



19 August 2003

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

Deutsche Asset Management  
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Dear Sir/Madam

**Deutsche Industrial Trust- Results for year ended 30 June 2003**

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

- Appendix 4E Statement- 'Results for announcement to the market';
  - Overview
  - Highlights of Results
  - Financial Statements
  - Independent Audit Report from PricewaterhouseCoopers; and
- A copy of 'Annual Results Presentation to Investors'.

For further information, please contact Ben Lehmann, General Manager, Deutsche Industrial Trust on (02) 9249 9003, Scott Armstrong, Portfolio Manager on (02) 9249 9693 or Warren Boothman, Marketing Manager (03) 9270 4418.

Yours faithfully,

Phillip Maher  
Director, Legal



**DEUTSCHE INDUSTRIAL TRUST - APPENDIX 4E  
(ARSN 090 879 137)**

**Overview**

Gross rental income has increased by 22.94% to \$81.16 predominantly due to the acquisition of 5 properties during the year. Other income has increased significantly from \$8.89 million to \$38.57 million as the result of the disposal of 7 non-core properties. The former combined to increase total revenues from ordinary activities by 59.83% or \$119.73 million.

The net profit attributable to members has increased by 40.12% to \$49.03 million. The entire profit including \$0.11 million of retained earnings will be distributed to members. The full year distribution of 15.40 cents per unit reflects an increase of 2.67%, it is in line with the Prospectus issued by the responsible entity on the 21<sup>st</sup> November 2002 and market expectations generally.

Total assets have increased by 20.98% to \$843.74 million dollars due to the acquisition of 5 properties during the year, development projects completed and commenced, and asset revaluations.

Interest bearing liabilities have increased by 19.07% to \$258.97 million however, as a proportion of total assets gearing has declined from 31.19% to 30.69%.

Net assets per unit have increased over the year by 5.33% to be \$1.58.

The number of units on issue has increased by 12.38% to 337.56 million with the market capitalisation at 30 June 2003 being \$594.1 million.

The number of unit holders on the Trust's register has increased from 9,690 to 11,325.

**DEUTSCHE INDUSTRIAL TRUST - APPENDIX 4E**  
**(ARSN 090 879 137)**

Financial reporting for the financial year ended 30 June 2003

**Results for announcement to the market**

<b>Highlights of Results</b>	<b>30/06/2003</b>	<b>30/06/2002</b>	<b>Change</b>
Revenue from ordinary activities (\$'000)	119,733	74,911	59.83%
Net Profit from ordinary activities after tax attributable to unitholders - (\$'000)	49,027	34,989	40.12%
Distribution to unitholders - (\$'000)	49,137	41,403	18.68%
<b>Distributions for the half year ending</b>			
31 December (paid 14 February 2003) - cents per unit	7.65	7.50	2.00%
30 June final (payable 19 August 2003) - cents per unit	7.75	7.50 *	3.33%
<b>Total distributions - cents per unit</b>	<b>15.40</b>	<b>15.00</b>	2.67%
Basic and diluted earnings (cents per unit)	15.27	12.96	17.88%
<b>Tax deferred component of distribution</b>	<b>59.39%</b>	<b>42.81%</b>	38.73%
<b>Management Expense Ratio</b>	<b>0.65%</b>	<b>0.66%</b>	-1.52%
<b>Total Assets (\$'000)</b>	<b>843,744</b>	<b>697,415</b>	<b>20.98%</b>
Total Borrowings (\$'000)	258,978	217,500	19.07%
Unitholders Equity (\$'000)	532,369	449,251	18.50%
<b>Market Capitalisation (\$'000)</b>	<b>594,114</b>	<b>498,619</b>	<b>19.15%</b>
Net tangible assets (NTA) \$ per unit	1.58	1.50	5.33%
Unit price - \$	1.76	1.66	6.02%
Units on issue (' 000)	337,565	300,373	12.38%
Record date	30 June 2003	30 June 2002	
Payment date - 30 June distribution	19 August 2003	16 August 2002	

**Distribution reinvestment plan (DRP)**

To be allocated units under the Trust's DRP for the June 2003 distribution, unitholders were required to lodge their election notice by the Record date, being 30 June 2003.

\* The Trust issued 9,677,419 units on 28 May 02 and the distribution for those units was 1.37 cents.

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

	Notes	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Revenue from ordinary activities</b>					
Rent	2	81,161	66,015	45,163	36,304
Proceeds on sale of investment properties	4	38,030	8,557	-	-
Interest income		313	339	164	153
Other revenues from ordinary activities	2	229	-	31,775	21,502
<b>Total revenue from ordinary activities</b>		<b>119,733</b>	74,911	<b>77,102</b>	57,959
<b>Expenses from ordinary activities</b>					
Property expenses		(13,647)	(9,879)	(7,615)	(6,021)
Repairs and maintenance		(2,457)	(2,274)	(1,790)	(1,663)
Responsible entity fees	19	(4,525)	(3,467)	(2,751)	(2,354)
Book value of property investments sold	4	(36,416)	(8,263)	-	-
Other expenses from ordinary activities	4	(800)	(623)	(688)	(578)
Borrowing costs expense	4	(13,310)	(8,612)	(13,308)	(6,530)
Increment/(decrement) on revaluation of investments	13	449	(6,413)	1,170	(6,413)
<b>Total expenses from ordinary activities</b>		<b>(70,706)</b>	(39,531)	<b>(24,982)</b>	(23,559)
<b>Net Profit</b>		<b>49,027</b>	35,380	<b>52,120</b>	34,400
Net profit attributable to outside equity interest	15	-	(391)	-	-
<b>Net Profit attributable to members</b>	13	<b>49,027</b>	34,989	<b>52,120</b>	34,400
Net increase in asset revaluation reserve	13	24,540	11,732	22,388	11,732
<b>Total revenues, expenses and valuation adjustments attributable to members of Deutsche Industrial Trust recognised directly in equity</b>		<b>24,540</b>	11,732	<b>22,388</b>	11,732
<b>Total changes in equity other than those resulting from transactions with unitholders as owners</b>		<b>73,567</b>	46,721	<b>74,508</b>	46,132
		<b>Cents</b>	Cents		
Basic earnings - cents per unit (cpu)	24	15.27	12.96		
Diluted earnings - cents per unit (cpu)	24	15.27	12.96		

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

		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Distribution</b>					
Net profit		49,027	34,989	52,120	34,400
Movement in undistributed income		110	1	(2,983)	-
Transfer from reserves		-	6,413	-	7,003
<b>Distribution paid and payable</b>	13, 14	<b>49,137</b>	41,403	<b>49,137</b>	41,403
Distribution paid/payable cents per unit (cpu) - DIT	14	15.40c	15.00c		
Distribution paid/payable cents per unit (cpu) - DITN	14	-	1.37c		

**DEUTSCHE INDUSTRIAL TRUST**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2003**

	Notes	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Current assets</b>					
Cash assets		3,739	6,448	1,931	1,544
Receivables	5	4,060	3,736	34,328	13,872
Other	6	3,849	2,530	2,991	1,549
Inter-entity loan		-	-	22,530	10,211
Investment properties	7	27,700	-	17,800	-
<b>Total current assets</b>		<b>39,348</b>	12,714	<b>79,580</b>	27,176
<b>Non-current assets</b>					
Investment properties	7	793,447	676,221	488,298	350,499
Investments in controlled entities	7, 8	-	-	269,864	268,694
Other	8	10,949	8,480	9,408	6,930
Inter-entity loan		-	-	12,728	50,020
<b>Total non-current assets</b>		<b>804,396</b>	684,701	<b>780,298</b>	676,143
<b>Total assets</b>		<b>843,744</b>	697,415	<b>859,878</b>	703,319
<b>Current liabilities</b>					
Payables	9	20,621	6,938	18,622	4,752
Rent received in advance		3,887	-	17	-
Provisions	10	26,158	22,328	26,158	21,937
Inter-entity loan		-	-	22,530	10,211
<b>Total current liabilities</b>		<b>50,666</b>	29,266	<b>67,327</b>	36,900
<b>Non-current liabilities</b>					
Interest bearing liabilities	11	258,978	217,500	258,881	217,500
Other		1,731	1,398	1,301	609
<b>Total non-current liabilities</b>		<b>260,709</b>	218,898	<b>260,182</b>	218,109
<b>Total liabilities</b>		<b>311,375</b>	248,164	<b>327,509</b>	255,009
<b>Net assets</b>		<b>532,369</b>	449,251	<b>532,369</b>	448,310
<b>Equity</b>					
Contributed equity	12	501,620	442,932	501,620	442,932
Reserves	13	30,508	5,968	27,766	5,378
Undistributed income	13	241	351	2,983	-
<b>Total equity</b>		<b>532,369</b>	449,251	<b>532,369</b>	448,310

