shareanalysis weekly

www.shareanalysis.com 31 January 2006

PERSPECTIVE

Peter Leodaritsis
Managing Director
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Make or break

Since the end of the tech wreck until about two years ago, property trusts were one of the best performing sectors on the market. Since then, they have been a poor (relative) performer - confirming our negative view. In 2005, the total return (that is, including dividends) from property was just over 11%, less than half of the almost 23% from the S&P ASX 200. Having said that, 11% in many years is a good return - our negative view in 2005 was predicated on a good year on the rest of the equity market.

While we have been negative on the property sector for the past few years, due to the nature of the market, it has been hard to see that in our recommendations - they have mostly been HOLD calls. By our rating system, if we expect the total return (dividends + capital) from a stock to be greater than +15% then the stock is a BUY, less than +5% it is a SELL (with the view that if you can only get 5% then your money is better in the bank) and otherwise it is a HOLD.

So, in a very stable sector like the property where wild price swings are unlikely and dividend yields are around 6%-7% anyway, only extreme cases will be rated a BUY or a SELL.

Keep in mind that an investment today is not the same as it was five or six years ago as the whole sector has undergone some seismic shifts in the risk profile. What you used to invest in was an ungeared (that is, no debt) trust that invested in a particular sector of Australian property, either commercial, retail or industrial. Today, the property trust you invest in is a significantly different beast with an increased growth profile but also an increased risk profile. The first change to go through the sector was the introduction of debt financing, and as trusts began to leverage their earnings, their returns improved. Most trusts are geared now to over 50%, and so the potential for further increases through changing the debt/equity mix is relatively limited. The next change was the addition of development businesses into the trust and the creation of stapled securities such as Mirvac, Stockland, Multiplex and Westfield. Finally, we have the introduction of foreign property assets into the mix, with significant investments being made by (mostly) the same companies in both the US and Europe.

These changes are not a bad thing per se, but while the growth prospects have improved, the risk has also risen -, Multiplex being the current poster child for higher risk. In the longer term, this should mean the yield on the sector should be lower, but dividends should grow faster.

Right now, the sector continues to look expensive, and yields on many of the trusts are much lower than we think is sustainable - case in point is **Centro Property (CNP)**, where we like the company but the share price just too rich. Given the current economic outlook though, it is hard to see a catalyst to make the whole property market fall. As a long-term view (three-five years), we like the look of **Stockland (SGP)** and **Westfield Group (WDC)**.

The hunt for yield

The success of all those Macquarie Bank funds typifies the hunt for yield in Australia. With aging populations looking for a steady income from investments, and some nervous investors looking for safety, yields on property trusts have rarely been as low as they are now. Is it time to sell property trusts?

Australia's largest listed property trust on the ASX and market leader in the *(Continued Page 3)*

THIS WEEK

PORTFOLIO RETURNS

How much you would have if you had invested $10,000 for:

	1 Yr	3 Yrs	Since Inception
Our Portfolio	12,416.1	20,847.1	$27,539
S&P/ASX 200	12,367.0	18,389.0	$17,964

Past performance is not a guide to future performance. Inception date of portfolio is 30 Sep 2000. Please read full disclaimer on the last page of this document.

INSIGHT

Damien Klassen
Editor
Shareanalysis

Tax on dividends

As the reporting season is fast approaching, this week would be a great opportunity to give you a quick review on the basics of tax on dividends and the main outcomes. Dividends will consist of distributions, which are paid by trusts, and interest payments, which are paid by debt or hybrid debt instruments.

For the Australian tax payer, dividends fall into six main categories as outlined below.

1. Unfranked dividends or interest payments, which are taxed in the same way as normal income. That is, you pay a marginal rate of tax on them.

2. Franked dividends already have tax paid on them (usually up to 30%), so if your marginal rate is 48.5%, you will have to pay an additional 18.5%. If your marginal rate is below 30%, then you receive money back.

3. Capital returns are generally tax-free. However please note that capital returns are different from capital gains.

4. Tax-deferred dividends are paid by trusts and are tax-free when paid, but increase the capital gain incurred when sold. So if you bought a stock for $1.00 and it paid $0.10 tax-deferred, you would pay no tax until you sold the stock at which time the capital gain would be calculated as if you had purchased the stock for $0.90 ($1.00-$0.10).

5. Capital gains tax advantaged dividends are usually paid by Listed Investment Companies and occasionally by trusts that meet certain criteria. The basic effect is that you only pay half your marginal tax rate on these. They can also be used to offset capital losses (which ordinary dividends cannot).

6. Pooled Development Fund unfranked dividends are tax-exempt, while franked dividends can be treated as either tax-exempt or as franked dividends – whichever is more beneficial.

Higher marginal tax investors benefit (relatively speaking) more from capital returns, capital gains advantaged and tax-deferred dividends. Remember, tax implications will vary and you should seek your own tax advice for more information on the above matter.

PORTFOLIO STOCKS

The following stocks are currently in our balanced portfolio:

Stock	Code
Australian Gas Light	AGL
ANZ Bank	ANZ
BHP Billiton Limited	BHP
DCA Group	DVC
Macquarie Bank	MBL
News Corporation	NWS
Perpetual Limited	PPT
ResMed	RMD
St George Bank	SGB
Transurban	TCL
Toll Holdings	TOL

You must consult your financial planner before investing in this portfolio as to the suitability of it for your risk profile and the appropriate weightings for each stock in the portfolio

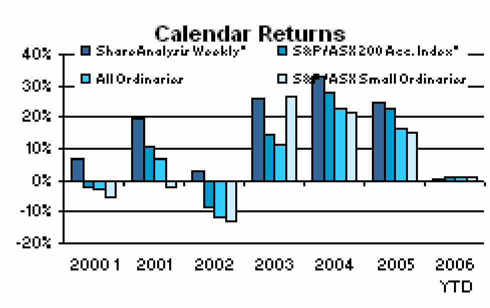
TRANSACTIONS

Date	Bought	Sold
06 Dec 05	RMD	BIL
27 Sep 05	TOL	TLS
18 Jan 05	BIL	SGP

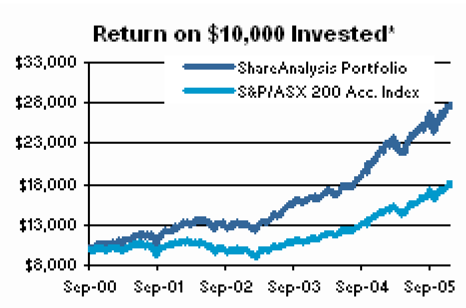
Portfolio Analysis

We have made no changes to our portfolio this week.

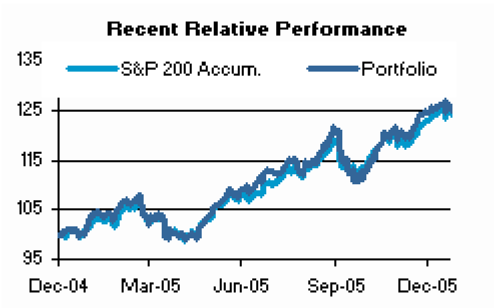
Portfolio Returns*



Source: Aegis Equities



Source: Aegis Equities



Source: Aegis Equities

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HOLD onto property

retail sector is **Westfield Group (WDC)**. Around 90% of the company's earnings are derived from recurring property income, where we expect future growth to be 3%-4%. This is based on a combination of organic property investment growth and property redevelopment income. Industrial property provider **Macquarie Goodman Group (MGQ)** also has recurring property income with the aim of becoming the ASEAN region's leading industrial property specialist. We consider this Asian expansion strategy to be low-risk, with good yield spreads achievable. Both stocks maintain our HOLD recommendation.

