



25 August 2004

The Manager
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

DB Real Estate Australia Limited
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Australian Financial Services
Licence Holder
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Dear Sir/Madam

Email: greg-t.lee@db.com

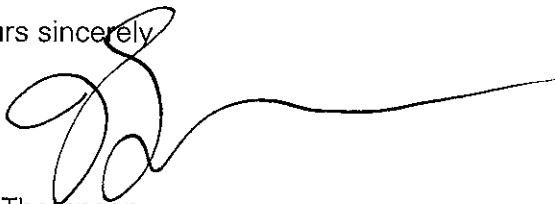
Deutsche Diversified Trust – June 2004 annual results

DB Real Estate Australia Limited as the Responsible Entity for the Deutsche Diversified Trust wishes to advise that it has lodged the following documents with the Australian Stock Exchange today:

- ASX announcement;
- Appendix 4E Statement - "Results for the announcement to the market";
- Annual report for the year ended 30 June 2004; and
- June 2004 annual results investor presentation.

For further information please contact Greg Lee, General Manager, Deutsche Diversified Trust on (02) 9249 9256.

Yours sincerely



Ian Thompson
Company Secretary



25 August 2004

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ASX Release

Deutsche Diversified Trust delivers \$90.83 million profit

DB Real Estate's Deutsche Diversified Trust (ASX:DDF) today announced a net profit of \$90.83 million for the year ended 30 June 2004, an increase of 3.36% on the same period last year. Total assets grew to \$1.71 billion, a 7% increase over the position at 30 June 2003.

Unit holders' equity attributable to investors was \$1.194 billion, up by 5.2% from 30 June 2003 with the net asset backing of DDF increasing from \$1.19 to \$1.20 per unit over the 12 months.

Mr Greg Lee, General Manager of Deutsche Diversified Trust, said "Over the year, earnings increased to 9.39 cents per unit, up 2% over the previous corresponding period. This year's result, coupled with our forecast to further increase earnings by 6.5% in 2005 can be attributed to the strategies implemented over the period, and successful leasing and asset divestment campaigns."

PORTFOLIO REVIEW

Leasing

During the year, the Trust secured new leases for 94,167 square metres of space, while lease renewals for a further 52,221 square metres were negotiated with existing tenants. The portfolio has an average weighted occupancy rate of 96 per cent and an average remaining lease-life of approximately 4.9 years.

Developments

\$91 million of development projects were completed in 2004, with a further \$160 million of developments either commencing or in advanced stages of planning.

Developments completed over the period include an \$85 million expansion of Whitford City Shopping Centre in Western Australia, and a \$6.2 million development to accommodate Australia Post at Axxess Park in Victoria.

Development activity in the past 12 months included:

- the \$62 million expansion of West Lakes Shopping Centre, South Australia;
- the new \$3 million warehouse premises for CSL Limited at Kings Park, NSW;
- a \$24 million temperature-controlled warehouse for Controlled Climate Logistics Pty Ltd at Eastern Creek, NSW;
- \$7 million of office warehouse accommodation at Axxess Park in Victoria, fully leased to Draeger Limited; and
- planning for the refurbishment of the Ferguson Centre in Parramatta.

Consistent with the Trust forecast all development activity will be debt funded.

Divestments

Over the period to 30 June, DDF contracted to sell several property assets for a total consideration of \$127 million. Carnarvon Street, Silverwater, NSW was contracted to sell for \$22 million in June 2004 and subsequently settled in July 2005. All requirements that allow the sale and settlement of Chifley Tower for \$60 million March 2005 have been met. Also, contract terms were agreed for the unconditional sale of Axxess Corporate Park, Seven Hills, NSW for \$45.5 million.

Capital management

New equity was issued through the Distribution Reinvestment Plan, generating \$51.98 million of capital which, in conjunction with sale proceeds, will be applied to debt reduction.

Retail

Since balance date, the Trust has achieved its stated objective of retail diversification. This has been delivered through an asset exchange and acquisition program which has resulted in DDF having a 50% ownership in a \$1.5 billion national retail portfolio, owned in conjunction with and managed by the Westfield Group. Fifty per cent of the DDF retail portfolio was sold to the Westfield Group enabling DDF to acquire a 50% interest in three Westfield centres - Westfield North Lakes, Brisbane; Westfield Hurstville, Sydney; and Westfield Mt Druitt, Sydney.

Forecast earnings for 2005, 2006

As outlined in an announcement on 4 August 2004, the forecast earnings for DDF for the 12 months to 30 June 2005 (excluding any profit on asset sales and asset revaluations) are 10.0 cents per unit and 10.0 cents per unit for the year to 30 June 2006 – an increase of 6.5% on the year to 30 June 2004.

Deutsche listed property trusts – repositioning and expansion plan

Also announced on 4 August 2004, the Directors of the responsible entities for Deutsche's listed property trusts (including DB Real Estate Australia Limited, as responsible entity for DDF) have proposed a plan to reposition and expand the trusts. This will create a major new property group trading as DB RREEF Trust.

Unanimously supported by the directors of each of the responsible entities, the proposal aims to deliver an immediate earnings uplift as well as long term earnings growth to investors through access to acquisition opportunities, new revenue streams, enhanced scale and market presence. It will also better align the manager's interests with those of unitholders.

An Explanatory Memorandum with specific details on how the proposal impacts DDF unitholders, including an Independent Expert's Report and Independent Accountant's Report, will be distributed in early September. Meetings of the members of each Trust will be convened at the end of September to vote on the proposal.

- ends -

About Deutsche Diversified Trust

Deutsche Diversified Trust has assets valued at approximately A\$1.6 billion. This highly diversified trust, by sector as well as geographic allocation, has 26 properties across the retail, office, industrial and carpark property sectors in five major Australian states and the ACT.

For further information please contact:

- Greg Lee, General Manager, Deutsche Diversified Trust, phone: (02) 9249 9256
- Kristin Silva/Ainsley Gee, Communications, Deutsche Asset Management, phone: (02) 9249 9568 / (02) 9249 9904

**DEUTSCHE DIVERSIFIED TRUST - APPENDIX 4E
(ARSN 089 324 541)**

Financial reporting for the year ended 30 June 2004

Results for announcement to the market

Highlights of Results	30/06/2004	30/06/2003	Change
Revenue from ordinary activities (\$'000)	214,011	154,989	38.08%
Net Profit from ordinary activities after tax attributable to unitholders - (\$'000)	90,834	87,625	3.66%
Distribution to unitholders - (\$'000)	90,403	88,097	2.62%
Distributions for the twelve (12) months ending			
30 September paid - Ordinary units	2.33	2.30	1.09%
31 December paid - Ordinary units	2.33	2.30	1.09%
31 March paid - Ordinary units	2.33	2.35	-1.06%
30 June final paid/payable - Ordinary units	2.33	2.35	-1.06%
Total distributions - cents per unit (ordinary units)	9.30	9.30	0.00%
Basic and diluted earnings (cents per unit)	9.39	9.26	1.40%
Tax deferred component of distribution	53.36%	44.35%	20.32%
Management Expense Ratio	0.60%	0.69%	-12.78%
Total Assets (\$'000)	1,707,025	1,594,166	7.08%
Total Borrowings (\$'000)	474,200	430,800	10.07%
Unitholders Equity (\$'000)	1,194,200	1,134,091	5.30%
Market Capitalisation (\$'000)	1,185,969	1,094,160	8.39%
Net tangible assets (NTA) \$ per unit	1.20	1.19	0.53%
Unit price - \$	1.19	1.15	3.48%
Units on issue (' 000)	996,613	951,444	4.75%
Record date	30 June 2004	30 June 2003	
Payment date - 30 June distribution	26 August 2004	26 August 2003	

Commentary of results

For a review of the results of the Trust for the 2004 financial year, refer to attached Responsible Entity's Report.

Deutsche Diversified Trust Annual Report 2004



DEUTSCHE **DIVERSIFIED** TRUST ■

DB Real Estate
Deutsche Bank Group







DB Real Estate is the world's leading real estate equity investment manager.*

Victor Hoog Antink
Head of DB Real Estate (Australia)

*Pensions and Investments Survey, published September 2003

As at 30 June 2004, the group managed over A\$80 billion in property and property securities. As a member of the Deutsche Bank Group, we have the backing and resources required to access the most attractive investment opportunities.

One such opportunity is the Deutsche Diversified Trust (ASX Code: DDF), a highly diversified trust by sector as well as geographic allocation, with assets valued at around A\$1.7 billion.

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Pictured front cover and opposite page: 14 Moore Street, Canberra.

Deutsche Diversified Trust ARSN 089 324 541.

The Trust listed on the Australian Stock Exchange in 1984. The Responsible Entity for the Trust is DB Real Estate Australia Limited (ABN 47 006 036 442).

Key financial data

For the year ended 30 June 2004

	2004	2003
Unit price		
High	\$1.27	\$1.27
Low	\$1.07	\$1.05
Closing price	\$1.19	\$1.15
Number of units on issue	996,612,986	951,443,626
Number of unitholders	11,445	9,198
Net tangible assets per unit	\$1.1982	\$1.192
Total assets	\$1,707.0m	\$1,594.17m
Market capitalisation	\$1,186m	\$1,094m
Distributions (cents per unit)		
September	2.325c	2.30c
December	2.325c	2.30c
March	2.325c	2.35c
June	2.325c	2.35c
Total	9.30c	9.30c
Tax deferred component	53.36%	44.35%
Net profit	\$90.83m	\$87.63m
Net property income	\$118.79m	\$115.45m
Income distributed	\$90.40m	\$88.10m
Undistributed income	\$12.21m	\$10.73m
Management expense ratio	0.60%	0.69%
Borrowings	\$474.2m	\$430.8m
Borrowings as % of total assets	27.77%	27.02%
Average duration of hedges	3.1 years	4.1 years
Number of property investments	27	26
Portfolio occupancy rate	96%	96%
Portfolio average lease duration	4.9 years	4.2 years
Diversification		
Retail	37%	33%
Industrial	20%	23%
Office	32%	33%
Car parks	11%	11%

Investment strategy

The primary objective of the Trust is, within acceptable risk parameters, to achieve a property investment return consistently above that generated by the Listed Property Trust sector through investment in a diversified portfolio of A grade properties.

DB Real Estate Australia Limited (DBRE), as Responsible Entity of Deutsche Diversified Trust (DDF), will utilise its expertise in the areas of property management, development and capital management to grow the portfolio to reduce risk through diversification and to enhance the quality of the portfolio.

- Property strategies adopted will focus on the generation of property income and sustainable earnings growth.
- Property developments will be undertaken having regard for the risks associated with property development, so as to ensure the return is commensurate with the risk.
- DBRE will seek to procure and develop properties to a standard which are capable of securing high quality tenants on long-term leases.
- DBRE will enter into joint ventures where an enhanced risk return profile can be achieved to the benefit of the Trust.
- DBRE will use the broad range of services and expertise of Deutsche Bank worldwide to facilitate the implementation of those strategies.

The Trust portfolio will be managed recognising that optimal property returns can only be produced by meeting the needs of tenants', and that DBRE can only achieve its objectives by meeting the needs of investors'.

Highlights

The major highlights for the Trust during the period were:

- On the 29 September 2003, the Responsible Entity introduced a new fee structure comprising both a base fee and performance fee component which further aligns its interests with those of unitholders;
- Net profit for the year was \$90.8 million which resulted in a distribution of 9.3 cents per unit;
- Property sales at Seven Hills, Carnarvon Street, Silverwater and Chifley Square were achieved for a consideration of \$127.4 million;
- Developments of \$35.2 million have commenced following lease pre-commitments to CSL, Climate Controlled Logistics, Draeger Limited and ABC Childcare;
- New leases totalling in excess of 145,000 square metres were secured across the portfolio; and
- The \$85 million redevelopment at Whitford City was completed and the \$62 million redevelopment at West Lakes commenced during the year.



Chairman's letter



Christopher T Beare
Chairman

Dear unitholder,

I am pleased to provide the annual results for Deutsche Diversified Trust, which are detailed in the 2004 annual report.

Subsequent to the year end, on 4 August 2004, the Directors of DB Real Estate Australia Limited (DBRE), as Responsible Entity for Deutsche Diversified Trust (ASX: DDF) and the Directors of Deutsche Asset Management (Australia) Limited (DeAM), as the Responsible Entity for Deutsche Industrial Trust (ASX: DIT) and Deutsche Office Trust (ASX: DOT), announced a proposal to reposition and expand DB Real Estate's Australian listed property platform. The proposal is directed at enhancing investor returns and expanding growth opportunities.

In brief, the proposal involves four key elements:

- the stapling of the listed property trusts;
- the partial internalisation of the management platform;
- the delivery of a platform to access global real estate opportunities, expertise and partners; and
- the Trust, together with Deutsche Industrial Trust, has agreed terms to acquire approximately A\$1.2 billion of industrial property assets in the United States. This acquisition follows other retail property transactions announced on behalf of the Trust.

Further details of the proposal, including audio and video coverage of the investor presentation, are available at www.dbrealestate.com/australia/proposal for your reference.

Under the proposal a major new property group would be created, trading as DB RREEF Trust. DB RREEF Trust will be Australia's fourth largest listed property group, with a market capitalisation in excess of A\$3.5 billion (as at 31 July 2004) and expected distributions in excess of A\$280 million in the first 12 months to 30 June 2005.

The proposal, which is unanimously supported by the directors of the Responsible Entity, aims to deliver an immediate earnings uplift as well as long-term earnings growth to investors through access to acquisition opportunities, new revenue streams, enhanced scale and market presence. It will also better align the manager's interests with your own. If for any reason investors do not support the proposal then the Trust will continue to operate in its existing form.

An Explanatory Memorandum with specific details on how the proposal impacts you, including an Independent Expert's Report and Independent Accountant's Report, will be sent to you in early September. Meetings of the investors of each Trust will be convened shortly to consider the proposal.

Details of the meeting and how you can vote on this proposal will also be included within this information package.

Yours sincerely,

A handwritten signature in black ink that reads "Chris Beare". The signature is written in a cursive style with a horizontal line underneath the name.

Christopher T Beare
Chairman
DB Real Estate Australia Limited

Responsible Entity's report

Over the year, consistent with the Trust objectives, DBRE has continued to implement a number of strategies with the objective of increasing the earnings capability of DDF both in the immediate and long term, with reduced risk, to the benefit of investors. I am pleased to present in this report the following positive contributions to those strategies achieved in the 2004 year.



Greg Lee
General Manager
Deutsche Diversified Trust

Results

DDF generated a profit of \$90.834 million for the year ended 30 June 2004, an increase of 3.36% on the same period last year. This equates to 9.39 cents per unit, up 2% over the previous corresponding period.

At 30 June 2004, the total assets of DDF were \$1.707 billion, an increase of 7% over the position at 30 June 2003.

Unitholders' equity attributable to investors is \$1.194 billion up 5.2% from 30 June 2003 with the net asset backing of DDF increasing from \$1.19 to \$1.20 per unit over the 12 months. During the period DDF raised \$51.98 million of new equity through the Distribution reinvestment plan (DRP).

Developments

Whitford City Shopping Centre, Hillarys, WA

The \$85 million expansion of the centre, incorporating a relocated and an expanded Woolworths, the creation of a town square, and 80 new specialty stores was completed in December 2003.

West Lakes Shopping Centre, West Lakes, SA

A \$62 million expansion incorporating a cinema complex, six mini major stores, around 54 new specialty stores and a reconfigured food court commenced in August 2003. The expansion is on program and lease commitments have been secured in accord with development parameters for representing 93% of the on completion gross income.

Axxess Corporate Park, Mount Waverley, Vic

DBRE completed the development of premises for Australia Post of 4,400 square metres at a cost of \$6.2 million and entered into a JV development agreement with Commercial & Industrial Property Pty Ltd that has seen Axxess secure a number of pre-commitments.

CSL Limited Kings Park, NSW

CSL Limited ('CSL'), an ASX-listed global pharmaceutical company, pre-committed to a 1,800 square metre office and warehouse facility for a seven-year lease term at a total cost of \$3.4 million.

Controlled Climate Logistics Pty Ltd (CCL) Eastern Creek, NSW

DDF acquired 26,590 square metres of land at Eastern Creek, Sydney, on which a 16,850 square metre distribution facility is being developed.

- 10-year lease term;
- annual reviews; and
- a yield of 7.80% at a cost of \$23 million.

Responsible Entity's report

The development of the CCL facility provides DDF with exposure to what is largely being recognised as the premier industrial development precinct of the Sydney metropolitan area.

Ferguson Centre, Parramatta, NSW

The Ferguson Centre comprises a B grade 16-level office tower of 19,550 square metres ('George St') and a development site with DA approval for an A grade office tower of 19,500 square metres ('Phillip St').

DBRE has commenced works to develop 'George St' into an A grade office. The catalyst for the development has been the expiration of the NSW Government lease in July 2004 and the NSW Police committing to lease 8,600 square metres on terms that allow for the development of both 'George St' and 'Phillip St' to be undertaken.

Plenty Valley Town Centre, Vic

In conjunction with the local Council, DBRE has completed a Town Centre Masterplan for the development of the Plenty Valley site, which will provide for, over time, a regional shopping centre, associated bulky goods retail, and integrated commercial uses.

Funding

Developments initially will be funded by the Trust debt facilities. Interest associated with debt drawn to fund the developments will be capitalised to the project.

Asset sales

In 2004, DBRE committed to sell a number of properties that were unable to generate income consistent with the investment objectives of DDF.

Carnarvon Street, Silverwater, NSW

DBRE exchanged sale contracts for Carnarvon Street in June 2004 pursuant to an option deed for \$22 million. Proceeds from the sale, due in August, will be utilised to fund the expansion commitments in respect to the Trust's retail assets.

