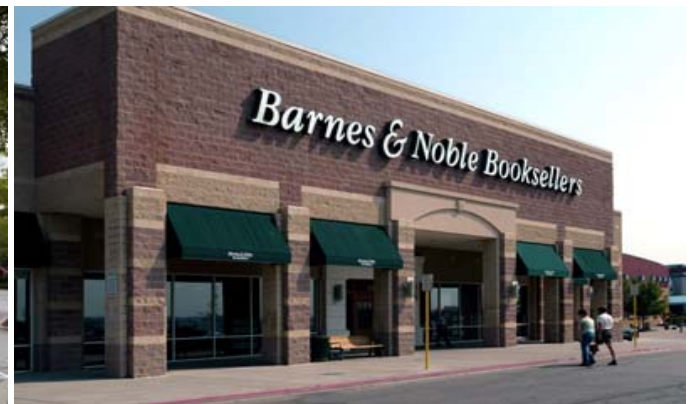


# Macquarie DDR Trust (MDT)—IPO

October 2003



# Macquarie DDR Trust (MDT)

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- ◆ Macquarie DDR Trust (MDT) will acquire an 81% indirect ownership interest in a portfolio worth approximately US\$744.5 million
  - DDR will own 14.5%
  - MBL will own 4.5%
- ◆ High quality portfolio of 11 community shopping centres in the United States
  - Total GLA 5.4 million sq ft (owned GLA 4.8 million sq ft)
  - Major metropolitan markets
  - Strong fundamentals—demographics, income
  - Established trade areas
  - Portfolio weighted average lease term to expiry of **8.2 years**
  - Portfolio weighted average under-renting of **10.7%**
  - Seven properties from Sears subsidiary JV (Homart) are very highly specified

# Macquarie DDR Trust (MDT)

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- ◆ Quality tenants
  - leased to an array of leading US retailers
  - top 40 tenants represent 70.7% of net property income
  - 94.8% of rental income from national or regional tenants
- ◆ FY2004 annualised DPU yield of **9.0%**, growing **3.0%** to **9.27%** in FY2005
  - Including foreign tax credits, **10.04%** and **10.30%** in FY2004 and FY2005 respectively
- ◆ Portfolio being acquired “off market” at a **1.65%** discount to independent valuation
- ◆ Community Shopping Centre investment niche
  - asset class sits between regional malls and neighbourhood centres
  - offers investors exposure to pronounced retail trend—growth of discount department store and other discount retailers catering towards value and convenience
- ◆ Identifiable acquisition pipeline
  - ROFO portfolio – 10 million sq ft of GLA across 11 states in major markets

# Macquarie DDR Trust (MDT)

- ◆ Management commitment with equal joint venture between MBL and DDR
- ◆ Best of breed Community Shopping Centre specialist
  - Specialist with national scale – drives tenant relationships
  - Top three landlord to nearly all anchor retailers
  - Track record of adding value since listing
  - Compound average rent growth for specialties of 5.1% pa over 15 years
  - Average occupancy around 96% since listing
- ◆ Tested ownership and management structure
  - MPR look-a-like structure
  - Macquarie team supported by over 20 professionals in US and 60 in Australia
  - Alignment of interests – DDR 14.5% interest represents substantial continuing interest in portfolio assets

# Community Centre Product

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**DDR's investment strategy is to own and operate market dominant Community Shopping Centres that draw shoppers from the immediate neighbourhood as well as the surrounding trade area**

- ◆ 250,000–1,000,000 sq ft, open-air shopping centres
- ◆ Strong national anchor tenants such as Wal-Mart, Kohl's, Target, Home Depot or Lowe's
- ◆ Two or more medium sized national big-box tenants such as Barnes & Noble, Toys R Us, Best Buy or Borders
- ◆ 20,000–80,000 sq ft of small (specialty) shops
- ◆ 5 car parking spaces per 1,000 sq ft of gross lettable area
- ◆ 2–4 outparcels (stand-alone) sites available for sale or groundlease
- ◆ High visibility to major traffic intersections





