



DB RREEF Trust
Annual General Meeting
8 November 2006
10.00am

Chairman's Address (Christopher Beare)


I am pleased to be able to report that DB RREEF has continued to deliver on its objectives as stated in the Explanatory Memorandum and Product Disclosure Statement of August 2004. DB RREEF has met its distribution forecast, strengthened the performance of its existing property portfolio and improved its global capability through its relationship with RREEF. We have continued our international expansion and grown our development pipeline, further positioning DRT for future growth.

The net profit for the group to 30 June 2006, based on the new Australian International Financial Reporting Standards was \$1.07 billion. This was made up of \$306 million of distributions, \$56 million of minority interests and \$704 million of unrealised gains. These unrealised gains are primarily the revaluations of the investment assets and reflect the high quality of the Fund's diverse property portfolio. These revaluations were also the major contributor to the increase in asset backing per security, from \$1.29 to \$1.53. The distribution of \$306 million represented 11 cents per security, an increase of nearly 5% over the previous year.

The effect of these distributions, together with the security price appreciation since listing in October 2004, has provided security holders with a total annualised investment return of 20.4%. This is greater than both the S&P/ASX 200 Property Annualised Accumulation Index and the UBS Diversified 200 Annualised Return returns for the same period.

Governance

Let me say a few words about Governance. The Board is committed to the highest standards of good corporate governance and social responsibility, and has adopted a framework that meets each of the ASX Principles of Good Corporate Governance. The Board has a good complementary balance of skills, experience and independence, appropriate to the nature and extent of the Trust's operations. During the year the Board was heavily involved with looking at acquisition opportunities as well as being involved in off site strategy sessions with senior management and a number of property site visits. The Board is further committed to the long term integration of sustainability practices across the business, which are summarised in the DRT annual report and are addressed more fully on DB RREEF's web site.



Following his move to New York in late 2005, Shaun Mays resigned as an alternate director to Charles Leitner in January 2006. Shaun was replaced by Andrew Fay, the CEO of Deutsche Asset Management in Australia, on 30 January 2006. I would like to take this opportunity to thank Shaun for his valuable contribution and to welcome Andy to the Board.

Our Chief Executive Officer, Victor Hoog Antink, will provide details in his report of the activities and achievements that improved the quality and value of the Trust over the past year and will outline some of the Trust activities for the coming year. We are committed to building value from our existing portfolio and to working both here in Australia and internationally with RREEF, to identify appropriate acquisition opportunities for the Trust.

On behalf of the Board, I wish to thank you for your continued support during the year. The Board is committed to the further growth and development of DB RREEF Trust, is optimistic about the Trust's future prospects and looks forward to your continued participation.

CEO's Address (Victor Hoog Antink)


Today I propose to share with you the accomplishments of the group and the highlights from each of our business units, and I will finish by telling you about our focus during the coming year.

Since our last meeting in November 2005, we have continued to deliver on our objective of enhancing security holder value by creating a major, diversified property group.

Highlights

It has been a strong year for DB RREEF, with performance reflecting the consolidation of our portfolio, success in increasing portfolio occupancy, lengthening lease durations, expanding the international portfolio and increasing portfolio scale through the delivery of our investment program.

Specifically, during the past year, your portfolio has grown to \$8.0bn from \$6.8bn and our total funds under management has also grown to \$11.8bn from \$10.3bn.



Our portfolio occupancy has increased to 96%, from 93%, driven by leasing activity of over 730,000 sqm. This activity represents the equivalent of leasing the entire of Governor Phillip & Governor Macquarie Towers 8 times.

During the year we expanded our Investment pipeline to more than \$1.3bn of future projects identified across our major markets. This pipeline will continue to grow through new initiatives that I will discuss later.

With respect to capital management, we have increased the diversification of our funding sources, we have reduced gearing to 38% and we continue to maintain a strong balance sheet. This is evidenced by Standard & Poors assignment of a long term corporate credit rating of BBB+, with positive outlook. The securing of this rating established a strong platform for DB RREEF to further access capital markets, as recently demonstrated through the successful issue of \$250m of medium term notes.

Let me now outline the highlights of each of our business units.

Office

Our \$3.59 billion office portfolio, which includes 24 office properties and five car parks provides accommodation for nearly 600 tenants. This portfolio was revalued up by \$306 million during the year, a 9% increase over the previous book value.

The portfolio generated \$222 million of income, a 9.5 percent increase over the previous year. During the year we leased 62,000 square metres of space raising occupancy in the portfolio to over 98 percent.

