

Stapled securities

DB RREEF Funds Management Limited
ABN 24 060 920 783
Australian Financial Services Licence Holder



Peter Studley
Head of Research

DB RREEF

Managed in partnership with Deutsche Bank 

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.



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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

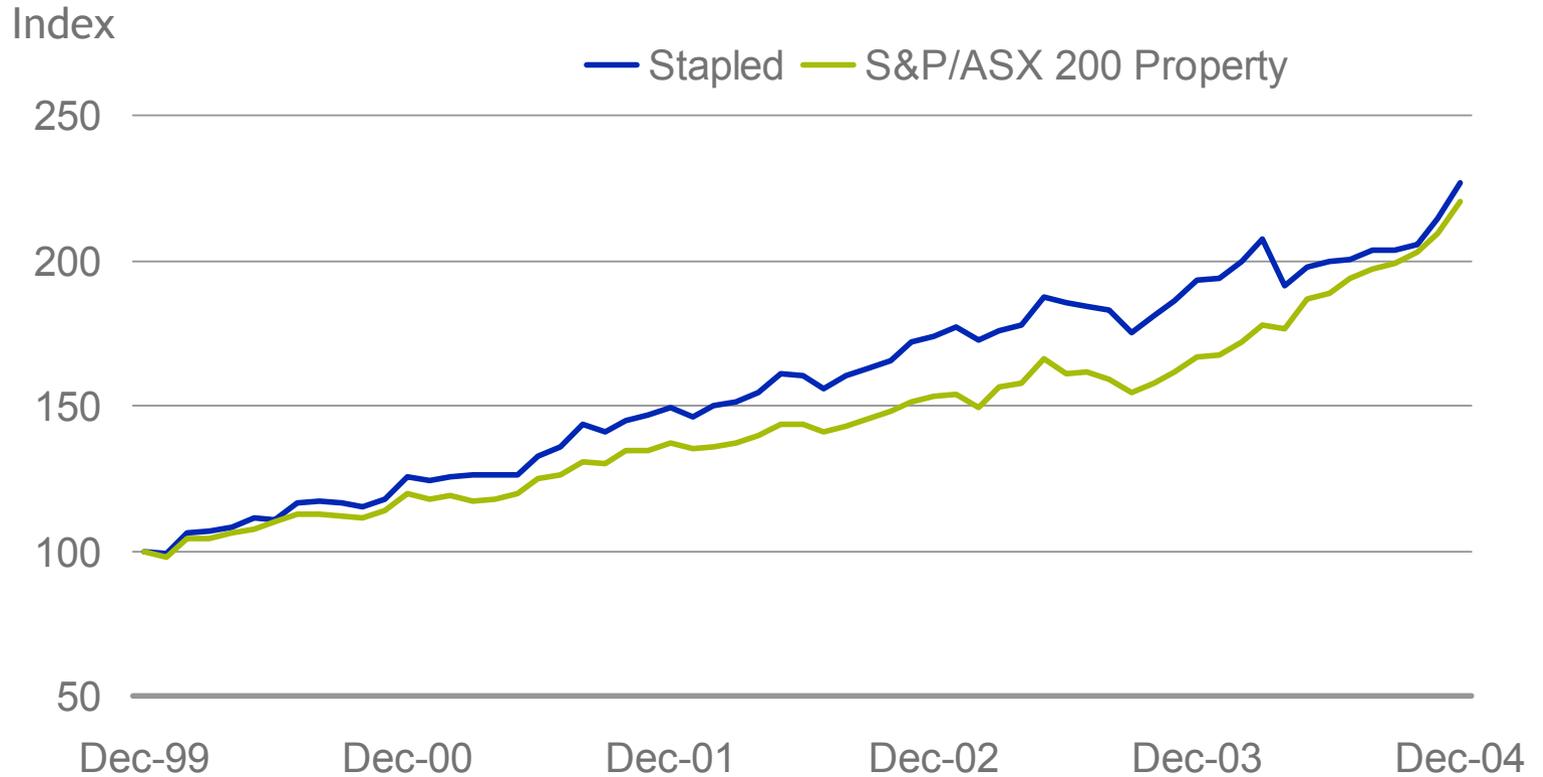
- Westfield Group
- Stockland Group
- Centro Properties
- Mirvac Group
- Investa Property Group
- Multiplex Group
- DB RREEF Trust
- Valad Property Group
- Thakral Holdings

