef.com.

3.2 insider trading and trading in RENTS securities

DRFM has implemented a trading policy that sets out the requirements applying to Directors and employees of DRFM who wish to trade or invest in any DRFM financial product for their personal account or on behalf of an associate.

The policy specifies any Director or employee who wishes to trade in the Trust must obtain written approval before entering into any trade.

A summary of the Employee Trading policy is available on www.dbrreef.com.

principle 4. safeguarding the integrity of financial reporting

4.1 review and authorisation

DRFM has put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Trust's financial position.

This structure includes:

- the establishment of a Board Audit Committee to review the financial statements of each entity and review the independence and competence of the external auditor; and
- semi-annual management representations to the Board Audit Committee, affirming the veracity of the Trust's financial statements.

4.2 board audit committee

A Board Audit Committee has been established by the Board, including only Directors who are financially literate and have an understanding of the industry in which DRFM operates, and one or more of whom have financial expertise. The Board Audit Committee currently comprises three Independent Directors. The Board Audit Committee operates under formal Terms of Reference, has access to management, and internal and external auditors without management present, and has the right and opportunity to seek explanations and additional information. In addition, the external auditor is invited to attend all Board Audit Committee meetings. The Committee may also obtain independent professional advice in the satisfaction of its duties at the cost of DRFM. The Committee meets as frequently as required to undertake its role effectively and not less than four times per annum.

The membership of the Board Audit Committee is as follows:

| Committee member | Status |
|-------------------------------|----------------------|
| Elizabeth A Alexander (Chair) | Independent Director |
| Barry R Brownjohn | Independent Director |
| Stewart F Ewen | Independent Director |

The Board Audit Committee's Terms of Reference, the Committee's procedure for the selection and appointment of the external auditor and for the rotation of external audit engagement partners are available on www.dbrreef.com.

principle 5. timely and balanced disclosure

5.1 continuous disclosure

To promote the timely and balanced disclosure of all material matters that impact the Trust, the Board has put in place mechanisms designed to ensure compliance with the ASX Listing Rules and ASIC's disclosure requirements such that:

- all investors have equal and timely access to material information, including the financial situation, performance, ownership and governance of the Trust; and
- all announcements are factual and presented in a clear and balanced way.

To achieve this objective DRFM has the following policies in place:

- Continuous Disclosure & Analyst Briefing Policy; and
- The Employee Code of Conduct.

DRFM has also established a segregated Compliance function to assist management in the promotion of an effective compliance culture.

For a description of these Policies please refer to the Employee Code of Conduct and Continuous Disclosure & Analyst Briefings – which are both available on www.dbrreef.com.

principle 6. respecting the rights of unitholders

6.1 communications with investors

DRFM has designed a communication strategy to promote effective communication and encourage effective participation with the Trust's investors. This strategy includes:

- the placement of all relevant announcements made to investors and the market, and related information, on the website;
- providing information about historic press releases/announcements and historic financial data on the website; and
- using email to provide information updates to investors, as appropriate.

6.2 information on DB RREEF trust

All investors are entitled to request the periodic reports that DB RREEF Trust investors receive regarding DB RREEF Trust. Investors may obtain these reports by contacting the Trust's security registrar, ASX Perpetual Registrars Limited. Investors are also invited to attend, as a visitor, any DB RREEF Trust Annual General Meeting ("AGM"), which are also attended by that Trust's Auditor.

6.3 annual general meetings

DRFM has decided that the Trust will not conduct regular AGMs. Therefore DRFM is unable to invite the auditor to the AGM to answer investor questions, as recommended by the ASX Corporate Governance Recommendations. This decision has been made in light of:

- the fact that the Trust is not required to hold AGMs by the *Corporations Act 2001*;
- the cost of conducting AGMs;
- the governance framework under which the Trust operates; and
- the communications strategy outlined above.

principle 7. recognising and managing risk

7.1 risk management

DRFM has designed a system of risk oversight, management and internal control to identify, assess, monitor and manage risk, and enable DRFM to keep investors informed of material changes in the Trust's risk profile. This system includes the establishment of a Board Risk and Compliance Committee, supported by a management Compliance and Internal Audit Committee and a Risk Management Committee.

7.2 board risk and compliance committee

Although not required by ASIC, due to the appointment of a majority independent board, the Board has established a Board Risk and Compliance Committee to review risk and compliance matters and monitor DRFM's conformance with the requirements of the Managed Investments Act, as specified in Section 601JC of the Corporations Act. The Committee includes only members who are familiar with the requirements of the Managed Investments Act and have extensive risk and compliance experience. The Committee is also encouraged to obtain independent professional advice in the satisfaction of its duties at the cost of DRFM.

The Committee currently comprises five members, three of whom are external members (ie. members that satisfy the requirements of Section 601JB(2) of the Corporations Act) and two of whom are Executives of DRFM. The scope of the Committee includes all DRFM's Trusts, including DRFM's investment mandates and the Trust. The Committee reports to the Responsible Entity any breach of the Corporations Act or breach of the provisions contained in any Trust's Constitution, and further reports to ASIC if the Committee is of the view that the Responsible Entity has not taken appropriate action to deal with a matter reported to it.

The membership of the Board Risk and Compliance Committee is as follows:

| Committee member | Status |
|-----------------------|---|
| Brian Scullin (Chair) | Independent Member |
| Peter Carrigy-Ryan | Independent Member |
| Andy Esteban | Independent Member |
| Tanya Cox | Executive Member and Chair of the Risk Management Committee |
| John Easy | Executive Member and Chair of the Compliance and Internal Audit Committee |

7.3 management representations

The Chief Executive Officer makes the following representations in relation to risk management:

- at least quarterly to the Head of Compliance, regarding conformance with compliance policies and procedures. Any exceptions are reported by Compliance to the Board Risk and Compliance Committee quarterly; and
- on a semi-annual basis to the Board Audit Committee regarding the veracity of the Trust's financial statements.

Please refer to www.dbrreef.com for a description of DRFM's Risk Management Policy.

principle 8. encouraging enhanced performance

The Board is committed to enhancing its, and management's, effectiveness. To achieve this objective DRFM has implemented a training regime, to facilitate performance by education, for Directors and employees. DRFM has also implemented a comprehensive performance evaluation program for its employees, to ensure the effectiveness of its education and training programs, and the Board Nomination and Remuneration Committee has implemented an annual performance evaluation program for the Board.

8.1 board education and performance evaluation

To ensure that Directors have the most current information to meet the above obligations, to discharge their responsibilities effectively and to allow new Directors to participate fully and actively in board decision-making at the earliest opportunity, Board members receive:

- a Director's Information Pack;
- a Director's induction briefing; and
- Director training, where required.

Directors are also encouraged to:

- take independent professional advice, at DRFM's expense;
- seek additional information from management; and
- directly access the Company Secretary, Head of Legal and Head of Compliance.

The Board Nomination and Remuneration Committee is also responsible for ensuring the effectiveness of the induction process and overseeing the annual performance evaluation of the Board, its committees and individual Directors.

A description of the process for the performance evaluation of the Board is available on www.dbrreef.com.

8.2 employee performance evaluation

Each year the Board ensures that the goals of DRFM are clearly established and that strategies are in place for the achievement of those goals. Goals are reviewed periodically to ensure they remain consistent with DRFM's priorities and the changing nature of the business. These goals become the performance targets for the CEO and Executive Committee. Performance against these goals is reviewed annually by the Board Nomination and Remuneration Committee and is taken into account in the remuneration review of Executive Committee members.

