DB Real Estate
Deutsche Bank Group

Deutsche Asset Management
(Australia) Limited
ABN 11 076 098 596
Licensed Dealer in Securities

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18 August 2003

The Manager
Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Deutsche Office Trust - June 2003 Annual Results

Deutsche Asset Management (Australia) Limited as responsible entity of Deutsche Office Trust is pleased to confirm that it has lodged the following documents with the Australian Stock Exchange today:

- Appendix 4E Statement – 'Results for announcement to the market'
  - Responsible entity's report
  - Highlights of results
  - Financial accounts
  - Independent audit report

- Copy of a presentation to be made to investors

The above material and presentation to investors will be made available on Deutsche Office Trust's website www.realestate.australia.db.com/dot, from 18 August, 2003.

For further information please contact Michael Brown, General Manager, Deutsche Office Trust on (02) 9249 9346, Warren Boothman, Marketing Manager on 0405 134 841 or Linda Smith, Investment Analyst on (02) 9249 9955.

Yours sincerely

Phillip Maher
Company Secretary

Responsible entity's report

Summary

The past 12 months have shown little improvement in sentiment for the office sector in general. Demand for office accommodation in Australia's main office markets has been weak causing vacancy levels and tenant incentives to increase. Despite this environment, with limited new supply pressure particularly in the Sydney market, the outlook for 2004 is for improved conditions as positive white collar employment growth and global economic recovery gains momentum.

Deutsche Office Trust's (DOT) management team remain focused on minimising the short term leasing issues within the portfolio to provide income certainty for investors. At the same time we continue to look at opportunities to add value for the medium-to-long term for the Trust.

Results

Net profit for the full year was $102.5m which was down 9.1% for the corresponding 12 month period. This was due primarily from a rise in portfolio vacancies, an increase in property expenses and the conclusion of previous income support arrangements within the portfolio.

A final distribution of 4.95 cents per unit will be paid on 19 August 2003. Total income distribution for the year ended 30 June 2003 is 10.0 cents per unit as per the previous 12 months.

The tax advantaged component of the distribution is 58.83%.

Leasing

Since July 2002, the Trust has secured new leases, lease renewals and Heads of Agreement totalling over 89,000 square metres of office space resulting in a significant improvement in the lease duration profile of the Trust from 5.2 years as at 30 June 2002 to 5.8 years as at 30 June 2003.

The major leasing deal concluded over the period was a new 14 year lease to Mallesons Stephen Jaques, a leading Australian legal firm, effective 1 October 2002 for approximately 17,610 square metres, securing their tenancy in the Governor Phillip Tower Governor Macquarie Tower Office Complex, 1 Farrer Place, Sydney until 30 September 2016.

Other significant deals across the portfolio include new long term leases to:

- Phillips Fox and the NSW Government totalling over 14,000 square metres at 201 Elizabeth Street, Sydney;
- Credit Union Services Corporation (Australia) Limited (CUSCAL), Travelex Limited, adam Australia, PKF (Kenback Pty Ltd) and Lawler Partners, totalling over 12,500 square metres at One Margaret Street, Sydney;
- Ticketmaster 7 Australia Pty Ltd, Edison Mission Energy Holdings Pty Ltd and Corporate Executive Offices (Southgate) Pty Ltd, totalling over 5,000 square metres at Southgate Complex, Melbourne; and
- Woodside Energy Ltd, on behalf of the Transfield Worley Woodside Alliance for 4,286 square metres at 240 St Georges Terrace, Perth.

Post 30 June 2003, Trust management announced two additional significant lease transactions;

- Corrs Chambers Westgarth (CCW) have signed a Binding Heads of Agreement to remain at Governor Phillip Tower for an 11 year term over approximately 6,600 square metres; and
- Michael Page International have signed a 7 year lease for approximately 1,650 square metres at One Margaret Street, Sydney.

Refurbishments and Developments

The Trust has been undertaking three projects which are anticipated to further strengthen the quality of the portfolio, extend average lease terms and provide the prospects for distribution growth.

30 The Bond, Sydney

The Trust is currently developing a $112m low rise A-grade office building to be home to Lend Lease Corporation.

Construction of the building cores are complete to Level 9, with the curtain wall up to Level 3 and services well underway.

The new office building will set the benchmark for exceptional greenhouse performance, delivering Australia's first five star building under the Australian Greenhouse Rating (ABGR) scheme.

The building is due for completion in March 2004 and management is currently seeking to pre-lease the remaining space in the building.

One Margaret Street, Sydney

The refurbishment project reached practical completion on 31 July 2002.

The project has delivered a contemporary building distinguished by its new glass curtain façade and its circular foyer which reinforces One Margaret Streets imposing street presence.

The building has attracted a number of prominent financial and business groups including CUSCAL, Travelex Limited, adam Australia and PFK. Discussions continue with a number of parties who have an interest in leasing space in the building.

240 St Georges Terrace, Perth

The Trust is developing a premium quality office tower which will comprise 46,000 square metres of office space and is estimated to have a value in the order of $250m upon completion.

The construction of the structure is complete to the roof plant room, with typical floor services and finishes substantially complete to the mid-rise and advanced in the high-rise.

The project is due for completion in October 2003 and management is currently seeking tenant interest for the unlet mid-rise floors and the ground floor retail area.

Debt Management

As at 30 June 2003 the Trust had debt of $567.70m or 27.80% of total assets. The current average costs of debt is approximately 6.50% (including margin) and the average swap duration of the debt is 4.1 years.

During the period the Trust took advantage of the continuing low interest rates to execute various swap transactions which will save the Trust over $1 million per annum over the next five years.

Post 30 June 2003, management announced a general tender offer to buyback up to $250m of medium term notes due to mature 15 April 2004.

The buyback is part of a debt restructuring initiative by DOT, which is being undertaken for two primary reasons. Firstly, to access the lowest cost debt funding, which is offered by the CMBS and asset backed commercial paper ("ABCP") debt capital markets. Secondly, to achieve a more flexible capital structure, which will allow management of debt and equity according to the availability of each market and DOT's overall gearing.

Property Revaluations

In accordance with the portfolio revaluation program 11 of the Trust's properties were revalued during the year, whilst the balance were subject to Director's valuations as at 30 June 2003. The overall result was a net decrease of $19.15 million in the asset revaluation reserve.

The Zenith and Australia Square fell by 2.3% and 3.7% respectively reflecting the impact of lease expiries, whilst the Southgate Complex fell by 2.2% primarily due to the softness in rental growth forecasts for Melbourne over the next few years.

201 Elizabeth Street, Sydney increased in value by 6.8% following our recent success in signing the NSW Government and Phillips Fox for new long term leases.

30 JUNE 2003 VALUATION SUMMARY & COMPARISON

Governor Phillip Tower, Governor Macquarie Tower & Phillip Street Terraces (50%)	**Current** 30-Jun-2003	**Previous** 30-Jun-2002	Difference	
Valuation	$ 477,500,000	$ 477,500,000	$ -	0.0%
Valuer	Colliers International Consultancy	Knight Frank Valuations		
Value per sqm	$ 11,019	$ 10,983		
Capitalisation rate (market)	7.00%	6.70%		
Discount Rate	9.50%	10.00%		
Terminal yield	7.25%	7.00%		
Initial yield	6.39%	6.20%		
10 year average office rental growth	4.7%	4.9%		
Occupancy rate	98%	99%		

Australia Square, Sydney (50%)	**Current** 30-Jun-2003	**Previous** 30-Jun-2002	Difference	
Valuation	$ 170,000,000	$ 176,250,000	-$ 6,250,000	-3.5%
Valuer	Colliers International Consultancy	Colliers International Consultancy		
Value per sqm	$ 6,528	$ 6,761		
Capitalisation rate (market)	7.25%	7.50%		
Discount rate	9.75%	10.00%		
Terminal yield	7.75%	7.75%		
Initial yield	8.62%	7.85%		
10 year average office rental growth	4.4%	4.7%		
Occupancy rate	94%	96%		

Southgate Complex, Southbank, VIC	**30-Jun-2003**	**31-Mar-2002**	Difference	
Valuation	$ 316,000,000	$ 323,000,000	-$ 7,000,000	-2.2%
Valuer	CB Richard Ellis (V)	CB Richard Ellis (V)		
Value per sqm	$ 4,130	$ 4,171		
Cap rate (market - office)	7.75%	8.00%		
Discount Rate (office)	9.75%	10.25%		
Terminal yield (office)	8.00%	8.50%		
Initial yield	8.34%	9.03%		
10 year average office rental growth	4.5%	4.3%		
Occupancy rate	99%	99%		

Zenith Centre	**30-Jun-2003**	**31-Mar-2001**	Difference	
Valuation	$ 215,000,000	$ 220,000,000	-$ 5,000,000	-2.3%
Valuer	FPDSavills (NSW)	CB Richard Ellis		
Value per sqm	$ 4,821	$ 4,958		
Cap rate (market)	7.75%	8.00%		
Discount rate	10.25%	10.50%		
Terminal yield	8.00%	8.50%		
Initial yield	7.97%	8.35%		
10 year average office rental growth	4.0%	5.3%		
Occupancy rate	87%	99%		

O'Connell House	**30-Jun-2003**	**31-Mar-2001**	Difference	
Valuation	$ 45,500,000	$ 45,000,000	$ 500,000	1.1%
Valuer	FPDSavills (NSW)	Colliers Jardine		
Value per sqm	$ 4,431	$ 4,386		
Capitalisation rate (market)	7.75%	8.75%		
Discount rate	10.25%	10.75%		
Terminal yield	8.25%	9.25%		
Initial yield	8.20%	7.89%		
10 year average office rental growth	4.5%	5.4%		
Occupancy rate	100%	100%		

201 Elizabeth Street, Sydney (50%)	**30-Jun-2003**	**30-Jun-2001**	**Difference**	
Valuation	$ 110,000,000	$ 103,000,000	$ 7,000,000	6.8%
Valuer	FPDSavills (NSW)	CB Richard Ellis		
Value per sqm	$ 5,681	$ 5,321		
Capitalisation rate (market)	7.25%	7.50%		
Discount rate	10.00%	10.50%		
Terminal yield	7.75%	7.75%		
Initial yield	8.02%	7.22%		
10 year average office rental growth	4.5%	5.0%		
Occupancy rate	99%	99%		

DEUTSCHE OFFICE TRUST - APPENDIX 4E
(ARSN 090 768 531)

Financial reporting for the year ended 30 June 2003

Results for announcement to the market

Highlights of Results	**30/06/2003**	**30/06/2002**	**Change**
Revenue from ordinary activities ($'000)	192,655	197,156	-2.28%
Net Profit from ordinary activities after tax attributable to unitholders - ($'000)	102,543	112,733	-9.04%
Distribution to unitholders - ($'000)	113,144	110,416	2.47%
Distributions for the six (6) months ending			
31 December paid - Ordinary units	5.05	5.00	1.00%
31 December paid - STC units *	4.59	4.25	8.00%
30 June final payable - Ordinary units	4.95	5.00	-1.00%
30 June payable - STC units *	4.95	4.52	9.51%
Total distributions - cents per unit (ordinary units)	**10.00**	**10.00**	0.00%
Total distributions - cents per unit (STC units)	**9.54**	**8.77**	8.78%

* - STC had entered into a distributable income support agreement with the Trust which ended on 31 December 2002. The distribution payable to STC from 1 January 2003 onwards will no longer be reduced as a result of the expiration of the distributable income support agreement.

Basic and diluted earnings (cents per unit)	8.93	9.82	-9.04%
Tax deferred component of distribution	**58.83%**	**42.35%**	38.91%
Management Expense Ratio	**0.53%**	**0.51%**	3.92%
Total Assets ($'000)	**2,040,500**	**2,005,075**	**1.77%**
Total Borrowings ($'000)	567,700	497,000	14.23%
Unitholders Equity ($'000)	1,365,325	1,365,325	0.00%
Market Capitalisation ($'000)	**1,285,818**	**1,492,468**	**-13.85%**
Net tangible assets (NTA) $ per unit	1.22	1.25	-2.08%
Unit price - $	1.12	1.30	-13.85%
Units on issue (' 000)	1,148,052	1,148,052	0.00%
Record date	30 June 2003	30 June 2003	
Payment date - 30 June distribution	19 August 2003	16 August 2002	

Commentary of results

For a review of the results of the Trust for the 2003 financial year, refer to attached Responsible Entity's Report.

