

Deutsche Asset Management
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10 February 2004

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

Dear Sir/Madam

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

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

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

For further information please contact Ben Lehmann, General Manager, Deutsche Industrial Trust, on (02) 9249 9003.

Yours faithfully



Ian Thompson
Company Secretary



10 February 2004

DEUTSCHE INDUSTRIAL TRUST DELIVERS A RECORD INTERIM PROFIT OF \$30.5 MILLION

DB Real Estate's \$879 million Deutsche Industrial Trust (ASX: DIT) today announced a record net profit after tax for the half-year to 31 December 2003 of \$30.5 million, reflecting an increase of 24 per cent on the previous corresponding period.

Ben Lehmann, General Manager of Deutsche Industrial Trust said, "A distribution of 7.80 cents per unit is being paid to unitholders, an increase of 2 per cent on the same period last year. In making this distribution the Trust has been able to increase retained earnings by \$4.2 million."

"Continued strength in industrial market fundamentals and sound asset management has resulted in an increase to net tangible assets per unit of 4 cents to \$1.62 per unit. The asset revaluation reserve for the Trust now stands at \$42.1 million," Mr Lehmann said.

	6 months to 31 Dec 03	6 months to 30 Jun 03	6 months to 31 Dec 02
Net property income	\$35.5m	\$35.3m	\$29.2m
Net profit	\$30.5m	\$24.4m	\$24.6m
Distribution (per unit)	7.80c	7.75c	7.65c

PORTFOLIO REVIEW

Leasing

During the period, the Trust secured leases for in excess of 40,000 square metres of space, providing over \$5 million in annual net rental income. The majority of this leasing activity occurred in the smaller size range within the Trust's industrial unit estates. Leasing inquiries continue to be strong in all market sectors, with the Trust having agreed commercial terms over a further 38,000 square metres of space.

Mr Lehmann said, "Our forecasts are for solid GDP growth in 2004 and improving US and global conditions which bodes well for industrial leasing activity."

Disposals

On 31 December 2003 the Trust settled the sale of 33 Waterloo Road North Ryde NSW for \$9.9 million.

The Trust has exchanged contracts with Meriton Property Management Pty Limited for approximately 1.44 hectares of vacant land on the corner of Rothschild Avenue and Epsom Road in Rosebery, NSW, for \$22 million.

Contracts were exchanged in December for the sale of 470 Bradman Street Acacia Ridge, QLD, for \$4.2 million. As part of the transaction, the purchaser will leaseback the property until the anticipated settlement date of 30 June 2004.

These sales will result in a net profit to the Trust for the full year of approximately \$3.0 million.

Acquisitions

On 23 January 2004 the Trust acquired Citisouth Industrial Park, Pound Road West, Dandenong, Victoria for \$37.5 million. The property comprises 60,952 square metres of large-scale warehouse and distribution space and includes approximately 10 hectares of land subject to a development agreement, further enhancing the Trust's development potential. Total value of the estate upon completion will be in the vicinity of \$70 million.

Developments

DB Industrial Estate, Laverton North Boundary & Palmers Road

The Trust has settled the acquisition of 63 hectares of the total 92.5 hectares that make up this development. The balance is to settle on or before 30 July 2004. This development site has now received the rezoning from Rural to Industrial 2 as sought in the Trust's planning amendment application.

DB Industrial Estate, Greystanes 1 Foundation Place

This project continues on time and budget, with the Trust having secured tenants for 44 per cent of the total estate area of 30,670 square metres. The leasing inquiry for the balance of the estate is strong with the Trust having agreed commercial terms for a further 15 per cent of the estate.

DB Business Park, Baulkham Hills 3 Brookhollow Avenue

The relevant authorities have approved the masterplan for the estate and the Trust is currently marketing this space within the business park. The Responsible Entity does not intend to commence development until tenants have been secured.

Valuations

Twenty of the Trust's assets were revalued during the six months to December 2003. These revaluations have resulted in the Trust's net tangible assets increasing 2.53 per cent from \$1.58 to \$1.62 per unit. The book value of these assets has increased by \$16.52 million or 4.95 per cent.

CAPITAL MANAGEMENT

Distribution Reinvestment Plan

This plan operated for the period ending 30 June 2003 and resulted in 332,645 units being issued at \$1.764 cents per unit.

Debt

No material changes to the structure of debt were made during the period, given the launch last year of the Trust's inaugural Commercial Mortgage Backed Security (CMBS) program. Having taken advantage of low interest rates prior to this reporting period our interest rate exposure was not adjusted in this period. 88.4 per cent of total borrowings are on fixed interest rates for an average of 4.3 years.

OUTLOOK

Mr Lehmann said he was confident of achieving consensus broker forecasts for distribution for the full year to 30 June 2004.

"The progress made over the past three years in terms of portfolio composition and establishing a significant development pipeline should underpin the future growth prospects of the Trust. In addition to proactively pursuing development opportunities, our focus will continue to be maximising occupancy, increasing our exposure to the distribution and logistics segment, and building scale," he said.

- ends -

About Deutsche Industrial Trust

Deutsche Industrial Trust (ASX:DIT) is the third largest listed industrial trust in Australia. Its gross assets total approximately A\$880 million. The Trust has investments in 35 properties across four of the country's largest industrial markets (NSW 79%, VIC 13%; WA 1%; QLD 5%, SA 2%), The Trust invests in high quality industrial assets in prime and well-established locations across Australia.

For further information please contact:

- Ben Lehmann, General Manager, Deutsche Industrial Trust, phone: (02) 9249 9003
- Kristin Silva/Ainsley Gee, Communications, Deutsche Asset Management, phone: (02) 9249 9568 / (02) 9249 9904

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

Financial reporting for the half financial year ended 31 December 2003

Results for announcement to the market

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

Highlights of Results		31-Dec-03	31-Dec-02	Change
Revenue from ordinary activities (\$'000)	1	55,217	64,119	-13.88%
Net Profit from ordinary activities after tax attributable to unitholders - (\$'000)	2	30,539	24,584	24.22%
Distribution to unitholders - (\$'000)		26,360	22,979	14.71%
Distributions for the half year ending				
31 December (payable 13 February 2004) - cents per unit		7.80	7.65	1.96%
Total distributions - cents per unit		7.80	7.65	1.96%
Basic and diluted earnings (cents per unit)		9.04	8.18	10.46%
		31-Dec-03	30-Jun-03	
Total Assets (\$'000)		879,092	843,744	4.19%
Total Borrowings (\$'000)		288,195	258,978	11.28%
Unitholders Equity (\$'000)		548,745	532,369	3.08%
Market Capitalisation (\$'000)		604,836,310	570,484,402	6.02%
Net tangible assets (NTA) \$ per unit	\$	1.62	\$ 1.52	6.84%
Unit price - \$	\$	1.79	\$ 1.69	5.92%
Units on issue		337,897,380	337,564,735	0.10%
Record date		31 December 2003		
Payment date		13 February 2004		

Distribution reinvestment plan (DRP)

To be allocated units under the Trust's DRP for the December 2003 distribution, unitholders were required to lodge their election notice by the Record date, being 31 December 2003.

Commentary of results

	31-Dec-03	31-Dec-02
1. Rent	45,060	37,202
Proceeds on sale of investment properties	9,898	25,930
Other income	259	987
Revenue from ordinary activities	<u>55,217</u>	<u>64,119</u>

2. Net profit for the half year ended 31 December 2003 when compared to the prior comparative financial period is higher predominantly due to the increment on revaluation of properties recognised in Statement of financial performance and the increase in rental income as a result of three properties acquired at the end of December 2002.