Stockland (SGP), our long-term favourite, continues to provide solid growth and returns to investors through its strong balance sheet, conservative financial leverage and well-diversified asset base. SGP has our HOLD recommendation, based on lease expiry risks existing in the office portfolio and short-term weakness in the residential sector, which dampen our expectations. **GPT Group (GPT)** invests in CBD office markets, shopping centres, industrial properties and hotels/resorts across Australia and Europe. GPT's joint venture with Babcock and Brown (BNB) aims to invest in the European property sector. This may have earnings potential if BNB can grow the European asset base. HOLD.

With operations in Australia and overseas, leading property developer **Multiplex Group (MXG)** is feeling the pressure from British soccer fans and investors for the reconstruction of London's famed Wembley stadium. Risks remain, with profit downgrades being evident in the past and further writedowns possible for Wembley as a result of the FA Cup final deadline not being met. Wait and see what happens. HOLD.

Our only SELL recommendation is **Centro Properties Group (CNP)**. CNP has exposure to the retail property sector, to which we have a preferred bias. Even though strong earnings and distribution growth is evident over the next two years, with less than 6% yield, we believe there are better returns to be made elsewhere.

Economic Watch

For December, positive CPI and PPI figures have been released. CPI rose 0.5%, driven by increases in food, housing and financial/insurance services, while PPI gained 0.8% based on building construction and selected agricultural products. New motor vehicle sales for the month also rose by 0.8%.

December Quarter Producer Price Index (PPI) – Increased by 0.8%, which was in line with market expectations. The gain was driven by building construction and selected agricultural products.

December Quarter Consumer Price Index (CPI) – Increased by 0.5%. The annual increase was 2.8%. The largest contributors to the quarterly rise were components of Food, Housing and Financial/Insurance Services.

December New Motor Vehicle Sales – Increased by 0.8% to 81,096. The inter-month gain was due to increases to the sports utility and "other vehicle" categories (8.1% and 1.0%, respectively).

STOCK CALENDAR

30/01/2006
AGM: NAB
EGM: BTX, FPF, GAU, RPT
Ex-Dividend: AAI, LSG
Reporting: GUD

31/01/2006
AGM: DIO, HAO, HNG
EGM: ALD, PAY, RCI, RRL
Ex-Dividend: SGBPA, SGBPB
Reporting: ALS, RAU, RIN

01/02/2006
EGM: CFU
Reporting: AWC

02/02/2006
EGM: DRA, ETC
Reporting: ADB, AIX, SGM, TEL, WAN

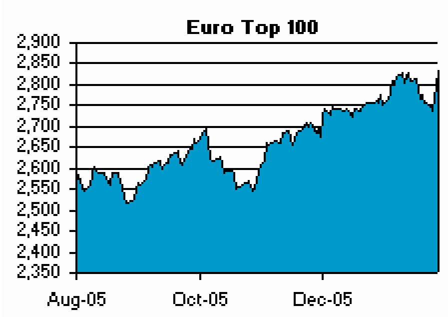
03/02/2006
EGM: GYM
Ex-Dividend: AHUG

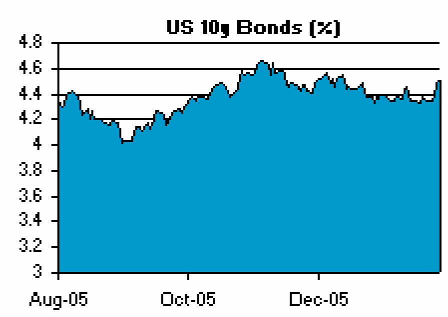
MARKET SUMMARY

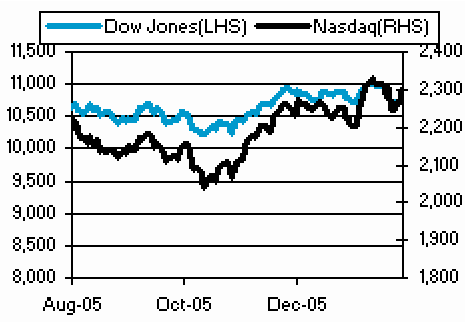
Index/Security	Close	Chg	%Chg
All Ordinaries	4,867	+61.2	+1.3
ASX 200	4,919	+64.9	+1.3
ASX Small Ords	2,717	+21.1	+0.8
Industrials	5,410	+1.6	+0.0
Fin.-x-Prop Trusts	5,941	+39.5	+0.7
Materials	10,068	+366.6	+3.8
Cons. Staple	5,953	+18.1	+0.3
Telecom Serv.	1,455	-1.5	-0.1
10y Bond Yield	5.36	+0.18	+3.5
AUD / USD	0.749	+0.00	+0.0

(Weekly comparison)

International Watch







Technical Watch

Materials and Energy - still the main drivers.

As the market continues to surge ahead the prospect of our anticipated short-term correction, similar to the one in last October, is becoming less likely.

We have constantly reinforced the view that we believe 2006 will be another excellent year for equities, but late last year we became cautious, expecting a short-term pullback before renewed strength.

That has not happened with the All Ords continuing in its upward path. But if we have a look below the surface we can see that the market rally has not been broad-based and indeed many stocks have already undergone a significant correction.

This situation is strikingly similar to the same period last year.

At that time, our views were the same – the expectations for a short-term pause were not fulfilled if measured by the major market indices, but a large number of stocks did decline, and investors holding a broad range of stocks would have lagged the gains in the index.

As these laggards began to rally the momentum in the market gained pace and the correction did not materialise until March.

We do not know whether we will see a replay of that period, but for now, we must acknowledge that our recent caution was inappropriate and the market can continue to push higher in the very short term.

We are not totally comfortable with this view, as the rally continues to be 'thin' with the Materials and Energy sectors continuing to lead the charge. However there are a few reasons that suggest that a sharp pullback is unlikely.

See our ShareAnalysis Technical Weekly newsletter for the full story.

Sector Strategist

Much of the recent movement in the market can be tied back to large movements in a number of stocks, both upwards and downwards. Infrastructure stocks are looking attractive, as are gold stocks.

Running through the other sectors of the market, we are still relatively positive on their outlook. Resource stocks are benefiting from continued world growth. Banks and miscellaneous financials still look to be good value, although bank earnings growth is likely to slow. Property remains fully valued, thanks to ongoing merger activity; however, there are pockets of value emerging in the sector.

TECHNICAL VS FUNDAMENTAL

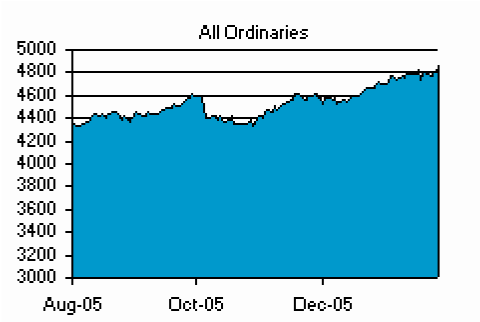
Recommendations in agreement

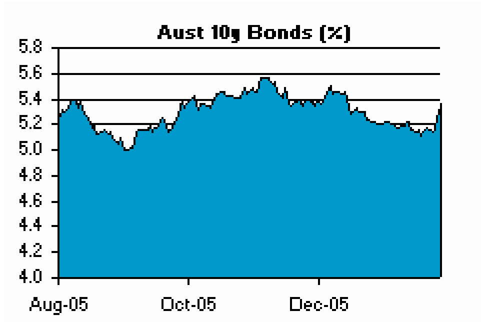
Stock	Fundamental	Technical
BSL	BUY	BUY
CCL	BUY	BUY
MIG	BUY	BUY
NWS	BUY	BUY
PBL	BUY	BUY