DEUTSCHE OFFICE TRUST
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Revenue from ordinary activities					
Rent	2	**190,512**	194,885	**109,930**	113,360
Interest income		**392**	681	**312**	594
Other revenues from ordinary activities	2	**-**	-	**52,081**	45,000
Share of net profits of associates accounted for using the equity method	24	**1,751**	1,590	**-**	-
Total revenue from ordinary activities		**192,655**	**197,156**	**162,323**	**158,954**
Expenses from ordinary activities					
Property expenses		**(39,811)**	(35,482)	**(20,958)**	(17,283)
Repairs and maintenance		**(7,736)**	(7,893)	**(4,305)**	(4,310)
Responsible entity fees	22	**(10,103)**	(9,655)	**(6,455)**	(6,124)
Other expenses from ordinary activities	4	**(993)**	(1,123)	**(916)**	(671)
Borrowing costs expense	4	**(31,469)**	(30,270)	**(29,225)**	(24,476)
Total expenses from ordinary activities		**(90,112)**	(84,423)	**(61,859)**	(52,864)
Net Profit	17	**102,543**	112,733	**100,464**	106,090
Net decrease in asset revaluation reserve	17	**(19,154)**	(22,454)	**(25,966)**	(2,257)
Total revenues, expenses and valuation adjustments attributable to members of Deutsche Office Trust recognised directly in equity		**(19,154)**	**(22,454)**	**(25,966)**	**(2,257)**
Total changes in equity other than those resulting from transactions with unitholders as owners		**83,389**	**90,279**	**74,498**	**103,833**

	Notes	**Cents**	Cents
Basic earnings - cents per unit (cpu)	28	**8.93**	9.82
Diluted earnings - cents per unit (cpu)	28	**8.93**	9.82

The above statements of financial performance should be read in conjunction with the accompanying notes.

	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Distribution					
Net profit		**102,543**	112,733	**100,464**	106,090
Movement in undistributed income		**7,839**	(4,632)	**10,678**	2,011
Transfer from reserves		**2,762**	2,315	**2,002**	2,315
Distribution paid and payable	17,18	**113,144**	**110,416**	**113,144**	**110,416**
Distribution paid/payable cents per unit (cpu)					
Ordinary units	18	**10.00c**	10.00c		
STC units	18	**9.54c**	8.77c		

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Current assets					
Cash assets		**873**	15,093	**855**	7,190
Receivables	5	**11,493**	15,538	**260,136**	259,725
Other	6	**3,624**	2,869	**2,441**	1,454
Investments properties	7	**175,004**	-	**175,004**	-
Total current assets		**190,994**	**33,500**	**438,436**	**268,369**
Non-current assets					
Investment properties	7	**1,812,366**	1,947,539	**1,123,899**	1,252,193
Investments in controlled entities	8	**-**	-	**462,172**	477,859
Investments accounted for using the equity method	7,24	**23,856**	23,391	**-**	-
Other	9	**13,284**	645	**10,695**	368
Total non-current assets		**1,849,506**	**1,971,575**	**1,596,766**	**1,730,420**
Total assets		**2,040,500**	**2,005,075**	**2,035,202**	**1,998,789**
Current liabilities					
Payables	10	**9,796**	13,849	**6,044**	9,465
Interest bearing liabilities	11	**400,000**	150,000	**400,000**	150,000
Provisions	12	**56,827**	55,692	**56,827**	55,692
Other	13	**2,095**	4,490	**2,266**	2,188
Total current liabilities		**468,718**	**224,031**	**465,137**	**217,345**
Non-current liabilities					
Other	14	**465**	672	**7,639**	1,072
Interest bearing liabilities	15	**167,700**	347,000	**167,700**	347,000
Total non-current liabilities		**168,165**	**347,672**	**175,339**	**348,072**
Total liabilities		**636,883**	**571,703**	**640,476**	**565,417**
Net assets		**1,403,617**	**1,433,372**	**1,394,726**	**1,433,372**
Equity					
Contributed equity	16	**1,365,325**	1,365,325	**1,365,325**	1,365,325
Reserves	17	**33,636**	55,552	**29,401**	63,501
Undistributed income	17	**4,656**	12,495	**-**	4,546
Total equity		**1,403,617**	**1,433,372**	**1,394,726**	**1,433,372**

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

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Reserves	17	**33,636**	55,552	**29,401**	63,501
Undistributed income	17	**4,656**	12,495	**-**	4,546
Total equity		**1,403,617**	**1,433,372**	**1,394,726**	**1,433,372**

The above statements of financial position should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		**198,799**	207,552	**160,693**	151,266
Cash payments in the course of operations		**(81,073)**	(72,852)	**(38,019)**	(44,699)
Interest received		**380**	817	**304**	730
Trust distribution income from controlled entities		**-**	-	**-**	5,900
Net cash inflow from operating activities	**27**	**118,106**	**135,517**	**122,978**	**113,197**
Cash flows from investing activities					
Payments for capital expenditure on investment properties		**(53,625)**	(28,463)	**(52,875)**	(27,604)
Payments for investment properties		**-**	(33,652)	**-**	(10,261)
Net cash outflow from investing activities		**(53,625)**	**(62,115)**	**(52,875)**	**(37,865)**
Cash flows from financing activities					
Borrowing costs		**(37,393)**	(26,708)	**(35,987)**	(20,951)
Proceeds from borrowings		**275,796**	338,919	**275,796**	396,009
Repayment of borrowings		**(205,096)**	(293,519)	**(205,096)**	(236,509)
Loan from/ (to) controlled entity		**-**	-	**857**	(128,754)
Distributions paid		**(112,008)**	(108,663)	**(112,008)**	(108,663)
Net cash outflow from financing activities		**(78,701)**	**(89,971)**	**(76,438)**	**(98,868)**
Net decrease in cash held		**(14,220)**	**(16,569)**	**(6,335)**	**(23,536)**
Cash at the beginning of the financial year		**15,093**	31,662	**7,190**	30,726
Cash at the end of the financial year	**5**	**873**	**15,093**	**855**	**7,190**
Financing arrangements	15				

The above statements of cash flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the Trust Constitution, Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001 in Australia. It is prepared on the basis of the going concern and historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except to the extent that the Trust investments have been revalued. It is recommended that this Report be read in conjunction with any public pronouncements made by the Trust during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies adopted are consistent with those of the previous period unless otherwise specified. Comparative information has been reclassified where appropriate to enhance comparability.

(b) Principles of consolidation

The consolidated financial statementss incorporate all the assets, liabilities and net operating results of the parent and its controlled entities. The effects of all transactions between controlled entities in the Trust have been eliminated in full. Certain property investments are held via joint ownership arrangements (refer Note 24). These joint ownership arrangements include the ownership of units in single purpose unlisted trusts over which the Trust exercises significant influence but not control ("Associates"). The Trust has adopted the equity method of accounting for its property investments held in associates in accordance with Accounting Standard AASB 1016: Accounting for Investments in Associates. Under this method, the consolidated Trust's share of the profits or losses of associates is recognised as revenue in the consolidated statements of financial performance, and its share of movements in reserves is recognised in consolidated reserves.

(c) Revenue recognition

Rent

Rent is brought to account on an accruals basis and, if not received at the balance date, is reflected in the statements of financial position as a receivable. Recoverability of receivables is reviewed on an ongoing basis. Debts, which are known to be not collectable are written off.

Income support

Rental income support is brought to account on an accruals basis in accrodance with the relevant contractual arrangements.

Interest

Interest is brought to account on an accruals basis and, if not received at the balance date, is reflected in the statements of financial position as a receivable.

(d) Expenses

Property expenses

Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of the Trust.

Borrowing costs

Borrowing costs include interest expense and other costs incurred in respect of obtaining finance. Other costs incurred including loan establishment fees in respect of obtaining finance are deferred and written off over the term of the respective agreement.

Borrowing costs are expensed unless they relate to qualifying assets. Qualifying assets are assets which take more than twelve months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Responsible Entity fee

In accordance with the provisions of the Trust Constitution, the Responsible Entity is entitled to payment of a fee. For the year ending 30 June 2003 the fee was 0.5% (2002: 0.5%) of the gross asset value of the Trust.

(e) Taxation

Under current legislation, the Trust and its controlled entities are not liable for income tax, provided that the taxable income and taxable realised gains are fully distributed to unitholders each year. Tax allowances for building and plant and equipment depreciation are distributed to unitholders in the form of tax deferred components of the distribution.

(f) Investment properties

It is the policy of the responsible entity to review the carrying value of each property at the reporting date. External valuations of the individual investments are carried out in accordance with the Trust Constitution, or earlier where the responsible entity believes there may be a material change in the fair value of the property.

The valuations are measured at fair value being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each investment property does not differ materially from its fair value at the reporting date.

A revaluation increment is credited directly to the asset revaluation reserve, unless it is reversing a previous decrement charged as an expense in the statements of financial performance in respect of that same class of assets, in which case the increment is credited directly to the statements of financial performance.

A revaluation decrement is recognised directly as an expense in the statements of financial performance, unless it is reversing a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve in respect of that same class of assets, in which case it is debited directly to the asset revaluation reserve.

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the statements of financial performance in the year of disposal.

Land and buildings have the function of an investment and are regarded as a composite asset. The applicable Accounting Standards do not require that investment properties be depreciated. Accordingly, the buildings and any component thereof (including plant and equipment) are not depreciated.

Expenses capitalised to properties may include the cost of acquisition, additions, refurbishment, redevelopment, borrowing costs and fees incurred.

The carrying amounts of current and non-current investment properties are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of current and non-current investment properties exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of current and non-current investment properties the relevant cash flows have not been discounted to their present value, except where specifically stated.

(g) Cash

For the purposes of the statements of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of change in value.

(h) Distributions

The Trust distributes its distributable income to unitholders by cash. Distributable income is determined by reference to the taxable income of the Trust. The distributions are payable half yearly.

(i) Accounts payable

These amounts represent liabilities for amounts owing by the Trust at year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Leasing Fees

Leasing fees incurred in relation to the initial letting of property or following redevelopments are capitalised to the property. Leasing fees incurred in relation to the ongoing renewal of major tenancies are capitalised and amortised over the lease periods to which they relate.

(k) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs.

These incentives are repaid out of future lease payments and therefore are recognised as an asset in the Trusts statements of financial position. Specifically:

- rent free periods - when provided, the rent forgiven in early years is capitalised to a deferred income account, at the earlier date from which the tenant has effective use of the premises or the lease commencement date; and is released to the statements of financial performance in later years to ensure a constant rate of return over the term of the lease;

- cash contributions - where provided, the amount of contribution is capitalised as an asset in the statements of financial position and written off over the term of the lease;

- tenant fit out - costs associated with fitting out a building specifically for a lessee and that are not expected to be used beyond the term of the lease are capitalised in the statements of financial position and written off over the term of the lease; and

- lessor owned fit out - when the fit out is an asset of the lessor and can be retained by the lessor beyond the lease term, it is considered integral to the building and is capitalised into the cost of the property and adjusted through the annual valuations.

(l) Repairs and Maintenance

Plant of the Trust is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised in accordance with note 1(f). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(m) Earnings per unit

Basic and diluted earnings per unit is determined by dividing the net profit attributable to unitholders of the Trust by the weighted average number of ordinary units outstanding during the financial year.

(n) Rounding of amounts

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & 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 off in accordance with that Class Order to the nearest thousand dollars or in certain cases, to the nearest dollar.