# Aerial Photograph of Typical Centre



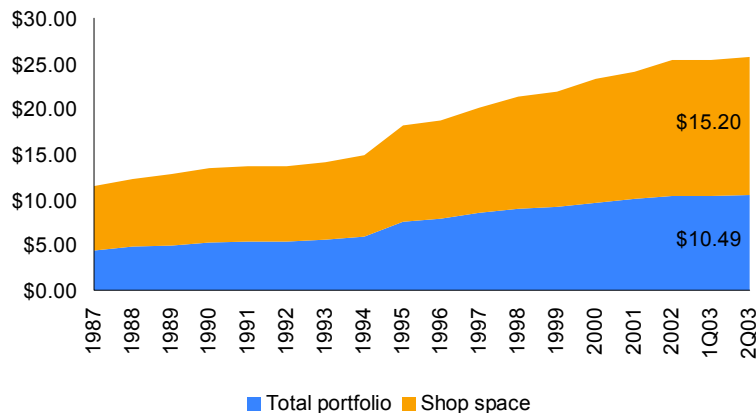
# DDR—market leader

- ◆ DDR is a leading owner, operator, developer and acquirer of market dominant Community Shopping Centres in the US
- ◆ DDR owns / manages 374 retail properties containing 83.1 million sq ft of GLA
  - equivalent to 7.7 million square metres of GLA
  - 2.5x larger than WFT
  - 1.3x larger than entire Australian LPT retail sub-sector (ex US assets)
- ◆ Experienced third party asset and fund manager
- ◆ Total of 433 employees