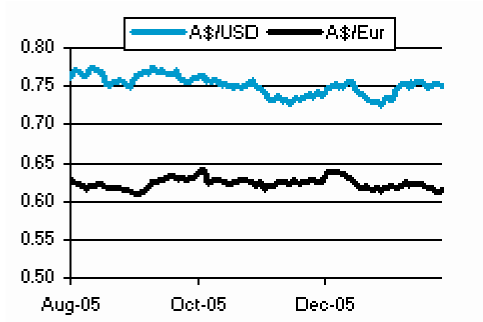
Opposing recommendations

Stock	Fundamental	Technical
AMC	SELL	BUY

Australian Watch







Analyst Watch

This is a summary of major events from shareanalysis.com

Arc Energy (ARQ): Oil price adjusted to reflect current influences

Aust Worldwide (AWE): AWE expands interest in the Tui Area oil project

Aust Worldwide (AWE): Future production and lifted oil price forecast

Aust. Wealth Mgt (AUW): Market reacts positively to proposed merger

AWB Limited (AWB): Still too much uncertainty, hold retained

AXA Asia Pacific (AXA): AXA benefits from very strong funds and business flows for 2005

Babcock & Brown Infrastructure Group (BBI): 90% ownership reached for PD Ports

Bendigo Bank (BEN): New payment processing JV with Customers Limited

BHP Billiton Limited (BHP): Quarterly report includes several production records

Chemeq (CMQ): Heavy discount added for market sentiment...still a speculative Buy

Colorado (CDO): Rowan Webb's resignation as CEO accompanies profit downgrade

Commonwealth Bank (CBA): CBA attains full ownership of Colonial National Bank

Construction Materials (15102010): Construction Materials: Aussie housing a drag, but US still a winner

Count Financial Limited (COU): Upgrades FY06 earnings guidance

Croesus Mining (CRS): Revision to our gold price forecast

CSR (CSR): Sugar: the new energy commodity (at least for now!)

Excel Coal (EXL): Tex report says BHP settles coking prices

Excel Coal (EXL): 2Q06 Activity Report

Financials (40): Profit preview - general insurers

Financials (40): Profit preview - banks

GRD Ltd (GRD): OceanaGold 4Q05 production report update

GUD Holdings (GUD): 1H06 result: no surprises, no change to FY06 guidance

Haddington Resources Limited (HDN): 2Q06 - Stockpiled Tantalum awaiting sale

Hardman Resources (HDR): 4Q05 report - only weeks until Chinguetti produces

Hardman Resources (HDR): Oil price forecast up; production imminent

Hardman Resources (HDR): Mputa-1 encounters a modicum of success

Incitec Pivot (IPL): AGM: FY06 off to a solid start, all eyes now on winter cropping season

Insurance Australia Group (IAG): IAG confirms it is looking making an investment in a Chinese insurer

Macarthur Coal Ltd (MCC): 2Q06 Activity Update

RECO CHANGES

Changed to BUY

Oil Search (OSH) - from HOLD

Changed to HOLD

CSR (CSR) - from SELL

Changed to SELL

None.

Changed to ACCEPT OFFER

None.

Changed to UNDER REVIEW

None.

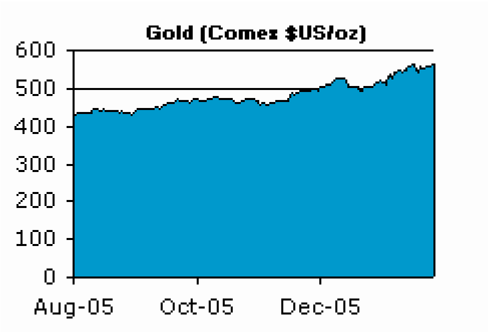
TRADER WATCH*

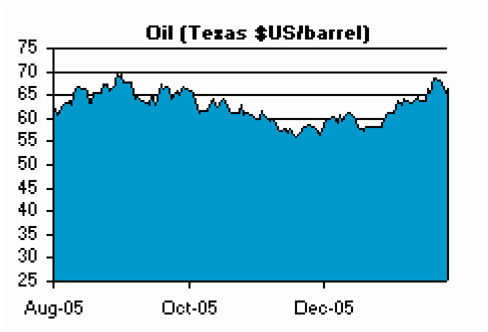
Price:
% Change in Shareprice

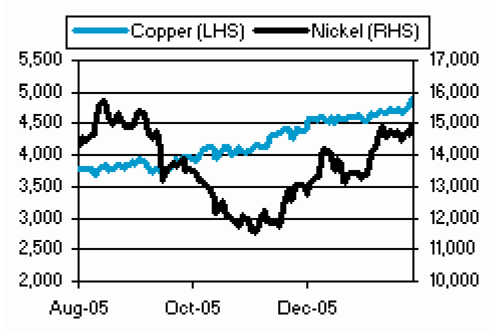
VSL	+14.6	CDO	-15.4
KCN	+9.5	VCR	-4.1
FXJ	+7.7	PDN	-3.7
MCC	+5.3	ROC	-3.2
AQP	+5.0	TWR	-3.1

*All figures above are on stocks in the All Ordinaries Index only

Commodity / Currency Watch







For more details on the above, or to get live updates see the search features on www.shareanalysis.com

Analyst Watch (Cont'd)

Macquarie Infrastructure (MIG): MIG-Cintra consortium announced as Preferred Bidder for Indiana Toll Road

Mirvac Group (MGR): MGR expands into US through property funds management

Oil Search (OSH): Record revenue in 2005 and a new view on PNG Gas Project lead to recommendation change - BUY

Orica (ORI): AGM: mixed results from 1Q06 trading, but no change to FY06 guidance

Oxiana Limited (OXR): The Ox predicts more beef in 2006

Oxiana Limited (OXR): Rising commodity prices change our forecasts... again

PaperlinX (PPX): Announces job cuts in Dutch paper merchanting divisions

Patrick Corporation (PRK): TOL goes to court

Patrick Corporation (PRK): PN full year guidance - From TOL

Peptech (PTD): Reason prevails as buy-back program formally ended

Portman Ltd (PMM): Exploration identifies surface iron enrichment

Quickflix (QFX): Completion of Homescreen acquisition and subscriber base to almost double as a result

Rio Tinto (RIO): RIO teams up with Norilsk in Russia

Rio Tinto (RIO): High commodity prices lead to a higher target price

Roc Oil (ROC): Oil price forecast lifted; EPS also up

Santos (STO): Sales record on steady output and high oil price

Santos (STO): Oil price forecasts adjusted on supply concerns

Sigma Pharmaceuticals (SIP): We keep SIP on HOLD as generics face cloudy outlook

Suncorp-Metway (SUN): Market returns expected to boost investment income

Tap Oil (TAP): 4Q05 lower production, exploration the key to 2006

Tap Oil (TAP): Oil price lifted; exploration still the key

Tattersall's (TTS): Sells EssNet stake for $15m

Ten Network (TEN): TV ratings at summer lows, 1Q06 rebound likely

Toll Holdings (TOL): TOL goes to court

Toll Holdings (TOL): PN full year guidance - From TOL

Vision Systems (VSL): Great result as Fire & Security sold for $253M

Vision Systems (VSL): Sells Fire and Security business for $253M cash to private equity group

Wattyl (WYL): WYL 1H06 result disappoints

Wesfarmers Ltd (WES): Quarterly coal production report: in line with expectations