Note 2 (a). Rent

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Rent	**156,839**	153,668	**86,775**	85,058
Recoverable Outgoings	**23,721**	22,622	**15,071**	13,825
Income Support	**4,818**	14,490	**4,818**	11,168
Rent free income	**3,674**	-	**2,947**	-
Other income	**1,460**	4,105	**319**	3,309
Total rent	**190,512**	**194,885**	**109,930**	**113,360**

Note 2 (b). Other revenues from ordinary activities

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Distributions from controlled entity	**-**	-	**52,081**	45,000
Total other revenue	**-**	**-**	**52,081**	**45,000**

Note 3. Remuneration of auditors

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$	$	**$**	$
During the year the auditor of the parent entity and its related practices earned the following remuneration:				
PricewaterhouseCoopers – Australian firm				
Audit or review of financial reports of the entity or any entity in the consolidated entity	**219,659**	139,776	**206,463**	74,797
Other assurance services - property	**39,341**	58,897	**25,538**	24,103
Taxation advisory services	**138,000**	101,430	**64,000**	81,080
Total remuneration	**397,000**	**300,103**	**296,000**	**179,980**

Note 4 (a). Other expenses from ordinary activities

	Notes	Consolidated		Parent Entity	
		2003	2002	**2003**	2002
		$'000	$'000	**$'000**	$'000
Auditor's remuneration	3	**397**	300	**296**	180
Custodian fees		**179**	242	**208**	120
Legal fees		**44**	335	**44**	149
Other expenses		**373**	246	**368**	222
Total other expenses from ordinary activities		**993**	1,123	**916**	671

Note 4 (b). Borrowing costs

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Interest paid/payable	**35,584**	32,270	**33,340**	26,476
Amount capitalised	**(4,115)**	(2,000)	**(4,115)**	(2,000)
Borrowing costs expense	**31,469**	30,270	**29,225**	24,476

* Based on average monthly interest rates equating to an average of 6.50% for the year (2002: 6.74%)

Note 5. Current assets – Receivables

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Rent Receivable	**3,909**	5,119	**2,660**	4,441
Less: Provision for doubtful debts	**(265)**	(198)	**(265)**	(198)
Total rental receivables	**3,644**	**4,921**	**2,395**	**4,243**
Distribution receivable from controlled entity	**-**	-	**25,286**	45,000
Other receivables from controlled entities	**-**	-	**225,979**	199,248
Goods and Services Tax (GST) receivable	**1,111**	1,440	**1,112**	2,784
Other receivables*	**6,738**	9,177	**5,364**	8,450
Total other receivables	**7,849**	**10,617**	**257,741**	**255,482**
Total Current assets - Receivables	**11,493**	**15,538**	**260,136**	**259,725**

* - Other receivables includes an amount of $1.6m which represents the GST receivable from the NSW Government, in relation to their current lease in Governor Macquarie Tower which is presently in dispute.

Note 6. Current assets – Other

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Prepayments	**2,262**	2,869	**1,462**	1,454
Capitalised lease incentives	**1,072**	-	**738**	-
Capitalised leasing fees	**290**	-	**241**	-
Total Current assets - Other	**3,624**	**2,869**	**2,441**	**1,454**

Note 7(a). Current assets – Investment Properties

Property	Ownership	Acquisition Date	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated Book Value 30 June 2003 $'000	Consolidated Book Value 30 June 2002 $'000
Held by Parent Entity								
KPMG Centre 45 Clarence Street Sydney NSW	100%	Dec 1998	174,786	Jun 2002	175,000	(b)	**175,004**	-
Total Parent			**174,786**				**175,004**	**-**
Total Investment Properties - Current			**174,786**				**175,004**	**-**

Note 7(b). Non-current assets – Investment Properties

Property	Ownership	Acquisition Date	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated Book Value 30 June 2003 $'000	Consolidated Book Value 30 June 2002 $'000
Held by Parent Entity								
Governor Phillip Tower & Governor Macquarie Tower Office Complex 1 Farrer Place Sydney NSW	50% Note (i)	Dec 1998	452,035	Jun 2003	477,500	(c)	**477,500**	477,500
KPMG Centre 45 Clarence Street Sydney NSW	100%	Dec 1998	n/a	n/a	n/a	-	-	175,000
Lumley House Ernst & Young Building 309-321 Kent Street Sydney NSW	50% Note (ii)	Dec 1998	140,172	Dec 2002	135,000	(c)	**135,045**	143,102
1 Margaret Street Sydney NSW	100%	Dec 1998	134,247	Dec 2002	125,000	(a)	**131,380**	108,742
Victoria Cross 60 Miller Street North Sydney NSW	100%	Dec 1998	80,013	Mar 2003	88,000	(i)	**88,084**	84,176
Zenith Centre 821-843 Pacific Highway Chatswood NSW	100%	Dec 1998	181,338	Jun 2003	215,000	(j)	**215,000**	221,952
240 St Georges Terrace Perth WA [1]	100%	Jan 2001	35,766	Jan 2001	23,000	(d)	**38,080**	31,429
30-34 Hickson Road Sydney NSW [1]	100%	May 2002	47,364	n/a	n/a	n/a	**47,810**	10,292
Directors' revaluation adjustment	Note (ix)	n/a	-	n/a	n/a	n/a	**(9,000)**	-
Total Parent			**1,070,935**				**1,123,899**	**1,252,193**

[1] Difference between book value and valuation is attributable to major refurbishment and development works.

Note 7(b). Non-current assets – Investment Properties (continued)

Property	Ownership	Acquisition Date	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated Book Value 30 June 2003 $'000	Consolidated Book Value 30 June 2002 $'000
Held by Controlled Entity								
Southgate Complex 3 Southgate Avenue Southgate VIC	100% Note (iii)	Aug 2000	341,482	Jun 2003	316,000	(e)	**316,000**	323,534
O'Connell House 15-19 Bent Street Sydney NSW	100% Note (iv)	Aug 2000	45,494	Jun 2003	45,500	(f)	**45,500**	45,084
201 Elizabeth Street Sydney NSW	50% Note (v)	Aug 2000	99,237	Jun 2003	110,000	(g)	**110,000**	103,578
Garema Court 140-180 City Walk Civic ACT	100% Note (vi)	Aug 2000	43,093	Dec 2001	46,900	(h)	**46,967**	46,900
Australia Square 264 George St Sydney NSW	50% Note (vii)	Aug 2000	176,465	Jun 2003	170,000	(c)	**170,000**	176,250
Total Controlled Entity			**705,771**				**688,467**	**695,346**
Total Investment Properties - Non-current			**1,776,706**				**1,812,366**	**1,947,539**
Property Investments accounted for using the equity method								
2 O'Connell Street Sydney NSW	50% Note (viii)	Sep 2001	6,673	Dec 2002	6,950	(k)	**7,108**	7,032
4 O'Connell Street Sydney NSW	50% Note (viii)	Sep 2001	10,747	Dec 2002	11,500	(g)	**11,758**	11,182
9 Bligh Street Sydney NSW	50% Note (viii)	Sep 2001	4,949	Dec 2002	4,838	(k)	**4,990**	5,177
Total Property Investments accounted for using the equity method			**22,369**				**23,856**	**23,391**
Total Investments - Non-current			**1,799,075**				**1,836,222**	**1,970,930**
Total Investment Properties			**1,973,861**				**2,011,226**	**1,970,930**

The title to all properties is freehold, with the exception of Garema Court 140-180 City Walk Civic ACT which is leasehold, and they are all commercial properties.

Notes

(i) STC owns the remaining 50% of this property.
(ii) AMP indirectly owns the remaining 50% of this property.
(iii) This property is owned by Paladin Southgate Trust, a controlled entity.
(iv) This property is owned by Bent Street Trust, a controlled entity.
(v) This property is owned 50% by Paladin Commercial Trust, a controlled entity. An unrelated entity, Perron Investments owns the remaining 50% of this property.
(vi) This property is owned by Garema Court Trust, a controlled entity.
(vii) This property is owned 50% by Paladin Australia Square Trust, a controlled entity. General Property Trust owns the remaining 50% of this property.
(viii) This property is owned by an unlisted trust, of which 50% of the remaining units in the unlisted trust are owned by the Deutsche Wholesale Property Fund.
(ix) The Directors' have requested independent valuations on certain properties which have yet to be completed. The Directors' have made a general writedown of $9 million which will be allocated to those specific properties once the independent valuations have been completed.

Note. 7(c). Current and non-current assets - Investment Properties (continued)

Valuer's name and qualifications

(a) PJ Inglis	Dip Law (BAB) AAPI	Knight Frank Valuations (Valuation Services (NSW) Pty Limited)
(b) W Doherty	AAPI	Colliers International Consultancy and Valuations Pty Limited
(c) D Hillier and W Doherty	AAPI and AAPI	Colliers International Consultancy and Valuations Pty Limited
(d) M Crowe	AAPI	Knight Frank (WA) Pty Limited
(e) NA Harvey and DP Gowing	AAPI Bcom and FAPI	CB Richard Ellis (V) Pty Limited
(f) S Kearney	AAPI	FPD Savills (NSW) Pty Limited
(g) A Pannifex	AAPI	FPD Savills (NSW) Pty Limited
(h) P Powderly	AAPI	Colliers Jardine Consultancy and Valuation Pty Limited
(i) MS Smallhorn	FAPI	Jones Lang LaSalle Advisory Services Pty Limited
(j) D McGrath	AAPI	FPD Savills (NSW) Pty Limited
(k) S Kearney & A Pannifax	AAPI and FAPI	FPD Savills (NSW) Pty Limited

Valuations of investment properties

The basis of valuation of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Properties independently valued in the last 12 months were based on independent assessments by a member of the Australian Property Institute. Properties not independently valued during the last 12 months are carried at Directors' valuation at 30 June 2003. All other properties are carried at independent valuation plus capital expenditure incurred since the date of valuation.

Reconciliations

Reconciliations of the carrying amounts of investment properties at the beginning and end of the current and previous financial year are set out below.

	Note	Consolidated 2003 $'000	2002 $'000	Parent Entity 2003 $'000	2002 $'000
Carrying amount at start of year		**1,970,930**	1,929,917	**1,252,193**	1,217,547
Additions		**60,471**	63,364	**56,989**	37,906
Revaluation (decrements)/increments	17	**(19,154)**	(22,454)	**(10,279)**	(3,260)
Movement in profits receivable in investment properties accounted for using the equity method		**(1,021)**	103	**-**	-
Carrying amount at end of year		**2,011,226**	**1,970,930**	**1,298,903**	**1,252,193**

Note 8. Non-current assets – Investments in controlled entity

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Units in controlled entity				
At directors' valuation				
Paladin Commercial Trust	**-**	-	**462,172**	477,859
Total Non-current assets - Investments in controlled entity	**-**	**-**	**462,172**	**477,859**

The difference between the book value (directors valuation) and the cost of the parent entity's investment is written off to the asset revaluation reserve in accordance with the accounting policy set out in note 1(f).

Valuations of units in controlled entity

The basis of valuation of units in the controlled entity is the Trust's share of the net assets of the underlying entity at the reporting date.

Reconciliations

Reconciliations of the carrying amounts of each class of investments at the beginning and end of the current and previous financial year are set out below.

	Notes	Total
		$'000
Parent – 2003		
Carrying amount at start of year		**477,859**
Revaluation decrements	17	**(15,687)**
Carrying amount at end of year		**462,172**
Parent – 2002		
Carrying amount at start of year		476,856
Revaluation increments	17	1,003
Carrying amount at end of year		**477,859**

Note 9. Non-current assets – Other

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Capitalised lease incentives	**9,989**	213	**8,377**	96
Capitalised leasing fees	**2,543**	-	**1,812**	-
Other	**752**	432	**506**	272
Total Non-current assets - Other	**13,284**	**645**	**10,695**	**368**

Note 10. Current liabilities – Payables

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Trade creditors	**5,804**	6,074	**3,107**	3,488
Other payables	**1,887**	5,300	**1,832**	4,393
Responsible Entity fee payable	**1,711**	2,435	**1,105**	1,544
Goods and Services Tax (GST) payable	**394**	-	**-**	-
Amounts payable for capital expenditure	**-**	40	**-**	40
Total Current liabilities – Payables	**9,796**	**13,849**	**6,044**	**9,465**

Note 11. Current liabilities – Interest bearing liabilities

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Unsecured				
Medium term notes (MTN)	**250,000**	150,000	**250,000**	150,000
Cash advance facility	**150,000**	-	**150,000**	-
Total Current liabilities - Interest bearing liabilities	**400,000**	**150,000**	**400,000**	**150,000**

The $250m MTN is due to expire on 15 April 2004, however this issue will be refinanced prior to expiration.
The $150m MTN expired on 30 May 2003 and has been refinanced with a cash advance facility which is due to expire 26 November 2003, and is due to be refinanced prior to expiration.

Medium term notes and loan facilities of the Trust have negative pledge security undertakings over the Trust's assets. Negative pledge security provides the lender with confirmation that the Trust will not provide security over its assets.