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

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

	Notes	Consolidated	
		31 December 2003	31 December 2002
		\$'000	\$'000
Revenue from ordinary activities			
Rent		45,060	37,202
Proceeds on sale of investment properties		9,898	25,930
Interest income		240	987
Other revenues from ordinary activities		19	-
Total revenue from ordinary activities		55,217	64,119
Expenses from ordinary activities			
Property expenses		(7,461)	(6,646)
Repairs and maintenance		(1,363)	(949)
Responsible entity fees	2	(2,712)	(2,088)
Book value of investment properties sold		(10,021)	(25,127)
Other expenses from ordinary activities	3	(737)	(437)
Borrowing costs expense		(7,638)	(5,818)
Total expenses from ordinary activities		(29,932)	(41,065)
Revaluation increment		5,254	1,530
Net Profit		30,539	24,584
Net increase in asset revaluation reserve	6	11,615	1,603
Total revenues, expenses and valuation adjustments attributable to members of Deutsche Industrial Trust recognised directly in equity		11,615	1,603
Total changes in equity other than those resulting from transactions with unitholders as owners		42,154	26,187
		Cents	Cents
Basic and diluted earnings - cents per unit (cpu)	12	9.04	8.18

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

		Consolidated	
		31 December 2003	31 December 2002
		\$'000	\$'000
Distribution			
Net profit		30,539	24,584
Movement in undistributed income		(4,179)	(75)
Transfer to reserves		-	(1,530)
Distribution paid/payable	6,7	26,360	22,979
		Cents	Cents
Distribution paid/payable - cents per unit (cpu)	7	7.80	7.65

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

		Consolidated	
	Notes	31 December 2003	30 June 2003
		\$'000	\$'000
Current assets			
Cash assets		12,811	3,739
Receivables		5,769	4,060
Other		3,860	3,849
Investment properties	4	22,506	27,700
Total current assets		44,946	39,348
Non-current assets			
Investment properties	4	822,131	793,447
Other		12,015	10,949
Total non-current assets		834,146	804,396
Total assets		879,092	843,744
Current liabilities			
Payables		11,799	20,621
Provisions		26,356	26,158
Rent received in advance		2,196	3,887
Total current liabilities		40,351	50,666
Non-current liabilities			
Interest bearing liabilities		288,195	258,978
Other		1,801	1,731
Total non-current liabilities		289,996	260,709
Total liabilities		330,347	311,375
Net assets		548,745	532,369
Equity			
Contributed equity	5	502,202	501,620
Reserves	6	42,123	30,508
Undistributed income	6	4,420	241
Total equity		548,745	532,369

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

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

	Consolidated	
	31 December 2003	31 December 2002
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	42,405	35,619
Cash payments in the course of operations	(14,984)	(6,694)
Interest received	126	987
Net cash inflow from operating activities	<u>27,547</u>	<u>29,912</u>
Cash flows from investing activities		
Proceeds from sale of investment properties	9,404	25,930
Payments for capital expenditure on investment properties	(15,810)	(34,369)
Payments for purchase of investment properties	(7,165)	(90,702)
Net cash outflow from investing activities	<u>(13,571)</u>	<u>(99,141)</u>
Cash flows from financing activities		
Establishment expenses and unit issue costs	(4)	(802)
Proceeds from issue of units	-	59,817
Proceeds from borrowings	52,815	292,743
Repayment of borrowings	(23,598)	(258,128)
Distributions paid	(25,576)	(22,328)
Borrowing costs paid	(8,541)	(5,586)
Net cash (outflow)/inflow from financing activities	<u>(4,904)</u>	<u>65,716</u>
Net increase/(decrease) in cash held	9,072	(3,513)
Cash at the beginning of the financial period	3,739	6,448
Cash at the end of the financial period	<u><u>12,811</u></u>	<u><u>2,935</u></u>

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

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

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise specified.

(b) Rounding of amounts

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars or in certain cases, to the nearest dollar.

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

Note 2. Individually significant items

Responsible Entity fees

Deutsche Asset Management (Australia) Limited, as Responsible Entity of the Trust, is entitled to fees under the Constitution of 0.75% of gross assets up to \$400 million and 0.60% of gross assets greater than \$400 million. As at 1 October 2003 the Responsible Entity announced that its entitlement to the fee permitted under the Constitution would be determined as follows:

Base fee

A base fee of 0.50% of gross assets for the three month period to 31 December 2003 (previously 0.60% of gross assets), calculated and paid monthly.

Performance fees

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

- ♦ 5% of the outperformance up to 2.0% over the Benchmark.
- ♦ 15% of the outperformance greater than 2.0% over the Benchmark.

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

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

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

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

For the Six Months to 31 December 2003

For the six months to 31 December 2003, total Responsible Entity fees paid equated to \$2,712,000 (which was the maximum fee payable under the Constitution)

	31 December 2003
Responsible Entity fee for the three months to 30 September 2003	1,268,000
Base fee for the three months to 31 December 2003	1,078,000
Performance fee for the three months to 31 December 2003	366,000
	<u>2,712,000</u>

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

- ♦ The Trust's performance equated to 13.69%, exceeding the Benchmark return of 6.41%. Trust performance was determined as the 10 day volume weighted average price ("VWAP") up to 31 December 2003 less the 10 day VWAP commencing 1 October 2003.
- ♦ The value of the Trust's outperformance (against the Benchmark) equated to \$41,738,000.
- ♦ The performance fee earned was \$5,114,000.
- ♦ The performance fee paid was \$366,000.
- ♦ The performance fee carried forward was \$4,748,000.

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

Note 3. Other expenses from ordinary activities

	Consolidated	
	31 December 2003	31 December 2002
	\$'000	\$'000
Audit fees	58	65
Bad and doubtful debts	232	-
Custodian fees	51	35
Legal fees	6	82
Registry costs and listing fees	78	71
Taxation fees	3	46
Other expenses	309	138
Total other expenses from ordinary activities	737	437

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

Note 4(a). Current assets – investment properties

Property	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Consolidated book value 31 December 2003 \$'000	Consolidated book value 30 June 2003 \$'000
New South Wales						
1-55 Rothschild Avenue Rosebery, NSW	Sep 2001	11,086	Jun 2003	17,800 (a)	18,276	17,800
33 Waterloo Road North Ryde, NSW	Jul 1998	n/a	n/a	n/a	-	9,900
Total New South Wales properties		11,086		17,800	18,276	27,700
Queensland						
470 Bradman Street Acacia Ridge, QLD	Jul 1998	6,004	Sep 2003	4,200 (c)	4,230	n/a
Total Queensland properties		6,004		4,200	4,230	-
Total current investment properties		17,090		22,000	22,506	27,700

