



For Immediate Distribution

29 June 2006

DAVID JONES FLAGSHIP STORES TRANSACTION – FURTHER UPDATE

David Jones Limited today announced that it has been informed by Deutsche Asset Management Australia Limited (“DAMAL”) that the Australian Taxation Office (“ATO”) has agreed to a settlement offer for IYS minority holders.

This in effect means that upon satisfactory finalisation of the ATO settlement documentation, implementation of the transaction envisaged by the Heads of Agreement entered into by David Jones and Deutsche Bank AG (“DBAG”) on 13 December 2005 (the “Transaction”), in relation to the unwinding of the Sale & Leaseback of David Jones’ Sydney and Melbourne CBD store properties, will be subject to IYS unitholder approval being obtained.

On 13 December 2005, David Jones announced that the Transaction was primarily conditional upon:

- a satisfactory tax ruling outcome being reached between the ATO and DBAG (“the ATO Condition Precedent”); and
- approval by the requisite majority of IYS holders being obtained.

As announced by DAMAL on 5 June 2006, the ATO had “...not provide[d] clearance on the terms sought and requested...”. Since that date two things have occurred:

1. the ATO has agreed a settlement offer for IYS minority unitholders; and
2. the terms of the original Heads of Agreement between David Jones and DBAG dated 13 December 2005 has been amended
 - to provide an increase of \$10 million in the cash payment from David Jones to Deutsche Retail Infrastructure Trust (DRIT) from \$362 million to \$372 million. Despite this increase, the **total cost of the Transaction to David Jones remains broadly unchanged at approximately \$414 million (as announced on 13 December 2005)**, due to the transaction costs currently being less than initially anticipated. All of the benefits of the Transaction and all of the positive financial implications for David Jones shareholders (as outlined in David Jones’ ASX Release dated 13 December 2005) remain intact.
 - In addition, DBAG subsidiaries will stand aside from a proportion of their entitlements as IYS holders.

As a result of these changes, there is an increase in amount of the payment IYS minorities will receive upon termination of DRIT.

The Company will continue to update the market on progress made in completing the Transaction and expects the next update to be provided following the IYS minority holders voting in late September 2006.

ENDS

DAVID JONES

David Jones Limited A.C.N. 000 074 573
A.B.N. 75 000 074 573



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FOR FURTHER INFORMATION CONTACT:

Helen Karlis
General Manager Corporate Affairs, Communications and Investor Relations
David Jones Limited
02 9266 5960
0404 045 325

DAVID JONES

David Jones Limited A.C.N. 000 074 573
A.B.N. 75 000 074 573