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



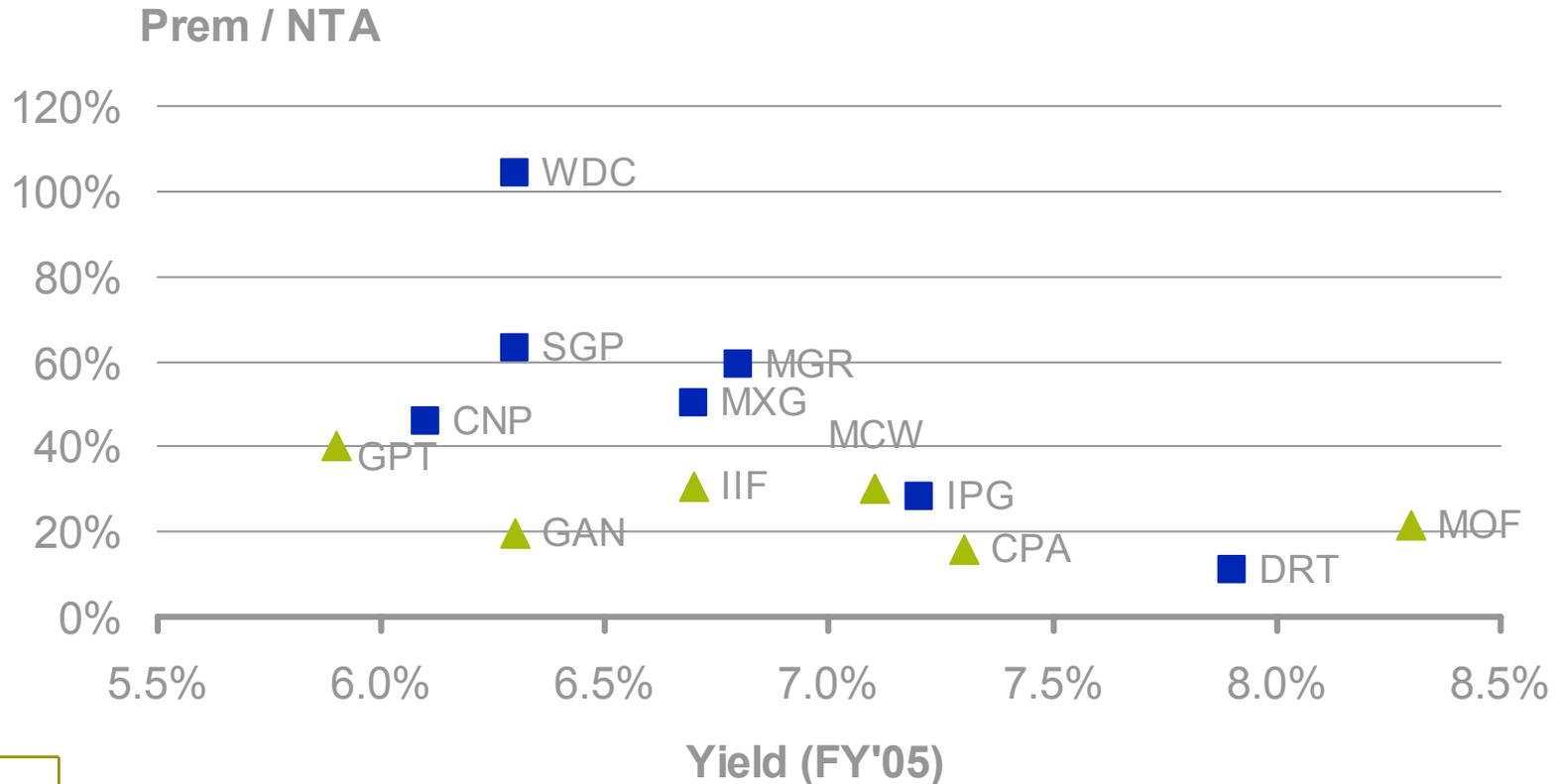
Source: UBS, IRESS

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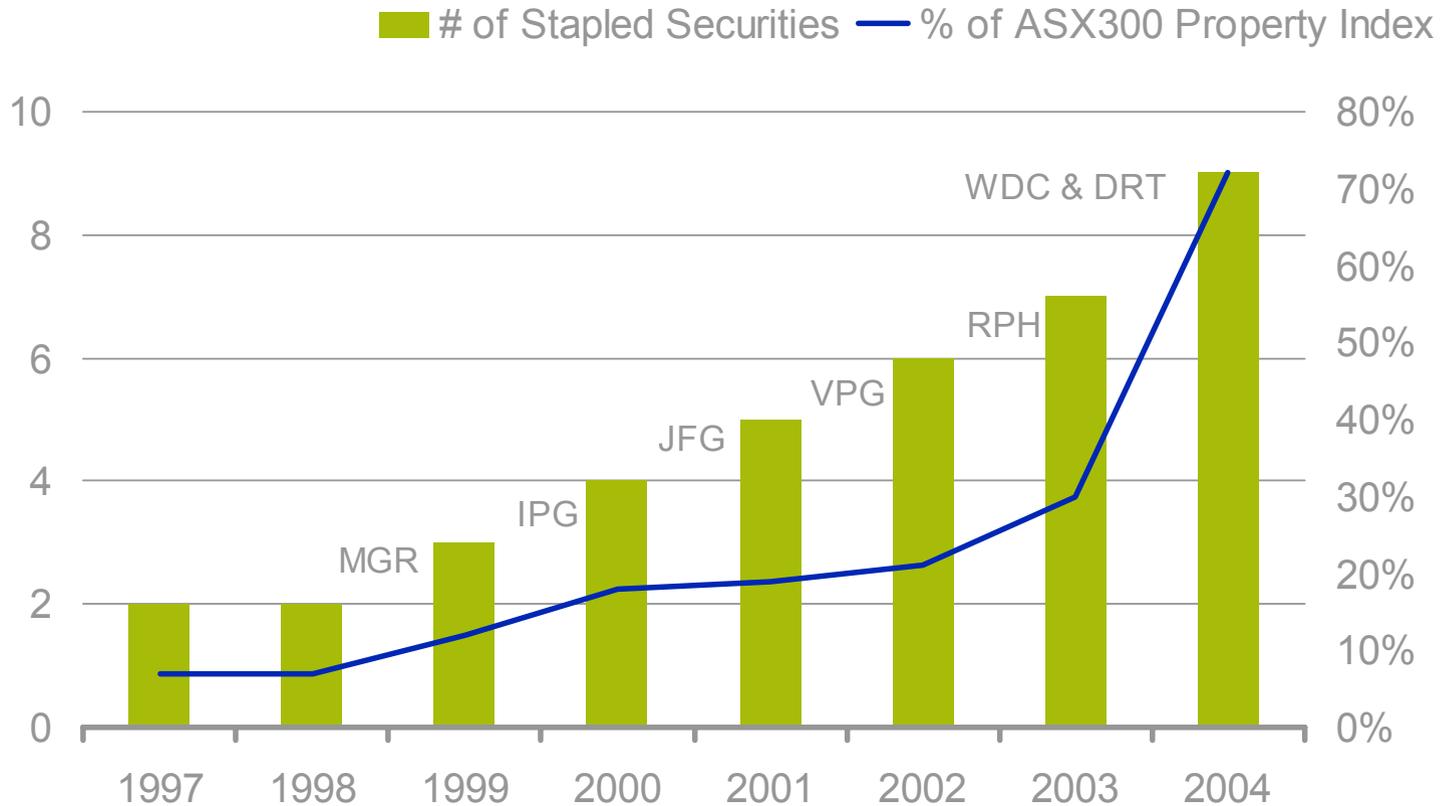