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

Property	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Consolidated book value 31 December 2003 \$'000	Consolidated book value 30 June 2003 \$'000
New South Wales						
30-32 Bessemer Street Blacktown, NSW	May 1997	11,848	Sep 2003	14,500 (b)	14,500	12,339
27-33 Frank Street Wetherill Park, NSW	Jul 1998	15,074	Dec 2003	12,650 (b)	12,650	12,250
3-7 Bessemer Street Blacktown, NSW	Jun 1997	10,914	Sep 2003	10,100 (b)	10,100	10,502
52 Holbeche Road Arndell Park, NSW	Jul 1998	11,292	Sep 2003	11,100 (a)	11,100	10,218
2a Birmingham Avenue Villawood, NSW	Jun 1997	7,561	Sep 2003	8,600 (d)	8,600	8,750
40 Biloela Street Villawood, NSW	Jul 1997	7,048	Sep 2003	7,000 (d)	7,011	6,882
27-29 Liberty Road Huntingwood, NSW	Jul 1998	7,962	Sep 2003	7,300 (a)	7,300	6,706
239-251 Woodpark Road Smithfield, NSW	May 1997	5,052	Sep 2003	5,750 (b)	5,750	5,130
1-15 Rosebery Avenue & 1-55 Rothschild Avenue Rosebery, NSW	Apr 1998 & Oct 2001	68,950	Jun 2003	78,700 (a)	80,658	78,700
436-484 Victoria Road Gladesville, NSW	Sep 1997	26,899	Sep 2003	40,800 (a)	40,815	37,804
3 Brookhollow Avenue Baulkham Hills, NSW	Dec 2002	40,421	Nov 2002	36,600 (e)	40,421	39,338
114-120 Old Pittwater Road Brookvale, NSW	Sep 1997	32,311	Sep 2003	42,000 (a)	42,000	36,060
Egerton Industrial Estate Silverwater, NSW	May 1997	37,204	Sep 2003	39,375 (e)	39,456	36,191
79-99 St Hilliers Road Auburn, NSW	Sep 1997	33,796	Sep 2003	37,000 (a)	37,000	34,114
145-151 Arthur Street Flemington, NSW	Sep 1997	22,799	Sep 2002	25,800 (f)	25,917	25,842
1 Garigal Road Belrose, NSW	Dec 1998	23,371	Jun 2003	24,350 (e)	24,688	24,350

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

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

Property	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Consolidated book value 31 December 2003 \$'000	Consolidated book value 30 June 2003 \$'000
New South Wales (continued)						
706 Mowbray Road Lane Cove, NSW	Sep 1997	21,553	Sep 2003	25,300 (f)	25,543	24,576
11 Talavera Road North Ryde, NSW	Jun 2002	127,429	Jun 2003	130,000 (a)	130,171	130,000
2 Minna Close Belrose, NSW	Dec 1998	32,308	Sep 2003	28,800 (f)	28,824	29,925
10-16 South Street Rydalmere, NSW	Sep 1997	34,549	Jun 2003	39,000 (f)	39,206	39,000
19 Chifley Street Smithfield, NSW	Dec 1998	11,399	Jun 2003	13,400 (c)	13,471	13,400
Lot 603 Foundation Place Greystanes, NSW	Dec 2002	22,327	Jan 2003	11,000 (a)	22,327	12,473
154 O'Riordan Street Mascot, NSW	Jun 1997	10,649	Sep 2003	12,600 (f)	12,630	11,206
Total New South Wales properties		622,716		661,725	680,138	645,756
Victoria						
250 Forest Rd South Lara, VIC	Dec 2002	33,757	Dec 2002	31,650 (e)	33,758	33,758
114-116 Fairbank Road Clayton, VIC	Jul 1997	10,638	Sep 2003	10,800 (a)	10,800	10,322
Lot 3 Boundary Road & Lot 4 Palmers Road Laverton North, VIC	Jul 2002	15,863	May 2002	14,250 (c)	15,863	14,675
352 Macaulay Road Kensington, VIC	Oct 1998	7,597	Jun 2003	7,300 (e)	7,300	7,300
Total Victorian properties		67,855		64,000	67,721	66,055
Western Australia						
33 McDowell Street Welshpool, WA	Jul 1997	7,116	Mar 2002	4,250 (e)	4,268	4,268
68 Hasler Road Herdsman, WA	Jul 1998	9,308	Sep 2003	6,450 (f)	6,450	8,027
Total Western Australian properties		16,424		10,700	10,718	12,295
Queensland						
121 Evans Road Salisbury, QLD	Jul 1997	16,411	Sep 2003	14,000 (e)	14,479	15,038
30 Bellrick Street Acacia Ridge, QLD	Jun 1997	12,820	Sep 2003	11,900 (d)	11,900	12,310
470 Bradman Street Acacia Ridge, QLD	Jul 1998	n/a	n/a	n/a	-	5,010
25 Donkin Street South Brisbane, QLD	Dec 1998	17,894	Jun 2003	17,200 (c)	17,392	17,200
Total Queensland properties		47,125		43,100	43,771	49,558

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

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

Property	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Consolidated book value 31 December 2003 \$'000	Consolidated book value 30 June 2003 \$'000
South Australia						
15-23 Whicker Rd Gillman, SA	Dec 2002	19,783	Dec 2002	19,200 (e)	19,783	19,783
Total South Australian properties		19,783		19,200	19,783	19,783
Total non-current investment properties		773,903		798,725	822,131	793,447
Total investment properties		790,993		820,725	844,637	821,147

The title to all properties is freehold (all wholly owned) and they are all industrial properties.

Valuations of investment properties

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

Independent valuations were performed by:

- (a) Colliers International
- (b) LandMark White
- (c) CB Richard Ellis
- (d) Jones Lang LaSalle
- (e) Knight Frank Valuations
- (f) FPD Savills

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

Acquisitions

Foundation Place, Greystanes NSW

In December 2002, the Trust entered into an agreement to purchase Lot 603 Foundation Place, Greystanes. 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 31 December 2003.

Boundary Road & Palmers Road, North Laverton NSW

In July 2002, the Trust also entered into an agreement to purchase Lot 3 Boundary Road and Lot 4 Palmers Road, North Laverton. To date, the Trust has paid instalments totalling \$10.91 million, with a further \$3.34 million to be paid on settlement, which can occur at the Trust's option on or before July 2004. The remaining purchase consideration of \$3.34 million is included as a current liability as at 31 December 2003.

Disposals

Waterloo Road, North Ryde NSW

On 31 December 2003, the Trust sold 33 Waterloo Road, Macquarie Park for \$9,898,000.

Rothschild Avenue, Rosebery NSW

On 22 July 2003, the Trust entered into a contract for the sale of 1.437 hectares of land located at 1-55 Rothschild Avenue, Rosebery for \$22.0 million. The profit is expected at \$3.2m, after costs. Settlement is expected in April 2004.

Bradman Road, Acacia Ridge QLD

On 22 December 2003, the Trust entered into a contract for the sale of 470 Bradman Rd, Acacia Ridge for \$4.2 million. Settlement is expected on 30 June 2004.

DEUTSCHE INDUSTRIAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2003
Note 4(c). Current and non-current assets – investment properties (continued)

Developments

Foundation Place, Greystanes NSW

The Trust has secured tenants for 44% of the total estate area of 30,670 square metres, well before the anticipated development completion date in July 2004. The estimated return on total development costs for this project will be in the order of 8.5%.

Boundary Road & Palmers Road, North Laverton NSW

Rezoning from Rural of Industrial 2 was achieved in December 2003. The Trust has settled the acquisition of 63 hectares of the total 92.5 hectares in December 2003.

3 Brookhollow Avenue, Baulkham Hills

The masterplan for the estate has been approved by the relevant authorities, and the Trust is currently marketing this space within the business park.