Woolworths (WOW): An excellent 1H06 sales result

Zinifex (ZFX): Update following cost increases and commodity review

EARNINGS CHANGES

Aust Worldwide (AWE): Earnings upgrade based on commodity price forcast changes

CSR (CSR): Earnings upgrade due to FY07 and beyond as surging sugar price boosts NPAT

Hardman Resources (HDR): Earnings upgrade due to commodity price forcasts changing

Oil Search (OSH): Earnings upgrade due to commodity price forecasts changing

Oxiana Limited (OXR): Earnings upgrade based on changes to forecast commodity prices

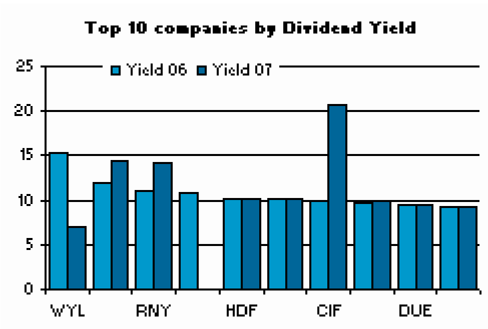
Roc Oil (ROC): Earnings upgrade based on commodity price forecasts

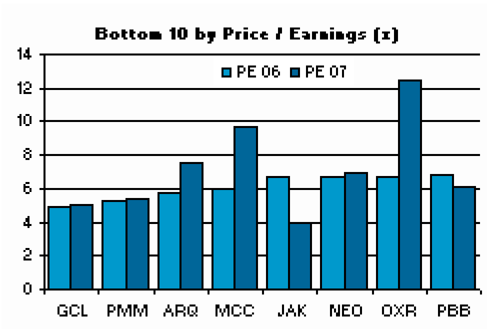
Santos (STO): Earnings upgrdae due to commodity price forcast changes and 4Q05 report conatining sales revenue figures

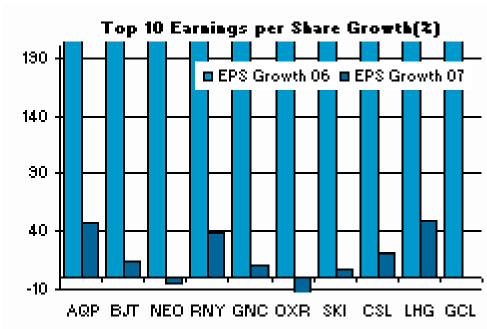
Tap Oil (TAP): Earnings upgarde due to commodity price updates

Zinifex (ZFX): Earnings upgrade due to changes to forecasted commodity prices

Quantitative Watch







For more details on the above, or to get live updates see the search features on www.shareanalysis.com

Westfield Group (WDC): Income growth expected

Westfield is a recognised market leader in the property sector. A significant A$10B development pipeline in progress will enhance income growth over the long term, where our expectations are around 3%-4%.

Company Risk: ★★★★★ **Share Price Risk:** ★★★★★ **Ethical Rating:** ★★★★★

What to do (Investors): HOLD

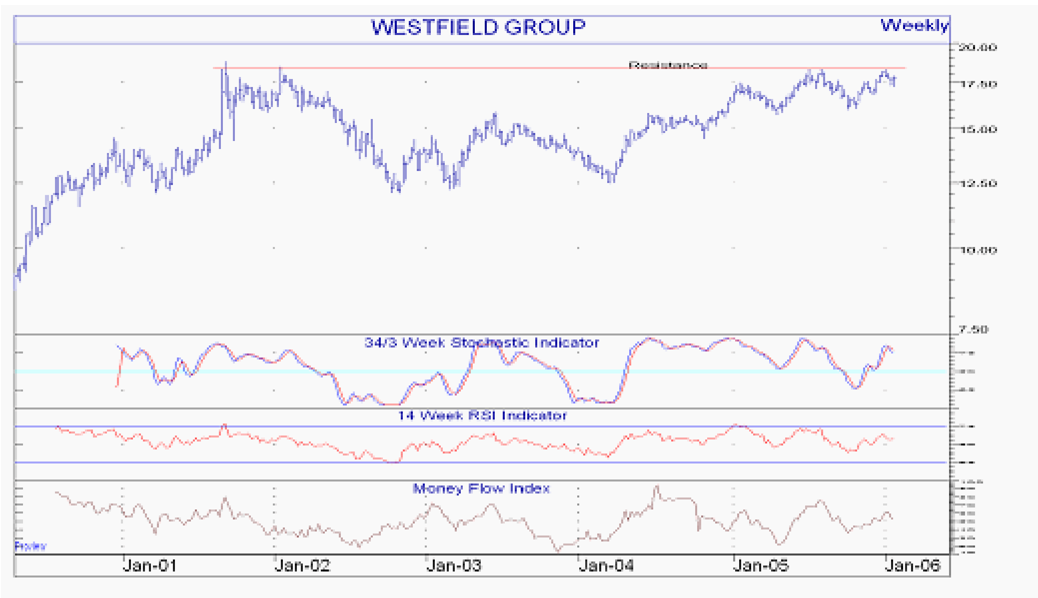
WDC is the largest LPT on the ASX and recognised as a market leader in the retail property sector. Around 90% of earnings is derived from recurring property income. Management has an enviable track record of delivering earnings accretive redevelopments and is well regarded for working its assets hard to improve operational performance. Our expectations are for 3-4% growth in property income. A significant $10B development pipeline enhances growth through incremental income over the long term.

What to do (Trader): Sideways range

After a dream run throughout the 90s, WDC peaked in late 2001 and has spent the last five years in a sideways range. The upper limit of that range is $18.30 to $18.50 – this is a significant resistance level. Momentum indicators support a short-term bounce but the longer-term indictors as highlighted below suggest that the stock is not yet ready to push beyond resistance at this stage. We rate the stock as a HOLD but would turn bullish if it could break beyond resistance - this would be a very bullish development, opening the way for a push toward $24.

Fundamental View

We have assumed management guidance on FY05 distributions which implies a FY05 yield of 6% on our target price of $17.90. Strong earnings and distribution growth over the next two years is expected from a combination of organic property investment growth and property redevelopment income. We maintain our HOLD recommendation but do note rising bond yields may negatively impact the stock price.



KEY STATISTICS

Price:	**$17.75**
Price as at:	30-Jan-06
Market Cap ($M):	31,019.2
Equiv. Shares (M):	1,747.8
% Market:	1.88
12Mth Range ($):	15.68 - 18.34
Turnover ($M pa):	20,587.4
Index:	S&P/ASX 20
Sector:	Financials
Industry Group:	Real Estate
Industry:	Real Estate
Sub Industry:	Real Estate Investment Trusts

FINANCIAL SUMMARY

Yr to Dec	04A	05F	06F
NPAT Rep ($M)	**833**	**2,376**	**1,731**
NPAT[1] Adj ($M)	**801**	**1,590**	**1,731**
EPS (c)	47.2	92.9	99.1
DPS (c)	52.0	106.5	110.9
P/E (x)	**37.6**	**19.1**	**17.9**
Yield (%)	**2.9**	**6.0**	**6.2**
Franking (%)	9	13	13
Deferred Tax (%)	42	29	29

[1] Profit & EPS adjusted for options, goodwill, notional earnings and non recurring items.

COMPANY OVERVIEW

Westfield Group is the largest retail property group by market capitalisation in the world with investment in 126 shopping centres globally valued in excess of $35B. The group is an internally managed, vertically integrated, global property group combining ownership, development, design, construction, funds management, property management, leasing and marketing employing over 4,000 staff worldwide.