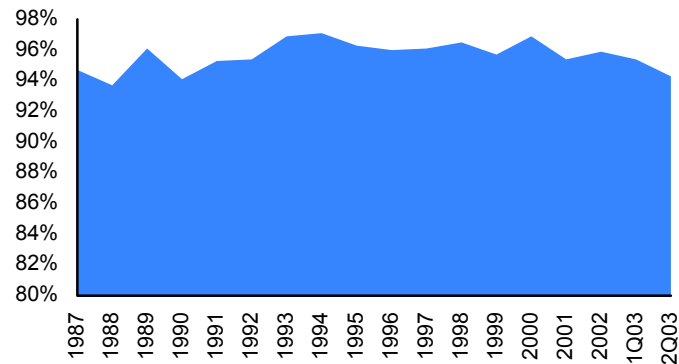


# DDR portfolio performance

**Average annualised base rental (to Q2003)**

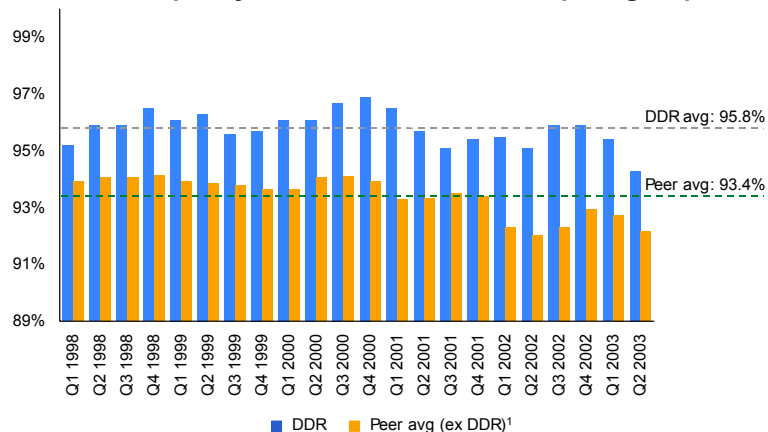


**Historical leased rates**

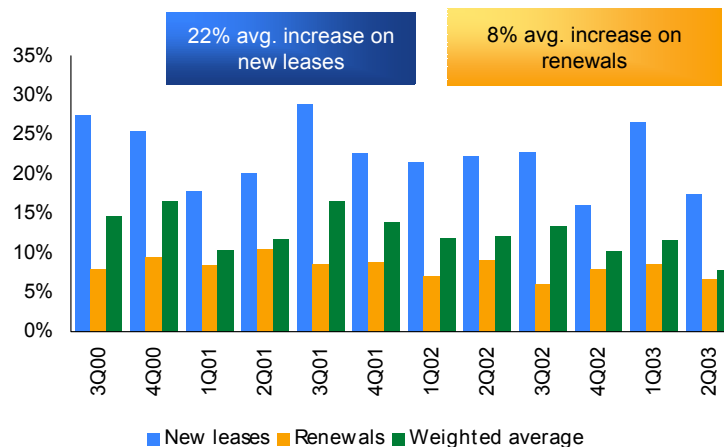


Note: Excluding the impact of properties acquired through the JDN merger, the average base rent was \$15.59 p/sq ft and \$10.85 p/sq ft for shop space and the entire portfolio, respectively.

**Historical occupancy rates—DDR vs US REIT peer group**



**Internal growth leasing spreads**



Source: Green Street Advisors, based on a universe of six comparable retail REITs



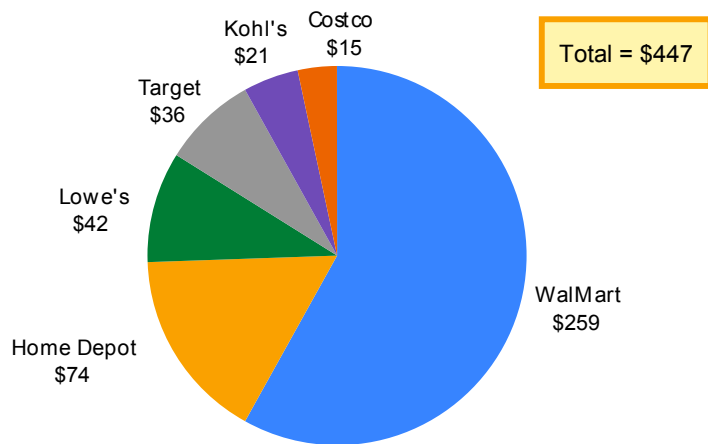


# Shifts in consumer preferences

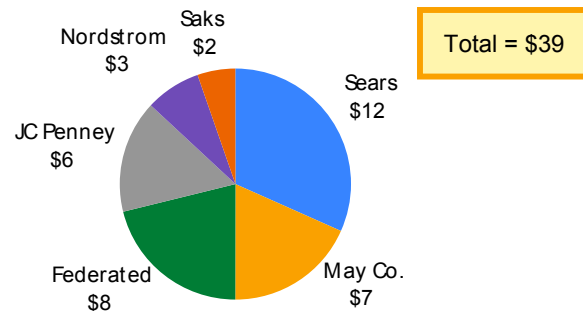
## Community shopping centres are well positioned to benefit from long-term trends in the retail industry

- ◆ From traditional department stores to discount department stores
  - discount department stores have increased their market shares from 39% in 1987 to 73% in 2002
- ◆ From enclosed mall anchors and specialty tenants to community shopping centre discounters
- ◆ WalMart's market cap alone is nearly seven times larger than that of the entire traditional department store sector