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

**DEUTSCHE INDUSTRIAL TRUST  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		<b>86,819</b>	67,364	<b>44,268</b>	38,091
Cash payments in the course of operations		<b>(30,562)</b>	(22,520)	<b>(20,378)</b>	(15,445)
Interest received		<b>313</b>	287	<b>164</b>	153
Trust distribution income from controlled entities		-	-	<b>12,912</b>	22,959
<b>Net cash inflow from operating activities</b>	22	<b>56,570</b>	45,131	<b>36,966</b>	45,758
<b>Cash flows from investing activities</b>					
Proceeds from sale of investment properties		<b>38,030</b>	8,557	-	-
Payments for capital expenditure on investment properties		<b>(36,622)</b>	(16,404)	<b>(13,480)</b>	(7,801)
Payments for investment properties		<b>(100,487)</b>	(30,948)	<b>(100,487)</b>	(30,948)
Payments for investments in unit trusts		-	(111,597)	-	(111,597)
<b>Net cash outflow from investing activities</b>		<b>(99,079)</b>	(150,392)	<b>(113,967)</b>	(150,346)
<b>Cash flows from financing activities</b>					
Establishment expenses and unit issue costs		<b>(1,580)</b>	(1,109)	<b>(1,580)</b>	(1,109)
Proceeds from issue of units	12	<b>59,817</b>	61,724	<b>59,817</b>	61,724
Proceeds from borrowings		<b>596,581</b>	193,654	<b>596,448</b>	193,654
Repayment of borrowings		<b>(555,103)</b>	(113,354)	<b>(555,067)</b>	(56,354)
Loan from/(to) controlled entities		-	-	<b>37,292</b>	(56,246)
Cash acquired on acquisition of controlled entity		-	8,238	-	-
Borrowing costs paid		<b>(15,059)</b>	(8,544)	<b>(15,057)</b>	(6,462)
Distributions paid		<b>(44,856)</b>	(39,425)	<b>(44,465)</b>	(39,425)
<b>Net cash inflow from financing activities</b>		<b>39,800</b>	101,184	<b>77,388</b>	95,782
<b>Net (decrease)/increase in cash held</b>		<b>(2,709)</b>	(4,077)	<b>387</b>	(8,806)
Cash at the beginning of the financial year		<b>6,448</b>	10,525	<b>1,544</b>	10,350
<b>Cash at the end of the financial year</b>		<b>3,739</b>	6,448	<b>1,931</b>	1,544
Financing arrangements	11				
Non-cash financing and investing activities	23				

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

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2003**

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

**(a) Basis of preparation**

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

**(b) Principles of consolidation**

The consolidated financial statements incorporate all the assets, liabilities and net operating results of the parent and its controlled entities. The effects of all transactions between controlled entities and the Trust have been eliminated in full.

**(c) Revenue recognition**

**Rent**

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

**Income support**

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

**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.

**Disposal of assets**

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

**(d) Expenses**

**Property expenses**

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

**Borrowing costs**

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

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

**Responsible Entity fee**

In accordance with the provisions of the Trust Constitution, the Responsible Entity is entitled to payment of a fee. For the year ending 30 June 2003 the fee was 0.6% (2002: 0.6%) of the gross asset value of the Trust.

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 1. Summary of significant accounting policies (continued)**

**(e) Taxation**

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

**(f) Investment properties**

It is the policy of the Responsible Entity to review the carrying value of each property at the reporting date. External valuations of the individual investments are carried out in accordance with the Trust Constitution.

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

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

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

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

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

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

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

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

**(g) Cash**

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

**(h) Distributions**

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 taxable income of the Trust. The distributions are payable semi-annually.

**(i) Accounts payable**

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

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 1. Summary of significant accounting policies (continued)**

**(j) Leasing fees**

Leasing fees incurred in relation to the ongoing renewal of major tenancies are capitalised and amortised over the lease periods to which they relate.

**(k) Lease incentives**

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

These incentives are repaid out of future lease payments and therefore are recognised as an asset in the 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 and released to the statements of financial performance in later years to ensure a constant rate of return over the term of the lease;
- cash contributions - where provided, the amount of contribution is capitalised as an asset in the statements of financial position and written off over the term of the lease;
- tenant fit out - costs associated with fitting out a building specifically for a lessee and that are not expected to be used beyond the term of the lease are capitalised in the statements of financial position and written off over the term of the lease; and
- lessor owned fit out - when the fit out is an asset of the lessor and can be retained by the lessor beyond the lease term, it is considered integral to the building and is capitalised into the cost of the property and adjusted through the annual valuations.

**(l) Repairs and Maintenance**

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

**(m) Earnings per unit**

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

**(n) Rounding of amounts**

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the 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 INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 2 (a). Rent**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Rent	67,250	55,322	36,624	30,259
Recoverable Outgoings	12,363	9,608	7,527	5,782
Other income	1,548	1,085	1,012	263
<b>Total rent</b>	<b>81,161</b>	<b>66,015</b>	<b>45,163</b>	<b>36,304</b>

**Note 2 (b). Other revenues from ordinary activities**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Distributions from controlled entities	-	-	31,612	21,502
Other Income	229	-	163	-
<b>Total other revenue</b>	<b>229</b>	<b>-</b>	<b>31,775</b>	<b>21,502</b>

**Note 3. Remuneration of auditors**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$

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

**PricewaterhouseCoopers – Australian firm**

Audit or review of financial reports of the entity or any entity in the consolidated entity	113,250	80,955	94,100	77,100
Other audit-related work	-	1,900	-	-
Taxation advisory services	40,439	31,145	15,300	26,900
Underprovision from prior year	101,746	-	92,996	-
<b>Total remuneration</b>	<b>255,435</b>	<b>114,000</b>	<b>202,396</b>	<b>104,000</b>

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 4 (a). Other expenses from ordinary activities**

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Auditor's remuneration	3	255	114	202	104
Custodian fees		126	67	82	32
Legal fees		36	18	35	18
Other expenses		383	424	369	424
<b>Total other expenses from ordinary activities</b>		<b>800</b>	<b>623</b>	<b>688</b>	<b>578</b>

**Note 4 (b). Borrowing costs**

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Interest paid/payable	15,637	10,253	15,033	7,894
Amount capitalised *	(2,327)	(1,641)	(1,725)	(1,364)
<b>Borrowing costs expense</b>	<b>13,310</b>	<b>8,612</b>	<b>13,308</b>	<b>6,530</b>

\* Based on average monthly interest rates equating to an average of 6.21% for the year (2002: 5.90%)

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 4 (c). Individually significant items**

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Proceeds on sale of investment properties:				
Cash consideration from the sale of 396 Victoria Rd Wetherill Park, NSW	3,600	-	-	-
Cash consideration from the sale of 6 Koornang Rd Scoresby, VIC	4,500	-	-	-
Cash consideration from the sale of 172 Kewdale Rd Kewdale, WA	2,830	-	-	-
Cash consideration from the sale of 92 Robinson Rd Belmont, WA	3,650	-	-	-
Cash consideration from the sale of Lot 1 Russell St Emu Plains, NSW	6,600	-	-	-
Cash consideration from the sale of 134 Hassall St Wetherill Park, NSW	4,750	-	-	-
Cash consideration from the sale of 3 Monier Sq Villawood, NSW	12,100	-	-	-
Cash consideration from the sale of properties in the prior year	-	8,557	-	-
<b>Total proceeds on sale of investment properties</b>	<b>38,030</b>	<b>8,557</b>	<b>-</b>	<b>-</b>
Book value of investment properties sold:				
Carrying amount of 396 Victoria Rd Wetherill Park, NSW	(3,794)	-	-	-
Carrying amount of 6 Koornang Rd Scoresby, VIC	(3,410)	-	-	-
Carrying amount of 172 Kewdale Rd Kewdale, WA	(3,470)	-	-	-
Carrying amount of 92 Robinson Rd Belmont, WA	(3,940)	-	-	-
Carrying amount of Lot 1 Russell St Emu Plains, NSW	(5,935)	-	-	-
Carrying amount of 134 Hassall St Wetherill Park, NSW	(4,585)	-	-	-
Carrying amount of 3 Monier Sq Villawood, NSW	(11,282)	-	-	-
Carrying amount of properties sold in prior year	-	(8,263)	-	-
<b>Total book value of investment properties sold</b>	<b>(36,416)</b>	<b>(8,263)</b>	<b>-</b>	<b>-</b>
<b>Net gain on sale of investment properties</b>	<b>1,614</b>	<b>294</b>	<b>-</b>	<b>-</b>

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 5. Current assets – Receivables**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rent receivable	<b>3,992</b>	3,663	<b>2,068</b>	952
Less: Provision for doubtful debts	<b>(29)</b>	(29)	-	-
<b>Total rental receivables</b>	<b>3,963</b>	3,634	<b>2,068</b>	952
Distribution receivable from controlled entities	-	-	<b>31,612</b>	12,912
Other receivables	<b>97</b>	102	<b>648</b>	8
<b>Total other receivables</b>	<b>97</b>	102	<b>32,260</b>	12,920
<b>Total Current assets - Receivables</b>	<b>4,060</b>	3,736	<b>34,328</b>	13,872

**Note 6. Current assets – Other**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Prepayments	<b>1,344</b>	1,237	<b>783</b>	611
Capitalised leasing fees	<b>517</b>	295	<b>402</b>	106
Capitalised lease incentives	<b>1,660</b>	950	<b>1,478</b>	784
Deferred borrowing costs	<b>328</b>	48	<b>328</b>	48
<b>Current assets - Other</b>	<b>3,849</b>	2,530	<b>2,991</b>	1,549

DEUTSCHE INDUSTRIAL TRUST  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
30 JUNE 2003

Note 7(a). Current assets – Investment Properties

Property	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2003 \$'000	Consolidated book value 30 June 2002 \$'000
<b>Parent Entity</b>								
<b>Held by Parent Entity - New South Wales</b>								
1-55 Rothschild Avenue Rosebery, NSW	100%	Sep 2001	10,610	Jun 2003	17,800	(a)	17,800	-
<b>Total Parent Entity</b>			10,610				17,800	-
<b>Controlled Entity</b>								
<b>Held by Controlled Entity - New South Wales</b>								
33 Waterloo Road Macquarie Park, NSW	100%	Jul 1998	9,106	Jun 2003	9,900	(t)	9,900	-
<b>Total Controlled Entity</b>			9,106				9,900	-
<b>Total Current Investment Properties</b>			<b>19,716</b>				<b>27,700</b>	<b>-</b>

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

Property	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2003 \$'000	Consolidated book value 30 June 2002 \$'000
<b>Parent Entity</b>								
<b>Held by Parent Entity - New South Wales</b>								
79-99 Hilliers Road Auburn, NSW	100%	Sep 1997	33,743	Jun 2001	34,000	(l)	34,114	34,023
1 Garigal Road Belrose, NSW	100%	Dec 1998	23,032	Jun 2003	24,350	(m)	24,350	22,200
2 Minna Close Belrose, NSW	100%	Dec 1998	32,226	Sep 2001	29,500	(n)	29,925	29,508

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
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**Note 7(b). Non-current assets – Investment Properties (continued)**