Multiplex Group (MXG): Wobbly Wembley

The pressure is on for Multiplex to complete the mecca for football fans, London's famed Wembley Stadium. With the FA Cup final approaching in May, we believe more pain for shareholders exists, desperate to see an end to problems.

Company Risk: ★★☆☆☆ **Share Price Risk:** ★★★☆☆ **Ethical Rating:** ★★★★☆

What to do (Investors): HOLD

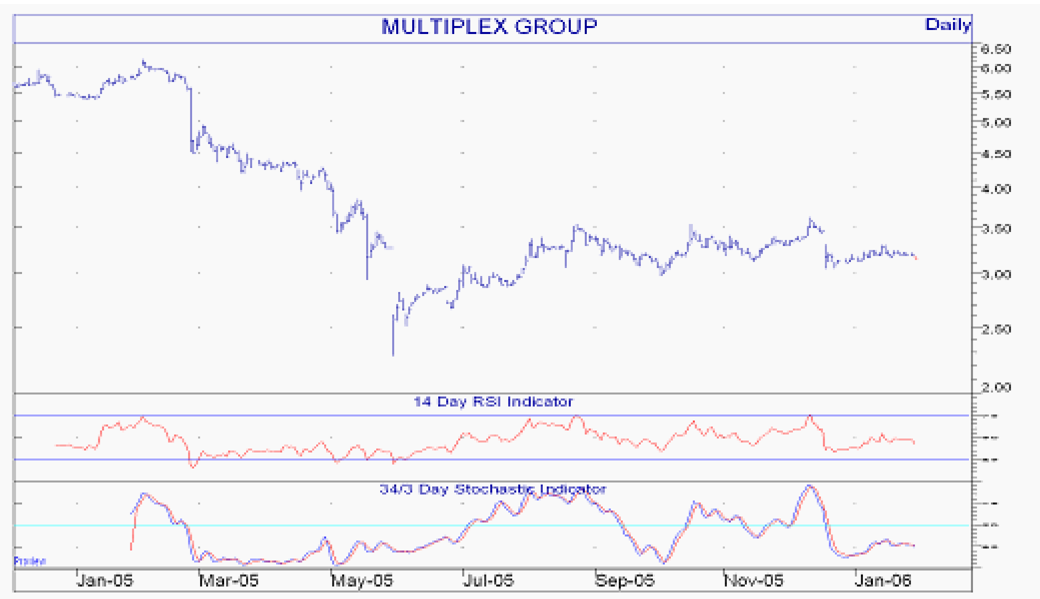
MXG has suffered a massive loss of investor confidence since the Wembley project profit write down. Management has improved its disclosure on divisions, but this is still well short of expectations. We expect all divisions to be profitable in FY06 and beyond (excluding the Wembley write downs), but note the inherent risks in construction and development earnings. Income from the property trust is expected to be the standout performer in the medium-term.

What to do (Trader): SELL

Price action has been relatively subdued over the last five months with price oscillating between $3 and $3.50. There are no suggestions that a reversal of fortune is imminent and we would expect that the stock will continue to trade in a lacklustre fashion, with a negative bias in the short term. Although the trend is neutral at this stage, we acknowledge the potential for near-term weakness which could push the stock below its recent range, opening up a target in the vicinity of $2.80. We see no reason to be holders of the stock – there are better opportunities elsewhere.

Fundamental View

Risk remains the over-riding factor for Multiplex. With numerous profit downgrades on the back of Wembley problems the stock is not for the faint of heart. While further writedowns are quite possible for Wembley, and the danger of missing the deadline may spark penalty clauses, the rest of Multiplex's business is sound. Weighing up all these factors, we maintain our HOLD recommendation, but note the high risk levels may make this an inappropriate investment for many investors.



KEY STATISTICS

Price:	**$3.19**
Price as at:	30-Jan-06
Market Cap ($M):	2,671.3
Equiv. Shares (M):	837.4
% Market:	0.16
12Mth Range ($):	2.27 - 6.15
Turnover ($M pa):	5,126.1
Index:	S&P/ASX 100
Sector:	Financials
Industry Group:	Real Estate
Industry:	Real Estate
Sub Industry:	Real Estate Investment Trusts

FINANCIAL SUMMARY

Yr to Jun	05A	06F	07F
NPAT Rep ($M)	**83.8**	**33.4**	**238.8**
NPAT[1] Adj ($M)	**133.8**	**179.4**	**263.9**
EPS (c)	18.7	21.4	31.5
DPS (c)	29.8	21.0	26.0
P/E (x)	**17.1**	**14.9**	**10.1**
Yield (%)	**9.3**	**6.6**	**8.2**
Franking (%)	50	0	25
Deferred Tax (%)	33	32	32

[1] Profit & EPS adjusted for options, goodwill, notional earnings and non recurring items.

COMPANY OVERVIEW

Multiplex (MXG) specialises in property construction, development, management and funds management. MXG is one of Australia's leading diversified property developers, with operations across Australia and overseas. The recent adoption of a stapled security structure and gradual addition of property investment income is expected to create a vertically integrated property company with less volatile earnings.

Stockland (SGP): Favourite long term stock

An upside is expected for SGP following a better than expected outlook from management on its residential business. All aspects of the business are operating profitably, with the development and shopping centre divisions leading the way.

Company Risk: ★★★★★ **Share Price Risk:** ★★★★★ **Ethical Rating:** ★★★★★

What to do (Investors): HOLD

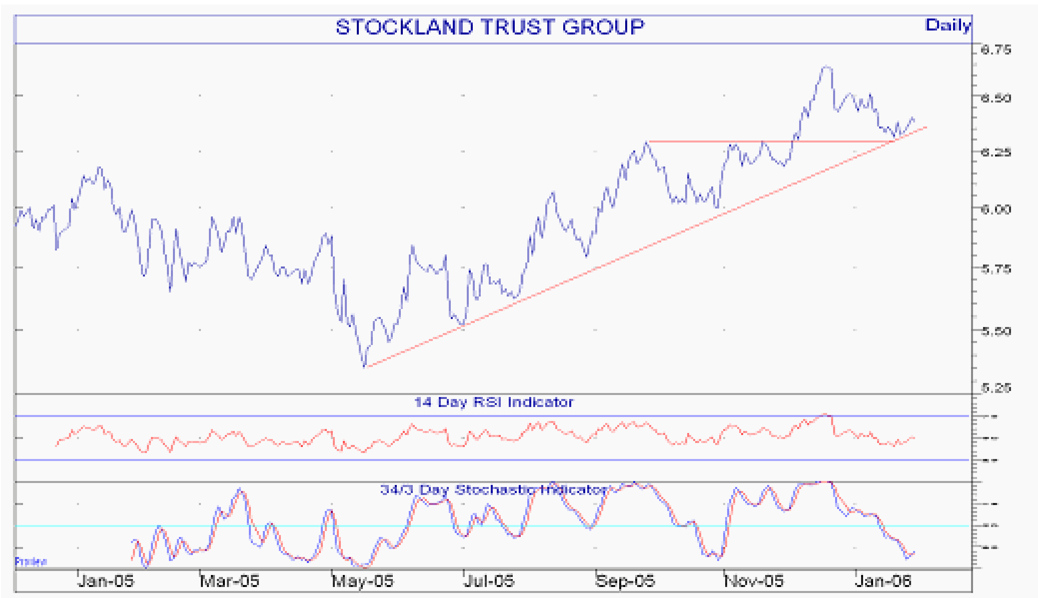
SGP continues to provide solid growth and returns to shareholders through a strong balance sheet, conservative financial leverage and well-diversified asset base. The management team is highly rated and has achieved considerable success over a number of years with an unblemished record of consecutive profits. All divisions continue to operate profitably with the shopping centre division and development division being the flag bearers in recent years.

