



11 February 2004

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

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Dear Sir/Madam

**Deutsche Diversified Trust – Half year results for the period ending 31 December 2003**

Deutsche Asset Management (Australia) Limited, the Responsible Entity of Deutsche Diversified Trust, ("the Trust"), is pleased to confirm that it has lodged the following documents with the Australian Stock Exchange today:

- Media Release;
- Appendix 4D Statement- "Results for the announcement to the market";
- Financial Statements for the period ending 31 December 2003;
- Independent Audit Report from PricewaterhouseCoopers;
- Responsible Entity's Report;
- December 2003 half yearly results investor presentation.

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

Yours faithfully

Ian Thompson  
Company Secretary



11 February 2004

## **DEUTSCHE DIVERSIFIED TRUST ANNOUNCES A \$40.9M PROFIT**

DB Real Estate's Deutsche Diversified Trust (ASX:DDF) today announced a net profit after tax of \$40.9 million for the first half-year to 31 December. The Trust will distribute 4.65 cents per unit for the six months to 31 December 2003.

The Trust's performance was down on the comparable previous period which is primarily attributable to the combination of the capital loss realised on the sale of a property at Seven Hills and the increase in borrowing costs.

Mr Greg Lee, General Manager of DDF, said "Over the half year, units traded in the range of \$1.08 to \$1.22, closing at \$1.16 at 31 December 2003. For the 6 month period, S&P measured the total return for the Trust at 5.1 per cent comparing favourably to the S&P/ASX 200 Property Accumulation Index at 3.5 per cent".

### **Portfolio Review**

#### **Leasing**

During the six months, the Trust secured lease renewals for 25,816 m<sup>2</sup> of space, with a total initial rental equivalent of \$9.7 million per annum. The portfolio, which has an average occupancy of 94.5 per cent, has an average remaining lease-life of approximately four years.

#### **Developments**

*West Lakes Shopping Centre, South Australia*

The \$62 million expansion of West Lakes Shopping Centre, which commenced in July 2003, is ahead of time and within budget. By 31 December 2003, space representing 71 per cent of forecast income for the expansion area had been committed and the project remains on schedule for completion by December 2004.

*Whitford City Shopping Centre, Western Australia*

The \$85 million expansion of Whitford City Shopping Centre was completed on time in November 2003, within budget. Consequential leasing of relocated tenants is due for completion by April 2004.

#### **Disposals**

During the six months, the Trust commenced the staged sale of the Axxess Corporate Park, Seven Hills, Sydney. To date, 14 hectares of the property have been sold for \$29.8 million, resulting in a loss of \$1.1 million. It is anticipated that the 4-hectare balance of the property will be sold during the next 6 months.

#### **Valuations**

Thirteen of the Trust's properties were valued during the six months to December resulting in net revaluations of \$6.9 million. Net tangible assets increased to \$1.20 per unit.

### **Borrowings**

As at 31 December 2003, the Trust's borrowings were \$473.1 million, which represents approximately 29 per cent of total assets. This is an increase of \$42.3 million from 30 June 2003. As at 31 December 2003, \$380 million, or 80.3 per cent of the Trust's debt, was hedged for an average of 3.6 years. These borrowings are all due to mature in the next 12 months and the Trust plans to refinance them using commercial mortgage-backed securities.

### **Outlook**

The Trust now considers itself to be well positioned to capture future growth opportunities and expects to distribute its forecast 9.3 cents per unit for the full year.

- 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.

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### **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 4D**  
**(ARSN 089 324 541)**

**Financial reporting for the half year ended 31 December 2003**

**Results for announcement to the market**

The attached information should be read in conjunction with the Annual Report of Deutsche Diversified Trust for the year ended 30 June 2003.

Highlights of Results		31-Dec-03	31-Dec-02	Change
Revenue from ordinary activities (\$'000)	1	108,554	76,471	41.95%
Net Profit from ordinary activities after tax attributable to unitholders - (\$'000)	2	40,981	43,693	-6.21%
Distribution to unitholders - (\$'000)	3	44,522	43,510	2.33%
<b>Distributions for the quarters ending</b>				
30 September 2003 (paid 27 November 2003)		2.325	2.300	1.09%
31 December 2003 (payable 26 February 2004)		2.325	2.300	1.09%
<b>Total distributions - cents per unit</b>		<b>4.650</b>	<b>4.600</b>	1.09%
Basic and diluted earnings (cents per unit)	2	4.289	4.620	-7.17%
		<b>31-Dec-03</b>	<b>30-Jun-03</b>	
<b>Total Assets (\$'000)</b>		<b>1,652,137</b>	<b>1,594,166</b>	<b>3.64%</b>
Total Borrowings (\$'000)	4	473,062	430,800	9.81%
Unitholders Equity (\$'000)		1,145,558	1,134,091	1.01%
<b>Market Capitalisation (\$'000)</b>		<b>1,110,664,107</b>	<b>1,094,160,170</b>	<b>1.51%</b>
Net tangible assets (NTA) \$ per unit		1.20	1.19	0.38%
Unit price - \$		1.16	1.15	0.87%
Units on issue (' 000)		957,469,058	951,443,626	0.63%
Record date		31 December 2003		
Payment date - 31 December distribution		26 February 2004		

**Commentary of results**

1. Increase in revenue predominantly relates to the inclusion of the consideration to be received on the disposal of Powers Road, Seven Hills (\$29.76 million).
2. Net profit for the half year ended 31 December 2003 is predominantly lower due to the loss on disposal of the Powers Road, Seven Hills property (\$1.077 million) and increased debt servicing costs.
3. Distribution to unitholders for the half year ended 31 December 2003 exceeds earnings due to the availability of undistributed income from prior periods (31 December 2002: 4.60 cents per unit).
4. Borrowings increased by \$42.3 million during the six months ended 31 December 2003 to fund ongoing development activity of the Trust, predominantly Chifley Square NSW, Whitford City Shopping Centre WA, Westlakes Mall SA and Axxess Corporate Park VIC.

For further analysis of the results refer to the attached Responsible Entity's Report.

**DEUTSCHE DIVERSIFIED TRUST**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	Notes	31 December 2003 \$'000	31 December 2002 \$'000
<b>Revenue from ordinary activities</b>			
Rent		78,564	76,256
Proceeds on sale of investment properties		29,760	-
Interest income		230	215
<b>Total revenue from ordinary activities</b>		<b>108,554</b>	<b>76,471</b>
<b>Expenses from ordinary activities</b>			
Property expenses		(20,290)	(18,139)
Repairs and maintenance		(910)	(815)
Responsible entity fees	2	(4,927)	(4,607)
Book value of investment properties sold		(30,837)	-
Other expenses from ordinary activities	3	(601)	(572)
Borrowing costs expense		(10,008)	(8,645)
<b>Total expenses from ordinary activities</b>		<b>(67,573)</b>	<b>(32,778)</b>
<b>Net Profit</b>		<b>40,981</b>	<b>43,693</b>
Increase in asset revaluation reserve		7,995	-
<b>Total revenues, expenses and valuation adjustments attributable to members of Deutsche Diversified Trust recognised directly in equity</b>		<b>7,995</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with unitholders as owners</b>		<b>48,976</b>	<b>43,693</b>

		Cents	Cents
Basic and diluted earnings - cents per unit (cpu)	12	4.29	4.62

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

		31 December 2003 \$'000	31 December 2002 \$'000
<b>Distribution</b>			
Net profit		40,981	43,693
Movement in undistributed income		2,464	(183)
Transfer from reserves	6	1,077	-
<b>Distribution paid/payable</b>		<b>44,522</b>	<b>43,510</b>
		Cents	Cents
Distribution paid/payable - cents per unit (cpu)		4.65	4.60

