



RREEF PALADIN PROPERTY SECURITIES FUND

RREEF Alternative Investments

Real Estate Infrastructure Private Equity

ANNUAL REPORT

ARSN 087 897 667

For the half-year ended 31 December 2008

Issued by:

Deutsche Asset Management (Australia) Limited

ABN 63 116 232 154 AFSL 298626

www.dwsinvestments.com.au

RREEF Paladin Property Securities Fund

ARSN 087 897 667

Financial report

For the half-year ended 31 December 2008

Contents

	Page
Directors' report	2
Auditor's independence declaration	4
Income statement	5
Balance sheet	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9
Directors' declaration	12
Independent auditor's review report to the unitholders of RREEF Paladin Property Securities Fund	13

Directors' report

The directors of Deutsche Asset Management (Australia) Limited, the Responsible Entity of RREEF Paladin Property Securities Fund, present their report together with the financial report of RREEF Paladin Property Securities Fund (the "Fund") for the half-year ended 31 December 2008.

Principal activities

The Fund maintains its investment strategy by investing primarily in property securities on the Australian Stock Exchange in accordance with the provisions of the Fund Constitution.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

Directors

The following persons held office as directors of Deutsche Asset Management (Australia) Limited (ACN 116 232 154) during the half-year and since the end of the half-year and up to the date of this report (unless otherwise stated):

C Darvall
 J D Dorrian
 A J Fay
 M Grolman
 C N Larsen

Review and results of operations

During the half-year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2008	31 December 2007
Operating loss before finance costs attributable to unitholders (\$'000)	(129,518)	(100,469)
Distributions		
Distribution paid and payable (\$'000)	12,353	42,736
Distributions (cents per unit)	2.593	8.562
Performance		
Growth return (%)	(36.96)	(18.08)
Distribution return (%)	3.69	5.74
Total return (%)	<u>(33.27)</u>	<u>(12.34)</u>
Unit price as at 31 December		
Application price (\$)	0.5307	1.2823
Redemption price (\$)	0.5280	1.2759

Significant changes in state of affairs

In the opinion of the directors, except as disclosed in the financial statements, there were no significant changes in the state of affairs of the Fund that occurred during the financial half-year under review.

Directors' report (continued)

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns. It should be noted that a period of significant volatility in financial markets has occurred since 31 December 2008.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and 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 to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2008.

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

Signed in accordance with a resolution of the directors of Deutsche Asset Management (Australia) Limited.



Director

Sydney
6 March 2009



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Deutsche Asset Management (Australia) Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature in black ink, appearing to read 'T. Gilerman'.

Tanya Gilerman
Partner

Sydney

6 March 2009

Income statement

	Half-year ended	
	31 December	31 December
	2008	2007
Notes	\$'000	\$'000
Investment income		
Interest income	29	54
Dividend/distribution income	12,142	19,928
Net losses on financial instruments held at fair value through profit or loss	(140,243)	(116,656)
Other operating income	8	-
Total net investment loss	(128,064)	(96,674)
Expenses		
Responsible Entity's fees	1,267	2,855
Transaction costs	187	939
Other operating expenses	-	1
Total operating expenses	1,454	3,795
Operating loss	(129,518)	(100,469)
Finance costs attributable to unitholders		
Distributions to unitholders	3 (12,353)	(42,736)
Decrease in net assets attributable to unitholders	2 141,871	143,205
Profit/(loss) for the half-year	-	-

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet

		As at	
	Notes	31 December 2008 \$'000	30 June 2008 \$'000
Assets			
Cash and cash equivalents		3,569	7,792
Receivables		5,588	9,280
Due from brokers - receivable for securities sold		18	3,859
Financial assets held at fair value through profit or loss	4	237,785	386,797
Total assets		246,960	407,728
Liabilities			
Payables		598	1,460
Distributions payable	3	4,851	8,836
Total liabilities (excluding net assets attributable to unitholders)		5,449	10,296
Net assets attributable to unitholders - liability	2	241,511	397,432

