

# Stapled securities

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



Peter Studley  
Head of Research

**DB RREEF**

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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.



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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

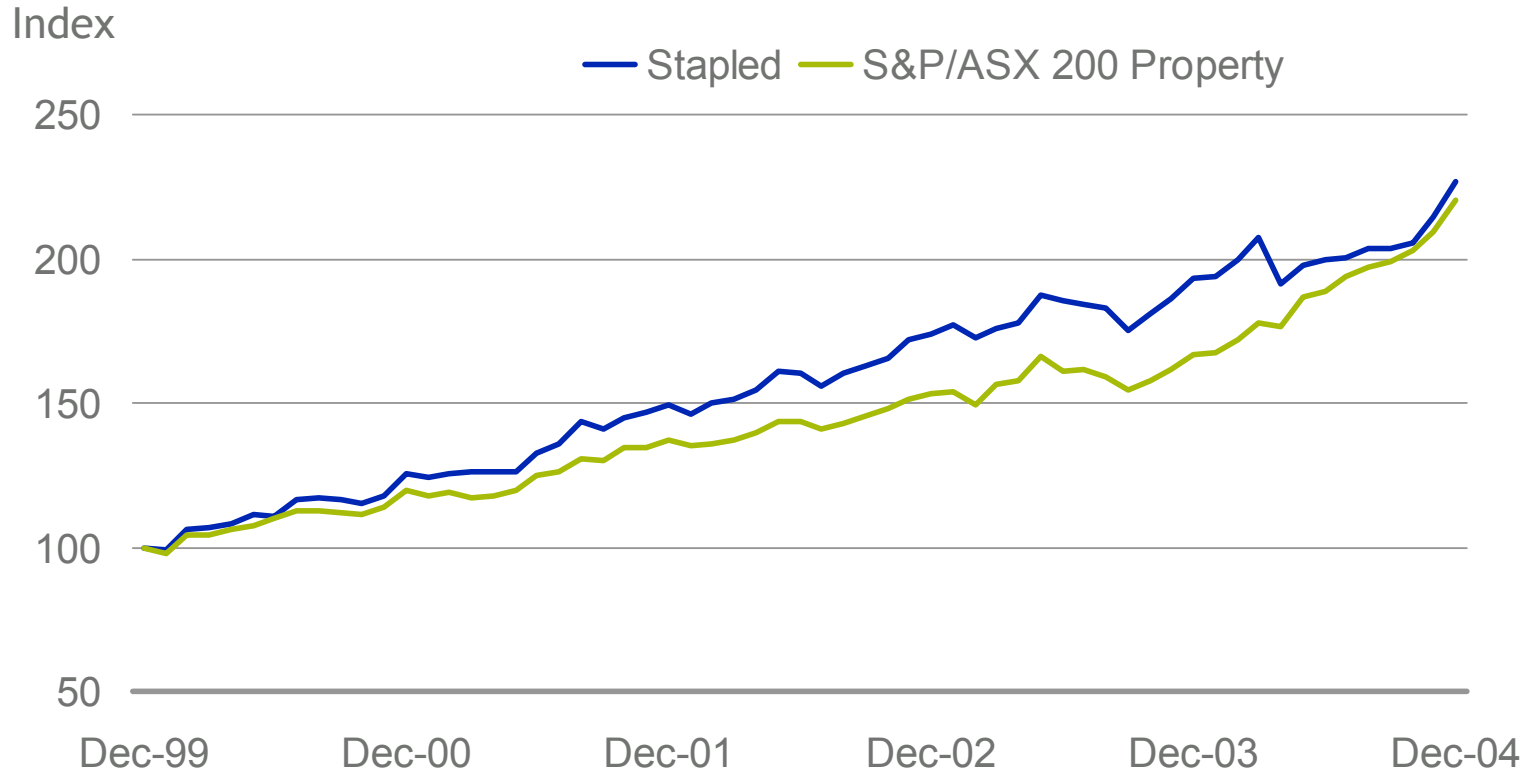
- Westfield Group
- Stockland Group
- Centro Properties
- Mirvac Group
- Investa Property Group
- Multiplex Group
- DB RREEF Trust
- Valad Property Group
- Thakral Holdings