**DEUTSCHE DIVERSIFIED TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2003**

	Notes	31 December 2003 \$'000	30 June 2003 \$'000
<b>Current assets</b>			
Cash assets		2,433	1,375
Receivables		9,842	12,591
Property sale proceeds receivable		29,760	-
Investment properties	4	21,446	21,446
Other		3,388	3,875
<b>Total current assets</b>		<b>66,869</b>	<b>39,287</b>
<b>Non-current assets</b>			
Investment properties	4	1,583,801	1,553,886
Other		1,467	993
<b>Total non-current assets</b>		<b>1,585,268</b>	<b>1,554,879</b>
<b>Total assets</b>		<b>1,652,137</b>	<b>1,594,166</b>
<b>Current liabilities</b>			
Payables		10,868	6,094
Interest bearing liabilities		473,062	55,800
Provisions		22,261	22,359
Rent received in advance		96	544
<b>Total current liabilities</b>		<b>506,287</b>	<b>84,797</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		-	375,000
Other		292	278
<b>Total non-current liabilities</b>		<b>292</b>	<b>375,278</b>
<b>Total liabilities</b>		<b>506,579</b>	<b>460,075</b>
<b>Net assets</b>		<b>1,145,558</b>	<b>1,134,091</b>
<b>Equity</b>			
Contributed equity	5	983,061	976,048
Reserves	6	154,235	147,317
Undistributed income	6	8,262	10,726
<b>Total equity</b>		<b>1,145,558</b>	<b>1,134,091</b>

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

**DEUTSCHE DIVERSIFIED TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	<b>31 December 2003</b>	31 December 2002
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	<b>80,442</b>	81,660
Cash payments in the course of operations	<b>(22,893)</b>	(31,537)
Interest received	<b>230</b>	215
<b>Net cash inflow from operating activities</b>	<b>57,779</b>	50,338
<b>Cash flows from investing activities</b>		
Payments for capital expenditure on investment properties	<b>(48,784)</b>	(57,481)
Payments for purchase of investment properties	<b>-</b>	(22,162)
<b>Net cash outflow from investing activities</b>	<b>(48,784)</b>	(79,643)
<b>Cash flows from financing activities</b>		
Establishment expenses and unit issue costs	<b>-</b>	(58)
Proceeds from issue of units	<b>7,013</b>	6,159
Proceeds from borrowings	<b>48,408</b>	76,500
Repayment of borrowings	<b>(6,146)</b>	(11,000)
Distributions paid	<b>(44,619)</b>	(43,385)
Borrowing costs paid	<b>(12,593)</b>	(11,407)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(7,937)</b>	16,809
<b>Net increase/(decrease) in cash held</b>	<b>1,058</b>	(12,496)
Cash at the beginning of the financial period	<b>1,375</b>	12,939
<b>Cash at the end of the financial period</b>	<b>2,433</b>	443

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

**DEUTSCHE DIVERSIFIED TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 1. Summary of significant accounting policies**

**(a) Basis of preparation**

This general purpose financial report for the half-year ended 31 December 2003 has been prepared in accordance with the Trust Constitution, Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2003 and any public announcements made in respect of Deutsche Diversified Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise specified in Note 1 to the financial statements. Comparative information has been reclassified where appropriate to enhance comparability.

**(b) 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.



**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**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 outperformance up to 2.0% over the Benchmark.

\* 15% of the outperformance 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. Any excess will be carried forward when determining the performance fee payable in the subsequent period.

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

**For the Six Months to 31 December 2003**

For the six months to 31 December 2003, total responsible entity fees paid equated to \$4,927,000 (which was the maximum fee payable under the Constitution).

	31 December 2003
Responsible entity fee for the three months to 30 September 2003	2,458,000
Base fee for the three months to 31 December 2003	1,846,000
Performance fee for the three months to 31 December 2003	623,000
	<u>4,927,000</u>

For the three months to 31 December 2003, the performance fee was determined as follows:

\* The Trust's performance equated to 8.43% exceeding the Benchmark return of 6.41%. Trust performance was determined as the 10 day volume weighted average price ("VWAP") up to 31 December 2003, less the 10 day VWAP commencing 1 October 2003, plus \$0.02325 (September 2003 income distribution), multiplied by units on issue at 1 October 2003.

\* The value of the Trust's outperformance (against the Benchmark) equated to \$21,656,000.

\* The performance fee earned was \$1,101,000.

\* The performance fee paid was: \$623,000.

\* The performance fee carried forward was \$478,000.

**Note 3. Other expenses from ordinary activities**

	31 December 2003 \$'000	31 December 2002 \$'000
Audit fees	40	35
Bad and doubtful debts	44	106
Custodian fees	90	110
Legal fees	50	18
Registry costs & listing fees	134	103
Taxation fees	6	5
Other expenses	237	195
<b>Total other expenses from ordinary activities</b>	<u>601</u>	<u>572</u>

**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 4 (a). Current assets – investment properties**

Property	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer (refer below)	Book Value 31 December 2003 \$'000	Book Value 30 June 2003 \$'000
<b>INDUSTRIAL</b>							
75 Carnarvon Street, Silverwater NSW	Jul 1997	28,902	Mar-02	21,000	(f)	21,446	21,446
<b>Total industrial properties</b>		<b>28,902</b>		<b>21,000</b>		<b>21,446</b>	<b>21,446</b>
<b>Total current investment properties</b>		<b>28,902</b>		<b>21,000</b>		<b>21,446</b>	<b>21,446</b>

**Note 4 (b). Non-current assets – investment properties**

Property	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer (refer below)	Book Value 31 December 2003 \$'000	Book Value 30 June 2003 \$'000
<b>RETAIL</b>							
Whitford City Shopping Centre Marmion & Whitfords Avenue, Hillarys, WA	Oct 1984	242,619	Jun-03	306,750	(f)	331,574	306,750
Whitfords Avenue Lot 6 Endeavour Road, Hillarys, WA	Dec 1992	10,927	Jun-03	15,800	(f)	15,836	15,800
West Lakes Shopping Centre West Lakes, SA	Nov 1998	174,364	Jun-03	172,000	(f)	183,982	172,000
Plenty Valley Town Centre 330 - 464 McDonalds Road, South Morang, Vic	Nov 1999	29,461	Jun-03	32,000	(e)	33,684	32,000
<b>Total retail properties</b>		<b>457,371</b>		<b>526,550</b>		<b>565,076</b>	<b>526,550</b>
<b>INDUSTRIAL</b>							
Redwood Gardens Industrial Estate Stages 3,5,6 & 7 and Lot 4, Dingley Vic	Dec 1994	29,410	Jun-03	29,000	(a)	29,309	29,000
Kings Park Industrial Estate Bowmans Road, Marayong NSW	May 1990	65,186	Jun-03	64,300	(f)	64,145	64,300
Target Distribution Centre Lot 1, Taras Avenue Altona North, Vic	Oct 1995	25,422	Sep-03	31,900	(d)	31,900	31,137
Axxess Corporate Park 164-180 Forster Road 11 & 21-45 Gilby Road 307-355 Ferntree Gully Road, Mount Waverley Vic	Oct 1996	86,637	Jun-03	89,000	(d)	88,341	89,000
Knoxfield Industrial Estate 20 Henderson Road, Knoxfield Vic	Aug 1996	29,563	Sep-03	31,250	(f)	31,342	32,462
75 Carnarvon Street, Silverwater NSW	Jul 1997		n/a	n/a	-	n/a	-
12 Frederick Street, St Leonards Sydney NSW	Jul 2000	24,816	Jun-03	26,000	(f)	26,033	26,000
Axxess Corporate Park Powers Road Seven Hills, Sydney NSW	Jul 2000	-	-	-	-	-	30,804
Axxess Corporate Park Station Road Seven Hills, Sydney NSW	Jul 2000	13,109	Jul-00	8,650	(a)	13,109	10,933
40 Talavera Road, North Ryde NSW	Oct 2002	29,499	May-02	22,900	(d)	29,499	27,629
<b>Total industrial properties</b>		<b>303,642</b>		<b>303,000</b>		<b>313,678</b>	<b>341,265</b>