One Chifley Square, Sydney, NSW

DBRE entered into put and call options on One Chifley Square in March 2004. The option agreement provides for option fee income (non refundable) to the Trust of \$6 million plus a monthly payment of \$326,250 per month (less net property income received).

The option is to be exercised at or around 31 December 2004 with settlement to occur no later than 31 March 2005 at not less than \$54 million.

Axxess Corporate Park, Seven Hills, NSW

Axxess Corporate Park is an 18.3 hectare development site comprising two parcels of land, Powers Road (13.7 hectares) and Station Road (4.33 hectares). Following an extensive review of the long-term benefits of holding Axxess Corporate Park, DBRE formed the view that it was in the best interests of unitholders to dispose of this property.

Powers Road, NSW

Contracts for sale have been exchanged in relation to the Powers Road site for \$29.76 million.

Station Road, NSW

During 2004, DDF completed the subdivision of Station Road, a land parcel of 4.33 hectares into 11 land lots and four industrial strata units. As at the date of this report, all land lots have been sold and only two of the four industrial units remain to be sold.

Redwood Gardens, Dingley, Vic

As at the date of this report, DBRE had exchanged contracts on three of eight units developed in December 2002.

DBRE proposes to sell the balance of the estate in stages over an 18 month period to fund the development of the Axxess estate, at prices consistent with book value.

Leasing

Over the year DBRE negotiated new leases for 94,167 square metres.

Retail	1,597 m ²
Industrial	78,889 m ²
Office	13,680 m ²

Lease renewals for 52,221 square metres were negotiated with existing tenants for:

Retail	9,182 m ²
Industrial	23,794 m ²
Office	19,245 m ²

	Occupancy 30/06/2004
Total office	94%
Total industrial	92%
Total retail	99%
Total car parks	100%
Total portfolio	96%

Weighted Average Expiry by Revenue

Office	3.93 years
Industrial	4.15 years
Retail	4.37 years
Car park	9.63 years
Total	4.90 years

Occupancy review

Occupancy of the Trust as at 30 June 2004 was 96%, the same as at 30 June 2003.

Tenant retention levels for the year were:

- 85% office
- 60% industrial
- 87% retail

Market performance

Over the 12-month period units traded in the range of \$1.07 to \$1.27 ending at \$1.19 at 30 June 2004. The total return for the Trust (assuming distributions were reinvested) was 12%, which was below the S&P/ASX 200 Property Accumulation Index at 15.2%. The performance of the total sector can be largely attributable to the merger activity within the sector.

Net Tangible Asset Backing (NTA)

The NTA remained unchanged as at June 30. As a result of the Westfield joint venture the NTA of DDF increases to \$1.21.

Debt

As at 30 June 2004, the Trust had borrowings of \$474.2 million or around 27.8% of total assets.

The debt comprises a combination of various bank facilities (\$349.2 million) and medium-term notes (\$125 million).

DBRE is currently negotiating new facilities to replace those facilities that mature up to December 2004.

Sale-of-asset proceeds have gone to reduce that debt utilised to fund the Trust's development activities in order to reduce interest costs.

Hedging strategy

The Responsible Entity's strategy is to hedge between 70% – 90% of debt at any one point in time in order to reduce the volatility of the cost of interest. The amount of debt hedged may vary from this range, for example where the Responsible Entity takes the view that the cost of increasing hedging is too high relative to maintaining unhedged debt.

As at 30 June 2004, \$380 million, or 80.13% of the Trust's debt, was hedged for an average of 3.1 years via interest rate swaps maturing from December 2005 to August 2008. The average cost of all debt, including margins, for the year was 6.19%.

Distribution reinvestment plan

The DRP operated in the December 2003 and March 2004 quarters with issue prices of \$1.155 and \$1.1427 respectively. The DRP was fully underwritten at no cost and as a result, \$44.97 million of capital was generated. The capital is to be used to fund the working capital requirements of the Trust.

Responsible Entity's report

Westfield retail joint venture

Westfield retail joint venture

In August 2004, DBRE entered into sale and acquisition agreements that provided DDF a 50% interest in a \$1.45 billion portfolio of retail interests to be jointly owned with Westfield.

Under the transaction:

- DDF has sold to Westfield a 50% interest in its retail interests located at West Lakes, SA, Hillarys, WA, and Plenty Valley, Victoria.
- DDF will acquire from Westfield a 50% interest in Westfield North Lakes shopping centre and adjacent land in Brisbane, Queensland, for \$61 million at a property yield of 7.25% for the centre.
- DDF will acquire (pursuant to put and call arrangements) from SAS Trustee Corporation (SAS) a 50% interest in Westfield Mount Druitt, and Westfield Hurstville in Sydney, NSW, at an estimated cost of \$364 million.

The joint venture significantly enhances the quality and diversification of DDF's retail investments and provides DDF with the benefits of a national retail presence. The DDF retail portfolio is further enhanced as a result of the portfolio being managed by Westfield, the world's largest retail property group by equity market capitalisation*. DDF and Westfield will each have pre-emptive rights over each owner's interest for each asset.

The transaction will have a positive impact on NTA going forward, is earnings accretive post acquisition costs and will not have a material impact on the Trust's gearing having regard for contracted asset sales.

It is expected that the profit achieved on the sales will result in there being no tax deferred component for the 2005 distribution.

*Source: Westfield Holdings Overview, 25 May 2004.



Westfield Hurstville

Westfield Hurstville is one of Australia's largest regional shopping centres, located approximately 20 kilometres south-west of the Sydney CBD in the densely populated city of Hurstville. The centre was opened in 1978 and was extensively refurbished and extended in 1990.

The centre features over 64,822 square metres of retail space on four levels, with Myer, Kmart, Target, Coles Supermarket, Food For Less, Best & Less, Toys R Us, Greater Union Cinema 8 Complex, two Food Courts and approximately 240 specialty stores.

The centre is located on Forest Road, Hurstville, the major arterial road linking the commercial and retail centres of the city of Hurstville.

Net lettable area (m ²)	64,822 (approx)
Car parking (spaces)	3,020
Moving annual turnover (\$m)	\$330.0 (approx)
Number of retailers	248 (approx)
Customer visits (mpa)	15.0 (approx)



■ Westfield North Lakes

North Lakes opened in August 2003. Westfield North Lakes is located 25 kilometres north of Brisbane's CBD, in one of the fastest-growing areas in the region. The centre is part of a master-planned 25-hectare precinct that will eventually include 20,000 square metres of bulky goods space and 60,000 square metres of retail. The precinct is incorporated into a residential development comprising more than 8,000 homes, roads, parks, bikeways, lakes, a golf course and a business park.

With more than 70 specialty retailers, and major stores including Target, Coles and Best & Less, Westfield North Lakes is a convenient and accessible centre that serves both its immediate community and that of the surrounding district. A distinctive feature of Westfield North Lakes is the unique open air foodcourt.

Net lettable area (m ²)	24,160 (approx)
Car parking (spaces)	1,490
Moving annual turnover (\$m)	\$42.2 (approx)
Number of retailers	90 (approx)
Customer visits (mpa)	1.7 (approx)



■ Westfield Mount Druitt

Westfield Mt Druitt was opened in 1973, extended in 1987 and underwent a major extension in 1995. Anchored by Myer, Woolworths, Bi Lo and Best & Less, it includes free standing Kmart and Coles, plus around 180 specialty shops and approximately 2,500 car spaces. Chain Reaction, the Reject Shop and Joyce Mayne provide for the value-for-money customer and Hoyts 8 Cinema complex and the Food Court cater to the leisure shopper with time to spare.

Westfield Mt Druitt is located in Sydney's Western suburbs approximately 43 kilometres from the Sydney CBD.

Significant benefits to the centre are its customer loyalty and its close proximity to public transport. Mt Druitt railway station and good taxi and bus services located close to the centre make it convenient and accessible.

The Centre will be further developed in 2006, replacing Myer and Bi Lo with a Target Discount Department Store, Coles Supermarket and approximately 40 new specialty stores. This redevelopment will further enhance the Centre's 'value', appeal and improve convenience.

Net lettable area (m ²)	68,931 (approx)
Car parking (spaces)	2,750
Moving annual turnover (\$m)	266.7 (approx)
Number of retailers	189 (approx)
Customer visits (mpa)	12.9 (approx)

Responsible Entity's report

Market commentary

Office markets

After several years of contraction, the office sector is now experiencing a modest increase in leasing demand. Most of the major office markets (with the exception of Melbourne CBD and North Sydney) recorded positive business expansion over the six months to June 2004.

The Sydney CBD is experiencing moderate levels of new construction which are expected to keep the total vacancy above 10% for at least the next year (vacancy stood at 11.9% in June 2004). In the Melbourne CBD the total vacancy rate was 10.8% in June 2004 and we expect a further increase in vacancy over the next two years as a significant amount of new construction is completed. Assets with long lease expiries, such as 8 Nicholson Street, are likely to be insulated from market fluctuations until the eventual recovery.

The fact that vacancy rates have fallen or remained steady in other markets in which the Trust owns office buildings is evidence of relatively solid leasing take-up in these markets. The vacancy rate in Canberra and Parramatta declined to 4.9% and 7.0% respectively in the year to June 2004. In Brisbane the total vacancy rose slightly from a year ago to 5.8%.

The main forward looking indicators for the office sector – global economic conditions, company profits, and white collar employment growth – are all positive, suggesting that a further recovery in leasing demand will occur in the next 12 months.

Retail markets

Shopping centres performed well over the past 12 months. The underlying retail real estate fundamentals remain solid due to a combination of high consumer confidence, low unemployment levels in the community, and low vacancies in shopping centres. National retail sales grew by a strong 7.9% in the year to June 2004 on a moving annual basis. In the short term, spending is likely to benefit from the Federal Government's family payments, but later in the year we expect retail sales growth will moderate in line with the housing market.

Rental growth has been positive across the main centre categories over the past year. Investment demand is particularly strong, which has supported capital values. According to the Property Council of Australia, shopping centre values lifted by more than 9.0% in the year to March 2004 (the latest available data). The retail sector requires active management in order to maximise performance. In this regard, the expansion of West Lakes shopping centre will enhance its retail offer.

Industrial markets

Industrial property continues to benefit from the effects of an extended period of economic growth. Business surveys indicate that capacity utilisation levels in the business sector have risen over the past year, which increases the likelihood that firms will need to increase their space requirements either by leasing or building. Market rents have increased recently in many of the areas of Sydney and Melbourne where the Trust has assets (see chart on page 15).

The high-tech industrial sector has been slower to respond to the positive economic conditions than the traditional industrial sector. In the Sydney markets, including North Ryde, strong take-up has reduced vacancy, but at the same time significant levels of new supply have constrained rental growth. In Melbourne rents have remained steadier due to the more limited construction of new high-tech stock over the year.

Car parks

Car parks have benefited from the expanding economy, particularly the short stay component which depends most on discretionary travel and spending. While the total number of car spaces in new office buildings is expected to increase in Melbourne next year, visitor and resident numbers are also increasing (source: Jones Lang LaSalle). Those car parks which are well located, near to major entertainment/leisure areas, will benefit from their diverse range of usage.



14 Moore Street, Canberra

Board of directors



Christopher T Beare (Chairman)

BSc, BE (Hons), MBA, PhD, FAICD

Chris Beare has had wide experience in technology, finance and investment. He joined investment bank Hambros Australia in 1991, becoming Head of Corporate Finance in 1994 and Joint Chief Executive from 1995 until Hambros was acquired by Société Générale in 1998. During that period Hambros was active in infrastructure, telecoms, media, and China. Chris remained a Director of SG Australia until 2002. From 1998, he helped form Radiata, a technology start-up in Sydney and Silicon Valley, and as Chairman and Chief Executive Officer, steered it to a successful sale to Cisco Systems in 2001. For four years prior to joining Hambros, Chris was Executive Director of the Melbourne based Advent Management venture capital firm. Chris has been a director of a number of companies in the finance, infrastructure and technology sectors.

Chris is chairman and an independent, non-executive director of Deutsche Asset Management (Australia) Limited.



Stewart F Ewen

F.I.L.E.

Stewart Ewen has extensive property experience, commencing with the Hooker Corporation in 1966 where he worked throughout Australia and South East Asia. In 1983 he established Byvan which, by 2000, managed \$8 billion in shopping centre assets in Australia, Asia and North America. In 1999, he sold his interest in Byvan to the Savills Group in London, remaining as Chairman until 2001. As the major partner of NavyB Pty Ltd he has completed numerous residential and commercial property projects. He has also held the position of Managing Director of Enacon Ltd, and was instrumental in the establishment of Converting Technology Pty Ltd. Stewart has also served as President of the Property Council of NSW and is Chairman of the Cure Cancer Australia Foundation. Stewart is a Director of CapitaCommercial Trust Management Limited, Singapore.

Stewart is an independent, non-executive director of Deutsche Asset Management (Australia) Limited.



Shaun A Mays

BSc (Hons), MSc, MBA

Shaun Mays was appointed the Australian Chief Executive Officer of Deutsche Asset Management on 13 May 2004. Prior to this he was Managing Director of Westpac Financial Services, Chief Investment Officer of Commonwealth Financial Services and Managing Director and Chief Investment Officer of Mercury Asset Management. He has more than 16 years' experience in the funds management industry, in both executive management and investment positions in Australia and the United Kingdom. In addition to his traditional asset management expertise, Shaun also has experience in the property and private equity sectors. Shaun is a member of the National Environment Education Council and the Australian Stock Exchange Listings Approval Committee. He is also a non-executive director of Deutsche Asset Management (Japan) Limited.

Shaun is an executive director of Deutsche Asset Management (Australia) Limited.



William B Robinson

ABIA, AASA, FAICD

Bill Robinson was with the Reserve Bank of Australia from 1955 until 1975. Following senior appointments at the Asian Development Bank and the Rome-based International Fund for Agricultural Development, he was Financial Adviser to His Highness The Aga Khan from 1980 to 1999. In this latter role he was also a director of numerous listed and unlisted companies in Europe, Asia, Africa and the United States. On his return to Australia in 1999, he took on a non-executive role with the Deutsche Bank Group and is Chairman of a number of their compliance and audit committees. He is also currently a director and Audit Committee Chairman of the Emerging Markets Growth Fund Inc., which is managed by the US-based Capital Group.

Bill is an independent, non-executive director of Deutsche Asset Management (Australia) Limited.



Brian E Scullin

BEC

Following a career in government and politics in Canberra, Brian Scullin was appointed the inaugural Executive Director of the Association of Superannuation Funds of Australia (ASFA) in 1987. He joined Bankers Trust in Australia in 1993 and held a number of senior positions, becoming President of Japan Bankers Trust in 1997. In 1999 he was appointed Chief Executive Officer – Asia/Pacific for Deutsche Asset Management and retired from this position in 2002. Brian is a part-time member of the Federal Government's Financial Reporting Council (FRC).

Brian is a non-executive director of Deutsche Asset Management (Australia) Limited.



David C Shields

BE (Hons), MBA

David Shields joined Deutsche Asset Management in 1993 and is currently the Head of DB Capital Partners, the private equity investment business within Deutsche Asset Management. He has 20 years' experience in funds management and private equity, having previously worked for AIDC Limited, Advent Management Group and Australian Pacific Technology Limited.

David is an executive director of Deutsche Asset Management (Australia) Limited.

Management team



Daryl Stubbings
Asset & Development
Manager



Chris Forbes
Asset & Development
Manager



Glen McKernan
Asset Manager



Kieran Harbrow
Investment Analyst



Sharon Finlayson
Personal assistant/Unitholder
Relations



Simon Storry
Commercial Leasing
Manager



Matt Ellis
Industrial Leasing Manager



Ian Barter
Industrial Leasing Manager



Anastasia Clarke
Head of Real Estate
Finance



Michael Christensen
Treasurer

DB Real Estate

Globally and locally

Deutsche Asset Management overview

Deutsche Asset Management is the global funds management arm of Deutsche Bank, one of the world's strongest financial institutions. With more than 75 years of investment management experience and operations in over 60 countries, Deutsche Asset Management is one of the world's largest fund managers, (ranked third by the Financial Times and Mercer Consulting Survey, February 2004). It is a leader, not just in size, but also in quality and breadth of investment products, performance and client service.

Deutsche Asset Management Australia manages over A\$28.1 billion (as at 30 June 2004) on behalf of locally-domiciled clients. It is one of the few fund managers in Australia that combine an established local presence with the resources of a global network and the discipline of a global investment process. It is the only global fund manager operating in Australia with a comprehensive traditional investment offering, coupled with a substantial alternative asset business that includes hedge funds, private equity and real estate.

Deutsche Asset Management in Australia employs more than 250 staff, including over 60 investment professionals, in its Sydney, Melbourne and Brisbane offices.