**Representative DDR anchors**  
(Market cap in US\$ billions)

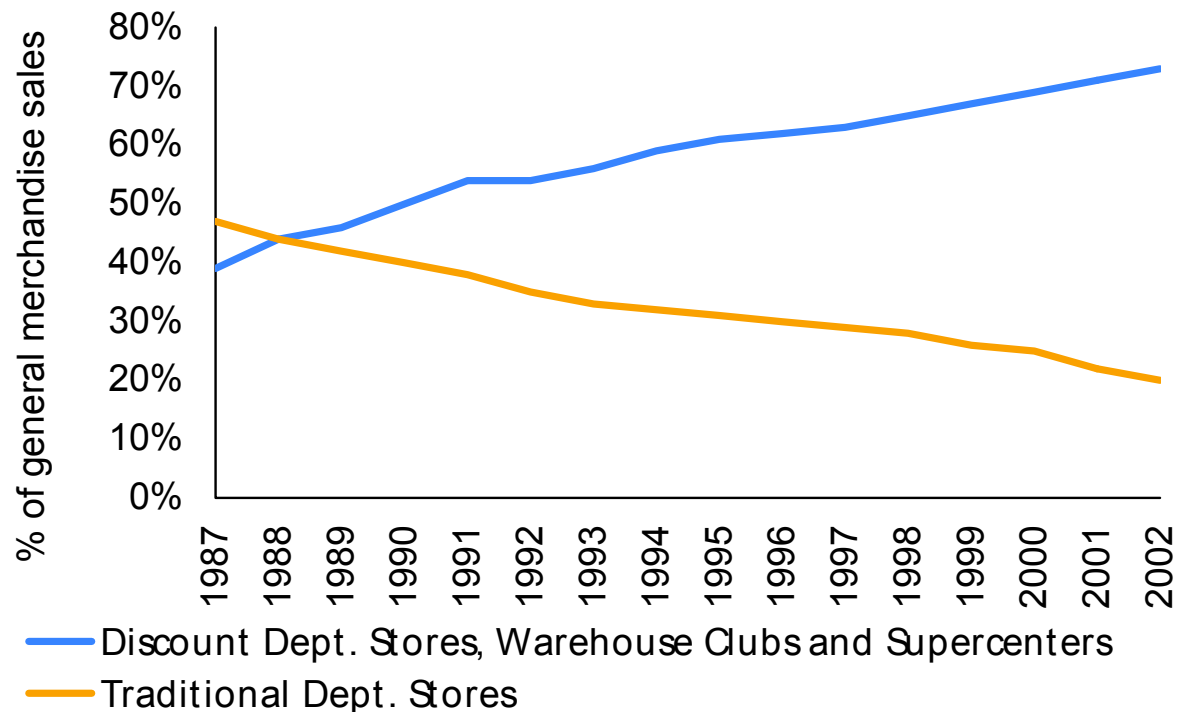


**Major Mall Anchors**  
(Market cap in US\$ billions)



# Shift to discount retailers

## Discount retailers capture market share at the expense of traditional department stores



Source: US census, Economy.com, Property & Portfolio Research

# Macquarie DDR Trust



# Major MDT tenants

**KOHL'S**

BED BATH &  
**BEYOND**

**BARNES & NOBLE**  
BOOKSELLERS

*Michaels*  
THE ARTS AND CRAFTS STORE



**TJ·maxx**

**OfficeMax**

**PETSMART**



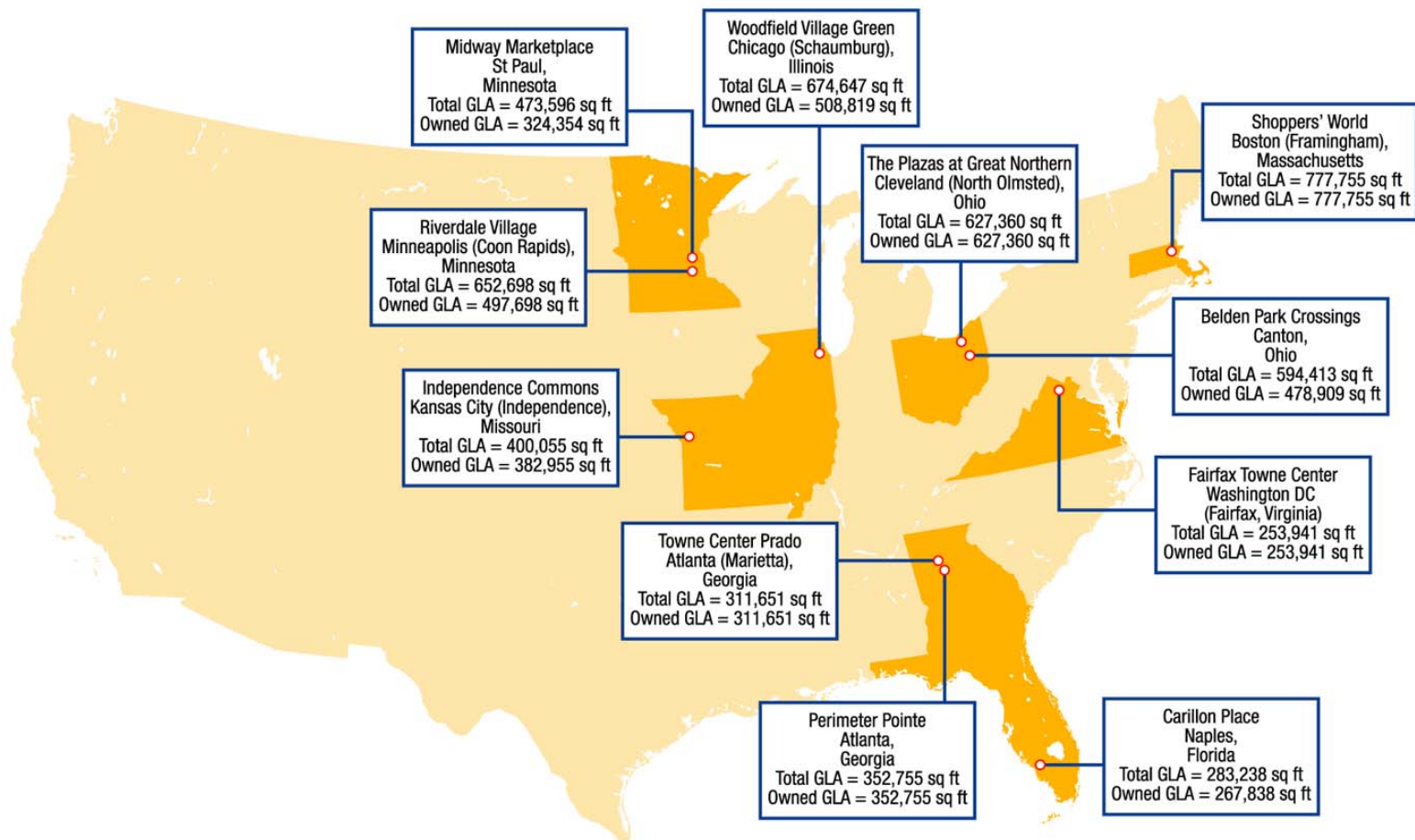
**WAL★MART**



**LINENS·N·THINGS**  
THAT'S A GREAT IDEA



# MDT geographic spread





# Assets located in substantial metropolitan areas

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- ◆ 8 out of 11 assets located in the largest 16 MSAs in the US (out of 280)
- ◆ 9 out of 11 assets located in MSAs with a population of over 1,500,000 people
- ◆ Naples (Florida) is second fastest growing MSA in the US
- ◆ MDT portfolio MTA average 5 year population growth forecast is **17% higher** than US average
- ◆ The unemployment rates for the counties in which MDT centres are located is on average **1% below** the national rate
- ◆ MDT portfolio MTA median household income is **47% higher** than US national median household income level
- ◆ MDT portfolio MTA average household retail spend is **13% higher** than US average