Reconciliations

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

	Note	Consolidated	
		31 December 2003	30 June 2003
		\$'000	\$'000
Carrying amount at start of financial period		821,147	676,221
Additions		16,642	156,353
Disposals		(10,021)	(36,416)
Revaluation increments	6	16,869	24,989
Carrying amount at end of financial period		844,637	821,147

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

Note 5. Contributed equity

	31 December 2003	30 June 2003
	\$'000	\$'000
(a) Value of units on issue		
Opening balance	501,620	442,932
Placement of units	-	59,817
Cost for placement of units	-	(1,577)
Distributions reinvested	586	451
Cost for distributions reinvested	(4)	(3)
Closing balance	<u>502,202</u>	<u>501,620</u>

	31 December 2003	30 June 2003
	Units	Units
(b) Number of units on issue		
Opening balance	337,564,735	300,372,613
Placement of units	-	36,923,927
Distributions reinvested	332,645	268,195
Closing balance	<u>337,897,380</u>	<u>337,564,735</u>

Distribution reinvestment plan (DRP)

The Trust has established a DRP under which holders of ordinary units may elect to have up to \$800 of their distribution entitlements satisfied by the issue of new ordinary units rather than by being paid in cash.

On 19 August 2003, the Trust issued 332,645 units at an issue price of \$1.7640 under the plan.

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)
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

Note 6. Reserves and undistributed income

	Consolidated	
	31 December 2003	30 June 2003
	\$'000	\$'000
(a) Reserves		
Asset revaluation reserve	42,123	30,508
Total reserves	<u>42,123</u>	<u>30,508</u>
Movements:		
Asset revaluation reserve		
Opening balance	30,508	5,968
Increment on revaluation of investment properties	16,869	24,989
Increment recognised as revenue	(5,254)	(449)
Total movement in asset revaluation reserve	<u>11,615</u>	<u>24,540</u>
Closing balance	<u>42,123</u>	<u>30,508</u>
(b) Nature and purpose of reserves		
Asset revaluation reserve		
The asset revaluation reserve is used to record increments and decrements on the revaluation of investment properties.		
(c) Undistributed income		
Undistributed income at the beginning of the financial period	241	351
Net profit	30,539	49,027
Distributions provided for or paid	(26,360)	(49,137)
Undistributed income at the end of the financial period	<u>4,420</u>	<u>241</u>

Note 7. Distributions paid and payable

	Consolidated	
	31 December 2003	31 December 2002
	\$'000	\$'000
Timing of distributions		
The distributions were paid/payable as follows:		
31 December (paid 14 February 03)	-	22,979
31 December (payable 13 February 04)	26,360	-
Total distributions	<u>26,360</u>	<u>22,979</u>
Distribution paid/payable cents per unit (cpu)		
31 December paid/payable	7.80	7.65

**DEUTSCHE INDUSTRIAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003**

Note 8. Financial instruments

(a) Credit risk

Credit risk is the risk that a tenant will fail to perform contractual obligations including honouring the term of the lease agreements either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring tenants, together with the respective credit limits, are approved, and
- ensuring that leases are undertaken with a large number of tenants.

As such, the Trust does not have a concentration of credit risk that arises from an exposure to a single tenant. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

On-balance sheet financial instruments

The credit risk on financial assets of the Trust which have been recognised in the statement 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 8(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 31 December 2003, the net fair value of financial (liabilities)/assets arising from interest rate swap agreements is **(\$1,803,014)** (June 2003: \$11,483,743)

These amounts represent the potential (liability)/asset of the Trust if existing swap agreements as at 31 December 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)
31 DECEMBER 2003

Note 8. 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	
Consolidated 31 December 2003						
Financial assets						
Cash assets	12,811	-	-	-	-	12,811
Receivables	-	-	-	-	5,769	5,769
Other	-	-	-	-	1,807	1,807
Total	12,811	-	-	-	7,576	20,387
Weighted average interest rate	4.05%					
Financial liabilities						
Payables	-	-	-	-	11,799	11,799
Interest bearing liabilities	188,195	-	100,000	-	-	288,195
Provision for distribution	-	-	-	-	26,356	26,356
Other	-	-	-	-	1,801	1,801
Interest rate swaps (notional principal amount)	(155,000)	-	155,000	-	-	-
Total	33,195	-	255,000	-	39,956	328,151
Weighted average interest rate	6.37% *					
Net financial liabilities	(20,384)	-	(255,000)	-	(32,380)	(307,764)
Consolidated 30 June 2003						
Financial assets						
Cash assets	3,739	-	-	-	-	3,739
Receivables	-	-	-	-	4,060	4,060
Other	-	-	-	-	1,925	1,925
Total	3,739	-	-	-	5,985	9,724
Weighted average interest rate	3.92%					
Financial liabilities						
Payables	-	-	-	-	20,621	20,621
Interest bearing liabilities	158,978	-	100,000	-	-	258,978
Provision for distribution	-	-	-	-	26,158	26,158
Other	-	-	-	-	1,731	1,731
Interest rate swaps (notional principal amount)	(155,000)	-	155,000	-	-	-
Total	3,978	-	255,000	-	48,510	307,488
Weighted average interest rate	6.21% *					
Net financial liabilities	(239)	-	(255,000)	-	(42,525)	(297,764)

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

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

Note 9. Contingent liabilities

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

Note 10. Events occurring after reporting date

On 23 January 2004, the Trust acquired an industrial estate on Pound Rd, Dandenong at a purchase price of \$37.5m exclusive of acquisition costs estimated at \$2.6m. The acquisition involved the Trust entering into a development agreement with the vendor to further develop additional vacant land of approximately 10 hectares. On completion of the development, the estate is expected to have a value of approximately \$70m.

Note 11. Segment information

The consolidated entity operates solely within the industrial property sector in Australia.

Note 12. Earnings per unit

	Consolidated	
	31 December 2003	31 December 2002
Basic and diluted earnings per unit (cents)	9.04	8.18
Weighted average number of units outstanding used in the calculation of basic and diluted earnings per unit	337,808,795	300,373,000

Independent audit report to the unitholders of Deutsche Industrial Trust

Audit opinion

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

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

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

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Deutsche Industrial Trust Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Deutsche Industrial Trust (the trust) and the entities it controlled during that half-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 Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

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

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

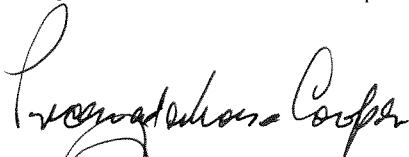
When this audit report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

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

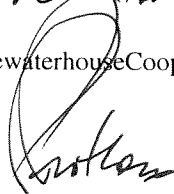
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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



PricewaterhouseCoopers



DA Prothero
Partner

Sydney
10 February 2004

RESPONSIBLE ENTITY'S REPORT

The Responsible Entity is pleased to report on the continued achievements made by the Trust over the six months to 31 December 2003.

Results

These achievements include the leasing of over 40,000 square metres of space, significant progress on the Trust's development activities and continued success in regards to portfolio composition.

Net profit for the half year was \$30.5 million, reflecting an increase of 24% on the previous corresponding period.

A distribution of 7.80 cents per unit will be paid to unitholders. Undistributed income has increased by \$4.18 million and now stands at \$4.42 million.

Net tangible assets per unit has increased by 4 cents to \$1.62 per unit during the 6 months to 31 December 2003, primarily as a result of continued strength in industrial market fundamentals and sound asset management. Asset revaluation reserves have increased to \$42.12 million.