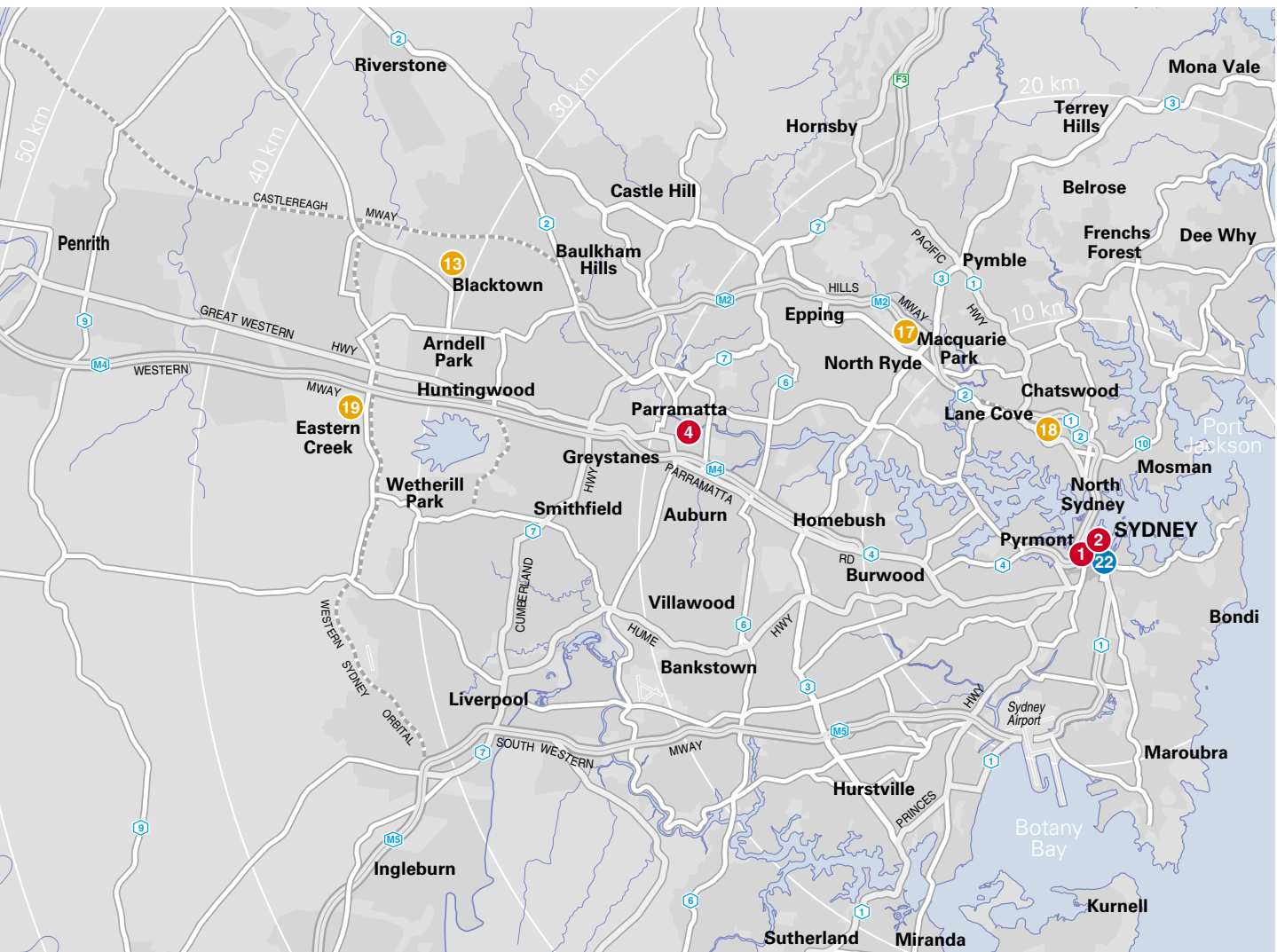
DB Real Estate

DB Real Estate, one of Australia's largest real estate fund managers, is responsible for assets valued at approximately A\$9.4 billion (as at 30 June 2004). Its local product suite encompasses three listed property trusts, a wholesale property fund, three property syndicates, a listed infrastructure trust and private property portfolios. DB Real Estate currently manages more than 140 properties in Australia and New Zealand, across the commercial, retail, industrial and car parking sectors. Globally, DB Real Estate is the world's largest investment adviser* of combined real property and real estate equity securities, with over A\$80 billion in assets under management.

* *Pensions and Investments Survey*, published September 2003.

Property portfolio

Sydney



Key

Office ● Retail ● Industrial estates ● Car park ●

Office

Page	Address
1	44 Market Street, Sydney, NSW
2	383 Kent Street, Sydney, NSW
3	8 Nicholson Street, East Melbourne, Vic
4	Ferguson Centre, 130 George Street, Parramatta, NSW
5	144 Edward Street, Brisbane, Qld 14 Moore Street, Canberra, ACT
7	Flinders Gate, 172 Flinders Street and 189 Flinders Lane, Melbourne, Vic

Retail

21	Whitford City Shopping Centre, Whitfords Avenue, Hillarys, WA
22	Whitfords Avenue, Hillarys, WA
22	West Lakes Shopping Centre, West Lakes, SA
11	Plenty Valley Town Centre, Mill Park, Vic

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Industrial

12	Axcess Corporate Park, Mount Waverley, Vic
13	Kings Park Industrial Estate, Marayong, NSW
14	Knoxfield Industrial Estate, Knoxfield, Vic
15	Target Distribution Centre, Taras Avenue, Altona North, Vic
16	Redwood Gardens Industrial Estate, Boundary Road, Dingley, Vic
17	40 Talavera Road, North Ryde, NSW
18	12 Frederick Street, St Leonards, NSW
19	Wallgrove Road, Eastern Creek, NSW

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Car park

23	20 Flinders Gate, 172-189 Flinders Street, Melbourne, Vic	27
24	21 34-60 Little Collins Street, Melbourne, Vic	28
24	22 383 Kent Street, Sydney, NSW	28
25	23 Albert & Charlotte Street, Brisbane, Qld	29
25	24 32-44 Flinders Street, Melbourne, Vic	29
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Sydney – CBD



Brisbane – CBD



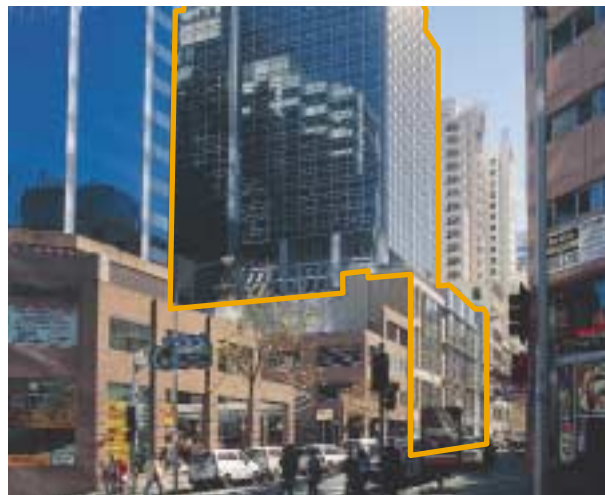
Melbourne – CBD



Melbourne – regional



Office



■ 44 Market Street, Sydney, New South Wales

Description

A 26-level freestanding office tower. The building is of A grade standing following a substantial upgrade in 1996. No major capital refurbishment is planned during the next financial year. The building has an 83% occupancy and has shown significant rental growth in recent years.

Location

It is located along the western corridor of the Sydney CBD at the corner of Market, York and Clarence Streets.

Building quality	A grade
Net lettable area (m ²) (current leased area excluding common areas)	30,409
Typical floor area (m ²)	1,000 – 1,250
Date built	1978
Date of acquisition	September 1987 (70%) October 1995 (30%)
Car parking (spaces)	138
Valuation date	30/06/03
Valuation (\$m)	144.0
Capitalisation rate (market) (%)	7.75
Discount rate (%)	10.25
Terminal yield (%)	8.25
Occupancy 30 June 2004 (%)	83.0
Book value 30 June 2004 (\$m)	145.08
Net property income 30 June 2004 (\$m)	10.95
Yield as at 30 June 2004 (%)	7.6
Annualised income at 1 July 2004 (\$m)	9.48

Financial period lease expiry

Vacancy	16%
FY05	19%
FY06	28%
FY07	12%
FY08	9%
FY09+	16%

■ 383 Kent Street, Sydney, New South Wales

Description

A 14-level 18,056 square metre A grade office tower which was completed in May 2002. The tower was constructed above the Trust's car park.

Location

383 Kent Street is located along the western corridor of Sydney and has dual frontage to Kent and Sussex Streets.

Building quality	A grade
Net lettable area (m ²) (current leased area excluding common areas)	18,056
Typical floor area (m ²)	1,577
Date built	May 2002
Date of acquisition	September 1987
Car parking (spaces)	55
Valuation date	30/06/02
Valuation (\$m)	104.0
Capitalisation rate (market) (%)	7.5
Discount rate (%)	10.0
Terminal yield (%)	8.0
Occupancy 30 June 2004 (%)	94.0
Book value 30 June 2004 (\$m)	102.65
Net property income 30 June 2004 (\$m)	5.42
Yield as at 30 June 2004 (%)	5.3
Annualised income at 1 July 2004 (\$m)	\$5.61

Financial period lease expiry

Vacancy	6%
FY05	–
FY06	–
FY07	2%
FY08	27%
FY09+	65%



■ 8 Nicholson Street, Melbourne, Victoria

Description

A freestanding office tower of 23,725 square metres with 91 car spaces.

Location

It is located on the eastern edge of the Melbourne CBD close to Parliament Station. The property is located in a State/Federal Government precinct.

Building quality	A grade
Net lettable area (m ²) (current leased area excluding common areas)	23,725
Typical floor area (m ²)	1,100 – 2,200
Date built	1991
Date of acquisition	November 1993
Car parking (spaces)	91
Valuation date	30/06/03
Valuation (\$m)	82.0
Capitalisation rate (market) (%)	8.25
Discount rate (%)	9.0
Terminal yield (%)	8.50
Occupancy 30 June 2004 (%)	100.0
Book value 30 June 2004 (\$m)	82.5
Net property income 30 June 2004 (\$m)	6.84
Yield as at 30 June 2004 (%)	8.3
Annualised income at 1 July 2004 (\$m)	7.18

Financial period lease expiry

Vacancy	–
FY05	–
FY06	–
FY07	–
FY08	–
FY09+	100%

■ Ferguson Centre, 130 George Street, Parramatta, New South Wales

Description

A 16-level office tower of 19,551 square metres. The RE has secured development consent to build an additional office tower, although this is unlikely to occur until leasing of the current building is secured post July 2004.

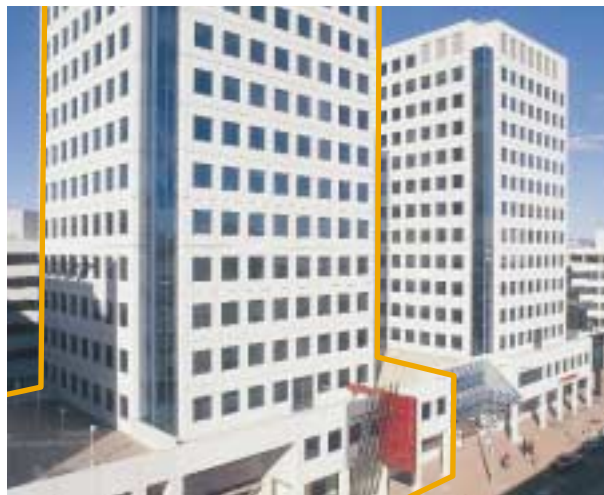
Location

The site has dual frontage and access to George and Phillip Streets, which constitutes the primary office precinct in Parramatta.

Building quality	B grade
Net lettable area (m ²) (current leased area excluding common areas)	19,551
Typical floor area (m ²)	1,440
Date built	1984
Date of acquisition	May 1997
Car parking (spaces)	364
Valuation date	30/06/03
Valuation (\$m)	43.8
Capitalisation rate (market) (%)	9.25
Discount rate (%)	11.25
Terminal yield (%)	10.0
Occupancy 30 June 2004 (%)	100.0
Book value 30 June 2004 (\$m)	44.54
Net property income 30 June 2004 (\$m)	5.84
Yield as at 30 June 2004 (%)	13.3
Annualised income at 1 July 2004 (\$m)	3.92

Financial period lease expiry

Vacancy	–
FY05	100%
FY06	–
FY07	–
FY08	–
FY09+	–



■ 144 Edward Street, Brisbane, Queensland

Description

The building is a high-rise, freestanding office tower of around 16,276 square metres. It is of a B grade standing but has undergone progressive refurbishment by the RE.

Location

The building is situated on the corner of Edward and Charlotte Streets, which places it near the government and financial precincts, as well as the major retail areas.

Building quality	B grade
Net lettable area (m ²) (current leased area excluding common areas)	16,276
Typical floor area (m ²)	770
Date built	1980
Date of acquisition	July 2000
Car parking (spaces)	75
Valuation date	September 2003
Valuation (\$m)	40.0
Capitalisation rate (market) (%)	9.25
Discount rate (%)	10.5
Terminal yield (%)	9.75
Occupancy 30 June 2004 (%)	94.0
Book value 30 June 2004 (\$m)	40.53
Net property income 30 June 2004 (\$m)	3.62
Yield as at 30 June 2004 (%)	8.9
Annualised income at 1 July 2004 (\$m)	3.3

Financial period lease expiry

Vacancy	6%
FY05	14%
FY06	23%
FY07	30%
FY08	3%
FY09+	24%

■ 14 Moore Street, Canberra, ACT

Description

The property is a 14-level office tower, which was built in 1986. The building underwent a major refurbishment, which was completed in February 2002.

Location

The property is located at 14 Moore Street in the north-west quadrant of Civic, which is the main financial precinct in Canberra, and caters for both public and private sector tenants.

Building quality	A grade
Title	Leasehold
Net lettable area (m ²) (current leased area excluding common areas)	10,893
Typical floor area (m ²)	870
Date built	1986 (refurbished 2002)
Date of acquisition	May 2002
Car parking (spaces)	79
Valuation date	April 2002
Valuation (\$m)	34.50
Capitalisation rate (market) (%)	9.50
Discount rate (%)	9.50
Terminal yield (%)	9.75
Occupancy 30 June 2004 (%)	100.0
Book value 30 June 2004 (\$m)	37.18
Net property income 30 June 2004 (\$m)	2.69
Yield as at 30 June 2004 (%)	7.3
Annualised income at 1 July 2004 (\$m)	2.9

Financial period lease expiry

Vacancy	–
FY05	–
FY06	2%
FY07	50%
FY08	4%
FY09+	44%



Retail



■ Flinders Gate, 172 Flinders Street & 189 Flinders Lane, Melbourne, Victoria

Description

Flinders Gate comprises two small boutique office buildings totalling around 8,764 square metres. They have undergone progressive refurbishment since their acquisition by the Trust in 1999.

Location

The buildings are located close to Flinders Street Station, Swanston Street and, in the case of 172 Flinders Street, opposite Federation Square.

Building quality	Boutique
Net lettable area (m ²) (current leased area excluding common areas)	8,764
	172 Flinders Street – 5,165
	189 Flinders Lane – 3,599
Typical floor area (m ²)	172 Flinders Street – 710
	189 Flinders Lane – 510
Date built	1920s (refurbished 1988)
Date of acquisition	March 1999
Car parking (spaces)	Forms part of Flinders Gate Car Park with 1,077 (refer page 31)
Valuation date	September 2003
Valuation (\$m)	15.50
Capitalisation rate (market) (%)	8.25
Discount rate (%)	9.50
Terminal yield (%)	8.75
Occupancy 30 June 2004 (%)	91.0
Book value 30 June 2004 (\$m)	15.51
Net property income 30 June 2004 (\$m)	1.37
Yield as at 30 June 2004 (%)	9.50
Annualised income at 1 July 2004 (\$m)	1.13

Financial period lease expiry

Vacancy	9%
FY05	41%
FY06	27%
FY07	20%
FY08	–
FY09+	3%

■ Whitford City Shopping Centre, Whitfords Avenue, Hillarys, Western Australia

Description

Whitford City is classified as a regional shopping centre and is the Trust's largest asset, representing 21% of total assets.

Location

Whitford City is located in the suburb of Hillarys around 24 kilometres north-west of the Perth CBD.

Site area (ha)	20
Net lettable area (m ²)	68,139
Date built	1978
Date of acquisition	October 1984
Car parking (spaces)	3,787
	1,206 undercover
Valuation date	30/06/03
Valuation (\$m)	306.75
Capitalisation rate (%)	7.50
Discount rate (%)	10.27
Terminal yield (%)	8.00
Occupancy 30 June 2004 (%)	99.0
Book value 30 June 2004 (\$m)	338.37
Net property income 30 June 2004 (\$m)	21.13
Yield as at 30 June 2004 (%)	6.9
Annualised income at 1 July 2004 (\$m)	26.42
Moving annual turnover (\$m)	262.5
Occupancy costs (%)	13.8 for specialities (GST included)

Financial period lease expiry

Vacancy	0%
FY05	7%
FY06	2%
FY07	3%
FY08	7%
FY09+	81%



■ Whitfords Avenue, Hillarys, Western Australia

Description

Whitfords Avenue is a retail bulky goods and showroom site currently incorporating a Bunnings Warehouse and 11 showrooms.

Location

Whitfords Avenue is opposite the Trust's Whitford City Shopping Centre in the suburb of Hillarys, some 24 kilometres north-west of Perth.

Site area (ha)	2.9
Net lettable area (m ²)	9,364
Date built	1995
Date of acquisition	December 1992
Car parking (spaces)	373
Valuation date	30/06/03
Valuation (\$m)	15.8
Capitalisation rate (%)	9.5
Discount rate (%)	11.25
Terminal yield (%)	9.75
Occupancy 30 June 2004 (%)	100.0
Book value 30 June 2004 (\$m)	15.84
Net property income 30 June 2004 (\$m)	1.42
Yield as at June 2004 (%)	9.0
Annualised income at 1 July 2004 (\$m)	1.54

Financial period lease expiry

Vacancy	–
FY05	–
FY06	62%
FY07	8%
FY08	2%
FY09+	28%

■ West Lakes Shopping Centre, West Lakes, South Australia

Description

A regional shopping centre, most recently upgraded in 1993, and is undergoing a major expansion, which commenced in July 2003.

Location

West Lakes is located approximately 14 kilometres north-west of the Adelaide CBD.