## 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



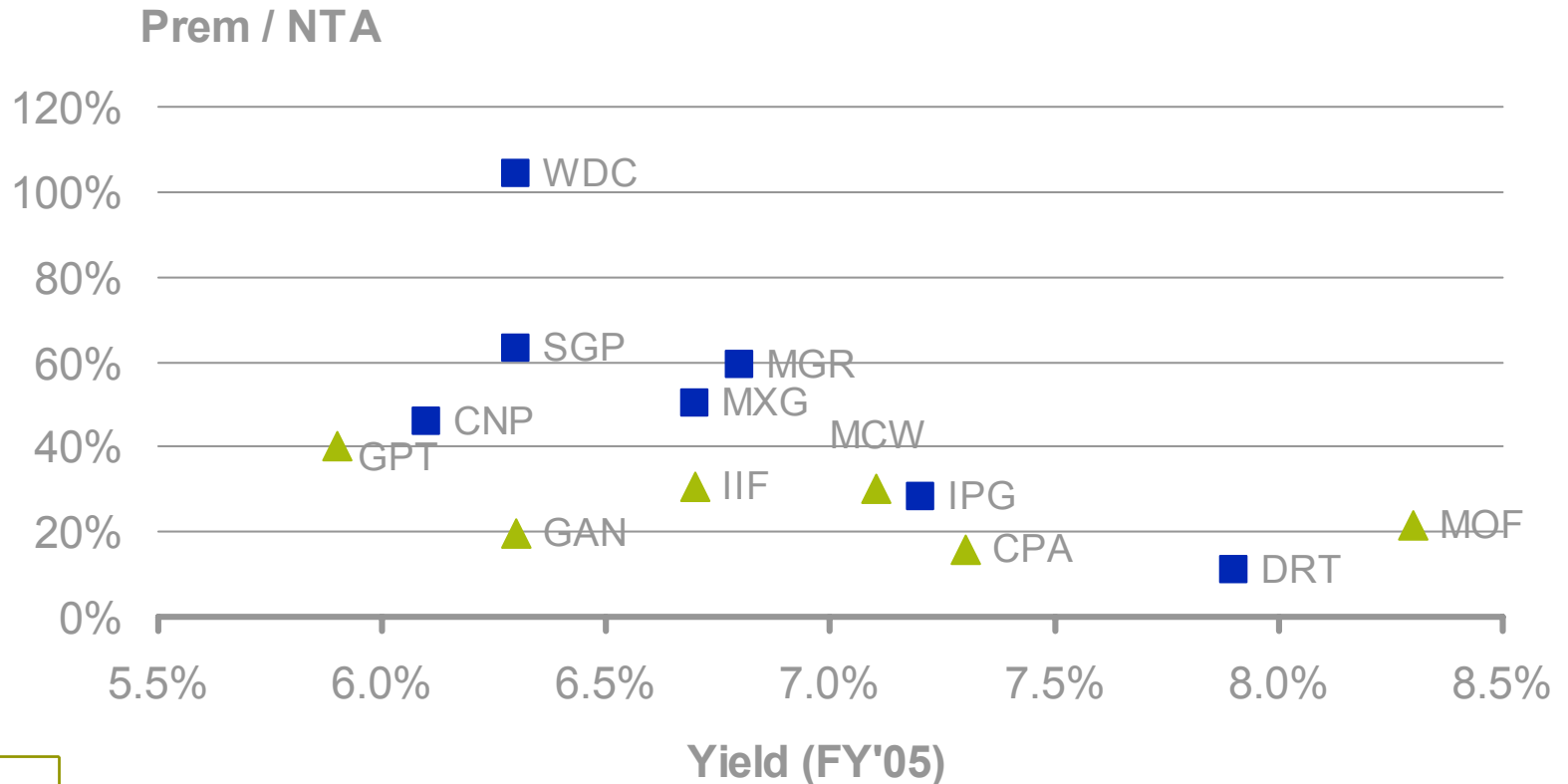
Source: UBS, IRESS

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