Note 12. Current liabilities – Provisions

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Provision for distribution	**56,827**	**55,692**	**56,827**	**55,692**

Note 13. Current liabilities – Other

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Rent received in advance	**2,095**	4,490	**564**	2,188
Deferred swap income *	**-**	-	**1,702**	-
Total Current liaiblities - Other	**2,095**	**4,490**	**2,266**	**2,188**

Note 14. Non-current liabilities – Other

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Other	**465**	672	**449**	1,072
Deferred swap income *	**-**	-	**7,190**	-
Total Non-current liaiblities - Other	**465**	**672**	**7,639**	**1,072**

* - Deferred swap income
During the financial year, two swaps were terminated in Paladin Commercial Trust, a controlled entity, and re-issued to the Trust. The parent entity received the fair value of the swaps as outlined in the table below: These amounts will be amortised over the period of the swap contracts.

Notional principal	Date transferred	Fair Value
$100,000,000	30 June 2003	(4,962,429)
$68,000,000	23 June 2003	(3,929,957)
		(8,892,386)

Note 15. Non-current liabilities – Interest bearing liabilities

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Unsecured				
Bank loans	**167,700**	147,000	**167,700**	147,000
Medium term notes	**-**	200,000	**-**	200,000
Total Non-current liabilities - Interest bearing liabilities	**167,700**	**347,000**	**167,700**	**347,000**

$94.2m of the bank loans is due to expire on 30 November 2004.
$73.5m of the bank loans is due to expire on 25 January 2005.

Medium term notes and loan facilities of the Trust have negative pledge security undertakings over the Trust's assets. Negative pledge security provides the lender with confirmation that the Trust will not provide security over its assets.

Financing arrangements

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Unrestricted access was available at balance date to the following lines of credit:				
Borrowing facilities				
Total facilities	**825,000**	530,000	**825,000**	530,000
Used at balance date	**567,700**	497,000	**567,700**	497,000
Unused at balance date	**257,300**	33,000	**257,300**	33,000

Note 16. Contributed equity

	Consolidated 2003 $'000	2002 $'000
(a) Value of units		
Opening balance	**1,365,325**	1,365,325
Closing balance	**1,365,325**	**1,365,325**

	Consolidated 2003 No. '000	2002 No. '000
(b) Number of units		
Opening balance	**1,148,052**	1,148,052
Closing balance	**1,148,052**	**1,148,052**

Terms and Conditions

Each unit ranks equally with all other ordinary units for the purposes of distributions and on termination of the Trust. Ordinary units entitle the holder to one vote, either in person or by proxy, at a meeting of the Trust.

Note 17. Reserves and undistributed income

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
(a) Reserves					
Asset revaluation reserve		**33,636**	55,552	**29,401**	63,501
Total reserves		**33,636**	**55,552**	**29,401**	**63,501**
Movements:					
Asset revaluation reserve					
Opening balance		**55,552**	80,321	**63,501**	68,073
Decrement on revaluation of investment properties	17 (b)	**(19,154)**	(22,454)	**(10,279)**	(3,260)
(Decrement)/increment on revaluation of controlled entity	17 (c)	**-**	-	**(15,687)**	1,003
Net (decrease)/increase in asset revaluation reserve		**(19,154)**	**(22,454)**	**(25,966)**	**(2,257)**
Transfer to undistributed income		**(2,762)**	(2,315)	**(8,134)**	(2,315)
Total movement in asset revaluation reserve		**(21,916)**	(24,769)	**(34,100)**	(4,572)
Closing balance		**33,636**	**55,552**	**29,401**	**63,501**

(b) Decrement on revaluation of investment properties

Property	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Governor Phillip Tower & Governor Macquarie Tower Office Complex				
1 Farrer Place Sydney NSW	**(486)**	4,701	**(486)**	4,701
KMPG Centre 45 Clarence St Sydney NSW	**-**	(10,276)	**-**	(10,276)
Lumley House Ernst & Young Building				
309-321 Kent Street Sydney NSW	**(8,152)**	-	**(8,152)**	-
1 Margaret Street Sydney NSW	**9,196**	-	**9,196**	-
Victoria Cross				
60 Miller Street North Sydney NSW	**3,646**	-	**3,646**	-
Zenith Centre				
821-843 Pacific Highway Chatswood NSW	**(8,245)**	-	**(8,245)**	-
240 St Georges Terrace, Perth	**2,315**	2,315	**2,315**	2,315
30-34 Hickson Road Sydney NSW	**447**	-	**447**	-
201 Elizabeth St Sydney NSW	**6,105**	-	**-**	-
Southgate Complex				
3 Southgate Avenue Southgate VIC	**(8,669)**	(16,813)	**-**	-
O'Connell House				
15-19 Bent Street Sydney NSW	**6**	-	**-**	-
Garema Court 140-180 City Walk Civic ACT	**-**	3,871	**-**	-
Australia Square				
264 George St Sydney NSW	**(7,803)**	(6,252)	**-**	-
Revaluation of property investments accounted for using the equity method				
2 O'Connell Street Sydney NSW	**435**	-	**-**	-
4 O'Connell Street Sydney NSW	**1,011**	-	**-**	-
9 Bligh Street Sydney NSW	**40**	-	**-**	-
Directors' revaluation adjustment (Note 7)	**(9,000)**	-	**(9,000)**	-
Total decrement on revaluation of investment properties	**(19,154)**	**(22,454)**	**(10,279)**	**(3,260)**
Net decrement recorded in asset revaluation reserve	**(19,154)**	**(22,454)**	**(10,279)**	**(3,260)**

Note 16. Reserves and undistributed income (continued)

(c) Increment /(decrement)on revaluation of controlled entity

	Consolidated		Parent Entity	
	2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
Net assets of controlled entity at reporting date	**-**	-	**462,172**	**477,859**
Less: Book value of investment in controlled entity prior to reporting date	**-**	-	**477,859**	476,856
Total (decrement)/increment on revaluation of controlled entity & associates	**-**	**-**	**(15,687)**	**1,003**

(d) Nature and purpose of reserves

(i) Asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(f).

(e) Undistributed income

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Undistributed income at the beginning of the financial year	**12,495**	7,863	**4,546**	6,557
Net profit	**102,543**	112,733	**100,464**	106,090
Transfer from asset revaluation reserve	**2,762**	2,315	**8,134**	2,315
Distributions provided for or paid	**(113,144)**	(110,416)	**(113,144)**	(110,416)
Undistributed income at the end of the financial year	**4,656**	**12,495**	**-**	**4,546**

(f) Transfer from asset revaluation reserve
During the development phase of the 240 St George's Terrace Perth and Hickson Rd Sydney properties, an estimated revaluation increment which is expected to arise upon valuation when the development is complete, is transferred from the asset revaluation reserve to the amount available for distribution to unitholders.
The amount in relation to this transfer for distribution to unitholders during 2003 is $2,762,399.34 (2003: $2,314,728)

Note 18. Distribution paid and payable

	Consolidated	
	2003 $'000	2002 $'000
Timing of distributions		
The distributions were paid/payable as follows:		
31 December paid	**56,317**	54,724
30 June final payable	**56,827**	55,692
Total distributions	**113,144**	**110,416**

	Consolidated	
	2003 Cents per unit	2002 Cents per unit
Distribution paid/payable cents per unit (cpu)		
31 December paid - Ordinary units	**5.05**	5.00
31 December paid - STC units	**4.59**	4.25
30 June final payable - Ordinary units	**4.95**	5.00
30 June payable - STC units	**4.95**	4.52

STC had entered into a distributable income support agreement with the Trust which ended on 31 December 2002 (refer note 20). The distribution payable to STC from 1 January 2003 onwards will no longer be reduced as a result of the expiration of the distributable income support agreement.

Note 19. Financial instruments

(a) Credit risk

Credit risk is the risk that a tenant will fail to perform contractual obligations including honouring the term of the lease agreements either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring tenants, together with the respective credit limits, are approved, and
- ensuring that leases are undertaken with a large number of tenants.

As such, the Trust does not have a concentration of credit risk that arises from an exposure to a single tenant. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

On-balance sheet financial instruments
The credit risk on financial assets of the Trust which have been recognised in the statement of financial position is generally the carrying amount.

Off-balance sheet financial instruments
Interest rate swap agreements are subject to credit risk in relation to the relevant counterparties, National Australia Bank, Commonwealth Bank of Australia and Deutsche Bank AG.

Credit risk on interest rate swap agreements is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by recognised rating agencies.

The credit risk on interest rate swap agreements is approximately equal to the net fair value (or replacement value) Refer to note 19(b).

(b) Net fair value of financial assets and liabilities

Market risk is the risk that the value of the Trust’s investment portfolio will fluctuate as a result of changes in valuations. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market risk analysis is conducted regularly on a total portfolio basis.

On-balance sheet financial instruments
The net fair value of cash and non-interest bearing monetary financial assets and liabilities approximate their carrying valu

Off-balance sheet financial instruments
As at 30 June 2003, the net fair value of financial (liabilities)/assets arising from interest rate swap agreements was **($17,139,925)** (2002: $1,951,059).

These amounts represent the potential (liability)/asset of the Trust if existing swap agreements as at 30 June 2003 were to be terminated.

(c) Liquidity and cash flow risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments. Cash flow risk is the risk that the future cash flows will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to any individual creditors, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market segment.

Note 19. Financial instruments (continued)

(d) Interest rate risk exposures

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Trust's exposure to interest rate risk is hedged with interest rate swaps and the weighted average effective interest rate (for each class of financial asset and financial liability, and each maturity bracket including floating rate financial assets and liabilities) is set out in the table below:

Consolidated 2003

			Fixed interest maturing in:				
	Notes	Floating interest rate $'000	1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash assets		873	-	-	-	-	873
Receivables	5	-	-	-	-	11,493	11,493
Other		-	-	-	-	696	696
Total		**873**	**-**	**-**	**-**	**12,189**	**13,062**
Weighted average interest rate		4.84%					
Financial liabilities							
Payables	10,13	-	-	-	-	11,891	11,891
Interest bearing liabilities	11,15	317,700	250,000	-	-	-	567,700
Provision for distribution	12	-	-	-	-	56,827	56,827
Other		-	-	-	-	696	696
Interest rate swaps- fixed (notional principal amount)		(468,000)	-	400,000	68,000	-	-
Interest rate swaps- floating (notional principal amount)		250,000	(250,000)	-	-	-	-
Total		**99,700**	**-**	**400,000**	**68,000**	**69,414**	**637,114**
Weighted average interest rate *		6.5%*					
Net financial liabilities		**(98,827)**	**-**	**(400,000)**	**(68,000)**	**(57,225)**	**(624,052)**

* The effect of interest rate swaps is incorporated in the weighted average interest rate.

Note 19. Financial instruments (continued)

Consolidated 2002			**Fixed interest maturing in:**				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets							
Cash assets		15,093	-	-	-	-	15,093
Receivables	5	-	-	-	-	15,538	15,538
Other		-	-	-	-	432	432
Total		**15,093**	-	-	-	**15,970**	**31,063**
Weighted average interest rate		4.04%					
Financial liabilities							
Payables	10,13	-	-	-	-	18,339	18,339
Interest bearing liabilities	11,15	297,000	-	200,000	-	-	497,000
Provision for distribution	12	-	-	-	-	55,692	55,692
Other		-	-	-	-	432	432
Interest rate swaps- fixed (notional principal amount)	15	(468,000)	-	268,000	200,000	-	-
Interest rate swaps- floating (notional principal amount)	15	250,000	-	(250,000)	-	-	-
Total		**79,000**	-	**218,000**	**200,000**	**74,463**	**571,463**
Weighted average interest rate *		6.74%*					
Net financial liabilities		**(63,907)**	-	**(218,000)**	**(200,000)**	**(58,493)**	**(540,400)**

* The effect of interest rate swaps is incorporated in the weighted average interest rate.

