

Full Year Results (August 2003)

Deutsche Diversified Trust



DB Real Estate Australia Limited
ABN 47 006 036 442
Licensed Dealer in Securities

David McFadyen, General Manager, Deutsche Diversified Trust
Warren Boothman, Marketing Manager, Listed Real Estate
Daryl Stubbings, Asset & Development Manager, Deutsche Diversified Trust

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Agenda

- Highlights
- Key Results
- Portfolio Update
- Debt
- The Year Ahead
 - Distribution Forecast
 - Portfolio
 - DDF Review

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HIGHLIGHTS



David McFadyen
General Manager, Deutsche Diversified Trust

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Highlights

- Earnings expectations exceeded
- Revaluations delivered nearly 5% growth in NTA
- Circa \$200m of development activity
- Maintained high occupancy and extended lease duration
- New initiatives coming - enhanced earnings and performance fee



KEY RESULTS



Warren Boothman
Marketing Manager, Listed Real Estate

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Key Results Full Year 02/03

- Earnings expectations exceeded
- Income distribution achieved at 9.3 cpu for year (3.3% growth), with a further \$1.3m in retained earnings
- Exceeded budget due to:
 - Kent Street Car Park ↑ \$0.7m
 - Whitford City Shopping Centre ↑ \$0.6m
 - Borrowing costs ↓ \$0.4m
- Additional retained earnings will further bolster sustainability of distributions
- NTA ↑ from \$1.14 to \$1.19



PORTFOLIO UPDATE

David McFadyen, General Manager, Deutsche Diversified Trust
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Portfolio Analysis

- Occupancy steady at 96%
- Average lease expiry increased to 4.2 years (previously 3.6 years)
- Tenant retention rate strong:
 - Office 73%
 - Industrial 87%
- Lease expiry:
 - FY 04 20%
 - FY 05 16%



44 Market Street, Sydney, NSW

- Net property income up nearly 9%
- Strong tenant retention rate of 79%
- Major focus for FY 04 will be tenant retention



8 Nicholson Street, Melbourne, Vic

- New lease secured for 10 years to Victorian Government
- Strong covenant with significant lease duration
- Avoids major challenge in 2005
- Slightly lower initial income, but more than offset on four-year basis
- Enhanced Asset Value - \$82m @ 30/06/03



14 Moore Street, Canberra, ACT

- Occupancy increased from 48% to 90%
- Commonwealth Government leased 4,346 m² at \$305/m² gross
- Good inquiry levels over balance



Whitford City, Hillarys, WA

- Expansion on track for late November 2003 completion
- In line with cost \$85m, yield 8.8%
- 15 specialties remaining
- Staging brought some retail on line April 2003
- Added \$0.3m to FY 03 NPI





Whitford City, Hillaryys, WA (contd)



Current

- A** Action
- B** Big W
- C** Cinemas
- T** Target

Expansion

- CP** New undercover parking
- P** Piazza
- PP** Petrol Plus
- S** New specialty stores
- W** Relocated Woolworths



West Lakes Shopping Centre, West Lakes, SA

- MAT ↑ 2.1%
- Expansion commenced July 2003
- Cost \$62m, yield 8.5%



Current

- D** David Jones
- K** Kmart
- C** Coles
- W** Woolworths
- H** Harris Scarfe

Expansion

- A** Anderson Cinemas
- M** Mini Majors
- S** Specs and other
- F** Freestanding Retail



West Lakes Shopping Centre, West Lakes, SA (cont'd)

Encompassed:

Cinemas	4,300 m ² *
Majors	130 m ² *
Mini Majors	3,230 m ² *
Freestanding	2,000 m ² *
Specialties (54)	<u>2,840 m²</u>
	12,500 m ²

* leased prior to commencement



Axxess Corporate Park, Vic

- Six pre-commitments in 2003
 - total 16,570 m²
- Cost \$22.4m, yield 10.8% (9.3% including land)
- Remaining development potential circa 30,000m²



Axxess Corporate Park, Vic (cont'd)



Recent Developments	Area	Completion Date
1 Olympus	1,940 m ²	09/02
2 Smith & Nephew	4,530 m ²	10/02
3 Dentsply	3,500 m ²	03/03
4 EAN	1,600 m ²	05/03
5 Coloplast expansion	477 m ²	08/03
6 Australia Post	4,400 m ²	09/03



40 Talavera Road, North Ryde, NSW

- BAE secured for 5,448 m² or 38%
- Refurbishment completed July 2003
- Inquiry levels increased



75 Carnarvon Street, Silverwater, NSW

- Sold for \$22m (book value \$21.4m)
- Income retained for FY 04 equivalent to fully leased position (\$2.7m)



Axxess Corporate Park, NSW

- Property to be sold
- Medium term outlook does not allow for realisation of original master plan
- Capital value has benefited from increase in land values
- Funds better utilised for other Trust developments



383 Kent Street, Sydney, NSW (Car Park component)

- Net property income up \$0.7m or 30% above budget
- Re-building of business
- Reduced competition



View from Sussex Street



DEBT



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Debt

Balance sheet strength remains with 27% gearing

■ Total Borrowings	\$430.8m	(27% gearing)
– 88% Hedged	\$380m	
– Average Hedging	4.1 years	
– Average Cost for All Debt	6.2%	(including margin)



YEAR AHEAD



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Distribution Forecast 03/04

- Forecast for FY 2004 is for 9.3 cpu - distribution maintained. Utilises circa \$3m in retained earnings
- Positive contributors:
 - Whitford City - yield enhancing development
 - Axxess Corporate Park, (Vic) - yield enhancing development
 - 34-60 Little Collins Street - rent review
- Negative contributors:
 - Axxess Corporate Park, (NSW) - vacancy
 - 383 Kent Street - vacancy
 - 8 Nicholson Street - new lease structure



Property Portfolio

Retail

- Expansion for Whitford City
- Expansion of West Lakes

Office

- Chifley Square refurbishment & leasing
- Ferguson Centre upgrade
- Kent Street leasing

Industrial

- Securing/completing pre-commitments
 - Axxess Corporate Park (Vic)
 - Kings Park
 - Redwood Gardens
- Axxess (NSW) sale
- Talavera Road - leasing



DDF Review of Platform

Objectives

- Increase the revenue earning capacity of the Trust.
- Greater alignment of Investor and Manager interests
- Utilise better the value add capability of the wider Deutsche Real Estate Group



DDF Review of Platform (cont'd)

Greater Alignment

- Fee structure to be amended
- DB RE remuneration to be more driven by performance
- Effective 1 October



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