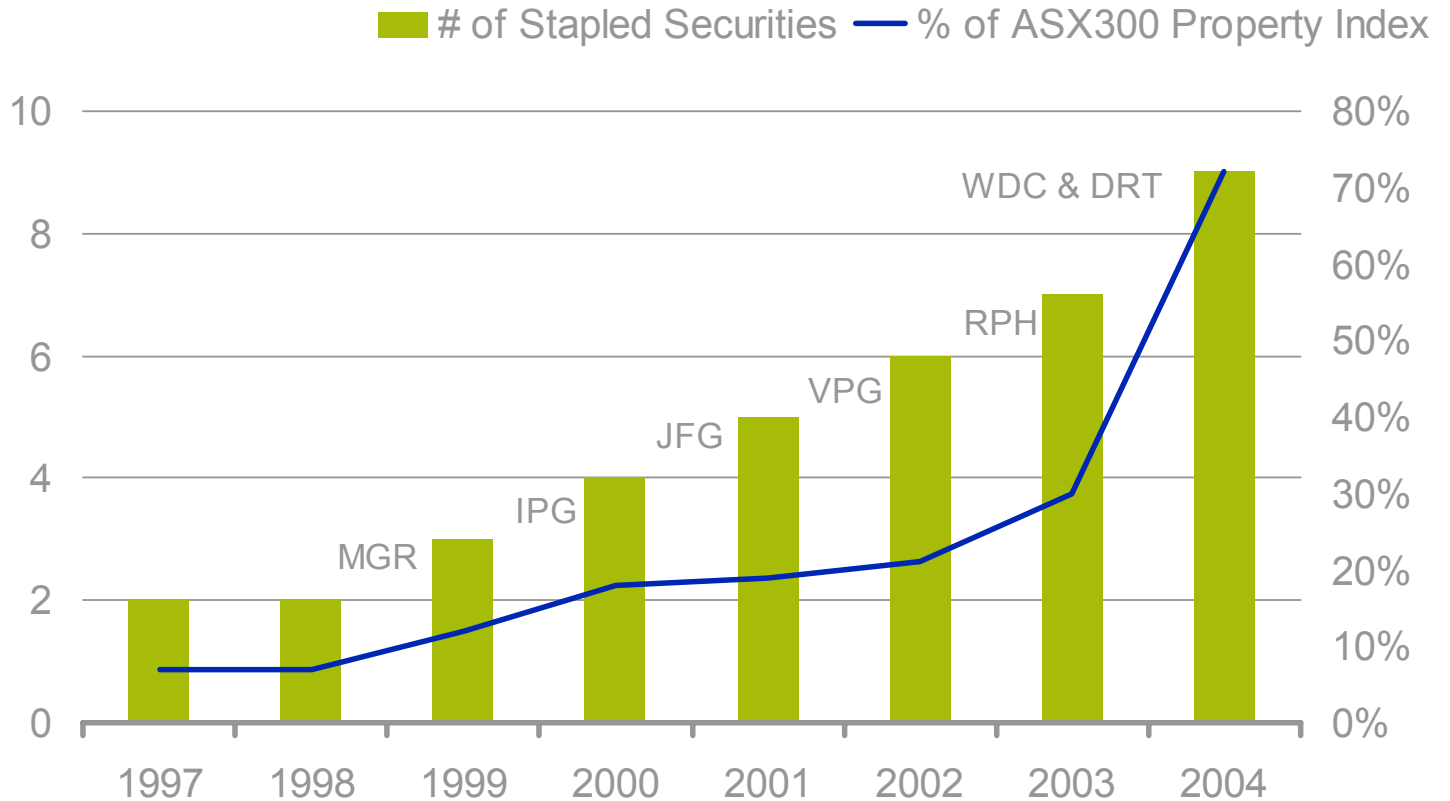
# Pricing of stapled securities



Source: UBS, December 2004

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# Expansion in stapled securities



