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Dear Sir/Madam

DEUTSCHE DIVERSIFIED TRUST – PORTFOLIO UPDATE

DB Real Estate Australia Limited the Responsible Entity ("DBRE") of the Deutsche Diversified Trust ("DDF") is pleased to provide the following portfolio update for the Trust.

Acquisition - Controlled Climate Logistics ("CCL") Pty Ltd, Eastern Creek

DDF has exchanged contracts for sale and entered into the following agreements with Australand -

- i) sale of land, acquiring 26,590 m² of land at Eastern Creek, Sydney, for \$4,980,000;
- ii) \$17.6 million GMP construction and development agreement for a distribution facility in accordance with an Agreement for Lease entered into with CCL.

Key terms of the lease are as follows:

- Lease commencement at practical completion.
- Ten-year lease term.
- An annual net rent of \$1,836,650.
- Rental commencement 8.5 months post practical completion (the developer will pay a fee of \$153,054 per calendar month equal to the rent entitlement amount).
- Annual reviews to the greater of CPI or 3.5%.
- NLA of 16,850 m².

CCL are a NSW based logistics operator.

The acquisition 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.

The land acquisition and the development of the facility will be funded from DDF's existing borrowing facilities.



**Axxess Corporate Park
Development Agreement – Commercial & Industrial Property (CIP)**

DDF has entered into a three-year Development Agreement with CIP to develop 50,000 m² of land at Axxess Corporate Park, Mount Waverley, Vic ("Axxess").

Axxess is a 195,000 m² Business and Industrial Park located 20 minutes from the Melbourne CBD. Existing tenants within the Estate include Australia Post, Tyco Australia, Smith and Nephew and Olympus Australia.

CIP will pay a \$1.2 million development access fee to DDF over three years, from 1 January 2004 for the right to co-develop with DDF the development land available at Axxess.

CIP will be required to secure pre-commitments from investment grade tenants in accordance with pre-agreed criteria on pre-agreed lease terms. CIP will take elements of development risk not being taken by DDF including, but not limited to, letting up, design and as agreed construction delivery risk and will be remunerated with a pre-agreed share of the unrealised gain (market value less total development costs) generated on each project.

**Axxess Corporate Park
Pre-Lease – Draeger Safety & Draeger Medical Australia ("Draeger")**

Pursuant to the CIP Development Agreement, DDF has entered into an Agreement for Lease with Draeger to develop an office, warehouse and technical facility at Axxess. Draeger is a US based, world leader in the development and manufacturing of medical and safety equipment.

The key terms of the lease are as follows:

- Seven-year lease term.
- An annual net rent of \$612,000.
- Annual reviews of 3.5%/market rent review Year 6.
- NLA of 3,021 m².

**Kings Park Industrial Estate, NSW
Pre-Lease – CSL Limited**

DDF will develop a 1,800 m² NLA office and warehouse facility at Kings Park Industrial Estate, Kings Park, NSW, in accordance with an Agreement for Lease entered into with CSL Limited. CSL Limited is an ASX listed global pharmaceutical company with its core business in vaccine and bioplasma technology and products.

The key terms of the lease are as follows:

- Seven-year lease term.
- An annual net rent of \$225,000.
- Annual reviews to the greater of CPI or 3.5%.



As a result of the project, Kings Park Industrial Estate has only one remaining land parcel for development. The remaining land parcel has DA approval for an office warehouse facility of 6,400 m² of NLA.

The CSL development continues to enhance the quality of DDF's investment in Kings Park and will be further enhanced with the completion of Sydney's Western Orbital motorway.

Leasing

44 Market Street, Sydney

DDF has entered into two new leases with Commonwealth Bank of Australia, the key terms of which are detailed below.

Lease One:

- One-year lease term expiring 31 December 2004.
- An annual gross rent of \$585,150.
- NLA of 1,245 m².
- Option period of one year, further option of one or five years.

Lease Two:

- Two-year lease term expiring 31 December 2005.
- An annual gross rent of \$2,343,420.
- NLA of 4,986 m².
- Option one or five years.

Kings Park

DDF has secured a new lease with U-Tech Media Australia at the Kings Park Industrial Estate. U-Tech will occupy that space vacated by Dexion (November 2003) from 1 January 2004.

The key terms of the lease are as follows:

- NLA of 7,965 m².
- Three-year lease term.
- An annual net rent of \$637,200.
- Annual reviews to the greater of CPI or 3%.

U-Tech is one of Australia's largest manufacturer and distributor of media entertainment products, and will use Kings Park for the distribution of products manufactured at their Alexandria facility.

Summary

The sum of the transactions in this announcement reflects, in aggregate, leasing commitments of 35,867 m². The transactions will be funded from the Trust's borrowing facilities.



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

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ian Thompson', with a long horizontal flourish extending to the right.

Ian Thompson
Company Secretary