Cascading goals and objectives are established for all other employees and their performance is reviewed annually by the Executive Committee. Remuneration and incentive payments are considered by the Compensation Committee and recommended to the Board Nomination and Remuneration Committee, based on the achievement of approved performance objectives and market comparatives.

principle 9. remunerating fairly and responsibly

DRFM's remuneration framework is detailed in section 3 of the Directors' Report.

principle 10. recognising the legitimate interests of stakeholders

10.1 stakeholder interests

DRFM is aware that the creation of value through the better management of natural, human, social and other capital is essential to the development of its reputation, and acknowledges the interests of its stakeholders including investors, employees, tenants, bankers/financiers and the broader community, in the further pursuit of this objective.

To address these objectives DRFM has in place:

- a Directors' Code of Conduct; and
- an Employee Code of Conduct.

A description of the Directors' Code of Conduct and the Employee Code of Conduct is available on www.dbrreef.com.

corporate governance statement (continued)

principle 11. ASX corporate governance recommendations

The ASX Listing Rules require listed entities to include in their annual report a statement disclosing the extent to which they have followed the 28 ASX corporate governance recommendations during the year and to identify the recommendations that have not been followed and explain why they have not been followed.

Note: Reference in the table is a cross reference to the relevant sections of this Corporate Governance Statement, and where applicable the Directors Report (“DR”) or the Remuneration Report (“RR”).

| Principle | What | Reference | Comply Yes/No |
|--|--|----------------|------------------|
| Principle 1: Lay solid foundations for management and oversight | | | |
| 1.1 | Formalise and disclose the functions reserved to the Board and those delegated to management. | 1.1 | Yes |
| Principle 2: Structure the Board to add value | | | |
| 2.1 | A majority of the Board should be Independent Directors. | 2.1 | Yes |
| 2.2 | The Chairperson should be an Independent Director. | 2.3 | Yes |
| 2.3 | The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual. | 2.1 | Yes |
| 2.4 | The Board should establish a Nomination Committee. | 2.4 | Yes |
| 2.5 | Provide the information indicated in guide to reporting on Principle 2. | 1.1 website | Yes |
| Principle 3: Promote ethical and responsible decision making | | | |
| 3.1 | Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company’s integrity; and 3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | 3.1 10.1 | Yes |
| 3.2 | Disclose the policy concerning trading in company securities by directors, officers and employees. | 3.2 | Yes |

| Principle | What | Reference | Comply Yes/No |
|--|--|-------------------------------------|------------------|
| Principle 4: Safeguard integrity in financial reporting | | | |
| 4.1 | Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards. | DR 4.1 | Yes |
| 4.2 | The Board should establish an Audit Committee. | 4.2 | Yes |
| 4.3 | Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> ■ only Non-Executive Directors; ■ a majority of Independent Directors; ■ an independent chairperson, who is not chairperson of the Board; and ■ at least three members. | 4.2 | Yes |
| 4.4 | The Audit Committee should have a formal charter. | 4.2 | Yes |
| 4.5 | Provide the information indicated in guide to reporting on Principle 4. | 4.2 Annual Report DR, website | Yes |
| Principle 5: Make timely and balanced disclosure | | | |
| 5.1 | Establish written policies and procedures to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. | 5.1 | Yes |
| 5.2 | Provide the information indicated in guide to reporting on Principle 5. | 5.1 website | Yes |

corporate governance statement (continued)

principle 11. ASX corporate governance recommendations (continued)

| Principle | What | Reference | Comply Yes/No |
|--|---|-----------------------|------------------|
| Principle 6: Respect the rights of shareholders | | | |
| 6.1 | Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings. | 6.1 6.2 | Yes |
| 6.2 | Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. | 6.3 | Not applicable |
| Principle 7: Recognise and manage risk | | | |
| 7.1 | The Board or appropriate committee should establish policies on risk oversight and management. | 7.1 7.2 | Yes |
| 7.2 | The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that: <ul style="list-style-type: none"> 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. | DR 7.3 | Yes |
| 7.3 | Provide the information indicated to guide to reporting on Principle 7. | 7.1 to 7.3 website | Yes |

| Principle | What | Reference | Comply Yes/No |
|---|--|------------------------|------------------|
| Principle 8: Encourage enhanced performance | | | |
| 8.1 | Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives. | 8.1 8.2 | Yes |
| Principle 9: Remunerate fairly and responsibly | | | |
| 9.1 | Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) in the link between remuneration paid to Directors and key executives and corporate performance. | RR | Yes |
| 9.2 | The Board should establish a Remuneration Committee. | 2.4 | Yes |
| 9.3 | Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executives. | RR | Yes |
| 9.4 | Ensure that payment of equity-based Executive remuneration is made in accordance with thresholds set in plans approved by shareholders. | RR | Yes |
| 9.5 | Provide the information indicated in guide to reporting on Principle 9. | RR, DR 2.4, website | Yes |
| Principle 10: Recognise the legitimate interests of stakeholders | | | |
| 10.1 | Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. | 10.1 | Yes |

financial statements

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This financial statement covers DB RREEF RENTS Trust ("the Trust") as an individual entity.

The Directors of DB RREEF Funds Management Limited ("DRFM") as Responsible Entity of DB RREEF RENTS Trust ("the Trust") present their first Directors' Report ("Report") together with the financial report of the Trust for the period ended 30 June 2005.

1. directors and secretaries

DRFM is the Responsible Entity of the Trust.

1.1 DB RREEF Funds Management Limited

The following persons were Directors or alternate Directors of DRFM at any time during the period 27 January 2005, the date the Trust was established, to the date of this Report:

| Name | Appointed | Resigned |
|--|----------------|---------------|
| Directors | | |
| Christopher T Beare | 4 August 2004 | Continuing |
| Elizabeth A Alexander AM | 1 January 2005 | Continuing |
| Barry R Brownjohn | 1 January 2005 | Continuing |
| Stewart F Ewen | 4 August 2004 | Continuing |
| Victor P Hoog Antink | 1 October 2004 | Continuing |
| Charles B Leitner III | 10 March 2005 | Continuing |
| Shaun A Mays | 13 May 2004 | 10 March 2005 |
| Brian E Scullin | 1 January 2005 | Continuing |
| Alternate Director | | |
| Shaun A Mays (alternate for Charles B Leitner III) | 10 March 2005 | Continuing |

Particulars of the qualifications, experience and special responsibilities of current Directors or alternate Directors of DRFM at the date of this Report are set out in the section titled "Directors" and form part of this Report.

1.2 company secretaries

The names and details of the Company Secretaries of DRFM as at 30 June 2005 are as follows:

Tanya L Cox MBA MAICD (Company Secretary)

Appointed: 1 October 2004

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

Tanya is Chief Operating Officer and Company Secretary of DRFM and DB RREEF Holdings Pty Limited.

Ian Thompson BEc (Company Secretary)

Appointed: 12 July 2000

Resigned: 1 July 2005

Ian has worked in a range of roles including Research and Policy Officer, Senior Administration Officer and Assistant Company Secretary in the State Superannuation Board, Local Government Superannuation Board, Public Authorities Superannuation Board, State Superannuation Investment and Management Corporation and Axiom Funds Management Limited prior to being appointed as Company Secretary to various Group companies of Deutsche Bank in 2000.