Management fees

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

- Base fee
 - A base fee of 0.50% per annum of the gross assets, determined and paid monthly.
- Performance fee:
 - 5% of the out-performance up to 2% over the ASX/S&P 200 Property Accumulation Index.
 - 15% of the out-performance greater than 2% over the ASX/S&P 200 Property Accumulation Index.

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

Portfolio review

Leasing

During the period, the Trust secured leases for in excess of 40,000 square metres of space, providing over \$5 million in annual net rental income. The majority of this leasing activity occurred in the smaller size range within the Trust's industrial unit estates. Leasing inquiry continues to be strong in all market sectors, with the Trust having agreed commercial terms over a further 38,000 square metres of space. Lease duration has increased to an average of 4.9 years.

Disposals

On 31 December 2003 the Trust settled the sale of 33 Waterloo Road North Ryde NSW for \$9.9 million.

The Trust has exchanged contracts with Meriton Property Management Pty Limited for approximately 1.44 hectares of vacant land on the corner of Rothschild Avenue and Epsom Road in Rosebery, NSW, for \$22 million.

Contracts were exchanged in December for the sale of 470 Bradman Street Acacia Ridge, QLD, for \$4.2 million. As part of the transaction, the purchaser will lease-back the property until the anticipated settlement date of 30 June 2004.

These sales will result in a net profit to the Trust for the full year of approximately \$3.0 million.

Acquisitions

No acquisitions were completed during the period.

Since 31 December 2003 the Trust acquired Citisouth Industrial Park, Pound Road West, Dandenong, Victoria for \$37,538,880. The property comprises 60,952 square metres of large-scale warehouse and distribution space and includes approximately 10 hectares of land subject to a development agreement, further enhancing the Trust's development potential. Total value of the estate on completion will be in the vicinity of \$70 million.

Development Projects

DB Industrial Estate, Laverton North Boundary & Palmers Road

The Trust has settled the acquisition of 63 hectares of the total 92.5 hectares that make up this development. The balance is to settle on or before 30 July 2004. This development site has now received the rezoning from Rural to Industrial 2 as sought in our planning amendment application. Stage 1 infrastructure works have been tendered and development will commence upon reaching agreement with our first tenant.

DB Industrial Estate, Greystanes 1 Foundation Place

This project continues on time and budget with the Trust having secured tenants for 44% of the total estate area of 30,670 square metres. The leasing inquiry for the balance of the estate is strong with the Trust having agreed commercial terms for a further 15% of the estate.

DB Business Park, Baulkham Hills 3 Brookhollow Avenue

The masterplan for the estate has been approved by the relevant authorities and the Trust is currently marketing this space within the business park. Development will not commence here until tenants have been secured.

Valuations

Twenty of the Trust's assets were revalued during the six months to December 2003. These revaluations have resulted in the Trust's net tangible assets 'NTA' increasing 2.53% from \$1.58 to \$1.62. The book value of these assets has increased by \$16.52 million or 4.95%.

Capital management

Distribution Reinvestment Plan (DRP)

The plan operated for the period ending 30 June 2003 and resulted in 332,645 units being issued at \$1.764 cents per unit.

Debt

No material changes to the structure of debt were made during the period, given the launch last year of the Trust's Commercial Mortgage Backed Security (CMBS) program. Having taken advantage of low interest rates prior to this reporting period our interest rate exposure was not adjusted in this period. 88.4% of total borrowings on fixed interest rates for an average of 4.3 years.

Trust focus

The management of your Trust will continue to work to increase earnings and distribution per unit. In terms of the Trust's portfolio, it will continue to endeavour to maximise the occupancy and tenant retention rate as well as increase exposure to the growing distribution and logistics segment. The business will work towards building scale and enhancing the customer value proposition.

DEUTSCHE INDUSTRIAL TRUST ■

December 2003 half yearly results

Investor presentation

February 2004

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

DB Real Estate
Deutsche Bank Group



Agenda

- **Performance summary**
- **Portfolio overview**
- **Capital management**
- **Outlook**
- **Annexures**

A-financial performance

B-financial position

C-portfolio valuation summary

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

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

This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter.

The presentation does not constitute investment advice and should not be relied upon as such.



Performance summary



11 Talavera Road, North Ryde

Half year highlights

- DPU 7.8 cents, an increase of 2% over the previous corresponding period
- NTA increased by 4 cents per unit from 30 June 03 to \$1.62
- Portfolio composition enhanced:
 - leasing successes
 - lease duration increased to 4.9 years
 - developments
 - new acquisition
- Move to performance based fees effective 1 October 2003
- Enhanced corporate governance:
 - Majority Non-Executive Board
 - Independent Chairman
 - Responsible Entity to commence AGM's

Key statistics- half year 31 Dec 2003 & 31 Dec 2002

	31 Dec 2003	31 Dec 2002	% Increase
Reported net profit	\$30.5m	\$24.6m	24%
Net profit before adj. to reserves	\$25.3m	\$23.1m	10%
Earnings per unit	9.04c	8.18c	11%
Distributions per unit	7.80c	7.65c	2%
Total assets	\$879.1m	\$806.7m	9%
Total borrowings	\$288.2m	\$253.7m	14%
Gearing (debt to total assets)	32.8%	31.5%	-
Number of units on issue	337.9m	337.3m	0.2%
NTA/unit	\$1.62	\$1.52	7%
Market capitalisation	\$604.8m	\$570.0m	6%
Average lease duration (years)	4.9	4.7	4%