We completed a number of key refurbishments which led to significant leasing success and have made meaningful progress on three major office developments:

- 105 Phillip Street, Parramatta - we have secured a development approval for a 19,400 square metre office development commencing as soon as a substantial tenant pre-commitment has been achieved;
- Development options are being considered for a proposed new office tower at our car park in Charlotte Street, Brisbane;

- The Bent Street development project has received Stage 1 council approval for a 37,500 square metre tower on the site bound by Bent, Bligh and O'Connell Streets. I will talk about this project later in the presentation.

These three developments will add more than 103,000 square metres of office space to DB RREEF's portfolio with a completion value estimated at more than \$900 million.

Industrial

The Trust owns a portfolio of 41 Australian Industrial properties valued at \$1.56 billion. This is after revaluations of \$134 million.

The portfolio's income of \$110 million represents a 5.2 percent increase over the previous year. During the year industrial leasing exceeded 213,000 square metres, taking occupancy in the portfolio to 99 percent. So far this year tenant retention is high and rental growth is strong, particularly in the Sydney markets.


During the year \$82.1 million of industrial developments were completed with a further three developments underway totalling approximately 108,000 square metres and costing \$133 million.

We recently exchanged contracts on 65 hectares of vacant land in Laverton North, Victoria, adjacent to DB RREEF's existing industrial estate. This acquisition will provide a strategic extension to our existing estate, where we have been successful in securing major pre-commitments from Visy, Coles Myer and Fosters Australia. The \$100 million refrigerated facility for Coles Myer will be completed early in the new year and the \$31 million Fosters facility recently commenced construction.

Retail

Your portfolio of 6 joint ventured shopping centres is now valued at \$915 million. This also reflects a valuation increase of 9% over book value.

The net income generated from the retail properties was \$54.8 million, an increase of 26.3 percent over last year.



Within the portfolio, we completed a \$65 million redevelopment at Mt Druitt which has successfully repositioned this asset giving it renewed penetration in its catchment. Our average sales growth in the portfolio was approximately 9% reflecting the impact of the development projects undertaken across the portfolio in the last few years.

Planning is well advanced for the expansion of the Plenty Valley Town Centre in Victoria and the Board recently approved a significant expansion at Northlakes in Queensland. The estimated cost of the expansion is \$75 million and it will add approximately 45,000 square metres to the Centre. We anticipate that these developments will both commence by the end of this year.

US industrial

The \$1.46 billion US Industrial portfolio comprises 97 properties and approximately 560 tenants.

The portfolio contributed \$114.7 million to net income. Occupancy at year end was strong at 92.5 percent and leasing activity of more than 4.6 million square feet (23 percent by area) was undertaken. It is pleasing to note that since the acquisition we have leased more space in each successive calendar quarter.

We have exercised options over 5 parcels of land at a total cost of \$27.3 million. Development of two of these properties began during the year with the Turnpike Distribution Centre in Medley, Florida and a suburban office project in Dulles Town Crossing, Stirling, Northern Virginia. The Turnpike Distribution Centre is already 100 percent pre-leased and will be finished early next year. The suburban office project is a 220,000 square feet development featuring two-four level office buildings, expected to be completed in the first half of 2008.

Third party funds

Our unlisted funds and mandates have continued to perform well this year with respect to their relevant benchmarks and have increased our third party funds under management to \$3.9 billion.

These funds include the Deutsche Wholesale Property Fund, our three property syndicates at Gordon, Abbotsford and Northgate, and \$1.9 billion of mandates. We are actively seeking additional investment

opportunities on behalf of these funds and in the last six months have secured over \$300 million of properties which have settled or are in exclusive due diligence.

On 31 October 2006, following the unanimous support at an earlier meeting of the Deutsche Wholesale Property Fund unitholders we acquired DWPF's Responsible Entity. While DB RREEF has for some time been DWPF's delegated investment manager, the change is important as it is the last step in the stapling proposal approved by security holders in 2004. As part of the change of ownership, the Fund has also changed its name to the DB RREEF Wholesale Property Fund.

Sustainability

Over a number of years, the Group has implemented sustainability strategies that promote both environmentally sustainable property management practices and appropriate corporate social responsibility. We have introduced several initiatives to improve sustainability and monitor performance by:

- obtaining Australian Building Greenhouse Rating (ABGR) and Green Star ratings for our commercial properties;
- understanding the environmental impact of our properties by reviewing energy, water and waste consumption and what drives this consumption;
- participating in industry and government sustainability initiatives; and
- ensuring sustainability systems and practices were incorporated into the Group's daily operating activities.