What to do (Trader): Correction made

Like many stocks in the market, SGP has corrected over the last couple of months bringing it down to a good support level. It has just tested and held that support and now short-term momentum indicators have registered a Buy signal. Medium-term indicators are not in a prime position but we acknowledge the potential for a short-term bounce - this could take the stock up to $6.70 to $6.80 but it is unlikely to push beyond there. At this stage we do not view this as the beginning of a sustained up move and we retain our HOLD recommendation.

Fundamental View

We expect some upside in the stock price following a better than expected outlook from management on its residential business. Our target price of $6.21 implies an FY06 forecast distribution yield of 6.5%. However, lease expiry risks in the office portfolio and short-term weakness in the residential sector dampen our expectations to maintain SGP on a HOLD.



KEY STATISTICS

Price:	**$6.40**
Price as at:	30-Jan-06
Market Cap ($M):	8,564.2
Equiv. Shares (M):	1,321.0
% Market:	0.52
12Mth Range ($):	5.32 - 6.68
Turnover ($M pa):	6,456.6
Index:	S&P/ASX 50
Sector:	Financials
Industry Group:	Real Estate
Industry:	Real Estate
Sub Industry:	Real Estate Investment Trusts

FINANCIAL SUMMARY

Yr to Jun	05A	06F	07F
NPAT Rep ($M)	**405.7**	**456.8**	**587.3**
NPAT[1] Adj ($M)	**517.3**	**563.8**	**587.3**
EPS (c)	39.8	42.7	44.5
DPS (c)	38.9	40.6	42.2
P/E (x)	**16.1**	**15.0**	**14.4**
Yield (%)	**6.1**	**6.3**	**6.6**
Franking (%)	22	22	22
Deferred Tax (%)	13	10	10

[1] Profit & EPS adjusted for options, goodwill, notional earnings and non recurring items.

COMPANY OVERVIEW

Stockland Trust Group (SGP) owns, manages and develops commercial, retail, and industrial/office parks, with investment property contributing around 70% of group earnings. It is also involved in the development and marketing of land and medium-density housing. The group also owns and operates hotels, although these account for a very small portion of earnings.

GPT Group (GPT): JV with BNB

A joint venture with Babcock & Brown (BNB) to invest in the European property sector provides a strong earnings potential for this stock. However, this forecasted upside is predicated on whether BNB can grow the JV asset base through successful investment strategies.

Company Risk: ★★★★☆ **Share Price Risk:** ★★★★★ **Ethical Rating:** ★★★★★

What to do (Investors): HOLD

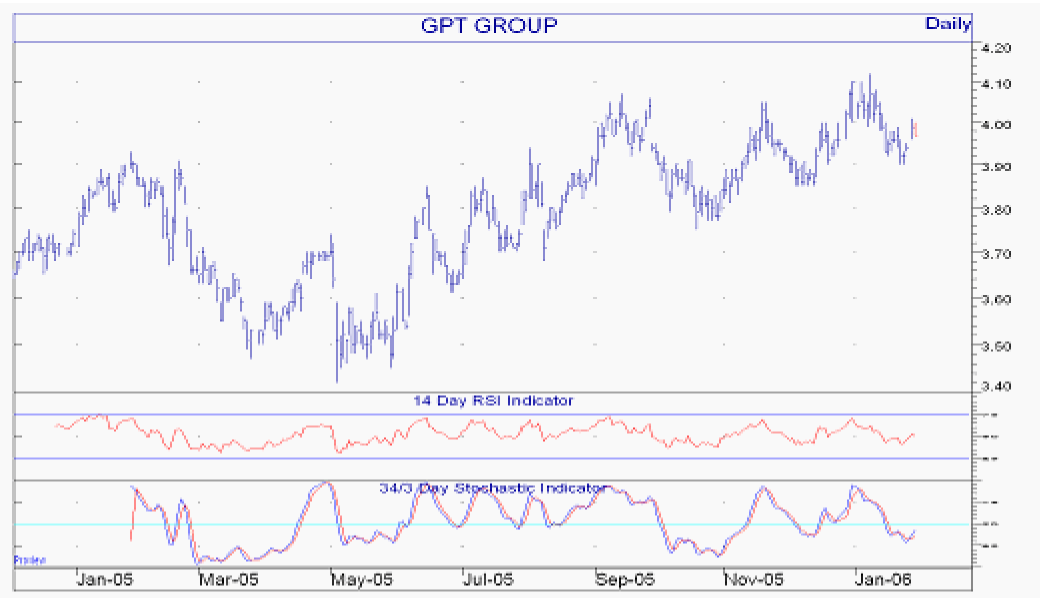
GPT trades as a stapled security following unit holder approval to internalise management of the trust. GPT has also entered into a JV with Babcock and Brown (BNB) to invest in the European property sector, contributing 15% of GPT's earnings. However, 80% of earnings are still generated by GPT's original portfolio. A strong earnings upside is forecast for the JV with BNB over the next few years, although this is predicated on management's success in investing the funds.

What to do (Trader): Little progress made

As evidenced on the chart below, trading over the past three months has been volatile with very little progress being made. That type of action looks set to continue with a short-term buy signal in place; but longer-term indicators are still subdued suggesting that this is a bounce rather than a sustainable rally. If that is the case then the stock can rally toward the $4.20 level, but at this stage we do not expect a dynamic up move. We retain our HOLD recommendation.

Fundamental View

The implied CY06 distribution yield is 7%, based on our 12 month target price of A$3.91. Our 12 month target price also implies a premium of around 29% to GPT's NTA. We expect GPT to trade around the 7-7.25% FY06 yield range, with upside potential if BNB can grow the JV's asset base in Europe. We maintain a HOLD recommendation.



KEY STATISTICS

Price:	**$3.99**
Price as at:	30-Jan-06
Market Cap ($M):	8,046.7
Equiv. Shares (M):	2,016.7
% Market:	0.49
12Mth Range ($):	3.42 - 4.12
Turnover ($M pa):	6,270.9
Index:	S&P/ASX 50
Sector:	Financials
Industry Group:	Real Estate
Industry:	Real Estate
Sub Industry:	Real Estate Investment Trusts

FINANCIAL SUMMARY

Yr to Dec	04A	05F	06F
NPAT Rep ($M)	**426.4**	**493.9**	**554.5**
NPAT[1] Adj ($M)	**425.5**	**483.9**	**531.5**
EPS (c)	21.2	24.0	26.4
DPS (c)	22.0	24.5	27.5
P/E (x)	**18.8**	**16.6**	**15.1**
Yield (%)	**5.5**	**6.1**	**6.9**
Franking (%)	0	0	0
Deferred Tax (%)	49	48	48

[1] Profit & EPS adjusted for options, goodwill, notional earnings and non recurring items.

COMPANY OVERVIEW

GPT invests in CBD and major suburban office markets, regional and sub-regional shopping centres, industrial properties and hotels and resorts across Australia and Europe. The total value of the portfolio exceeds $8B and encompasses interests in over 48 properties. GPT has the largest office portfolio in the sector with the majority of assets in the Sydney and Melbourne CBDs. Debt to total assets is around 30%.

Macquarie Goodman Group (MGQ): Asian strategy

With the aim of becoming the ASEAN region's leading industrial property specialist, MGW is on the right track with exisiting tenant relationships, a solid development pipeline and customer service model. Its Asian expansion strategy is considered low-risk, with good yields feasible.