Note 20. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Bank guarantees by the parent entity in respect of variations and other finanical risks associated with the development of 240 St Georges Terrace, Perth WA	**8,750**	8,750	**8,750**	8,750
Bank letter of credit facility for the purpose of purchasing the development at 240 St Georges Terrace, Perth WA	**195,000**	195,000	**195,000**	195,000
Total contingent liabilities	**203,750**	**203,750**	**203,750**	**203,750**

Note 21. Commitments for expenditure

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Capital commitments				
Commitments for the capital expenditure on investment properties contracted for at the reporting date but not recognised as liabilities payable:				
Within one year				
1 Margaret Street, Sydney	**-**	4,000	**-**	4,000
240 St Georges Terrace, Perth	**195,000**	-	**195,000**	-
30-34 Hickson Road, Sydney	**55,379**	58,069	**55,379**	58,069
	250,379	**62,069**	**250,379**	**62,069**
Later than one year but not later than 5 years				
240 St Georges Terrace, Perth	**-**	195,000	**-**	195,000
30-34 Hickson Road, Sydney	**-**	37,301	**-**	37,301
	-	232,301	-	232,301
Total capital commitments	**250,379**	**294,370**	**250,379**	**294,370**

Note 22. Related parties

Responsible Entity

The Responsible Entity of the Deutsche Office Trust is Deutsche Asset Management (Australia) Limited, a wholly owned subsidiary of Deutsche Bank AG (ABN 13 064 165 162).

Directors of the Responsible Entity

The following persons were Directors of no during the whole of the and up to the date of this report:

	Period of Directorship
B Scullin BEc [2]	Appointed 20 December 1999
W Robinson ABIA AASA [1,2,3]	Appointed 25 May 2000
Appointments	
R Youngman BCom, MBA, ASIA	Appointed 10 October 2002
M Ford Dip Tech (Comm), ACA, FAICD	Appointed 25 March 2003
D Shields BE (Chem)	Appointed 25 March 2003
C Beare BSc, BE (Hons), MBA, PhD, FAICD [1]	Appointed 25 March 2003
S Ewen F.I.L.E [1,2]	Appointed 25 March 2003
Resignations	
K Borda BA, LLB	Resigned 10 October 2002
M Monaghan BA, FUA, FIAA	Resigned 25 March 2003
M Roux BEc (Hons) [1]	Resigned 25 March 2003
C Darvall BA, Assoc SIA, GA AIDC	Appointed 10 October 2002 and resigned 25 March 2003

[1] Independent Director
[2] Audit Committee Member
[3] Compliance Committee Member

No Directors hold an interest in the Trust as at 30 June 2003.

Responsible Entity's/manager's fees and other transactions

Under the terms of the Trust Constitution, the Responsible Entity is entitled to receive fees monthly calculated as 0.50% of gross assets of the Trust.

In addition, the Responsible Entity is entitled to property management fees and to be reimbursed for expenses incurred on behalf of the Trust.

Related party transactions

All related party transactions are conducted on normal commercial terms and conditions unless otherwise stated.

Unitholdings

Deutsche Asset Management (Australia) Limited and its related parties, schemes and portfolios managed by Deutsche Asset Management (Australia) Limited and its related parties, held 391,411,467 units (2002: 428,388,152) in the Trust.

Investments

The Trust has no investments in the Responsible Entity or its affiliates or any Trusts managed by Deutsche Asset Management (Australia) Limited or its affiliates.

Relationship with SAS Trustee Corporation (STC)

The Responsible Entity manages assets of the STC superannuation schemes, including STC's investment in the Trust, and receives a fee from STC for doing so.
STC, as the vendor of properties acquired by the Trust in 15 December 1998, entered into a distributable income support agreement with the Trust which expired on 31 December 2002.
STC has entered into co-ownership and property management agreements with the Trust in relation to the ownership and management of the jointly owned property (refer note 7).
The Responsible Entity leases space in buildings owned by the Trust and by STC and pays rent to the Trust and STC in accordance with relevant lease agreements. All such agreements are on normal commercial terms and conditions.

An amount of $4,817,948 (2002: $11,167,676) was received as income support for 1 Margaret St, Sydney from STC during the year in accordance with contractual obligations associated with the purchase of the building from STC in December 1998. No further income support payments will be received/receivable from STC from 1 January 2003.

Note 22. Related parties (continued)

Deutsche Bank AG

Deutsche Bank AG is the ultimate parent company of the Responsible Entity, Deutsche Asset Management (Australia) Limited. There were a number of transactions and balances between Deutsche Office Trust and the Responsible Entity and related entities as detailed below;

	Consolidated	
	2003	2002
	$'000	$'000
Responsible Entity fees expensed	**10,103**	9,655
Property management fees expensed	**2,119**	3,609
Dealer fees paid to Deutsche Bank AG for the co-management of medium term notes issued during the financial year	**-**	23
Interest paid on swaps for whom the counterparty was Deutsche Bank AG	**754**	719
Borrowings - Deutsche Bank AG Cash Advance Facility	**150,000**	-
Interest paid/payable during the year on borrowings - Deutsche Bank AG Cash Advance Facility	**670**	-
Aggregate amounts payable to the Responsible Entity at reporting date	**2,524**	3,587
Interest payable on swaps for whom the counterparty was Deutsche Bank AG at reporting date	**93**	241
Interest payable on borrowings in relation to the Deutsche Bank AG Cash Advance Facility at reporting date	**129**	-

Inter-Entity Loan

The inter-entity loan in the statements of financial position is a non-interest bearing loan between the Trust and its controlled entity, Paladin Commercial Trust and its controlled entities.

Note 23. Investments in controlled entity

Name of entity	Country of incorporation	Class of Units	Ownership Interest 2003 %	Ownership Interest 2002 %
Parent Entity				
Paladin Commercial Trust	Australia	Ordinary	**100**	100
Indirect controlled entities				
Paladin Southgate Trust	Australia	Ordinary	**100**	100
Paladin Australia Square Trust	Australia	Ordinary	**100**	100
Bent Street Trust	Australia	Ordinary	**100**	100
Garema Court Trust	Australia	Ordinary	**100**	100
Total				

Note 24. Investments in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at Directors' valuation by the parent entity (refer notes 7 and 8). Information relating to the associates is set out below.

Name of Trust	Principal activity	Ownership interest 2003 %	Ownership interest 2002 %	Consolidated carrying amount 2003 $'000	Consolidated carrying amount 2002 $'000
Other (non-traded)					
2 O'Connell Street, Sydney	Commercial property investment	**50**	50	**7,108**	7,032
4 O'Connell Street, Sydney	Commercial property investment	**50**	50	**11,758**	11,182
9 - 13 Bligh Street, Sydney	Commercial property investment	**50**	50	**4,990**	5,177
Total				**23,856**	23,391

Note 24. Investments in associates (continued)

	Consolidated 2003 $'000	Consolidated 2002 $'000
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**23,391**	-
Interest acquired during the financial year	**-**	21,801
Share of operating profits after income tax	**1,751**	1,590
Distributions received/receivable	**(2,772)**	-
Share of increment on revaluation of investment property	**1,486**	-
Carrying amount at the end of the financial year	**23,856**	**23,391**
Results attributable to associates		
Operating profits before income tax	**1,751**	1,590
Income tax expense	**-**	-
Operating profits after income tax	**1,751**	**1,590**
Less: Distributions received/receivable	**2,772**	-
	(1,021)	**1,590**
Undistributed income attributable to associates at the beginning of the financial year	**1,590**	**-**
Undistributed income attributable to associates at the end of the financial year	**569**	**1,590**
Reserves attributable to associates		
Asset revaluation reserve		
Balance at the beginning of the financial year	**-**	-
Share of increment on revaluation of investment properties	**1,486**	-
Balance at the end of the financial year	**1,486**	**-**
Summary of the performance and financial position of associates		
The aggregate profits, assets and liabilities of associates are:		
Profits from ordinary activities after income tax expense	**1,751**	**1,590**
Assets	**23,379**	**22,939**
Liabilities	**131**	**159**

Note 25. Event occurring after reporting date

On 29 July 2003 the Trust announced its intention to offer to buyback up to $250m of medium term notes presently on issue, which are due to mature on 15th April 2004.

Since the end of the year, other than the matters discussed above, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs in future financial years.

Note 26. Segment information

The consolidated entity operates solely within the commercial property sector in Australia.

Note 27. Reconciliation of net profit to net cash inflow from operating activities

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Net profit	**102,543**	112,733	**100,464**	106,090
Borrowing costs expense	**31,469**	30,270	**29,225**	24,476
Share of net profits of investments in associates	**(1,751)**	(1,590)	**-**	-
Provision for doubtful debts	**67**	170	**67**	198
Change in operating assets and liabilities				
Decrease/(increase) in receivables	**3,978**	(9,141)	**(1,335)**	(17,893)
Decrease/(increase) in prepaid expenses	**607**	944	**(8)**	(470)
Increase in other current assets - incentives & leasing fees	**(1,362)**	-	**(979)**	-
Increase in other non-current assets	**(12,639)**	-	**(10,327)**	-
(Decrease)/increase in creditors and accruals	**(2,204)**	2,131	**(774)**	796
(Decrease)/increase other current liabilities	**(2,395)**	-	**78**	-
(Decrease)/increase other non-current liabilties	**(207)**	-	**6,567**	-
Net cash inflow from operating activities	**118,106**	**135,517**	**122,978**	**113,197**

(a) Components of cash

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the statements of financial position as follows:				
Cash and liquid assets	**873**	15,093	**855**	7,190

Note 28. Earnings per unit

	Consolidated	
	2003	2002
Basic and diluted earnings per unit (cents)	**8.93**	9.82
Weighted average number of units outstanding used in the calculation of basic earnings per unit	**1,148,052,162**	1,148,052,162

PRICEWATERHOUSECOOPERS

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Independent audit report to the unitholders of Deutsche Office Trust

Audit opinion

In our opinion, the financial report of Deutsche Office Trust:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Deutsche Office Trust and its controlled entities (defined below) as at 30 June 2003, and of their performance for the year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Deutsche Office Trust (the trust) and Deutsche Office Trust Group (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the trust and the entities it controlled during that year.

The directors of Deutsche Asset Management Australia Limited as the Responsible entity for the trust are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the trust. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control,

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and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the trust's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

We read the other information in the Annual Report to determine whether it contained any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

D A Prothero
Partner

Sydney
18 August 2003

DEUTSCHE OFFICE TRUST

Deutsche Office Trust
June 2003 annual results and strategy presentation to investors

18 August 2003

Deutsche Asset Management (Australia) Limited
ABN 11 076 098 596
Licensed Dealer in Securities

Michael Brown, General Manager, Deutsche Office Trust
John Swadling, Portfolio Manager, Deutsche Office Trust
Tony Gulliver, Development Manager, Deutsche Office Trust
Linda Smith, Investment Analyst, Deutsche Office Trust
Wylie Greig, RREEF

DB Real Estate
Deutsche Bank Group

Agenda

- Overview of results
- Portfolio overview
- Investment strategy
- Debt management
- Office market outlook
- Asset strategies
- Projects update
- Trust 2004 objectives
- Appendix A - Additional financial data
- Appendix B - DB Real Estate overview

DB Real Estate
Deutsche Bank Group

Highlights

- Results in line with revised forecasts, DPU 10.00 cents
- Reasonable result in tough office leasing market (89,000 square metres new leases)
- Continued focus on managing portfolio
- 2004 will be a year of transition for our portfolio:
  - lease expiries and capex reset quality space for new tenants
  - two new developments coming on stream
- DOT's leading to forecast 2004 DPU of 9.00 cents
- Strategic review completed:
  - restructured management fees by October 2004 (fixed component reduced, portion of risk performance fee)
  - introduce new assets to Trust (both local + US opportunities over medium to long term)

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Overview of results

Michael Brown
General Manager, Deutsche Office Trust

DB Real Estate
Deutsche Bank Group

Overview of results

- Distribution per unit 10.00 cents as per previous year
- Earnings per unit 8.93 cents, down by 9.9% on previous year, in line with revised forecast
- NTA $1.22 down 3.0 cents
- Gearing 27.82% up from 24.79%
- Lease expiry profile 5.8 years up from 5.2 years previous year
- 89,000 square metres new leases and Heads of Agreement executed
- New office developments tracking towards completion - Perth due October 2003, Sydney due March 2004