<b>Property</b>	<b>Ownership</b>	<b>Acquisition date</b>	<b>Cost including all additions \$'000</b>	<b>Independent valuation date</b>	<b>Independent valuation amount \$'000</b>	<b>Independent valuer</b>	<b>Consolidated book value 30 June 2003 \$'000</b>	<b>Consolidated book value 30 June 2002 \$'000</b>
<b>Parent Entity</b>								
<b>Held by Parent Entity - New South Wales</b>								
114-120 Old Pittwater Road Brookvale, NSW	100%	Sep 1997	32,359	Jun 2002	36,000	(m)	<b>36,060</b>	36,000
145-151 Arthur Street Flemington, NSW	100%	Sep 1997	22,723	Sep 2002	25,800	(c)	<b>25,842</b>	21,621
436-484 Victoria Road Gladesville, NSW	100%	Sep 1997	27,220	Mar 2002	37,500	(c)	<b>37,804</b>	37,567
706 Mowbray Road Lane Cove, NSW	100%	Sep 1997	21,230	Dec 2001	24,000	(b)	<b>24,576</b>	24,002
1-15 Rosebery Avenue Rosebery, NSW	100%	Apr 1998	40,986	Jun 2003	48,000	(a)	<b>48,000</b>	42,592
10-16 South Street Rydalmere, NSW	100%	Sep 1997	34,344	Jun 2003	39,000	(c)	<b>39,000</b>	36,733
19 Chifley Street Smithfield, NSW	100%	Dec 1998	11,328	Jun 2003	13,400	(d)	<b>13,400</b>	12,367
1-55 Rothschild Avenue Rosebery, NSW	100%	Sep 2001	26,006	Jun 2003	30,700	(a)	<b>30,700</b>	29,409
3 Brookhollow Avenue Baulkham Hills, NSW	100%	Dec 2002	39,338	Nov 2002	36,600	(g)	<b>39,338</b>	-
Lot 603 Foundation Place Greystanes, NSW	100%	Dec 2002	12,473	Jan 2003	11,000	n/a	<b>12,473</b>	-
<b>Total New South Wales properties</b>			<b>357,008</b>				<b>395,582</b>	<b>326,022</b>

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

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

<b>Property</b>	<b>Ownership</b>	<b>Acquisition date</b>	<b>Cost including all additions \$'000</b>	<b>Independent valuation date</b>	<b>Independent valuation amount \$'000</b>	<b>Independent valuer</b>	<b>Consolidated book value 30 June 2003 \$'000</b>	<b>Consolidated book value 30 June 2002 \$'000</b>
<b>Held by Parent Entity - Victoria</b>								
352 Macaulay Road Kensington, VIC	100%	Oct 1998	7,597	Jun 2003	7,300	(s)	<b>7,300</b>	6,501
250 Forest Rd South Lara, VIC	100%	Dec 2002	33,758	Dec 2002	31,650	(s)	<b>33,758</b>	-
Lot 3 Boundary Road <sup>2</sup> & Lot 4 Palmers Road Laverton North, VIC	100%	Jul 2002	14,675	May 2002	14,250	n/a	<b>14,675</b>	-
<b>Total Victorian properties</b>			<b>56,030</b>				<b>55,733</b>	<b>6,501</b>
<b>Held by Parent Entity - South Australia</b>								
15-23 Whicker Rd Gillman, SA	100%	Dec 2002	19,786	Dec 2002	19,200	(v)	<b>19,783</b>	-
<b>Total South Australian properties</b>			<b>19,786</b>				<b>19,783</b>	<b>-</b>
<b>Held by Parent Entity - Queensland</b>								
25 Donkin Street South Brisbane, QLD	100%	Dec 1998	17,702	Jun 2003	17,200	(r)	<b>17,200</b>	17,976
<b>Total Queensland properties</b>			<b>17,702</b>				<b>17,200</b>	<b>17,976</b>
<b>Total Parent</b>			<b>450,526</b>				<b>488,298</b>	<b>350,499</b>

**Notes:**

1. The Trust entered into an agreement to purchase Lot 603 Foundation Place, Greystanes in December 2002. To date, the Trust has paid instalments totalling \$6.15 million, with a further \$4.99 million to be paid on settlement, which can occur at the Trust's option on or before March 2004. The remaining purchase consideration of \$4.99 million is included as a current liability as at 30 June 2003.

2. In July 2002, the Trust also entered into an agreement to purchase Lot 3 Boundary Road and Lot 4 Palmers Road, North Laverton. The Trust paid a deposit of \$3.75 million, with a further \$10.5 million to be paid on settlement, which can occur at the Trust's option on or before July 2004. The remaining purchase consideration of \$10.5 million is included as a current liability as at 30 June 2003.

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

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

<b>Property</b>	<b>Ownership</b>	<b>Acquisition date</b>	<b>Cost including all additions \$'000</b>	<b>Independent valuation date</b>	<b>Independent valuation amount \$'000</b>	<b>Independent valuer</b>	<b>Consolidated book value 30 June 2003 \$'000</b>	<b>Consolidated book value 30 June 2002 \$'000</b>
<b>Held by Controlled Entity -</b>								
<b>New South Wales</b>								
52 Holbeche Road Arndell Park, NSW	100%	Jul 1998	11,287	Dec 2000	10,200	(p)	<b>10,218</b>	10,200
3-7 Bessemer Street Blacktown, NSW	100%	Jun 1997	10,909	Dec 2001	10,500	(c)	<b>10,502</b>	10,500
30-32 Bessemer Street Blacktown, NSW	100%	May 1997	11,843	Dec 2001	12,300	(c)	<b>12,339</b>	12,300
128-132 Russell Street Emu Plains, NSW	100%	Jul 1998	n/a	n/a	n/a	n/a	-	5,750
27-29 Liberty Road Huntingwood, NSW	100%	Jul 1998	7,961	Dec 2000	6,700	(o)	<b>6,706</b>	6,700
154 O'Riordan Street Mascot, NSW	100%	Jun 1997	10,611	Dec 2001	10,800	(f)	<b>11,206</b>	11,100
33 Waterloo Road Macquarie Park, NSW	100%	Jul 1998	n/a	n/a	n/a	-	-	9,490
Egerton Industrial Estate Silverwater, NSW	100%	May 1997	37,111	Dec 2001	35,820	(q)	<b>36,191</b>	35,900
239-251 Woodpark Road Smithfield, NSW	100%	May 1997	5,049	Dec 2001	5,100	(f)	<b>5,130</b>	5,050
40 Biloela Street Villawood, NSW	100%	Jul 1997	7,031	Dec 2001	6,850	(g)	<b>6,882</b>	6,850
2a Birmingham Avenue Villawood, NSW	100%	Jun 1997	7,557	Dec 2001	8,750	(h)	<b>8,750</b>	8,750
3 Monier Square Villawood, NSW	100%	Dec 1997	n/a	n/a	n/a	n/a	-	11,201
27-33 Frank Street Wetherill Park, NSW	100%	Jul 1998	15,069	Dec 2000	12,250	(q)	<b>12,250</b>	12,250
134 Hassall Street Wetherill Park, NSW	100%	May 1997	n/a	n/a	n/a	n/a	-	4,500

DEUTSCHE INDUSTRIAL TRUST  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
30 JUNE 2003

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

Property	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2003 \$'000	Consolidated book value 30 June 2002 \$'000
<b>Held by Controlled Entity -</b>								
<b>New South Wales</b>								
396 Victoria Street Wetherill Park, NSW	100%	Jul 1998	n/a	n/a	n/a	n/a	-	3,730
11 Talavera Road North Ryde, NSW	100%	Jun 2002	127,258	Jun 2003	130,000	(u)	<b>130,000</b>	106,592
<b>Total New South Wales properties</b>			<b>251,686</b>				<b>250,174</b>	<b>260,863</b>
<b>Held by Controlled Entity -</b>								
<b>Victoria</b>								
114-116 Fairbank Road Clayton, VIC	100%	Jul 1997	10,629	Dec 2001	10,300	(i)	<b>10,322</b>	10,300
6 Koornang Road Scoresby, VIC	100%	May 1997	n/a	n/a	n/a	n/a	-	3,200
<b>Total Victorian properties</b>			<b>10,629</b>				<b>10,322</b>	<b>13,500</b>
<b>Held by Controlled Entity -</b>								
<b>Queensland</b>								
470 Bradman Street Acacia Ridge, QLD	100%	Jul 1998	5,971	Dec 2000	5,000	(e)	<b>5,010</b>	5,010
30 Bellrick Street Acacia Ridge, QLD	100%	Jun 1997	12,815	Dec 2001	12,350	(e)	<b>12,310</b>	12,310
121 Evans Road Salisbury, QLD	100%	Jul 1997	15,821	Dec 2001	15,000	(j)	<b>15,038</b>	15,026
<b>Total Queensland properties</b>			<b>34,607</b>				<b>32,358</b>	<b>32,346</b>

DEUTSCHE INDUSTRIAL TRUST  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
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Note 7(b). Non-current assets – Investment Properties (continued)

Property	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30 June 2003 \$'000	Consolidated book value 30 June 2002 \$'000
<b>Held by Controlled Entity -</b>								
<b>Western Australia</b>								
92 Robinson Avenue Belmont, WA	100%	Jun 1997	n/a	n/a	n/a	n/a	-	3,650
68 Hasler Road Herdsman, WA	100%	Jul 1998	9,304	Dec 2000	8,000	(k)	8,027	8,002
172 Kewdale Road Kewdale, WA	100%	Jun 1997	n/a	n/a	n/a	n/a	-	3,110
33 McDowell Street Welshpool, WA	100%	Jul 1997	7,116	Mar 2002	4,250	(k)	4,268	4,251
<b>Total Western Australian Properties</b>			16,420				12,295	19,013
<b>Total Controlled Entity</b>			313,342				305,149	325,722
<b>Total Non-current Investment Properties</b>			763,868				793,447	676,221
<b>Total Current and Non-current Investment Properties</b>			783,584				821,147	676,221

The title to all properties is freehold and they are all industrial properties.