Company Risk: ★★★★★ **Share Price Risk:** ★★★★★ **Ethical Rating:** ★★★★★

What to do (Investors): HOLD

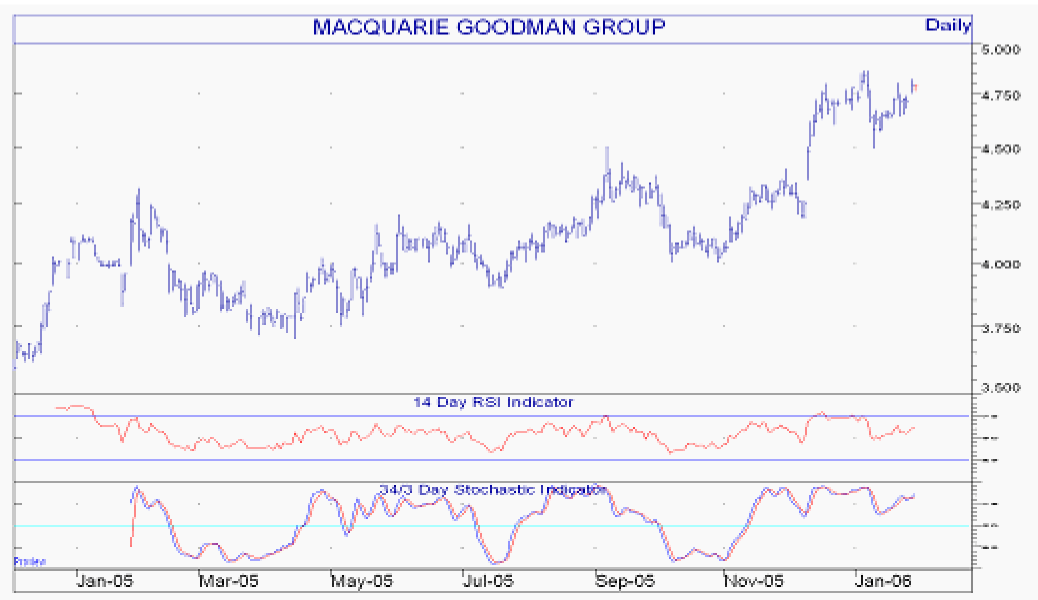
MGQ specialises in industrial property providing the full suite of property services which, coupled with Macquarie Bank's regional capability, is expected to drive its Asian expansion strategy. Its 'customer service model', solid development pipeline and existing tenant relationships sets up a platform for MGQ to become the ASEAN region's leading industrial property specialist. Much like the WDC model, over 80% of earnings will still be derived from investment property income.

What to do (Trader): No clear signals

Like the other stocks that we have reviewed, MGQ is unlikely to move significantly higher in the near term. Indicators are mixed and there are no clear signals. Short-term indicators remain under the influence of the Buy signal that was generated a couple of weeks ago, but this is unlikely to develop in to a rally of any significance. We rate the stock as a HOLD with a price target of $4.50

Fundamental View

The investment portfolio fundamentals are strong with good rent growth prospects. The Asian expansion strategy is viewed as low risk (by being a co-investor with experienced local players) with good yield spreads achievable relative to cost of debt. While the yield is lower than a number of its peers for 2006, the growth prospects are higher. We view the stock positively and in our view is a long-term HOLD.



KEY STATISTICS

Price:	**$4.79**
Price as at:	30-Jan-06
Market Cap ($M):	6,853.7
Equiv. Shares (M):	1,420.2
% Market:	0.42
12Mth Range ($):	3.70 - 4.86
Turnover ($M pa):	3,224.8
Index:	S&P/ASX 50
Sector:	Financials
Industry Group:	Real Estate
Industry:	Real Estate
Sub Industry:	Real Estate Investment Trusts

FINANCIAL SUMMARY

Yr to Jun	05A	06F	07F
NPAT Rep ($M)	**292.7**	**365.5**	**411.2**
NPAT[1] Adj ($M)	**292.7**	**365.5**	**411.2**
EPS (c)	23.8	26.1	29.0
DPS (c)	25.9	27.5	29.4
P/E (x)	**20.2**	**18.3**	**16.5**
Yield (%)	**5.4**	**5.7**	**6.1**
Franking (%)	0	0	0
EPS growth (%)	n/a	9.9	10.8

[1] Profit & EPS adjusted for options, goodwill, notional earnings and non recurring items.

COMPANY OVERVIEW

MGQ is an internally managed, vertically integrated industrial group and is the largest industrial property group with over 80% of its income sourced from recurring property income. The core focus of the group is the ownership and management of industrial properties in Australia, NZ and Asia. Services income from third party funds management, property management and development fees are expected to provide incremental growth to investment income.

Centro Properties Group (CNP): Better returns elsewhere

CNP offers 100% exposure to retail property where we have a preferred bias. Even though structual improvements and acquistions have been made, which would drive growth, we believe higher yields can be made elsewhere.

Company Risk: ★★★★★ **Share Price Risk:** ★★★★★ **Ethical Rating:** ★★★★★

What to do (Investors): SELL

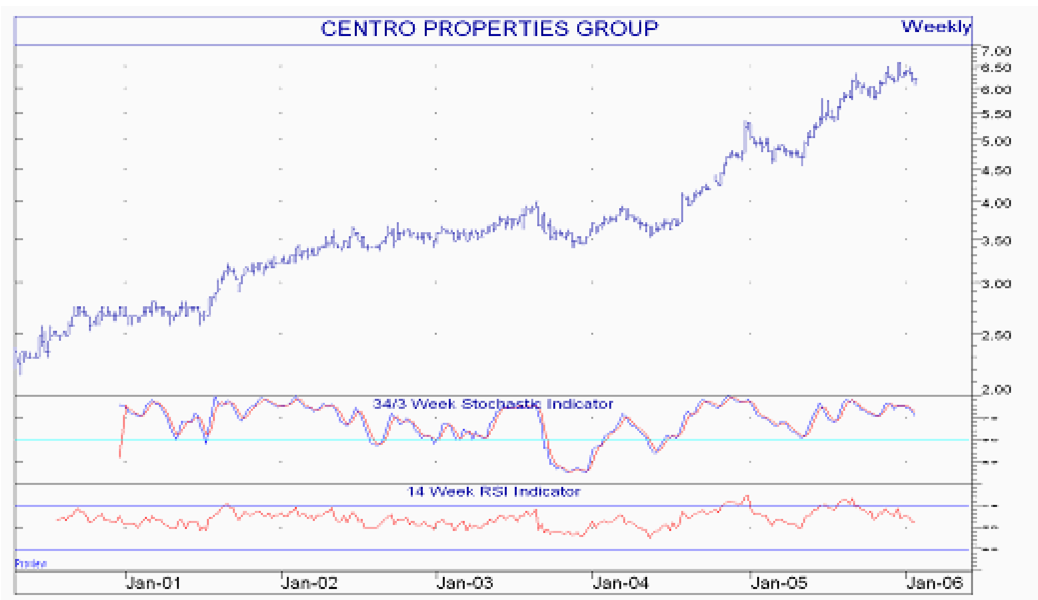
CNP provides relatively secure income streams through property ownership and property management services. CNP has recently made a number of structural improvements and acquisitions that are expected to drive growth in the short to mid term. This is expected to provide CNP with a steady pipeline of retail assets that can be packaged into new syndicates or funds from which CNP will derive annuity-style income.

What to do (Trader): **Capacity to bounce**

CNP exhibits the same profile as the other Property stocks that we have reviewed this week – it has the capacity to bounce in the short term, but medium-term indicators are still rolling over from overbought levels – this is indicative of the other stocks in the sector. We present the weekly chart to highlight those medium-term indicators – as can be seen they are not in a position to support a significant rally. Until we see some improvement in momentum we rate the stock as a HOLD.