Statement of financial performance
for the year ending 30 June 2003

	2003 $'000	2002 $'000	Change %
Rent	190,512	194,885	- 2.2
Interest income	392	681	
Share of net profits (equity method)	1,751	1,590	
Total revenues	**192,655**	**197,156**	
Property outgoings	(39,811)	(35,482)	12.2
Repairs and maintenance	(7,736)	(7,893)	
Responsibility entity fees	(10,103)	(9,655)	
Other expenses	(993)	(1,123)	
Borrowing costs expense	(31,469)	(30,270)	
Total expenses	**(90,112)**	**(84,423)**	
Net profit	**102,543**	**112,773**	**- 9.1**
Net (decrease)/increase in asset revaluation reserve	**(19,154)**	**(22,454)**	
Distributions			
Net profit	102,543	112,733	
Movement in undistributed income	7,839	(4,632)	
Transfer from equity	**2,762**	**2,315**	
Distributions paid and payable	**113,144**	**110,416**	**2.5**

Property net income performance

Property	30 Jun 03 $m	30 Jun 02 $m	Change ($)	Change (%)
GPT/GMT Complex	31.1	29.5	1.6	5.4
Southgate Complex[1]	28.1	25.6	2.5	9.8
The Zenith	17.2	19.1	-1.9	-9.9
KPMG Centre	13.9	14.0	-0.1	-0.7
Australia Square	13.6	13.5	0.1	0.7
309-321 Kent Street	9.6	9.7	-0.1	-1.0
201 Elizabeth Street	7.8	8.4	-0.6	-7.1
1 Margaret Street[2]	6.1	12.9	-6.8	-52.7
Victoria Cross	6.8	6.7	0.1	1.5
Garema Court	5.0	4.9	0.1	2.0
O'Connell House	3.8	3.6	0.2	5.6
2 O'Connell Street	0.5	0.5	-	0
4 O'Connell House	0.9	0.7	0.2	28.6
9 Bligh Street	0.3	0.4	-0.1	-25.0
Total portfolio	**144.7**	**149.5**	**-4.8**	**-3.2**

1 Excludes TAC income support: $3.3m (2002).
2 Both 2002 ($11.2m) & 2003 ($4.8m) results include income support from STC which expired Dec 02. 2002 also includes $2.3m makegood payment.

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Portfolio overview

Michael Brown
General Manager, Deutsche Office Trust

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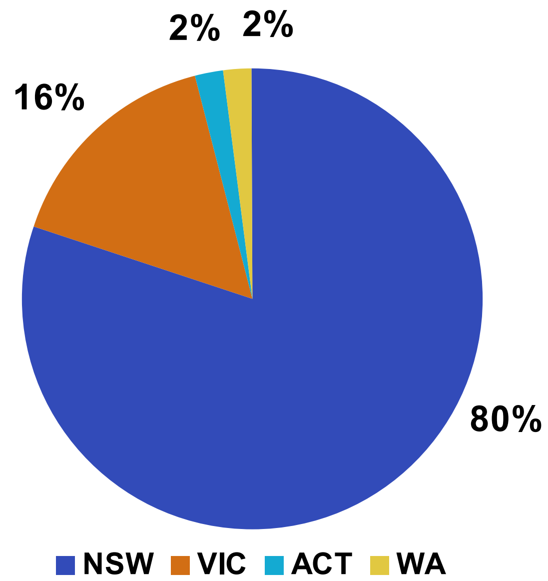
Deutsche Bank Group

Portfolio overview

- 95% occupancy
- 5.8 years lease duration
- 16 assets
- Average cap rate 7.5%



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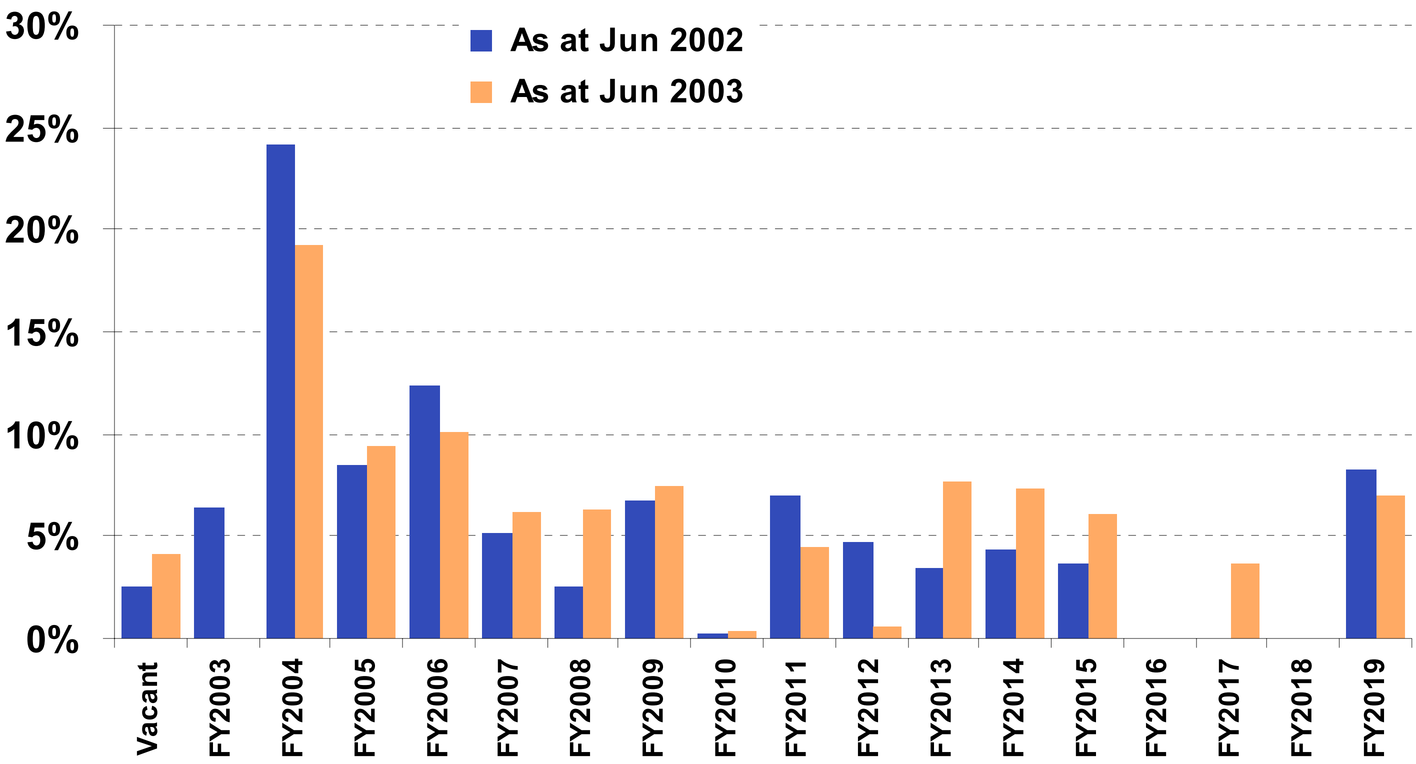
Major new leases

Tenant	Property	Area m^2	Lease commencement	Term
MSJ[1]	GPT/GMT	17,610	Oct 02	14 years
Phillips Fox	201 Elizabeth	10,296	Aug 04	10 years
CCW[2]	GPT	6,664	Jun 03	11 years
CUSCAL[3]	1 Margaret	5,537	Sep 02	10.5 years
WEL[4]	Woodside Plaza	4,284	Oct 03	10 years
NSW Government	201 Elizabeth	3,261	Apr 03	8 years
PKF	1 Margaret	3,000	Jul 03	12 years
CEO[5]	Southgate	2,492	Jan 03	10 years
Travelex	1 Margaret	2,325	May 03	10.5 years
WHK	309 Kent	2,115	Feb 03	5.5 years
Total		**57,584**		

Notes: Total leases/heads of agreement (100% area) 128,000
Total leases/heads of agreement (area adjusted for ownership) 89,000

1 relates to Mallesons Stephen Jaques
2 relates to Corrs Chambers Westgarth
3 relates to Credit Union Services Corporation (Australia) Limited
4 relates to Woodside Energy Limited
5 relates to Corporate Executive Offices (Southgate) Pty Ltd

Lease expiry profile by net income



Notes

Car park management agreements are assumed to have a 10 year expiry.
June 2003 figures include:

1. 80% occupancy of Woodside Plaza as at Oct 03 (previously assumed 100% occupancy)
2. Assumes KPMG vacancy in FY2004
3. 12 month income support period for Hickson Road commencing Apr 04 (previously Jan 04).

Source: DB Real Estate

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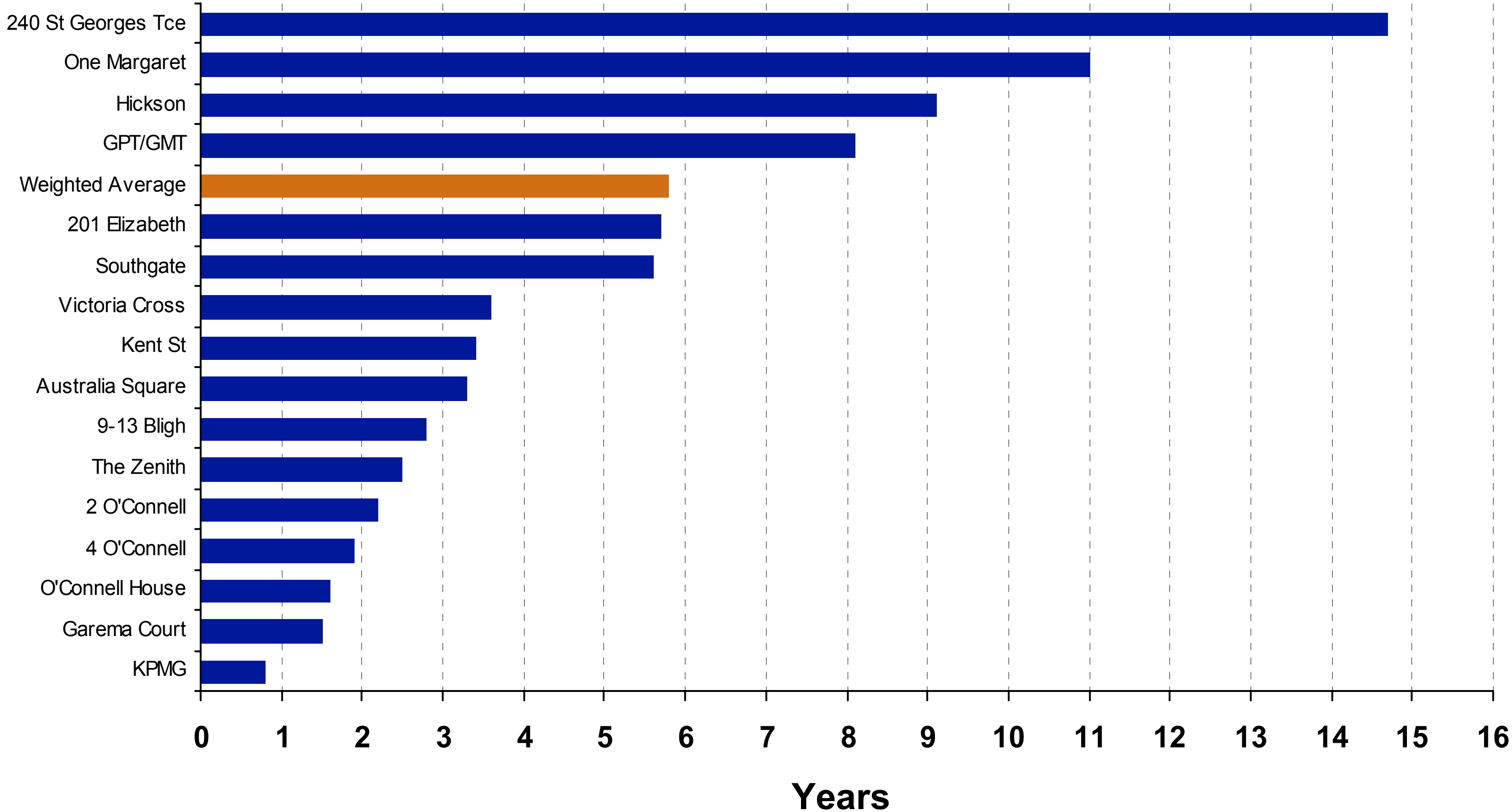
Lease duration by net income*



* Excludes current vacant space

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Investment strategy

Michael Brown
General Manager, Deutsche Office Trust

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Mandate

- Investment in a diversified and quality portfolio of premium, A and B-grade office real estate
- Broaden investment mandate to include the following:
  - **emerging office park precincts within the Sydney market;**
  - **establish domestic unlisted office property syndicates which compliment the Trust's investments and provide the potential for co-investment or an exit for appropriate assets; and**
  - **US CBD office towers, office parks and suburban office buildings located in major financial and business centres in tri-coastal markets across the US.**

'enhanced earnings and distributions for unitholders…..'