John C Easy B Comm LLB (Company Secretary)

Appointed: 1 July 2005

John joined Deutsche Asset Management as a senior lawyer in 1997 and is now the Head of Legal for DB RREEF. John has been involved in the listing of Deutsche Office Trust and major acquisition, disposal and leasing transactions for the group, along with responsibility for legal issues affecting the property portfolio. John was formerly a senior associate with major law firms Allens Arthur Robinson and Gilbert & Tobin. John is currently undertaking the Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia.

John is Head of Legal and Company Secretary for DRFM and DB RREEF Holdings Pty Limited.

directors' report (continued)

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

2.1 DB RREEF Funds Management Limited

Set out below are the details of Director's attendance at Board and Board Committee Meetings of DRFM for the nine month period ending 30 June 2005, which includes the period the Trust was established:

DB RREEF Funds Management Limited for the period to 30 June 2005

| | Board | | Board Audit Committee | | Board Nomination and Remuneration | | Board Risk and Compliance | |
|--|----------------------------|-------------------|----------------------------|-------------------|-----------------------------------|-------------------|----------------------------|-------------------|
| | Meetings held ¹ | Meetings attended | Meetings held ¹ | Meetings attended | Meetings held ¹ | Meetings attended | Meetings held ¹ | Meetings attended |
| Directors | | | | | | | | |
| Christopher T Beare | 9 | 9 | | | 1 | 1 | | |
| Elizabeth A Alexander AM | 8 | 7 | 5 | 5 | | | | |
| Barry R Brownjohn | 8 | 6 | 5 | 3 | | | | |
| Stewart F Ewen | 9 | 9 | 5 | 5 | 1 | 1 | | |
| Victor P Hoog Antink | 9 | 9 | | | | | | |
| Charles B Leitner III | 5 | 3 | | | | | | |
| Shaun A Mays ² | 4 | 3 | | | | | | |
| Brian E Scullin | 8 | 8 | | | 1 | 1 | 2 | 2 |
| Alternates | | | | | | | | |
| Shaun A Mays (alternate for Charles B Leitner III) | 5 | 4 | | | 1 | 1 | | |

1 Number of meetings held while a Director.

2 Shaun A Mays resigned as a Director on 10 March 2005.

Since 30 June 2005 the DRFM Board has established the Board Treasury Policy Committee.

3. directors' and executive remuneration

3.1 general remuneration framework

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

The Board Nomination and Remuneration Committee oversees the remuneration of Executives to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- performance linkage/alignment;
- transparency; and
- financial and non-financial resource management.

In consultation with external remuneration consultants DRFM has structured a remuneration framework that is market competitive and complementary to its reward strategy. Alignment to investors' interests is achieved through increased focus on group performance being a core component of plan design, as well as the plan rewarding:

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

Alignment of employees' interests is achieved through the plan rewarding capability and performance. For participants the plan:

- provides a clear structure for earning reward;
- delivers competitive reward for contribution to the creation of value; and
- provides recognition for contribution.

3. directors' and executive remuneration (continued)

The plan is designed to attract and retain talented and motivated employees, and to encourage enhanced performance.

The remuneration framework provides a mix of fixed and variable pay, being base pay and short-term performance incentive. As an employee gains seniority within DRFM, the balance of this mix shifts to a higher proportion of "at risk" rewards. DRFM is further developing a long-term performance incentive scheme for implementation during the year ending 30 June 2006.

To ensure that base pay is competitive, external remuneration consultants provide analysis and advice regarding market remuneration for comparable roles. Base pay for employees is reviewed annually. There are no guaranteed base pay increases for employees.

Should DRFM achieve predetermined performance targets, a short-term incentive pool, approved by the Nomination and Remuneration Committee, is available for allocation to employees during the annual review. Cash incentives are payable in September each year. Performance targets are utilised to ensure that variable reward is only available when value has been created for Investors, and when performance is consistent with forecasts. The incentive pool may be leveraged for performance above targets to provide incentive for employee out-performance.

Key performance indicators are linked to short-term incentives based on group, individual business and personal objectives. Performance indicators require achievement of specific targets in relation to Trust performance, as well as other key non-financial measures linked to drivers of performance in future reporting periods. Short-term incentive payments may be adjusted up or down in line with under or over-achievement against target performance levels, at the discretion of the Board Nomination and Remuneration Committee.

Termination provisions for the Chief Executive Officer ("CEO") are set out in the CEO's contract of employment. In the event of early termination, DRFM may be required to give 12 months notice and may elect to pay out all or part of this notice period.

There are no termination provisions extended to any other DRFM Executive.

3.2 non-executive directors' remuneration framework and structure

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board Nomination and Remuneration Committee. The Committee also obtains advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fee is determined independently of the fees of Non-Executive Directors, based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his/her own remuneration. Non-Executive Directors do not receive share options.

Non-Executive Directors who accept positions on board committees receive an additional annual fee for each committee membership. Non-Executive Directors' fees are also recommended for approval by DB RREEF Trust investors.

3.3 details of remuneration of directors

Set out in the following table are the details of the nature and amount of each element of remuneration for each Director of the Responsible Entity for the period ending 30 June 2005, who was a Director at any time during the period 27 January 2005 to 30 June 2005:

| Name | Note(s) | Salary and fees \$ | Bonus \$ | Non-monetary benefits \$ | Superannuation \$ | Total \$ |
|---|---------|-----------------------|-------------|-----------------------------|----------------------|-------------|
| Non-Executive Directors | | | | | | |
| Christopher T Beare | 1 | 193,125 | | | | 193,125 |
| Elizabeth A Alexander AM | 1 | 65,000 | | | | 65,000 |
| Barry R Brownjohn | 1 | 60,000 | | | | 60,000 |
| Stewart F Ewen | 1 | 95,625 | | | | 95,625 |
| Brian E Scullin | 1 | 68,750 | | | | 68,750 |
| Executive Directors | | | | | | |
| Victor P Hoog Antink | 3 | 682,139 | | | 68,800 | 750,939 |
| Charles B Leitner III | 2 | 12,300 | | | | 12,300 |
| Shaun A Mays (alternate to Charles B Leitner III) | 2 | 16,000 | | | | 16,000 |

Note 1: Non-Executive Director's remuneration is a cost of DB RREEF Funds Management Limited. The amount shown in this Remuneration Report is a Director's total remuneration from 1 October 2004, or the date of appointment if later than 1 October 2004, to 30 June 2005.

Note 2: These Executive Directors' remuneration is a cost of their employer, Deutsche Bank. The amount shown in this Remuneration Report is an apportionment of each Executive's total remuneration based on their time spent on DB RREEF Funds Management Limited's activities during the nine months ending 30 June 2005.

Note 3: The Chief Executive Officer's remuneration is a cost of DB RREEF Funds Management Limited. The amount shown in this report is the Chief Executive Officer's total remuneration for the nine months ending 30 June 2005. No short term incentive payment for the period 1 October 2004 to 30 June 2005 has been allocated. Consequently, no payment is included in the above.

directors' report (continued)

There were no stapled securities or options issued during the period to any Director or employee as part of their remuneration. No Director or Executive received any retirement benefit during the period.