**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 4 (b). Non-current assets – investment properties (continued)**

Property	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer (refer below)	Book Value 31 December 2003 \$'000	Book Value 30 June 2003 \$'000
<b>CAR PARKS</b>							
Albert & Charlotte Streets Carpark, Brisbane Qld	Oct 1984	13,742	Sep-03	32,000	(e)	<b>32,000</b>	31,677
34-60 Lt. Collins Street, Melbourne Vic **	Nov 1984	16,160	Sep-03	41,500	(h)	<b>41,518</b>	39,580
32-44 Flinders Street, Melbourne Vic	Jun 1998	21,239	Sep-03	24,600	(h)	<b>24,575</b>	22,372
Flinders Gate Complex (including air development rights) 172 Flinders Street, Melbourne Vic	Mar 1999	47,043	Sep-03	45,275	(h)	<b>45,275</b>	44,615
383-395 Kent Street, Sydney NSW	Sep 1987	30,837	Sep-03	40,000	(a)	<b>40,000</b>	32,039
<b>Total car park properties</b>		<b>129,021</b>		<b>183,375</b>		<b>183,368</b>	<b>170,283</b>
<b>OFFICES</b>							
44 Market Street, Sydney NSW	Sep 1987	155,550	Jun-03	144,000	(a)	<b>144,394</b>	144,000
8 Nicholson Street, Melbourne Vic	Nov 1993	66,189	Jun-03	82,000	(h)	<b>82,464</b>	82,000
Ferguson Centre 130 George Street, Parramatta NSW	May 1997	56,084	Jun-03	43,800	(b)	<b>43,856</b>	43,800
Flinders Gate Complex 172 Flinders Street and 189 Flinders Lane, Melbourne Vic	Mar 1999	13,484	Sep-03	15,500	(h)	<b>15,438</b>	14,408
1 Chifley Square, Sydney NSW	Jul 2000	56,071	Mar-01	37,300	(e)	<b>56,071</b>	52,131
144 Edward St, Brisbane Qld	Jul 2000	44,598	Sep-03	40,000	(e)	<b>40,110</b>	40,588
383-395 Kent Street, Sydney NSW	Sep 1987	101,771	Sep-03	104,000	(a)	<b>102,092</b>	101,666
14 Moore Street, Canberra ACT **	May 2002	37,151	Apr-02	34,500	(a)	<b>37,154</b>	37,095
<b>Total office properties</b>		<b>530,898</b>		<b>501,100</b>		<b>521,579</b>	<b>515,688</b>
<b>OTHER</b>							
John Martin's Carpark and Retail Plaza Joint Venture (0.7% ownership)	Sep 1994	100	-	-		<b>100</b>	100
<b>Total non-current investment properties</b>		<b>1,421,032</b>		<b>1,514,025</b>		<b>1,583,801</b>	<b>1,553,886</b>
<b>Total investment properties</b>		<b>1,449,934</b>		<b>1,535,025</b>		<b>1,605,247</b>	<b>1,575,332</b>

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

**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 4(c). Current and non-current assets – investment properties**

**Valuations of investment properties**

The basis of valuation of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Properties independently valued in the last 12 months were based on independent assessments by a member of the Australian Property Institute. Properties not independently valued during the last 12 months are carried at director's valuation at 31 December 2003. All other properties are carried at independent valuation plus capital expenditure incurred since the date of valuation.

Independent valuations were performed by:

- (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

**Reconciliations**

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

	Note	December 2003 \$'000	30 June 2003 \$'000
Carrying amount at start of financial period		1,575,332	1,383,896
Additions		52,757	140,313
Disposals		(30,837)	-
Revaluation increments/(decrements)	6	7,995	51,123
<b>Carrying amount at end of financial period</b>		<b>1,605,247</b>	<b>1,575,332</b>

**Disposals**

Carnarvon St, Silverwater NSW

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

Settlement is expected in July 2004 for consideration of \$22 million. The cost of the property was \$28.9 million.

Powers Rd, 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 \$30.8 million.

Station Rd, Seven Hills NSW

In November 2003, 9 of 11 subdivided lots of this property were sold. The property was carried at cost in the books of the Trust at \$13.11 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 31 December 2003.

**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 5. Contributed equity**

	<b>31 December 2003</b>	<b>30 June 2003</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Value of units on issue</b>		
Opening balance	<b>976,048</b>	963,477
Placement of units	-	6,159
Cost for placement of units	-	(64)
Distributions reinvested	<b>7,013</b>	6,476
<b>Closing balance</b>	<b>983,061</b>	<b>976,048</b>
	<b>31 December 2003</b>	<b>30 June 2003</b>
	<b>Units</b>	<b>Units</b>
<b>(b) Number of units on issue</b>		
Opening balance	<b>951,443,626</b>	940,459,657
Placement of units	-	5,402,288
Distributions reinvested	<b>6,025,432</b>	5,581,681
<b>Closing balance</b>	<b>957,469,058</b>	<b>951,443,626</b>

**Distribution reinvestment plan (DRP)**

The Trust has established a DRP 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.

No units were issued under the DRP program for the September and December 2003 quarters.

6,025,432 ordinary units were allocated to existing untholders relating to the June 2003 quarter distribution.

**Terms and conditions**

Each unit ranks equally with all other ordinary units for the purpose 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.

DEUTSCHE DIVERSIFIED TRUST  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

**Note 6. Reserves and undistributed income**

	31 December 2003 \$'000	30 June 2003 \$'000
<b>(a) Reserves</b>		
Asset revaluation reserve	154,235	147,317
<b>Total reserves</b>	<b>154,235</b>	<b>147,317</b>
<b>Movements:</b>		
<b>Asset revaluation reserve</b>		
Opening balance	147,317	96,194
Increment on revaluation of investment properties	7,995	51,123
Transfer to undistributed income <sup>1</sup>	(1,077)	-
<b>Total movement in asset revaluation reserve</b>	<b>6,918</b>	<b>51,123</b>
<b>Closing balance</b>	<b>154,235</b>	<b>147,317</b>
<b>Capital Profits Reserve</b>		
Opening balance	-	8,415
Transfer to undistributed income	-	(8,415)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

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

**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**(b) Nature and purpose of reserves**

**Asset revaluation reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of investment properties.

	<b>31 December 2003</b>	<b>30 June 2003</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Undistributed income</b>		
Undistributed income at the beginning of the financial period	<b>10,726</b>	2,783
Net profit	<b>40,981</b>	87,625
Transfer from reserves <sup>1</sup>	<b>1,077</b>	8,415
Distributions provided for or paid	<b>(44,522)</b>	(88,097)
<b>Undistributed income at the end of the financial period</b>	<b>8,262</b>	10,726

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

**Note 7. Distributions paid and payable**

**Timing of distributions**

The distributions were paid/payable as follows:

	<b>31 December 2003</b>	<b>31 December 2002</b>
	<b>\$'000</b>	<b>\$'000</b>
30 September 2002 (paid 27 November 2002)	-	21,755
31 December 2002 (paid 26 February 2003)	-	21,755
30 September 2003 (paid 27 November 2003)	<b>22,261</b>	-
31 December 2003 (payable 26 February 2004)	<b>22,261</b>	-

<b>Total distributions</b>	<b>44,522</b>	43,510
----------------------------	---------------	--------

**Distribution paid/payable cents per unit (cpu)**

	<b>31 December 2003</b>	<b>31 December 2002</b>
	<b>Cents</b>	<b>Cents</b>
30 September 2002 (paid 27 November 2002)	-	2.300
31 December 2002 (paid 26 February 2003)	-	2.300
30 September 2003 (paid 27 November 2003)	<b>2.325</b>	-
31 December 2003 (payable 26 February 2004)	<b>2.325</b>	-
	<b>4.650</b>	4.600

**DEUTSCHE DIVERSIFIED TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 8. 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 AG and HSBC Bank Australia Limited.