Pricing of stapled securities



Source: UBS, December 2004

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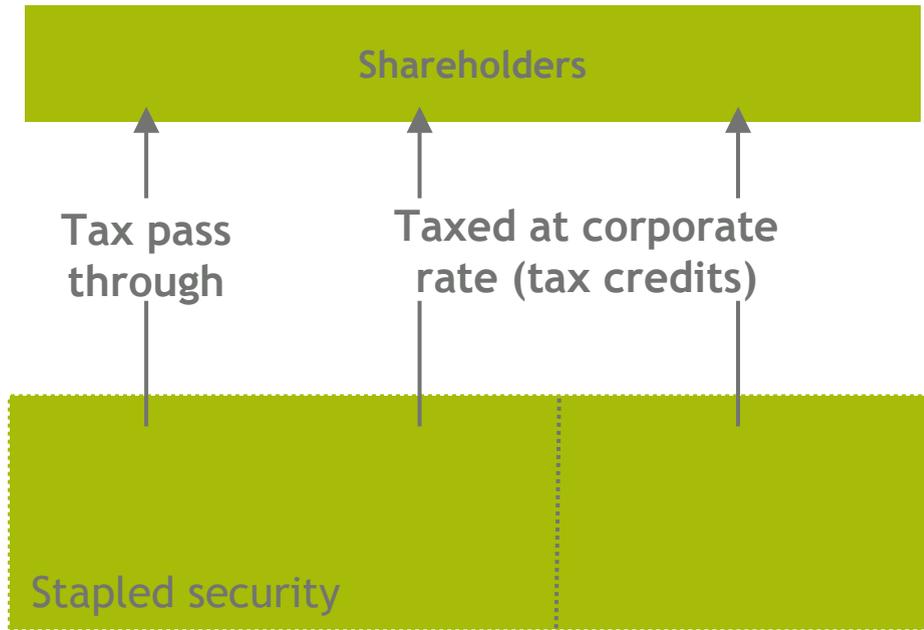
Expansion in stapled securities