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

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

**Valuer's name and qualifications**

(a) D Burgess	AAPI	Colliers International Consultancy and Valuation Pty Limited
(b) J Booth	AAPI	CB Richard Ellis Pty Ltd
(c) A Martin	AAPI	FPD Savills (NSW) Pty Limited
(d) P Dale	AAPI LREA	CB Richard Ellis Pty Ltd
(e) I Gregory	AAPI FHKIS	Knight Frank Valuations Queensland
(f) R Ewing	AAPI	Jones Lang LaSalle Capital Markets Group
(g) M Caruana	FAPI	Knight Frank Valuations
(h) W Retallick	FAPI	Knight Frank Valuations
(i) A Brown	AAPI	CB Richard Ellis (V) Pty Limited
(j) W Wiemann	AAPI	Jones Lang LaSalle
(k) G Wilkinson	AAPI	Knight Frank (W.A.) Pty Limited
(l) A Graham	AAPI LREA	CB Richard Ellis Pty Ltd
(m) T M Phelan	FAPI	Knight Frank Valuations
(n) W Doherty	AAPI	Colliers International Consultancy and Valuation Pty Ltd
(o) W Cotton	AAPI	Jones Lang LaSalle Investment Advisory Services
(p) A Martin	AAPI	Jones Lang LaSalle Investment Advisory Services
(q) S Girard	AAPI Asia	Jones Lang LaSalle Capital Markets Group
(r) D Mohr	AAPI	CB Richard Ellis Pty Ltd
(s) J Perillo	AAPI	Knight Frank Valuations
(t) S Young	AAPI Asia	LandMark White (NSW) Pty Ltd
(u) J Waugh	AAPI ANZIV	Colliers International Consultancy and Valuation Pty Limited
(v) J Pledge	AAPI	Knight Frank Valuations

**Valuations of investment properties**

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

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

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

**Reconciliations**

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

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Carrying amount at start of year		<b>676,221</b>	528,844	<b>350,499</b>	300,435
Additions		<b>156,353</b>	150,321	<b>133,211</b>	38,332
Disposals		<b>(36,416)</b>	(8,263)	-	-
Revaluation increments	13	<b>24,989</b>	5,319	<b>22,388</b>	11,732
<b>Carrying amount at end of year</b>		<b>821,147</b>	676,221	<b>506,098</b>	350,499

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 8 (a) . Non-current assets – Investments in controlled entities**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Units in controlled entities</b>				
At Directors' valuation				
Units in controlled entities	-	-	<b>268,694</b>	282,686
Revaluation increments/(decrements)	-	-	<b>1,170</b>	(13,992)
<b>Total non-current assets - Investments</b>	<b>-</b>	<b>-</b>	<b>269,864</b>	<b>268,694</b>

The Trust owns 100% of the units in Paladin Industrial Trust, Foundation Macquarie Park Trust, Deutsche Industrial Finance - CP Trust and Deutsche Industrial Finance 2002 - CMBS Trust, which are constituted in Australia.

**Valuations of units in controlled entities**

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

**Reconciliations**

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

	<b>Notes</b>	<b>Units in controlled entities \$'000</b>
<b>Parent – 2003</b>		
Carrying amount at start of year		<b>268,694</b>
Additions		-
Revaluation increments	13	<b>1,170</b>
<b>Carrying amount at end of year</b>		<b>269,864</b>
<b>Parent – 2002</b>		
Carrying amount at start of year		163,510
Additions		111,597
Revaluation decrements	13	(6,413)
<b>Carrying amount at end of year</b>		<b>268,694</b>

**Note 8 (b). Non-current assets – Other**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Tenant and other bonds	<b>1,925</b>	1,398	<b>1,495</b>	603
Capitalised leasing fees	<b>1,705</b>	380	<b>1,333</b>	119
Capitalised lease incentives	<b>6,563</b>	2,757	<b>5,824</b>	2,263
Deferred borrowing costs	<b>751</b>	190	<b>751</b>	190
Deposit on property	-	3,750	-	3,750
Other	<b>5</b>	5	<b>5</b>	5
<b>Total Non-current assets - Other</b>	<b>10,949</b>	<b>8,480</b>	<b>9,408</b>	<b>6,930</b>

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 9. Current liabilities – Payables**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	<b>2,905</b>	3,857	<b>1,755</b>	2,346
Responsible Entity fees payable	<b>805</b>	1,034	<b>504</b>	563
Deferred liability due on settlement of property acquisition	<b>15,494</b>	-	<b>15,494</b>	-
Other payables	<b>1,417</b>	2,047	<b>869</b>	1,843
<b>Total Current liabilities – Payables</b>	<b>20,621</b>	6,938	<b>18,622</b>	4,752

**Note 10. Current liabilities – Provisions**

	Note	<b>Consolidated</b>		<b>Parent Entity</b>	
		<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Provision for distribution to members	14	<b>26,158</b>	21,937	<b>26,158</b>	21,937
Provision for distribution to outside equity interest		-	391	-	-
<b>Total provision for distribution</b>		<b>26,158</b>	22,328	<b>26,158</b>	21,937

**Note 11. Non-current liabilities – Interest bearing liabilities**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Secured Liabilities</b>				
Commercial paper on issue	<b>22,978</b>	-	-	-
Commercial Mortgage Back Securities (CMBS) on issue	<b>236,000</b>	-	-	-
Secured bank loans	-	217,500	-	217,500
Debenture borrowings from controlled entities	-	-	<b>258,881</b>	-
<b>Total Interest bearing liabilities</b>	<b>258,978</b>	217,500	<b>258,881</b>	217,500

In August 2002, the consolidated entity refinanced bank loans with Deutsche Bank and HSBC by issuing \$237.5 million of asset backed commercial paper (ABCP). The ABCP was the first stage of implementing the consolidated entity's Commercial Mortgage Back Securitisation (CMBS) debt capital markets programme. In December 2002, the consolidated entity refinanced \$236 million of ABCP with stage two, by issuing 3 year term CMBS. The ABCP and CMBS are both secure by mortgages over thirty-two of the consolidated entity's investment properties, however ABCP is subordinated to CMBS.

**Financing arrangements**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Unrestricted access was available at balance date to the following lines of credit:				

**Borrowing facilities**

Total bank loan facilities	-	221,400	-	221,400
Total Commercial paper facilities	<b>43,000</b>	-	-	-
Total CMBS facilities	<b>236,000</b>	-	-	-
Total facilities from controlled entities	-	-	<b>279,000</b>	-
	<b>279,000</b>	221,400	<b>279,000</b>	221,400
Used at balance date	<b>(259,000)</b>	(217,500)	<b>(259,000)</b>	(217,500)
<b>Unused at balance date</b>	<b>20,000</b>	3,900	<b>20,000</b>	3,900

The commercial paper facilities due to expire in the next twelve months have been classified as non-current. Management has extended these facilities for a further 364 days from the current maturity date to 22 August 2004.

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 12. Contributed equity**

	<b>2003</b>	2002
	<b>\$'000</b>	\$'000
<b>(a) Units on issue</b>		
Opening balance	<b>442,932</b>	382,317
Placement of units	<b>59,817</b>	61,724
Cost for placement of units	<b>(1,577)</b>	(1,109)
Distributions reinvested	<b>451</b>	-
Cost for distributions reinvested	<b>(3)</b>	-
<b>Closing balance</b>	<b><u>501,620</u></b>	<u>442,932</u>

	<b>2003</b>	2002
<b>(b) Number of units</b>		
Opening balance	<b>300,372,613</b>	259,545,741
Placement of units	<b>36,923,927</b>	40,826,872
Distributions reinvested	<b>268,195</b>	-
<b>Closing balance</b>	<b><u>337,564,735</u></b>	<u>300,372,613</u>

**Distribution reinvestment plan**

The Trust has established a distribution reinvestment plan under which holders of ordinary units may elect up to \$800 of their distribution entitlements satisfied by the issue of new ordinary units rather than by being paid in cash. On 14 February 2003, the Trust issued 268,195 units at an issue price of \$1.68 under the plan.

**Placement of Units**

On 5 December 2002, the Trust issued 26,376,179 units at an issue price of \$1.62.  
On 23 December 2002, the Trust issued 10,547,748 units at an issue price of \$1.62.

**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 INDUSTRIAL TRUST  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 30 JUNE 2003

Note 13. Reserves and undistributed income

	Notes	Consolidated 2003 \$'000	2002 \$'000	Parent Entity 2003 \$'000	2002 \$'000
<b>(a) Reserves</b>					
Asset revaluation reserve		30,508	5,968	27,766	5,378
<b>Total reserves</b>		<b>30,508</b>	5,968	<b>27,766</b>	5,378
<b>Movements:</b>					
<b>Asset revaluation reserve</b>					
Opening balance		5,968	649	5,378	649
Increment on revaluation of investment properties	13 (c)	24,540	11,732	22,388	11,732
Transfer to undistributed income	13 (e)	-	(6,413)	-	(7,003)
<b>Total movement in asset revaluation reserve</b>		<b>24,540</b>	5,319	<b>22,388</b>	4,729
<b>Closing balance</b>		<b>30,508</b>	5,968	<b>27,766</b>	5,378

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

**(i) Asset revaluation reserve**

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

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 13. Reserves and undistributed income (continued)**