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

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

**(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**

The net fair value of financial assets and (liabilities) arising from interest rate swap agreements was **\$2,884,122**. (June 2003: (\$9,818,848)).

These amounts represent the potential liability of the Trust if existing swap agreements as at 30 June were to be exited.

**(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.



**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 8. Financial instruments**

**(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:

**31 December 2003**

	Fixed interest maturing in:					Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	
<b>Financial assets</b>						
Cash assets	2,433	-	-	-	-	<b>2,433</b>
Receivables	-	-	-	-	9,842	<b>9,842</b>
<b>Total</b>	<b>2,433</b>	-	-	-	<b>9,842</b>	<b>12,275</b>
Weighted average interest rate	<b>4.00%</b>	-	-	-	-	-
<b>Financial liabilities</b>						
Payables	-	-	-	-	11,160	<b>11,160</b>
Interest bearing liabilities	473,062	-	-	-	-	<b>473,062</b>
Interest rate swaps **	(380,000)	-	380,000	-	-	-
<b>Total</b>	<b>93,062</b>	-	<b>380,000</b>	-	<b>11,160</b>	<b>484,222</b>
Weighted average interest rate *	6.14%	-	5.61%	-	-	-
<b>Net financial liabilities</b>	<b>(90,629)</b>	-	<b>(380,000)</b>	-	<b>(1,318)</b>	<b>(471,947)</b>

**30 June 2003**

	Fixed interest maturing in:					Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	
<b>Financial assets</b>						
Cash assets	1,375	-	-	-	-	<b>1,375</b>
Receivables	-	-	-	-	12,591	<b>12,591</b>
<b>Total</b>	<b>1,375</b>	-	-	-	<b>12,591</b>	<b>13,966</b>
Weighted average interest rate	<b>4.00%</b>	-	-	-	-	-
<b>Financial liabilities</b>						
Payables	-	-	-	-	6,372	<b>6,372</b>
Interest bearing liabilities	430,800	-	-	-	-	<b>430,800</b>
Interest rate swaps **	(380,000)	-	280,000	100,000	-	-
<b>Total</b>	<b>50,800</b>	-	<b>280,000</b>	<b>100,000</b>	<b>6,372</b>	<b>437,172</b>
Weighted average interest rate *	6.18%	-	5.61%	5.61%	-	-
<b>Net financial (liabilities)/assets</b>	<b>(49,425)</b>	-	<b>(280,000)</b>	<b>(100,000)</b>	<b>6,219</b>	<b>(423,206)</b>

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

\*\* Notional principal amounts.

**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 9. Contingent liabilities**

The directors of the responsible entity are not aware of any matters in relation to the Trust, which should be brought to the attention of unitholders as at the date of completion of this report, except for the following:

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 on the development of the property.

The responsible entity has received advice that Ford Land Pty Limited is not entitled to the fee. Accordingly, the proceedings will be defended.

**Note 10. Events occurring after reporting date**

Since the end of the financial period, the directors of the responsible entity are not aware of any matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trusts affairs in future financial periods.

**Note 11. Segment information**

**Business segments**

The consolidated entity is organised into the following divisions by property type.

Retail - Investment in the retail property sector.

Commercial - Investment in the commercial property sector.

Industrial - Investment in the industrial property sector.

Car parks - Investment in the car park property sector.

**Geographical segments**

The Trust's investments are all located in Australia.

**Primary reporting - business segments**

<b>31 December 2003</b>	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>Industrial \$'000</b>	<b>Car park \$'000</b>	<b>Unallocated \$'000</b>	<b>Consolidated \$'000</b>
Rental and other property income	26,482	25,118	17,684	9,281	-	78,564
Other revenue <sup>1</sup>	-	-	29,760	-	230	29,990
<b>Total segment revenue</b>	<b>26,482</b>	<b>25,118</b>	<b>47,444</b>	<b>9,281</b>	<b>230</b>	<b>108,554</b>
<b>Segment result</b>	<b>17,341</b>	<b>18,481</b>	<b>12,612</b>	<b>7,874</b>	<b>(15,328)</b>	<b>40,981</b>

<b>31 December 2002</b>	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>Industrial \$'000</b>	<b>Car park \$'000</b>	<b>Unallocated \$'000</b>	<b>Consolidated \$'000</b>
Rental and other property income	25,900	26,390	15,650	8,316	-	76,256
Other revenue	-	-	-	-	215	215
<b>Total segment revenue</b>	<b>25,900</b>	<b>26,390</b>	<b>15,650</b>	<b>8,316</b>	<b>215</b>	<b>76,471</b>
<b>Segment result</b>	<b>16,954</b>	<b>20,598</b>	<b>12,792</b>	<b>7,098</b>	<b>(13,749)</b>	<b>43,693</b>

1. Includes sale proceeds on disposal of Powers Road, Seven Hills property - \$29.76 million.

**DEUTSCHE DIVERSIFIED TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

**Note 12. Earnings per unit**

	<b>31 December 2003</b>	31 December 2002
Basic and diluted earnings per unit (cents)	<b>4.29</b>	4.62
Weighted average number of units outstanding during the financial period used in the calculation of basic and diluted earnings per unit	<b>955,592,284</b>	945,216,019

## Independent audit report to the unitholders of Deutsche Diversified Trust

### Audit opinion

In our opinion, the financial report of Deutsche Diversified Trust (the trust):

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Deutsche Diversified Trust as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* 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, for the half-year ended 31 December 2003.

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

#### Audit approach

We conducted an independent audit in order for the trust 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 Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its 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 accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.


When this audit report is included in a document containing information in addition to the financial report, our procedures include reading the other information 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

DA Prothero  
Partner

Sydney  
11 February 2004

## **RESPONSIBLE ENTITY'S REPORT**

---

Welcome to the half-year report for Deutsche Diversified Trust (DDF). The Trust's performance for the half year to December 2003 has been consistent with forecasts and the Trust's management have made significant progress to position the Trust to better realise its return objectives going forward.

### **Results**

The Trust achieved a net profit after tax of \$40.9 million for the first half-year to 31 December. The Trust will distribute 4.65 cents per unit for the six months to 31 December 2003.

The Trust's performance was down on the comparable previous period which is primarily attributable to the combination of the capital loss realised on the sale of a property at Seven Hills and the increase in borrowing costs.

Over the half year, units traded in the range of \$1.08 to \$1.22, closing at \$1.16 at 31 December 2003. For the 6 month period, S&P measured the total return for the Trust at 5.1 per cent comparing favourably to the S&P/ASX 200 Property Accumulation Index at 3.5 per cent.

### **Portfolio review**

#### **Leasing**

During the six months, the Trust secured lease renewals for 25,816 m<sup>2</sup> of space, with a total initial rental equivalent of \$9.7 million per annum. The portfolio, which has an average occupancy of 94.5 per cent, has an average remaining lease-life of approximately four years.