In addition, we:

- won the Facilities Management Environmental Achievement Award for 2006 in recognition of continual improvement in the field of environmental management and sustainability;
- have launched a Resource Efficiency Initiative program; and
- were awarded a 5 star rating for 30 The Bond under the Green Star - Office as Built rating tool.

Slide: 343 George Street

During the year we finished the refurbishment of our new head office at 343 George Street. A key objective of the refurbishment was to design a functional, attractive and healthy workplace for our employees and create a leading example of a sustainable office environment. We applied environmental initiatives to reduce energy consumption, save water, minimise waste and improve indoor air quality and natural light. The refurbishment successfully preserved the heritage features of the 81 year old building while bringing the interior into the 21st century.

Outlook

The investment climate for real estate is expected to remain positive in the year ahead. Despite softness in economic activity in some areas, demand for real estate space in our major markets of Australia, NZ, the US and Europe is expected to continue growing. In our home market, the office sector is expected to continue its recovery. Industrial and retail property is expected to continue to show rental growth and firm valuations. Although activity in the US is expected to moderate in 2007 the longer term trend is positive. I would now like to outline some of the activities we have already commenced this year.

Europe

Early in the year we acquired a portfolio of six industrial properties in France. These are fully leased to 8 logistics tenants with an average lease duration of 6.8 years. The acquisition cost of \$120m represents an initial yield of 6.9%. This logistics portfolio totals 110,000sqm servicing the greater Paris and Lyon markets.

We are very pleased with our first European acquisition as it has increased our geographic diversification and was accretive to earnings. When investing internationally we remind ourselves constantly that while property investment is becoming global it is only with local knowledge that investors can hope to secure better value. RREEF in Europe assisted us in assessing and securing this opportunity and will continue to provide asset management expertise in respect of the portfolio.

Whirlpool Investment Program



In August we announced a new investment program with US-based whitegoods manufacturer, Whirlpool Corporation, for 11 new global logistics facilities across the USA, Canada and Poland. These have an estimated cost on completion of A\$600 million (US\$455m). Over a three year period, we will progressively acquire nine state of the art industrial distribution facilities in the US and Canada, and two factory distribution centres in the US and Poland totalling around 10 million square feet. Each centre will be fully leased to Whirlpool. This is a major step forward in our strategy to provide investors with exposure to quality international assets across geographic regions and asset classes and has increased our international exposure to 26%.

The first distribution centre of 500,000 square feet is under construction in Orlando Florida and is due for completion early next year. A further site has been secured in Toronto, Canada. The specific site selection of the remaining distribution centres is well advanced and we expect construction to commence on a number of these facilities within the next 12 months. .

This transaction with Whirlpool further demonstrates the benefits of leveraging off RREEF's global platform. RREEF will assist in site selection, design, and ongoing property management of the Whirlpool portfolio.


North Ryde Acquisition

We recently secured on behalf of the group, the former Peter Board High School site in North Ryde for \$51.75 million. We plan to transform the 5.8 hectare site into a state of the art office park which has the potential to accommodate up to nine buildings with more than 80,000 square metres of gross lettable area, including 1,700 car spaces.

The acquisition takes advantage of a lift in the investment potential of North Ryde and forms part of our strategy to capitalise on growing interest in the North Shore market and will further enhance our investment pipeline.

Bent Street, Sydney

We propose to develop the Bent Street properties which we own jointly with DB RREEF Wholesale Property Fund into a state of the art office project of approximately 37,000sqm. Following on from the



stage 1 development approval granted earlier in the year we recently conducted a design excellence competition, won by Architectus in collaboration with Ingenhoven Architects of Düsseldorf Germany.

We are very excited by the progress so far and are optimistic that the Stage 2 DA will be achieved by mid 2007. We expect that the project will be completed by early 2011 and are encouraged by the early tenant interest.

Outlook

We will continue to focus on extracting incremental value from our existing portfolio both in Australia and overseas. We will do this through active management, development and recycling of existing properties, as well as looking for further investment opportunities to add value.

With respect to our International assets the groundwork has been laid to continue building our international portfolio and we are actively and confidentially looking for further opportunities. We will continue to leverage off our unique relationship with RREEF, one of the world's leading property funds managers, to enable us to continue to grow internationally.

Barring unforeseen circumstances we expect that our annual distribution for the year ending 30 June 2007 will be at least 11.2 cents per security. We will provide further guidance on the 2007 distribution at our half-year results announcement in February 2007.

Our executive team is committed to delivering strong and consistent returns in the future and I thank you for your support thought-out the year.