3.4 details of remuneration of executives

Listed in the following table are the six highest paid Executives who are also the six Executives who have the greatest authority within DB RREEF Funds Management, and who became Executives of DB RREEF Holdings Limited on 1 October 2004. Prior to 1 October 2004 there were no specified Executives. The components of each Executive's total remuneration package for the period commencing 1 October 2004 and ending 30 June 2005 are set out in the following table:

| Name | Position | Salary | Bonus | Non-monetary Benefits | Superannuation | Total |
|---------------|------------------------------|---------|---------|-----------------------|----------------|---------|
| | | \$ | \$ | \$ | \$ | \$ |
| Tanya L Cox | Chief Operating Officer | 178,811 | 50,000 | | 8,689 | 237,500 |
| John C Easy | Head of Legal | 163,811 | 25,000 | | 8,689 | 197,500 |
| Greg T Lee | Head of Transaction Services | 216,311 | 62,000 | | 8,689 | 287,000 |
| Ben J Lehmann | Head of Portfolio Services | 216,311 | 75,000 | | 8,689 | 300,000 |
| Ian D Robins | Head of Capital Markets | 272,561 | 175,000 | | 8,689 | 456,250 |
| Mark F Turner | Head of Mandates | 178,811 | 50,000 | | 8,689 | 237,500 |

No short term incentive payment has been allocated for the period 1 January 2005 to 30 June 2005. Consequently, no short term incentive payment has been included for the same period.

3.5 other disclosures

There were no loans, stapled securities or options issued or granted during the period to any Director or employee. No Director or Executive received any retirement benefit during the period.

4. directors' interests

4.1 interest in securities

As at the date of this Report, the interests of each Director in the securities of the Trust are:

| | Personally | Indirectly |
|---|------------|------------|
| Christopher T Beare | Nil | Nil |
| Elizabeth A Alexander AM | Nil | Nil |
| Barry R Brownjohn | Nil | Nil |
| Stewart F Ewen | Nil | Nil |
| Victor P Hoog Antink | Nil | Nil |
| Charles B Leitner III | Nil | Nil |
| Shaun A Mays (alternate to Charles B Leitner III) | Nil | Nil |
| Brian E Scullin | Nil | Nil |

As at the date of this Report, no Director held options over securities in the Trust.

4.2 other interests

As at the date of this Report, no Director held any interest in any other fund or scheme managed by the Responsible Entity.

5. directors' directorships in other listed companies

The following table sets out directorships that the Directors of the Responsible Entity held as at 30 June 2005 and during the three years preceding 30 June 2005 and up to the date of this Report, including the period for which each directorship was held:

| | Company | Date appointed | Date resigned |
|--|--|----------------|---------------|
| Director | | | |
| Christopher T Beare | DB RREEF Holdings Limited ¹ | 21 Sep 2004 | Continuing |
| | DB RREEF Funds Management Limited ² | 4 Aug 2004 | Continuing |
| Elizabeth A Alexander AM | DB RREEF Holdings Limited ¹ | 1 Jan 2005 | Continuing |
| | DB RREEF Funds Management Limited ² | 1 Jan 2005 | Continuing |
| | Amcor Limited | Apr 1994 | Continuing |
| | Boral Limited | Sep 1994 | Continuing |
| | CSL Limited | Jul 1991 | Continuing |
| Barry R Brownjohn | DB RREEF Holdings Limited ¹ | 1 Jan 2005 | Continuing |
| | DB RREEF Funds Management Limited ² | 1 Jan 2005 | Continuing |
| Stewart F Ewen | DB RREEF Holdings Limited ¹ | 21 Sep 2004 | Continuing |
| | DB RREEF Funds Management Limited ² | 4 Aug 2004 | Continuing |
| Victor P Hoog Antink | DB RREEF Holdings Limited ¹ | 1 Oct 2004 | Continuing |
| | DB RREEF Funds Management Limited ² | 1 Oct 2004 | Continuing |
| Charles B Leitner III | DB RREEF Holdings Limited ¹ | 10 Mar 2005 | Continuing |
| | DB RREEF Funds Management Limited ² | 10 Mar 2005 | Continuing |
| Brian E Scullin | DB RREEF Holdings Limited ¹ | 1 Jan 2005 | Continuing |
| | DB RREEF Funds Management Limited ² | 1 Jan 2005 | Continuing |
| | IYS Instalment Receipt Limited ³ | 24 Oct 2000 | Continuing |
| | Deutsche Asset Management (Australia) Limited ³ | 20 Dec 1999 | Continuing |
| Alternate Director | | | |
| Shaun A Mays (alternate to Charles B Leitner III) | DB RREEF Holdings Limited ¹ | 10 Mar 2005 | Continuing |
| | DB RREEF Funds Management Limited ² | 1 Jan 2005 | Continuing |
| | IYS Instalment Receipt Limited ³ | 13 May 2004 | 4 May 2005 |
| | Deutsche Asset Management (Australia) Limited ³ | 13 May 2004 | 4 May 2005 |

1 DB RREEF Holdings Pty Limited is the holding company of DRFM.

2 DRFM is Responsible Entity for (a) DB RREEF Diversified Trust, DB RREEF Industrial Trust, DB RREEF Office Trust, and DB RREEF Operations Trust, whose units are stapled together and trade on ASX as DB RREEF Trust and (b) the Trust.

3 IYS Instalment Receipt Limited has issued ASX listed instalment receipts over units in the Deutsche Retail Infrastructure Trust, a managed investment scheme that is listed but not quoted on ASX and whose Responsible Entity is Deutsche Asset Management (Australia) Limited.

6. principal activities

During the year the principal activity of the Trust consisted of an investment in preference units in DOT Commercial Trust a sub trust of DB RREEF Office Trust. DB RREEF Office Trust forms part of the DB RREEF Trust stapled security.

The number of employees of the group during the reporting period was nil.

7. total value of trust assets

The total value of the assets of the Trust as at 30 June 2005 was \$199 million. Details of the basis of this valuation are outlined in note 1 of the financial statements.

8. review and results of operations

The Trust was established on 27 January 2005. DRFM as Responsible Entity of the Trust issued a product disclosure statement dated 27 April 2005 offering an opportunity to invest in Real-estate perpetual Exchangeable Step-up Securities called RENTS. The offer closed on 3 June 2005 with \$204 million of RENTS being allotted and issued on 15 June 2005. RENTS commenced trading on the Australian Stock Exchange on 21 June 2005.

The Trust is fully invested in preference units issued in DOT Commercial Trust.

RENTS pay investors a quarterly distribution which is expected to be 90 percent tax deferred. Distributions are based on the market rate (the 90 day bank bill rate) plus a margin of 1.3 percent per annum. Payments which become due and payable to RENTS holders are guaranteed on an unsecured and subordinated basis by the Responsible Entity of each of the Trusts that comprise the DB RREEF Trust stapled security. This guarantee ranks ahead of DB RREEF Trust's stapled security distribution payments, but is subordinated to the claims of DB RREEF Trust's senior creditors.

The Trust's first distribution period ends 30 September 2005 and will be paid in October 2005. Consequently, as at 30 June 2005, the Trust has not paid a distribution.

The net tangible assets of the Trust as at 30 June 2005 were \$199 million and the net profit from ordinary activities for the period ending 30 June 2005 was \$0.6 million.

9. likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information of the future developments or results of the Trust, other than that information already outlined in this Report or the financial statements accompanying this Report, would be unreasonably prejudicial to the Trust.

10. 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 the Report or the financial statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs in future financial years.

11. matters subsequent to the end of the financial year

Since the end of the year the Directors of the Responsible Entity are not aware of any matter or circumstance that has significantly affected or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs in future years.