#### **Developments**

##### *West Lakes Shopping Centre, South Australia*

The \$62 million expansion of West Lakes Shopping Centre, which commenced in July 2003, is ahead of time and within budget. By 31 December 2003, space representing 71 per cent of forecast income for the expansion area had been committed and the project remains on schedule for completion by December 2004.

##### *Whitford City Shopping Centre, Western Australia*

The \$85 million expansion of Whitford City Shopping Centre was completed on time in November 2003, within budget. Consequential leasing of relocated tenants is due for completion by April 2004.

#### **Disposals**

During the six months, the Trust commenced the staged sale of the Axxess Corporate Park, Seven Hills, Sydney. To date, 14 hectares of the property have been sold for \$29.8 million, resulting in a loss of \$1.1 million. It is anticipated that the 4-hectare balance of the property will be sold during the next 6 months.

#### **Valuations**

Thirteen of the Trust's properties were valued during the six months to December resulting in net revaluations of \$6.9 million. Net tangible assets increased to \$1.20 per unit.

## **Borrowings**

As at 31 December 2003, the Trust's borrowings were \$473.1 million, which represents approximately 29 per cent of total assets. This is an increase of \$42.3 million from 30 June 2003. As at 31 December 2003, \$380 million, or 80.3 per cent of the Trust's debt, was hedged for an average of 3.6 years. These borrowings are all due to mature in the next 12 months and the Trust plans to refinance them using commercial mortgage-backed securities.

## **Management Fees**

Following revision of the Responsible Entity's remuneration structure, the manager must achieve a return for the Trust in excess of the S&P ASX 200 in order for it to claim its full fee entitlement under the constitution. The Responsible Entity's remuneration is now determined as follows.

- Base fee:
  - A base fee of 0.45% per annum of the gross assets, determined and paid monthly.
- Two-tiered performance fee:
  - 5% of the out-performance up to 2% over
  - 15% of the out-performance greater than 2% over the ASX/S&P 200 Property Accumulation Index.

This new fee structure represents a further commitment by the Responsible Entity to align its interests with those of unitholders.

## **Outlook**

The Trust now considers itself to be well positioned to capture future growth opportunities and expects to distribute its forecast 9.3 cents per unit for the full year.

# DEUTSCHE **DIVERSIFIED** TRUST ■

**December 2003 half yearly results**

**Investor presentation**

**February 2004**

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

**DB Real Estate**  
Deutsche Bank Group





# Agenda

- **Performance summary**
- **Portfolio overview**
- **Capital management**
- **Outlook**
- **Annexures**
  - A-ASX 4D Statements
  - B-Financial Performance
  - C-Financial Position
  - D-Total Return Comparison

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



8 Nicholson Street, Melbourne

# Highlights

- Net Profit \$40.9 million - DPU 4.65
- Six month total return - 5.1% (S&P/ASX 200 total return - 3.5%)
- Change of Management
- Revaluations - \$6.9 million
- Developments
  - Whitford development completed
  - Westlake development commenced
- Sale of Seven Hills
- Move to performance based fees effective 1 October 2003
- Enhanced corporate governance:
  - Majority Non-Executive Board
  - Independent Chairman
  - Responsible Entity to commence AGM's

# Key statistics - half year 31 December 2003

	<b>31 Dec 2003</b>	<b>31 Dec 2002</b>
<b>Net Profit</b>	<b>\$40.9m</b>	<b>\$43.7m</b>
<b>Earnings per unit</b>	<b>4.29c</b>	<b>4.62c</b>
<b>Distributions per unit</b>	<b>4.65c</b>	<b>4.60c</b>
<b>Total assets</b>	<b>\$1,652.1m</b>	<b>\$1,472.6m</b>
<b>NTA/unit</b>	<b>\$1.20</b>	<b>\$1.14</b>
<b>Borrowings</b>	<b>\$473m</b>	<b>\$365m</b>
<b>Gearing</b>	<b>29%</b>	<b>25%</b>
<b>Market Capitalisation</b>	<b>\$1,104 m</b>	<b>\$1,082m</b>
<b>Average Lease Duration (years)</b>	<b>3.9</b>	<b>3.8</b>