# Board

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- ◆ The Board of Directors of MDT will comprise
  - Richard Sheppard (MBL)—Chairman
  - Mark Baillie (MBL)
  - Bill Moss (MBL)
  - Scott Wolstein (DDR)
  - Daniel Hurwitz (DDR)
  - David Jacobstein (DDR)
  - At least two independent directors to be appointed by listing date



# MBL Management

## US

### MBL Property Investment Management

Mark Baillie  
Head of MBL Real Estate—North America

- ◆ Deal sourcing
- ◆ Due diligence support
- ◆ US Tax / Legal support
- ◆ 4 staff

### Macquarie Capital Partners

- ◆ US advisor to US manager
  - Market analysis
  - Due diligence support
  - Debt arrangement support
  - 24 staff

## AUSTRALIA

### MBL Property Investment Management

James Hodgkinson  
Joint Head  
North America Country Head

- ◆ Trust strategy
- ◆ Operations oversight
- ◆ Asset services and due diligence
- ◆ Company secretary
- ◆ Legal and compliance
- ◆ Trust accounting
- ◆ Special projects—acquisitions & fund raisings
- ◆ 60 staff

MDT  
Responsible Entity  
David Dix  
General Manager

# Timetable

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## Public offer

Offer opens	27 October
Offer closes	14 November
Allotment of units	21 November
Trading of units	26 November

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A vertical strip on the left side of the page shows a classical building facade with columns and ornate architectural details.