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DOT's US investment strategy

Objectives

- Access attractive office investment opportunities outside the Australian market using the local expertise of RREEF;
- Generate superior yields and total risk adjusted returned above those for comparable quality property in major Australian markets;
- Diversification benefits through the size and depth of the US markets; and
- Invest up to 35% of total assets in the US markets over the medium to long term.

'RREEF provides a competitive advantage in the world's largest office market…..'

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RREEF overview *

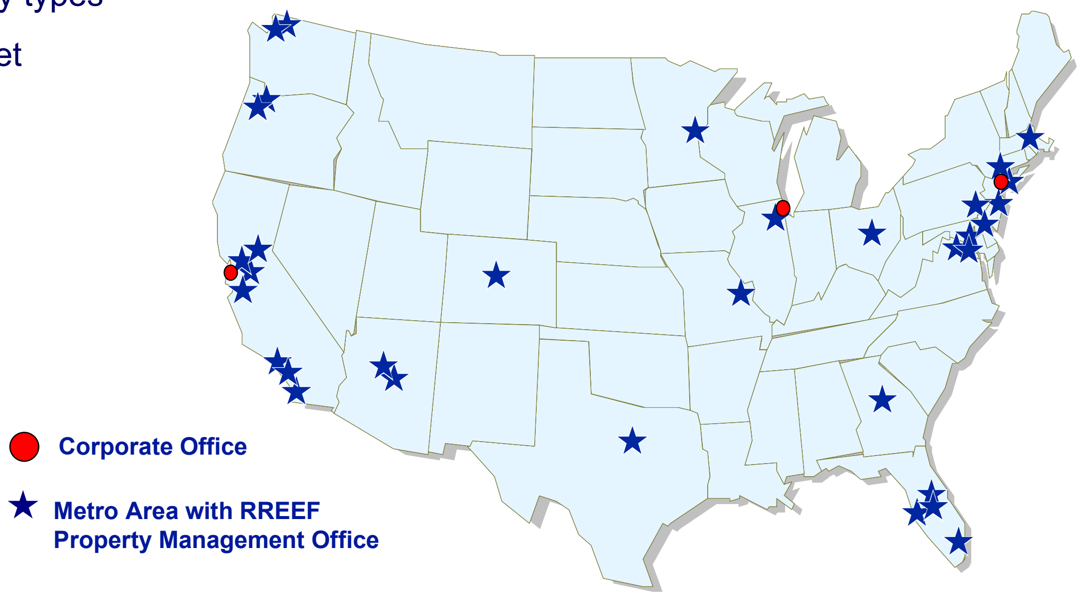
Full service real estate investment advisor founded in 1975

$18.0 billion in real estate assets under management

Managed by 21 principals, 100 real estate professionals

Direct RREEF Management

- ✓ 500 properties
- ✓ All four major property types
- ✓ 175 million square feet



* as of 30/6/03

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DOT's US investment strategy

Strategy

- Investments in established sub markets of targeted major US metropolitan areas;
- Capitalise on RREEF's national market research and knowledge to identify superior investment opportunities;
- Focus on markets where RREEF has established market presence, superior market knowledge and access to potential investments; and
- Capital invested as market conditions and prudent investment practices allow.

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DOT's US investment strategy

Target office property types

- CBD office towers
- Office parks
- Suburban low, mid and high rise buildings
- US$40 million to US$100million per investment (larger investments could be undertaken as diversification is established)
- Target markets - major financial and business centres in tri-coastal markets:
  - Atlanta
  - Boston
  - Greater New York area
  - Miami
  - Washington DC area plus Chicago
  - Greater Los Angeles area
  - San Diego
  - San Francisco Bay area
  - Seattle
  - Dallas/Fort Worth

Debt Management

Michael Brown
General Manager, Deutsche Office Trust

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Debt management

- First stage debt restructure complete
- MTN buyback of $199 million and ABCP issue for $352 million completed 12 August 2003
- Second stage CMBS to issue within the next 12 months subject to market conditions
- Gearing currently at 28.1%
- Short term gearing 30 - 40%
- Hedging currently 82% within target range of 70 - 90% for interest rate exposure

Office market outlook

Linda Smith
Investment Analyst, Deutsche Office Trust

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Australian market outlook

- All CBD markets nationally have experienced weak business expansion
- Rents are off peaks
- National vacancy rate at 8.6%, much lower than in previous cycles
- Subdued capital growth this year
- Investment demand remains steady
- Global economic conditions showing signs of improvement
- Office demand forecast to improve in 2004

Sydney CBD

- Sydney is the dominant location for regional head offices
- Construction cycle to increase next year - large pre-commitments
- Demand expected to exceed supply in 2004

	Net Increase in Supply (m^2)	Net Absorption (m^2)	Vacancy Rate (%)
2003	-9,00	-20,000	8.0
2004	67,000	80,000	7.6
2005	111,000	70,000	8.3
2006	71,000	40,000	8.8

Source: DB Real Estate

North Sydney

- Forecast of limited new supply should aid the vacancy rate
- Demand will come from smaller tenants expanding
- Technology sector showing early signs of improvement

	Net Increase in Supply (m^2)	Net Absorption (m^2)	Vacancy Rate (%)
2003	1,800	0	10.9
2004	5,000	15,000	9.6
2005	19,500	20,000	9.3
2006	0	5,000	8.7

Source: DB Real Estate

Melbourne CBD

- New supply is the main issue going forward
- A high level of pre-commitment, however large amount of backfill space

	Net Increase in Supply (m^2)	Net Absorption (m^2)	Vacancy Rate (%)
2003	101,348	-40,000	10.4
2004	45,271	20,000	11.0
2005	145,000	50,000	13.3
2006	55,000	40,000	13.5

Source: DB Real Estate

Perth CBD

- After Woodside completes in 2003, no major new supply anticipated
- Awaiting decision on BHP and KPMG space requirements

	Net Increase in Supply (m^2)	Net Absorption (m^2)	Vacancy Rate (%)
2003	41,000	10,000	13.7
2004	-5,000	30,000	11.9
2005	11,000	10,000	11.8
2006	2,000	15,000	10.8

Source: DB Real Estate

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Canberra

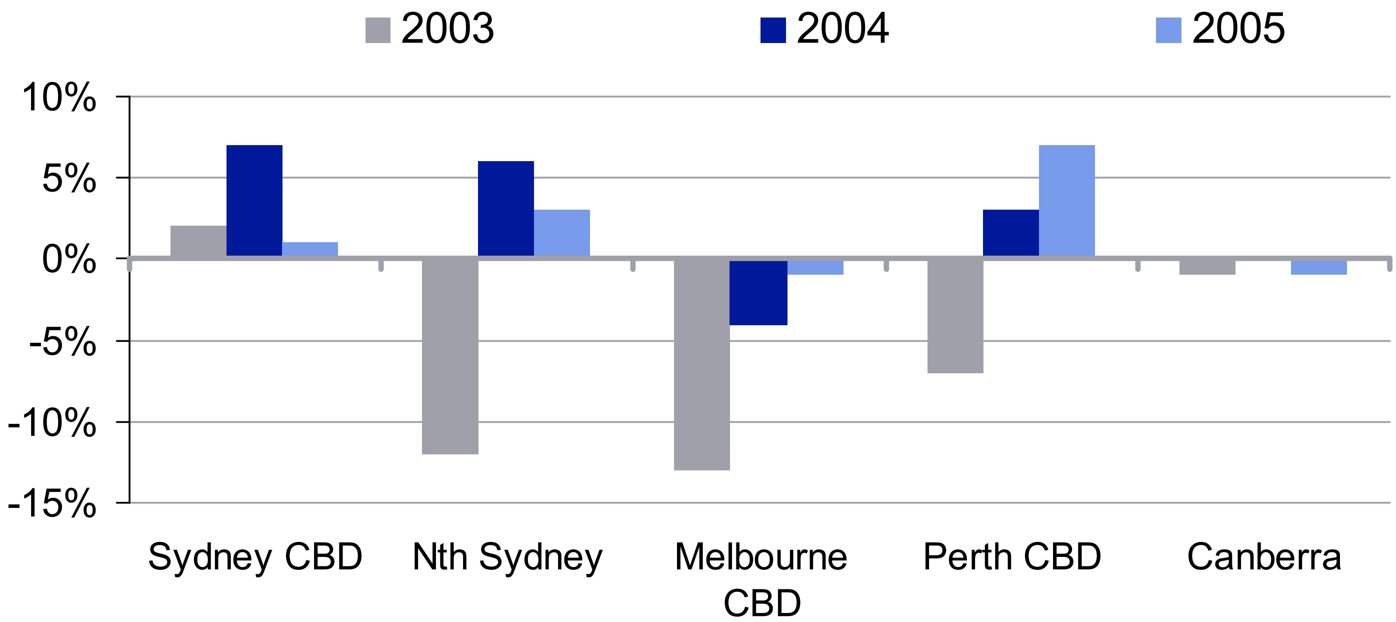
- Has lived up to its reputation of being a counter cyclical market
- Forecast supply concentrated outside of CBD area

	Net Increase in Supply (m^2)	Net Absorption (m^2)	Vacancy Rate (%)
2003	22,734	15,000	6.7
2004	41,000	25,000	7.6
2005	30,000	20,000	8.2
2006	15,000	10,000	8.4

Source: DB Real Estate

Sydney CBD, the pick of the bunch

Prime gross effective rental growth
% pa



Source: Jones Lang LaSalle

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Asset strategies

John Swadling
Portfolio Manager, Deutsche Office Trust

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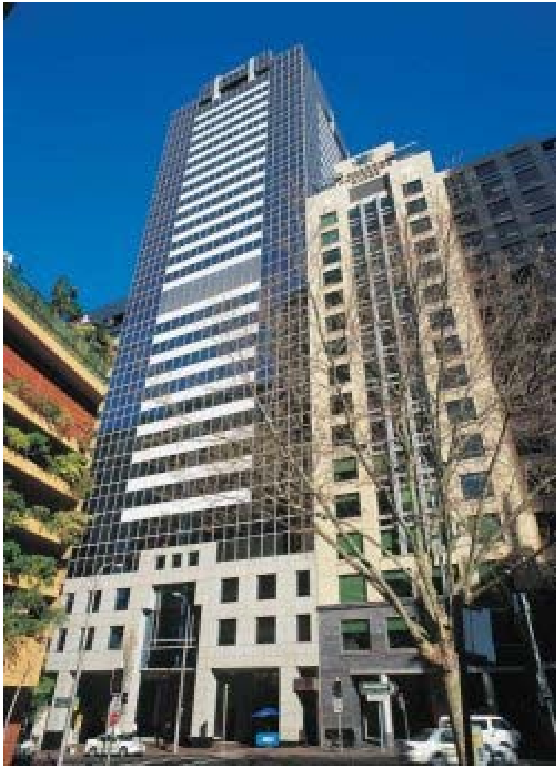
KPMG Centre

45 Clarence Street, Sydney

- Objectives
  - sale of building by October 2003
- Progress to date
  - a small number of parties with an interest to acquire a whole or partial interest in the property
  - proceed to sell at a reasonable price
  - negotiations underway with remaining tenants for new lease
  - KPMG likely to hold-over until February/March 2004



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Australia Square

264 George Street, Sydney, NSW

- Objectives
  - finalise scope of $11million upgrade works and implement proposal
  - leasing of approximately 23,000 square metres
- Progress to date
  - Bovis Lend Lease appointed to project manage the upgrade. Work commenced on forecourt of Tower Building.
  - Heads of Agreement signed for approximately 5,000 square metres of Lend Lease space within the complex

Artist impression of refurbished tower lobby

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One Margaret Street

1 Margaret Street, Sydney, NSW

- Objectives
  - lease remaining 6,500 square metres of space
- Success to date
  - Michael Page signed a 7 year lease for 1,650 square metres
  - negotiations underway for a further 2,800 square metres (including retail space)