Portfolio overview

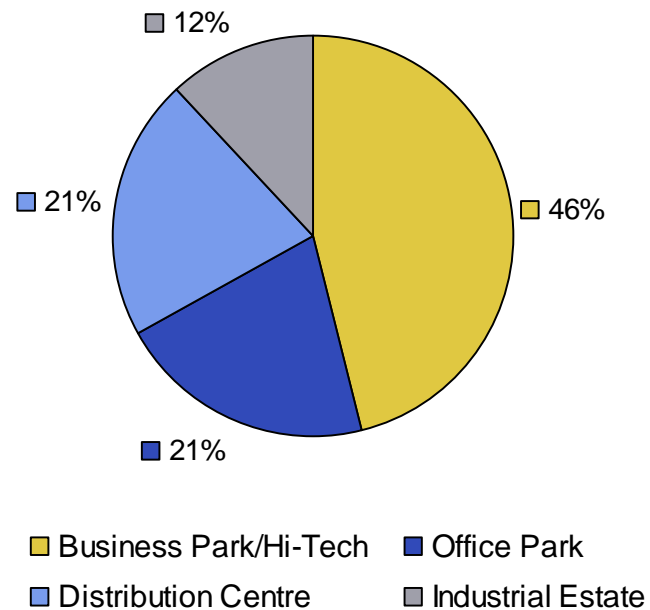


Building C, 11 Talavera Road, North Ryde & 10-16 South Street, Rydalmere

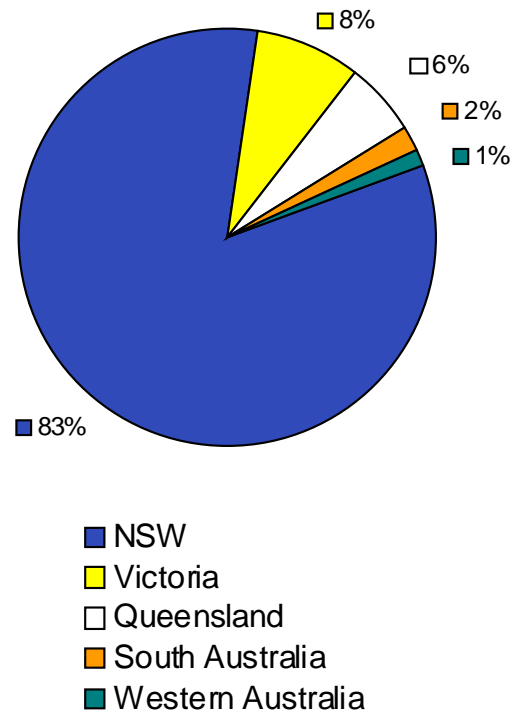
Diversification

As at 31 December 2003

Asset type



Location



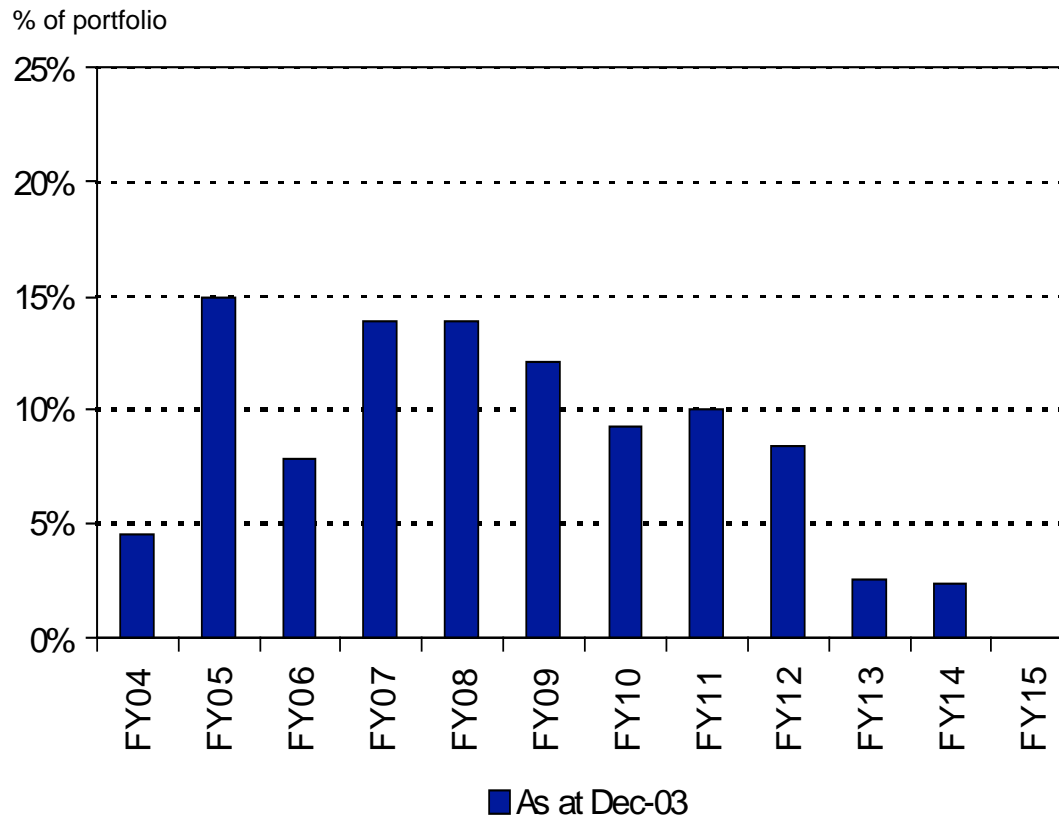
■ Dandenong acquisition announced January 2004. Impact on portfolio:

- Increase in Industrial Estates from 12% to 16% of portfolio
- Increase in Victorian properties from 8% to 13% of portfolio

■ 9.0% weighted average cap rate

Lease expiry profile

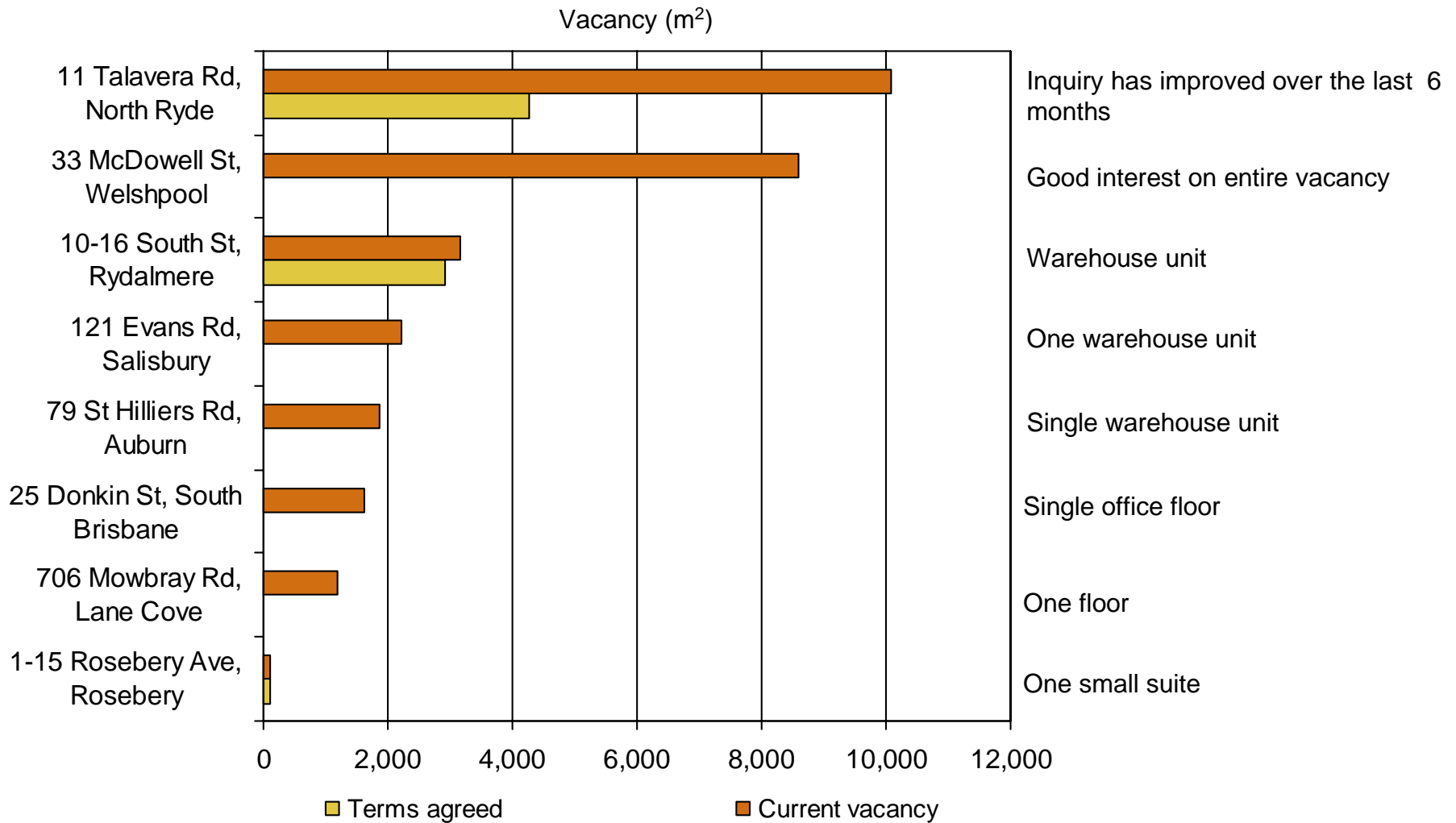
Lease expiry profile by income



Source: Deutsche Asset Management (Australia) Limited

- Leasing of over 40,000 square metres of space during the past 6 months
- Average lease duration 4.9 years
- Occupancy 96.4%
- In excess of 50% of FY05 expiries in principal agreement
- Historic retention rate of $\geq 80\%$ looks realistic for FY05