**(c) Increment on revaluation of investment properties**

Property	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
3-7 Bessemer Street Blacktown, NSW	-	(706)	-	-
30-32 Bessemer Street Blacktown, NSW	-	594	-	-
128-132 Russell Street Emu Plains, NSW	-	(253)	-	-
154 O'Riordan Street Mascot, NSW	-	(98)	-	-
33 Waterloo Road Macquarie Park, NSW	<b>395</b>	-	-	-
Egerton Street Estate, Silverwater, NSW	-	224	-	-
239-251 Woodpark Road Smithfield, NSW	-	(52)	-	-
40 Biloela Street Villawood, NSW	-	(364)	-	-
2a Birmingham Avenue Villawood, NSW	-	410	-	-
3 Monier Square Villawood, NSW	-	(1,405)	-	-
134 Hassall Street Wetherill Park, NSW	-	297	-	-
114-116 Fairbank Road Clayton, VIC	-	(313)	-	-
6 Koornang Road Scoresby, VIC	-	(1,505)	-	-
30 Bellrick Street Acacia Ridge, QLD	-	(792)	-	-
121 Evans Road Salisbury, QLD	-	(1,316)	-	-
92 Robinson Avenue Belmont, WA	-	12	-	-
172 Kewdale Road Kewdale, WA	-	(303)	-	-
33 McDowell Street Welshpool, WA	-	(250)	-	-
1 Garigal Road Belrose, NSW	<b>2,010</b>	2,336	<b>2,010</b>	2,336
2 Minna Close Belrose, NSW	-	(555)	-	(555)
114-120 Old Pittwater Road Brookvale, NSW	-	1,573	-	1,573
145-151 Arthur Street Flemington, NSW	<b>1,602</b>	-	<b>1,602</b>	-
436-484 Victoria Road Gladesville, NSW	-	1,917	-	1,917
706 Mowbray Road Lane Cove, NSW	-	1,037	-	1,037
1-15 Rosebery Avenue Rosebery, NSW	<b>4,565</b>	1,530	<b>4,565</b>	1,530
10-16 South Street Rydalmere, NSW	<b>2,037</b>	2,132	<b>2,037</b>	2,132
19 Chifley Street Smithfield, NSW	<b>530</b>	745	<b>530</b>	745
352 Macaulay Road Kensington, VIC	<b>750</b>	77	<b>750</b>	77
25 Donkin Street South Brisbane, QLD	<b>(960)</b>	940	<b>(960)</b>	940
1-55 Rothschild Ave, Rosebery, NSW	<b>11,854</b>	-	<b>11,854</b>	-
11 Talavera Road, North Ryde, NSW	<b>2,206</b>	(593)	-	-
<b>Net increment on revaluation of investment properties</b>	<b>24,989</b>	5,319	<b>22,388</b>	11,732
(Increment)/decrement recognised as an (revenue)/expense	<b>(449)</b>	6,413	-	-
<b>Net increment recorded in asset revaluation reserve</b>	<b>24,540</b>	11,732	<b>22,388</b>	11,732

**(d) Increment/(Decrement) on revaluation of controlled entities**

Net assets of controlled entity at reporting date	-	-	<b>269,864</b>	268,694
Less: Book value of investment in controlled entity prior to reporting date	-	-	<b>(268,694)</b>	(275,107)
<b>Total increment/(decrement) on revaluation of controlled entities</b>	-	-	<b>1,170</b>	(6,413)

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 13. Reserves and undistributed income (continued)**

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
<b>(e) Undistributed income</b>					
Undistributed income at the beginning of the financial year		351	352	-	-
Net profit		49,027	34,989	52,120	34,400
Transfer from reserves	13 (a)	-	6,413	-	7,003
Distributions provided for or paid		(49,137)	(41,403)	(49,137)	(41,403)
<b>Undistributed income at the end of the financial year</b>					
		<b>241</b>	<b>351</b>	<b>2,983</b>	<b>-</b>

**Note 14. Distribution paid and payable**

	Consolidated	
	2003	2002
	\$'000	\$'000
<b>Timing of distributions</b>		
The distributions were paid/payable as follows:		
31 December paid	22,979	19,466
30 June final payable	26,158	21,937
<b>Total distributions</b>	<b>49,137</b>	<b>41,403</b>
	<b>Consolidated</b>	
	<b>2003</b>	<b>2002</b>
	<b>Cents per unit</b>	<b>Cents per unit</b>
<b>Distribution paid/payable</b>		
31 December paid - DIT	7.65	7.50
30 June final payable - DIT	7.75	7.50
30 June final payable - DITN	-	1.37

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2003**

**Note 15. Net profit attributable to outside equity interest**

The Trust acquired 75% of the units of Foundation Macquarie Park Trust on 5 April 2002 and the remaining 25% on 14 June 2002. The net profit attributable to outside equity interest was payable to external unit holders of Foundation Macquarie Park Trust for the period from 5 April 2002 to 14 June 2002.

**Note 16. 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 counterparty, Deutsche Bank AG. Credit risk on interest rate swap agreements is minimised as the counterparty is a recognised financial intermediary with an acceptable credit rating determined by recognised ratings agencies. The credit risk on interest rate swap agreements is approximately equal to the net fair value (or replacement value). Refer Note 16(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 2003, the net fair value of financial (liabilities)/assets arising from interest rate swap agreements is **(\$11,483,743)** (2002: \$1,252,827)

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

**(c) Liquidity and cash flow risk**

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

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

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 16. 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:

		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>Consolidated 2003</b>							
	Notes						
<b>Financial assets</b>							
Cash assets		3,739	-	-	-	-	3,739
Receivables	5	-	-	-	-	4,060	4,060
Other	8	-	-	-	-	1,925	1,925
<b>Total</b>		<b>3,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,985</b>	<b>9,724</b>
Weighted average interest rate		3.92%					
<b>Financial liabilities</b>							
Payables	9	-	-	-	-	20,621	20,621
Interest bearing liabilities	11	158,978	-	100,000	-	-	258,978
Provision for distribution	10	-	-	-	-	26,158	26,158
Other		-	-	-	-	1,731	1,731
Interest rate swaps (notional principal amount)		(155,000)	-	155,000	-	-	-
<b>Total</b>		<b>3,978</b>	<b>-</b>	<b>255,000</b>	<b>-</b>	<b>48,510</b>	<b>307,488</b>
Weighted average interest rate		6.21% *					
<b>Net financial liabilities</b>		<b>(239)</b>	<b>-</b>	<b>(255,000)</b>	<b>-</b>	<b>(42,525)</b>	<b>(297,764)</b>
<b>Consolidated 2002</b>							
	Notes						
<b>Financial assets</b>							
Cash assets		6,448	-	-	-	-	6,448
Receivables	5	-	-	-	-	3,736	3,736
Other	8	-	-	-	-	1,403	1,403
<b>Total</b>		<b>6,448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,139</b>	<b>11,587</b>
Weighted average interest rate		3.36%					
<b>Financial liabilities</b>							
Payables	9	-	-	-	-	6,938	6,938
Interest bearing liabilities	11	217,500	-	-	-	-	217,500
Provision for distribution	10	-	-	-	-	22,328	22,328
Other		-	-	-	-	1,398	1,398
Interest rate swaps (notional principal amount)		(150,000)	-	150,000	-	-	-
<b>Total</b>		<b>67,500</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>30,664</b>	<b>248,164</b>
Weighted average interest rate		5.90% *					
<b>Net financial liabilities</b>		<b>(61,052)</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>	<b>(25,525)</b>	<b>(236,577)</b>

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

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 17. 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.

**Note 18. Commitments for expenditure**

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Capital commitments</b>				
Commitments for the capital expenditure on investment properties contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	24,172	17,278	24,172	7,292
<b>Total capital commitments</b>	<b>24,172</b>	<b>17,278</b>	<b>24,172</b>	<b>7,292</b>

**Note 19. Related parties**

**Responsible Entity**

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

**Directors of the Responsible Entity**

The names of directors of Deutsche Asset Management (Australia) Limited at any time during the financial year, unless otherwise stated, were as follows:

B Scullin BEc<sup>2</sup>  
W Robinson ABIA AASA<sup>1,2,3</sup>

**Appointments**

R Youngman BCom, MBA, ASIA  
M Ford Dip Tech (Comm), ACA, FAICD  
D Shields BE (Chem)  
C Beare BSc, BE (Hons), MBA, PhD, FAICD<sup>1</sup>  
S Ewen F.I.L.E.<sup>1,2</sup>

**Resignations**

K Borda BA, LLB  
M Monaghan BA, FUA, FIAA  
M Roux BEc (Hons)<sup>1</sup>  
C Darvall BA, Assoc SIA, GA AIDC

<sup>1</sup> Independent Director

<sup>2</sup> Audit Committee Member

<sup>3</sup> Compliance Committee Member

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

**Responsible Entity's fees and other transactions**

Under the terms of the Trust Constitution, the Responsible Entity is entitled to receive fees monthly calculated as 0.60% of gross assets per annum of the Trust. In addition, the Responsible Entity is entitled to property management fees and to be reimbursed for expenses incurred on behalf of the Trust.

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 19. Related parties (continued)**

**Related party transactions**

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

**Unitholdings**

Deutsche Asset Management (Australia) Limited, its related parties, other schemes and portfolios managed by Deutsche Asset Management (Australia) Limited and its related parties, held 62,806,557 units (2002 - 50,813,807) in the Trust.

**Investments**

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

**Deutsche Bank AG**

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

	<b>Consolidated</b>	
	<b>2003</b>	2002
	<b>\$'000</b>	\$'000
Responsible Entity fees	<b>4,525</b>	3,467
Property management fees	<b>952</b>	739
Rent review fees	<b>115</b>	36
Interest and financing fees paid to Deutsche Bank AG in relation to debt facilities and swap agreements	<b>4,326</b>	1,072
Underwriting fees paid to Deutsche Bank AG in relation to issue of new units	<b>500</b>	289
Capital works fee	<b>476</b>	147
Aggregate amounts payable to the Responsible Entity at reporting date	<b>2,136</b>	2,355
Interest and financing fees payable to Deutsche Bank AG in relation to debt facilities and swap agreements at reporting date	<b>189</b>	767
Interest bearing liabilities - Deutsche Bank AG Cash Advance Facility at reporting date	-	160,000

**Inter-entity loan**

The Inter-entity loan in the statements of financial position is a non-interest bearing loan between the Trust and its controlled entities, Paladin Industrial Trust and Foundation Macquarie Park Trust.