Site area (ha)	20
Net lettable area (m ²)	48,765 (prior to current expansion)
Date built	1974 (refurbished 1992)
Date of acquisition	November 1998
Car parking (spaces)	3,769
Valuation date	30/06/03
Valuation (\$m)	172.0
Capitalisation rate (%)	7.5
Discount rate (%)	10.0
Terminal yield (%)	8.0
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	207.89
Net property income 30 June 2004 (\$m)	12.37
Yield as at 30 June 2004 (%)	7.2
Annualised income at 1 July 2004 (\$m)	10.47
Moving annual turnover (\$m)	217.8
Occupancy costs (%)	14.8 for specialties (GST included)

Financial period lease expiry

Vacancy	
FY05	22%
FY06	4%
FY07	6%
FY08	5%
FY09+	63%



Industrial



■ Plenty Valley Town Centre, Mill Park, Victoria

Description

A greenfield site which will be utilised to create a Town Square style retail precinct in conjunction with the City of Whittlesea. The site covers 50 hectares and includes a Coles Supermarket and 20 specialty stores. Stage One was built to the standard of a full regional shopping centre to facilitate efficient expansions of the centre over future years.

Location

Plenty Valley is located in Mill Park in the City of Whittlesea, which is part of Plenty Valley, the northern Melbourne metropolitan growth corridor. It is around 25 kilometres north of the Melbourne CBD.

Site area (ha)	50
Net lettable area (m ²)	6,181
Date built	2001
Date of acquisition	November 1999
Car parking (spaces)	340
Valuation date	30/06/03
Valuation (\$m)	32.0
Capitalisation rate (%)	8.5
Discount rate (%)	10.5
Terminal yield (%)	9.0
Occupancy 30 June 2004 (%)	98.0
Book value 30 June 2004 (\$m)	35.15
Net property income 30 June 2004 (\$m)	1.33
Yield as at 30 June 2004 (%)	8.6
Annualised income at 1 July 2004 (\$m)	1.47
Moving annual turnover (\$m)	37.4
Occupancy costs (%)	14.1

Financial period lease expiry

Vacancy	2%
FY05	2%
FY06	–
FY07	18%
FY08	2%
FY09+	76%

■ Axxess Corporate Park, Mount Waverley, Victoria

Description

Axxess currently comprises around 66,589 square metres of office and office/warehouses. This encompasses smaller units of around 250–1,000 square metres primarily built from the mid-1980s to the 1990s, as well as modern office/warehouses ranging from 1,500–6,000 square metres.

Location

Axxess is located on Ferntree Gully Road, but also has frontages to Forster and Gilby Roads. It is located within 250 metres of the Monash Freeway and is close to Monash University.

Zoning	Business 3 Zone
Site area (ha)	18.34
Net lettable area (m ²)	66,589
Date built	1980–2004
Date of acquisition	October 1996
Car parking (spaces)	1,240
Number of buildings	28
Office content (%)	39.8
Valuation date	30/06/03
Valuation (\$m)	89.0
Capitalisation rate (%)	10.0
Discount rate (%)	10.5
Terminal yield (%)	10.25
Occupancy 30 June 2004 (%)	96.0
Book value 30 June 2004 (\$m)	91.34
Net property income 30 June 2004 (\$m)	7.15
Yield as at 30 June 2004 (%)	8.0
Annualised income at 1 July 2004 (\$m)	8.78

Financial period lease expiry

Vacancy	4%
FY05	18%
FY06	19%
FY07	12%
FY08	5%
FY09+	42%



■ Kings Park Industrial Estate, Marayong, NSW

Description

An industrial estate of over 67,370 square metres, comprising eight office/warehouses developed by the Trust since 1993. The buildings range from 2,500–27,000 square metres and include major tenants such as VisyPet and Allied Pickford.

Location

Kings Park is located in Marayong near the Marayong Railway Station. Its location has been substantially enhanced over recent years following the completion of the M2 Motorway and will benefit further from the completion of the Westlink M7 Motorway currently under construction.

Zoning	General Industrial
Site area (ha)	13.7
Net lettable area (m ²)	67,370
Date built	1991–2004
Date of acquisition	May 1990
Car parking (spaces)	484
Number of buildings	8
Office content (%)	13.43
Valuation date	30/06/03
Valuation (\$m)	64.3
Capitalisation rate (%)	8.7
Discount rate (%)	10.02
Terminal yield (%)	8.75
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	66.29
Net property income 30 June 2004 (\$m)	5.84
Yield as at 30 June 2004 (%)	9.1
Annualised income at 1 July 2004 (\$m)	6.27

Financial period lease expiry

Vacancy	–
FY05	16%
FY06	4%
FY07	25%
FY08	5%
FY09+	50%

■ Knoxfield Industrial Estate, Henderson Road, Knoxfield, Victoria

Description

The property consists of two substantial office/warehouses for Toll Holdings (36,000 square metres) and the Distribution Group (12,600 square metres).

Location

The estate is located on Henderson Road in the south-eastern suburb of Knoxfield.

Zoning	Industrial
Site area (ha)	0.74
Net lettable area (m ²)	48,548
Date built	1990–1996
Date of acquisition	August 1996
Car parking (spaces)	275
Number of buildings	2
Office content (%)	3.35
Valuation date	September 2003
Valuation (\$m)	31.25
Capitalisation rate (%)	8.75
Discount rate (%)	10.25
Terminal yield (%)	9.0
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	31.8
Net property income 30 June 2004 (\$m)	2.89
Yield as at 30 June 2004 (%)	8.9
Annualised income at 1 July 2004 (\$m)	3.02

Financial period lease expiry

Vacancy	–
FY05	–
FY06	74%
FY07	–
FY08	–
FY09+	26%



■ Target Distribution Centre, Altona North, Victoria

Description

A state-of-the-art 41,447 square metre distribution warehouse purpose-built for Target. It is their national distribution centre, which currently caters for 130 stores and can accommodate up to 200 stores.

Location

The centre is located in Altona North, which is approximately 12 kilometres west of the Melbourne CBD.

Zoning	Special Industrial
Site area (ha)	10.18
Net lettable area (m ²)	41,447
Date built	1996
Date of acquisition	October 1995
Car parking (spaces)	210
Number of buildings	1
Office content (%)	5.32
Valuation date	September 2003
Valuation (\$m)	31.9
Capitalisation rate (%)	8.35
Discount rate (%)	9.5
Terminal yield (%)	9.0
Occupancy 30 June 2004 (%)	100.0
Book value 30 June 2004 (\$m)	31.91
Net property income 30 June 2004 (\$m)	2.88
Yield as at 30 June 2004 (%)	9.2
Annualised income at 1 July 2004 (\$m)	3.06

Financial period lease expiry

Vacancy	–
FY05	–
FY06	–
FY07	–
FY08	–
FY09+	100%

■ Redwood Gardens Industrial Estate, Redwood Gardens, Dingley, Victoria

Description

An estate of 24 larger office/warehouses as well as eight smaller units comprising a total of around 49,574 square metres. The estate underwent a major refurbishment during 2002 at a cost of \$1.6 million, which included upgraded façades and landscaping.

Location

The estate is located on Boundary Road opposite the Moorabbin Airport.

Zoning	Industrial
Site area (ha)	8.98
Net lettable area (m ²)	49,574
Date built	1980s
Date of acquisition	December 1994
Car parking (spaces)	798
Number of buildings	28
Office content (%)	25
Valuation date	30/06/03
Valuation (\$m)	29
Capitalisation rate (%)	9.25
Discount rate (%)	9.38
Terminal yield (%)	9.5
Occupancy 30 June 2004 (%)	76
Book value 30 June 2004 (\$m)	29.48
Net property income 30 June 2004 (\$m)	1.72
Yield as at 30 June 2004 (%)	5.9
Annualised income at 1 July 2004 (\$m)	1.92

Financial period lease expiry

Vacancy	24%
FY05	24%
FY06	18%
FY07	–
FY08	8%
FY09+	26%



■ 40 Talavera Road, North Ryde, NSW

Description

Talavera Road is a three-level office/warehouse comprising 13,075 square metres, with an office component of approximately 50%. The building was partially refurbished in 1997 and was again upgraded by the Trust this financial year.

Location

The property is located at the corner of Talavera and Khartoum Roads in North Ryde, NSW. It has four different access points, which provides further flexibility for individual tenancies. It is approximately 500 metres from the Macquarie Shopping Centre.

Zoning	Industrial Special
Site area (ha)	2.5
Net lettable area (m ²)	13,075
Date built	1974
Date of acquisition	October 2002
Car parking (spaces)	379
Number of buildings	1
Office content (%)	49.91
Valuation date	May 2002
Valuation (\$m)	22.9
Capitalisation rate (%)	8.75
Occupancy 30 June 2004 (%)	40
Book value 30 June 2004 (\$m)	29.51
Net property income 30 June 2004 (\$m)	0.45
Yield as at 30 June 2004 (%)	1.6
Annualised income at 1 July 2004 (\$m)	1.58

Financial period lease expiry

Vacancy	60%
FY05	–
FY06	–
FY07	–
FY08	40%
FY09+	–

■ 12 Frederick Street, St Leonards, NSW

Description

The estate includes 13 office/warehouse units. The total gross lettable area of the estate is approximately 19,245 square metres and has 324 car spaces, which is a significant attraction in leasing/re-leasing. The units offer modern quality accommodation, ranging between 901 square metres to 2,049 square metres.

Location

Frederick Street is located on the south-eastern corner of the intersection of Frederick Street and Reserve Road at St Leonards, within the St Leonards/Artarmon industrial precinct. The estate is approximately six kilometres north of the Sydney CBD. It is accessible via the major thoroughfares, Gore Hill Freeway and Pacific Highway and is close to the North Shore railway line.

Zoning	General Industrial
Site area (ha)	2.5
Net lettable area (m ²)	19,245
Date built	1974 – 1992
Date of acquisition	July 2000
Car parking (spaces)	324
Number of buildings	1
Office content (%)	17.3
Valuation date	30/06/03
Valuation (\$m)	26.0
Capitalisation rate (%)	9.5
Discount rate (%)	10.97
Terminal yield (%)	10.0
Occupancy 30 June 2004 (%)	92.0
Book value 30 June 2004 (\$m)	26.05
Net property income 30 June 2004 (\$m)	2.62
Yield as at 30 June 2004 (%)	10.1
Annualised income at 1 July 2004 (\$m)	2.82

Financial period lease expiry

Vacancy	8%
FY05	21%
FY06	32%
FY07	13%
FY08	16%
FY09+	10%



Artist's impression

■ Wallgrove Road, Eastern Creek, NSW

Description

Upon completion in January 2005, the premises will consist of a 16,850 square metre distribution facility leased to Climate Controlled Logistics ('CCL') for 10 years.

Location

The facility is located within one kilometre of the M7 Westlink currently under construction. Eastern Creek is recognised as the premier industrial precinct of the Sydney Metropolitan area.

Zoning	Industrial
Site area (ha)	2.6
Net lettable area (m ²)	–
Date built	Under construction
Date of acquisition	March 2004
Car parking (spaces)	144
Number of buildings	1
Office content (%)	–
Valuation date	–
Valuation (\$m)	–
Capitalisation rate (%)	–
Discount rate (%)	–
Terminal yield (%)	–
Occupancy 30 June 2004 (%)	–
Book value 30 June 2004 (\$m)	5.4
Net property income 30 June 2004 (\$m)	0.11
Yield as at 30 June 2004 (%)	–
Annualised income at 1 July 2004 (\$m)	1.33

Financial period lease expiry

Vacancy	–
FY05	–
FY06	–
FY07	–
FY08	–
FY09+	100%

Car park



■ Flinders Gate, 172–189 Flinders Street, Melbourne, Victoria

Description

A 1,077-bay car park attached to two small office buildings also owned by the Trust (refer page 25).

Location

It is located centrally in the Melbourne CBD diagonally opposite Flinders Street Railway Station and directly opposite Federation Square.

Date built	1988
Date of acquisition	March 1999
Car parking (spaces)	1,077
Valuation date	September 2003
Valuation (\$m)	45.28
Capitalisation rate (%)	8.25
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	45.28
Net property income 30 June 2004 (\$m)	3.53
Yield as at 30 June 2004 (%)	7.9
Annualised income at 1 July 2004 (\$m)	3.82

Lease expiry

Kings Parking	February 2005
---------------	---------------



■ 34 – 60 Little Collins Street, Melbourne, Victoria

Description

A 960-bay, freestanding car park with a coffee shop and rental car outlet on the ground floor.

Location

It is located in the eastern core of the Melbourne CBD providing convenient access to Melbourne's premium office and entertainment precincts.

Title	Leasehold (to June 2037)
Date built	1965
Date of acquisition	November 1984
Car parking (spaces)	960
Valuation date	September 2003
Valuation (\$m)	41.5
Capitalisation rate (%)	8.5
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	41.52
Net property income 30 June 2004 (\$m)	3.56
Yield as at 30 June 2004 (%)	9
Annualised income at 1 July 2004 (\$m)	3.78

Lease expiry

Kings Parking	January 2007
---------------	--------------

■ Kent Street, 383 Kent Street, Sydney, NSW

Description

A 785-bay car park below an 18,000 square metre office tower, which is also owned by the Trust and was completed in May 2002 (refer page 22).

Location

It is located along the western corridor of the Sydney CBD and has dual street frontage with Kent and Sussex Streets.

Date of acquisition	September 1987
Car parking (spaces)	785
Valuation date	September 2003
Valuation (\$m)	40
Capitalisation rate (%)	8.75
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	39.42
Net property income 30 June 2004 (\$m)	3.87
Yield as at 30 June 2004 (%)	12.1
Annualised income at 1 July 2004 (\$m)	3.79

Lease expiry

Kings Parking	August 2006
---------------	-------------



■ Albert & Charlotte Street, Brisbane, Queensland

Description

A 669-bay freestanding car park built over six levels. Several retail facilities have been added to the street frontage in recent years.

Location

Uniquely located adjacent to office, hotel, apartment, retail and cinema facilities.

Date of acquisition	October 1984
Car parking (spaces)	669
Valuation date	September 2003
Valuation (\$m)	32
Capitalisation rate (%)	9
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	32.03
Net property income 30 June 2004 (\$m)	2.82
Yield as at 30 June 2004 (%)	8.9
Annualised income at 1 July 2004 (\$m)	2.94

Lease expiry

Wilsons Parking	June 2006
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■ 32-44 Flinders Street, Melbourne, Victoria

Description

A 530-bay car park built over 10 levels, which was constructed in 1998. It services residential and office patrons, as well as entertainment, including the MCG, Melbourne Park and Federation Square.

Location

Located at the 'Paris' end of Flinders Street with dual access to Flinders Lane.

Date built	1998
Date of acquisition	June 1998
Car parking (spaces)	530
Valuation date	September 2003
Valuation (\$m)	24.6
Capitalisation rate (%)	8.0
Occupancy 30 June 2004 (%)	100
Book value 30 June 2004 (\$m)	24.58
Net property income 30 June 2004 (\$m)	1.98
Yield as at 30 June 2004 (%)	8.9
Annualised income at 1 July 2004 (\$m)	2.07

Lease expiry

Wilsons Parking	June 2005
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Corporate governance statement

The Board and management

Role of the board of directors

DB Real Estate Australia Limited is the Responsible Entity of the Trust.

The board of directors of the Responsible Entity is responsible for the corporate governance of the Trust.

The board achieves this by ensuring the Trust is properly managed, so as to protect and enhance unitholders' interests in a manner that is consistent with the Trust's objectives and Constitution. The board conducts its role pursuant to a formal charter covering its role and its governance process in detail. The board's main functions are to:

- ensure that the fiduciary obligations to unitholders are met and that these obligations have priority over all other duties;
- review, approve and monitor the Trust's investment strategy;
- ensure the Trust's financial statements are true and fair and otherwise conform with the law;
- monitor management's investment and operational goals and processes; and
- ensure that management's risk management and compliance policies are appropriate for the Trust and are regularly monitored and appropriately acted upon.

The Trust's management team has responsibility for the day to day management of the Trust.

Role of the Trust's management team

DB Real Estate is part of Deutsche Asset Management's global real estate group. A profile of DB Real Estate is provided on page 15.

In relation to the Trust, the main functions of the DB Real Estate management team are to:

- maintain processes to ensure that the fiduciary obligations to unitholders are met and that these obligations have priority over all other duties;
- develop and implement the Trust's investment strategy;
- maintain the Trust's records and prepare the Trust's financial statements ensuring compliance with all applicable laws and regulations; and
- develop, implement, review and monitor risk management and compliance policies that are appropriate for the Trust.

The board

Board of directors

The Responsible Entity is a wholly owned subsidiary of Deutsche Bank AG. Accordingly, Deutsche Bank AG appoints the directors of the Responsible Entity's board and monitors the performance of the board. It also has a formal performance review process in place for all executives of the Responsible Entity.

Currently, the board consists of six directors, half of which are independent, including an independent chairman.

On 5 December 2003, Mr Christopher Beare was appointed Independent Chairman. In addition, during the year Mark Ford (appointed 25 May 2003) resigned on 4 December 2003, for health reasons.

The names of the directors of the Responsible Entity as at 30 June 2004 are detailed in the table below.

Directors' independence

The board comprises a majority of non-executive directors and half of its members are independent directors. Whilst this does not fully meet the recommended majority of independent directors it should be noted that this ASX corporate governance principle has its main application to listed companies and does concede that the principle may apply differently to trusts. This concession takes into account that the Responsible Entity of a trust is required to have either an independent Compliance Committee overseeing the trust's activities or a majority independent board. The Trust has an independent Compliance Committee, as well as a board of directors with an equal weighting of independent and non-independent members.

Board of Directors

Name	Status	Appointed as Director
Christopher T Beare	Chairman, Independent	25 March 2003
Stewart F Ewen	Independent Director	25 March 2003
Shaun A Mays	Executive Director & CEO	13 May 2004
William B Robinson	Independent Director	25 May 2000
Brian E Scullin	Non-Executive Director	20 December 1999
David C Shields	Executive Director	25 March 2003

The directors' profiles are detailed on pages 12 and 13 of this annual report.

Director and Compliance Committee remuneration

The directors of the board and the members of the Trust's Compliance Committee are not remunerated by the Trust. Deutsche Bank pays the directors' fees and expenses directly itself.