# Portfolio overview



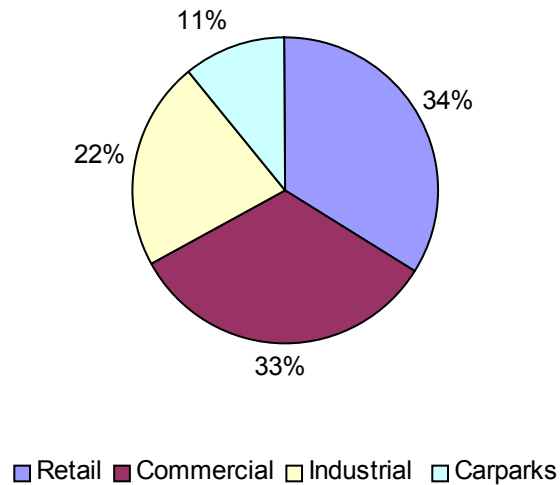
44 Market Street, Sydney



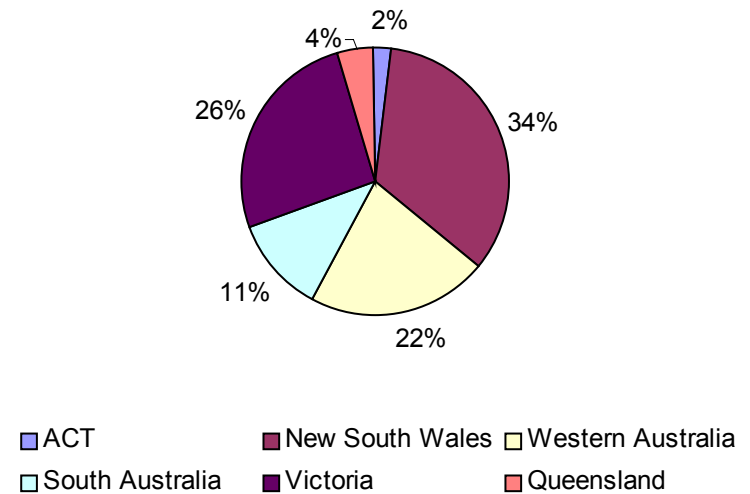
# Diversification

As at 31 December 2003

## Asset type



## Location

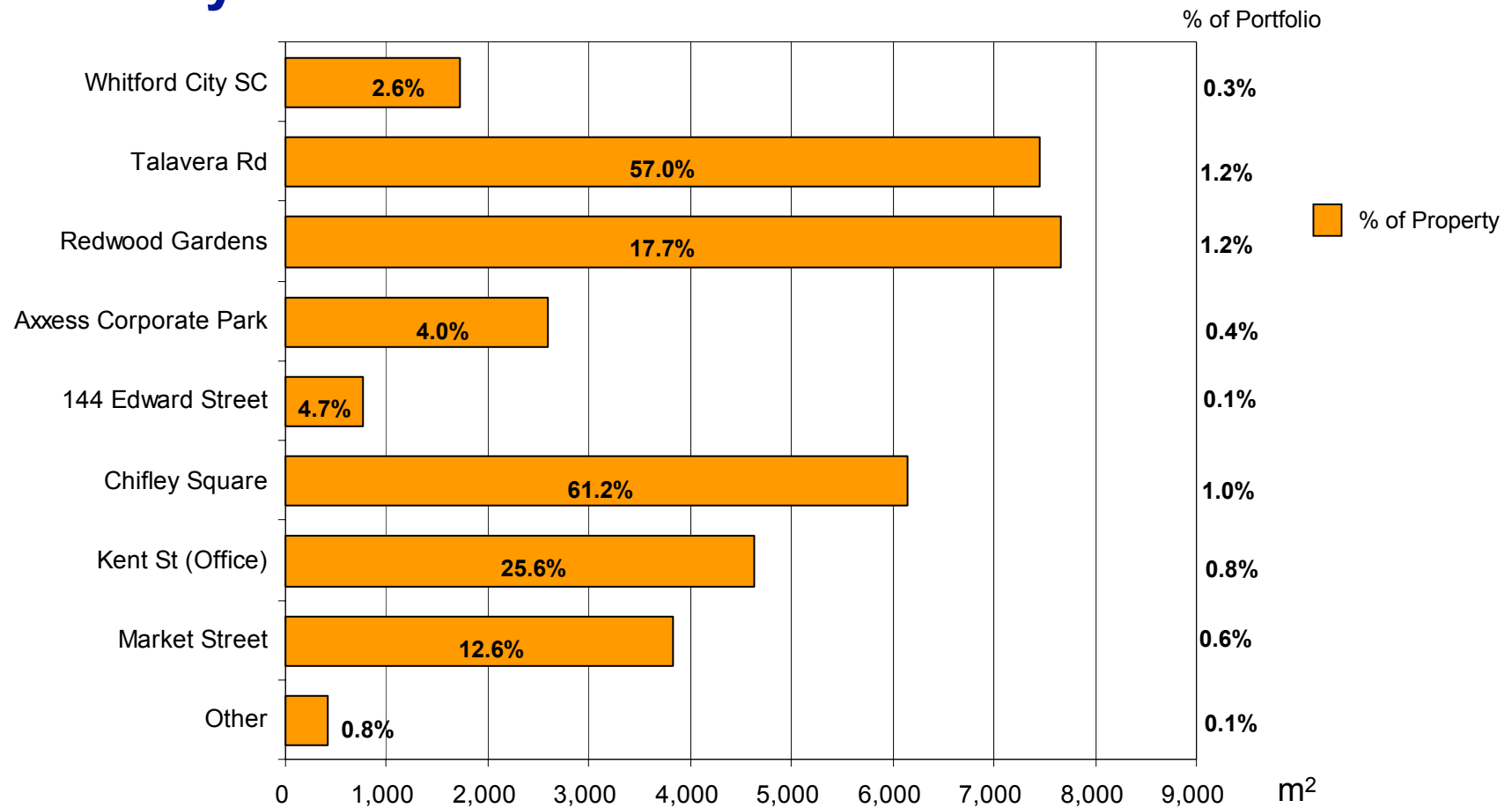


# Lease profile

■ Occupancy (m <sup>2</sup> )	94%
■ Tenant retention (m <sup>2</sup> )	88%
– Office	71%
– Retail	95%
– Industrial	85%
■ Leasing	
– renewals secured (m <sup>2</sup> )	25,816
– under negotiation (m <sup>2</sup> )	42,147 *
■ Average lease term (years)	3.9

\*Excludes West Lakes which is under development

# Vacancy



■ Total vacant area 35,232 m<sup>2</sup>  
■ Total Portfolio area 615,305 m<sup>2</sup>



# Divestments

- Powers & Station Street, Seven Hills
- Carnarvon Street, Silverwater



# Developments

Asset	Increased NLA	Cost	Status
Axxess, Melbourne Pre-commitment to Australia Post	4,354 m <sup>2</sup>	\$3.2m	- Completed Sep 2003 - On time on budget
West Lakes Mall	13,500 m <sup>2</sup>	\$62m	- Commenced Aug 2003 - Completion Nov 2004
Whitford City Shopping Centre	11,154 m <sup>2</sup>	\$85m	- Completed Nov 2003 - On time on budget



# Developments

## Whitford City Shopping Centre

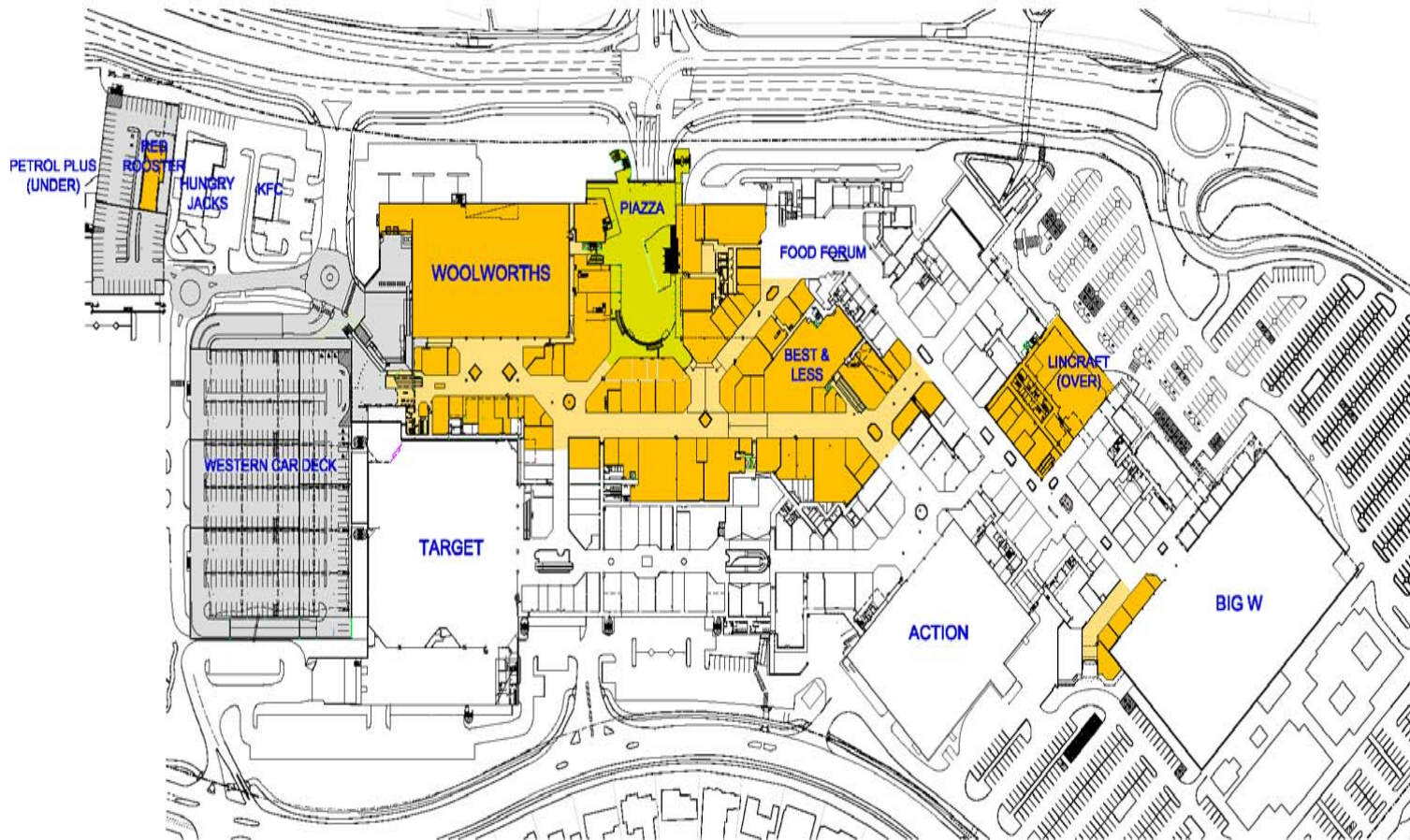


- Commenced - July 2002
- Completed - November 2003



# Developments

## Whitford City Shopping Centre - Floor Plan



# Developments

## Whitford City Shopping Centre

	Pre	Post
■ Net Lettable Area	53,846 m <sup>2</sup>	65,000 m <sup>2</sup>
■ Speciality Shops	150	230
■ Car Parks	3,546	3,900
■ Investment Returns		
– Cost		\$85m
– IncomeYield		9.1%
■ Occupancy costs		
■ MAT		
■ Leasing Status		