**Note 20. Event occurring after reporting date**

The Trust has entered into a contract for the sale of 1.37m hectares of land located at 1-55 Rothschild Avenue, Rosebery. This is subject to the registration of subdivision of that land. The consideration payable upon settlement is \$22 million and the profit on sale is estimated to be \$3.95 million, after costs.

The Trust has also entered into a contract for the sale of 33 Waterloo Road, Macquarie Park. The consideration upon settlement is \$9.9 million.

**Note 21. Segment information**

The consolidated entity only operates in the industrial property sector in Australia.

**DEUTSCHE INDUSTRIAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2003**

**Note 22. Reconciliation of net profit to net cash inflow from operating activities**

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Net profit attributable to members	49,027	34,989	52,120	34,400
Net profit attributable to outside equity interest	-	391	-	-
Revaluation (increment)/decrement	(449)	6,413	(1,170)	6,413
Gain on sale of investment property	(1,614)	(294)	-	-
Provision for doubtful debts	-	(15)	-	-
Borrowing costs expense	13,310	8,612	13,308	6,530
Change in operating assets and liabilities				
(Increase)/decrease in receivables	(324)	(2,041)	(20,456)	1,079
(Increase) in prepaid expenses	(301)	(146)	(372)	(16)
(Increase) in deferred borrowing costs	(841)	(98)	(841)	(98)
(Increase) in capitalised leasing fees and lease incentives	(6,063)	(2,257)	(5,765)	(1,698)
(Decrease)/increase in creditors and accruals	(62)	(423)	125	(852)
Increase in rents received in advance	3,887	-	17	-
<b>Net cash inflow from operating activities</b>	<b>56,570</b>	<b>45,131</b>	<b>36,966</b>	<b>45,758</b>

**(a) Components of cash**

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the statements of financial position as follows:				
Cash and liquid assets	3,739	6,448	1,931	1,544

**Note 23. Non-cash financing and investing activities**

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Distributions reinvested	451	-	451	-

Distributions satisfied by the issue of units under the distribution reinvestment plan are shown in note 12.

**Note 24. Earnings per unit**

	Consolidated	
	2003	2002
Basic earnings per unit (cents)	15.27	12.96
Weighted average number of units outstanding during the year used in the calculation of basic earnings per unit	320,994,695	270,050,175

Diluted earnings per unit is not materially different from basic earnings per unit.

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

### Audit opinion

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

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

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

### Scope

#### *The financial report and directors' responsibility*

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

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

#### *Audit approach*

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

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

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

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

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

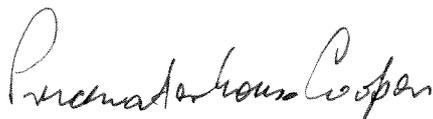
We read the other information in the Annual Report to determine whether it contained any material inconsistencies with the financial report.

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

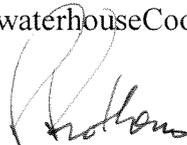
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

## **Independence**

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



PricewaterhouseCoopers



D A Prothero  
Partner

Sydney  
19 August 2003

# Deutsche Industrial Trust

Annual results presentation

August 2003



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

**DB Real Estate**  
Deutsche Bank Group



# Agenda

- Strategy
- Highlights
- Capital structure and management
- Performance
- Portfolio synopsis
- Sales & acquisitions
- Development projects
- Appendices

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.



# Strategy

The Trust's strategy is to:

- leverage the manager's position as the world's leading real estate equity investment manager;
- continually strive to enhance the value we offer both our existing and potential customers by considering their current and future business space needs;
- introduce new real estate to the Trust through acquisitions or development and redevelopment of existing assets; and
- manage risk via a robust compliance and governance regime.



# Strategy continued

- DB Real Estate will continue to deliver excellence in:
  - fund/asset management, including capital allocation (acquisition and disposal);
  - development management;
  - property management;
  - leasing; and
  - project/construction management.
  
- Introduction of performance fee - 1 October 2003.



## Trust highlights - last 12 months

- Total return of 15.7% following last year's 28.9%.
- Increase in net profit by 40.1% on pcp to \$49 million.
- Acquisition of 5 assets totalling approximately \$111 million, adding in excess of 450,000 square metres of space to the Trust's development portfolio.
- Disposal of 7 assets totalling \$38 million.
- Two additional assets sold post 30 June realising \$31.9 million.
- Increase in NTA per unit by 8 cents to now stand at \$1.58.
- Strongest tenant retention rate of sub-sector of 86% achieved over past 12 months.
- New equity introduced totalling approximately \$60 million.
- Increase in market capitalisation by 19.2% to \$594 million.



## Over the past 12 months

	<b>30 Jun 2003</b>	<b>30 Jun 2002</b>	<b>30 Jun 2001</b>
<b>Reported net profit*</b>	<b>\$49.0m</b>	<b>\$35.0m</b>	<b>\$28.6m</b>
<b>Underlying earnings per unit**</b>	<b>15.13c</b>	<b>15.33c</b>	<b>15.01c</b>
<b>Distributions per unit</b>	<b>15.40c</b>	<b>15.00c</b>	<b>14.79c</b>
<b>Retained profit</b>	<b>\$0.241m</b>	<b>\$0.351m</b>	<b>\$0.352m</b>
<b>Total assets</b>	<b>\$843.7m</b>	<b>\$697.4m</b>	<b>\$545.8m</b>
<b>Total borrowings</b>	<b>\$259.0m</b>	<b>\$217.5m</b>	<b>\$137.2m</b>
<b>Unitholders equity</b>	<b>\$532.3m</b>	<b>\$449.3m</b>	<b>\$383.3m</b>
<b>Reserves</b>	<b>\$30.5m</b>	<b>\$6.0m</b>	<b>\$0.65m</b>
<b>Number of units on issue</b>	<b>337.6m</b>	<b>300.4m</b>	<b>259.5m</b>
<b>NTA/unit</b>	<b>\$1.58</b>	<b>\$1.50</b>	<b>\$1.48</b>
<b>Market capitalisation</b>	<b>\$594m</b>	<b>\$499m</b>	<b>\$366m</b>
<b>Number of unitholders</b>	<b>11,325</b>	<b>9,690</b>	<b>7,810</b>

\* After revaluation movement

\*\* Before revaluation movement



## Prospectus comparison - year to June 2003

	Prospectus	Actual 30 Jun 03	Variance
Net Property Income (\$m)	64.20	<b>64.50</b>	+0.30
Other Revenues (\$m)	3.46	<b>3.17</b>	(0.29)
<b>Total Revenues from ordinary activities (\$m)</b>	67.66	<b>67.67</b>	0.01
Borrowing costs expense (\$m)	13.37	<b>13.31</b>	(0.06)
Responsible Entity's Fee (\$m)	4.50	<b>4.53</b>	+0.03
Other Expenses (\$m)	0.76	<b>0.80</b>	+0.04
<b>Total Expenses (\$m)</b>	18.63	<b>18.64</b>	+0.01
<b>Net Profit (\$m)</b>	49.03	<b>49.03</b>	-
Retained earnings b/f (\$m)	0.55	<b>0.35</b>	(0.20)
Distributions (\$m)	48.80	<b>49.14</b>	+0.34
Retained earnings c/f (\$m)	0.58	<b>0.24</b>	(0.34)
Earnings (cpu)	15.26*	<b>15.13</b>	(0.13)
Distributions (cpu)	15.40	<b>15.40</b>	-

\* EPU calculation has been adjusted to reflect the method adopted in the Prospectus. In the Prospectus EPU for the period had been calculated excluding the new units issued in December.



# Capital structure and management

## New equity

- Unitholder base further diversified (1,635 new investors over the period).
- Latest raisings at highest price for DIT equity to date.
- DRP remains active - participation will be encouraged as capital is required.
- UPP capacity-  $11,325 \times \$5,000 = \$56,625,000$ .

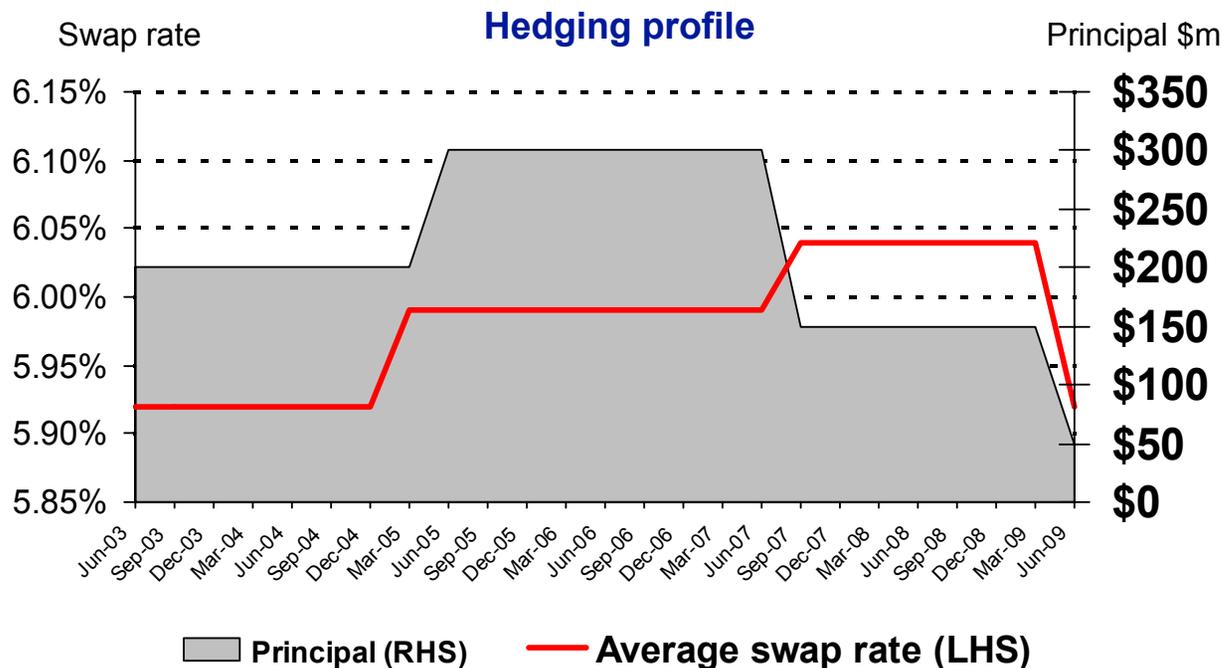
Details	Date of Allotment	Units issued	Issue price	Amount raised (\$m)
<b>Institutional placement Priority Entitlement Offer</b>	5/12/02	11,890,215	\$1.62	\$19.26
Institutional Tranche	5/12/02	14,485,964	\$1.62	\$23.47
Retail Tranche	23/12/02	10,547,748	\$1.62	\$17.09
<b>Total</b>		<b>36,923,927</b>	<b>\$1.62</b>	<b>\$59.82</b>



