

RREEF Monthly Flash Investment Report

Global Property Securities

December 2011 Report



Portfolio returns as at 31 December 2011 RREEF Global Property Securities Fund

	RREEF Global Property Securities Fund Gross Performance (%)	RREEF Global Property Securities Fund Net Performance (%)	UBS Global Investors Index (TR, Net of WHT, Hedged to AUD) Index (%)
1 month	2.24	2.15	2.15
3 months	8.89	8.61	8.31
6 months	-8.44	-8.90	-7.42
Financial year to date	-8.44	-8.90	-7.42
1 year	1.33	0.33	1.43
2 years p.a.	11.06	9.96	11.48
3 years p.a.	16.61	15.46	16.56
5 years p.a.	-7.64	-8.55	-6.36
Since commencement of Fund* p.a.	4.23	3.20	3.75
Exit price \$	0.4455		
Fund size	\$91.3 million		

Past performance is not an indicator of future results.

*Performance inception date: 20 October 2004. This figure represents the annualised performance of the Fund from the first full month of operation.

Gross performance figures are calculated using exit prices, pre-fees and reflect the annual reinvestment of distribution.

Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

The RREEF Global Property Securities Fund changed its benchmark from the UBS Global Real Estate Investors Index (TR, Gross of WHT, Hedged to AUD) to UBS Global Real Estate Investors Index (TR, Net of WHT, Hedged to AUD) on 31 March 2011. The net of withholding tax benchmark return which is now being provided is a more appropriate measure as it provides investors with directly comparable performance for the Fund and benchmark. This results in greater accuracy of relative returns

RREEF Global (ex Australia) Property Securities Fund

	RREEF Global (ex Australia) Property Securities Fund Gross Performance (%)	RREEF Global (ex Australia) Property Securities Fund Net Performance (%)	UBS Global Investors Index (TR, Net of WHT, Hedged to AUD) Index (%)
1 month	2.79	2.70	2.77
3 months	9.45	9.18	8.86
6 months	-8.58	-9.04	-7.73
Financial year to date	-8.58	-9.04	-7.73
1 year	1.83	0.82	1.94
2 years p.a.	12.48	11.36	13.40
3 years p.a.	18.21	17.04	18.82
5 years p.a.	-6.63	-7.55	-5.15
Since commencement of Fund* p.a.	5.23	4.18	4.86
Exit price \$	0.5093		
Fund size	\$246.1 million		

Past performance is not an indicator of future results.

*Performance inception date: 20 October 2004. **Performance figures for the UBS Global ex Australia Investors Index (hedged into A\$) are gross of withholding tax.

Gross performance figures are calculated using exit prices, pre-fees and reflect the annual reinvestment of distribution.

Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

The RREEF Global (ex Australia) Property Securities Fund changed its benchmark from the UBS Global ex Australia Real Estate Investors Index (TR, Gross of WHT, Hedged to AUD) to UBS Global ex Australia Real Estate Investors Index (TR, Net of WHT, Hedged to AUD) on 31 March 2011. The net of withholding tax benchmark return which is now being provided is a more appropriate measure as it provides investors with directly comparable performance for the Fund and benchmark. This results in greater accuracy of relative returns

Market commentary

Global Market Review

Global REITs capped off a solid quarter with a positive 2.0% return for the UBS Real Estate Global Index in December. The Americas was again the strongest performing region returning 4.5%. Europe ex-UK was up 0.6% during the month and was the only other positive region during the quarter.

Stocks benefited from the announcement of both a rate cut and the long term refinancing option (LTRO) compliments of the ECB. Asia ex-Japan, Australia, and Japan rounded out the middle of the pack with returns of -0.8%, -2.6%, and -2.2% respectively. Japanese REITs suffered from the

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Global Market Review (continued)

confluence of continued negative office market data, outflows of dedicated REIT funds, and concerns over equity raisings. The UK was the clear underperformer falling 5.7% as concerns surrounding the financial sector and weak economic growth continue to weigh on office market prospects in London.

Fund performance review

During December, the RREEF Global Property Securities Fund produced a total return (net of fees) of 2.15%, on par with the UBS Global Investors Index (net of withholding tax, hedged into Australian dollars) return of 2.15%.

During December, the RREEF Global Property (ex-Australia) Securities Fund produced a total return (net of fees) of 2.70%, underperforming the UBS Global ex Australia Investors Index (net of withholding tax, hedged into Australian dollars) by 7 basis points.

Regional Market Commentary

Americas

The UBS Americas Real Estate Investors Index returned 4.5% for the month of December, outperforming the TSX and S&P 500 by 330 and 580 basis points respectively. Concern over select country sovereign defaults in Europe continued but the market appears to have priced the risk or is simply fatigued with the lack of a “bazooka” solution, as it has been termed. Economic data out of the US remained generally positive. The employment picture continued to improve with jobless claims falling below 400,000 and remaining there for the month. Job growth met higher expectations and the unemployment rate declined 40 basis points to 8.6%, due primarily to a lower participation rate. Additionally, confidence indicators and the PMI improved. The housing market remained weak. In Canada, economic data was less exciting. Retail sales and the purchasing managers’ index both surprised on the upside while 3Q GDP was revised down and unemployment ticked up 10 basis points. On the REIT front, quarterly earnings reporting concluded during the month with results showing continued strength with caution for 2012 due primarily to headline macro expectation. Fundamentals remain strong. The transactions market picked up a bit in December capped off by the merger that was announced between Health Care REIT Ventas and a much smaller medical office REIT, Cogdell Spencer.