12. distributions

Under the terms of the RENTS offer the Trust will pay its first distribution to RENTS holders in October 2005, for the distribution period ending 30 September 2005. Consequently, the Trust did not pay RENTS holders a distribution in the year ending 30 June 2005.

In addition, the Trust did not pay its ordinary unitholders a distribution during the year.

13. responsible entity and associate interests

No fees were paid or are payable by the Trust to the Responsible Entity for the period ended 30 June 2005.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 12 to the financial statements and form part of this Report.

14. interests in the trust

The movement in securities on issue in the Trust is detailed in note 8 of the financial statements and forms part of this Report.

The Trust did not issue any options during the year.

15. environmental regulation

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

16. indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by the Responsible Entity.

17. audit

17.1 auditor

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

17.2 non-audit services

Details of the amounts paid to the Auditor, which include amounts paid for non-audit services totalling \$330,200, are set out in note 3 in the financial statements.

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

17. audit (continued)

Reasons for the Directors being satisfied that the provision of those non-audit services, during the year, by the Auditor did not compromise the Auditor's independence are as follows:

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

Since 30 June 2005, Board Audit Committee approval is required before the engagement of the external Auditor to perform any non-audit service for a fee greater than \$100,000.

17.3 audit independence statement

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page, and forms part of this Report.

18. corporate governance

The Responsible Entity's Corporate Governance Statement is set out on pages 5 to 15 of this Report.

20. rounding of amounts and currency

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in 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.

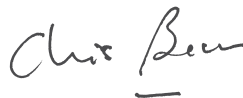
All figures in this Report and the financial report, except where otherwise stated, are expressed in Australian dollars.

21. management representation

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


22. directors' authorisation

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



Christopher T Beare
Chair
Sydney

13 September 2005



Victor P Hoog Antink
Chief Executive Officer
Sydney

13 September 2005

auditors' independence declaration

FOR THE PERIOD ENDED 30 JUNE 2005



PricewaterhouseCoopers
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Auditors' Independence Declaration

As lead auditor for the audit of DB RREEF RENTS Trust for the period ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of DB RREEF RENTS Trust during the period.

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

David Prothero
Partner

Sydney

13 September 2005

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

income statement

FOR THE PERIOD ENDED 30 JUNE 2005

| | Note(s) | 27 Jan 05 to 30 Jun 05 \$'000 |
|---|---------|----------------------------------|
| Revenue from continuing operations | 2 | 624 |
| Other expenses | 4 | (5) |
| Profit for the period | 9 | 619 |
| Profit attributable to unitholders of DB RREEF RENTS Trust | | 619 |

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

| | Note(s) | 27 Jan 05 to 30 Jun 05 \$'000 |
|--------------------------------------|---------|----------------------------------|
| Distribution | | |
| Profit for the period | | 619 |
| Movement in undistributed income | | (619) |
| Distribution paid and payable | 9 | - |

balance sheet

AS AT 30 JUNE 2005

| | Note(s) | 2005 \$'000 |
|----------------------------------|---------|----------------|
| Current assets | | |
| Cash and cash equivalents | | 624 |
| Receivables | 5 | 584 |
| Total current assets | | 1,208 |
| Non-current assets | | |
| Investment in unit trust | 6 | 197,632 |
| Total non-current assets | | 197,632 |
| Total assets | | 198,840 |
| Current liabilities | | |
| Payables | 7 | 335 |
| Total current liabilities | | 335 |
| Total liabilities | | 335 |
| Net assets | | 198,505 |
| Equity | | |
| Contributed equity | 8 | 197,886 |
| Undistributed income | 9 | 619 |
| Total equity | | 198,505 |

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

statement of changes in equity

AS AT 30 JUNE 2005

| | 2005 \$'000 |
|---|----------------|
| Total equity at the beginning of the period | – |
| Profit for the period | 619 |
| Transactions with unitholders in their capacity as unitholders: | |
| Contribution of equity net of transaction costs | 197,886 |
| Total equity at the end of the period | 198,505 |

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

cash flow statement

FOR THE PERIOD ENDED 30 JUNE 2005

| | Note(s) | 27 Jan 05 to 30 Jun 05 \$'000 |
|---|---------|----------------------------------|
| Cash flows from operating activities | | |
| Distributions from unit trust | | 624 |
| Net cash inflow from operating activities | 15 | 624 |
| Cash flows from investing activities | | |
| Payments for investments in unit trusts | | (197,634) |
| Net cash outflow from investing activities | | (197,634) |
| Cash flows from financing activities | | |
| Proceeds from issue of units | 8 | 204,000 |
| Establishment expenses and unit issue costs | | (6,366) |
| Net cash inflow from financing activities | | 197,634 |
| Net increase in cash held | | 624 |
| Cash at the beginning of the year | | – |
| Cash at the end of the year | | 624 |

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

notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2005

note 1. summary of significant accounting policies

(a) basis of preparation

The Trust was created on 27 January 2005. On 15 June 2005, the Trust listed 2,040,000 units on the Australian Stock Exchange under the code DRRPA. The Trust is required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards.

This general purpose financial report has been prepared in accordance with the requirements of the Trust Constitution, Australian equivalents of International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the *Corporations Act 2001* in Australia.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRS ensures that the financial statements and notes of DB RREEF RENTS Trust comply with International Financial Reporting Standards ("IFRS").

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 investments have been revalued.

It is recommended that this report be read in conjunction with any public pronouncements made by the Trust during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) revenue recognition

Distribution income

Distribution income from investment in a unit trust is recognised when the distributions are receivable.

(c) expenses

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

(d) GST

Revenues, expenses and capital assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

(e) taxation

Under current legislation, the Trust is not liable for income tax, provided that the taxable income and taxable realised gains are fully distributed to unitholders each year.

(f) distributions

In accordance with the Trust's Constitution, the Trust distributes its distributable income to unitholders by cash.

(g) cash

For the purposes of the Cash Flow Statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of change in value.

(h) receivables

Debtors to be settled within 30 days are carried at amounts due. Debts are assessed at balance date and provision is made for any doubtful accounts.

(i) investment in unit trust

Interests in unlisted securities are brought to account at cost in accordance with AASB 139, as there is no quoted price for these securities in an active market and the fair value can not be reliably measured. Given the terms and conditions of the preference units, the Directors believe the net realisable value would at least equal cost.