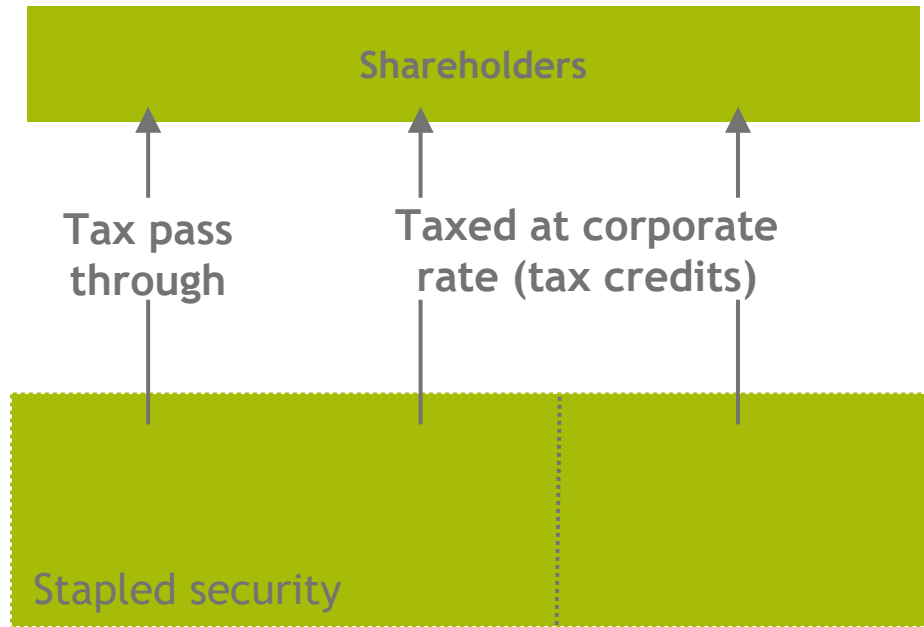
Source: JP Morgan

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# Typical stapled structure



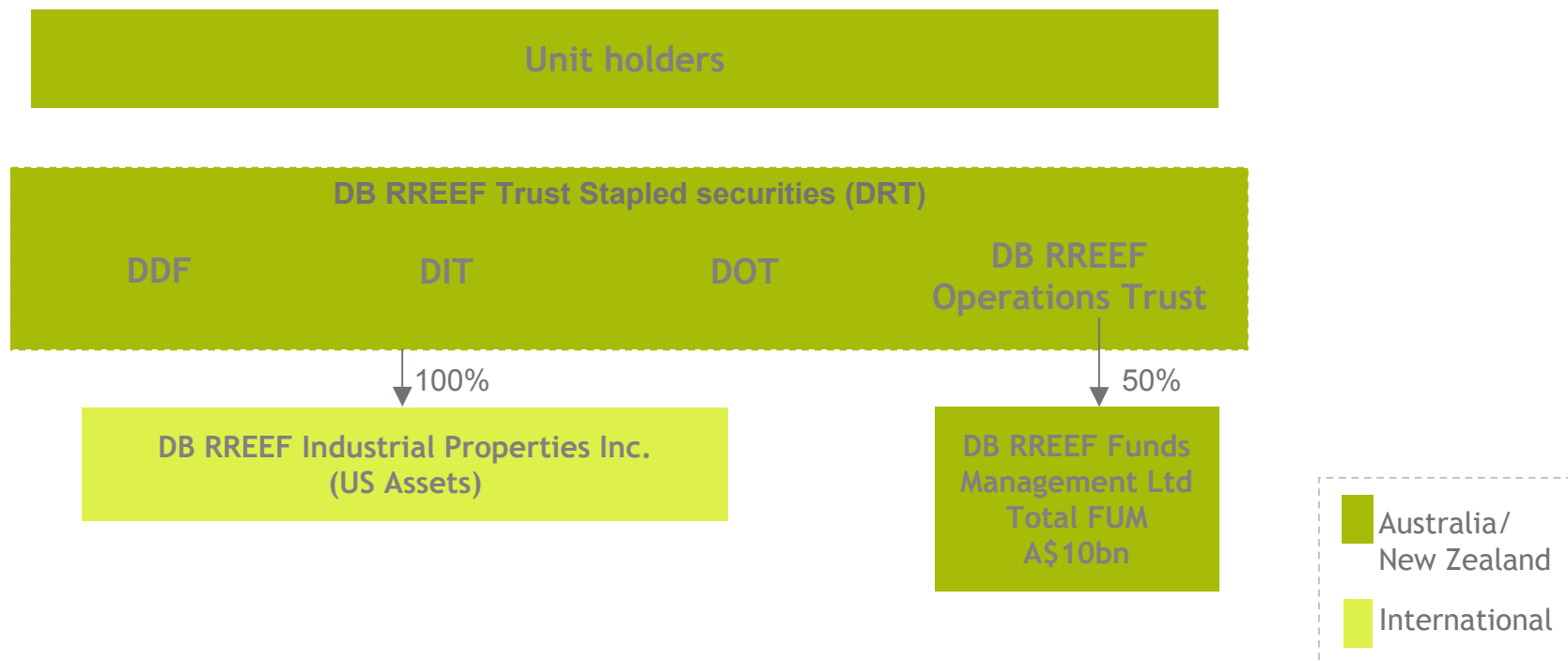
Source: Standard & Poors

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# DB RREEF group structure



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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!