Independent advice

Each director and any board committee members:

- are entitled to obtain independent professional advice or other advice at the cost of the Trust, unless the board determines otherwise; and
- are entitled to obtain such resources and information from the Responsible Entity, including direct access to the management team and its advisers, as they require.

Committees

The board has established the following two ongoing board committees:

- The Compliance Committee; and
- The Property Trust Audit Committee.

The board will from time to time establish other committees it considers appropriate. The board has not established a Board Nomination Committee or Board Remuneration Committee. The board considers that at the current time it should consider these issues as a whole board and if necessary appoint a specific board committee if the need arises.

Specific details of the Property Trust Audit Committee are outlined below and the Compliance Committee is outlined on page 32.

In addition to these board committees, DB Real Estate has established a number of management committees that review the operations of the

Trust. These committees include the Executive Committee, the Portfolio Review Committee, the Compliance and Internal Audit Committee and the Environmental Risk Management Committee.

Ethical and responsible decision making

Deutsche compliance and procedures

As the Responsible Entity is part of the Deutsche Bank Group, its activities are required to comply with the Deutsche Group's established policies and procedures.

Code of conduct

The Responsible Entity is committed to ensuring that high standards of personal and corporate honesty and integrity are maintained at all times.

The Responsible Entity's policy on staff conduct is contained in a Code of Conduct policy statement and applies to all staff.

Staff trading policies

The Responsible Entity has developed a staff trading policy with the objective of preventing insider trading of the Trust's units and ensuring that the interests of the Trust take priority to that of the Responsible Entity and its staff. The Staff Trading policy applies to all staff, including the independent Directors of the Responsible Entity.

Confidential and insider information

The Responsible Entity has established policies and procedures that cover the security, use and disclosure of confidential information. These policies and procedures are designed to ensure the interests of the Trust are treated as paramount by all staff.

Safeguarding integrity of financial reporting

Property Trust Audit Committee

The board of the Responsible Entity has established an independent Audit Committee to assist in the discharge of its responsibilities in relation to the Trust and its:

- reporting of financial information to users of financial reports;
- application of accounting policies;
- financial management;
- internal control systems;
- compliance with applicable laws and regulations;
- monitoring and controlling business risk; and
- selection and ongoing monitoring of the external auditor.

The board has established a formal charter within which the Audit Committee operates. The Audit Committee meets half-yearly and at other times as required. The Committee's meetings are minuted, signed by the Chairman and tabled at the next meeting of the board.

The Committee comprises:

- William Robinson (Chairman), Independent Director
- Stewart Ewen, Independent Director
- Brian Scullin, Director

In addition, the following stakeholders are represented at Committee meetings:

- external auditor, PricewaterhouseCoopers;
- internal audit; and
- Trust management.

The Committee met twice in the year to 30 June 2004.

Corporate governance statement

Disclosure

Disclosure policy and procedure

The Responsible Entity has procedures for continuous disclosure of information to the ASX in accordance with the Listing Rules. These include the types of information that should be disclosed, timing and allocation of key responsibilities.

Risk management

The Responsible Entity has established practices and processes to identify and monitor risk associated with existing and proposed investments of the Trust. These are supported by a combination of comprehensive research and active management of the Trust's assets.

An independent internal audit function performs periodic reviews on the operation and effectiveness of the internal control environment. An independent compliance function provides advice to assist the Trust to identify, assess, monitor and manage regulatory compliance risk.

Remuneration

Specific disclosure is not required regarding directors' fees as such fees are not met by the Trust but are paid independently by the Deutsche Bank Group.

Recognition of interests of unitholders

Managed investments regime

The Trust was registered with the Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 25 October 2000.

Compliance plan

As part of its obligations under the managed investments regime, the compliance plan sets out measures that the Responsible Entity will apply in operating the Trust to ensure compliance with the Corporations Act 2001 and the Constitution.

Compliance Committee

The Responsible Entity has established an independent Compliance Committee under the provisions of the Corporations Act 2001. The functions of the Compliance Committee are:

- (a) to monitor adherence to the Trust's compliance plan and to report its findings to the board;
- (b) to report to the board any breach of the Corporations Act or the Trust's Constitution;
- (c) to report to ASIC if the Responsible Entity fails to take appropriate action following certain breaches; and
- (d) to assess at regular intervals whether the compliance plan is adequate.

The Compliance Committee reports to the board following each committee meeting.

The members of the Compliance Committee are:

William Robinson (Chairman)
Independent Member

William Robinson is an Independent Director of the Responsible Entity. His profile is on page 13.

Andy Esteban
Independent Member

Andy Esteban is a consultant with over 25 years in the financial services industry. He also has extensive risk management and compliance experience in the funds management industry. He holds a Bachelor of Business degree, majoring in Accounting with a specialisation in Law. He is an Associate of the Australian Society of CPAs.

Peter Carrigy-Ryan
Independent Member

Peter Carrigy-Ryan is a legal and risk consultant who was Company Secretary and General Counsel for Commonwealth Funds Management Limited for eight years until 1994. He has an extensive risk management and compliance background.

Phillip Maher
Deutsche Asset Management (Australia) Limited
Executive Member

Phillip Maher is the Chief Legal Officer of Deutsche Asset Management (Australia) Limited. He has more than 20 years of experience in financial services.

Custodian

Perpetual Trustee Company Limited was appointed to act in the capacity of custodian to the scheme's assets.

Financial statements

For the financial year ended 30 June 2004

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Directors' report

For the financial year ended 30 June 2004

The directors of DB Real Estate Australia Limited as Responsible Entity of Deutsche Diversified Trust ('the Trust') present their report together with the financial report of the Trust for the year ended 30 June 2004.

Directors

The following persons were directors of DB Real Estate Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

C T Beare BSc, BE (Hons), MBA, PhD, FAICD ¹

S F Ewen F.I.L.E. ^{1,2}

M H Ford Dip Tech (Comm), ACA, FAICD

Resigned 4 December 2003

S A Mays BSc (Hons) II(i), MSc, MBA

Appointed 13 May 2004

W B Robinson ABIA AASA ^{1,2,3}

B E Scullin BEc ²

D C Shields BE(Hons), MBA

R C Youngman BCom, MBA, ASIA

Resigned 13 May 2004

¹ Independent Director

² Audit Committee member

³ Compliance Committee member

No directors held an interest in the Trust as at 30 June 2004.

Principal activities

During the year the principal continuing activities of the Trust consisted of investment in retail, office, industrial and car park properties.

Distributions

Distributions totalling \$90,403,000 (2003 \$88,097,000) were paid or are payable by the Trust for the year ended 30 June 2004. The date of payment of the final distribution for the year ended 30 June 2004 is Thursday, 26 August 2004. Further information regarding the distributions is contained in the notes to the financial statements.

Review of operations

A review of the results, operations and likely developments of the Trust are contained in the Responsible Entity's report on pages 5 to 11 of the annual report.

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the year ended 30 June 2004, apart from those outlined below.

Change in calculation of Responsible Entity fee

As at 1 October 2003, the calculation of the Responsible Entity fee was changed from 0.31% of gross assets plus 3.1% of gross income to a base fee of 0.45% of gross assets with the introduction of an additional performance based component, refer Note 2 of the financial statements for details.

Matters subsequent to the end of the financial year

On 4 August 2004, DB Real Estate Australia Limited, as Responsible Entity for the Trust, and Deutsche Asset Management (Australia) Limited, as Responsible Entity for Deutsche Industrial Trust (DIT), and Deutsche Office Trust (DOT) announced a proposal to:

- staple the Trust, DIT, DOT and a new trading trust;
- partially internalise the management platform;
- acquire a US industrial property portfolio; and
- invest in Deutsche Wholesale Property Fund.

This proposal is subject to the approval of unitholders in the Trust, DIT and DOT.

The Trust and DIT have executed a Subsequent Agreement and each provided \$US2.5 million to pay the \$US5 million non-refundable deposit for the acquisition of a US industrial property portfolio.

Directors' report

For the financial year ended 30 June 2004

Sale and acquisition agreement with Westfield Group

On 4 August 2004, DB Real Estate Australia Limited, as the Responsible Entity of the Trust, entered into sale and acquisition agreements resulting in ownership of a 50% interest in \$1.45 billion portfolio of retail properties, to be jointly owned with the Westfield Group (ASX:WDC).

Agreements entered into resulted in:

- the Trust selling to Westfield a 50% interest in Whitford City Shopping Centre in Perth, Western Australia, for \$184.5 million at a property yield of 7.0%, and a 50% interest in an adjacent bulky goods property for \$8.0 million at a property yield of 9.0%.
- the Trust selling to Westfield a 50% interest in West Lakes Mall in Adelaide, South Australia, for \$122.5 million, at a property yield of 7.4%.
- the Trust selling to Westfield a 50% interest in Plenty Valley Town Centre in Melbourne, Victoria, for \$10.25 million and a 50% interest in the adjacent parcel of land for \$8.75 million.
- the Trust acquiring from Westfield a 50% interest in Westfield North Lakes shopping centre and adjacent land in Brisbane, Queensland, for \$61 million.
- the Trust being able to acquire (pursuant to put and call arrangements) from SAS Trustee Corporation (SAS) a 50% interest in Westfield Mount Druitt in Sydney, New South Wales, for \$132.5 million.
- the Trust being able to acquire (pursuant to put and call arrangements) from SAS Trustee Corporation (SAS) a 50% interest in Westfield Hurstville in Sydney, New South Wales at a valuation price to be determined on exercise of the option. This is estimated to be in the range of \$215 million to \$220 million.

Settlement of Westfield North Lakes, Whitford and Plenty Valley is anticipated to take place on 20 August 2004. Settlement of Mount Druitt is anticipated to be achieved by early September 2004. West Lakes and Westfield Hurstville are anticipated to settle on 31 March 2005 in line with the anticipated completion of the current development at West Lakes.

The Trust and Westfield will each have pre-emptive rights over each owner's interest for each asset. All sales are unconditional and all acquisitions are subject to FIRB approval which is anticipated pre settlement.

Since the end of the year, other than the matters discussed above, the directors of the Responsible Entity have not become 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.

Likely developments and expected results of operations

Information as to the likely developments in operations and the expected result of these operations has not been included because the directors believe it is likely to result in unreasonable prejudice to the Trust.

Interest in the Trust

The movement in units on issue in the Trust during the year is set out below:

	Note	2004 No. of units	2003 No. of units
Units on issue at 1 July		951,443,626	940,459,657
Units issued during the year		26,862,822	5,402,288
Units redeemed during the year		—	—
Distribution reinvested		18,306,538	5,581,681
Units on issue at 30 June	15	996,612,986	951,443,626
		2004	2003
		\$000	\$000
Value of assets at 30 June		1,707,025	1,594,166

The value of the Trust's assets is derived using the basis set out in Note 1 to the financial statements.

Directors' report

For the financial year ended 30 June 2004

Environmental regulation

The directors of the Responsible Entity are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with the various licence requirements and regulations. Further, the directors are not aware of any breaches of these requirements and to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.

Responsible Entity and associate interests

Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in Note 21 to the financial statements. No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 21 to the financial statements.

The number of employees of the Trust during the reporting period was nil (2003: nil).

Management expense ratio (MER)

The MER of the Trust for the past two years is shown in the following table. The MER figures include the expenses incurred directly and indirectly by the Trust:

	MER %
2004	0.60
2003	0.69

Monthly average gross assets is used to calculate the MER.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in relation to insurance cover of the directors and officers of the Responsible Entity or the auditors of the Trust. As long as the officers of DB Real Estate Australia Limited act in accordance with the Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

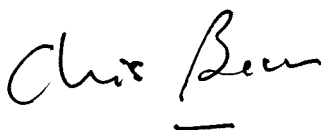
Rounding of amounts

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, unless otherwise indicated.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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



Christopher T Beare
Chairman

Sydney
25 August 2004

Financial statements

For the financial year ended 30 June 2004

Statements of financial performance

	Notes	2004 \$'000	2003 \$'000
Revenue from ordinary activities			
Property income	3	161,814	154,580
Interest income		437	409
Proceeds from sale of investment properties	5	51,760	—
Total revenue from ordinary activities		214,011	154,989
Expenses from ordinary activities			
Property expenses		(43,016)	(39,135)
Responsible Entity fees	21	(8,693)	(9,394)
Borrowing costs expense	5	(17,836)	(18,075)
Other expenses from ordinary activities	5	(1,126)	(760)
Book value of property investments sold	5	(52,506)	—
Total expenses from ordinary activities		(123,177)	(67,364)
Net Profit	16	90,834	87,625
Increase in asset revaluation reserve	16	7,698	51,123
Total revenues, expenses and valuation adjustments attributable to members of Deutsche Diversified Trust recognised directly in equity		7,698	51,123
Total changes in equity other than those resulting from transactions with unitholders as owners		98,532	138,748
		Cents	Cents
Basic earnings – cents per unit	27	9.39	9.26
Diluted earnings – cents per unit	27	9.39	9.26

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

		2004 \$'000	2003 \$'000
Distribution			
Net profit		90,834	87,625
Movement in undistributed income		(1,485)	(7,943)
Transfer from capital profits reserve		—	8,415
Transfer from reserves – offset loss on disposal – Powers Road		1,054	—
Transfer from reserves – realised loss on disposal – Carnarvon Street		(7,082)	—
Transfer from reserves – offset realised loss on disposal – Carnarvon Street		7,082	—
Distribution paid and payable	16,17	90,403	88,097
Distribution paid/payable – cents per unit			
		Cents	Cents
Ordinary units	17	9.30	9.30

Financial statements

For the financial year ended 30 June 2004

Statements of financial position

	Notes	2004 \$'000	2003 \$'000
CURRENT ASSETS			
Cash assets		2,487	1,375
Receivables	6	11,352	12,591
Property sale proceeds receivable		51,760	—
Investment properties	7	—	21,446
Other	8	4,394	3,804
Total current assets		69,993	39,216
NON-CURRENT ASSETS			
Investment properties	7	1,635,508	1,553,886
Other	9	1,524	1,064
Total non-current assets		1,637,032	1,554,950
Total assets		1,707,025	1,594,166
CURRENT LIABILITIES			
Payables	10	14,869	6,638
Provisions	11	23,171	22,359
Interest bearing liabilities	12	474,200	55,800
Total current liabilities		512,240	84,797
NON-CURRENT LIABILITIES			
Interest bearing liabilities	13	—	375,000
Other	14	585	278
Total non-current liabilities		585	375,278
Total liabilities		512,825	460,075
Net assets		1,194,200	1,134,091
EQUITY			
Contributed equity	15	1,028,028	976,048
Reserves	16	153,961	147,317
Undistributed income	16	12,211	10,726
Total equity		1,194,200	1,134,091

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

Financial statements

For the financial year ended 30 June 2004

Statements of cash flows

	Notes	2004 \$'000	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		162,103	157,115
Payments in the course of operations		(61,047)	(68,750)
Interest received		437	409
Net cash inflow from operating activities	25	101,493	88,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure on investment properties		(72,417)	(114,545)
Payments for investment properties		(5,266)	(21,448)
Net cash outflow from investing activities		(77,683)	(135,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowing costs paid		(28,487)	(20,349)
Proceeds from issue of units	15	30,869	6,159
Establishment expenses and unit issue costs		—	(64)
Proceeds from borrowings		97,385	151,255
Repayment of borrowings		(53,986)	(20,455)
Distributions paid		(68,479)	(80,891)
Net cash (outflow)/inflow from financing activities		(22,698)	35,655
Net increase/(decrease) in cash held		1,112	(11,564)
Cash at the beginning of the year		1,375	12,939
Cash at the end of the year		2,487	1,375

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

Notes to the financial statements

For the financial year ended 30 June 2004

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's Constitution, Australian 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's 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) Revenue recognition

Rent

Rent is brought to account on an accruals basis and, if not received at 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 accordance 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.

(c) Expenses

Expenses are brought to account on an accruals basis and, if not paid at the balance date, are reflected in the statements of financial position as a payable.

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 that take a substantial period of time 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 that 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.

(d) GST

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

(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.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 1. Summary of significant accounting policies (continued)

(f) Distributions

In accordance with the Trust Constitution, the Trust fully distributes its distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the accounting and taxable income of the Trust.

The distributions are payable quarterly.

(g) 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(k). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(h) Derivatives and other financial instruments

The Trust's activities expose it to changes in interest rates. There are policies and limits approved by the board of directors of the Responsible Entity in respect of the usage of derivatives and other financial instruments to hedge those cash flows which are subject to interest rate risks. In conjunction with its advisers, the Responsible Entity continually reviews the Trust's exposures and updates its treasury policies and procedures. The Trust does not trade in derivative instruments for speculative purposes.

Changes in the net market values of hedging instruments are matched and brought to account with the carrying values and income streams of the underlying assets or liabilities.

The accounting policies adopted in relation to material financial instruments are detailed below:

Bank loans, commercial paper and medium-term notes

Bank loans, commercial paper and medium-term notes are carried at fair value at the time of acquisition. Interest is brought to account on an accruals basis.

Interest rate swaps

The Trust enters into interest swap agreements with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Net receipts and payments in relation to interest rate swaps are recognised in the statements of financial performance on an accruals basis over the life of the hedges, (refer Note 18).

(i) 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.

(j) Receivables

Rental debtors to be settled within 30 days are carried at amounts due. Rental debts are assessed at balance date and provision is made for any doubtful accounts.

(k) 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.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 1. Summary of significant accounting policies (continued)

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. Any related balance remaining in the asset revaluation reserve at the time of disposal is transferred to undistributed income.

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.

(l) 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.

(m) 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 Trust's 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 valuations.

(n) Payables

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.

(o) Earnings per unit

Basic and diluted earnings per unit are 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.