(j) acquisition of assets

The purchase method of accounting is used for all acquisitions. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(k) payables

These amounts represent liabilities for amounts owing by the Trust at year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

notes to the financial statements (continued)

FOR THE PERIOD ENDED 30 JUNE 2005

note 2. revenue

| | 27 Jan 05 to 30 Jun 05 \$'000 |
|---|----------------------------------|
| From continuing operations | |
| Distribution income | 624 |
| Total revenue from continuing operations | 624 |

note 3. remuneration of auditors

During the period the auditor of the parent entity and its related practices earned the following remuneration:

| | 27 Jan 05 to 30 Jun 05 \$ |
|---|------------------------------|
| PricewaterhouseCoopers | |
| Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i> | 5,200 |
| Total auditing and advisory fees | 5,200 |
| Fees paid in relation to the establishment of the Trust | |
| Fees paid to PwC Australia | 325,000 |
| Total fees paid in relation to the establishment of the Trust | 325,000 |

note 4. other expenses

| | Note(s) | 27 Jan 05 to 30 Jun 05 \$'000 |
|-----------------------------|---------|----------------------------------|
| Audit and advisory fees | 3 | 5 |
| Total other expenses | | 5 |

note 5. current assets – receivables

| | 2005 \$'000 |
|---|----------------|
| Goods and Services Tax ("GST") receivable | 583 |
| Other receivables | 1 |
| Total current assets – receivables | 584 |

note 6. non-current assets – investment in unit trust

| | 2005 \$'000 |
|--|----------------|
| DOT Commercial Trust | 197,632 |
| Total non-current assets – investment in unit trust | 197,632 |

On 15 June 2005, the Trust purchased 1,976,320 preference units in DOT Commercial Trust ("DCT") for \$100 each. Preference units do not confer on their holders any rights on the winding up of DCT or any rights to distributions. However, where a distribution is declared to preference unit holders, this distribution must be paid in preference to any distribution declared to ordinary unit holders. Preference units hold no voting rights in relation to DCT, other than where the matter is in relation to the rights of the preference units. In these matters, each preference unit carries 1,000 votes on a poll.

note 7. current liabilities – payables

| | 2005 \$'000 |
|---|----------------|
| Accruals | 335 |
| Total current liabilities – payables | 335 |

note 8. contributed equity

| | 2005 \$'000 |
|---|----------------|
| (a) Value of units on issue | |
| Opening balance as at 27 January 2005 | – |
| Issue of preference units | 204,000 |
| Cost of placement of units | (6,114) |
| Closing balance as at 30 June 2005 | 197,886 |

| | 2005 Number of units |
|---|-------------------------|
| (b) Number of units on issue | |
| Opening balance as at 27 January 2005 | – |
| Issue of ordinary unit | 1 |
| Issue of A class unit | 1 |
| Cancellation of A class unit | (1) |
| Issue of preference units | 2,040,000 |
| Closing balance as at 30 June 2005 | 2,040,001 |

terms and conditions

Each preference unit ranks equally with all other preference units for the purposes of distributions and on termination of the Trust.

The one ordinary unit holds all the voting rights in the Trust, but has no beneficial interest in the Trust assets. The preference units hold the beneficial interest in the assets of the Trust. Payment of distributions to preference unit holders is at the Directors' discretion.

The securities entitle holders to receive non-cumulative quarterly floating rate distributions at a margin 130 basis points above the 90 day bank bill rate. The securities may be exchanged for cash or stapled securities on 30 June 2012 (the "Step-up Date"). For each distribution period following the Step-up Date, the margin will increase by a once only step-up of two percent per annum unless RENTS are repurchased or exchanged.

Payments which become due and payable to holders are guaranteed on an unsecured and subordinated basis by the Responsible Entity of each of the DB RREEF stapled trusts (each a guarantor). This guarantee ranks ahead of the distribution payments on stapled securities, but is subordinated to the claims of senior creditors.

issue of units

On creation of the Trust on 27 January 2005, one ordinary unit was issued to DB RREEF Office Trust and one A Class unit was issued to DB RREEF Holdings Pty Limited. On 15 June 2005, the A Class unit was cancelled and 2,040,000 preference units ("RENTS") were issued at a unit price of \$100 (refer to the Product Disclosure Statement and Supplementary Product Disclosure Statement RENTS dated 27 April 2005). RENTS were listed on the Australian Stock Exchange on the same day.

notes to the financial statements (continued)

FOR THE PERIOD ENDED 30 JUNE 2005

note 9. reserves and undistributed income

undistributed income

| Consolidated | 2005 \$'000 |
|--|----------------|
| Undistributed income as at 27 January 2005 | – |
| Net profit attributable to unitholders | 619 |
| Undistributed income as at 30 June 2005 | 619 |

note 10. financial instruments

(a) net fair value of financial assets and liabilities

Market risk is the risk that the value of the Trust's investment portfolio will fluctuate. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

On-balance sheet financial instruments

The net fair value of cash and non-interest bearing monetary financial assets and liabilities approximate their carrying value.

(b) liquidity and cash flow risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments. Cash flow risk is the risk that the future cash flows will fluctuate.

(c) interest rate risk exposures

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to interest rate risk is due to the floating interest rate applicable to its operating cash account. Each class of financial asset and financial liability, and each maturity bracket including floating rate financial assets and liabilities is set out in the table below:

| Consolidated – 30 June 2005 | | Fixed interest maturing in: | | | | | Total |
|--------------------------------|-------------------------------------|-----------------------------|---|--------------------------------|-----------------------------------|--------------|-------|
| Note(s) | Floating interest rate \$'000 | 1 year or less \$'000 | Over 1 and less than 5 years \$'000 | More than 5 years \$'000 | Non-interest bearing \$'000 | \$'000 | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 624 | – | – | – | – | 624 | |
| Receivables | 5 | – | – | – | 584 | 584 | |
| Total | 624 | – | – | – | 584 | 1,208 | |
| Weighted average interest rate | 5.35% | | | | | | |
| Financial liabilities | | | | | | | |
| Payables | 7 | – | – | – | 335 | 335 | |
| Total | – | – | – | – | 335 | 335 | |
| Net financial assets | 624 | – | – | – | 249 | 873 | |

note 11. contingent liabilities

The Directors of the Responsible Entity are not aware of any matters in relation to the Trust, other than those disclosed in the financial statements, which should be brought to the attention of unitholders as at the date of completion of this Report.

note 12. related parties

related party transactions

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

responsible entity

The Trust was formed on 27 January 2005, at which time DB RREEF Funds Management Limited ("DRFM") was appointed as the Responsible Entity.

The Responsible Entity has waived management fees in relation to the Trust.

directors of the responsible entity

From 27 January 2005 and up to the date of this report, the following persons were Directors of DB RREEF Funds Management, unless otherwise stated:

| Name | Appointed | Resigned |
|---|----------------|---------------|
| C T Beare BSc, BE (Hons), MBA, PhD, FAICD ¹ | 4 August 2004 | Continuing |
| E A Alexander AM, BComm, FCA, FAICD, CPA ^{1,2} | 1 January 2005 | Continuing |
| B R Brownjohn BComm ^{1,2} | 1 January 2005 | Continuing |
| S F Ewen F.I.L.E. ^{1,2} | 4 August 2004 | Continuing |
| V P Hoog Antink BComm, MBA, FCA, FAPI, MAICD | 1 October 2004 | Continuing |
| C B Leitner BA | 10 March 2005 | Continuing |
| S A Mays BSc (Hons), MSc, MBA | 13 May 2004 | 10 March 2005 |
| B E Scullin BEc ³ | 1 January 2005 | Continuing |

1 Independent Director.

2 Audit Committee Member.

3 Compliance Committee Member.

No Directors held an interest in the Trust as at 30 June 2005 or at the date of this Report.

unitholdings

Deutsche Bank AG and its related parties, schemes and portfolios managed by Deutsche Bank AG and its related parties held 551,735 units in the Trust.

Deutsche Bank AG

Deutsche Bank AG owns 50 percent of DRH, which is the 100 percent owner of DRFM, the Responsible Entity of the Trust. The following transaction occurred:

| | 27 Jan 05 to 30 Jun 05 |
|--|------------------------|
| | \$'000 |
| Underwriting fees paid and payable to Deutsche Bank AG | 3,356 |

notes to the financial statements (continued)

FOR THE PERIOD ENDED 30 JUNE 2005

note 12. related parties (continued)

directors' and executive remuneration

1. General remuneration framework

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

The Board Nomination and Remuneration Committee oversees the remuneration of Executives to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- performance linkage/alignment;
- transparency; and
- financial and non-financial resource management.