Source: JP Morgan

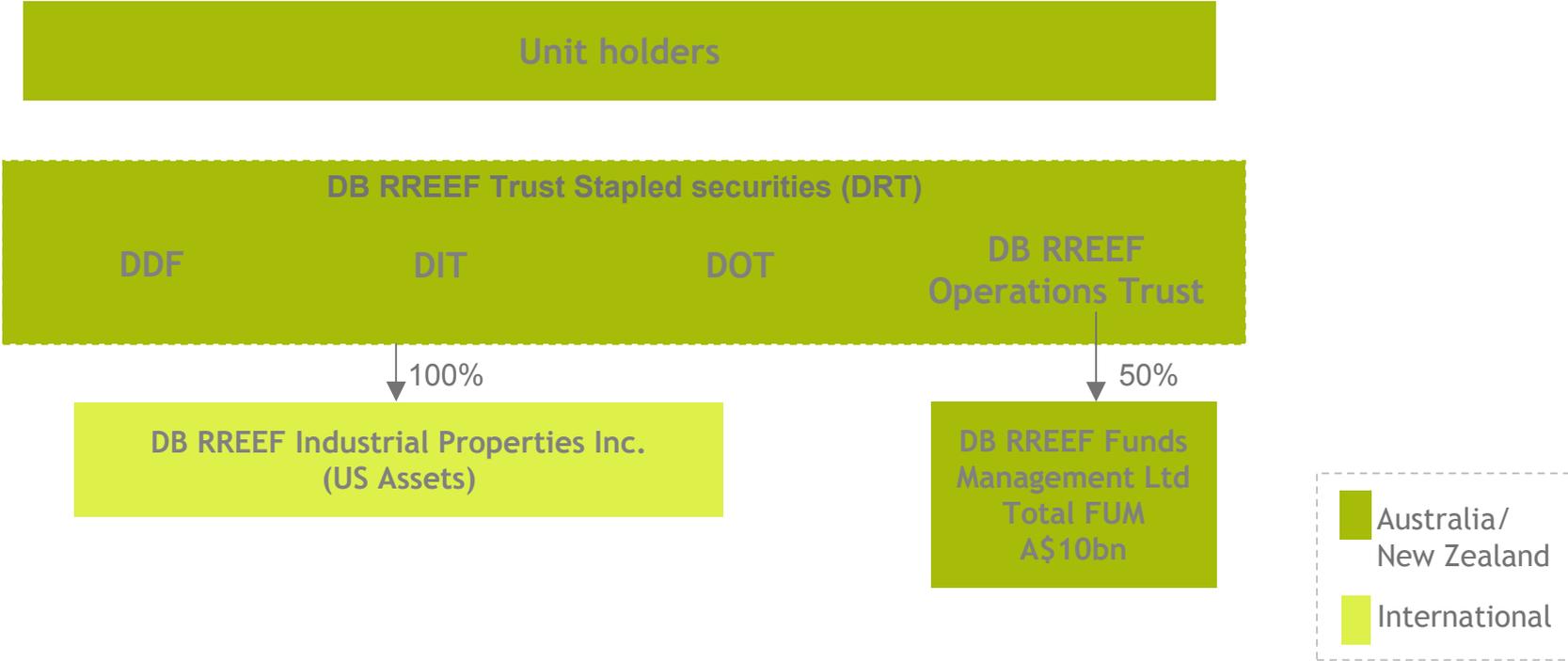
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Typical stapled structure



Source: Standard & Poors

DB RREEF group structure



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!