(p) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to International Accounting Standards Board interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ended 31 December 2005 and the year ended 30 June 2006.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 1. Summary of significant accounting policies (continued)

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Responsible Entity has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. In some cases choices of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following:

Investment properties

Changes in the fair values of investment properties will be adjusted through the statements of financial performance rather than through the asset revaluation reserve of the statements of financial position. Certain real estate investments currently classified as investment properties, such as properties under construction, may not meet the IFRS definition of investment property. Therefore a separate class of assets may be shown on the face of the statements of financial position.

Financial instruments

All interest rate and foreign currency derivatives will be recognised at fair value in the statements of financial position, with changes in fair value during the period recognised in the statements of financial performance, or, if classified as a cash flow hedge, and proven to be 100% effective, deferred in equity in a hedging reserve.

These two changes should not be regarded as the only changes in accounting policies that will result from the transition to IFRS, as not all standards have been analysed and regulatory bodies have significant ongoing projects that could affect the differences between Australian Generally Accepted Accounting Principles and IFRS. For these reasons, it is not yet possible to accurately quantify the impact of the transition to IFRS on the forecast financial information.

Note 2. Individually significant items

Responsible Entity fees

DB Real Estate Australia Limited, as Responsible Entity of the Trust, is entitled to fees under the Constitution of 0.31% of gross assets plus 3.10% of gross income. As at 1 October 2003, the Responsible Entity announced that its entitlement to the fee permitted under the Constitution would be determined as follows:

Base fee

A base fee of 0.45% of gross assets, calculated and paid monthly.

Performance fees

Where the Trust outperforms the ASX/S&P 200 Property Accumulation Index ('the Benchmark') the Responsible Entity will be entitled to receive a performance fee, calculated and paid in December and June of each year, equal to:

- 5% of the out-performance up to 2.0% over the Benchmark.
- 15% of the out-performance greater than 2.0% over the Benchmark.

Performance fee payments to the Responsible Entity will be reduced to the level permitted by the Constitution to the extent that the sum of:

- the base fee;
- the performance fee for the period; and
- the performance fee (under or over) carried forward

exceeds the fee permitted by the Constitution. This excess will be carried forward when determining the performance fee payable in the subsequent period.

If the Trust under performs the Benchmark, the whole of the under performance will offset any performance fee entitlement brought forward from a previous period. Any excess under performance will be carried forward when determining the performance fee payable in the subsequent period.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 2. Individually significant items (continued)

For the year ended 30 June 2004

For the year ended 30 June 2004, total Responsible Entity fees paid equated to \$8,693,380.

	2004
Responsible Entity fee for the three months to 30 September 2003	2,458,000
Base fee for the nine months to 30 June 2004	5,612,380
Performance fee for the three months to 31 December 2003	623,000
Performance fee for the six months to 30 June 2004	—
	8,693,380

For the nine months to 30 June 2004, the performance fee was determined as follows:

- The Trust's performance equated to 18.18%, underperforming the Benchmark return of 21.29%. Trust performance was determined as the 10-day volume weighted average price ('VWAP') up to 30 June 2004, less the 10 day VWAP commencing 1 October 2004, plus \$0.02325 (June 2004 income distribution), multiplied by units on issue at 1 January 2004.
- Underperformance fee for nine month period to 30 June 2004 was (\$2,827,715).
- Performance fee paid December 2003 for overperformance \$623,000.
- Underperformance fee to be carried forward to offset future performance (\$3,450,715).

Note 3. Property income

	2004	2003
	\$'000	\$'000
Rent and recoverable outgoings	161,065	153,703
Other income	749	877
Total property income	161,814	154,580

Note 4. Remuneration of auditors

	2004	2003
	\$'000	\$'000

During the year the auditor of the parent entity and its related practices earned the following remuneration:

PricewaterhouseCoopers

Audit of financial reports of the entity or any entity in the consolidated entity	87,900	84,032
Other assurance services	4,375	—
Taxation services	34,050	9,235
Total remuneration	126,325	93,267

Notes to the financial statements

For the financial year ended 30 June 2004

Note 5 (a). Other expenses from ordinary activities

	Note	2004 \$'000	2003 \$'000
Auditor's remuneration	4	126	93
Custodian fees		146	170
Legal and other professional fees		229	37
Bad and doubtful debts		23	—
Registry costs and listing fees		206	188
Other expenses		396	272
Total other expenses from ordinary activities		1,126	760

Note 5 (b). Borrowing costs

	2004 \$'000	2003 \$'000
Interest paid/payable	29,216	22,827
Amount capitalised	(11,380)	(4,752)
Borrowing costs expense	17,836	18,075

Note 5 (c). Gain/(loss) on sale of investments

	2004 \$'000	2003 \$'000
Proceeds on sale of investment properties	51,760	—
Book value of investment properties sold	(52,506)	—
Net gain/(loss) on sale of investment properties	(746)	—

Note 6. Current assets – receivables

	2004 \$'000	2003 \$'000
Rent receivable	7,741	8,194
Less: Provision for doubtful debts	(479)	(495)
Total rental receivables	7,262	7,699
Goods and Services Tax (GST) receivable	—	126
Other receivables	4,090	4,877
Total other receivables	4,090	5,003
Total current assets – receivables	11,352	12,702

Notes to the financial statements

For the financial year ended 30 June 2004

Note 7 (a). Current assets – investment properties

Property	Acquisition date
Industrial	
75 Carnarvon Street, Silverwater, NSW	Jul 1997
Total industrial properties	
Total investment properties – current	

Note 7 (b). Non-current assets – investment properties

Retail	
Whitford City Shopping Centre Marmion & Whitfords Avenue, Hillarys, WA	Oct 1984
Whitfords Avenue Lot 6 Endeavour Road, Hillarys, WA	Dec 1992
West Lakes Shopping Centre West Lakes, SA	Nov 1998
Plenty Valley Town Centre 330–464 McDonalds Road, South Morang, Vic	Nov 1999
Total retail properties	
Industrial	
Redwood Gardens Industrial Estate Stages 3,5,6 & 7 and Lot 4, Dingley, Vic	Dec 1994
Kings Park Industrial Estate Bowmans Road, Marayong, NSW	May 1990
Target Distribution Centre Lot 1, Taras Avenue, Altona North, Vic	Oct 1995
Axxess Corporate Park 164–180 Forster Road, 11 & 21–45 Gilby Road, 307–355 Ferntree Gully Road, Mount Waverley, Vic	Oct 1996
Knoxfield Industrial Estate 20 Henderson Road, Knoxfield, Vic	Aug 1996
12 Frederick Street, St Leonards, NSW	Jul 2000
Axxess Corporate Park Powers & Station Road, Seven Hills, NSW	Jul 2000
40 Talavera Road, North Ryde, NSW	Oct 2002
Wallgrove Road, Eastern Creek, NSW	Mar 2004
Total industrial properties	
Car parks	
Albert & Charlotte Streets Carpark, Brisbane, Qld	Oct 1984
34–60 Little Collins Street, Melbourne, Vic **	Nov 1984
32–44 Flinders Street, Melbourne, Vic	Jun 1998
Flinders Gate Complex (including air development rights) 172 Flinders Street, Melbourne, Vic	Mar 1999
383–395 Kent Street, Sydney, NSW	Sep 1987
Total car park properties	
Offices	
44 Market Street, Sydney, NSW	Sep 1987
8 Nicholson Street, Melbourne, Vic	Nov 1993
Ferguson Centre 130 George Street, Parramatta, NSW	May 1997
Flinders Gate Complex 172 Flinders Street and 189 Flinders Lane, Melbourne, Vic	Mar 1999
1 Chifley Square, Sydney, NSW	Jul 2000
144 Edward Street, Brisbane, Qld	Jul 2000
383–395 Kent Street, Sydney, NSW	Sep 1987
14 Moore Street, Canberra, ACT **	May 2002
Total office properties	
Other	
John Martin's Carpark and Retail Plaza Joint Venture (0.7% ownership)	Sep 1994
Total non-current investment properties	
Total investment properties	

The title to all properties is freehold (all wholly owned) with the exception of properties marked ** which are leasehold.

Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 Jun 2004 \$'000	Consolidated book value 30 Jun 2003 \$'000
—	Mar 02	21,000	(f)	—	21,446
—		21,000		—	21,446
—		21,000		—	21,446
249,417	Jun 03	306,750	(f)	338,372	306,750
10,927	Jun 03	15,800	(f)	15,837	15,800
198,270	Jun 03	172,000	(f)	207,887	172,000
30,929	Jun 03	32,000	(e)	35,152	32,000
489,543		526,550		597,248	526,550
29,578	Jun 03	29,000	(a)	29,478	29,000
67,335	Jun 03	64,300	(f)	66,294	64,300
25,428	Sep 03	31,900	(d)	31,907	31,137
89,638	Jun 03	89,000	(d)	91,342	89,000
30,021	Sep 03	31,250	(f)	31,800	32,461
24,829	Jun 03	26,000	(f)	26,046	26,000
15,559	Jul 00	8,650	(a)	15,730	41,738
29,509	May 02	22,900	(d)	29,509	27,629
5,399				5,399	
317,296		303,000		327,505	341,265
13,775	Sep 03	32,000	(e)	32,032	31,677
16,164	Sep 03	41,500	(h)	41,522	39,580
21,239	Sep 03	24,600	(h)	24,575	22,372
47,043	Sep 03	45,275	(h)	45,275	44,615
30,257	Sep 03	40,000	(a)	39,420	32,039
128,478		183,375		182,824	170,283
156,235	Jun 03	144,000	(a)	145,078	144,000
66,224	Jun 03	82,000	(h)	82,499	82,000
56,767	Jun 03	43,800	(b)	44,539	43,800
13,554	Sep 03	15,500	(h)	15,508	14,408
53,849	Mar 01	37,300	(e)	59,848	52,131
45,016	Sep 03	40,000	(e)	40,529	40,587
102,327	Sep 03	104,000	(a)	102,649	101,666
37,181	Apr 02	34,500	(a)	37,181	37,096
531,153		501,100		527,831	515,688
100	—	—		100	100
1,466,570		1,514,025		1,635,508	1,553,886
1,466,570		1,535,025		1,635,508	1,575,332

Notes to the financial statements

For the financial year ended 30 June 2004

Note. 7(c). Current and non-current assets – investment properties

Valuer

- (a) CB Richard Ellis
- (b) Colliers International
- (c) Fitzroys
- (d) FPD Savills
- (e) Jones Lang Lasalle
- (f) Knight Frank
- (g) Landmark White
- (h) M3 Property

Reconciliation

	Note	2004 \$'000	2003 \$'000
Carrying amount at the beginning of the year		1,575,332	1,383,896
Additions		106,038	140,313
Disposals		(52,506)	—
Revaluation increments	16	6,644	51,123
Carrying amount at the end of the year		1,635,508	1,575,332

Disposals

Carnarvon Street, Silverwater, NSW

In July 2003 an option deed was signed with Harvey Norman for the sale of 75 Carnarvon Street, Silverwater, NSW.

Settlement is expected in August 2004 for consideration of \$22 million. The cost of the property was \$28.9 million. The option deed was exercised on 18 June 2004 and the property was exchanged. The sale of this property is now unconditional and as a result has been booked as a disposal as at 30 June 2004.

Powers Road, Seven Hills, NSW

In October 2003 the property was sold for consideration of \$29.76 million plus a deferred settlement fee of up to \$2.48 million. The cost of the property was \$30.81 million.

Station Road, Seven Hills, NSW

In November 2003, nine of eleven subdivided lots of this property were sold. The property is carried at cost in the books of the Trust at \$15.73 million. Sales are conditional upon development works being completed by the Trust, and as such this transaction has not been booked in the financial statements at 30 June 2004.

Note 8. Current assets – other

	2004 \$'000	2003 \$'000
Prepayments	3,787	3,257
Capitalised lease incentives	247	94
Capitalised leasing fees	360	453
Total current assets – other	4,394	3,804

Note 9. Non-current assets – other

	2004 \$'000	2003 \$'000
Capitalised lease incentives	472	334
Capitalised leasing fees	469	452
Tenant and other bonds	583	278
Total non-current assets – other	1,524	1,064

Notes to the financial statements

For the financial year ended 30 June 2004

Note 10. Current liabilities – payables

	2004	2003
	\$'000	\$'000
Trade creditors	2,822	2,186
Accrued interest	2,766	2,038
Option fee received – Chifley Square	6,000	—
Accrued capital expenditure	1,700	682
Accruals	282	330
Prepaid income	509	544
Responsible Entity fee payable	641	858
Goods and Services Tax (GST) payable	149	—
Total current liabilities – payables	14,869	6,638

Note 11. Current liabilities – provisions

	2004	2003
	\$'000	\$'000
Provision for distribution	23,171	22,359
Total current liabilities – provisions	23,171	22,359

Note 12. Current liabilities – interest bearing liabilities

	2004	2003
	\$'000	\$'000
Unsecured		
Bank loans	349,200	55,800
Medium-term notes (MTN)	125,000	—
Total unsecured	474,200	55,800
Total current liabilities - interest bearing liabilities	474,200	55,800

Medium-term note facilities are set to expire on 15 September 2004, however this facility will 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 grant security over its assets.

Financing arrangements

	2004	2003
	\$'000	\$'000
Unrestricted access was available at balance date to the following lines of credit:		
Borrowing facilities		
Bank loan	400,000	350,000
Medium-term notes	125,000	125,000
Used at balance date	(474,200)	(430,800)
Unused at balance date	50,800	44,200

Note 13. Non-current liabilities – interest bearing liabilities

	2004	2003
	\$'000	\$'000
Unsecured		
Bank loans	—	250,000
Medium-term notes	—	125,000
Total unsecured	—	375,000
Total non-current liabilities – interest bearing liabilities	—	375,000

Notes to the financial statements

For the financial year ended 30 June 2004

Note 14. Non-current liabilities – other

	2004	2003
	\$'000	\$'000
Tenant and other bonds	585	278
Total non-current liabilities – other	585	278

Note 15. Contributed equity

	2004	2003
	\$'000	\$'000
(a) Value of units on issue		
Opening balance	976,048	963,477
Placement of units	30,869	6,159
Cost of placement of units	—	(64)
Cost of distributions reinvested	—	—
Distributions reinvested	21,111	6,476
Closing balance	1,028,028	976,048

	2004	2003
	No. of units	No. of units
(b) Number of units on issue		
Opening balance	951,443,626	940,459,657
Placement of units	26,862,822	5,402,288
Distributions reinvested	18,306,538	5,581,681
Closing balance	996,612,986	951,443,626

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.

Distribution reinvestment plan (DRP)

The Trust has established a distribution reinvestment plan under which holders of ordinary units may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary units rather than by being paid in cash. Units were issued to existing unitholders under the DRP plan in relation to distributions for the June 2003, December 2003 and March 2004 quarters. Units will be issued under the DRP for the June 2004 quarter, in August 2004.

- On 26 August 2003, 6,025,432 units were issued at a unit price of \$1.1639.
- On 26 February 2004, 5,191,605 units were issued at a unit price of \$1.1550.
- On 27 May 2004, 7,089,501 units were issued at a unit price of \$1.1427.

Placement of units

Quarterly distributions for the December 2003 and March 2004 quarters were underwritten, to the extent existing unitholders did not elect to participate in the DRP.

- On 26 February 2004, 14,080,655 units were issued at a unit price of \$1.1550.
- On 27 May 2004, 12,782,167 units were issued at a unit price of \$1.1427.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 16. Reserves and undistributed income

	2004 \$'000	2003 \$'000
(a) Reserves		
Asset revaluation reserve	153,961	147,317
Total reserves	153,961	147,317
Movements:		
Asset revaluation reserve		
Opening balance	147,317	96,194
Increment on revaluation of investment properties	7,698	51,123
Transfer to undistributed income – offset loss on sale – Powers Road ¹	(1,054)	—
Transfer to undistributed income – loss on sale – Carnarvon Street ²	7,082	—
Transfer to undistributed income – offset loss on sale – Carnarvon Street ³	(7,082)	—
Total movement in asset revaluation reserve	6,644	51,123
Closing balance	153,961	147,317

1 Transfer to undistributed income to offset capital loss on disposal of Powers Road, Seven Hills property.

2 Transfer to undistributed income, capital loss on disposal of Carnarvon Street, Silverwater property.

3 Transfer to undistributed income to offset capital loss on disposal of Carnarvon Street, Silverwater property.

(b) Nature and purpose of reserve

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(k).

	2004 \$'000	2003 \$'000
(c) Undistributed income		
Undistributed income at the beginning of the year	10,726	2,783
Net profit	90,834	87,625
Transfer from capital profit reserve	—	8,415
Transfer from asset revaluation reserve – offset loss on disposal – Powers Road ¹	1,054	—
Transfer from asset revaluation reserve – loss on disposal – Carnarvon Street ²	(7,082)	—
Transfer from asset revaluation reserve – offset loss on disposal – Carnarvon Street ³	7,082	—
Distributions provided for or paid	(90,403)	(88,097)
Undistributed income at the end of the year	12,211	10,726

1 Transfer from asset revaluation reserve to offset capital loss on disposal of Powers Road, Seven Hills property.

2 Transfer from asset revaluation reserve capital loss on disposal of Carnarvon Street, Silverwater property.

3 Transfer from asset revaluation reserve to offset capital loss on disposal of Carnarvon Street, Silverwater property.

Note 17. Distribution paid and payable

	2004 \$'000	2003 \$'000
The distributions were paid/payable as follows:		
30 September paid (paid 27 November 2003)	22,261	21,755
31 December paid (paid 26 February 2004)	22,261	21,755
31 March paid (paid 27 May 2004)	22,710	22,228
30 June final payable (payable 26 August 2004)	23,171	22,359
Total	90,403	88,097

Notes to the financial statements

For the financial year ended 30 June 2004

Note 17. Distribution paid and payable (continued)

	2004	2003
	Cents per unit	Cents per unit
Distribution paid/payable cents per unit		
30 September paid – Ordinary units	2.325	2.300
31 December paid – Ordinary units	2.325	2.300
31 March paid – Ordinary units	2.325	2.350
30 June final paid/payable – Ordinary units	2.325	2.350
Total	9.300	9.300

Note 18. 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 statements 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, Westpac Banking Corporation, National Australia Bank, Deutsche Bank and HSBC.