In consultation with external remuneration consultants DRFM has structured a remuneration framework that is market competitive and complementary to its reward strategy. Alignment to investors' interests is achieved through increased focus on group performance being a core component of plan design, as well as the plan rewarding:

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

Alignment of employees' interests is achieved through the plan rewarding capability and performance. For participants the plan:

- provides a clear structure for earning reward;
- delivers competitive reward for contribution to the creation of value; and
- provides recognition for contribution.

The plan is designed to attract and retain talented and motivated employees, and to encourage enhanced performance.

The remuneration framework provides a mix of fixed and variable pay, being base pay and short-term performance incentive. As an employee gains seniority within DRFM, the balance of this mix shifts to a higher proportion of "at risk" rewards. DRFM is further developing a long-term performance incentive scheme for implementation during the year ending 30 June 2006.

To ensure that base pay is competitive, external remuneration consultants provide analysis and advice regarding market remuneration for comparable roles. Base pay for employees is reviewed annually. There are no guaranteed base pay increases for employees.

Should DRFM achieve predetermined performance targets, a short-term incentive pool, approved by the Nomination and Remuneration Committee, is available for allocation to employees during the annual review. Cash incentives are payable in September each year. Performance targets are utilised to ensure that variable reward is only available when value has been created for Investors, and when performance is consistent with forecasts. The incentive pool may be leveraged for performance above targets to provide incentive for employee out-performance.

Key performance indicators are linked to short-term incentives based on group, individual business and personal objectives. Performance indicators require achievement of specific targets in relation to Trust performance, as well as other key non-financial measures linked to drivers of performance in future reporting periods. Short-term incentive payments may be adjusted up or down in line with under or over-achievement against target performance levels, at the discretion of the Board Nomination and Remuneration Committee.

Termination provisions for the Chief Executive Officer ("CEO") are set out in the CEO's contract of employment. In the event of early termination, DRFM may be required to give 12 months notice and may elect to pay out all or part of this notice period.

There are no termination provisions extended to any other DRFM Executive.

2. Non-Executive Directors' remuneration framework and structure

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board Nomination and Remuneration Committee. The Committee also obtains advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fee is determined independently of the fees of Non-Executive Directors, based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his/her own remuneration. Non-Executive Directors do not receive share options.

Non-Executive Directors who accept positions on board committees receive an additional annual fee for each committee membership. Non-Executive Directors' fees are also recommended for approval by DB RREEF Trust investors.

3. Details of remuneration of Directors

Set out in the following table are the details of the nature and amount of each element of remuneration for each Director of the Responsible Entity for the period ending 30 June 2005, who was a Director at any time during the period 27 January 2005 and 30 June 2005:

| Name | Note(s) | Salary and fees \$ | Bonus \$ | Non-monetary benefits \$ | Superannuation \$ | Total \$ |
|---|---------|-----------------------|-------------|-----------------------------|----------------------|-------------|
| Non-Executive Directors | | | | | | |
| Christopher T Beare | 1 | 193,125 | | | | 193,125 |
| Elizabeth A Alexander AM | 1 | 65,000 | | | | 65,000 |
| Barry R Brownjohn | 1 | 60,000 | | | | 60,000 |
| Stewart F Ewen | 1 | 95,625 | | | | 95,625 |
| Brian E Scullin | 1 | 68,750 | | | | 68,750 |
| Executive Directors | | | | | | |
| Victor P Hoog Antink | 3 | 682,139 | | | 68,800 | 750,939 |
| Charles B Leitner III | 2 | 12,300 | | | | 12,300 |
| Shaun A Mays (alternate to Charles B Leitner III) | 2 | 16,000 | | | | 16,000 |

Note 1: Non-Executive Director's remuneration is a cost of DB RREEF Funds Management Limited. The amount shown in this Remuneration Report is Director's total remuneration from 1 October 2004, or the date of appointment if later than 1 October 2004, to 30 June 2005.

Note 2: These Executive Directors' remuneration is a cost of their employer, Deutsche Bank. The amount shown in this Remuneration Report is an apportionment of each Executive's total remuneration based on their time spent on DB RREEF Funds Management Limited's activities during the nine months ending 30 June 2005.

Note 3: The Chief Executive Officer's remuneration is a cost of DB RREEF Funds Management Limited. The amount shown in this report is the Chief Executive Officer's total remuneration for the nine months ending 30 June 2005. No short term incentive payment for the period 1 October 2004 to 30 June 2005 has been allocated. Consequently, no payment is included in the above.

There were no stapled securities or options issued during the period to any Director or employee as part of their remuneration. No Director or Executive received any retirement benefit during the period.

4. Details of remuneration of Executives

Listed in the following table are the six highest paid Executives who are also the six Executives who have the greatest authority within DB RREEF Funds Management, and who became Executives of DB RREEF Holdings Limited on 1 October 2004. Prior to 1 October 2004 there were no specified Executives. The components of each Executive's total remuneration package for the period commencing 1 October 2004 and ending 30 June 2005 are set out in the following table:

| Name | Position | Salary \$ | Bonus \$ | Non-monetary benefits \$ | Superannuation \$ | Total \$ |
|---------------|------------------------------|--------------|-------------|-----------------------------|----------------------|-------------|
| Tanya L Cox | Chief Operating Officer | 178,811 | 50,000 | – | 8,689 | 237,500 |
| John C Easy | Head of Legal | 163,811 | 25,000 | – | 8,689 | 197,500 |
| Greg T Lee | Head of Transaction Services | 216,311 | 62,000 | – | 8,689 | 287,000 |
| Ben J Lehmann | Head of Portfolio Services | 216,311 | 75,000 | – | 8,689 | 300,000 |
| Ian D Robins | Head of Capital Markets | 272,561 | 175,000 | – | 8,689 | 456,250 |
| Mark F Turner | Head of Mandates | 178,811 | 50,000 | – | 8,689 | 237,500 |

No short term incentive payment has been allocated for the period 1 January 2005 to 30 June 2005. Consequently, no short term incentive payment has been included for the same period.

notes to the financial statements (continued)

FOR THE PERIOD ENDED 30 JUNE 2005

note 12. related parties (continued)

5. Other disclosures

There were no loans, stapled securities or options issued or granted during the period to any Director or employee. No Director or Executive received any retirement benefit during the period.

note 13. events occurring after reporting date

Since the end of the year, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in their report or the financial statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs in future financial periods.

note 14. segment information

The Trust operates solely within the property trust investment sector in Australia.

note 15. reconciliation of net profit to net cash inflow from operating activities

| | 27 Jan 05 to 30 Jun 05 |
|--|------------------------|
| | \$'000 |
| Net profit | 619 |
| Change in operating assets and liabilities | |
| Increase in payables | 5 |
| Net cash inflow from operating activities | 624 |

Components of cash

Cash at the end of the year as shown in the Cash Flow Statement is reconciled to the Balance Sheet as follows:

| | |
|--------------------|------------|
| | 2005 |
| | \$'000 |
| Cash assets | 624 |

directors' declaration

FOR THE PERIOD ENDED 30 JUNE 2005

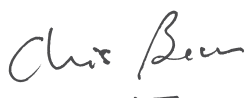
The Directors of DB RREEF Funds Management Limited as Responsible Entity of DB RREEF RENTS Trust, a listed Trust, declare that the financial statements and notes set out on pages 25 to 34:

- (i) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the Trust's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the period 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 27 January 2005 during the period ended 30 June 2005.