# Developments

## West Lakes Mall

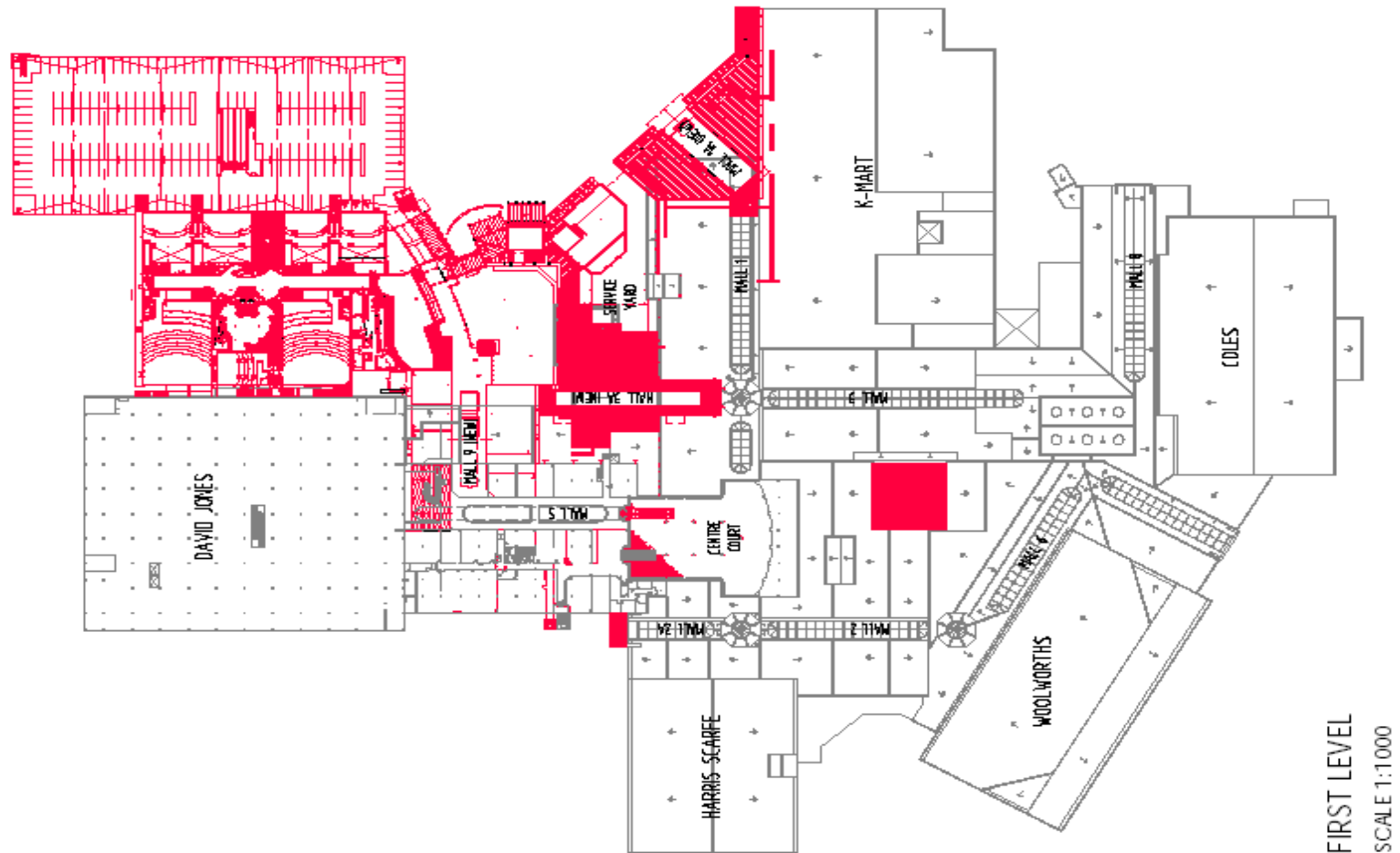


- Commenced - August 2003
- Completion due - November 2004



# Developments

## West Lakes Mall - Floor Plan of centre showing old and new



FIRST LEVEL  
SCALE 1:1,000



# Developments

## West Lakes Mall

	Pre	Post
■ Net Lettable Area	49,500 m <sup>2</sup>	63,000 m <sup>2</sup>
■ Speciality Shops	142	215
■ Car Parks	3,570	3,650
■ Investment Returns		
– Cost		\$62m
– Targeted IncomeYield		8.75%
■ Leasing Status		
■ Construction Status		
■ Occupancy Cost		
■ MAT		
■ Leasing Status		



# Valuations

- Thirteen of the Trust's assets were revalued during the six months to December 2003.

Property	Revaluation
383 Kent Street Car Park	\$7.3m
32-44 Flinders Street Car Park	\$2.2m
34-60 Little Collins Street Car Park	\$1.8m
172 Flinders Street	\$1.0m
Axxess Corporate Park	(\$3.9m)
Knoxfield Industrial Estate	(\$1.2m)
Other	(\$0.3m)
<b>Total</b>	<b>\$6.9m</b>



# Capital management



Target Distribution Store, VIC

# Capital management

## Equity

- DRP rules amended giving enhanced flexibility

## Debt

- Total debt as at 31 December 2003 is \$473 million
  - Debt to total assets 28.6%
  - \$348.1m bank facility
  - \$125m of MTN's
  - 80.3% of fixed debt
  - Average duration of fixed hedges is 3.6 years
- CMBS planned



# Outlook



14 Moore Street, Canberra

# Trust 2004 Objectives and Focus

## Financial

- Exceed ASX/S&P200 Property Accumulation Index
- Target 9.3 cents dpu June 2004

## Portfolio

- Redevelopment of Ferguson Centre
  - 20,000 m<sup>2</sup> NLA A Grade Refurbishment
  - 20,000 m<sup>2</sup> NLA A Grade Office
- Leasing 8,000m<sup>2</sup> NLA Chifley, currently non income producing
- Further developments
  - 2,000 m<sup>2</sup> NLA Westlakes
  - 2,000 m<sup>2</sup> NLA Flinders Gate



# Management Focus

## Portfolio

- Development of land
  - 12,000 m<sup>2</sup> Kings Park NSW
  - 55,000 m<sup>2</sup> Axxess Corporate Park Victoria
  - 10,000 m<sup>2</sup> Redwood Gardens Victoria