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 18(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 value.

Off-balance sheet financial instruments

As at 30 June 2004, the net fair value of financial assets/(liabilities) arising from interest rate swap agreements was \$2,066,881 (2003: (\$9,818,848)).

These amounts represent the potential asset/(liability) of the Trust if existing swap agreements as at 30 June 2004 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.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 18. 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:

2004

Fixed interest maturing in:

	Note	Floating interest rate	1 year or less	Over 1 and less than 5 years	More than 5 years	Non- interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash assets		2,487	—	—	—	—	2,487
Receivables		—	—	—	—	63,112	63,112
Other		—	—	—	—	5,918	5,918
Total		2,487	—	—	—	69,030	71,517
Weighted average interest rate		4.00%					
Financial liabilities							
Payables	10	—	—	—	—	14,869	14,869
Provision for distribution	11	—	—	—	—	23,171	23,171
Other		—	—	—	—	585	585
Interest bearing liabilities	12	374,200	100,000	—	—	—	474,200
Interest rate swaps		(280,000)	(100,000)	380,000	—	—	—
Total		94,200	—	380,000	—	38,625	512,825
Weighted average interest rate (including swaps)		6.19%					
Net financial (liabilities)/assets		(91,713)	—	380,000	—	30,405	(441,308)

2003

Financial assets							
Cash assets		1,264	—	—	—	—	1,264
Receivables	6	—	—	—	—	12,702	12,702
Total		1,264	—	—	—	12,702	13,966
Weighted average interest rate		4.00%					
Financial liabilities							
Payables	10	—	—	—	—	6,372	6,372
Provision for distribution	11	—	—	—	—	22,359	22,359
Other		—	—	—	—	—	—
Interest bearing liabilities	12	330,800	—	100,000	—	—	430,800
Interest rate swaps		(280,000)	—	280,000	—	—	—
Total		50,800	—	380,000	—	28,731	459,531
Weighted average interest rate (including swaps)		6.18%					
Net financial (liabilities)/assets		(49,536)	380,000	(380,000)	—	(16,029)	(445,565)

Notes to the financial statements

For the financial year ended 30 June 2004

Note 19. Contingent liabilities

The directors of the Responsible Entity are not aware of any matters in relation to the Trust, other than those disclosed in the financial statements, which should be brought to the attention of unitholders as at the date of completion of this report.

Powers Road, Seven Hills

Ford Land Company Pty Limited has commenced proceedings against the Responsible Entity in the Supreme Court of NSW, seeking judgement in the sum of \$3.45 million plus costs, in relation to a rezoning fee payable on the development of the property. The Responsible Entity has received advice that Ford Land Pty Limited is not entitled to payment of the rezoning fee. Proceedings are to be heard in the Supreme Court in October 2004.

Note 20. Commitments for expenditure

	2004 \$'000	2003 \$'000
Capital commitments		
The following amounts represent capital expenditure on investment properties contracted for at the reporting date but not recognised as liabilities payable.		
Capital expenditure commitments in relation to development works not longer than one year:		
Westlakes Shopping Centre, Adelaide, SA	28,900	43,000
Kings Park Industrial Estate, Kings Park, NSW	1,100	—
Wallgrove Road, Eastern Creek, NSW	17,600	—
Whitford City, Joondalup, WA	—	23,650
Chifley Square, Sydney, NSW	—	2,700
Axxess Corporate Park, Seven Hills, NSW	—	1,800
Axxess Corporate Park, Mount Waverley, Vic	4,500	1,465
	52,100	72,615
Later than one year but not later than five years	—	15,000
Later than five years	—	—
Total capital commitments	52,100	87,615

Note 21. Related parties

Responsible Entity

The Responsible Entity of the Deutsche Diversified Trust is DB Real Estate 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 DB Real Estate Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

C T Beare BSc, BE (Hons), MBA, PhD, FAICD ¹

S F Ewen F.I.L.E. ^{1,2}

M H Ford Dip Tech (Comm), ACA, FAICD

Resigned 4 December 2003

S A Mays BSc (Hons) II(i), MSc, MBA

Appointed 13 May 2004

W B Robinson ABIA AASA ^{1,2,3}

B E Scullin BEc ²

D C Shields BE(Hons), MBA

R C Youngman BCom, MBA, ASIA

Resigned 13 May 2004

¹ Independent Director

² Audit Committee Member

³ Compliance Committee Member

No directors held an interest in the Trust as at 30 June 2004.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 21. Related parties (continued)

Responsible Entity fees

Under the terms of the Trust Constitution, the Responsible Entity is entitled to receive fees in relation to the management of the Trust, (refer Note 2).

Unitholdings

DB Real Estate Australia Limited and its related parties, schemes and portfolios managed by DB Real Estate Australia Limited and its related parties, held 48,189,519 units (2003: 807,298) in the Trust.

Investments

The Trust has no investments in the Responsible Entity or its affiliates or any Trusts managed by DB Real Estate Australia Limited or its affiliates.

Deutsche Bank AG

Deutsche Bank AG is the ultimate parent company of the Responsible Entity, DB Real Estate Australia Limited.

There were a number of transactions and balances between Deutsche Diversified Trust and the Responsible Entity and related entities as detailed below:

	Note	2004 \$'000	2003 \$'000
Responsible Entity fees paid	2	8,053	8,536
Responsible Entity fees payable		640	858
Interest and financing fees paid to Deutsche Bank		7,345	5,224
Interest and financing fees payable to Deutsche Bank		288	1,642

Note 22. Leases

Leasing Arrangements

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

The Trust has a commitment for ground rent payable in respect of a leasehold property included in property investments. An amount of \$290,356 was paid in respect of the year ended 30 June 2004 (2003: \$290,356). This commitment was reviewed in 2003 and annual lease payments were increased by a CPI factor as per the lease agreement. This commitment is next subject for review in 2012 and expires in 2037.

Non-cancellable operating lease	2004 \$'000	2003 \$'000
– Not longer than one year	290	290
– Longer than one year but not longer than five years	1,162	1,162
– Longer than five years	8,130	8,420
	9,582	9,872

No provisions have been recognised in respect of non-cancellable operating leases.

Note 23. Events occurring after reporting date

On 4 August 2004, DB Real Estate Australia Limited, as Responsible Entity for the Trust, and Deutsche Asset Management (Australia) Limited, as Responsible Entity for Deutsche Industrial Trust (DIT), and Deutsche Office Trust (DOT) announced a proposal to:

- staple the Trust, DIT, DOT and a new trading trust;
- partially internalise the management platform;
- acquire a US industrial property portfolio; and
- invest in Deutsche Wholesale Property Fund.

This proposal is subject to the approval of unitholders in the Trust, DIT and DOT.

The Trust and DIT have executed a Subsequent Agreement and each provided \$US2.5 million to pay the \$US5 million non-refundable deposit for the acquisition of a US industrial property portfolio.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 23. Events occurring after reporting date (continued)

Sale and acquisition agreement with Westfield Group

DB Real Estate Australia Limited ('DBRE'), as the Responsible Entity of Deutsche Diversified Trust (ASX:DDF), on 4 August 2004 entered into sale and acquisition agreements resulting in ownership of a 50% interest in \$1.45 billion portfolio of retail properties, to be jointly owned with the Westfield Group (ASX:WDC).

Agreements entered into resulted in:

- DDF selling to Westfield a 50% interest in Whitford City Shopping Centre in Perth, Western Australia, for \$184.5 million at a property yield of 7.0%, and a 50% interest in an adjacent bulky goods property for \$8.0 million at a property yield of 9.0%
- DDF selling to Westfield a 50% interest in West Lakes Mall in Adelaide, South Australia, for \$122.5 million, at a property yield of 7.4%.
- DDF selling to Westfield a 50% interest in Plenty Valley Town Centre in Melbourne, Victoria, for \$10.25 million and a 50% interest in the adjacent parcel of land for \$8.75 million.
- DDF acquiring from Westfield a 50% interest in Westfield North Lakes shopping centre and adjacent land in Brisbane, Queensland, for \$61 million.
- DDF being able to acquire (pursuant to put and call arrangements) from SAS Trustee Corporation (SAS) a 50% interest in Westfield Mount Druitt in Sydney, New South Wales, for \$132.5 million.
- DDF being able to acquire (pursuant to put and call arrangements) from SAS Trustee Corporation (SAS) a 50% interest in Westfield Hurstville in Sydney, New South Wales, at a valuation price to be determined on exercise of the option. This is estimated to be in the range of \$215 million to \$220 million.

Settlement of Westfield North Lakes, Whitford and Plenty Valley is anticipated to take place on 20 August 2004. Settlement of Mount Druitt is anticipated to be achieved by early September 2004. Settlement of West Lakes and Westfield Hurstville is anticipated to take place on 31 March 2005 in line with the anticipated completion of the current development at West Lakes.

DDF and Westfield will each have pre-emptive rights over each owner's interest for each asset. All sales are unconditional and all acquisitions are subject to FIRB approval which is anticipated pre-settlement.

DBRE exchanged contracts for sale in relation to lots 6 and 11 at Station Road, Seven Hills, on 2 August 2004 with settlement scheduled to take place in late 2004.

Since the end of the year, other than the matters discussed above, the directors of the Responsible Entity have not become 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 24. Segment information

Business segments

The consolidated entity is organised into the following segments:

- Retail – investment in the retail property sector;
- Commercial – investment in the commercial property sector;
- Industrial – investment in the industrial property sector; and
- Car park – investment in the car park sector.

Geographical segments

The Trust's investments are all located in Australia.

Notes to the financial statements

For the financial year ended 30 June 2004

Note 24. Segment information (continued)

Primary reporting – business segments

2004	Retail \$'000	Commercial \$'000	Industrial \$'000	Car Park \$'000	Unallocated \$'000	Consolidated \$'000
Rental and other property income	55,376	51,435	36,368	18,635	—	161,814
Proceeds on sale of investments	—	—	(746)	—	—	(746)
Other revenue	—	—	—	—	437	437
Total segment revenue	55,376	51,435	35,622	18,635	437	161,505
Segment result	36,254	38,463	27,942	15,760	(27,655)	90,764
Segment assets	597,426	529,857	382,914	187,035	9,793	1,707,025
Segment liabilities	2,290	6,329	2,664	449	501,093	512,825
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	66,301	8,894	(33,328)	285	—	42,152
Net cash inflow/(outflow) from operating activities	33,748	35,804	26,011	14,671	(8,741)	101,493
2003	Retail \$'000	Commercial \$'000	Industrial \$'000	Car Park \$'000	Unallocated \$'000	Consolidated \$'000
Rental and other property income	52,434	52,471	32,559	17,116	—	154,580
Other revenue	—	—	—	—	409	409
Total segment revenue	52,434	52,471	32,559	17,116	409	154,989
Segment result	33,738	41,050	26,354	14,510	(28,027)	87,625
Segment assets	530,418	521,726	367,230	174,172	621	1,594,166
Segment liabilities	1,105	1,218	975	391	456,386	460,075
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	63,782	17,387	58,933	212	—	140,313
Net cash inflow/(outflow) from operating activities	26,377	32,004	20,559	11,335	(1,501)	88,774

Note 25. Reconciliation of net profit to net cash inflow from operating activities

	2004 \$'000	2003 \$'000
Net profit	90,834	87,625
Borrowing costs expense	17,835	18,075
Provision for doubtful debts	(16)	148
Change in operating assets and liabilities		
Decrease/(increase) in receivables	1,137	3,167
Increase in other current assets	(1,567)	(1,338)
(Decrease)/increase in payables	(6,523)	(18,033)
Increase in rents received in advance	(207)	(870)
Net cash inflow/(outflow) from operating activities	101,493	88,774

Components of cash

Cash at the end of the year as shown in the statements of cash flows is reconciled to the statements of financial position as follows:

Cash and liquid assets	2,487	1,375
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Notes to the financial statements

For the financial year ended 30 June 2004

Note 26. Non-cash financing and investing activities

	Note	2004 \$'000	2003 \$'000
Placement of units	15	30,869	6,159
Distributions reinvested	15	21,111	6,476
		51,980	12,635

Note 27. Earnings per unit

	2004 Cents	2003 Cents
Basic earnings – cents per unit	9.39	9.26
Diluted earnings – cents per unit	9.39	9.26
Weighted average number of units outstanding used in the calculation of basic and diluted earnings per unit	967,656,894	946,040,973

Directors' declaration

For the financial year ended 30 June 2004

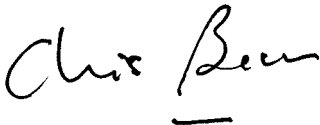
The directors of DB Real Estate Australia Limited, the Responsible Entity of Deutsche Diversified Trust, a Listed Property Trust, declare that the financial statements and notes set out on pages 37 to 58:

- (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Trust's financial position as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001;
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (c) the Trust has operated in accordance with the provisions of the Constitution dated 15 August 1984 during the year ended 30 June 2004.

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



Christopher T Beare

Chairman

Sydney

25 August 2004

Independent audit report

to the unitholders of Deutsche Diversified Trust

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Deutsche Diversified Trust (the Trust) for the financial year ended 30 June 2004 included on Deutsche Diversified Trust's web site. The directors of DB Real Estate Australia Limited as responsible entity of the Trust are responsible for the integrity of the Deutsche Diversified Trust's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit opinion

In our opinion, the financial report of Deutsche Diversified Trust

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Deutsche Diversified Trust as at 30 June 2004 and of its performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial 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 the Deutsche Diversified Trust (the Trust) for the year ended 30 June 2004.

The directors of DB Real Estate Australia Limited as the responsible entity of 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, 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.

Independent audit report

to the unitholders of Deutsche Diversified Trust

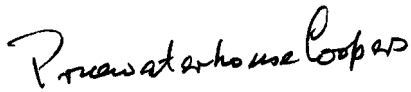
When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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.

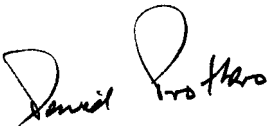
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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



PricewaterhouseCoopers



D A Prothero

Partner

Sydney

25 August 2004

Additional information

For the financial year ended 30 June 2004

Top 20 unitholders

as at 30 July 2004

	Number of units	%
Westpac Custodian Nominees Ltd	370,677,323	37.19
JP Morgan Nominees Australia Limited	89,834,756	9.01
RBC Global Services Australia Nominees Pty Limited	78,720,427	7.90
National Nominees Limited	70,177,938	7.04
Cogent Nominees Pty Limited	29,393,601	2.95
HSBC Custody Nominees (Australia) Limited	18,786,155	1.89
Citicorp Nominees Pty Limited	18,167,456	1.82
ANZ Nominees Limited	12,971,847	1.30
AMP Life Limited	12,733,807	1.28
Bond Street Custodians Limited	10,787,539	1.08
Transport Accident Commission	8,778,459	0.88
Questor Financial Services Limited	8,279,066	0.83
Westpac Financial Services Limited	7,990,892	0.80
Victorian Workcover Authority	7,466,094	0.75
Suncorp Custodian Services Pty Limited	4,554,131	0.46
Government Superannuation Office	4,010,972	0.40
IAG Nominees Pty Limited	3,501,876	0.35
Health Super Pty Ltd	3,071,851	0.31
Bainpro Nominees Pty Limited	2,944,723	0.30
UBS Nominees Pty Ltd	2,249,736	0.23
Total	765,098,649	76.77

Spread of unitholders

as at 30 July 2004

	Number of units	%
1–1,000	213,200	0.02
1,001–5,000	6,897,544	0.69
5,001–10,000	23,434,192	2.35
10,001–100,000	141,859,397	14.23
100,001–over	824,208,653	82.70
Total	996,612,986	100.00

Unitholder information

Unit Registry

If you have administrative inquiries such as change of address or the way in which you wish your distributions paid, please contact ASX Perpetual Registrars Limited on (03) 9615 9947. Please note that broker sponsored (CHESS) holders should advise their sponsoring broker of a change in address. ASX Perpetual's website can be accessed at www.asxperpetual.com.au. The following information is available to view, update or download:

- check your holding balance;
- choose your preferred annual report option;
- update your address details;
- update your bank details;
- confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption;
- check transaction and distribution history; and
- download instruction forms.

This information is accessed via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or Trust name) and postcode (must be the postcode recorded on your holding record).

Complaints handling

DB Real Estate Australia Limited has processes in place to deal with unitholder questions and complaints. If you have any questions, complaints or wish to obtain information regarding the Trust, please contact our client services hotline on freecall 1800 115 775 or email deam-australia.ddf@db.com.

The Responsible Entity is a member of the Financial Industry Complaints Scheme (FICS). This is an independent dispute resolution scheme.

Website

Our Website can be accessed at www.dbrealestate.com/australia. You will be able to find information such as annual and half-year reports and property portfolio details. ASX announcements and press releases are also available on the site.

Stock Exchange Listing

The Trust (ASX:DDF) is included in the top 200 listed entities in Australia in terms of market capitalisation and currently forms part of the following indices: All Ordinaries; All Industrials; Listed Property Trusts; S&P/ASX200.

Payment of distributions

The Trust distributes quarterly within approximately two months after quarter end. The Responsible Entity will announce to the market specific dates prior to the quarter end.

With respect to your distributions, you can choose to:

- have a direct credit to your bank, building society or credit union account; or
- receive a cheque mailed to your postal address.