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



Christopher T Beare
Chair
Sydney

13 September 2005



Independent audit report to the unitholders of DB RREEF RENTS Trust

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Audit opinion

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

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of DB RREEF RENTS Trust as at 30 June 2005, and of its performance for the period ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards 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 balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for DB RREEF RENTS Trust (the Trust), for the period ended 30 June 2005.

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 to express an opinion to the members of the Trust. 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 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 Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's financial position, and its performance as represented by the results of its operations and cash flows.

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



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 the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

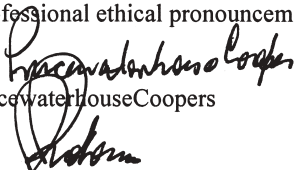
Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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*.



PriceWaterhouseCoopers

DA Prothero
Partner

Sydney
13 September 2005

registry information

top 20 security holders as at 31 August 2005

| Rank | Investor | Current balance | % issued capital |
|------|---|------------------|------------------|
| 1 | Pan Australian Nominees Pty Limited | 549,887 | 26.96 |
| 2 | J P Morgan Nominees Australia Limited | 540,221 | 26.48 |
| 3 | RBC Global Services Australia Nominees Pty Limited <JBENIP A/C> | 77,720 | 3.81 |
| 4 | ANZ Securities (Nominee) Pty Ltd <Nominee A/C> | 50,911 | 2.5 |
| 5 | Goldman Sachs JBWere Capital Markets Ltd <Hybrid Portfolio A/C> | 50,000 | 2.45 |
| 5 | Tynong Pastoral Co Pty Ltd <Tynong Pastoral Unit A/C> | 50,000 | 2.45 |
| 7 | ANZ Nominees Limited <Cash Income A/C> | 29,554 | 1.45 |
| 8 | Citicorp Nominees Pty Limited | 29,000 | 1.42 |
| 9 | Australian Executor Trustees Limited | 23,905 | 1.17 |
| 10 | Citicorp Nominees Pty Limited <CFSIL Cwth Spec 5 A/C> | 23,360 | 1.15 |
| 11 | Mr John Edward Mytton Barnes | 20,000 | 0.98 |
| 11 | Ginger Max (Australia) Pty Ltd | 20,000 | 0.98 |
| 13 | RBC Global Services Australia Nominees Pty Limited <MLCI A/C> | 19,500 | 0.96 |
| 14 | UBS Nominees Pty Ltd <Prime Broking a/c> | 14,000 | 0.69 |
| 15 | Cogent Nominees Pty Limited | 12,500 | 0.61 |
| 16 | UBS Private Clients Australia Nominees Pty Ltd | 10,850 | 0.53 |
| 17 | Champames Pty Limited <The James Family A/C> | 10,000 | 0.49 |
| 17 | Goldman Sachs JBWere Capital Markets Ltd <Hybrid Portfolio A/C> | 10,000 | 0.49 |
| 17 | INVIA Custodian Pty Limited <Protea A/C> | 10,000 | 0.49 |
| 17 | Danita Lowes | 10,000 | 0.49 |
| | Total for top 20 | 1,561,408 | 76.54 |
| | All other investors | 478,592 | 23.46 |
| | Grand total | 2,040,000 | 100.00 |

substantial holders as at 15 September 2005

The names of substantial holders who, as at 15 September 2005, have notified the Responsible Entity in accordance with section 671B of the *Corporations Act 2001* are:

| Name | Number of stapled securities | Voting % |
|--|------------------------------|----------|
| Deutsche Bank AG and its related bodies corporate | 186,761 | 9.15 |
| Challenger Financial Services Group Limited and each of its nominated subsidiaries | 190,000 | 9.31 |

classes of securities

DB RREEF RENTS Trust has one class of security trading on ASX with, as at 31 August 2005, 1,185 investors holding 2,040,000 securities.

spread of security holders

| Ranges | Investors | Securities | % of issued capital |
|------------------|--------------|------------------|---------------------|
| 1 – 1,000 | 1,082 | 251,502 | 12.33 |
| 1,001 – 5,000 | 79 | 195,521 | 9.59 |
| 5,001 – 10,000 | 8 | 71,569 | 3.51 |
| 10,001 – 100,000 | 14 | 431,300 | 21.14 |
| 100,001 and over | 2 | 1,090,108 | 53.44 |
| Total | 1,185 | 2,040,000 | 100.00 |

non marketable parcels

As at 31 August 2005, no investor held less than a marketable parcel of five securities (\$101.350 on 31/08/2005).

voting rights

At meetings of RENTS security holders (in the event a meeting of RENTS security holders is called), on a show of hands, each security holder has one vote, and on a poll, each security holder has one vote for each dollar of the value of the total interests they have in the Trust, for which they are eligible to vote as RENTS security holders.

the number and class of securities that are restricted or subject to voluntary escrow

There are nil securities which are subject to voluntary escrow.

on-market buy-back

The Trust has no on-market buy-back currently in place.

investor information

security registry

If you have administrative inquiries, such as change of address, you can either contact ASX Perpetual Registrars Limited on 1800 819 675 or update your account details via the website at www.dbrreef.com.

enquiries, obtaining information or making a complaint

DB RREEF Funds Management Limited ("DRFM") 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@dbrreef.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, newsletters and presentations about the Trust, including the same information on DB RREEF Trust. ASX announcements and press releases are also available on the site.

stock exchange listing

RENTS are listed on ASX and their ticker code is (ASX: DRRPA).

payment of distribution

With respect to your distributions, you can only 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. No annual taxation statement was required for the year ended 30 June 2005 as the Trust had not paid a distribution.

distribution timetable for the June 2005 distribution year

The timetable below indicates the anticipated distribution, banking and mailing dates for the year to June 2006. Security holders should note that these dates are indicative only and may change.

The indicative distribution timetable to June 2006 is as follows:

| Distribution period | Announcement date | Ex-distribution date | Record date | Anticipated payment date |
|---------------------------------|-------------------|----------------------|-------------|--------------------------|
| 15 June to 30 September 2005 | 21 Sep 2005 | 26 Sep 2005 | 30 Sep 2005 | 17 Oct 2005 |
| 1 October to 31 December 2005 | 19 Dec 2005 | 22 Dec 2005 | 30 Dec 2005 | 17 Jan 2006 |
| 1 January 2006 to 31 March 2006 | 22 Mar 2006 | 27 Mar 2006 | 31 Mar 2006 | 17 Apr 2006 |
| 1 April to 30 June 2006 | 21 Jun 2006 | 26 Jun 2006 | 30 Jun 2006 | 17 Jul 2006 |

RENTS distribution periods will end on 30 September, 31 December, 31 March and 30 June each year and the distribution payments will be paid no later than 11 business days later. RENTS distribution rate will be set on the first business day of each quarter.

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

Phone: 1300 780 808
Fax: +61 3 9621 2291

DB RREEF RENTS Trust
ARSN 112 705 852

responsible entity

DB RREEF Funds Management Limited
ABN 24 060 920 783

registered office of responsible entity

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

Listed on the Australian Stock Exchange ASX Code: DRRPA

InfoLine 1800 819 675

Monday to Friday between 8.30am and 5.30pm (AEST)