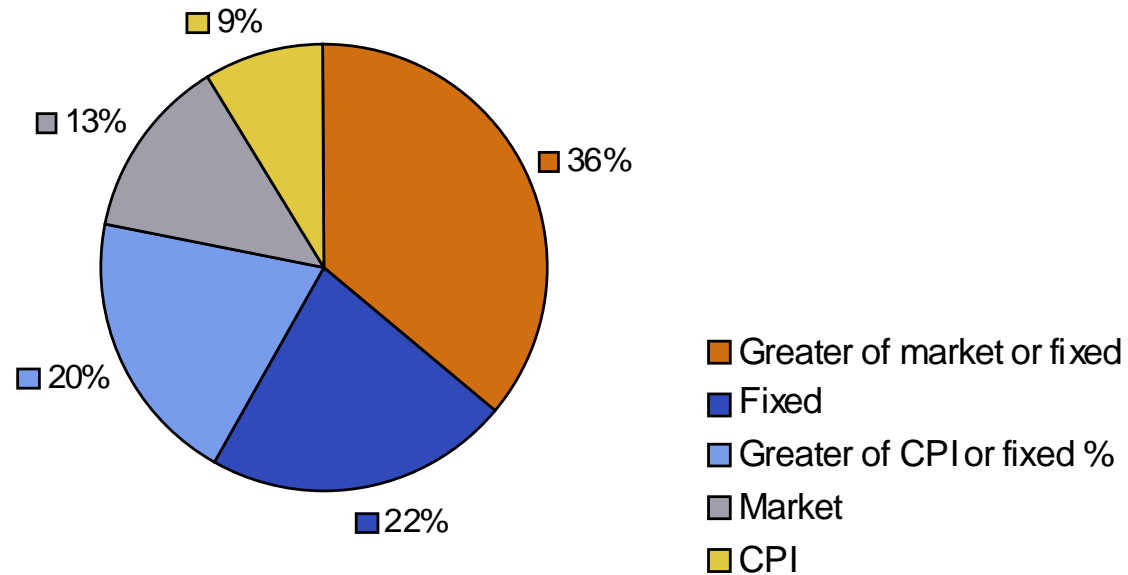
Vacancy



Rent review synopsis

- Move by both lessees and lessors to fixed patterns 3-4%
- Most markets at or about economic rent
- Growth in line with inflation

Rent review snapshot - CY04



Sales and acquisitions

Sales

	Book	Disposal
■ 33 Waterloo Road, North Ryde NSW- settled 31/12/03	\$10.0m	\$9.9m
■ 470 Bradman Street, Acacia Ridge QLD- to settle 30/6/04	\$4.2m	\$4.2m

Acquisition

- Property: Citisouth Industrial Park, Dandenong VIC
- Acquisition date: 23 January 2004
- Acquisition price: \$37.5 million
- Initial yield: 8.36% (after non-recoverable land tax)
- Average lease duration: 5.5 years to tenants including Australia Post and L'Oreal Australia Pty Ltd.
- Development: Potential development of 10 hectares of land adjacent to the acquired buildings (2.29 hectares included in \$37.5 million purchase price). Total value on completion of the development is approximately \$70 million

Developments

Asset	Potential dev. activity	Est end value	Status
DB Industrial Estate, Laverton North Boundary & Palmers Road	Up to 450,000 m ²	\$300m	- Planning amendment application approved - Infrastructure tendered
DB Industrial Estate, Greystanes 1 Foundation Place	30,670m ²	\$38.5m	- Progressing on time and budget. - 44% committed - PC- July/August 04
DB Business Park, Baulkham Hills 3 Brookhollow Avenue	Up to 25,000m ²	\$110m	- Masterplan approved - Pre-commitments will be sought prior to development

Valuations

- Twenty of the Trust's assets were revalued during the six months to December 2003. Details of these are summarised in the table below and detailed in Annexure C.

State	New valuation	Previous valuation	Book value	Increment/decrement on book value
NSW	\$302.9m	\$280.2m	\$283.0m	\$19.9m
QLD	\$30.1m	\$32.4m	\$32.4m	(\$2.3m)
VIC	\$10.8m	\$10.3m	\$10.3m	\$0.5m
WA	\$6.4m	\$8.0m	\$8.0m	(\$1.6m)
TOTAL	\$350.2m	\$330.9m	\$333.7m	\$16.5m

- Increases across the states reflect market performance/ fundamentals.