# Capital structure and management

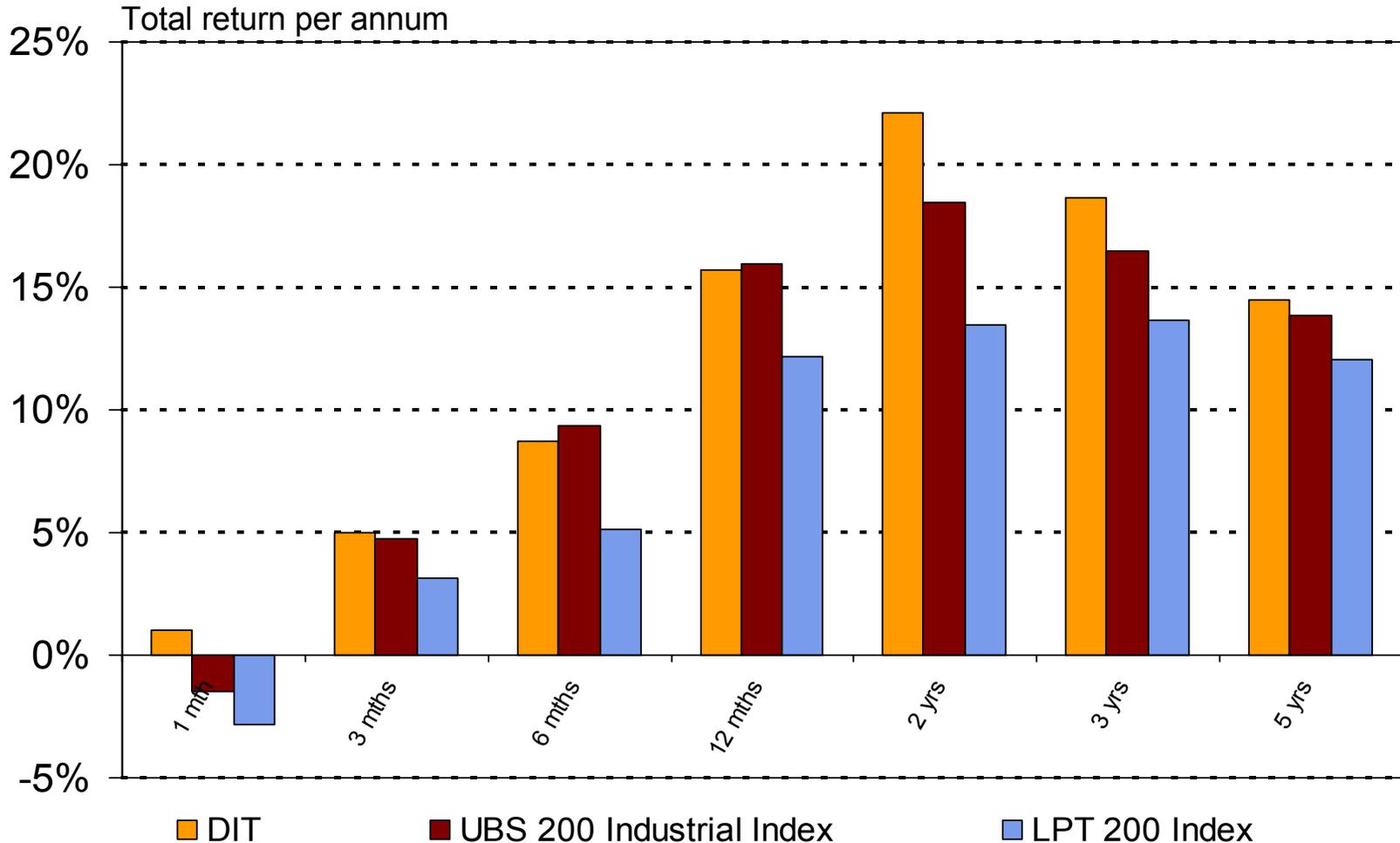
## Debt

- Trust gearing is currently 31% and is funded by:-
  - \$236 million of AAA CMBS (bbsw + 46 bps)
  - \$23 million of A1+ rated commercial paper (CP) (bbsw + 5 pts)
- Hedges cover 98% of drawn debt via a series of derivatives
- Floating rates to fund development and short term acquisitions.



# Total return comparison- period ending 30 June 2003

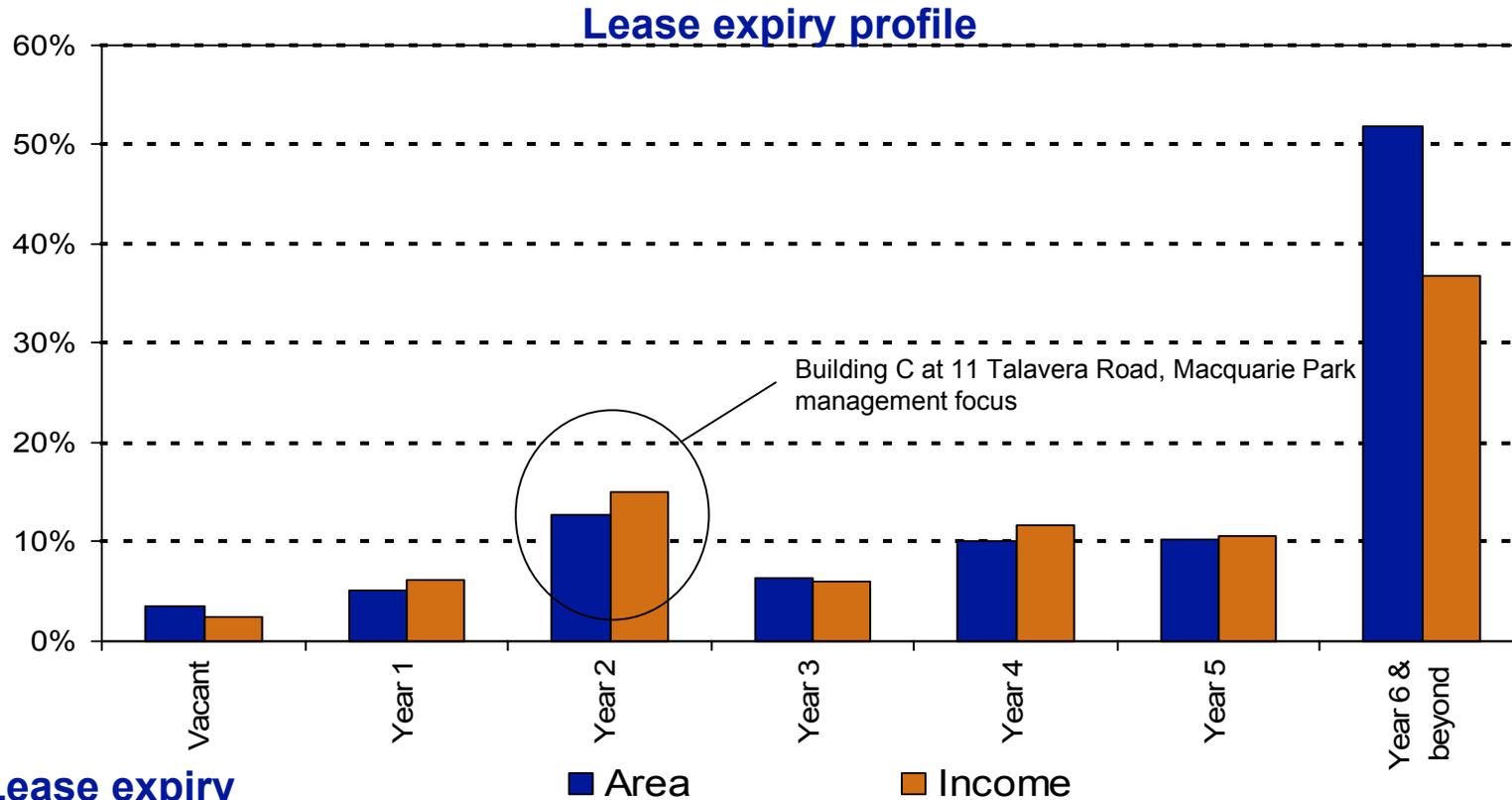
## ■ Delivering on objectives



Source: IRESS, Deutsche Asset Management, UBS



# Portfolio



## Lease expiry

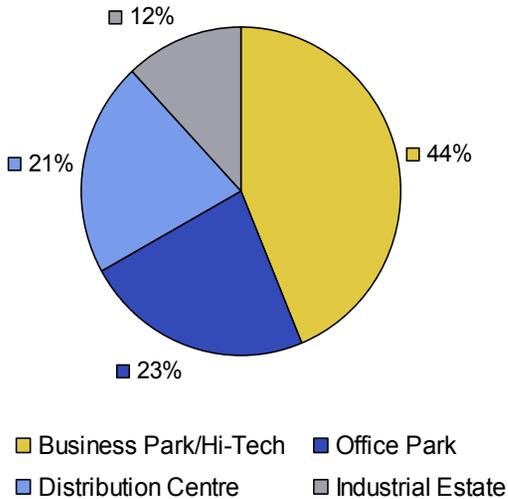
- Objective is to extend profile without creating concentration.
- New leases and retentions totalling 190,000 square metres - approx 27% of portfolio area.
- Strongest tenant retention rate in sub-sector of 86% achieved over rolling 12 months (82% average).
- Extension of weighted average lease duration from 4.1 yrs to 4.8 yrs.