## Acquisitions

- Reinvestment of \$50million of sale proceeds into income producing assets



# DEUTSCHE **DIVERSIFIED** TRUST ■

**December 2003 half yearly results**

**Investor presentation**

**February 2004**

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

**DB Real Estate**  
Deutsche Bank Group



# Annexures





# A- ASX 4D

For the half year ended 31 December 2003

Highlights of Results		31-Dec-03	31-Dec-02	Change
Revenue from ordinary activities (\$'000)	1	108,554	76,471	41.95%
Net Profit from ordinary activities after tax attributable to unitholders - (\$'000)	2	40,981	43,693	-6.21%
Distribution to unitholders - (\$'000)	3	44,522	43,510	2.33%
<b>Distributions for the quarters ending</b>				
30 September 2003 (paid 27 November 2003)		2.325	2.300	1.09%
31 December 2003 (payable 26 February 2004)		2.325	2.300	1.09%
<b>Total distributions - cents per unit</b>		<b>4.650</b>	<b>4.600</b>	1.09%
Basic and diluted earnings (cents per unit)	2	4.289	4.620	-7.17%
		<b>31-Dec-03</b>	<b>30-Jun-03</b>	
<b>Total Assets (\$'000)</b>		<b>1,652,137</b>	<b>1,594,166</b>	<b>3.64%</b>
Total Borrowings (\$'000)	4	473,062	430,800	9.81%
Unitholders Equity (\$'000)		1,145,558	1,134,091	1.01%
<b>Market Capitalisation (\$'000)</b>		<b>1,110,664,107</b>	<b>1,094,160,170</b>	<b>1.51%</b>
Net tangible assets (NTA) \$ per unit		1.20	1.19	0.38%
Unit price - \$		1.16	1.15	0.87%
Units on issue (' 000)		957,469,058	951,443,626	0.63%
Record date		31 December 2003		
Payment date - 31 December distribution		26 February 2004		



# B- Consolidated statement of financial performance

For the half year ended 31 December 2003

	Notes	31 December 2003 \$'000	31 December 2002 \$'000
<b>Revenue from ordinary activities</b>			
Rent		78,564	76,256
Proceeds on sale of investment properties		29,760	-
Interest income		230	215
<b>Total revenue from ordinary activities</b>		<b>108,554</b>	<b>76,471</b>
<b>Expenses from ordinary activities</b>			
Property expenses		(20,290)	(18,139)
Repairs and maintenance		(910)	(815)
Responsible entity fees	2	(4,927)	(4,607)
Book value of investment properties sold		(30,837)	-
Other expenses from ordinary activities	3	(601)	(572)
Borrowing costs expense		(10,008)	(8,645)
<b>Total expenses from ordinary activities</b>		<b>(67,573)</b>	<b>(32,778)</b>
<b>Net Profit</b>		<b>40,981</b>	<b>43,693</b>
Increase in asset revaluation reserve		7,995	-
<b>Total revenues, expenses and valuation adjustments attributable to members of Deutsche Diversified Trust recognised directly in equity</b>		<b>7,995</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with unitholders as owners</b>		<b>48,976</b>	<b>43,693</b>
		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings - cents per unit (cpu)	12	4.29	4.62
<i>The above statement of financial performance should be read in conjunction with the accompanying notes.</i>			
		<b>31 December 2003 \$'000</b>	<b>31 December 2002 \$'000</b>
<b>Distribution</b>			
Net profit		40,981	43,693
Movement in undistributed income		2,464	(183)
Transfer from reserves	6	1,077	-
<b>Distribution paid/payable</b>		<b>44,522</b>	<b>43,510</b>
		<b>Cents</b>	<b>Cents</b>
Distribution paid/payable - cents per unit (cpu)		4.65	4.60

# C- Consolidated statement of financial position

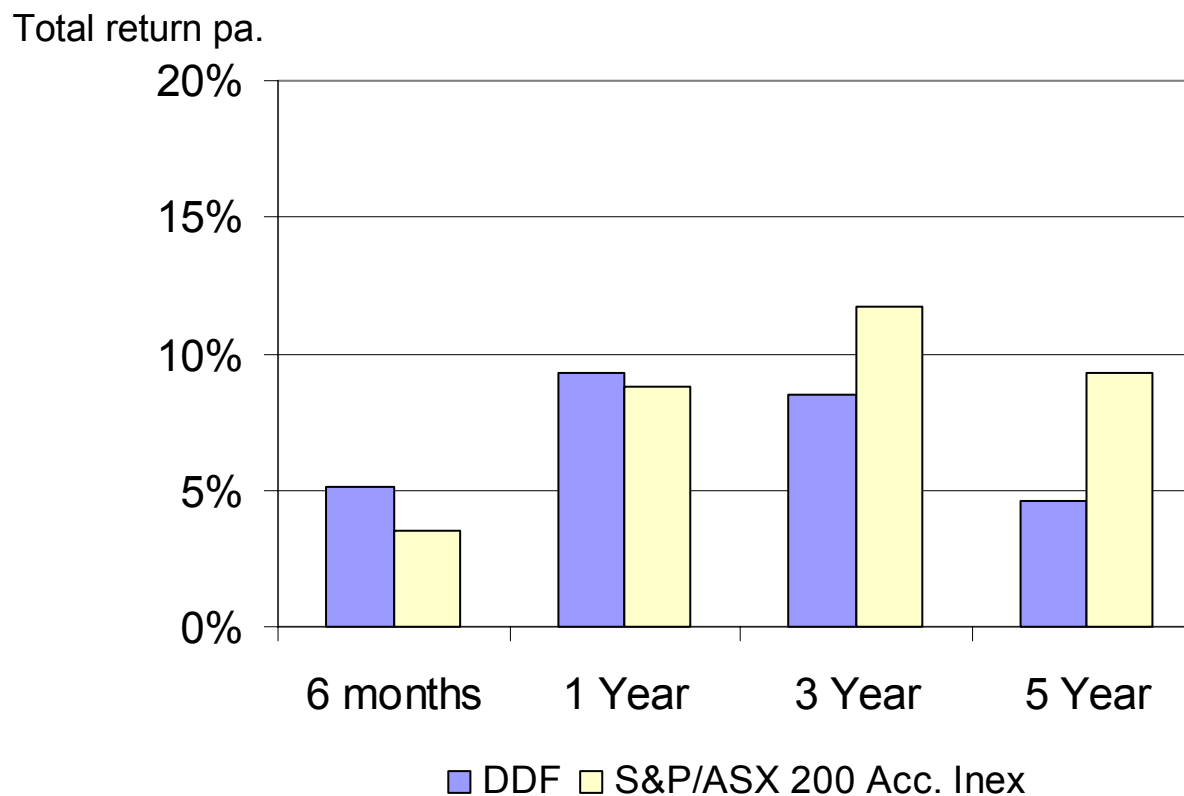
For the half year ended 31 December 2003

	Notes	31 December 2003 \$'000	30 June 2003 \$'000
<b>Current assets</b>			
Cash assets		2,433	1,375
Receivables		9,842	12,591
Property sale proceeds receivable		29,760	-
Investment properties	4	21,446	21,446
Other		3,388	3,875
<b>Total current assets</b>		<b>66,869</b>	<b>39,287</b>
<b>Non-current assets</b>			
Investment properties	4	1,583,801	1,553,886
Other		1,467	993
<b>Total non-current assets</b>		<b>1,585,268</b>	<b>1,554,879</b>
<b>Total assets</b>		<b>1,652,137</b>	<b>1,594,166</b>
<b>Current liabilities</b>			
Payables		10,868	6,094
Interest bearing liabilities		473,062	55,800
Provisions		22,261	22,359
Rent received in advance		96	544
<b>Total current liabilities</b>		<b>506,287</b>	<b>84,797</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		-	375,000
Other		292	278
<b>Total non-current liabilities</b>		<b>292</b>	<b>375,278</b>
<b>Total liabilities</b>		<b>506,579</b>	<b>460,075</b>
<b>Net assets</b>		<b>1,145,558</b>	<b>1,134,091</b>
<b>Equity</b>			
Contributed equity	5	983,061	976,048
Reserves	6	154,235	147,317
Undistributed income	6	8,262	10,726
<b>Total equity</b>		<b>1,145,558</b>	<b>1,134,091</b>

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

## D- Total return comparison

As at 31 December 2003



Source: IRESS, Deutsche Asset Management, UBS Warburg