Stapled securities

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Agenda

- What is a stapled security?
- Examples of stapled / not stapled
- Performance of stapled securities
- Pricing of stapled securities
- Expansion in the stapled model
- Typical stapled structure
- DB RREEF group structure
- Why get out the stapler?

Disclaimer

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.
What is a stapled security?

- A stapled security is where two or more securities (say a unit in a trust and a share in a company) are combined so they cannot be separately traded.

- In real estate a common model internalises management - where an ASX listed trust and its own management company trade together.

- It may link a passive (rental) income with a more active (non-rental) one.

- Income in the active business may be fee-based (relatively stable) or profit based (eg a development company).
Examples of stapled / not stapled

**Stapled units**
- Westfield Group
- Stockland Group
- Centro Properties
- Mirvac Group
- Investa Property Group
- Multiplex Group
- DB RREEF Trust
- Valad Property Group
- Thakral Holdings

**Ordinary units**
- General Property Trust
- Macquarie Goodman Industrial
- Macquarie Office Fund
- CFS Gandel Retail Trust
- Commonwealth Property
- ING Industrial Fund
- ING Office Fund
- Macquarie Countrywide
- Macquarie DDR Trust
- Macquarie Prologis
- Galileo Shopping America
- Bunnings Warehouse

Source: ASX
Performance of stapled securities

Source: UBS, IRESS

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Pricing of stapled securities

Source: UBS, December 2004
Expansion in stapled securities

Source: JP Morgan

Prepared for PRRES
Typical stapled structure

Shareholders

Tax pass through

Taxed at corporate rate (tax credits)

Stapled security

Source: Standard & Poors
DB RREEF group structure

Unit holders

DB RREEF Trust Stapled securities (DRT)

DDF

100%

DB RREEF Industrial Properties Inc.
(US Assets)

DIT

50%

DB RREEF Funds Management Ltd
Total FUM
A$10bn

DOT

DB RREEF Operations Trust

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Why get out the stapler?

There is no ONE reason to staple…

- Gives a trust greater growth opportunity
- Gives a company greater earnings stability
- Provides a greater scale
- Provides diversification or vertical integration
- Provides product flexibility
- Management interests aligned and fees retained in group

...And the securities all have quite different characteristics!