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The Zenith

821-843 Pacific Highway, Chatswood

- Objectives
  - lease remaining 5,800 square metres of space
  - forward manage the Optus and Cisco tenancies due for expiry 2003/2004
  - reposition the ground floor lobby space through new furniture fittings and a new café
- Progress to date
  - advanced negotiations on 900 square metres
  - discussions continuing with major tenants with regards to their future requirements

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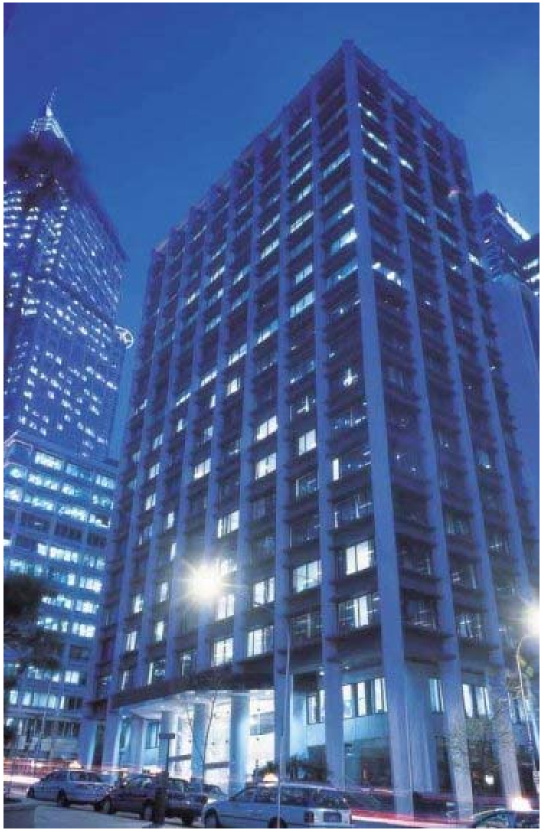
O'Connell House, Sydney

15 Bent Street, Sydney, NSW

- Objectives
  - lease up to 10,000 square metres of space over 2003/2004
- Success to date
  - agreed staged exist of AMP over the next 7 months
  - initial negotiations underway with multiple tenants for up to 2,500 square metres
  - Heads of Agreement with Wilson Parking for new carpark lease, additional $200,000 pa plus increase in base rent



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Projects update

Tony Gulliver
Development Manager

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Woodside Plaza

240 St Georges Terrace, Perth, WA

- Construction
  - structure complete and all floors enclosed
  - typical floor services and finishes substantially complete
  - construction tracking to late October 2003 completion
- Leasing
  - advanced proposal for a whole floor for January 2004 access
  - early stage inquiry from four further prospects for mid-zone
  - expression of interest process for retail tenants complete - strong response with negotiations commenced

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30 The Bond

30 - 34 Hickson Road, Millers Point, Sydney, NSW

- Construction
  - Concrete structure complete
  - Chilled Beam air conditioning and other services installed to Level 6
  - Curtain wall under way to Level 5 - Atrium framing under way
  - Completion Contract Date of 31 March 2004 - current tracking to February 2004

Extensive media coverage of Five Star SEDA rating - Australia Green Building Conference presentation well received

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30 The Bond

30 - 34 Hickson Road, Millers Point, Sydney, NSW

- Leasing
  - Agency appointment 1st June 03 - start soft marketing July 03 with full marketing September 2003
  - Key message of Marketing campaign - “A New Standard of Quality in Office Accommodation” - healthy environment focus
  - Numerous inspections to date
  - High quality retail prospects shortlisted with strong commercial terms offered

Innovation of design approach and sustainability features attracting significant industry attention

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Trust 2004 objectives

Michael Brown
General Manager, Deutsche Office Trust

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Trust 2004 objectives

- **Stabilise earnings and distributions**
  - target to achieve a minimum 9.0 cents dpu for the year and position for growth in 2005/2006
- **Further improve the lease expiry profile of the Trust**
  - early success with Corrs Chambers Westgarth and Michael Page International
- **Complete the new office developments**
  - 240 St Georges Terrace, Perth on track for completion October 2003
  - 30 The Bond due March 2004
- **Complete the debt restructure**
  - stage 1 ABCP issue complete, stage 2 CMBS subject to market conditions, target second quarter 2004
- **Establish first unlisted office property syndicate**
  - target second quarter 2004
- **Introduce new assets to the Trust**
  - pursue both local and offshore opportunities which will enhance portfolio performance over the medium to long term

Appendix A

Additional financial data

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Key financial data
for the year ending 30 June 2003

	2003	2002
Unit price		
High	$1.30	$1.44
Low	$1.05	$1.25
Closing price	$1.12	$1.30
NTA per unit	$1.22	$1.25
Total assets	$2,040.50m	$2,005.08m
Distribution payable (cpu)	10.00c	10.00c
Net profit	$102.54m	$112.73m
Borrowings	$567.70m	$497.00m
Borrowings (% of total assets)	27.82%	24.79%
Number of property investments	16	16
Portfolio occupancy rate	95%	97%
Portfolio average lease duration	5.8 years	5.2 years

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Statement of financial performance (summary)

for the year ending 30 June 2003

	2003 $'000	2002 $'000
ASSETS		
Total current assets	190,994	33,500
Total non-current assets	1,849,506	1,971,575
Total assets	**2,040,500**	**2,005,075**
LIABILITIES		
Current liabilities	468,718	224,031
Total non-current liabilities	168,165	347,672
Total liabilities	636,883	571,703
Net assets	**1,403,617**	**1,433,372**
EQUITY		
Contributed equity	1,365,325	1,365,325
Reserves	33,636	55,552
Undistributed income	4,656	12,495
Total equity	**1,403,617**	**1,433,372**

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Debt status

Debt snapshot 12 August 2003	Amount Drawn $m	Average interest rate (%)	Margin/ Line Fee (%)	Total average interest cost (%)
Bank debt utilised	170.0			
ABCP issues	352.0			
MTN issues	51.0			
Total	**573.0**			
Fixed swaps	468.0	5.81		
Unhedged debt	105.0	4.82		
Total	**573.0**			
Total debt	**573.0**	**5.63**	**0.57**	**6.20**

Debt status continued

Bank loans/ABCP/MTN 12 August 2003	Limit $m	Currently drawn $m	Undrawn limit $m	Margin/ Line Fee (%)	Expiry Date
Facility 1	150.0	98.6	51.4	0.75	Nov 2004
Facility 2	80.0	71.4	8.6	0.75	Jan 2005
Facility 3 (Woodside)	195.0	0.0	195.0	0.75	Aug 2005
Total Bank Loans	**425.0**	**170.0**	**255.0**	**0.75**	**1.3 years**
MTN	51.0	51.0	0.0	0.70	Apr 2004
Total MTN	**51.0**	**51.0**	**0.0**	**0.70**	**0.7 years**
ABCP (15/9/03)	100.0	100.0	0.0	0.46	
ABCP (22/9/03)	68.0	68.0	0.0	0.46	
ABCP (10/11/03)	184.0	184.0	0.0	0.47	
Total ABCP/CMBS	**352.0**	**352.0**	**0.0**	**0.47**	**0.17 years**
Total debt	**828.0**	**573.0**	**255.0**	**0.57**	**0.6 years**

Debt status continued

Summary of fixed interest rate swaps

Current swaps 12 August 2003	Amount $m	Swap Rate (%)	Expiry Date
Swap 1	100.0	5.58	Nov 2004
Swap 2	68.0	5.86	Dec 2010
Swap 3	100.0	5.70	Nov 2006
Swap 4	100.0	6.10	Sep 2007
Swap 5 (knock-out)	100.0	5.83	Nov 2008
Total current swaps	**468.0**	**5.81**	**4.0 years**
Forward swaps effective 1/12/03			
Swap 6	50.0	5.13	Dec 2010
Swap 7	40.0	5.00	Dec 2008
Swap 8	40.0	5.00	Dec 2008
Total forward swaps	**130.0**	**5.05**	**5.8 years (from 1/12/03)**
Total swaps (as at 1/12/03)	**598.0**	**5.65**	**4.4 years**

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Appendix B

DB Real Estate overview

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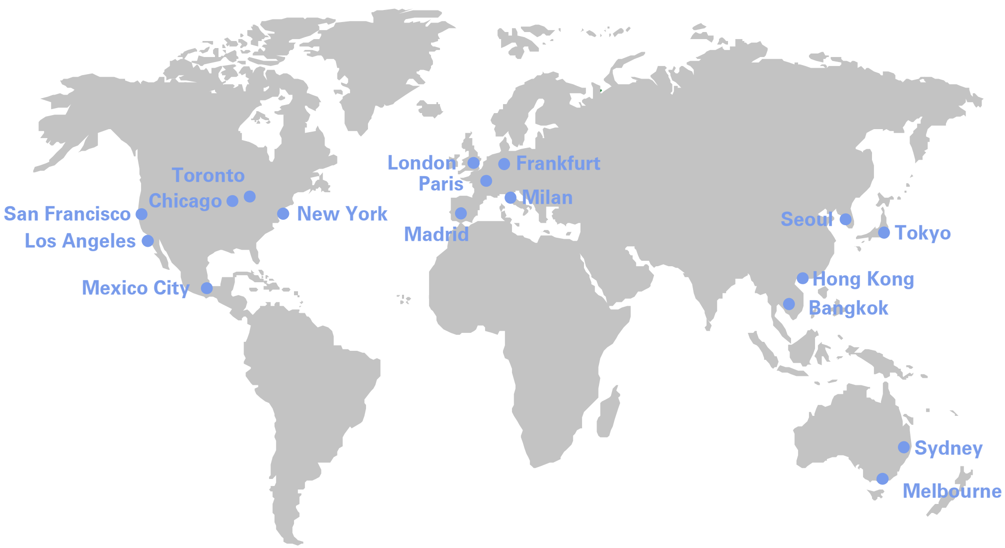
DB Real Estate overview

DB Real Estate is one of the world's leading managers of combined real property and real estate equity securities.



- More than US$55 billion* in assets under management worldwide
- Global perspective and local connectivity
- More than 1,000 Real Estate professionals in 17 offices around the world
- Experience and continuity of management team
- Diverse line-up of strategies and vehicles

*Pro forma as of June 30, 2003

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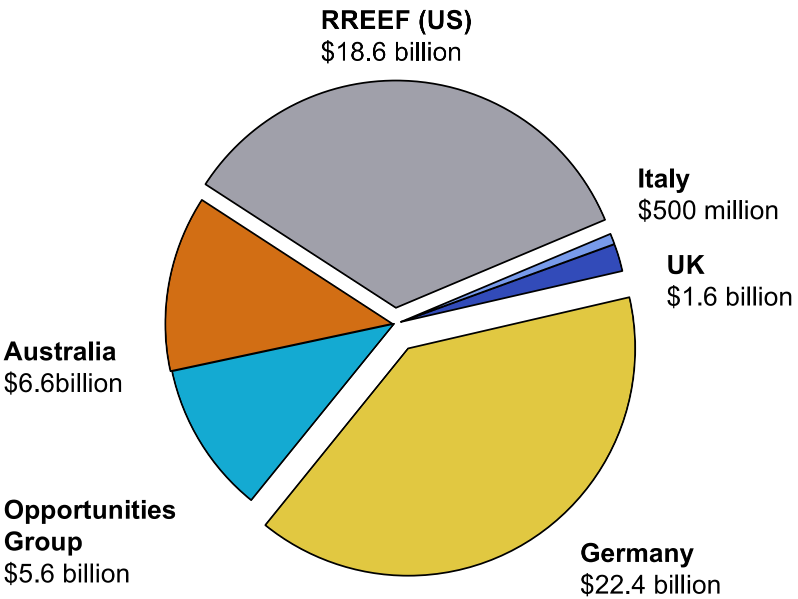
DB Real Estate overview

Local Expertise….**Global** Perspective



As of June 30, 2003

- An integrated network of well-established and well-respected regional franchises
- Global research capability structured as local groups, providing:
  - Broad view of economic and real estate developments world wide
  - Local insights into market trends and opportunities
  - Integrated market outlook and analysis as part of the investment process

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