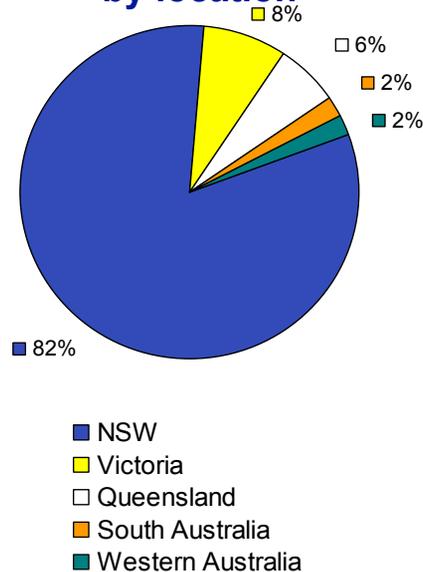
# Portfolio continued

- Focus will remain on multi tenant product whilst remaining responsive to customer needs.
- Infrastructure, development and depth of market point generally to the eastern state capital cities for growth.

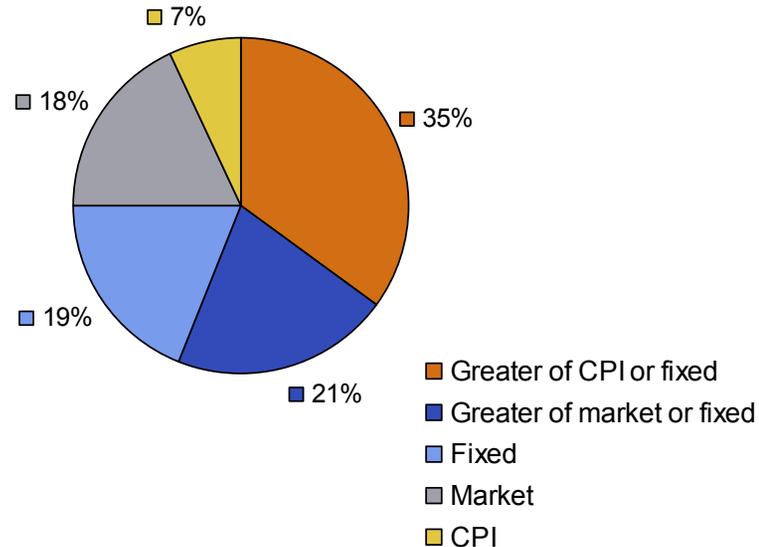
**Portfolio diversification by asset type**



**Portfolio diversification by location**



**Future rent review profile**



# Acquisitions

<b>Property</b>	<b>Purchase price (\$m)</b>	<b>Comment</b>
<b>DB Industrial Estate, Laverton North</b> Boundary Road	<b>\$14.25</b>	400,000m <sup>2</sup> development pipeline in one of Australia's strongest logistics and warehousing markets.
<b>DB Business Park, Baulkham Hills</b> 3 Brookhollow Avenue	<b>\$36.07</b>	Business park development opportunity with secure passing income.
<b>DB Distribution Centre, Lara</b> 250 Forest Road South	<b>\$31.65</b>	Long term high yield, fixed 4.25% growth.
<b>DB Distribution Centre, Gillman</b> 15-23 Whicker Road	<b>\$18.45</b>	Long term high yield, fixed 4.25% growth.
<b>DB Industrial Estate, Greystanes</b> Foundation Place	<b>\$10.98</b>	Sydney transport/logistics estate.



## Disposals

- Seven assets were sold during the year and the proceeds from these sales were \$38.03 million, profit on book value of \$1.61 million (4.23%).
- Contracts exchanged for a further 2 assets post results, realising \$31.9 million, profit on book value of \$4.2 million.

<b>Property</b>	<b>Sale price (\$m)</b>	<b>Book Value(\$m)</b>	<b>Variance (\$m)</b>
<b>134 Hassall Street, Wetherill Park, NSW</b>	<b>\$4.75</b>	\$4.59	\$0.16
<b>6 Koornang Road, Scoresby, VIC</b>	<b>\$4.50</b>	\$3.41	\$1.09
<b>92 Robinson Avenue, Belmont, WA</b>	<b>\$3.65</b>	\$3.94	(\$0.29)
<b>396 Victoria Road, Wetherill Park, NSW</b>	<b>\$3.60</b>	\$3.79	(\$0.19)
<b>172 Kewdale Road, Kewdale, WA</b>	<b>\$2.83</b>	\$3.47	(\$0.64)
<b>128 Russell Street, Emu Plains, NSW</b>	<b>\$6.60</b>	\$5.94	\$0.66
<b>3 Monier Square, Villawood, NSW</b>	<b>\$12.10</b>	\$11.28	\$0.82
<b>Part 1-55 Rothschild Avenue, Rosebery, NSW</b>	<b>\$22.00</b>	\$17.80	\$4.20
<b>33 Waterloo Road, Macquarie Park, NSW</b>	<b>\$9.90</b>	\$9.90	-
<b>TOTAL</b>	<b>\$69.93</b>	<b>\$64.12</b>	<b>\$5.81</b>





# DB Business Park, Rosebery

## 1-55 Rothschild Avenue

- Development completed December 2002.
- Building fully leased to the Commonwealth Government for a 10 year term with IKEA committing to the remainder of the facility for 3 years.
- Contracts exchanged with Meriton for approximately 1.36 hectares of land on the corner of Rothschild Avenue and Epsom Road for \$22 million.



# DB Industrial Estate, Greystanes Foundation Place

- 5.78 hectares of land in the Greystanes Business Hub.
- Approximately 30,000 square metres of high clearance industrial space is to be constructed.
- 8,650 square metres has been pre-leased for a 10 year term to Allied Pickfords.
- Balance will be designed to provide flexible leasing alternatives.
- End value circa \$36 million.



Artist's impression



# DB Business Park, Baulkham Hills

## 3 Brookhollow Avenue

- Masterplan for the development of this asset has been lodged.
- Over time, four separate high-tech buildings totalling approximately 23,000 square metres will be built with flexible office and warehouse configurations.
- The new buildings will integrate with the existing IBM Data Centre which provides the Trust with a yield of 8.5%.
- End value circa \$100 million.



Artist's impression



# DB Industrial Estate, Laverton North Boundary Road

- The Trust is well advanced through the rezoning process that is expected to be completed by the end of the calendar year, well within the two year delayed settlement period.
- A number of potential customers who require anywhere from 2 hectares right up to major portions of the site have been identified.
- The Masterplan will yield over 400,000 square metres of industrial accommodation.
- End value circa \$300 million.



Artist's impression



# DB Industrial Estate, Laverton North Boundary Road

## Masterplan



This building alone is roughly the same size as Telstra Stadium



# Appendix 1 - statement of financial performance

As at 30 June 2003

	2003 \$'000	2002 \$'000
<b>Revenue from ordinary activities</b>		
Rent	81,161	66,015
Proceeds on sale of investment properties	38,030	8,557
Interest income	313	339
Other revenues from ordinary activities	229	-
<b>Total revenue from ordinary activities</b>	<b>119,733</b>	<b>74,911</b>
Property expenses	(13,647)	(9,879)
Repairs and maintenance	(2,457)	(2,274)
Responsible entity fees	(4,525)	(3,467)
Book value of property investments sold	(36,416)	(8,263)
Other expenses from ordinary activities	(800)	(623)
Borrowing costs expense	(13,310)	(8,612)
Increment/ (decrement) on revaluation of investments	449	(6,413)
<b>Total expenses from ordinary activities</b>	<b>(70,706)</b>	<b>(39,531)</b>
<b>Net profit</b>	<b>49,027</b>	<b>35,380</b>
Net profit attributable to outside equity interest	-	(391)
<b>Net profit attributable to members</b>	<b>49,027</b>	<b>34,989</b>
Net income in asset revaluation reserve	24,540	11,732
<b>Total revenues, expenses and valuation adjustments attributable to members of Deutsche Industrial Trust recognised directly in equity</b>	<b>24,540</b>	<b>11,732</b>
<b>Total changes in equity other than those resulting from transactions with unitholders as owners</b>	<b>73,567</b>	<b>46,721</b>
Basic earnings- cents per unit (cpu)	15.27	12.96
Diluted earnings- cents per unit (cup)	15.27	12.96



## Appendix 2 - statement of financial position

	2003	2002
	\$'000	\$'000
<b>As at 30 June 2003</b>		
<b>Current assets</b>		
Cash assets	3,739	6,448
Receivables	4,060	3,736
Other	3,849	2,530
Investment properties	27,700	-
<b>Total current assets</b>	<b>39,348</b>	<b>12,714</b>
<b>Non-Current Assets</b>		
Investment properties	793,447	676,221
Other	10,949	8,480
<b>Total non-current assets</b>	<b>804,396</b>	<b>684,701</b>
<b>Total assets</b>	<b>843,744</b>	<b>697,415</b>
<b>Current Liabilities</b>		
Payables	20,621	6,938
Rent received in advance	3,887	-
Provisions	26,158	22,328
<b>Total current liabilities</b>	<b>50,666</b>	<b>29,266</b>
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	258,978	217,500
Other	1,731	1,398
<b>Total non-current liabilities</b>	<b>260,709</b>	<b>218,898</b>
<b>Total liabilities</b>	<b>311,375</b>	<b>248,164</b>
<b>Net assets</b>	<b>532,369</b>	<b>449,251</b>
<b>Equity</b>		
Contributed equity	501,620	442,932
Reserves	30,508	5,968
Undistributed income	241	351
<b>Total equity</b>	<b>532,369</b>	<b>449,251</b>



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