Fundamental View

CNP trades as a stapled structure with 100% exposure to retail property, to which we have a preferred bias. Additionally, strong earnings and distribution growth over the next two years is expected from a combination of organic property investment growth and property services income. However, with yields under 6%, we believe there are better returns to be made elsewhere and recommend SELL.



KEY STATISTICS

Price:	**$6.19**
Price as at:	30-Jan-06
Market Cap ($M):	4,963.2
Equiv. Shares (M):	779.8
% Market:	0.30
12Mth Range ($):	4.95 - 6.59
Turnover ($M pa):	3,021.6
Index:	N/A
Sector:	
Industry Group:	
Industry:	
Sub Industry:	

FINANCIAL SUMMARY

Yr to Jun	05A	06F	07F
NPAT Rep ($M)	**230.5**	**261.7**	**281.8**
NPAT[1] Adj ($M)	**253.4**	**284.7**	**300.1**
EPS (c)	34.3	36.5	38.5
DPS (c)	33.6	36.5	38.5
P/E (x)	**18.0**	**17.0**	**16.1**
Yield (%)	**5.4**	**5.9**	**6.2**
Franking (%)	0	0	0
Deferred Tax (%)	25	25	25

[1] Profit & EPS adjusted for options, goodwill, notional earnings and non recurring items.

COMPANY OVERVIEW

Centro Properties Group (CNP) manages several shopping centres in Australia, NZ and the US. CNP will maintain 100% exposure to retail property. CNP generates revenue from property ownership and a property services business. Property services business revenue is generated through leasing, development and property management. CNP manages over 30 syndicates and the fees generated from this are a core strength and revenue component of CNP's business.

Bentley International Limited (BEL)

This is an extract from the December Listed Managed Investments Review Blue Book, freely available on www.shareanlysis.com.

Company Details

BEL is a listed investment company that invests in international equities. It has undergone some corporate changes in recent times, having originally been launched in 1986 as BT Global Asset Management Ltd. Until September 2004, it was invested in the Vanguard International Shares Index Fund. Constellation Capital Management (Constellation) manages the BEL investment portfolio. Constellation's investment mandate is to implement the international component of its new HomeGlobal™ investment strategy (HomeGlobalTM).

Investment Philosophy

HomeGlobal™ is based on the notion that 'home country bias' in investors' equity portfolios will lead to suboptimal industry weightings in their overall equity portfolio. It assumes that within the equity sector, industries are at least as important as countries in driving returns.

Style and Process

BEL invests in the international portion of the HomeGlobal™ approach. The approach begins by setting overall industry weightings of the total portfolio (Australian and international) to FTSE World Index weights. BEL only invests in the international portion of the product, so the portfolio will be heavily overweight in sectors such as technology and pharmaceuticals (which are not well represented in the Australian market), and underweight in sectors such as financials (highly weighted in Australia). Sector exposures are achieved by using stratified sampling. Currency is unhedged.

Investment Team

Douglas Little, B.Com, FCPA, FAICD, ASIA: Managing Director
Peter Vann, PhD, MSc, BSc, ASIA: Head of Investment Research

KEY STATISTICS

Price:	**$0.39**
Price as at:	30-Jan-06
Market Cap ($M):	14.8
Equiv. Shares (M):	38.9
% Market:	0.00
12Mth Range ($):	0.27 - 0.40
Turnover ($M pa):	3.8
Index:	N/A
Sector:	Financials
Industry Group:	Diversified Financials
Industry:	Diversified Financial Services
Sub Industry:	Other Diversified Financial Services

COMPANY CONTACT

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Chairman

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Global Mining Investments (GMI)

This is an extract from the December Listed Managed Investments Review Blue Book, freely available on www.shareanlysis.com.

Company Details

GMI is an LIC that invests in natural resource companies across global markets. The lead manager of the GMI portfolio is Merrill Lynch Investment Managers Limited (MLIM) based in London. MLIM is responsible for managing the world's largest mining mutual fund and uses these skills to manage GMI's investments. GMI has been established to provide Australian investors with access to a diversified portfolio of global metal and mining companies.

Investment Philosophy

GMI will seek to deliver strong returns by investing in global natural resource companies with the objective of exceeding the HSBC Global Mining Index (in A$ terms) over the medium to long term. The investment manager will aim to achieve this objective by focussing predominantly on metal and mining companies.

Style and Process

GMI's investment strategy is based on a detailed assessment of the performance of each sector within global natural resource companies with the objective of sourcing undervalued companies in sectors where growth potentials are high. MLIM does not place diversification or capitalisation constraints on the portfolio, which allows the manager to hold large exposures to smaller companies. In addition to performing company visits, MLIM performs a series of quantitative analysis, including a combined study of the performance attributes of the individual stock and of the sector. Essentially, MLIM performs a combined top-down/bottom-up research approach.

Investment Team

Graham Birch: Chief Investment Officer
Evy Hambro: Lead Fund Manager
Richard Davis: Fund Manager
Poppy Buxton: Fund Manager
Robin Batchelor: Fund Manager

KEY STATISTICS

Price:	**$1.24**
Price as at:	30-Jan-06
Market Cap ($M):	94.0
Equiv. Shares (M):	0.0
% Market:	0.01
12Mth Range ($):	0.93 - 1.24
Turnover ($M pa):	39.9
Index:	N/A
Sector:	Financials
Industry Group:	Diversified Financials
Industry:	Diversified Financial Services
Sub Industry:	Other Diversified Financial Services

COMPANY CONTACT

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Mineral Securities (MSX)

This is an extract from the December Listed Managed Investments Review Blue Book, freely available on www.shareanlysis.com.

Company Details

MSX is a listed resources investment company. MSX makes early-stage equity investments in emergent resource projects that can be developed into viable operations. MSX actively supports the investment with a very 'hands on' approach to management, providing a range of technical, commercial and financial skills that are instrumental in advancing a project to the mining and processing stage. MSX currently holds seven investments, comprising four listed and three unlisted investments.

Investment Philosophy

MSX's investment philosophy centres on the belief that early-stage resource projects can offer exceptional returns if the highly technical, operational and financial risks are managed appropriately.

Style and Process

MSX's investment criterion includes the quality, type and location of the geological resource, the quality of management, the likelihood of achieving financial and operational milestones, and the likely exit process and liquidity of the investment. MSX targets particular commodities (those supported by favourable fundamentals) and geographic regions (Australia, China, South America). Over the last five years, MSX's commodity focus has shifted from nickel to copper and gold to, more recently, platinum and silver. Investment risks are minimised by a very 'hands on' management style, with MSX injecting its own technical, commercial and managerial personnel and performing a range of financial, administrative, and governance tasks. Divestments typically occur when production is achieved. In the interim, MSX generally securitises its investments to facilitate liquidity and value accretion.

Investment Team

MSX is managed by Keith Liddell with support from Mark Bolton (CFO), Mike Bohm (Chief Development Officer), Ken Rogers (Chief Geologist).

KEY STATISTICS

Price:	**$1.20**
Price as at:	30-Jan-06
Market Cap ($M):	34.9
Equiv. Shares (M):	37.7
% Market:	0.00
12Mth Range ($):	0.70 - 1.34
Turnover ($M pa):	3.3
Index:	N/A
Sector:	Financials
Industry Group:	Diversified Financials
Industry:	Diversified Financial Services
Sub Industry:	Other Diversified Financial Services

COMPANY CONTACT

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