# Other information

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# Overview of MDT portfolio

Asset	MSA	Purchase price (US\$m)	Valuation (US\$m)	Owned GLA (sq ft '000s)	% of portfolio GLA (%)	Initial yield (%)	Leased (%) <sup>2</sup>	Over / under renting (%)
Shoppers' World	Boston, Massachusetts	167.0 <sup>1</sup>	168.0	778	16.3	7.8	100.0	(16.7)
Woodfield Village Green	Chicago, Illinois	94.9	95.0	509	10.6	7.7	97.5	(14.3)
The Plazas at Great Northern	Cleveland, Ohio	94.6	95.0	627	13.1	8.0	98.9	(7.0)
Riverdale Village	Minneapolis, Minnesota	61.3	61.8	498	10.4	7.8	94.6	(2.3)
Perimeter Pointe	Atlanta, Georgia	56.4 <sup>1</sup>	59.0	353	7.4	8.8	95.4	4.1
Belden Park Crossings	Canton, Ohio	56.2	57.2	479	10.0	8.3	97.6	(7.0)
Independence Commons	Kansas City, Missouri	49.1	50.0	383	8.0	8.9	95.0	0.2
Fairfax Towne Center	Washington DC	47.8	52.5	254	5.3	8.4	100.0	(6.4)
Towne Center Prado	Atlanta, Georgia	41.3	42.0	311	6.5	8.4	93.9	(7.3)
Carillon Place	Naples, Florida	34.3 <sup>1</sup>	34.5	268	5.6	8.4	96.3	(15.5)
Midway Marketplace	St Paul, Minnesota	29.2	29.5	324	6.8	8.4	97.4	(35.6)
<b>Total / average</b>		<b>732.1</b>	<b>744.5</b>	<b>4,784</b>		<b>8.1</b>	<b>97.3</b>	<b>(10.7)</b>

Notes:

1 Purchase Price includes debt restructure costs

2 By GLA, excluding master lease to DDR which represents 2.74% of portfolio GLA

3 Figures may not total due to rounding





A vertical strip on the left side of the page shows a classical building facade with columns and ornate architectural details.

# Board of Directors—biographies

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# Board of Directors—biographies

## Richard Sheppard —Chairman

Richard is Deputy Managing Director of Macquarie Bank Limited. Richard joined Hill Samuel Australia (Macquarie Bank's predecessor) in 1975, in the Corporate Services Division. Prior to this, Richard worked at the Reserve Bank of Australia and as Economic Adviser in the Office of Leader of the Federal Opposition. Richard moved to Melbourne in 1978 and was appointed an Executive Director in 1981. He was appointed Head of the Macquarie's Melbourne office in 1986. In mid-1988 he became Head of the Corporate Banking Group in Sydney. He was appointed Deputy Managing Director in 1996. Richard is currently chairman of Hills Motorway Trust, chairman of Horizon Energy Investment Ltd, chairman of Macquarie Airports, director of Medallist Golf Developments Pty Ltd, director of International Banks & Securities Association (IBSA) and member of the Financial Sector Advisory Council.

## Mark Baillie—Director

Mark is an Executive Director of Macquarie Bank Limited and is currently based in Chicago, USA, as Macquarie's Head of Real Estate - North America. Mark is also a director of Macquarie Capital Partners LLC, Macquarie's global real estate investment banking joint venture, Macquarie CountryWide Management Limited, Macquarie ProLogis Management Limited, chairman of Macquarie's Real Estate Funds Management Executive Committee and also a director of the Association of Foreign Investors in Real Estate. Prior to his current role, Mark was the Chief Executive Officer of Macquarie CountryWide Trust and Head of Macquarie's Property Investment Management division. Mark has over 22 years' experience in chartered accounting, investment banking and global real estate funds management.