Europe

The UBS UK Real Estate Investors Index fell 5.7% over the month (in local currency terms), underperforming the broader share market (as measured by the FTSE 100 equity market Index which returned 1.2%) which was driven by the performance of the banking sector (DJ Stoxx Banks 1.9%).

London & Stamford (-8.86%) shares underperformed as the company disclosed that a shareholder sold a 13.6% stake in

the company in a private placement at a 13.2% discount to market price.

The UBS Europe (ex UK) Real Estate Investors Index returned 0.6% over the month (in local currency terms), marginally underperforming the broader share market (as measured by the by MSCI Europe (ex-UK) equity market Index which returned 1.1%).

The best performing REIT was Italy's Beni Stabili (11.12%); with shares jumping after the company announced it had won a court appeal regarding a tax refund. In general, core-European REITs (Alstria 9.9%, Vastned Retail 4.4% and Klepierre 2.5%) outperformed in December; their respective AAA sovereign rating may have contributed as investors sought shelter from the EU sovereign crisis.

Asia

The UBS Asia (ex Japan/Australia/NZ) Real Estate Investors Index returned -0.8% for the month (in local currency terms).

Hong Kong REITs returned 0.5% in December, as Link REIT (3.8%) continued to outperform. Champion REIT returned -2.0% as concerns over demand for office space and employment remains. Fortune REIT announced the acquisition of two suburban retail malls for HK\$1.9bn which would be funded via debt. Retail sales rose faster at 23.5% year on year in November, compared to 23% in October. We continue to prefer retail assets over office in these current market conditions, especially non-discretionary spending retail assets. In China, the Home Purchase Restrictions (“HPRs”) continued to be implemented. As of 31 Dec 2011, all Tier-1 cities and many Tier-2 cities have announced that they would continue to implement the HPRs in 2012, signalling that policy tightening on real estate will not end in the near future.

Singapore REITs returned -2.5%, amid growth concerns. The advance estimate GDP for FY11 was 4.8% (vs. consensus: 5%) as the growth contracted by 4.9% quarter on quarter in 4Q11. The government also announced a fifth round of property measures to cool off the residential property sector with the additional stamp duties approximately doubling to 6% for permanent residents and citizens buying multiple properties, and growing from 3% to 13% for foreigners.

The UBS Japan Real Estate Investors Index returned -2.2 % over the month (in local currency terms), underperforming the broader share market (as measured by the TOPIX which returned 0.02%). The sector remained under pressure due to Eurozone debt concerns outflows from mutual funds and the large supply of new buildings coming online in 2012. Within the transaction market, the trend of domestic investors including REITs purchasing properties from foreign investors continued; including, Sapporo Holdings acquiring 15% of Ebisu Garden Place from Morgan Stanley for JPY 40.5bn, Kenedix REIT purchasing eight office properties from AIG

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Asia (continued)

Edison Life Insurance, totalling JPY 28.5bn and United Urban buying SPC equity (backed by 30bn of retail property from Hulic, this retail property was acquired by Hulic from Lone Star in August). Meanwhile, there was another merger announced for the REIT industry, between Nippon Hotel Fund and Japan Hotel and Resort.

Australia

The UBS Australia Real Estate Investors Index returned -2.6% (in local currency terms), underperforming the broader share market (as measured by the S&P ASX 200 Property Trust Index which returned -1.4%).

Locally, focus again shifted to the Reserve Bank of Australia as it cut rates by 25 basis points for the second month in a row. The rate cut was triggered by the lower global growth outlook and the possibility of a 'very sharp contraction' in Europe. However, domestic conditions were acknowledged to be 'mixed but slightly stronger than was the case around the middle of the year'. The AUD weathered an RBA rate cut and volatile financial markets in December, slipping just 0.7%

against a generally firm USD which benefitted from risk reduction. Economic data was mixed, with 3Q GDP rising 1.0% quarter on quarter (or 2.5% year on year); whilst employment data came in below expectations.

Office REITs were the standouts in December, led by Charter Hall Office REIT (CQO) which rose 5.5% after the consortium seeking to acquire the vehicle raised the offer for the Australian portfolio by 6c to \$2.49 per unit. Commonwealth Property Office Fund also outperformed after it completed an off market buyback (for 2.8% of issued stock) and announced an on market buyback of up to 10%. Rounding out the positive news flow for office names was Investa Office Fund, which announced the sale of three offshore assets for circa AUD465m, the two larger ones at a 10% premium to book value. Despite further monetary easing, the residential REITs all finished lower after recent outperformance. Retail REITs were the laggards in December as poor sales updates from retailers, namely JB Hi-Fi, Kathmandu and Billabong weighed on sentiment.

Monthly video commentary

Monthly video commentary for the RREEF Paladin Property Securities Fund is available via the Ironbark Asset Management website.

Visit www.ironbarkam.com and click on the link in the "Videos" section on the home page

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