Please note, however, that direct crediting of distribution payments ensures same day receipt, which enables you to access funds more quickly. You will still receive written confirmation of the payment from ASX Perpetual Registrars Limited, Securities Registration Services. If you have not nominated an account for direct credit, you will receive a cheque. To select direct credit payments, please contact ASX Perpetual Registrars Limited on (03) 9615 9947.

Annual tax statement

After the end of a financial year you will receive a tax statement. This statement summarises the distributions paid to you during the year and includes information required to complete your tax return.

Directory

Deutsche Diversified Trust

ARSN 089 324 541

Responsible Entity

DB Real Estate Australia Limited
ABN 47 006 036 442

Directors of the Responsible Entity

Christopher T Beare, Chairman
Stewart F Ewen
Shaun A Mays
William B Robinson
Brian E Scullin
David C Shields

Compliance Committee

William B Robinson, Chairman
Peter Carrigy-Ryan
Andy Esteban
Phillip R Maher

Audit Committee

William B Robinson, Chairman
Stewart F Ewen
Brian E Scullin

Secretaries of the Responsible Entity

Phillip R Maher
Ian S Thompson

Head of DB Real Estate Australia

Victor P Hoog Antink

General Manager, Deutsche Diversified Trust

Greg T Lee

Registered Office of Responsible Entity

Level 21, 83 Clarence Street
Sydney NSW 2000

PO Box N127
Grosvenor Place
Sydney NSW 1220

Phone: 02 9249 9000

Fax: 02 9249 9982/9249 9999

Investor inquiries

Email: deam-australia.ddf@db.com

Freecall: 1800 115 775

Website

www.dbrealestate.com/australia

Auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

Custodians

Perpetual Trustee Company Limited
39 Hunter Street
Sydney NSW 2000

Permanent Trustee Company Limited
35 Clarence Street
Sydney NSW 2000

Unit Registry

ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne Vic 3000

GPO Box 1736
Melbourne Vic 3001

Phone: (03) 9615 9947

Freecall: 1300 554 474

Fax: (03) 9615 9900

Email: registrars@asxperpetual.com.au

Website: www.asxperpetual.com.au

For inquiries regarding holding, change of address, etc. please contact the Registry.

Stock exchange listing

Listed on the Australian Stock Exchange

ASX Code: DDF



DEUTSCHE **DIVERSIFIED** TRUST ■

June 2004 full year results

Investor presentation

August 2004



Deutsche Asset Management (Australia) Limited
ABN 11 076 098 596
Australian Financial Services Licence Holder

DB Real Estate
Deutsche Bank Group



Agenda

- Performance Summary
- Portfolio Overview
- Capital Management
- Outlook
- Annexures
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 - B - Financial Performance
 - C - Financial Position
 - D - Net Property Income Analysis

Past performance is not indicative of or a guarantee of future results.

Any performance forecasts contained in this presentation are not promises of future performance and are not guaranteed.

This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter. The presentation does not constitute investment advice and should not be relied upon as such.



Performance Summary



Whitford Shopping Centre



Highlights

■ Net Profit \$90.8 million	
– EPU	9.4 cents
– DPU	9.3 cents
■ Developments	
– Completed	\$91 million
– Commenced	\$97 million
– Planned	\$62 million
■ Leasing	
– Renewals	52,221m ²
– New	94,167m ²
– Total	146,388m ²
■ Divestments	\$132.5 million
■ Dividend Reinvestment	\$ 52.0 million

Key Statistics - Full Year 30 June 2004

	30 Jun 2004	30 Jun 2003
Net Profit	\$90.83m	\$87.63m
Earnings per unit	9.39c	9.26c
Distributions per unit	9.30c	9.30c
Total assets	\$1,707m	\$1,594m
NTA/unit	\$1.20	\$1.19
Borrowings	\$474.2m	\$430.8m
Gearing	27.8%	27.0%
Market Capitalisation	\$1,186m	\$1,094m
Average Lease Duration (years)	4.9	4.2



Portfolio Overview



Kings Park Estate

Lease Profile

■ Occupancy (m²)	96%
■ Tenant retention (m²)	
– Office	85%
– Retail	87%
– Industrial	60%
■ Leasing	
– new leases (m ²)	94,167
– renewals secured (m ²)	52,221
– under negotiation (m ²)*	41,361
■ Average lease term (years)	4.90
– Office	3.93
– Retail	4.37
– Industrial	4.15

*Excludes West Lakes which is under development

Vacancy

	As at June 30		As at Aug 31
	Property Area	Trust Income	Property Area
Talavera Road	60.6%	1.4%	5.7%
Redwood Gardens	24.0%	2.1%	8.4%
Axxess Corporate Park	3.6%	0.4%	3.6%
144 Edward Street	5.6%	0.2%	3.1%
Kent Street (office)	25.6%	0.2%	0.3%
Market Street	16.8%	0.9%	13.0%
Other	0.8%	0.4%	0.8%

Divestments

As At 30 June

- Powers & Station Street, Seven Hills
 - \$45.5 million to be received September quarter
- Carnarvon Street, Silverwater
 - \$22.0 million received August

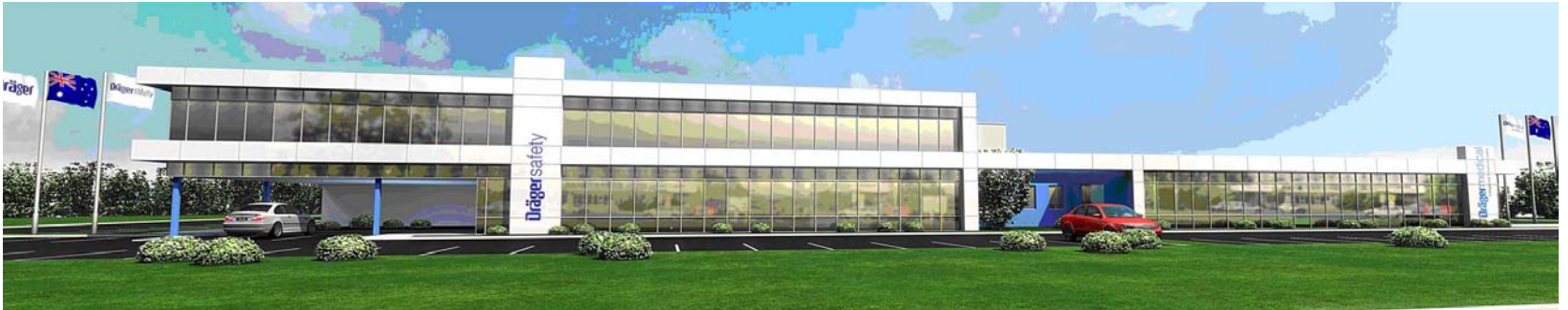
Subsequent to 30 June

- Chifley Square, Sydney
 - \$6.0 million option fee received March 2004
 - \$54.0 million to be received March 2005
- Redwood Gardens
 - \$5 million to be received in the December half

Option

- Edward Street
 - Current book value \$40.5 million

Developments



Draeger Development, Axxess Corporate Park

Developments – Completed

- **Whitford**
 - 11,000 m² expansion
 - \$85.0 million
 - Income yield 9.1%

- **Australia Post Axxess Park**
 - 4,400 m² lease pre commitment
 - \$6.2 million
 - Income yield 7.2%

Developments – Commenced

Development	NLA m2	Cost \$ mill	Yield on Cost	Status
CSL	1,800	3	8.00%	PC / Lease Commencement Sept 04 Office warehouse
CCL	16,850	24	7.80%	PC / Lease Commencement Sept 04 Warehouse
West lakes	13,500	62	8.75%	PC / Lease Commencement Nov 04 to April 05
Axxess -				
ABC Childcare	605	1	8.24%	PC Oct 04
Draeger	3,021	7	8.78%	PC Oct 04
In Planning				
Ferguson	19,500	40	8.00%	Planned Estimated PC June 05, revenue from July 04
Axxess HOA	6,000	22	7.86%	100% office / 450 Cars



Capital Management



8 Nicholson Street, Melbourne

Capital Management

Equity

- DRP rules amended giving enhanced flexibility
- June 2003 to March 2004 DRP
 - Equity issued \$ 51.98 million
 - Weighted Issue Price \$ 1.15

Debt

- Total debt as at 30 June 2004 \$474.2 million
 - Bank facilities \$349.2 million
 - MTN's \$125.0 million
 - Debt to total assets 27.8%
 - Debt Fixed 80%
 - Duration fixed hedges 3.1 yr Average

Retail Transaction - Objectives

- Implement stated “Diversification through Asset Exchange” strategy
- Marginally accretive
- Comparable assets secured
- Reduced risk profile
- Value add
- Eastern sea board presence

Retail Transaction – Terms of Acquisition

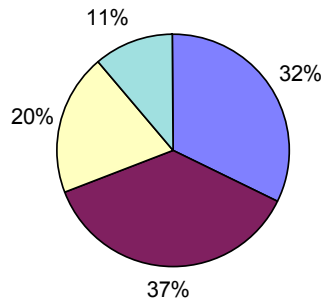
	Price	Yield	Comment
Acquisitions			
North Lakes	\$61.0 million	7.25%	Development Opportunity
Mount Druitt	\$132.5 million	7.25%	Development Settlement - August 2004
Hurstville	\$215 - \$220 million (est)	7.00% (est)	Settlement – April 2005 Value add to DDF
Disposals			
West Lakes	\$122.5 million (50% interest)	7.40%	Development obligations
Whitford	\$192.5 million	7.00%	Management impact
PVTC	\$19.0 million	8.00%	Development



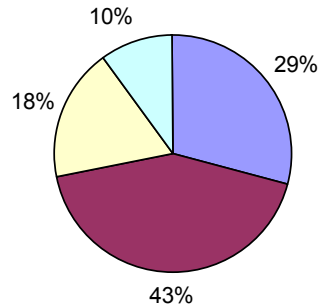
Retail Transaction – Diversification

Asset type

Pre



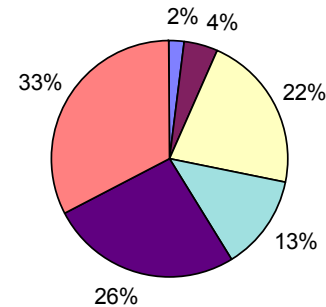
Post



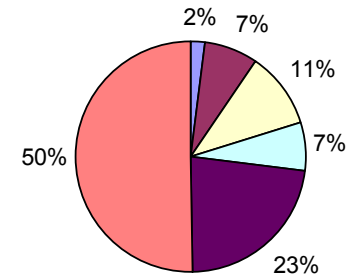
■ Office ■ Retail Interests ■ Industrial ■ Carparks

Location

Pre



Post



■ ACT ■ Qland ■ WA ■ SA ■ Victoria ■ NSW

■ MAT

■ Net Lettable Area

■ Asset Value

Pre Transaction

\$ 518 million

132,449 m²

\$ 668 million

Post Transaction

\$578 million

145,181 m²

\$ 769 million



Outlook



2005 Portfolio Objectives

Financial

- 10 cents EPU June 2005 & 2006 (5% increase over current year)

Portfolio

- Redevelopment of Ferguson Centre
- Axxess Development
- Redwood Sale
- Redevelopment Mount Druitt
- Redevelopment of North Lakes
- Plenty Valley Stage 2
- Barrack Street
- Securing commitments for the balance of the DDF development opportunities



Net Property Income Forecast

As at 30 June 2004

	FY 2004	FY 2005	FY 2006
	Actuals	F/cast	F/cast
Commercial			
8 Nicholson Street	6.82	7.17	7.46
172 Flinders Gate	1.33	1.25	1.29
44 Market Street	10.94	10.69	10.65
130 George Street	5.83	3.47	4.47
1 Chifley Square	1.72	3.04	
383-395 Kent Street	5.42	6.43	8.06
144 Edward Street	3.61	3.40	3.65
14 Moore Street	2.68	2.99	3.12
Total Net Commercial Income	38.35	38.44	38.71
Retail			
Plenty Valley Town Centre	1.31	0.86	0.75
Whitford City Shopping Centre	21.12	15.32	13.80
Whitford Avenue	1.41	0.91	0.81
Westlakes Mall	12.38	13.90	9.89
Westfield Hurstville	0.00	4.00	16.29
Westfield North Lakes	0.00	3.76	5.19
Westfield Mount Druitt	0.00	9.83	14.23
Total Net Retail Income	36.21	48.57	60.95



Net Property Income Forecast

As at 30 June 2004

	FY 2004 Actuals	FY 2005 F/cast	FY 2006 F/cast
Carpark			
Flinders Gate Carpark	3.51	3.82	3.88
32-44 Flinders Street	1.97	2.07	3.18
34-60 Little Collins Street	3.55	3.78	3.84
383-395 Kent Street	3.85	3.79	3.93
Albert & Charlotte Street	2.81	2.94	3.03
Total Net Carpark Income	15.69	16.40	17.85
Industrial			
Target Distribution Centre	2.87	3.06	3.18
Knoxfield Industrial Estate	2.88	3.02	1.72
Redwood Gardens Industrial Estate	1.70	1.92	2.19
40 Talavera Road	0.43	1.58	2.38
Kings Park Industrial Estate	5.83	6.27	6.41
75 Camarvon Street	2.89	0.00	
Axxess Corporate Park - Seven Hills	2.11	0.85	
12 Frederick Street	2.61	2.82	2.70
Wallgrove Rd	0.10	1.33	1.87
Axxess Corporate Park	7.14	8.78	9.33
Total Net Industrial Income	28.55	29.63	29.77
Total Net Property Income	118.80	133.04	147.27



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Annexures



A- ASX 4E

For the year ended 30 June 2004

DEUTSCHE DIVERSIFIED TRUST - APPENDIX 4E
(ARSN 089 324 541)

Financial reporting for the year ended 30 June 2004
Results for announcement to the market

Highlights of Results	30/06/2004	30/06/2003	Change
Revenue from ordinary activities (\$'000)	214,011	154,989	38.08%
Net Profit from ordinary activities after tax attributable to unitholders - (\$'000)	90,834	87,625	3.66%
Distribution to unitholders - (\$'000)	90,403	88,097	2.62%
Distributions for the twelve (12) months ending			
30 September paid - Ordinary units	2.33	2.30	1.09%
31 December paid - Ordinary units	2.33	2.30	1.09%
31 March paid - Ordinary units	2.33	2.35	-1.06%
30 June final paid/payable - Ordinary units	2.33	2.35	-1.06%
Total distributions - cents per unit (ordinary units)	9.30	9.30	0.00%
Basic and diluted earnings (cents per unit)	9.39	9.26	1.40%
Tax deferred component of distribution	53.36%	44.35%	20.32%
Management Expense Ratio	0.60%	0.69%	-12.78%
Total Assets (\$'000)	1,707,025	1,594,166	7.08%
Total Borrowings (\$'000)	474,200	430,800	10.07%
Unitholders Equity (\$'000)	1,194,200	1,134,091	5.30%
Market Capitalisation (\$'000)	1,185,969	1,094,160	8.39%
Net tangible assets (NTA) \$ per unit	1.20	1.19	0.53%
Unit price - \$	1.19	1.15	3.48%
Units on issue (' 000)	996,613	951,444	4.75%
Record date	30 June 2004	30 June 2003	
Payment date - 30 June distribution	26 August 2004	26 August 2003	



B - Consolidated statement of financial performance

For the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
Revenue from ordinary activities			
Property income	3	161,814	154,580
Interest income		437	409
Proceeds from sale of investment properties	5	51,760	-
Total revenue from ordinary activities		214,011	154,989
Expenses from ordinary activities			
Property expenses		(43,016)	(39,135)
Responsible entity fees	21	(8,693)	(9,394)
Borrowing costs expense	5	(17,836)	(18,075)
Other expenses from ordinary activities	5	(1,126)	(760)
Book value of property investments sold	5	(52,506)	-
Total expenses from ordinary activities		(123,177)	(67,364)
Net Profit	16	90,834	87,625
Increase in asset revaluation reserve	16	7,698	51,123
Total revenues, expenses and valuation adjustments attributable to members of Deutsche Diversified Trust recognised directly in equity		7,698	51,123
Total changes in equity other than those resulting from transactions with unitholders as owners		98,532	138,748
		Cents	Cents
Basic earnings - cents per unit	27	9.39	9.26
Diluted earnings - cents per unit	27	9.39	9.26

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

		2004 \$'000	2003 \$'000
Distribution			
Net profit		90,834	87,625
Movement in undistributed income		(1,485)	(7,943)
Transfer from capital profits reserve		-	8,415
Transfer from reserves - offset loss on disposal - Powers Road		1,054	-
Transfer from reserves - realised loss on disposal - Camarvon St		(7,082)	-
Transfer from reserves - offset realised loss on disposal - Camarvon St		7,082	-
Distribution paid and payable	16,17	90,403	88,097
Distribution paid/payable - cents per unit			
		Cents	Cents
Ordinary units	17	9.30	9.30



C- Consolidated statement of financial position

For the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
Current assets			
Cash assets		2,487	1,375
Receivables	6	11,352	12,591
Property sale proceeds receivable		51,760	-
Investment properties	7	-	21,446
Other	8	4,394	3,804
Total current assets		69,993	39,216
Non-current assets			
Investment properties	7	1,635,508	1,553,886
Other	9	1,524	1,064
Total non-current assets		1,637,032	1,554,950
Total assets		1,707,025	1,594,166
Current liabilities			
Payables	10	14,869	6,638
Provisions	11	23,171	22,359
Interest bearing liabilities	12	474,200	55,800
Total current liabilities		512,240	84,797
Non-current liabilities			
Interest bearing liabilities	13	-	375,000
Other	14	585	278
Total non-current liabilities		585	375,278
Total liabilities		512,825	460,075
Net assets		1,194,200	1,134,091
Equity			
Contributed equity	15	1,028,028	976,048
Reserves	16	153,961	147,317
Undistributed income	16	12,211	10,726
Other		-	-
Total equity		1,194,200	1,134,091

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