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Half-year ended	
	31 December	31 December
	2008	2007
	\$'000	\$'000
Total equity at the beginning of the half-year	-	-
Profit/(loss) for the half-year	-	-
Net income/(expense) recognised directly in equity	-	-
Total recognised income and expense for the half-year	-	-
Transactions with unitholders in their capacity as unitholders	-	-
Total equity at the end of the half-year	-	-

Under AIFRS, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the half-year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement

	Half-year ended	
	31 December 2008	31 December 2007
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Dividends/distributions received	14,800	19,679
Interest received	29	54
Other income received	23	-
Responsible Entity's fees paid	(1,377)	(2,945)
Payment of other operating expenses	(188)	(1)
Net cash inflow from operating activities	<u>13,287</u>	<u>16,787</u>
<i>Cash flows from investing activities</i>		
Proceeds from sale of financial instruments held at fair value through profit or loss	140,873	264,599
Purchase of financial instruments held at fair value through profit or loss	(127,753)	(260,008)
Net cash inflow from investing activities	<u>13,120</u>	<u>4,591</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	28,281	123,396
Payments for redemptions by unitholders	(47,377)	(73,412)
Distributions paid	(11,534)	(79,506)
Net cash outflow from financing activities	<u>(30,630)</u>	<u>(29,522)</u>
Net decrease in cash and cash equivalents	(4,223)	(8,144)
Cash and cash equivalents at the beginning of the half-year	<u>7,792</u>	<u>10,107</u>
Cash and cash equivalents at the end of the half-year	<u>3,569</u>	<u>1,963</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

	Page
1 Basis of preparation of interim report	10
2 Net assets attributable to unitholders	10
3 Distributions to unitholders	11
4 Financial assets held at fair value through profit or loss	11
5 Events occurring after the balance sheet date	11
6 Contingent assets and liabilities and commitments	11

1 Basis of preparation of interim report

This general purpose financial report for the interim half-year ended 31 December 2008 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim financial report covers RREEF Paladin Property Securities Fund (the "Fund") as an individual entity. The Fund was constituted on 30 January 1995. The Fund is a registered managed investment scheme under the *Corporations Act 2001*. The Fund will terminate on 29 January 2075 unless terminated earlier in accordance with the provisions of the Fund Constitution.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made in respect of RREEF Paladin Property Securities Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Responsible Entity of the Fund is Deutsche Asset Management (Australia) Limited (the "Responsible Entity"). The Responsible Entity's registered office is Deutsche Bank Place, Level 16, Cnr of Hunter and Phillip Streets, Sydney, NSW 2000. The financial report is presented in Australian currency.

The Fund invests primarily in property securities on the Australian Stock Exchange in accordance with the provisions of the Fund Constitution.

The financial statements were authorised for issue by the directors on 6 March 2009. The directors of the Responsible Entity have the power to amend and reissue the financial report.

Except as described below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Fund has elected to early adopt AASB 8 *Operation Segments*. As the Fund does not fall into the scope of AASB 8, the impact of early adoption of this standard is to remove disclosures previously presented under AASB 114 *Segment Reporting*.

The Fund is an entity of the kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report.

2 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the half-year were as follows:

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

	31 December 2008 No. '000	30 June 2008 No. '000	31 December 2008 \$'000	30 June 2008 \$'000
Opening balance	515,340	453,992	397,432	700,632
Applications	15,093	141,917	27,771	158,558
Redemptions	(66,823)	(107,509)	(46,624)	(130,761)
Units issued upon reinvestment of distributions	6,094	26,940	4,803	38,714
Decrease in net assets attributable to unitholders	-	-	(141,871)	(369,711)
Closing balance	<u>469,704</u>	<u>515,340</u>	<u>241,511</u>	<u>397,432</u>

3 Distributions to unitholders

The distributions paid/payable were as follows:

	31 December 2008 \$'000	Half-year ended 31 December 2008 CPU	31 December 2007 \$'000	31 December 2007 CPU
Distributions				
Distributions paid	7,502	1,560	21,203	4,281
Distributions payable	<u>4,851</u>	<u>1,033</u>	<u>21,533</u>	<u>4,281</u>
	<u>12,353</u>	<u>2,593</u>	<u>42,736</u>	<u>8,562</u>

4 Financial assets held at fair value through profit or loss

	31 December 2008 Fair value \$'000	As at 30 June 2008 Fair value \$'000
Designated at fair value through profit or loss		
Units in Australian property trusts	<u>237,785</u>	<u>386,797</u>
Total designated at fair value through profit or loss	<u>237,785</u>	<u>386,797</u>
Total financial assets held at fair value through profit or loss	<u>237,785</u>	<u>386,797</u>

5 Events occurring after the balance sheet date

Subsequent to 31 December 2008, the fair value of the Fund's investments has fallen due to significant volatility in the financial markets. The impact on the unit price of the Fund as at 4 March 2009 is -30%.

No other significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the balance sheet as at 31 December 2008 or on the results and cash flows of the Fund for the half-year ended on that date.

6 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2008 and 30 June 2008.


Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2008 and of its performance, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

For and on behalf of the Responsible Entity.



Director

Sydney
6 March 2009



Independent auditor's review report to the unitholders of RREEF Paladin Property Securities Fund

Report on the financial report

We have reviewed the accompanying half-year financial report of the RREEF Paladin Property Securities Fund (the "Fund"), which comprises the balance sheet as at 31 December 2008, and the half-year income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other explanatory notes 1 to 6 and the directors' declaration.

Directors' responsibility for the financial report

The directors of Deutsche Asset Management (Australia) Limited (the "Responsible Entity") are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2008 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the RREEF Paladin Property Securities Fund is not in accordance with the *Corporations Act 2001*, including:

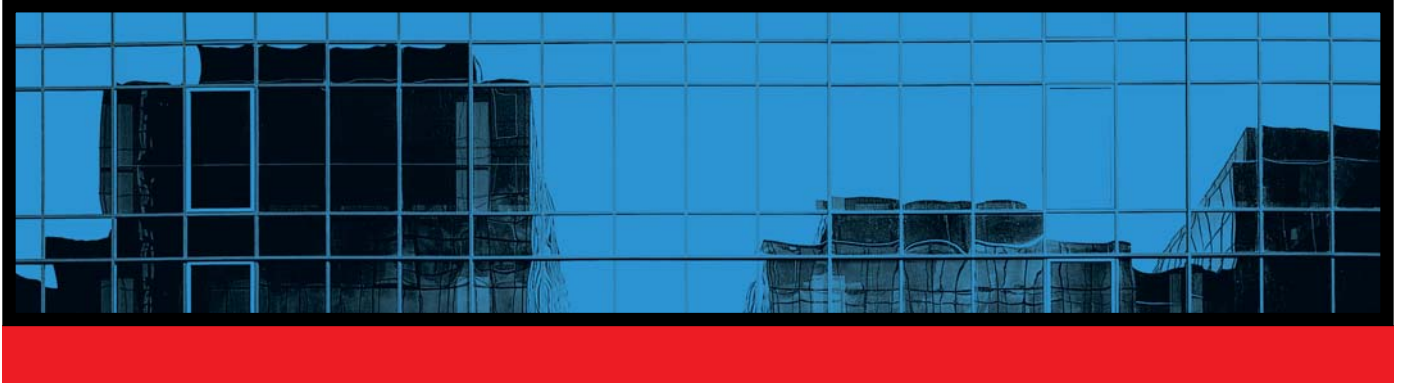
- (a) giving a true and fair view of the Fund's financial position as at 31 December 2008 and of its performance for the half-year period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Tanya Gilerman
Partner

Sydney

6 March 2009



Responsible Entity and registered address

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ABN 63 116 232 154

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