## William Moss—Director

William is the Group Head and Chief Executive of Macquarie Bank's Banking and Property Group, with over 900 staff globally. William is responsible for the Bank's real estate, mortgages and banking businesses. William has over 25 years' experience in the banking and finance industry. He is Chairman of Medallist Developments - a joint venture with Greg Norman's private company, Great White Shark Enterprises - which has a development portfolio worth over A\$3.0 billion in the US and Australia. He is Chairman of Macquarie Property China Pty Limited. William is also a director of Macquarie Office Management Limited, Macquarie Goodman Management Limited and Macquarie ProLogis Management Limited.



# Board of Directors—biographies (continued)

## Scott Wolstein—Director

Scott has been the Chief Executive Officer and a Director of DDR since its organization in 1992, Chairman of the Board of Directors of DDR since May 1997 and was president of the Company from its organization until May 1999. Prior to 1993, Scott was a principal and executive officer of DDR's predecessor, Developers Diversified Group. In addition, Scott is a member of the company's Executive, Management and Investment Committees.

Scott is currently a member of the Board of National Association of Real Estate Investment Trusts, the International Council of Shopping Centers, The Real Estate Roundtable, the Zell-Lurie Wharton Real Estate Center, Cleveland Tomorrow, Cleveland Development Partnership and serves as the chairman of the State of Israel Bonds, Ohio and Kentucky. Scott is also a member of the Urban Land Institute and the Pension Real Estate Association. He has also served as president of the Board of Trustees of the United Cerebral Palsy Association of Greater Cleveland and as a member of the Board of the Great Lakes Theater Festival, The Park Synagogue, and the Convention and Visitors Bureau of Greater Cleveland.

## David Jacobstein—Director

David was appointed President and Chief Operating Officer of DDR in May 1999 and elected to the DDR Board of Directors in May 2000. In addition, David is a member of the company's Executive, Management and Investment Committees. Prior to joining DDR, David served as Vice Chairman and Chief Operating Officer of Wilmorite, Inc., a Rochester, New York based developer of regional shopping centers. Prior to his tenure with Wilmorite, David served as Vice President - Finance and General Counsel for Fishers, New York based Scientific Calculations, Inc., a firm specializing in computer aided design technology. Prior to that, David was engaged in corporate and securities law practice. David has served as a Vice President of the Colgate University Alumni Corporation and President of the Allendale-Columbia School Board of Trustees, currently serves on the Business Markets Cabinet of the United Way of Cleveland, and is a member of ICSC and the Urban Land Institute.





# Board of Directors—biographies (continued)

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## Daniel Hurwitz – Director

Daniel was appointed Executive Vice President of DDR in June 1999 and elected to the DDR Board of Directors in May 2002. In addition, Daniel is a member of DDR's Executive, Management and Investment Committees. Prior to joining DDR, Daniel served as Senior Vice President and Director of Real Estate and Corporate Development for Reading, Pennsylvania based Boscov's Department Stores, Inc., a privately held department store company. Prior to Boscov's, Daniel served as Development Director for the Shopco Group, a New York based developer and acquirer of regional and super regional shopping malls. Daniel is a member of the Board of Directors for the Children's Museum of Cleveland and Applewood Centers Inc. He is a member of ICSC and the Urban Land Institute and serves as a member of the ICSC Open Air Centers Committee. Daniel has also served on the Board of Directors for the Colgate University Alumni Corporation, Colgate University Maroon Council, Berks County Food Bank, and the Reading Jewish Community Center.

## Stephen Girdis — Alternate to William Moss

Stephen is an Executive Director of Macquarie Bank Limited and is Head of Macquarie's Property Division. Stephen is a director of alternate director of all of the management companies of Macquarie Bank Group's listed and unlisted property funds management businesses.. Stephen has over 20 years' experience in chartered accounting, property finance, funds management and investment banking and is an Associate of both The Institute of Chartered Accountants in Australia and the Securities Institute of Australia.

## Independent Directors

Under the constitution of the Responsible Entity, it is a requirement that at least 2 independent directors be appointed before any resolutions can be passed. Both DDR and Macquarie have separately identified an independent director and these directors are expected to be appointed by the time of the listing on ASX.



# Disclaimer

## IMPORTANT NOTICE

This presentation (the "Documents") have been prepared by Macquarie DDR Management Limited on a personal and private basis.

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