Capital management



3 Brookhollow Avenue, Baulkham Hills & 52 Holbeche Road, Arndell Park

Capital management

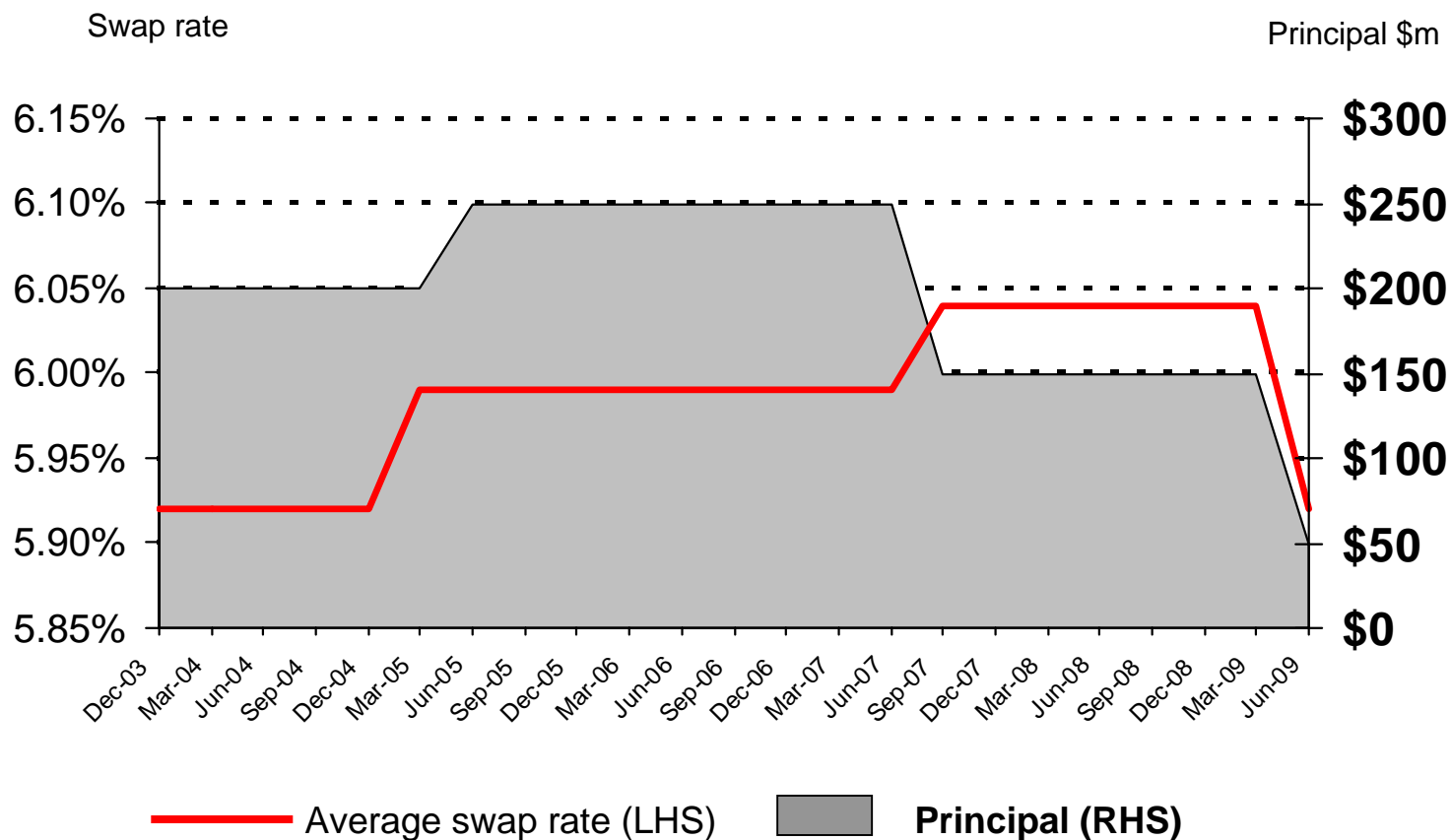
Equity

- June 03 DRP introduced 332,645 new units at \$1.764 cents per unit.

Debt

- Total debt as at 31 December 03 is \$288 million
 - Debt to total assets 32.8%
 - \$ 52.2m of A1+ rated commercial paper (CP)
 - \$236m of AAA CMBS
 - 88% of debt fixed
 - Average duration of fixed hedges is 4.3 years

Hedging profile



Outlook



145-151 Arthur Street, Flemington & 25 Donkin Street, South Brisbane

Industrial market outlook

- Solid economic forecasts - GDP growth 4.3% in 2004
- US and global conditions improving
- Tenant inquiry/demand expected to lift this year
- Construction activity reasonably strong - mostly pre-committed
- Modest rental growth expected:
 - Competition amongst developers remains strong
 - Continued pressure on older secondary stock
 - Land remains abundant
- Continued shortage of investment grade stock
- Yields expected to remain firm
- IT sector still recovering, vacancy remains an issue in North Ryde

Trust focus

Financials

- Increase sustainable EPU and DPU
- Maintain a strong balance sheet

Portfolio

- Leverage and enhance development pipeline
- Maximise occupancy and tenant retention rate
- Increase exposure to distribution and logistics segment

Business focus

- Build sustainability into development like revenues
- Continue to enhance customer/tenant value proposition

Annexures



A- Consolidated statement of financial performance

For the half year ended 31 December 2003

	31 Dec 2003 \$'000	31 Dec 2002 \$'000
Revenue from ordinary activities		
Rent	45,060	37,202
Proceeds on sale of property investments	9,898	25,930
Interest income	240	987
Other revenues from ordinary activities	19	-
Total revenue from ordinary activities	55,217	64,119
Property expenses	(7,461)	(6,646)
Repairs and maintenance	(1,363)	(949)
Responsible entity fee	(2,712)	(2,088)
Book value of property investments sold	(10,021)	(25,127)
Other expenses from ordinary activities	(737)	(437)
Borrowings cost expense	(7,638)	(5,818)
Total expenses from ordinary activities	(29,932)	(41,065)
Increment on revaluation of investment properties	5,254	1,530
Net profit	30,539	24,584
Net increase in asset revaluation reserve	11,615	1,603
Total revenues, expenses and valuation adjustments attributable to members of DIT recognised directly in equity	11,615	1,603
Total changes in equity other than those resulting from transactions with unitholders as owners	42,154	26,187
	Cents	Cents
Basic and diluted earnings per unit	9.04	8.18
Distribution paid/payable per unit	7.80	7.65



B- Consolidated statement of financial position

For the half year ended 31 December 2003

	31 Dec 2003 \$'000	30 June 2003 \$'000
Assets		
Cash assets	12,811	3,739
Receivables	5,769	4,060
Other	3,860	3,849
Investment properties	22,506	27,700
Total current assets	44,946	39,348
Non current assets		
Investment properties	822,131	793,447
Other	12,015	10,949
Total non current assets	834,146	804,396
Total assets	879,092	843,744
Current liabilities		
Payables	11,799	20,621
Provisions	26,356	26,158
Rent received in advance	2,196	3,887
Total current liabilities	40,351	50,666
Non current liabilities		
Interest bearing liabilities	288,195	258,978
Other	1,801	1,731
Total non current liabilities	289,996	260,709
Total liabilities	330,347	311,375
Net assets	548,745	532,369
Equity		
Contributed equity	502,202	501,620
Reserves	42,123	30,508
Undistributed income	4,420	241
Total equity	548,745	532,369



C- Portfolio valuation summary

As at 31 December 2003

Property	New	Previous	Book	Increment/
	Valuation	Valuation	Value	Decrement
				On book value
	\$m	\$m	\$m	\$m
52 Holbeche Road, Arndell Park	\$11.1	\$10.2	\$10.2	\$0.9
3-7 Bessemer Street, Blacktown	\$10.1	\$10.5	\$10.5	-\$0.4
30-32 Bessemer Street, Blacktown	\$14.5	\$12.3	\$12.3	\$2.2
40 Biloela Street, Villawood	\$7.0	\$6.8	\$6.9	\$0.1
2a Birmingham Avenue, Villawood	\$8.6	\$8.7	\$8.8	-\$0.2
239-251 Woodpark Road, Smithfield	\$5.7	\$5.1	\$5.1	\$0.6
114-120 Old Pittwater Road, Brookvale	\$42.0	\$36.0	\$36.1	\$5.9
Egerton Street, Silverwater	\$39.4	\$35.8	\$36.2	\$3.2
436-484 Victoria Road, Gladesville	\$40.8	\$37.5	\$37.8	\$3.0
79-99 St Hilliers Road, Auburn	\$37.0	\$34.0	\$34.2	\$2.8
706 Mowbray Road, Lane Cove	\$25.3	\$24.0	\$24.7	\$0.6
27-29 Liberty Road, Huntingwood	\$7.3	\$6.7	\$6.7	\$0.6
2 Minna Close, Belrose	\$28.8	\$29.5	\$30.0	-\$1.2
154 O'Riordan Street, Mascot	\$12.6	\$10.8	\$11.2	\$1.4
27-33 Frank Street, Wetherill Park	\$12.7	\$12.3	\$12.3	\$0.4
30 Bellrick Street, Acacia Ridge	\$11.9	\$12.4	\$12.3	-\$0.4
121 Evans Road, Salisbury	\$14.0	\$15.0	\$15.1	-\$1.1
470 Bradman Street, Acacia Ridge	\$4.2	\$5.0	\$5.0	-\$0.8
114 Fairbank Road, Clayton	\$10.8	\$10.3	\$10.3	\$0.5
68 Hasler Road, Herdsman	\$6.4	\$8.0	\$8.0	-\$1.6
TOTAL	\$350.2	\$330.9	\$333.7	\$16.5

